



February 10, 2024

SUMMARY OF BILL: Authorizes municipal tax collectors and taxing entities to accept partial payments of delinquent property taxes, in addition to county trustees. Requires such officials and entities to file a plan with the Comptroller of the Treasury (COT) at least 30 days before the official or entity seeks to begin accepting partial payments. Requires partial payments to be applied on delinquent property taxes, interest, statutory fees, and court costs on a pro-rata basis.

Effective January 1, 2026 and applies to property taxes that are due and payable after the first Monday in October 2026.

FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- A plan to accept partial payments of delinquent taxes submitted to the COT must contain the following:
 - A description of the accounting system or manual process to be used to record partial payments;
 - A statement that indicates partial payments will reduce the amount of delinquent property tax, interest, statutory fees, and court costs by relative amounts on a pro-rata basis, as defined by the proposed legislation;
 - A statement indicating whether the collection process will be implemented within the existing operating resources of the office or an indication of prior approval by the county legislative body if accounting system upgrades or additional operating resources are needed; and
 - Documentation of internal controls that ensure all delinquent payments are being recorded and accounted for as required by law.
- The COT, in consultation with the County Trustee's Association, is required to develop guidelines for the implementation of such plans.
- The COT will absorb any additional responsibilities with existing staff and resources, resulting in no significant increase in state expenditures.
- Based on information provided by the COT:
 - 75 of 95 counties and 140 municipalities already apply partial payments on delinquent taxes on a pro-rata basis;

- Most local governments turn the payments over to the county clerk and master who imports the payments into the Tennessee Court Information System (TnCIS) or into an in-house developed application that accepts the pro-rata method; and
- 92 of 95 counties use TnCIS or an in-house application equipped to calculate those payments.
- Local governments that do not apply partial payments on delinquent taxes on a pro-rata basis would be required to update accounting and court application software systems.
- It is assumed that the costs to update software systems would be absorbed by the annual support fees local governments pay vendors, resulting in no significant increase to local expenditures.
- Requiring local governments that accept partial payments of delinquent property taxes to apply those payments on a pro-rata basis may impact local revenue; however, any such impact is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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