(Rule 0600-9-.09, continued)

(c) That the property for which the tax freeze is sought is the principal residence of the taxpayer.

(d) That the taxpayer's income does not exceed the maximum income level for the jurisdiction as determined by the Comptroller of the Treasury.

(e) That the taxpayer was told to report the income of all owners.

(f) That the authority to sign for the owner was established if someone other than the property owner applied or signed the application and a copy of the documentation of authority was provided.

(3) For a reapplication, before completing the certification, the collecting official must establish through ownership, income, and residency information that the taxpayer reported information consistent with that of prior years and there is no reason to believe the taxpayer misunderstood the instructions.

(4) A municipality may authorize and appoint the county trustee to act as its agent for receiving applications and determining eligibility for its tax freeze program. Such agency shall be subject to the county trustee agreeing to act as such agent in writing. Such authorization shall be established through the resolution or ordinance provided for under Rule 0600-9-.03 or a subsequent resolution or ordinance. If such agency is authorized, the county trustee may rely on one application from the taxpayer in determining the qualifications and eligibility of the taxpayer for both county and municipality purposes.

(5) The Division shall develop and furnish forms for the application and reapplication process. A substantially equivalent form may be used, provided that such form is approved by the Division. The Division may make such application and reapplication process available electronically.

Authority: *Public Chapter 581, Acts of 2007, T.C.A. §67-5-705.* ***Administrative History:*** *Original rule filed November 13, 2007; effective January 27, 2008.*

0600-9-.10 BASE TAX AMOUNT DETERMINATION

(1) The collecting official shall furnish each applicant's name, property address and parcel identification to the assessor of property on or before the fifteenth (15) day after the deadline date for filing the application or reapplication. Within sixty (60) days after the deadline date the assessor shall certify the base assessment for each applicant. Nothing herein shall prevent the collecting official and assessor from exchanging information prior to these deadlines.

(2) The tax rate for the year for which the base assessment is determined shall be applied to the base assessment to determine the base tax.

(3) The base tax shall be adjusted when an improvement is made to the structures or land designated a part of the property in determining the base assessment. Such adjustment shall be determined by the assessor of property in accordance with procedures developed by the Division.

(4) The base tax or adjusted base tax shall be used on the tax roll.

(5) The base assessment and base tax shall be redetermined when the property is transferred to a new qualifying owner and shall be subject to the application of the

(Rule 0600-9-.10, continued)

new owner. The base assessment and base tax of the new owner shall be determined as of the tax year for which the new owner establishes eligibility.

Authority: *Public Chapter 581, Acts of 2007, T.C.A. §67-5-705.* ***Administrative History:*** *Original rule filed November 13, 2007; effective January 27, 2008.*

0600-9-.11 REMOVAL FROM PROGRAM.

Taxpayers that fail to continue to qualify for the tax freeze shall be removed from the program. Upon removal from the program, taxes shall be determined using the current assessment and tax rate for the property.

Authority: *Public Chapter 581, Acts of 2007, T.C.A. §67-5-705.* ***Administrative History:*** *Original rule filed November 13, 2007; effective January 27, 2008.*

0600-9-.12 RECORDS AND REPORTING TO STATE.

(1) All documents and records of the tax freeze program shall be maintained by the collecting official for a period of five (5) years from the deadline date for the application or reapplication.

(2) Collecting officials may store the application and any documentation submitted for purposes of verification of income, age, residency, ownership, or other documentation necessary to qualify for the tax freeze in an electronic format and storage medium

(3) Pursuant to Tenn. Code Ann. § 67-5-705(g)(2) the financial records obtained by the collecting official shall be considered confidential but shall be available to local or state officials who administer or enforce the provisions of the tax freeze program.

(4) The collecting official shall furnish the following information to the Division on or before December 15 of each year:

(a) the total number of taxpayers on the tax freeze program by jurisdiction,

(b) the aggregate amount of actual taxes subject to the tax freeze,

(c) the aggregate amount of the frozen taxes; and

(d) other such information required by the Division.

Authority: *Public Chapter 581, Acts of 2007, T.C.A. §67-5-705.* ***Administrative History:*** *Original rule filed November 13, 2007; effective January 27, 2008.*

Property Tax Freeze

Frequently Asked Questions

Property Tax Freeze
Frequently Asked Questions

ADMINISTRATION

1. How does a jurisdiction establish a program?
The legislative body of any county or municipality adopting the property tax freeze provided in Tenn. Code Ann. § 67-5-705 must do so by either resolution or ordinance.

2. May a jurisdiction terminate its program?
The legislative body of any county or municipality which has adopted the property tax freeze program provided in Tenn. Code Ann. § 67-5-705 may terminate the program by adopting a resolution or ordinance terminating the program. The program would actually terminate the following year.

3. Who will administer the program?
The property tax collecting official of the county or the municipality

4. Are jurisdictions financially responsible for all cost associated with administering and implementing the program?
The local jurisdiction is responsible for the cost of administering and implementing the program.

