



County Technical Assistance Service

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Calculation of Property Tax Estimate

Dear Reader:

The following document was created from the CTAS electronic library known as e-Li. This online library is maintained daily 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 e-Li material.

Sincerely,

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Calculation of Property Tax Estimate

Reference Number: CTAS-2115

To calculate the property tax, first determine what has been the percent applicable to the collections of property taxes for the last three years. Usually this rate will be 85 to 95 percent. Then follow the steps below.

Total property assessments	\$
Divide by \$100*	
Multiply by property tax rate	
Equals 100 percent collections	
Multiply by ___ percent of collections**	
Net property taxes estimate	\$

NOTE:

*Property tax rate is a rate per \$100 of assessed value.

** Each county will have a variance factor, thus a different rate of collection; it is generally based on the last three years' average.

Determining Yield of One-Cent Property Tax Rate.

Since many decisions must be made concerning the increase in the property tax rate, local governments use what a one-cent rate will yield in revenues. Use the following calculation to determine your local government's one-cent yield.

Total property assessments	\$
Divide by \$100*	
Multiply by one cent	
Multiply by _____ percent of collections	
What one cent yields from a one-cent rate***	\$

NOTE:

***In most counties, this will range from \$5,000 to \$100,000.

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