

## Tennessee Property Tax Overview

### How Your Tennessee Tax Bill Is Calculated

In Tennessee, two factors determine your tax bill: **the taxable value of your home (market value times the assessment ratio)**, and **the tax rate (that is, the percentage of the taxable value that the local tax authorities use to compute your property tax)**. Here's an overview of these factors.

The process starts when a local public official – the tax assessor – determines your home's taxable value. In Tennessee, the taxable value of a home is 25% of its “market value” – basically, what the home would sell for on the open market. The 25% figure is also known as the assessment ratio.

The taxing authorities multiply the taxable value of your home by the tax rate to arrive at the tax you'll owe. Let's say the taxable value of your home is \$300,000 and the tax rate is \$10 for every \$1,000 of taxable value. Your property tax for the year will be \$3,000 ( $300 \times \$10 = \$3,000$ ).

Local officials set the tax rate, so the rate varies depending on where you live. You can't do much about the tax rate except to vote wisely for the elected officials who determine the tax rate, and carefully consider revenue issues that appear on the ballot. But the story is different for the taxable-value factor. Here, you have more leverage. If the taxable value assigned to your home is too high, you may be able to get it reduced – and save a bundle in property tax. A \$500 reduction in your annual tax bill would add up to \$5,000 in savings over a ten-year period. Not bad!

**Example:** Larry and Joan own a home in Tennessee. The tax assessor, believing that the home has a market value of \$800,000, has placed a taxable value of \$200,000 on it (25% of \$800,000 = \$200,000). The local tax rate is \$20 for every \$1,000 of taxable value. This means that their annual property tax is \$4,000. Larry and Joan do some research and conclude that, based on recent sales of comparable homes, the taxable value of their home should be \$150,000. They successfully appeal their assessment. Now, their tax bill is \$3,000 a year instead of \$4,000.

You can get contact information for your tax assessor at the website of the [Tennessee Comptroller of the Treasury](#).

### How to Check the Official Tax Record for Your Home

The tax record for your home may contain inaccurate or incomplete information that leads the tax assessor to place too high a value on it. You can get a copy of the tax record at the tax assessor's office. If you're not sure where it's located, call city hall and inquire, or look online at the Tennessee website, mentioned above. Also, check to see if the assessment record is available online.

Review the tax record for errors. Among other things, check the following:

- Is your home correctly classified as residential property?

- Is the size of your home and the lot it sits on correctly stated?
- Does the record accurately list the number of bedrooms and bathrooms?
- Does the record list improvements that were not actually made?
- Are defects in your home – such as a leaky basement or an aging roof – mentioned?
- Is the age of your home accurately stated?
- Is the purchase price accurate?
- Does the record give you the benefit of all the tax breaks that you may qualify for – such as those that may apply based on your income, age, disability, or military service?

If there's wrong or incomplete information, let the tax assessor know so that the record can be corrected and the taxable value adjusted. But even if the tax record is accurate, you may disagree with the tax assessor's conclusion regarding the market value of your home. In that case, you'll need to do more.

### **Gather Information About Whether Your Home Has Been Fairly Valued**

Two types of information can help you establish that the tax assessor has placed too high a taxable value on your home. The first (and most important) is how the assessor has treated homes similar to yours. The second is how much homes like yours are currently selling for.

#### **Taxable Values of Similar Homes**

Review the assessment records for homes in your community that resemble your own. You'll find those records at the tax assessor's office. Finding comparable homes will take time and effort, but can be worth it if you believe that your home is truly over-valued. Try to find homes that have approximately the same square footage as yours and, preferably, are located in the same neighborhood or a nearby one. If similar homes have a taxable value lower than yours, this is strong evidence that you're over-assessed.

**Example:** Todd and Liz own a three-bedroom ranch-style home in a subdivision with many homes like theirs. The taxable value of their home is \$375,000. They believe this amount is too high. They check the records for a dozen similar homes in their subdivision and discover that the average taxable value of those homes is \$340,000. What's more, most have finished basements and Todd and Liz don't have this amenity. Todd and Liz have good evidence for claiming that the taxable value of their home is too high.

