

STATE OF TENNESSEE
OFFICE OF THE
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Opinion No. 05-028

Deadline for Making Prorated Property Tax Assessments

QUESTION

What is the deadline for making prorated ad valorem property tax assessments under Tenn. Code Ann. § 67-5-603?

OPINION

The deadline for making prorated property tax assessments under Tenn. Code Ann. § 67-5-603 is the same as the deadline for initiating back assessments and reassessments of property under Tenn. Code Ann. § 67-1-1005 — September 1 of the year following the tax year for which the original assessment was made.

ANALYSIS

Tenn. Code Ann. § 67-5-603 provides the authority for assessors to make prorated assessments when the addition of a new building or other improvement increases the value of property during a given tax year. Specifically, the statute provides:

If, after January 1 and before September 1 of any year, an improvement or new building is completed and ready for use or occupancy, or the property has been sold or leased, the assessor of property shall make or correct the assessment of such property, on the basis of the value of the improvement at the time of its completion, notwithstanding the status of the property as of the assessment date of January 1; provided, that for the year in which such improvement or building is completed, the assessment, or increase in assessment, of the improvement shall be prorated for the portion of the year following the date of its completion.

Tenn. Code Ann. § 67-5-603(b)(1) (2003). Under this statute, if the improvement or new building is completed and ready for use or occupancy before September 1, the assessor is required to amend

the property's assessment based on the improvement's value and to prorate the increase in assessment for the portion of the year remaining after completion of the improvement.

As a general rule, assessors are required to deliver their tax books or ledger cards to the trustee on or before the first Monday in October of every year. *See* Tenn. Code Ann. § 67-5-807(b) (2003). If a new building or other improvement recently has been completed, however, the assessor's tax books may not reflect the value of the improvement. You have requested an opinion on when the assessor must accomplish the prorated assessment of such property.

Tenn. Code Ann. § 67-5-903 fails to set forth any time limitations for assessors to effect prorated assessments; however, because a corrected or amended assessment that results from the addition of a new building or improvement is in the nature of a back assessment, the statutes governing back assessments and reassessments, codified at Tenn. Code Ann. §§ 67-1-1001 to -1011 (1993), provide guidance as to when prorated assessments should be accomplished.

Under these statutory provisions, a "back assessment" is defined as "the assessment of property, including land or improvements not identified or included in the valuation of the property, which has been omitted from or totally escaped taxation." Tenn. Code Ann. § 67-1-1001(a)(1) (1993). If a new building or other improvement is added to property during the tax year, the initial assessment of the property may not reflect the improvement's existence or value. When improvements are not identified or included in the valuation of property, and thus are omitted from taxation, the assessor is authorized to back assess the property. *See* Tenn. Code Ann. § 67-1-1002(a)(1) (2003). Pursuant to Tenn. Code Ann. § 67-1-1005(a) (2003), such back assessment "must be initiated prior to September 1 of the year following the tax year for which the original assessment was made."¹ The assessor initiates a back assessment by submitting to the appropriate collecting officials a certification "identifying the property and stating the basis of the back assessment . . . and the tax years and amount of any additional assessment for which the owner or taxpayer is responsible." Tenn. Code Ann. § 67-1-1005(b) (2003).

In accordance with the foregoing statutes, when an assessor is required to make a corrected or amended assessment as a result of a new building or other improvement completed prior to September 1 of the tax year, the assessor must do so by providing the appropriate certification to the collecting officials prior to September 1 of the following tax year. Thus, if the assessor needs to make a prorated assessment that is not reflected on the tax books or ledger cards submitted to the trustee in October, the assessor still may issue a prorated assessment by submitting the appropriate certification prior to September 1 of the following year.

¹The statute specifies a longer time period in cases where the back assessment is caused by the taxpayer's fraud, collusion, or failure to file the required reporting schedule. *See* Tenn. Code Ann. § 67-1-1005(a) (2003).

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