

SENATE BILL 1796

By Overbey

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 5, relative to tax relief.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-5-702, is amended by deleting subdivision (a)(3) and substituting instead the following:

(3) The reimbursement shall be paid on the first twenty-three thousand dollars (\$23,000), or other amount as set forth in the general appropriations act, of the full market value of the property. For tax year 2016 and subsequent tax years, this property value limit on which tax relief is calculated shall be increased by the percentage change in inflation, if applicable, as measured by the United States bureau of labor statistics consumer price index for all urban consumers and shall be rounded to the nearest one hundred dollars (\$100).

SECTION 2. Tennessee Code Annotated, Section 67-5-702(b), is amended by deleting the language “(\$23,000), or such other amount as set forth in the general appropriations act” wherever it appears and substituting instead the language “(\$23,000), or such other amount as set forth in the general appropriations act or determined pursuant to subdivision (a)(3)”.

SECTION 3. Tennessee Code Annotated, Section 67-5-703, is amended by deleting subdivision (a)(3) in its entirety and substituting instead the following:

(3) The reimbursement shall be paid on the first twenty-three thousand dollars (\$23,000), or other amount as set forth in the general appropriations act, of the full market value of the property. For tax year 2016 and subsequent tax years, this property value limit on which tax relief is calculated shall be increased by the percentage change in inflation, if applicable, as measured by the United States bureau of labor statistics

consumer price index for all urban consumers and shall be rounded to the nearest one hundred dollars (\$100).

SECTION 4. Tennessee Code Annotated, Section 67-5-703(b), is amended by deleting the language “(\$23,000), or such other amount as set forth in the general appropriations act” wherever it appears and substituting instead the language “(\$23,000), or such other amount as set forth in the general appropriations act or determined pursuant to subdivision (a)(3)”.

SECTION 5. Tennessee Code Annotated, Section 67-5-704, is amended by deleting subsection (a) in its entirety and substituting instead the following:

(a)

(1) There shall be paid from the general funds of the state to certain disabled veterans the amount necessary to pay or reimburse these taxpayers for all or part of the local property taxes paid for a given tax year on that property that the disabled veteran owned and used as the disabled veteran's residence as provided in this section.

(2) The reimbursement shall be paid on the first one hundred thousand dollars (\$100,000) of the full market value of the property. For tax year 2016 and subsequent tax years, this property value limit on which tax relief is calculated shall be increased by the percentage change in inflation, if applicable, as measured by the United States bureau of labor statistics consumer price index for all urban consumers and shall be rounded to the nearest one hundred dollars (\$100).

(3) In determining the amount of relief to a taxpayer, the effective assessed value on the first one hundred thousand dollars (\$100,000) of full market value, or other property value limit determined pursuant to subdivision (a)(2), shall be multiplied by a tax rate that has been adjusted to reflect the relationship between appraised value and market value in that jurisdiction, as determined by the state board of equalization.

(4) The full market value of the property shall be determined by adjusting the appraised value of the property as shown on the records of the assessor of property by a factor that reflects the relationship between appraised value and market value in that jurisdiction, as determined by the state board of equalization.

(5)

(A) The effective assessed value shall be determined by multiplying the full market value of the property up to one hundred thousand dollars (\$100,000), or other property value limit determined pursuant to subdivision (a)(2), by twenty-five percent (25%), except as provided in subdivision (a)(5)(B).

(B) For tax year 2016 and subsequent tax years, the effective assessed value shall be determined by multiplying the full market value of the property up to one hundred thousand dollars (\$100,000), or other property value limit determined pursuant to subdivision (a)(2), by an appropriate percentage in proportion to the applicant's income according to the following sliding scale:

<u>Total Income</u>	<u>Percentage</u>
Less than \$60,000	25%
\$60,000 or more but less than \$70,000	20%
\$70,000 or more but less than \$80,000	15%
\$80,000 or more but less than \$90,000	10%
\$90,000 or more	5%

(C) For purposes of subdivision (a)(5)(B), the annual income attributable to the applicant for tax relief shall be the income of all owners of the property, the income of the applicant's spouse, and the income of

any owner of a remainder or reversion in the property if the property constituted the person's legal residence at any time during the year for which tax relief is claimed. Any portion of social security income, social security equivalent railroad retirement benefits, and veterans entitlements required to be paid to a nursing home for nursing home care by federal regulations shall not be considered income to an owner who relocates to a nursing home.

(D) Subdivision (a)(5)(B) shall not apply to:

(i) Taxpayers who have not received a reimbursement pursuant to this section for tax year 2014, who received a reimbursement pursuant to this section for tax year 2015, and who reapply to receive a reimbursement for tax year 2016 and in subsequent tax years without interruption; and

(ii) Taxpayers who have received a reimbursement pursuant to this section for tax years 2014 and 2015, and who reapply to receive a reimbursement for tax year 2016 and in subsequent tax years without interruption.

SECTION 6. Tennessee Code Annotated, Section 67-5-704, is amended by deleting subsection (j) and substituting instead the following:

(j) Taxpayers who have not received a reimbursement pursuant to this section for tax year 2015, and who apply to receive a reimbursement for tax year 2016 or a subsequent tax year, shall submit proof and documentation of the taxpayer's annual income as defined in subdivision (a)(5)(C) to qualify for the reimbursement provided by this section.

SECTION 7. This act shall take effect upon becoming a law, the public welfare requiring it, and shall apply to tax year 2016 and subsequent tax years.