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Tennessee County Government: Services and Taxes

University of Tennessee Agricultural Experiment Station

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The University of Tennessee
Agricultural Experiment Station

Research Report 86-08
April 1986

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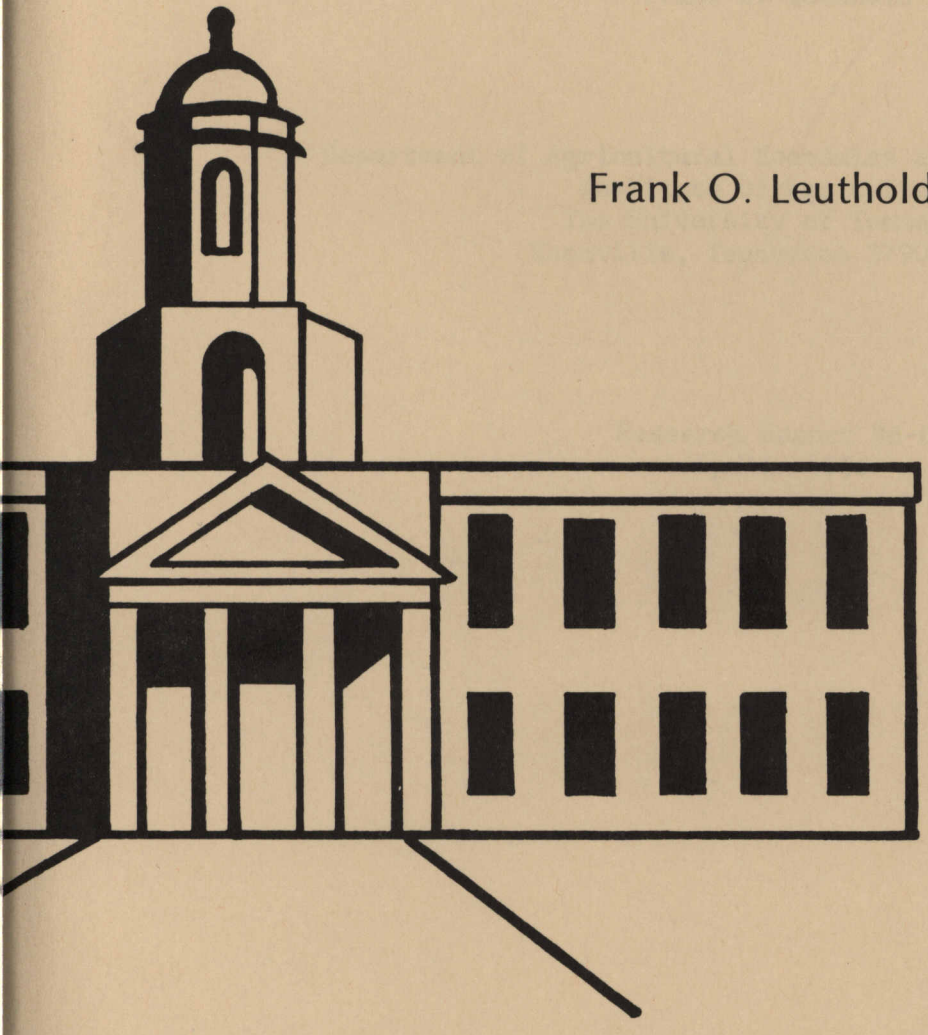

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Edited and designed by P. C. Mucke, Publications Editor, and L. R. Sims, Student Assistant, Experiment Station Communications.

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Research Report 86-06
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TABLE OF CONTENTS

TENNESSEE COUNTY GOVERNMENT: SERVICES AND TAXES

by Frank O. Leuthold*

Tennessee county governments are responsible for providing many essential public services. Undoubtedly, the primary service provided is the delivery of public education for grades K to 12 for those areas outside municipalities, that have their own school systems. Other vital public services provided by county governments are highways and bridges, law enforcement and jails, criminal justice, public libraries, health and safety, recreational facilities and programs, welfare, land use regulation and maintenance of many types of records. Counties are units of state government and, thus, the state government is a vital partner in the operation of county government. Not only do county governments derive their "police power" from the State of Tennessee, they also look to the state government for financial assistance and changes in authority to conduct local governmental activities.

The objectives of the present article are to: 1) review the powers of local or county officials in determining level of services and taxes; 2) review the level of financial assistance from state and federal sources; and 3) study the variation between counties on property tax rate, local sales tax rate, motor vehicle tax and local tax base.

Power of County Government

The power of Tennessee county governments has generally been broadened over time by changes in state legislation and changes in the State

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Constitution. Legislative acts may be mandatory requirements or may be permissive in what authority the county has. Often general legislative acts differentiate the function and level of function by "classification" of counties, generally along population size. Further, the General Assembly often enacts "private" or "local" bills, which apply to one or more counties; these bills must be ratified at the local level by either a two-thirds vote of the local legislative body (county commission) or by a majority vote by citizens in a referendum. Even with some differential functions by county governments, the primary functions and duties remain the same.

Several persons and bodies are important in formulating the type and level of county governmental services (TCGH, 1982). Even within the area of public education, which is strongly controlled by state regulations, there is a substantial range of decisions that affect the quality of the educational program at the county level. The county school superintendent, who is elected in some counties and appointed in other counties, first formulates level of service along with the elected school board. However, the educational budget must be approved by the county commission, which gives it final authority over the educational program.

