

RESOLUTION 10-85

**A RESOLUTION ADOPTING A CERTIFIED TAX RATE FOR THE
CALENDAR YEAR 2010**

WHEREAS, pursuant to TCA 67-5-1701, the City of Spring Hill is required to adopt a certified tax rate after a general reappraisal of property; and

WHEREAS, the City of Spring Hill desires to adopt a Certified Property Tax Rate for calendar year 2010; and

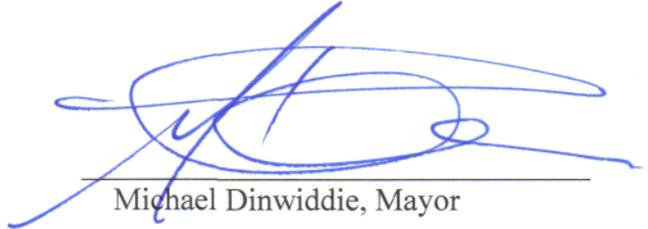
WHEREAS, the State Board of Equalization has calculated the equalized property tax rates for the City of Spring Hill

NOW, THEREFORE BE IT RESOLVED, that the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee adopts the following certified tax rates:

Maury County Tax rate \$.57 per \$100 of assessed valuation

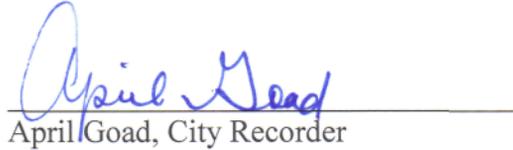
Williamson County Tax rate \$.60 per \$100 of assessed valuation

Passed and adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee on the 16th day of August, 2010.



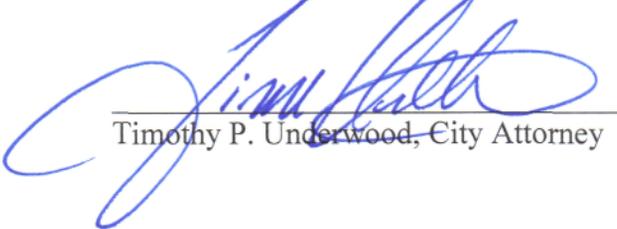
Michael Dinwiddie, Mayor

ATTEST:



April Goad, City Recorder

LEGAL FORM APPROVED:



Timothy P. Underwood, City Attorney



**STATE OF TENNESSEE
STATE BOARD OF EQUALIZATION**

**SUITE 1700
JAMES K. POLK OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0280
PHONE (615) 401-7883**

August 2, 2010

Honorable Michael Dinwiddie
Mayor, City of Spring Hill
199 Town Center Parkway, P. O. Box 789
Spring Hill, TN 37174

Re: Equalized property tax rates

Dear Mayor Dinwiddie:

Attached is a text discussion and calculation of equalized property tax rates for the City of Spring Hill for tax year 2010. The rate for the Williamson County portion of the city is \$0.60 and for the Maury County portion, \$0.57. These rates take into account the different relative levels of assessments for these different parts of the city, and maintaining a differential of this proportion is the only way to assure an acceptable degree of tax uniformity throughout the city (other than to create an assessment authority for the city and utilize values separate from those established by the county assessors). The proportions established for these rates should be recalculated whenever appraisal ratios will change.

You are welcome to review these figures and if you concur, the city governing body should proceed to determine (concur in) these equalized rates by simple action on motion and second. This is normally done as the budget is presented. You may use Step 7 of the calculation to determine rates necessary to meet the budget while maintaining the necessary differential, and if the equalized rates do not need to be exceeded, the city may proceed to adopt its actual tax rates. If the equalized rates will need to be exceeded, the city should publish notice and conduct a public hearing before acting on final tax rates. A sample of this notice is enclosed.

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Mayor Dinwiddie
August 2, 2010

Please call or write if you wish to discuss this further.

Sincerely,

A handwritten signature in cursive script that reads "Kelsie Jones".

