

Overview and Concerns Regarding the Comptroller's Audit of the Rutherford County Assessor's Office

Background and Meeting History

Over the past year, I have closely monitored the investigation into the Rutherford County Assessor's Office. During this time, I requested two meetings with the Comptroller and his staff—one in August and another in November of last year—to discuss the details and objectives of the audit. The Comptroller subsequently initiated a third meeting in my office to provide further updates and address ongoing concerns. I have also met with the State Attorney General's office regarding issues of concern.

Throughout these discussions, I emphasized the importance of ensuring that the audit was conducted honestly and fairly. I raised concerns about the involvement of two Department of Property Assessors (DPA) employees who were previously staff members of the local Assessor's Office, one of whom was a close associate of the former Assessor, whom Rob Mitchell defeated for re-election. Mr. Mitchell later demoted him for cause. This individual engaged in verbally inappropriate behavior toward Mr. Mitchell and his staff during the audit process. The Comptroller assured me that the employee would be removed from the process; however, a follow-up revealed that he remained present at the Assessor's Office. After informing the Comptroller of what was occurring in his department unbeknownst to him, the Comptroller restricted this employee's access to the office, though he continued to participate in the investigation and returned during the most recent audit period. The record deletion discussed at the County Commission meeting involved changing property records, which was a result caused by the Comptroller's staff's request. After the Comptroller accused Rob Mitchell of not knowing what was going on in his office, I told the Comptroller he appeared to be the one who did not know what was going on in his office.

Issues with Tax Policy and Pressure to Violate State Law

A key concern omitted from the Comptroller's report relates to pressure from the DPA and Comptroller's Office on the Rutherford County Assessor to alter established state law and policy regarding property taxation. Specifically, since 1973, Tennessee state law stipulates that single-family rental homes should be taxed at the residential rate of 25%, rather than the higher commercial rate of 40%. Applying the commercial rate to these properties would result in approximately a 60% increase in property taxes for renters, without public debate or a formal vote. This discrepancy raises potential legal challenges, as it is generally unlawful to tax one group of residents at a higher rate for identical public services (such as schools, infrastructure, emergency services, and utilities (Those rentals causing no undue burden). Notably, multi-unit apartment complexes and timeshare properties are taxed differently under state law, which distinguishes them from single-family homes and condominiums that own the underlying land. Renters pay property taxes indirectly through their rent.

According to Tennessee Code Annotated § 67-5-501 et seq., property classification determines tax rates, with residential properties taxed at 25% of appraised value and commercial property at 40%. The distinction is intended to ensure fairness and consistency across property types. Any deviation from these standards can

result in increased rental costs for tenants, as landlords typically pass tax increases on through rent adjustments. When I asked the Comptroller why he was doing this, he told me it was to help local governments raise revenue.

Observations at the State Board of Equalization and Audit Trigger

I attended the State Board of Equalization meeting where the Rutherford County Assessor's Office was found out of compliance, prompting the most recent audit. During the proceedings, I observed instances where the Equalization Board appeared to receive inaccurate or incomplete information from the DPA. As a real estate associate broker with over 27 years of experience, I witnessed several technical errors in the DPA's presentation—such as confusion between duplexes, townhomes, and condominiums with land ownership, as well as misstatements about property values based on floor plans versus location and expansion potential. These issues were also reflected in the Comptroller's presentation, signaling a need for greater technical accuracy and expertise in property assessment processes. For example, the distinction between a duplex and a townhome can affect valuation and tax classification: a duplex typically consists of two units sharing a common wall and lot, while townhomes may have multiple units with individual ownership of both the unit and the land. Condominiums, depending on their structure, may or may not include land ownership, further complicating assessment. Another example is the reliance on assumptions without personal inspection of second-story single-family homes. Examples used as proof by the DPA have repeatedly misrepresented the "estimated" square footage. Looking at the same plan, by the same builder, in the same development does not mean the upstairs layout is the same. One house may only have the bonus room finished, while another may have the entire upstairs finished. Additionally, the homeowner may have finished the space without a permit. Diagrams can also be misfiled.

Audit Findings and Review Process

Comptroller Mumpower reported that his office reviewed 8,683 of the county's 130,156 properties, identifying a 25% error rate (2,180 properties), which was later revised to downward due to the Comptroller's auditors admitting errors in their findings. The DPA directed the Assessor's Office to implement immediate corrections. In response, Assessor Rob Mitchell paused the process to independently review the findings. Of the 2,000 records examined thus far, over 300 errors in the Comptroller's auditors' findings have been identified and substantially corrected. Unlike the DPA's reliance on online listings (such as Redfin and Zillow) and diagrams of uncertain accuracy, the Assessor's staff conducted in-person property inspections, engaged directly with owners, and verified measurements. In over 2,000 cases, discrepancies were found in the Comptroller's Audit Report. and most errors attributed to the Assessor were determined to have minimal financial impact, according to comparative audit data.

A review of the Comptroller's initial audit from June 2024 itself was unreliable, finding it had over 58% false-flag rate in its own findings. There is strong evidence suggesting the audit was politically motivated with extreme bias and improperly conducted. Most audit errors were either compliant with the law or of non-material value, such as a diagram showing a fireplace in the wrong location. The DPA admitted its mistakes but has now informally resumed the audit to look for more errors and boost its numbers. The DPA is now demanding that audit findings be "corrected" even though they have admitted to their own errors. The

adjusted audit findings appear to show an actual error rate of between 4.75%, not 11.3% or 25%. It would seem like this is improper and that the DPA needs to be investigated.

