



Legislation Text

File #: 16-0491, **Version:** 2

Ordinance adding Section 5-203 to the Crossville Municipal Code pertaining to a property tax freeze

SUMMARY:

As approved at the December 2016 Council meeting, a property tax freeze is being added to the Crossville Municipal Code.

In 2006, the Tennessee General Assembly approved an amendment authorizing counties and cities to implement a property tax freeze for qualified taxpayers 65 years of age or older. The City Council has looked at such a freeze in the past, but has not adopted it.

Under this law, to be eligible a homeowner must be 65 years of age or older and have a maximum income from all sources (all owners and spouses) not exceeding \$38,250. They must file annually to receive the benefit. The first year that the homeowner becomes eligible and applies would be the baseline for the property tax. If they apply annually, the tax would be frozen at that same dollar amount regardless of property tax increases or reassessments unless improvements are made to the property that increase the value. If they skip a year for filing for the benefit, the base year resets.

In Summary:

- Must be 65 by 12/31/16 (no subsidy by the State)
- Must own home and use as primary residence
- Maximum income for applicant, spouse and all owners of property \$38,250
- Tax bill is frozen at the amount in the first year of eligibility
- Must apply annually and bring proof of income

The City's tax rate has been fairly stable since 2006 when the law was enacted. However, in 2016, the Council increased the rate from 53¢ to 63¢. On a \$100,000 home, this increased the taxes by \$25. If this law had been enacted by the City Council, the homeowner would have saved the \$25, but it would not be subsidized by the State.

Currently, there are several other relief programs to benefit senior citizens and veterans that are already available and subsidized by the State:

Elderly Homeowners (State pays up to \$37.01 of the property tax bill)

- Must be 65 by 12/31/16
- Must own home and use as primary residence
- Maximum income for applicant, spouse and all owners of property \$29,180
- Maximum market value on which tax relief is calculated \$23,500

Disabled Homeowner (State pays up to \$37.01 of the property tax bill)

- Must be totally & permanently disabled
- Must own home & use as primary residence
- Maximum income for applicant, spouse and all owners of property \$29,180

Maximum market value of which tax relief is calculated \$23,500

Disabled Veteran Homeowner (State pays up to \$157.50 of the property tax bill)

Must be totally & permanently disabled

Must own home & use as primary residence

Maximum market value of which tax relief is calculated \$100,000

Widow(er) of Disabled Veteran Homeowner (State pays up to \$157.50 of the property tax bill)

Must own home & use as primary residence

Maximum market value of which tax relief is calculated \$23,500

BUDGET ACCOUNT:

NECESSARY COUNCIL ACTION: Pass ordinance