5. Who will establish the definitions and program requirements?
The State Board of Equalization, through the state Division of Property Assessments, is charged with the responsibility and authority for establishing rules and regulations for the implementation of the property tax freeze program.

6. Who is responsible for establishing and maintaining a record of the status of each property owner and the amount at which the property tax on a specific property is frozen?
The collecting official determines eligibility and maintains the records for each property owner. The frozen tax amount is determined by the collecting official with the assistance of the assessor of property.

7. When did the legislation take effect?
The legislation became effective July 1, 2007.

8. What amount of tax becomes the frozen tax amount?
The amount paid in the year the owner first qualifies

9. Is it a freeze on the amount of tax paid or the rate at which it is paid?
It is a freeze on the amount of taxes paid.

10. How much of the property taxes are frozen?
The full amount is frozen on the principal residence, subject to a maximum land size. Taxes on portions of the property not used for residential purposes are not frozen, including any portions used for commercial, industrial, farm, agricultural, forest or open space purposes.

11. Will assessments continue to be made on frozen properties?
Yes, assessments will continue to be made, but the taxes will remain frozen unless there is an improvement made to the property or the owner sells the property.

12. Will taxes continue to be calculated based on the assessed value and the current tax rate for frozen properties?
The actual taxes based on the current assessed value and tax rate will continue to be calculated for comparison purposes. If the actual current calculated taxes are less than the frozen amount, the lesser amount will be owed for that year.

13. How are the frozen taxes affected when improvements are made to the property?
The base frozen tax amount will increase proportionally with the value to reflect improvements made to the property.

14. How are improvements to a structure handled that have not been assessed but existed at the time the owner qualified for the program?
Existing improvements not previously discovered shall result in an adjustment to the base frozen tax amount upon discovery.

15. Would a freeze remain in place if the property is destroyed or razed and a new structure erected in its place?
The freeze would remain in place and the frozen tax amount would be adjusted to reflect the difference in value between the old structure and the new structure.

16. What if the calculated taxes on a property are less than the frozen amount?
The taxpayer will pay the lesser amount.

17. Do penalty and interest provisions apply to delinquent payments on frozen properties?
Penalty and interest do apply as normal to any delinquent taxes owed on frozen properties.

QUALIFICATION

18. What type of qualification limit has been established in state law?
An income limit

19. Who establishes the income limit?
The state Comptroller of the Treasury calculates the income limits annually on a county-by-county basis using an approach outlined in state law.

20. Who determines eligibility?
The collecting official shall determine whether requirements for eligibility have been met.

21. Do owners have to apply for the freeze or can they just state they are eligible?
The property owner has to apply and provide proof of age, ownership, and income.

22. Do owners have to apply or claim eligibility each year or just once?
The owner has to reapply each year.

23. Does every owner have to be over 65 or is the property eligible if any owner is over 65?
It is not required that every owner be age 65 or over. It is required that the owner applying for the tax freeze be age 65 by the end of the year in which the application is filed.

24. If a qualified owner is determined in a subsequent year to no longer be qualified for the freeze and then in a following year regains eligibility, at what amount are the taxes frozen?
The owner would have to reapply and meet all the qualifications to have their taxes frozen. A new frozen tax amount would be established in the year that the applicant once again becomes eligible for the program.

25. How would ownership of the property be verified?
Acceptable ownership evidence would include a deed (warranty, quitclaim, etc.), property tax notice, property tax receipt, probated will, title or bill of sale for a mobile home, divorce decree, land contract, or trust.

26. Would the individual have to own the property the entire year to qualify for the freeze?
It is not required that the applicant own the property on January 1 of the tax year. However, the applicant must own the property for any portion of the year for which application is made and must retain ownership through the application deadline (35 days after the delinquency date for that tax year).

27. Is the owner required to have owned the home for any specific period of time to qualify?
The applicant must establish that he or she was an owner of the principal residence during the tax year and must retain ownership through the application deadline.

28. What if a qualifying applicant dies in the middle of the year – are taxes prorated or are they frozen for the entire year?
Taxes are frozen for the entire year if the applicant has already qualified for that year.

29. How would income be verified?
Annual income of all owners from all sources is considered and includes, but is not limited to, Social Security payments after the Medicare deduction, Social Security disability, Supplemental Security Income, retirement and pension benefits after deductions of healthcare insurance premiums, veteran's benefits, worker's compensation, unemployment compensation, salaries and wages, alimony, total interest and total dividends. The income of all owners of the property is to be included. The applicant must provide income tax returns for the appropriate year or else file a signed statement that they were not required to file a return.

30. Will income be verified annually or just once?
The applicant will have to show proof of income annually.

31. Does the property have to be a single-family dwelling to qualify?
An owner-occupied multi-family dwelling could also qualify, but only the taxes on the portion that is the principal residence of the owner would be frozen.

32. Does the owner of the residence also have to own the land on which it sits?
No, an eligible taxpayer owning and whose principal residence is a mobile home may qualify for the tax freeze program.