The county executive is the chief administrative and financial official of Tennessee county government. The county executive is the primary official that makes recommendations on the type and level of county services and prepares the annual county budget to fund these services. The county executive makes projections of revenue from federal, state, and local sources and recommends changes in local tax rates.

Other local administrative officials who have important roles in the delivery of county services besides the school superintendent, school board

members, county executive, and county commissioners are the sheriff, trustee, tax assessor, register of deeds, county clerk, county law director and in some counties road commissioners or supervisors. The scope of their activities is not as broad as that of the county executive and county commission.

Within the juridical division of government, which operates on district lines of one or more counties, are administrative persons such as the attorney general, clerks of court and the judges of sessions, circuit, criminal and chancery courts. Juridical officials do not have a direct role in determining financial affairs of county government, although the juridical system may respond to "budget suits" taken by various county offices that feel they are not funded adequately.

The county commission, or local legislative body, has the final responsibility in determining type and level of service of most spheres of county government by their approval of the annual budget and the setting of the county property tax rate. The county commission by approval of resolutions also establishes policy for services rendered although the commission does not administer services directly.

County commissioners, who are elected from districts, respond to both the requests of other governmental officials and to their constituents on the type, level and quality of county service desired. They also respond quite readily to constituents in how high taxes should be in order to fund local services, especially the county property tax rate, which the county commission has the sole authority to set.

Tennessee counties have established programs of services over a long period of years and few counties make a major change without extensive

interaction between various governmental officials and local citizens. Finally, the willingness and ability of citizens to pay for county services by local taxes, such as the motor vehicle tax, local sales tax and property tax are the primary limiting factor in determining the level of county services.

State and Federal Revenue

Funding from the State of Tennessee to county governments is substantial and based upon varying formulas and methods for distribution. Thus, substantial differential funding levels occur by type, wealth and population size of counties (TASSLGT, 1984). As shown in Table 1, the proportion of county revenue obtained from the State of Tennessee varies extensively by type of county.

The proportion of county revenue obtained from state sources was greatest for the 37 small rural counties (those with 1983 population under 20,000) of the four types of counties analyzed (Table 1). The mean proportion of revenue obtained from state sources was 44.7% for the small rural counties compared to 40.9% for the 28 large rural counties (those with 1983 population over 20,000), 35.8% for the 25 urban counties (those containing a city with a population between 10,000 and 50,000) and only 19.4% for the five metropolitan counties (Shelby, Davidson, Knox, Hamilton and Sullivan).

Federal funding represented about 10% of Tennessee county government revenue for the 1983-84 fiscal year (Table 1). Some federal funding is restricted to specific uses while other funding such as "general revenue sharing" is essentially unrestricted and is, hence, a popular type of revenue for local governments. However, President Reagan is proposing that much federal funding to local governments be substantially reduced or

eliminated after the 1986 fiscal year. Some Tennessee counties are dependent on federal funding to a very major extent (TASSLGT, 1984). These are predominately low income, small, rural counties such as Hancock, Fayette, Clay, Meigs, Pickett, Jackson, Lauderdale, Haywood, Lake, Morgan, Fentress, Hardeman, Scott, Claiborne, Cocke, Campbell, Johnson and Van Buren. It would be very difficult for these counties to replace federal funds with local funds since federal funds represent about one-half of local revenue in these counties. These counties also receive substantial state funding.

The proportion of revenue obtained from state and federal sources depends not only on the dollar amounts, but also upon the level of local funding. The level of local revenue varies extensively by county and also depends upon a variety of factors including tax base and rate of taxes. The property tax and local sales tax are the most important local taxes. In some Tennessee counties the motor vehicle tax is also a significant source of local revenue.

Property Tax Base

Some counties have a "strong" tax base and other counties have a "poor" tax base for the property tax and local sales tax. In this article the tax base for the property tax is examined in greater detail since it generally provides the more significant amount of revenue of these two major local taxes.

In Tennessee "real property," according to the guidelines of the State Constitution, is supposed to be appraised by the county tax assessor at 100% of market value. However, no Tennessee county reappraises property annually, with the result that the overall appraised value of property in many counties is far less than 100% of market value (TCTS, 1985).

Reappraisals in most Tennessee counties occur every five to eight years. In 1985, according to the Tennessee State Board of Equalization, only 14 counties had property appraisals at 100% of market value while eight counties had appraisals under 50% of market value (TCTS, 1985). The weighted mean appraisal of "real property" in Tennessee for 1984 (latest year data available) was 77.4%.

Property tax in Tennessee is paid only on the "assessed value" of real property rather than the "appraisal value." The assessed value is a set proportion of the appraisal value based upon a "use" classification stated in the state constitution (TART, 1985). The assessed value of agricultural and residential property is 25% of the appraisal value. For commercial and industrial property the assessed value is 40% of appraisal value while public utility property rate is 55%. Thus, the property tax base in a county depends upon appraisal levels and use classification of property. Comparisons of property tax base for this article took into account the assessed property value per person adjusted for tax appraisals under 100% of market value. The figures were provided by the Tennessee State Board of Equalization, which completes sales ratios studies in every county.

Property Tax Rates

Because of different levels of appraisals of real property in relation to market value, it is misleading to directly compare actual property tax rates between counties. By use of the sales ratio studies, made by the State Board of Equalization, actual property tax rates passed by the county commission can be adjusted to the "effective" property tax rates (TART, 1985). Thus, a Tennessee county with a $5.00 tax rate (per $100 of assessed

value) and appraisals at only 50% of market value would have the same effective property tax rate as another county with 100% appraisal and a tax rate of $2.50.

