



Background / Context

The County Commission has been reviewing enhanced property tax relief programs since 2008. On May 18, 2009, the Commission passed a resolution to adopt the Property Tax Freeze program, but the program was never implemented.

By contrast, Giles County already participates in the state-funded Property Tax Relief program, established in 1973, which provides direct assistance to qualifying low-income seniors, disabled homeowners, and disabled veterans.

The question of whether to additionally implement a local Property Tax Freeze resurfaced in 2022. While the program's appeal and potential benefit to seniors were recognized, analysis of county revenues and the structural budget gap indicated it was not feasible to implement at that time.

This paper outlines three programs — **Property Tax Relief (current program)**, **Property Tax Freeze (authorized but not implemented)**, and a **Local Supplement to Relief (authorized but not implemented)** — highlights key differences, and sets out potential policy options for the Commission's consideration.

Property Tax Relief (Current Program – Already Implemented)

- **Established** by constitutional amendment (1972) and launched in 1973.
- **Provides** a credit against property taxes owed, funded entirely by the state.
- **Eligibility categories include:**
 - Low-income elderly homeowners (65+) with income below the annual limit (\$37,990 household income for 2025).
 - Disabled homeowners with income below the same annual limit.
 - Disabled veterans and surviving spouses — no income limit applies.
- **Applications** are taken through the Trustee's Office and processed by the State Comptroller.
- **In the 2025 tax season**, 625 Giles Countians participated; the state credited \$146,132:
 - Disabled – 53
 - Elderly – 432
 - Disabled Veterans – 110
 - Disabled Veteran Widows – 30

Impact on County

- No county revenue loss – state reimburses the tax credit.
- Minimal administrative burden – Trustee forwards applications; state determines eligibility and funds the credit.
- Program is ongoing and fully operational in Giles County.



Property Tax Freeze (Authorized, Not Implemented)

- **Authorized** by constitutional amendment (2006) and state enabling legislation (2007).
- **Allows** eligible seniors to have property taxes on their principal residence “frozen” at the base year amount when they first qualify.
- Thereafter, as long as they remain eligible, taxes do not increase — even if the county raises rates or values increase due to reappraisal.
- **Eligibility requirements:**
 - Age 65+ by year-end.
 - Owner-occupied principal residence.
 - Annual income below the county-specific limit set by the Comptroller (e.g., \$37,990 in Giles for 2025).
- Must reapply annually.
- Base amount can change if major improvements are made, or if the homeowner sells and buys another property.

Impact on County

- **Fiscal Impact:** Any revenue “lost” due to frozen tax bills reduces the county’s potential growth in property tax revenue. The state provides no reimbursement. To maintain baseline funding, the county would need to:
 - Raise property tax rates for other taxpayers, or
 - Reduce spending or reprioritize projects, or
 - Use other revenue sources (e.g., sales tax, reserves).
- **Administrative Burden:** Requires annual verification of income, tracking frozen accounts, and monitoring by the Trustee’s Office. Will require at least one new position.
- **Eligibility Considerations:** Limited by income, but owners of higher-value properties may receive larger dollar benefits since relief is tied to assessed value.
- **Indirect Impacts:** Widespread participation could slow county revenue growth over time, affecting long-term financial planning.

Local Supplement to Property Tax Relief (Authorized, Not Implemented)

- **Authority:** Under T.C.A. §§ 67-5-702 to -704, counties may appropriate local funds to supplement the state Property Tax Relief program. The supplement must be adopted by resolution and funded annually in the county budget.
- **Eligible categories (must already qualify under state law):**
 - Low-income elderly homeowners (§ 702).
 - Disabled homeowners (§ 703).
 - Disabled veterans and surviving spouses (§ 704).

Issue Paper: Property Tax Relief Programs



- **Limitations:**
 - A local supplement may only be applied to taxpayers already approved for state Relief.
 - The combined total of state and county relief cannot exceed the total property tax owed.
 - **Structure:**
 - The County Commission sets the amount annually in the county budget (e.g., fixed dollar supplement, percentage of the state credit, or capped amount).
 - Supplements are applied proportionally to approved applicants.
 - **Administration:**
 - Applicants file as usual through the Trustee's Office.
 - The State verifies eligibility and applies the state credit.
 - The Trustee then applies the county supplement and the county reimburses the Trustee's Office.
 - **Impact on County:**
 - **Fiscal:** Requires annual appropriation of county funds. Costs are capped and predictable, unlike Freeze.
 - **Administrative:** Minimal additional workload — builds on existing Relief infrastructure.
 - **Equity:** Ensures county dollars are targeted to those already identified as most in financial need.
 - **Flexibility:** Level of support can be increased or decreased each year depending on fiscal conditions.
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Issue Paper: Property Tax Relief Programs

