



Payment in Lieu of Taxes: Water Utilities

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

The University of Tennessee
Municipal Technical Advisory Service
1610 University Avenue
Knoxville, TN 37921-6741
865-974-0411 phone
865-974-0423 fax
www.mtas.tennessee.edu

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Payment in Lieu of Taxes: Water Utilities

Reference Number: MTAS-1849

Revenue Class: Local Taxes

Fund: General

Account No.: 31512

Description: A payment in lieu of tax that cannot exceed the amount of taxes payable on privately owned property of similar nature. A calculation worksheet may be found under "MTAS Resources: In-lieu-of tax calculator at: <http://www.mtas.tennessee.edu/finance-and-accounting> [1]

Authorization: T.C.A. § 7-34-115 (a)(9)

Requirements or Restrictions: Must be authorized by resolution.

Current Rate: Varies by municipality, based on 1) the equalized tax rate, 2) net book value of net fixed assets located within the city limits, and 3) book value of inventory located within the city limits.

Frequency of Payment: Established in the authorizing resolution.

Late Pay Interest: Not specified.

Exemptions: None.

Collection: Payment is made by water utility to municipality pursuant to authorizing resolution.

Use Restrictions: None.

Links:

[1] <http://www.mtas.tennessee.edu/finance-and-accounting>

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

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