The five metropolitan Tennessee counties have the highest mean effective property tax rate in 1985-86 of the four categories of counties. The weighted mean effective property tax rate is $2.68 for the metropolitan counties compared to $2.17 for urban counties, $2.07 for large rural counties and $2.33 for small rural counties (Table 1).

The weighted effective property tax for all Tennessee counties for 1985-86 is $2.43 (per $100 of assessed value) compared to only $2.23 for the unweighted mean value (Table 3). This difference reflects the influence of the metropolitan counties on the overall or weighted average. For example, the five metropolitan counties combined had just slightly over one-half (50.8%) of the total county effective property assessment in Tennessee in 1984 according to data from the State Board of Equalization (TART, 1985). The 25 urban counties had 27.9% of the assessed value, the 28 large rural counties had 14.2% and the 37 small rural counties had only 7.1%.

The effective property tax rates vary a great deal within all four categories of counties. For the metropolitan counties, Sullivan County had the highest effective tax rate, $3.31, and Knox County the lowest, $2.30 (Table 3). In fact, the rate for Knox County was below the weighted mean level for the state even though metropolitan counties receive relatively low state and federal funds compared to nonmetropolitan counties. Further, Knox County has no vehicle tax and only a 1.5% local sales tax rate compared to an average local sales tax rate of 2.1% for all Tennessee counties.

Rural counties exhibit a wide range in effective property tax rate for the 1985-86 fiscal year. For instance, the 10 counties with the lowest effective property tax rates for 1985-86 are Franklin ($1.21), Lauderdale ($1.22), Sevier ($1.22), Pickett ($1.25), Fentress ($1.29), Van Buren ($1.30), Benton ($1.31), Stewart ($1.43), Hardin ($1.48) and Henderson ($1.50). All 10 are rural counties. On the other hand, the 10 counties with the highest effective property tax rates are scattered among the four categories of counties although the three highest (Morgan, Polk and Trousdale) are small rural counties. Thus, rural counties are at the extreme ends of level of property tax rate.

The mean effective property tax rate of $2.17 for urban counties is below that for the state. While there is a fair range in tax rates for the 25 urban counties, there were no extreme differences. Dyer, Coffee, Warren, Madison and Blount counties had fairly low effective property tax rates, while Anderson, Robertson, Montgomery, Lawrence and Wilson counties had relatively high rates. However, Anderson and Wilson counties had no motor vehicle tax and low local sales tax rates.

Income and Assessed Property Values

Tennessee counties vary extensively in effective property tax rates. These differences reflect many different things such as revenue from state and federal sources, other local taxes, type and level of services provided, cost of providing services and level of the tax base, especially the property tax base. Data are not available to accurately compare level of county services or cost of services. However, data are available on income level, which reflects in part citizens' willingness and ability to pay taxes. Data

also exist on property tax base, both the overall tax base and the mean or average tax base per person.

Effective property rates for 1985-86 were positively correlated with per capita income (.082) and negatively correlated with effective assessed property value per person (-.212) for the 90 nonmetropolitan counties (Table 2). However, per capita income and effective assessed property value per person were very highly correlated (.562) with one another. While many Tennessee counties have similar rankings on both of these variables, some Tennessee counties are relatively high on one factor and relatively low on the other factor. A systematic view of looking at these counties should show a significant impact of these variables upon effective property tax rates.

Tennessee counties that are relatively high on assessed property values and relatively low on income would be expected to have lower property tax rates than counties with low assessed property values and high income. In fact, this relationship occurred (Table 2). The five metropolitan counties were excluded in this phase of the analysis because 1) there was relatively little difference in the rank of income level and assessed values for the metropolitan counties and 2) because of the major impact on the weighted mean on the variables when metropolitan counties were included in the analysis.

The 90 nonmetropolitan counties had a mean effective assessed value of property per person (1984 data) of $5,900 (Table 2). The mean per capita income (1983 data) was $7,200 for persons in the 90 nonmetropolitan counties. In the analysis counties were ranked upon the dimensions of effective assessed value of property per person and on per capita income. The coun-

ties with a rank order differences of 20 ranks or more were studied in further detail.

There were 18 nonmetropolitan counties where the rank order of effective assessed value per person was 20 ranks or more higher than the rank of per capita income. For these 18 counties the mean assessed property value per person was $7,000 or $1,100 higher than for all nonmetropolitan counties while per capita income was $6,200 or $1,000 below the overall level. The mean effective property tax rate for 1985-86 fiscal year was only $1.75 (per $100 assessed value) for these 18 counties or $.42 lower than the overall rate for the nonmetropolitan counties.

Eight counties (Sevier, Van Buren, Hardin, Haywood, Perry, Cumberland, Sequatchie and Hamblen) were in the classification of a relatively "strong" property tax base and fit the above pattern quite well and have low effective property tax rates. Sevier County, particularly, had a very low effective property tax rate but had a very high level of assessed property value per person to maintain the low property tax rate. Sevier County also has a very strong sales tax base and rate. There was one major exception to the pattern for these 18 counties. Polk County had a very high effective property tax rate although the property tax base was relatively good. The keeping of two county seats in Polk County and the low rate of collection of the property tax undoubtedly are responsible for part of the high rate. Polk County recently increased its very low local sales tax rate to 2.25%.