Lack of Transparency and Methodology

Issues During the County Commission meeting, Commissioners raised concerns about the absence of an advance audit report for review. The Comptroller explained, “My staff had not yet completed their work, and the presentation was prepared just prior to my arrival in Murfreesboro.” When asked for the criteria and property addresses used to reach his conclusions, the Comptroller responded that the information was contained in a spreadsheet, stating, “It’s in a spreadsheet the Commissioner would not understand.” BTW: That Commissioner is a Lawyer, CPA and former Assistant Attorney General. When pressed for details about the audit methodology, he referenced the approach used in all 94 other Tennessee counties but did not provide specifics. These exchanges, documented in meeting minutes, led to audience laughter and underscored the importance of transparent, accessible audit reporting. To this day, the DPA has not provided Assessor Mitchell with a copy of the Audit Report.

Statutory Determinations and Misinterpretation of Law

Tennessee law outlines three statutory determinations for prorating assessed value: (1) substantial completion as confirmed by field inspection, (2) occupancy or use verified by field inspection, or (3) transfer of the improvement to a new owner (date of sale). These standards are codified in Tennessee Code Annotated § 67-5-603(b)(4), which states: “Any improvement or new building shall be deemed completed and to have a value for assessment purposes when the real property upon which such improvement or new building is located shall have been conveyed to a bona fide purchaser, or when such new building or improvement has been occupied or used or shall be suitable for occupancy or use, whichever shall first occur.” During the audit, the DPA recommended using a Certificate of Occupancy as the sole determinant of completion, which does not fully align with the statute of language.

The Attorney General’s Opinion (TN AG Op. 07-37) clarifies that Tennessee Code Annotated § 67-5-509 has a limited scope, stating, “Not all errors and omissions are correctible under its provisions.” This means that only specific, statutorily defined errors may be retroactively adjusted. The report also did not address DPA and Comptroller recommendations to classify unfinished areas—such as attics, crawl spaces, bonus rooms, and garages—as finished space. While this would increase tax revenues, it would not comply with current state law or established assessment practices. The term “property subclassification” refers to the categorization of properties based on usage, ownership, and construction status, which affects their assessment and tax rates. Accurate subclassification is critical for fair and legal property taxation.

Historical Audit Performance and Recent Changes

Rutherford County’s audits have consistently met high standards for more than a decade, with operational practices maintained across four consecutive assessors over the past twenty years. State officials, including two Assistant Directors of the DPA, previously worked in the Rutherford County office and are familiar with

these protocols. Recent challenges appear to be connected to Assessor Rob Mitchell's public opposition to property tax increases, his resistance to applying commercial tax rates to single-family rental homes, and his adherence to state assessment laws. These factors have contributed to heightened scrutiny and debate regarding current audit practices. Audit data from previous years indicates that Rutherford County's error rates have historically been below state averages, supporting the effectiveness of established procedures.

Conclusion and Recommendations Both Comptroller Jason Mumpower and Assessor Rob Mitchell are professionals I have respected for many years. Rob Mitchell was not given an opportunity to (1) view the report prior to the meeting, (2) respond to the allegations afterwards, or (3) obtain clear answers from the Comptroller about how his office functioned and how it reached its conclusions. He simply replied, "That's how we do it in the other 94 counties." **That statement genuinely frightens me. Are the Comptroller and the DPA breaking the law and raising taxes in the other 94 counties as well?** Many of the examples provided as proof have now been shown to be invalid. This situation raises serious concerns not only in Rutherford County but also for the other 94 counties overseen by the DPA. The courthouse crowd openly laughed at the Comptroller's lack of knowledge and unpreparedness multiple times.

In summary, while the Comptroller stated his commitment to improving accountability and transparency, his actions and decisions during the process raise significant questions about the effectiveness and impartiality of the audit. The presence of unsubstantiated allegations, personal attacks, inconsistent methodological standards, and limited transparency has contributed to uncertainty and public skepticism. To this very day, the DPA has never provided Rob Mitchell with the audit report.

I respectfully recommend that the County Commission consider the following actions to protect the interests of Rutherford County taxpayers:

- 1. Review the audit report critically, considering its documented errors, questionable data, and stakeholder feedback.*
- 2. Provide the Assessor with funding to hire the three to five additional employees necessary for thorough property assessments and record maintenance—requests that have been pending for over eight years.*
- 3. Exercise caution in allocating additional tax dollars for a private audit, especially when the reliability of current findings is in question. Let us not waste additional tax dollars when it is unnecessary.*
- 4. Allow the Assessor's Office sufficient time and resources to review all county records and ensure their accuracy in accordance with state law and best practices, keeping in mind this is a reappraisal year.*
- 5. The County Commission vote to uphold state law, the State Constitution, and 52 years of the assessment policies of single-family rental homes at a residential rate of 25%. This change is being demanded by the Comptroller and DPA. It will devastate middle-and lower-income families.*
- 6. Condemn the unethical and illegal policy demanding that the Rutherford County Assessor count unfinished 2nd-floor space, such as attics, above garages, and access crawl space as finished space.*

I plan on asking the Tennessee Bureau of Investigation (TBI) and the State Attorney General to investigate the actions and policies of the DPA that appear to be illegal.

Thank you for your attention to these concerns and for your commitment to fair, lawful, and effective property assessments in Rutherford County. Your consideration of these recommendations will help ensure

the continued integrity of our community's property tax administration. I put out this report to protect taxpayers and uphold the law.

Sincerely,

Tim Rudd

State Representative, 34th District