Kelsie Jones
Executive Secretary

c: Dennis Anglin, Williamson County Assessor
Jim Dooley, Maury County Assessor



STATE OF TENNESSEE
STATE BOARD OF EQUALIZATION

SUITE 1600
JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0280
PHONE (615) 741-4883

Procedure for Developing Equalized Tax Rates for Multi-County Jurisdictions

Background

Tennessee has a number of cities lying in two or more counties which levy a city ad valorem property tax. In these cases, property values in the representative counties were established at different times and therefore are seldom assessed on a comparable basis. The recommended solution has been creation of a separate assessment function for these counties, in which the city is reappraised on the same cycle as the predominant county and maintenance of assessment records is performed either by a city assessor or under agreement with the state and/or representative county assessors. While this is usually the best long-term solution, some cities which have not yet addressed the problem face it anew each time any of their counties are reappraised. Applying the same city tax rate to differently valued parcels raises a serious uniformity issue under the Tennessee Constitution and jeopardizes the validity of the city levy.

One short-term alternative for these cities, pending a general reappraisal, is adjustment of the city tax rate to accommodate differing levels of assessment within the city, a procedure referred to here as the equalization of tax rates. The procedure was approved by the State Board of Equalization on August 14, 1989.

Equalizing the city tax rates

The purpose of this approach is to adjust the actual city tax rate to be applied within each county within the city, in such a way that all properties are taxed uniformly when both the rate and assessed value are considered together. A calculation form is attached, and the concept is explained below.

The first step would be to fix a pro forma equalized tax base for the city. This is done by first dividing the total assessments in the city, by county, by the approved appraisal ratio for that county, and then adding these assessments together. Although applying the same tax rate to these equalized values would achieve rough equity, it would also require creation of a separate assessment records base and agreements with the representative county assessors to maintain it. Equalizing tax rates instead allows the city to defer these arrangements until the general reappraisal.

The second step is determining the previous year's property tax levy, which represents the property taxes billed for the previous tax year. Dividing the previous year's levy by the equalized city tax base yields an overall equalized rate which must then be adjusted for use in the separate areas of the city, by county. The equalized rate for each county portion of the city is determined by dividing the overall rate by the approved appraisal ratio for the county.

If the city needs to increase its rate from the previous year's rate, the city would first increase the overall rate before applying the appropriate adjustment to fix the separate equalized rates.

The foregoing adjustment would be done each year until the long term solution of a general reappraisal, occurred. Each year, the current appraisal ratios and assessed values would be used. Because equalizing tax rates in this manner has the same effect as adjusting relative values throughout the jurisdiction, it is perhaps safest for the city to give public notice before establishing equalized tax rates in excess of those determined through the above process.

Further details concerning these procedures are available from the State Board of Equalization.

S1E078

WORKSHEET FOR CALCULATING TAX RATE EQUIVALENTS AND TARGET RATES FOR MULTI-COUNTY JURISDICTIONS

STEP 1. Collect and list needed information. (see instructions, attached)

Row	Item	(Column A) (most parcels) Area A	(Column B) Area B	(if applicable) (Column C) Area C	(Column D)
1	County name	<u>Williamson</u>	<u>Maury</u>	_____	
2	County parcel count	<u>8,180</u>	<u>4,260</u>	_____	
3	Appraisal ratio	<u>.9509</u>	<u>1.0000</u>	_____	
4	Unadjusted assessed value	\$ <u>451,108,819</u>	\$ <u>208,073,596</u>	\$ _____	
5	Net new real property	\$ <u>3,199,880</u>	\$ <u>5,398,552</u>	\$ _____	
6	Net new personal property	\$ <u>720,007</u>	\$ <u>1,799,978</u>	\$ _____	
7	Previous year levy	\$ <u>2,636,009</u>	\$ <u>1,210,100</u>	\$ _____	\$ <u>3,846,109</u>

STEP 2. Determine the adjusted current year assessed value by area. By area, subtract new real property (Row 5 above) and new personal property (Row 6 above) from the total unadjusted value (Row 4 above).

Row	Item	Area A	Area B	Area C
8	Adjusted assessed value	\$ <u>447,188,932</u>	\$ <u>200,875,066</u>	\$ _____

STEP 3. Equalize the adjusted assessed values. By area, divide the adjusted values (Row 8) by the appraisal ratio (Row 3).

<u>Row</u>	<u>Item</u>	<u>Area A</u>	<u>Area B</u>	<u>Area C</u>
9	Equalized & adjusted values	\$ <u>470,279,664</u>	\$ <u>200,875,066</u>	\$ _____
10	Total equalized values			\$ <u>671,154,730</u>

STEP 4. Determine the overall tax rate equivalent. Divide the previous year's levy (Row 7) by the sum of all equalized values (Row 10) and multiply times 100.