There were 16 nonmetropolitan counties where the rank order of effective assessed property value per person was 20 ranks or more lower than the rank on per capita income. These relatively higher income but "poor"

property base counties would be expected to have above average property tax rates. For these 16 counties the mean effective assessed property value per person was only $4,900 or $1,300 below the overall mean for all 90 nonmetropolitan counties, while the per capita income was $7,500 or $300 above the overall mean per capita income (Table 2). The mean effective 1985-86 property tax rate for these relatively "poor" property tax counties was $2.53 or $.36 greater than the overall rate for all the nonmetropolitan counties.

Three counties (Franklin, Benton and Henderson) of the 16 counties in the classification of "poor" tax base counties, however, were exceptions because they had very low effective property tax rates. On the other hand, Cheatham, Anderson, Montgomery, Smith, Wilson, Carroll, Rhea and Carter counties fit the classification fairly well. Cheatham County, in addition, had the highest motor vehicle tax ($50) of any Tennessee county. The property tax base for Anderson County of $5,600 per person only ranks 42 among Tennessee's 95 counties, while per capita income of $9,200 ranks third in the state. On the other hand, Anderson County had the lowest local sales tax rate of all Tennessee counties (.75%), even though it has a very good sales tax base.

Sales and Vehicle Taxes

All 95 Tennessee counties have approved a countywide sales tax. The rates range from a low of .75% in Anderson County and 1.0% in Clay and Pickett counties to a high of 2.25% in 53 counties (Table 3). By state law, the local sales tax rate may not exceed one-half of the permanent state sales tax rate. This rate was 4.5% until 1984 when it was increased to 5.5%. However, no Tennessee county has voted to increase the local rate

beyond the old previous high rate of 2.25%. The weighted mean rate of local sales tax for all Tennessee is 2.1%.

State law requires one-half of the local sales tax must be spent on public education, although all local sales tax may be spent on education. Counties may also reach agreement with municipalities or special tax districts within a county on the division of the sales tax and, hence, a substantive part of the county sales tax revenue may not appear directly in the county budget. For this reason it is difficult to directly compare local sales tax revenue, or the equivalent in terms of property tax, from one county to the next. Nevertheless, the local sales tax rate needs to be considered when comparing effective property tax rates between counties. This is true for the motor vehicle tax as well.

Counties vary extensively in the tax base for the local sales tax due to a variety of factors. In this article the county sales tax rate is shown for each county as well as the equivalent value of the tax in relationship to a base rate of 1.5% (Table 3). Eighteen counties have a local sales tax rate of 1.5% while three have a lower rate and the remainder a higher rate. The equivalent rate in terms of the county's effective property rate allows greater comparison of local taxes between counties.

For the 53 Tennessee counties that have a 2.25% county sales tax rate, the mean (unweighted) value of the sales tax rate above the 1.5% base was the equivalent of $.41 of the effective property rate. There was a range from $.21 to $.64. The relatively "poor" counties in sales tax base among the 53 counties were Grainger, Fayette, Crockett, Hickman, Polk, Stewart, Cheatham and Jefferson (TASSLGT, 1984). These had a "poor" base even compared to an already "poor" property tax base for these eight coun-

ties. The eight counties with the "best" sales tax base in comparison to their property tax base were Montgomery, Davidson, Putnam, Washington, Benton, Sevier, Shelby and Dyer. All of these except Montgomery and Benton counties also had a "good" property tax base.

Among the 42 that had a sales tax rate other than 2.25%, five counties (Anderson, Coffee, Hamblen, Knox and Madison) have a "good" sales tax base and 12 counties (Campbell, Cannon, Hancock, Hawkins, Jackson, Johnson, Meigs, Morgan, Perry, Union, Van Buren and Wayne) have a "poor" sales tax base (TASSLGT, 1984).

The motor vehicle tax forms an optional tax for 38 Tennessee counties. Revenue from this tax is used in a variety of ways. The tax ranges from a high of $50.00 per vehicle in Cheatham County to a low of $10.00 in nine counties. The mean (unweighted) rate for the 38 counties is $18.89. Revenue from motor vehicle tax can replace property tax. For the 38 counties the equivalent value of a $25.00 vehicle tax is about $.30 of the effective property tax rate (Table 3). The motor vehicle tax is common in West Tennessee counties (71%) and infrequent in East Tennessee counties (15%).

Summary

Tennessee county governments are vital units of government and provide many essential local services such as public education, highways, law enforcement, health, safety and land use regulation. Counties derive their "police powers" from the state by general and private legislative acts and by the State Constitution. Tennessee counties also look to the state for revenue to help fund many of these local services. However, a wide variation exists in proportion of revenue obtained from the state by county

and type of counties. Metropolitan counties obtain a lower proportion of revenue from the state than small size rural counties. Many rural counties obtain more funding from state sources than local sources.

Tennessee counties do not provide the same local services or level of services to citizens. Much discussion and debate occurs at the county level before services are initiated or altered. Citizens demand services, but they also concern themselves with the amount of taxes paid. The county executive and county commission are the key decision makers at the local level since they are responsible for the budget and local property tax rate.

Many factors affect the local tax rates such as property tax, sales tax and motor vehicle tax. Clearly the amount of outside funding, level of services provided, cost of services and local tax base are key factors. Data are not readily available on type and cost of services by county. Data on tax base are available. The data showed that a "good" property tax base can provide not only more revenue for services desired, but also helps maintain lower effective property tax rates. For instance, effective assessed property value per person was negatively correlated (-.212) with effective property tax rate (1985-86) for the 90 nonmetropolitan counties.