33. May an individual qualify for the freeze for multiple properties within the same jurisdiction?
No, the applicant can only qualify on the principal residence. "Principal residence" is defined as the dwelling owned by the taxpayer and eligible as the taxpayer's legal residence for voting purposes.

34. May an individual qualify for the freeze in multiple jurisdictions?
No, the applicant can only qualify on the principal residence. "Principal residence" is defined as the dwelling owned by the taxpayer and eligible as the taxpayer's legal residence for voting purposes. The applicant must also sign a statement that they have not submitted another property as their principal residence for any purpose in any jurisdiction.

35. May a non-resident qualify for the freeze?
No, the tax freeze is available only on the applicant's principal residence for voting purposes.

36. Is the owner required to live in the property to qualify for the freeze?
The applicant does not have to live in the property full time to qualify, but the property must be their principal residence for voting purposes.

37. Do the benefits of a freeze travel with the owner or must they be established for each property?
The benefits do not travel with the owner. They must be established for each property.

INTERACTION WITH EXISTING TAX RELIEF PROGRAM

38. Are the benefits of the tax freeze program in lieu of or in addition to the existing state Tax Relief Program?
The benefits of the tax freeze are in addition to the Tax Relief Program.

39. If an individual is already approved for the state Property Tax Relief Program as a low-income elderly recipient, will they also automatically qualify for the tax freeze?
Approval for Tax Relief serves as evidence of age and income for purposes of the tax freeze. Rules regarding ownership and residency differ between the two programs. A separate application for the tax freeze is required.

MISCELLANEOUS

40. How is the freeze applied with respect to farm and greenbelt properties?
The tax freeze applies only to the residential portion of a farm or greenbelt property (i.e., the dwelling, residential outbuildings, and the portion of the land used to support the residential structures, such as that designated as the home site or improvement site on the assessment records). The maximum amount of land that can be subject to the freeze is 5 acres.

41. If a person owns considerable acreage, does the entire property qualify for the freeze or just a portion?
The land subject to the tax freeze is limited to the portion of land used to support residential structures but not less than the minimum residential lot size required by applicable zoning. In no event may the land portion subject to the tax freeze exceed 5 acres.

42. If a person acquires additional contiguous property after qualifying for the freeze, then is the new property also subject to the freeze?
Contiguous property purchased by a qualifying owner may be combined into the existing property as one parcel of land and be included in the tax freeze. The frozen tax amount would be adjusted proportionally to reflect the additional land as an improvement to the property. The inclusion of the additional land in the frozen amount would coincide with the year it becomes taxable to the new owner as of January 1.

Tax Freeze Checklist

Tax Freeze Check List - Parcel Number: 05302700000500

Income Verification

Tax Return Received? ☑

1. Is at least page 1 and 2 of the applicant's 2007 Tax Return enclosed? ☑
2. Are there one or more co-owners? ☐

2a. If Yes, did co-owner(s) file a joint return with the applicant? ☐

2b. Or, did co-owner(s) file a separate return from the applicant? ☐

2c. If so, was the co-owners 2007 Tax Return provided? ☐

WE MUST EMPHASIZE ALL INCOME:

3. Did you ask the applicant if any income exists that was not included on the application or the income tax return? ☐

(Note: It is important that you ask the question politely and then LISTEN for the response.)

4. Does the applicant and/or co-owners itemize? ☐
5. Did the applicant report mortgage interest? ☐
6. What was the amount of the interest?
7. If mortgage interest was reported, peform the following calculation: Mtg int * 3
8. Is the result greater than the grand total of the reported income? YES? REFER FOR AUDIT ☐
9. If there is no mortgage interest, perform the following calculation: County taxes * 6
10. Is the result greater than the grand total of the reported income? YES? REFER FOR AUDIT ☐
11. Does the amount of income reported on the application match what was reported on the income tax return? ☐

NO? EXPLAIN

No Tax Return

Is Affadvit Provided? ☐

Did the applicant and co-owners provide the following to support income reported? If no to any, explain in #20.

12. Benefits Statement from Social Security enclosed? ☐
13. Pension - 1099R or other retirement statement ☐
14. W-2 form provided (if applicable)? (For salary adn wages) ☐
15. Bank Statement (for reporting interest) ☐
16. Interest and/or Dividends Earned Statements? ☐
17. VA Benefit Statement? ☐
18. Is other income proof provided? If yes, state type ☐
19. Does the amount proven on the support documents match the grand total of all income reported on the application for both applicant and co-owner(s)? ☐
20. If the answer to any of the questions above is NO, explain here:

General Reasonableness

21. Did you print and review the assessed value and tax amount due? ☐
22. Does the assessed value appear reasonable considering all information obtained? ☐
23. Do any documents submitted appear to be altered? ☐

Look for:

- White-out ☐
- Alteration of numbers ☐
- Lining out of numbers ☐
- Other ☐

(Explain other)