



County Technical Assistance Service  
INSTITUTE *for* PUBLIC SERVICE

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# Balancing Budget with Property Tax

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Dear Reader:

The following document was created from the CTAS website ([ctas.tennessee.edu](http://ctas.tennessee.edu)). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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# Balancing Budget with Property Tax

Reference Number: CTAS-721

Whenever the estimated expenditures exceed the estimated available funds, the property tax rate must be increased or expenditures reduced. The property tax rate must be used to balance the budget because it is the only tax rate that the local government has complete authority to set. Therefore, it is very important that each local government official understand how the property tax revenue source is calculated.

1. Property Assessments Subject to Property Taxes. The county assessor of property determines the assessed values for all property except public utilities, which are determined by the Office of State Assessed Properties. There are two types of assessments: (1) real property and (2) personal property. The real and personal property are applied to four classifications of property: (1) commercial and industrial, (2) residential, (3) farm, and (4) public utilities.

In determining property assessments, a summary calculation could be made using the following form:

Property Assessments	Real	Personal	Total
Commercial and Industrial			
Residential			
Farm			
Public Utilities			
Total			

Assessment Summary Example

Calculation of Property Tax Estimate

Sample property tax collection considering a variance factor

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**Source URL:** <https://www.ctas.tennessee.edu/eli/balancing-budget-property-tax>