<u>Row</u>	<u>Item</u>			
11	Overall tax rate equivalent			\$ <u>0.57</u>

STEP 5. Determine the tax rate equivalent by area. By area, divide the overall tax rate equivalent (Row 11) by the appraisal ratio (Row 3).

<u>Row</u>	<u>Item</u>	<u>Area A</u>	<u>Area B</u>	<u>Area C</u>
12	Tax rate equivalent by area	\$ <u>0.60</u>	\$ <u>0.57</u>	\$ _____

STEP 6. Targetting the current year's equalized tax rates. Whether the current year's tax rates must be increased above the equivalent rates in item 5 is determined by (a) the amount of any new revenue needs and (b) the taxable value of new real property improvements and personal property added since the previous year. To project current year revenues from the equivalent tax rates, use the most recent total actual assessed values by area (Row 4 above). If the revenues so calculated are sufficient to meet current year needs, no increase above the equivalent rates is necessary and the equivalent rates may be adopted as actual tax rates. Remember to consider usual collection shortfalls in determining whether the equivalent rates will be sufficient. If the equivalent rates are insufficient to generate needed new revenue, calculate the target rates as shown in step 7 below and do not adopt the rates until after publication notice and a public hearing.

STEP 7. Calculating target rates for the current year.

Step 7A. By area, equalize the unadjusted assessed values by dividing Row 4 above by the appraisal ratio (Row 3), then total.

<u>Row</u>	<u>Item</u>	<u>Area A</u>	<u>Area B</u>	<u>Area C</u>
13	Equalized unadjusted values	\$ _____	\$ _____	\$ _____
14	Total, Row 13			\$ _____

Step 7B. Determine the overall target tax rate by dividing current year's needed revenue, by the total on Row 14 and multiply times 100.

15 Overall target rate: $\frac{\text{_____}}{\text{Needed revenue}} - \frac{\text{_____}}{\text{Row 14}} = \$ \text{_____}$

Step 7C. Equalize overall target rate by area: By area, divide overall rate (Row 15) by appraisal ratios (Row 3).

<u>Row</u>	<u>Item</u>	<u>Area A</u>	<u>Area B</u>	<u>Area C</u>
16	Equalized target rates	\$ _____	\$ _____	\$ _____

Miscellaneous instructions for worksheet

Step 1

Row 1 - List each county in which the city lies, beginning with the county in which most of the city parcels lie. This county portion is Area A. The other county or counties represented in the city become Area B and Area C (if applicable).

- Row 2 - Parcel count
- Row 3 - List here the current year's appraisal ratio approved by the State Board of Equalization for the county.
- Row 4 - List by area the total current year's value of all taxable property.
- Row 5 - List the total current year's value of all real property improvements added to the assessment roll since the previous year's levy was set.
- Row 6 - List the total year's value of all personal property added for the first time in the current year.
- Row 7 - List total property taxes billed from the previous year.

KJ/clh
S1E083

City of Spring Hill

	Parcels2010	Ratio2010	LoclAsmt09	LoclAsmt10	PSCAsmt09	Ratio09	PSCAsmt10	TotAsmt10	NewReal	NewPers	Rate09	Levy09	AdjAsmt10	EqdAdjAsmt
Williamson	8,180	0.9509	440,449,299	452,152,294	746,237	0.8683	817,225	451,108,819	3,199,880	720,007	0.0060	2,636,009	447,188,932	470,279,664
Maury	4,260	1.0000	196,199,392	201,937,078	6,137,023	0.9039	6,789,493	208,073,596	5,398,552	1,799,978	0.0060	1,210,100	200,875,066	200,875,066
												TotalLevy	3,846,110	
												TotEqAsmt		671,154,730
Instructions:												Overall ETR		0.5731
Fill out columns a-g & k-l												ETRByArea		
Complete form:												County1		0.6026
	Row 8 is column N											County2		0.5731
	Row 9 is cell o2-o4													
	Row 10 is cell o6													
	Row 11 is cell o7													
	Row 12 is cell o9-o11													

Please Note:

Rounding up is not permitted.

Tax freeze assessment removed from total tax base - \$1,860,700 (Williamson Co. portion); \$652,975 (Maury Co. portion)

Tax freeze tax removed from prior year levy - \$11,164 (Williamson Co. portion); \$3,918 (Maury Co. portion)