

# PUBLICATION

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## Spotlight On Tennessee: New Property Tax Procedural Laws

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Various laws have been enacted in the 2007 Tennessee Legislative Session which, in one context or another, modify procedures relating to property taxes. Some of those new laws are summarized below.

### **Amending a Personal Property Schedule**

On April 17, 2007, Tennessee Governor Phil Bredesen signed into law Senate Bill 1107 (now designated as Public Chapter 37) which alters the ability to amend a Tangible Personal Property Schedule as filed with the local assessor's office. Under this new law, amending a Tangible Personal Property Schedule will be permitted only in those instances where the original Schedule was timely filed. Prior to the enactment of Senate Bill 1107, the applicable statute (Tennessee Code Annotated § 67-5-903) did not stipulate that a Schedule must be timely filed as a prerequisite for a later amendment. This new law will become effective as of January 1, 2008, and will apply to all Schedules filed after that effective date.

### **Timeline for Acceptance of Untimely Appeal**

Additionally, Governor Bredesen signed Senate Bill 2065 into effect on May 10, 2007. This amendment to existing law (now designated as Public Chapter No. 133) liberalizes the ability of a taxpayer, who has not filed a timely property tax appeal before the State Board of Equalization, to nevertheless pursue an appeal before the State Board. Under this amended statute, Tennessee Code Annotated § 67-5-1412(e), if a taxpayer has failed to file a timely appeal to the State Board, the taxpayer has the right to a hearing and a determination to show reasonable cause for such failure; and, upon demonstrating such reasonable cause, the State Board is to accept such appeal from the taxpayer up to March 1 of the year subsequent to the "year in which the time for appeal to the state board began to run." Prior to the implementation of this new language, the State Board could only accept such appeal up to March 1 of the year subsequent to the "year in which the assessment was made." Senate Bill 2065 became effective on May 10, 2007, immediately upon being signed by the Governor.

### **Timeline for Review of Amended Schedule**

On May 30, 2007, Governor Bredesen signed Senate Bill 1810 into effect. This new law (now designated as Public Chapter No. 292) provides a timeline for the review of an amended Tangible Personal Property Schedule by the local assessor. The new law states that the assessor's office shall, "within sixty (60) days from the receipt of taxpayer's amended schedule, review and accept or reject the schedule and in any event the taxpayer shall be notified in writing of the results of the review. If the assessor has not notified the taxpayer that the amended schedule has been accepted or rejected within sixty (60) days, the taxpayer's amended schedule shall be deemed not accepted by the assessor." Senate Bill 1810 became effective on May 30, 2007, immediately upon being signed by the Governor. This new law also provides some clarification with respect to the religious use property tax exemption that was modified in 2005.

### **Unpaid Taxes May Impact a Property Tax Appeal**

Senate Bill 2066 (now designated as Public Chapter No. 332) adds new language to Tennessee Code Annotated § 67-5-1512(b)(1)(B) dealing with property tax appeals. The new language states: "Failure to pay such undisputed portion of the tax and/or any other property tax delinquency that has accrued on that property by the time of hearing shall result in the appeal being dismissed without any further right to administrative appeal." Senate Bill 2066 became effective on June 6, 2007, immediately upon being signed by the Governor.

## **Issues Involving Public Authority and Similar Leases**

Tennessee Code Annotated § 7-53-305 has traditionally dealt with payments in lieu of property taxes made by lessees to industrial development boards, and has required certain information to be reported by those lessees on an annual basis to the State Board of Equalization. Senate Bill 1300 (not as yet designated as a Public Chapter Number), which was signed into law by Governor Bredesen on June 18, 2007, enlarges the scope of information that is required to be reported before October 1 of each year by certain lessees to the State Board. In addition to the information previously required, the lessee must report each year the property address and parcel identification number of the property assigned by the assessor of property; the amount of rents paid to the governing body; the amount of any property taxes paid on leasehold assessments under § 67-5-502(d) of Tennessee law; any changes in the name since the last filing; and how the payments in lieu of taxes are allocated according to the economic development agreement. Still further, this new legislation requires that a copy of the information filed with the State Board must also be filed with the assessor of property in the county where such property is located on or before October 15 of the year in which the filing was made with the State Board. This new legislation further directs that the assessor of property may audit and/or review the data report on all payment in lieu of tax agreements and conduct comparative analysis to ensure that all agreements are reported to the assessor of property. A late filing fee of \$50 is payable to the State Board for the failure to timely complete and file the report; and, in addition, this new law requires that any lessee failing to file the report with the State Board or the assessor within 30 days after written demand for the report shall owe an additional payment in lieu of tax in the amount of \$500, which is collectible by the trustee for the benefit of the county. In addition, this new legislation provides that "(t)hese reporting requirements shall apply to lessees of public building authorities, sports authorities, health, educational and housing facility corporations, and city and county property." This new legislation became effective on June 18, 2007, immediately upon being signed by the Governor.