S T A T E O F T E N N E S S E E
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Opinion No. 07-108

Implementation of Property Tax Freeze

QUESTION

1. Under the effective date clause of the Property Tax Freeze Act, what is the first year in which a legislative body of any county or municipality can adopt a resolution or ordinance adopting a property tax freeze program, 2007 or 2008?

2. What tax year is used to establish the "base tax" if a county or municipality adopts a resolution in 2007 (after July 1, 2007), the property tax assessed for 2007 or 2008?

3. May a county or municipality pass a resolution adopting the property tax freeze program before the State Board of Equalization has promulgated rules, regulations, policies and procedures?

OPINION

1. The Property Tax Freeze Act was effective July 1, 2007, and applies to tax years beginning on and after January 1, 2008. Accordingly, a county or municipality can now adopt a resolution or ordinance adopting a property tax freeze program, even though such program cannot apply until the tax year beginning January 1, 2008.

2. Under the terms of the Property Tax Freeze Act, the "base tax" is the property tax due on the taxpayer's principal residence at the time the county or municipality passes a resolution or ordinance adopting the property tax freeze program. If the county or municipality passes a resolution in 2007, the property tax assessed for 2007 will determine the "base tax" to be applied.

3. Yes, a county or municipality may pass a resolution adopting the property tax freeze program before the State Board of Equalization has promulgated rules, regulations, policies and procedures.

ANALYSIS

The Property Tax Freeze Act provides that it shall take effect on July 1, 2007, "and shall apply to tax years beginning on and after January 1, 2008." 2007 Tenn. Pub. Acts. 581, § 3. Now that it is in effect, the Act authorizes the legislative body of any county or municipality to pass a resolution or ordinance adopting the property tax freeze program. The county or municipality may now pass such an ordinance even though the tax relief program itself will not be operational until the 2008 tax year.

Under the provisions of the Property Tax Freeze Act, the "base tax" is "the property tax due on the principal residence of a qualifying taxpayer at the time the jurisdiction levying the tax adopts a resolution or ordinance approving the property tax freeze." 2007 Tenn. Pub. Acts 581, § 1 (to be codified as Tenn. Code Ann. § 67-5-705(c)(1)). Because the Act was effective July 1, 2007, local legislative bodies may begin passing ordinances that adopt the property tax freeze program. If such an ordinance is adopted in 2007, the "base tax" will be the property tax due for the 2007 tax year, even though the property tax freeze program will not become operational until 2008.

The Act provides that the property tax freeze program adopted by the county or municipality "shall conform to any uniform definitions, application forms and requirements, income verification procedures and other necessary or desirable rules, regulations, policies and procedures, not in conflict with this section, as may be adopted by the state board of equalization through the division of property assessments." 2007 Tenn. Pub. Acts. 581, § 1 (to be codified as Tenn. Code Ann. § 67-5-705(h)). In the absence of any such rules, regulations, policies and procedures, the county or municipality still may pass a resolution or ordinance adopting a property tax freeze program. If the state board subsequently adopts rules, regulations, policies and procedures that are in conflict with a local property tax freeze program, the local legislative body must ensure that its program conforms to the board's requirements.

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