Program Comparison

Feature	Property Tax Relief	Property Tax Freeze	Local Supplement
Program Type	State program (1973)	Local option (2007)	Local option tied to state Relief
Who Pays	State funds 100%	County bears all revenue loss	County appropriates funds annually
Eligibility	Low-income elderly (65+), low-income disabled, all disabled veterans & surviving spouses	Low-income seniors (65+) only	Same as state Relief: elderly, disabled, disabled veterans & surviving spouses
Income Limit	\$37,990 for elderly/disabled; none for veterans	\$37,990 (2025 in Giles)	Same as Relief
Benefit	State credit reduces tax bill	Freezes tax bill at base year	County supplement adds to state credit
Administration	State processes; Trustee forwards	Trustee verifies annually, monitors accounts	Trustee applies supplement after state credit
Impact on County	No revenue loss; no admin cost	Ongoing revenue loss; high admin burden	Direct county cost; capped & predictable
Status in Giles	Active and operational	Authorized in 2009 but not implemented	Authorized in law; never implemented locally



Policy Options

In considering property tax relief programs, the Commission has three primary options:

1. No Action (Existing State Relief Only):

- *Pros:* No local cost; no new administrative burden.
- *Cons:* No expanded benefit.

2. Implement a Tax Freeze:

- *Pros:* Assists seniors; politically visible.
- *Cons:* Creates compounding revenue loss; state provides no reimbursement; high administrative demand; annual reapplication required; unpredictable benefit.

3. Adopt a Local Supplement to Relief:

- *Pros:* Builds on an existing program; targets aid to low-income seniors, disabled, and veterans; costs capped and predictable; minimal new administration.
- *Cons:* Requires recurring county funding; benefit size depends on annual budget, thus potentially unpredictable.

Conclusion

Giles County already participates in the state's Property Tax Relief program, which is stable, targeted, and cost-neutral for the county. Implementing a Property Tax Freeze would expand benefits but carries significant long-term fiscal and administrative implications.

An alternative would be to supplement the existing Relief program with county funds, directing additional assistance to those most in need while keeping costs predictable and within the Commission's annual control. This approach requires an ongoing appropriation, with the amount of local relief specified in each year's county budget. Unlike a Freeze, the county can adjust its commitment annually, increasing or reducing support as fiscal conditions allow.

In all cases, additional support for senior homeowners would depend on the Commission's willingness to identify offsets — either new revenue sources or budget reductions — within the context of a recurring \$1.9 million budget deficit.

Respectfully,

G. S. Stowe
County Executive

Attachment: Resolution to implement supplemental program



**A RESOLUTION OF THE GILES COUNTY COMMISSION
TO SUPPLEMENT THE STATE PROPERTY TAX RELIEF PROGRAM**

WHEREAS, the Commission recognizes the importance of providing financial assistance to certain citizens of Giles County who are elderly, disabled, or disabled veterans; and

WHEREAS, the State of Tennessee, through its General Assembly, has established a property tax relief program whereby elderly low-income homeowners, disabled homeowners, and disabled veterans, as defined in Tennessee Code Annotated, Title 67, Chapter 5, Part 7, are provided financial assistance through a refund of property taxes paid for by a state appropriation; and

WHEREAS, the General Assembly, in passing Chapter 739 of the Public Acts of 2006, amended Tennessee Code Annotated § 67-5-701(j) to authorize counties, municipalities, and metropolitan governments to appropriate additional funds to supplement the state property tax relief program for the benefit of these qualifying taxpayers.

NOW, THEREFORE, BE IT RESOLVED BY THE GILES COUNTY COMMISSION:

SECTION 1. The Commission hereby exercises the authority granted under Tennessee Code Annotated § 67-5-701(j) to establish a supplemental property tax relief program for elderly low-income homeowners, disabled homeowners, and disabled veterans, as defined in Tennessee Code Annotated §§ 67-5-702 through 67-5-704.

SECTION 2. Eligibility for this supplemental relief shall be limited to those taxpayers who qualify under Tennessee Code Annotated §§ 67-5-702 through 67-5-704 and who are approved for participation in the State of Tennessee Property Tax Relief Program.

SECTION 3. Supplemental relief under this program shall be contingent upon the taxpayer's prior approval and participation in the State of Tennessee program referenced above.

SECTION 4. The amount of supplemental relief provided shall be determined annually by appropriation of the Giles County Board of Commissioners and shall be subject to the availability of county funds.

SECTION 5. The Giles County Trustee shall administer this program in the same manner as the State of Tennessee's property tax relief program established under Tennessee Code Annotated §§ 67-5-701 – 67-5-704.