A local sales tax has been approved in all 95 Tennessee counties. The range is from .75% in Anderson County to 2.25% in 53 counties. Citizens in 38 counties have also approved a motor vehicle tax to help raise local revenue. About $25 per vehicle motor tax is the equivalent to $.30 of the effective property tax when data for these counties were analyzed. Further, the 53 counties with a 2.25% local sales tax provided on an average $.41 of the effective property tax rate equivalent compared to the revenue a 1.5% local sales tax rate would have provided.

Finally, the elimination of federal funding would create financial difficulty for all Tennessee counties since it represents about 10% of all county revenue. However, the loss in lower income rural counties would have a substantial impact because the ratio of federal revenue to local revenue is often 50% or more. Thus, it would be extremely difficult to replace the loss with local funds. Further, many of these smaller size and lower income rural counties have a "poor" property and sales tax base. There is no easy solution to the problem that a loss of all or a substantial proportion of federal funds would create on county government, especially many rural county governments in Tennessee.

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Tennessee County Government Handbook, 1982, County Technical Assistance Service, Institute for Public Service, The University of Tennessee.

Tennessee County Tax Statistics, 1985, County Technical Assistance Service, The University of Tennessee, Technical Report No. 86-5, November.

The Annual Survey of State and Local Governments in Tennessee, 1984, Tennessee Taxpayers Association, November.

Table 1. Source of County Revenue, Property Tax Rate, Property Assessment and Per Capita Income by Type of Tennessee County

Type of county[a]	Proportion of county revenue from various sources[b] (1983-84)			Effective property tax rate[c] (1985-86)	Effective property assessment per person[d] (1984)	Per capita income[d] (1983)
	Local	State	Federal			
	---weighted percentage---			----------weighted mean----------		
Metropolitan (N-5)	71.3	19.4	9.3	$2.68	$8,000	$9,100
Urban (N-25)	55.2	35.8	9.0	$2.17	$6,300	$8,000
Large rural (N-28)	46.0	40.9	13.1	$2.07	$5,400	$6,600
Small rural (N-37)	42.4	44.7	12.9	$2.33	$5,100	$6,100
All counties (N-95)	59.3	30.5	10.2	$2.43	$6,800	$8,000

[a]Counties without a city of at least 10,000 population were classified as rural; those with a county population in 1984 under 20,000 were classified as small and those over 20,000 were classified as large. Urban counties contained a city of 10,000 to 50,000 persons. The five metropolitan counties were Shelby, Hamilton, Knox, Davidson and Sullivan.

[b]Data were obtained on proportion of revenue by source from The 1984 Annual Survey of State and Local Government in Tennessee conducted by the Tennessee Taxpayers Association, November, 1984. The proportion of revenue by source was used to develop a "mean" proportion that weighted the mean by the total effective assessment value of property in each county.

[c]Data on effective property tax rates were obtained from the Tennessee County Tax Statistics, County Technical Assistance Service, The University of Tennessee, Technical Report No. 86-5, November, 1985. The "mean" was computed by use of the total effective property assessment of each county to develop a weighted mean. Data on effective property assessment were obtained from the 1984 Tax Aggregate Report of Tennessee, State Board of Equalization, August, 1985.

[d]Data on the 1984 estimate of population and the 1983 estimates of per capita income (PCI) were obtained from an unpublished statistical report from the University of Tennessee Center for Business and Economic Research. The total 1984 effective property assessment was divided by the 1984 population to obtain the effective property assessment per person. The "mean" for each category was computed as a weighted mean based on the population of each county. Data on this factor and PCI were rounded to the nearest $100 unit.

Table 2. Comparison of Property Tax Rates Between Tennessee Nonmetropolitan Counties with High Property Assessments Per Person and Those with Low Property Assessments Per Person

Type of county[a]	Variables[b]		
	Effective property tax rate (1985-86)	Effective property assessment value per person (1984)	Per capita income (1983)
	weighted mean		
High property assessments and low PCI[c] (N-18)	$1.75	$7,000	$6,200
Low property assessments and high PCI[d] (N-16)	$2.53	$4,900	$7,500
All nonmetropolitan counties (N-90)	$2.17	$5,900	$7,200

[a]Nonmetropolitan counties which had a rank order difference of 20 positions or more on the dimensions of effective property assessments per person (1984) and per capita income (1983) were included in one of the two classifications. The two variables were highly correlated (.562) with one another for the 90 nonmetropolitan counties. The correlation between effective property assessments per person and effective property tax rate was negative (-.212) while per capita income was positively correlated (.082) with effective property tax rate. Product moment correlation was used. Since the entire universe or population was used, it was not proper to use statistical significant tests on the correlation coefficients.

[b]The "means" for effective property assessment value per person and per capita income were computed as weighted means using the 1983 estimated population of each county in the classification. The effective property tax mean was computed as a weighted mean using the total property assessment value in each county in the classification. Figures were rounded to the nearest $100 unit.

[c]The Tennessee counties in the category were Moore, Sevier, Hardin, Haywood, Perry, Hamblen, Cumberland, Sequatchie, Van Buren, Polk, Crockett, Wayne, Bledsoe, Fayette, Lauderdale, Johnson, Pickett and Fentress. The rank position of each of these counties was 20 or more higher on effective property assessment per person than on per capita income.

[d]The counties in the category were Anderson, Wilson, Cheatham, Roane, Bedford, Montgomery, Smith, Unicoi, Franklin, Gibson, Carroll, Rhea, Benton, Carter, Henderson and Chester. The rank position of each of these counties was 20 or more higher on per capita income than on effective property assessment per person.

