



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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MEMORANDUM

TO: Commission Members

FROM: Lynnise Roehrich-Patrick
Executive Director

DATE: 28 January 2015

SUBJECT: Valuing Low-Income Housing Tax Credit Properties in Tennessee—Final Report

The attached Commission report is submitted for your approval. The report responds to Senate Bill 1671 by Southerland, which was referred to the Commission by the Senate Finance, Ways and Means Committee of the 108th General Assembly, and its companion, House Bill 1390 by Faison, which was referred by the House Finance, Ways and Means Subcommittee. This legislation would have prohibited assessors from including the value of low income housing tax credits (LIHTC) when valuing rental properties receiving those credits.

The report discusses issues raised by the legislation and explains why tax credits are an indicator of the fair-market-value of these properties that are properly considered when valuing LIHTC properties. The report also discusses alternatives that could reduce cash flow problems associated with taxing LIHTC properties, including an alternative patterned on an approach used in Idaho that would even out annual tax bills and retain the full value of the tax credits by spreading their cumulative annual present values evenly over a longer period.