#### **Sale Prices of Similar Homes**

If you bought your house recently, the price you paid is excellent evidence of its current value. Regardless of when you bought your home, you should gather information about recent sales prices of similar homes in your community. Finding these sales prices may take some doing. For advice on gathering this kind of evidence, see the Nolo article [Listing Your House: What List Price Should You Set?](#) Some online resources such as [Zillow](#) can be useful. Try to avoid transactions in which the buyer has

purchased a home from a relative, or at a foreclosure or property tax sale. The sales prices in such transactions may be artificially low and won't be convincing evidence of true market value.

You can also consider asking an experienced real estate broker to give you information about recent home sales in your area from the Multiple Listing Service database. You may need to pay a modest fee for such assistance. If the stakes are high, you can hire an appraiser to gather the information and provide a written report, though this will be more expensive. A local lender or real estate broker may be able to recommend a qualified appraiser. If not, check out the [Appraisal Institute](#) website (here you can search for a professional assessor by zip code).

**Tip:** If you recently re-financed your home or took out a home equity loan, the lender probably ordered a professional appraisal. Get a copy of it. It may give you powerful ammunition in your quest for a reduced taxable value.

### **What You Need to Challenge the Taxable Value of Your Home in Tennessee**

To successfully challenge the taxable value, you'll need to establish at least one of the following facts:

- The tax assessor relied on information that is incorrect or incomplete. For example, the assessor may have assumed that your home contains 2,250 square feet of space when it actually has only 1,750 square feet.
- The tax assessor set the taxable value of your home that is higher than the taxable values of similar homes in your community.
- The tax assessor assumed that the current market value of your home is higher than it actually is.

If you're convinced that any of these facts is true, consider the following strategy for trying to get your taxable value reduced.

### **Confer With the Tax Assessor**

If you have convincing evidence that the tax assessor has overvalued your home, he or she may agree to change the value. If that happens, you won't need to pursue an administrative appeal. You can get contact information for your tax assessor from the [Tennessee Comptroller of the Treasury](#) website.

Most tax assessors are hard-working officials who take pride in their work, and do their best to treat homeowners fairly. It's best to phone ahead for an appointment with the tax assessor or an assistant. Before your meeting, make extra copies of your evidence, such as tax assessor reports, related to the value of your home. When you meet, assume that the tax assessor is acting in good faith and is willing to consider your evidence. There's no need for you to be argumentative or to complain about how

property taxes have become burdensome. Just stick to evidence that warrants a lower taxable value for your home.

The tax assessor may change the taxable value on the spot but, more likely, will need a few days or weeks to look into the issue.

## **Pursue An Appeal**

If you can't reach agreement with the tax assessor, you can appeal the valuation. Here's where to appeal and useful evidence for doing so.

### **Where to Appeal**

You can appeal your home valuation by petitioning your county's Board of Equalization, which begins reviewing appeals on June 1. Call the tax assessor's office for details on what paperwork you need to submit and the deadline for such submissions. There will be a hearing where your evidence will be considered.

### **Useful Evidence for Your Appeal**

In pursuing your appeal, several types of evidence may be useful, including:

- a recent appraisal of your home
- a contractor's report showing repair work needed on your home and how much the work will cost
- documents showing actual sales prices in your neighborhood, and
- photographs of homes similar to yours, together with a list of their sales prices or taxable values.

At the hearing, you'll probably have just five or ten minutes to present your case, so be succinct. Bring extra copies of your documentary evidence so that each hearing officer has a copy. Try to include a chart showing comparative sales prices and taxable values. You may want to arrive early so that you observe – and learn from – other people's hearings.

If the county board doesn't give you the reduction you want, you can appeal to the State Board of Equalization. You must appeal by August 1 or within 45 days after the county board mails you its decision – whichever is later.

## **Consider Asking a Court to Review the State Board's Decision**

If you don't agree with the decision of the [State Board of Equalization](#), you can go to court for a further review. You must pay the full tax and then sue for a refund. Start your case within six months after you pay the tax. You'll probably need to hire a lawyer to advise or represent you if you plan to go to court.

<http://roanecountyttn.gov/officialsdepartments/assessor-of-property/>

[http://www.assessment.cot.tn.gov/RE\\_Assessment/SelectCounty.aspx?map=true&SelectCounty=073](http://www.assessment.cot.tn.gov/RE_Assessment/SelectCounty.aspx?map=true&SelectCounty=073)

<http://tn.roane.geopowered.com/>

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