



JASON E. MUMPOWER
Comptroller

May 22, 2026

Honorable Matt Fitterer
Mayor, City of Spring Hill
199 Town Center Parkway
Spring Hill, TN 37174

Re: Equalized property tax rates

Dear Mayor Fitterer:

Attached is text discussion and calculation of equalized property tax rates for the city of Spring Hill for tax year 2026. The rates for Williamson and Maury County are the same this year (\$0.6476), but that will probably change in the future when the appraisal ratios for the two counties change. The purpose of different rates is to take into account the relative levels of assessments for the different parts of the city, and maintaining a differential of this proportion is the only way to assure an acceptable degree of tax uniformity throughout the city (other than to create an assessment authority for the city and utilize values separate from those established by the county assessors). The proportions established for these rates should be recalculated next year because the appraisal ratios will change.

You are welcome to review these figures and if you concur, the city governing body should proceed to determine (concur in) these equalized rates by simple action on motion and second. This is normally done as the budget is presented. You may use Step 7 of the calculation to determine rates necessary to meet the budget while maintaining the necessary differential, and if the equalized rates do not need to be exceeded, the city may proceed to adopt its actual tax rates. If the equalized rates will need to be exceeded, the city should publish notice and conduct a public hearing before acting on final tax rates. A sample of this notice is enclosed.

Please call or write if you wish to discuss this further.

Very truly yours,

A handwritten signature in blue ink, appearing to read "E. R. P.", with a long horizontal flourish extending to the right.

E. Robin Pope
Executive Secretary

c: Brad Coleman, Williamson County Assessor
Bobby C. Daniels, Maury County Assessor
Rebecca Holden, Finance Director



JASON E. MUMPOWER
Comptroller

Procedure for Developing Equalized Tax Rates for Multi-County Jurisdictions

Background

Tennessee has a number of cities lying in two or more counties which levy a city ad valorem property tax. In these cases, property values in the representative counties were established at different times and therefore are seldom assessed on a comparable basis. The recommended solution has been creation of a separate assessment function for these counties, in which the city is reappraised on the same cycle as the predominant county and maintenance of assessment records is performed either by a city assessor or under agreement with the state and/or representative county assessors. While this is usually the best long-term solution, some cities which have not yet addressed the problem face it anew each time any of their counties are reappraised. Applying the same city tax rate to differently valued parcels raises a serious uniformity issue under the Tennessee Constitution and jeopardizes the validity of the city levy.

One short-term alternative for these cities, pending a general reappraisal, is adjustment of the city tax rate to accommodate differing levels of assessment within the city, a procedure referred to here as the equalization of tax rates. The procedure was approved by the State Board of Equalization on August 14, 1989.

Equalizing the city tax rates

The purpose of this approach is to adjust the actual city tax rate to be applied within each county within the city, in such a way that all properties are taxed uniformly when both the rate and assessed value are considered together. A calculation form is attached, and the concept is explained below.

The first step would be to fix a pro forma equalized tax base for the city. This is done by first dividing the total assessments in the city, by county, by the approved appraisal ratio for that county, and then adding these assessments together. Although applying the same tax rate to these equalized values would achieve rough equity, it would also require creation of a separate assessment records base and agreements with the representative county assessors to maintain it. Equalizing tax rates instead allows the city to defer these arrangements until the general reappraisal.

The second step is determining the previous year's property tax levy, which represents the property taxes billed for the previous tax year. Dividing the previous year's levy by the equalized city tax base yields an overall equalized rate which must then be adjusted for the use in the separate areas of the city, by county. The equalized rate for each county portion of the city is determined by dividing the overall rate by the approved appraisal ratio for the county.

If the city needs to increase its rate from the previous year's rate, the city would first increase the overall rate before applying the appropriate adjustment to fix the separate equalized rates.

The foregoing adjustment would be done each year until the long-term solution of a general reappraisal, occurred. Each year, the current appraisal ratios and assessed values would be used. Because equalizing tax rates in this manner has the same effect as adjusting relative values throughout the jurisdiction, it is perhaps safest for the city to give public notice before establishing equalized tax rates in excess of those determined through the above process.

Further details concerning these procedures are available from the State Board of Equalization.

WORKSHEET FOR CALCULATING TAX RATE EQUIVALENTS AND TARGET RATES FOR MULTI-COUNTY JURISDICTIONS

STEP 1. Collect and list needed information. (see instructions, attached)

<u>Row</u>	<u>Item</u>	(Column A) (most parcels) Area A	(Column B) Area B	(if applicable) (Column C) Area C	(Column D)
1	County Name	Williamson	Maury		
2	County parcel count	13,391	10,868		
3	Appraisal ratio	1.0000	1.0000		
4	Unadjusted assessed value	\$2,009,733,967	\$1,615,145,933		
5	Net new real property	\$ 42,736,110	\$ 37,335,549		
6	Net new personal property	\$ 1,349,985	\$ 11,167,269		
7	Previous year levy	\$ 13,942,047	\$ 8,934,696		
	\$17,275,608				

STEP 2. Determine the adjusted current year assessed value by area. By area, subtract new real property (Row 5 above) and new personal Property (Row 6 above) from the total unadjusted value (Row 4 above).

<u>Row</u>	<u>Item</u>	Area A	Area B	Area C
8	Adjusted assessed value	\$1,965,647,872	\$1,566,643,115	\$

STEP 3. Equalize the adjusted assessed values. By area, divide the adjusted values (Row 8) by the appraisal ratio (Row 3).

Row	Item	Area A	Area B	Area C
9	Equalized & adjusted values	\$1,965,647,872	\$1,566,643,115	\$
				<u>\$3,532,290,987</u>

STEP 4. Determine the overall tax rate equivalent. Divide the previous year’s levy (Row 7) by the sum of all equalized values (Row 10) and multiply times 100.

Row	Item	
11	Overall tax rate equivalent	\$0.6476

STEP 5. Determine the tax rate equivalent by area. By area, divide the overall tax rate equivalent (Row 11) by the appraisal ratio (Row 3).

Row	Item	Area A	Area B	Area C
12	Tax rate equivalent by area	\$0.6476	\$0.6476	\$

1.433

STEP 6. Targetting the current year’s equalized tax rates. Whether the current year’s tax rates must be increased above the equivalent rates in item 5 are determined by (a) the improvements and personal property added since the previous year. To project current year revenues from the equivalent tax rates, use the most recent total actual assessed values by area (Row 4 above). If the revenues so calculated are sufficient to meet current year needs, no increase above the equivalent rates is necessary and collection shortfalls in determining whether the equivalent rates will be sufficient. If the equivalent rates are insufficient to generate needed new revenue, calculate the target rates as shown in step 7 below and do not adopt the rates until after publication notice and a public hearing.

- Row 2 - Parcel county
- Row 3 - List here the current year's appraisal ratio approved by the Stated Board of Equalization for the county.
- Row 4 - List by area the total current year's value of all taxable property.
- Row 5 - List the total current year's value of all real property improvements added to the assessment roll since the previous year's levy was set.
- Row 6 - List the total year's value of all personal property added for the first time in the current year.
- Row 7 - List total property taxes billed from the previous year.