Table 3. Summary Data for Tennessee Counties on County Taxes and Rates, Per Capita Income and Population

	County property tax[a]				Local sales tax[b]		County vehicle tax[c]		Other	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
County	Actual property tax rate 1985-86 ($)	Effective property tax rate 1985-86 ($)	Estimated total revenue of 1¢ of effective property tax rate 1984 (000 $)	Estimated effective assessed property value per person 1984 (000 $)	County sales tax rate Sept., 1985 (%)	Estimated equivalent of local sales tax collected above 1.5% in terms of effective property tax ($)	Tax per vehicle March, 1985 ($)	Estimated equivalent in terms of effective property tax ($)	Estimated per capita income 1983 (000 $)	Estimated population July, 1984 (000)
Anderson (ave)	3.34	3.13	39.0	5.6	.75	(.74)	--	--	9.2	69.2
Bedford	4.22	2.39	16.6	5.8	1.75	.15	--	--	7.8	28.6
Benton	1.40	1.31	6.4	4.2	2.25	.55	--	--	6.7	15.1
Bledsoe	2.08	2.08	5.2	5.6	2.25	.33	--	--	5.8	9.3
Blount	3.45	1.69	65.1	8.0	2.25	.44	--	--	8.5	81.1
Bradley	4.39	2.08	48.6	6.9	2.25	.48	--	--	7.9	70.0
Campbell	2.29	2.20	15.8	4.5	2.25	.38	10.00	.16	5.6	35.4
Cannon	3.00	2.58	5.2	4.9	1.75	.09	10.00	.14	6.4	10.6
Carroll (ave)	3.12	2.75	11.6	4.1	2.25	.48	10.00	.17	7.0	28.3
Carter	4.27	2.64	21.6	4.2	2.25	.44	--	--	6.4	51.4
Cheatham	3.98	3.11	10.4	4.5	2.25	.29	50.00	.59	7.9	23.2
Chester	2.14	2.14	5.4	4.2	2.25	.36	15.00	.26	6.1	12.8
Claiborne	2.37	2.29	11.6	4.4	2.25	.35	--	--	5.3	26.2
Clay	2.67	2.34	3.5	4.4	1.00	(.23)	--	--	5.2	8.0
Cocke	2.90	2.68	13.5	4.6	2.00	.34	--	--	5.6	29.2
Coffee (ave)	1.83	1.61	24.7	6.1	2.00	.43	--	--	8.0	40.1
Crockett	1.80	1.76	8.5	6.0	2.25	.24	20.00	.24	6.6	14.1
Cumberland	2.93	1.79	20.4	6.7	2.25	.45	--	--	6.3	30.7
Davidson (GSD)	2.89	2.74	470.4	9.7	2.25	.61	25.00	.24	10.1	485.4
Decatur	2.01	1.61	5.5	5.0	1.50	--	--	--	6.3	10.9
DeKalb	2.10	1.91	7.3	5.2	1.50	--	--	--	7.0	13.8
Dickson	2.70	1.78	18.7	6.0	2.25	.48	10.00	.13	7.6	31.3

Table 3 (continued)

	County property tax[a]				Local sales tax[b]		County vehicle tax[c]		Other	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
County	Actual property tax rate 1985-86 ($)	Effective property tax rate 1985-86 ($)	Estimated total revenue of 1¢ of effective property tax rate 1984 (000 $)	Estimated effective assessed property value per person 1984 (000 $)	County sales tax rate Sept., 1985 (%)	Estimated equivalent of local sales tax collected above 1.5% in terms of effective property tax ($)	Tax per vehicle March, 1985 ($)	Estimated equivalent in terms of effective property tax ($)	Estimated per capita income 1983 (000 $)	Estimated population July, 1984 (000)
Dyer	2.80	1.53	20.4	6.0	2.25	.52	10.00	.13	7.0	34.1
Fayette	2.30	2.07	13.7	5.5	2.25	.23	25.00	.26	5.4	24.8
Fentress	1.29	1.29	7.3	4.7	1.50	--	--	--	4.4	15.5
Franklin	1.29	1.21	16.1	4.8	1.50	--	--	--	7.1	33.1
Gibson (ave)	2.05	2.01	23.1	4.8	2.25	.48	10.00	.15	7.0	48.6
Giles	2.95	2.47	14.6	5.9	1.50	--	--	--	7.2	24.8
Grainger	2.65	2.65	7.0	4.4	2.25	.21	--	--	5.7	17.1
Greene (ave)	2.00	1.84	31.4	5.6	1.50	--	25.00	.35	7.0	55.8
Grundy	3.42	3.11	5.3	3.7	2.25	.31	--	--	5.5	14.0
Hamblen (ave)	4.65	1.91	39.5	6.9	1.50	--	--	--	7.0	57.1
Hamilton	2.87	2.49	215.6	7.6	1.75	.19	--	--	8.9	284.0
Hancock	1.92	1.79	2.5	3.7	2.00	.16	--	--	3.8	6.8
Hardeman	2.10	1.84	11.1	4.7	2.00	.28	20.00	.29	5.6	23.4
Hardin	2.11	1.48	17.4	7.8	1.50	--	10.00	.10	6.2	22.3
Hawkins	4.26	2.89	29.5	6.6	2.00	.17	20.00	.21	7.0	44.9
Haywood	2.29	1.70	15.8	7.7	1.50	--	20.00	.16	5.7	20.5
Henderson	1.60	1.50	8.9	4.1	2.25	.55	--	--	6.2	21.8
Henry (ave)	2.52	2.47	17.1	5.9	2.25	.44	15.00	.20	7.1	29.0
Hickman	5.71	2.77	8.5	5.4	2.25	.27	15.00	.18	6.3	15.8
Houston	3.68	2.57	3.1	4.5	2.25	.34	15.00	.21	5.9	7.0
Humphreys	2.84	2.84	11.1	7.1	2.25	.37	--	--	7.2	15.8
Jackson	2.81	2.50	4.1	4.5	2.00	.18	15.00	.18	6.0	9.2

