

ORDINANCE 4610-16

AN ORDINANCE ADOPTING TAX RATES FOR THE 2016 TAX YEAR

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF JOHNSON CITY AS FOLLOWS:

WHEREAS, *Tennessee Code Annotated*, Section 67-5-1701(a), requires that, in the event of a general reappraisal of property, the governing body shall determine and certify a tax rate which will provide the same ad valorem revenue for that jurisdiction as was levied during the previous year; and

WHEREAS, *Tennessee Code Annotated*, Section 67-5-1701(b), authorizes the State Board of Equalization to establish policies providing a formula for calculating the certified tax rate; and

WHEREAS, The calculated rates, as per attached exhibit A, comprise Washington, Carter and Sullivan county properties lying within the City's corporate limits; and

WHEREAS, The City establishes its tax rate in full pennies and the State does not allow *automatic* rounding up of the tax rates to full pennies; and

WHEREAS, The tax rate rounded down to full pennies will *not* provide the same ad valorem revenue for this jurisdiction as was levied during the previous year; and

WHEREAS, *Tennessee Code Annotated*, Section 67-5-1702, authorizes a governing body to exceed the certified tax rate after advertising its intent to exceed the certified tax rate in a newspaper of general circulation and after public hearing; and

WHEREAS, The City requires a tax rate rounded up to full pennies, in order to provide the same ad valorem revenue as was levied during the previous year; and

WHEREAS, This rounding up would result in exceeding the certified tax rates for Washington, Carter and Sullivan county properties by only 11/100, 78/100 and 19/100 of a cent, respectively, rounded up tax rates, in excess of the certified tax rates, are hereby levied as follows:

Washington County \$1.87 Carter County \$1.83 Sullivan County \$1.89

PASSED ON FIRST READING 01 Sept 2016
PASSED ON SECOND READING 15 Sept 2016
PASSED ON THIRD READING 06 Oct 2016
APPROVED AND SIGNED IN OPEN MEETING
ON THE 6th OF October, 2016

W. C. Mc

Mayor

Attest:

J. J. G. G. G.
City Recorder

Approved
as to Form:

J. H. G. G.
City Attorney

2016 Tax-Neutral Property Tax Rate(s)

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 | <u>Washington</u> | <u>Carter</u> | <u>Sullivan</u> | |
| 2 | County parcel count | <u>29,742</u> | <u>458</u> | <u>240</u> | |
| 3 | Appraisal ratio | <u>.9750</u> | <u>1.0000</u> | <u>.9651</u> | |
| 4 | Unadjusted assessed value | \$ <u>1,836,689,717</u> | \$ <u>20,594,563</u> | \$ <u>21,680,248</u> | |
| 5 | Net new real property | \$ <u>20,164,462</u> | \$ <u>40,483</u> | \$ <u>5,051,825</u> | |
| 6 | Net new personal property | \$ <u>18,586,678</u> | \$ <u>181,141</u> | \$ <u>166,761</u> | |
| 7 | Previous year levy | \$ <u>33,518,817</u> | \$ <u>394,870</u> | \$ <u>370,067</u> | \$ <u>34,283,754</u> |

"Exhibit A"

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 | \$ <u>1,797,938,577</u> | \$ <u>20,372,939</u> | \$ <u>16,461,662</u> |

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

| <u>Row</u> | <u>Item</u> | <u>Area A</u> | <u>Area B</u> | <u>Area C</u> |
|------------|-----------------------------|-------------------------|----------------------|-------------------------|
| 9 | Equalized & adjusted values | \$ <u>1,844,039,566</u> | \$ <u>20,372,939</u> | \$ <u>17,056,950</u> |
| | | | | \$ <u>1,881,469,454</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.

| <u>Row</u> | <u>Item</u> | |
|------------|-----------------------------|------------------|
| 11 | Overall tax rate equivalent | \$ <u>1.8222</u> |

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).

| <u>Row</u> | <u>Item</u> | <u>Area A</u> | <u>Area B</u> | <u>Area C</u> |
|------------|-----------------------------|------------------|------------------|------------------|
| 12 | Tax rate equivalent by area | \$ <u>1.8689</u> | \$ <u>1.8222</u> | \$ <u>1.8881</u> |

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.