Table 3 (continued)

	County property tax[a]				Local sales tax[b]		County vehicle tax[c]		Other	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
County	Actual property tax rate 1985-86 ($)	Effective property tax rate 1985-86 ($)	Estimated total revenue of 1¢ of effective property tax rate 1984 (000 $)	Estimated effective assessed property value per person 1984 (000 $)	County sales tax rate Sept., 1985 (%)	Estimated equivalent of local sales tax collected above 1.5% in terms of effective property tax ($)	Tax per vehicle March, 1985 ($)	Estimated equivalent in terms of effective property tax ($)	Estimated per capita income 1983 (000 $)	Estimated population July, 1984 (000)
Jefferson	2.06	1.73	18.5	5.4	2.25	.30	25.00	.27	6.3	34.3
Johnson	3.96	2.56	7.3	5.2	1.50	--	20.00	.31	5.3	14.2
Knox (ave)	2.30	2.30	248.6	7.5	1.50	--	--	--	9.1	329.4
Lake	2.65	2.55	3.6	4.4	2.25	.35	15.00	.19	5.2	8.1
Lauderdale	3.25	1.22	12.8	5.2	2.00	.24	15.00	.18	5.8	24.5
Lawrence	2.77	2.77	17.1	4.9	2.25	.43	25.00	.39	6.9	34.5
Lewis	2.80	1.66	4.3	4.1	2.00	.29	--	--	5.4	10.4
Lincoln	3.70	1.78	15.6	5.9	1.50	--	25.00	.32	6.9	26.3
Loudon (ave)	2.76	2.76	20.8	6.9	1.50	--	--	--	7.5	30.3
McMinn	2.18	2.18	31.9	7.5	2.00	.27	--	--	7.5	42.9
McNairy	1.72	1.72	11.5	5.0	2.25	.37	--	--	6.2	23.2
Macon	4.69	2.39	7.9	5.1	2.25	.35	--	--	6.4	15.7
Madison	1.87	1.68	46.7	6.1	1.50	--	--	--	7.8	76.4
Marion (ave)	2.16	2.05	12.3	5.0	2.25	.50	--	--	6.5	24.5
Marshall	3.25	2.01	15.0	7.5	2.25	.38	25.00	.28	7.9	20.0
Maury	2.35	2.35	35.4	6.8	2.25	.43	--	--	7.6	51.7
Meigs	3.30	1.86	4.6	5.9	2.00	.12	--	--	6.9	7.7
Monroe	2.50	1.94	13.6	4.6	2.25	.51	--	--	6.4	29.8
Montgomery	3.68	2.92	38.5	4.4	2.25	.64	20.00	.42	7.3	87.7
Moore	2.43	2.39	4.5	9.4	1.50	--	--	--	7.3	4.8
Morgan	6.60	4.99	6.7	3.9	2.00	.16	--	--	5.6	17.2
Obion (ave)	2.64	2.29	20.6	6.3	2.25	.42	20.00	.24	8.1	33.0

Table 3 (continued)

County	County property tax[a]				Local sales tax[b]		County vehicle tax[c]		Other	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Actual property tax rate 1985-86 ($)	Effective property tax rate 1985-86 ($)	Estimated total revenue of 1¢ of effective property tax rate 1984 (000 $)	Estimated effective assessed property value per person 1984 (000 $)	County sales tax rate Sept., 1985 (%)	Estimated equivalent of local sales tax collected above 1.5% in terms of effective property tax ($)	Tax per vehicle March, 1985 ($)	Estimated equivalent in terms of effective property tax ($)	Estimated per capita income 1983 (000 $)	Estimated population July, 1984 (000)
Overton	2.62	2.40	7.6	4.2	1.75	.14	10.00	.15	5.5	18.0
Perry	2.82	1.79	4.5	7.0	1.00	(.15)	--	--	6.1	6.4
Pickett	1.80	1.25	2.3	5.1	2.50	--	--	--	5.1	4.5
Polk	3.90	3.76	8.3	6.1	2.25	.27	--	--	6.0	13.6
Putnam	3.50	1.91	29.2	5.9	2.25	.60	--	--	7.2	49.8
Rhea	3.18	3.18	11.2	4.5	2.25	.44	--	--	6.7	24.7
Roane (ave)	3.50	2.10	22.2	4.5	1.50	--	--	--	7.8	49.2
Robertson	3.60	3.03	21.0	5.5	2.25	.37	35.00	.39	7.3	38.3
Rutherford	3.82	1.81	66.4	7.0	2.25	.44	15.00	.15	8.4	94.1
Scott (ave)	3.93	2.96	8.9	4.4	2.25	.40	--	--	5.6	20.3
Sequatchie	1.88	1.84	5.8	6.7	2.25	.31	--	--	5.6	8.6
Sevier	2.00	1.22	41.6	9.0	2.25	.53	--	--	7.2	45.8
Shelby	3.78	2.73	568.2	7.2	2.25	.53	--	--	8.7	791.6
Smith	3.05	2.82	7.6	5.2	2.00	.26	15.00	.19	7.2	14.6
Stewart	1.59	1.43	4.5	4.9	2.25	.28	--	--	6.0	9.0
Sullivan (ave)	3.48	3.31	120.1	8.3	2.25	.48	--	--	8.6	145.4
Sumner	5.09	2.42	60.3	6.6	2.25	.30	15.00	.16	8.9	90.5
Tipton	3.70	3.02	17.2	5.0	2.25	.36	10.00	.13	6.6	34.5
Trousdale	3.56	3.56	3.0	5.2	2.25	.35	--	--	6.9	5.7
Unicoi	3.43	2.48	7.9	4.7	2.25	.38	--	--	7.1	16.8
Union	2.52	2.48	5.0	4.1	1.50	--	--	--	5.5	12.2
Van Buren	1.53	1.30	3.2	6.6	1.50	--	--	--	5.7	4.8

Table 3 (continued)

	County property tax[a]				Local sales tax[b]		County vehicle tax[c]		Other	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
County	Actual property tax rate 1985-86 ($)	Effective property tax rate 1985-86 ($)	Estimated total revenue of 1¢ of effective property tax rate 1984 (000 $)	Estimated effective assessed property value per person 1984 (000 $)	County sales tax rate Sept., 1985 (%)	Estimated equivalent of local sales tax collected above 1.5% in terms of effective property tax ($)	Tax per vehicle March, 1985 ($)	Estimated equivalent in terms of effective property tax ($)	Estimated per capita income 1983 (000 $)	Estimated population July, 1984 (000)
Warren	1.69	1.67	17.2	5.2	2.00	.37	--	--	6.6	33.2
Washington	1.97	1.86	56.4	6.1	2.25	.59	--	--	8.3	91.8
Wayne	2.21	1.87	8.1	5.8	1.75	.09	20.00	.27	5.6	14.1
Weakley	2.89	2.09	16.4	4.9	2.25	.40	15.00	.21	6.7	33.2
White	2.16	2.12	9.7	4.9	2.25	.40	--	--	6.4	19.8
Williamson (ave)	4.22	2.40	67.7	10.2	1.50	--	25.00	.20	11.3	65.7
Wilson (ave)	5.63	2.68	36.0	6.2	1.50	--	--	--	8.7	59.9
State (weighted)	3.14	2.43	--	6.8	2.11	.35	7.26	.08	8.0	--
State (unweighted)	2.91	2.23	33.6	5.7	1.95	.26	7.16	.09	6.8	49.6

[a]In 17 of Tennessee's 95 counties there is more than one county taxing district due to special school districts or municipalities which have different property tax rates. In these 17 counties the reported actual and effective property tax rates were "weighted" rates computed using the property tax assessment (1984) in each tax district. The reported property tax rates for Davidson County were for the General Service District (GSD) since this was the equivalent to a countywide tax district.

The property tax rate adopted by the local legislative body (county commission) for the 1985-86 fiscal year is termed the "actual" property tax rate (column 1). Because appraisals of property vary greatly from county to county in relationship to market value, the Tennessee Tax Equalization Board computes "sales study ratios" of property. The "effective" property tax rate is the adjusted rated based upon these data so that more correct comparisons can be made from county to county of property tax rate (column 2).

Table 3 (continued)

The total revenue of one cent of the effective property tax rate was computed to show the amount of money obtained if 100% of property taxes were collected. The long-term collection of taxes would be less than 100% and would vary from one county to the next. The amount collected on one cent of an increase in tax rate would be less and would be dependent upon the rate of collection which probably would not exceed 95% of the taxes levied. The reported figure is .0001 of the total effective property assessment in the county in 1984 (column 3).

The effective assessed property value per person figure was computed by dividing the total 1984 effective property assessment in the county by the estimated 1984 population (column 4). The data were rounded to the nearest $100 of value. The approximate property tax collected per person can be computed by multiplying the effective property tax rate times the assessed property value per person.

[b]All Tennessee counties have a countywide local sales tax rate (column 5). This tax must be approved by referendum of the citizens and cannot exceed one-half of the permanent state sales tax, which was 4.5% until 1984 when it was increased to 5.5% by the General Assembly; however, no Tennessee county has exceeded the 2.25% local sales tax rate which was the maximum until the recent increase. The estimated equivalent figure (column 6) of the value of the local sales beyond the "base" level of 1.5% was computed by use of the value of one cent of the effective property tax rate. Because of the varying methods of distribution of the local sales within a county, the equivalent value cannot be added (or subtracted in Anderson, Clay and Perry counties have a local rate below 1.5%) to the effective property tax rate. A comparison of major county (local) tax should account for varying levels of local sales tax since 50% to 100% can directly replace the property tax.

[c]The motor vehicle tax is an optional form of tax that 38 Tennessee counties have adopted. The rate varies from $10.00 to $50.00 with the mean (unweighted) level of $18.89 for these 38 counties. The estimated equivalent value was computed by taking the total estimated amount of motor vehicle tax collected (number of vehicles reported by the Tennessee Department of Revenue, Motor Vehicle Division, on March, 1985, times the tax rate) divided by the estimated revenue of one cent of the effective property tax rate. Approximately $1.00 of the motor vehicle tax per vehicle replaces $.0122 of the effective property tax on the average for these 38 counties.