

Action...

TENNESSEE MUNICIPAL LEAGUE • Suite 710 • 226 Capitol Boulevard • Nashville, Tennessee 37219-1894 • 615-255-6416

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December 1, 1989

To: All Tennessee City Officials
From: Joseph Sweat, TML Executive Director
Subject: Proposal to Rob City Tax Funds/
Resolution Needed From Your City on County Road Funds

COUNTY PLAN TO TAKE CITY FUNDS

The Tennessee County Services Association has adopted a plan which seriously threatens your city's tax base. Their proposed legislation would take away \$486 million now going to cities and divert those funds to education.

The annual funds the county plan would take from cities to finance education are:

City Share of State Sales Tax	\$111.2 million
City Share of State Beer Excise Tax	1.3 million
City Share of State Mixed Drink Tax	6.8 million
City Share of State Hall Income Tax	17.4 million
City Share of State Bank Excise Tax	4.3 million
Local Beer & Mixed Drink Tax	60.4 million
Local sales taxes not presently dedicated to education	284.9 million
TOTAL	\$486.3 million

This proposal would force cities to impose massive new city property taxes or shut down vital services such as fire and police protection.

The TML Board of Directors is on record supporting more funding for education, but to rob city revenues to pay for it is absurd.

Please contact your legislators at once. Defeat of this proposal should be your highest priority.

(OVER)

RESOLUTION NEEDED FROM YOUR CITY ON COUNTY ROAD FUNDS

On a separate issue from the one above, you are urged to have your city's governing body pass a resolution in support of legislation allowing counties to spend county road funds inside municipalities. A model resolution on this subject is enclosed.

If your city has not passed such a resolution, TML urges you to do so as soon as possible. Please send a copy to each legislator representing your city and to the governor. Also, please send a copy to the Tennessee Municipal League

If your city already has passed such a resolution, please make certain that a copy has been sent to TML.

RESOLUTION NO. 57

A RESOLUTION of the governing body of the City/Town of Mount Carmel urging the General Assembly to support legislation allowing counties to spend county road funds inside municipalities.

WHEREAS, current state law prohibits the expenditure of county road funds inside municipalities unless the county is reimbursed for those expenditures; and

WHEREAS, municipal residents, as a result, now receive no direct benefit from the county road taxes that they pay; and

WHEREAS, a number of counties that have attempted to assess a differential tax rate within municipalities for the sake of equity have been prevented from doing so by a constitutional provision requiring a uniform tax rate within each taxing jurisdiction; and

WHEREAS, city residents also vote for elected county officials, and removal of the statutory prohibition would permit county officials, voluntarily, to be responsive to their municipal constituents; and

WHEREAS, the perpetuation of current law requiring residents of municipalities to pay taxes to the county road fund for which they receive no direct benefit would be unfair, inequitable, and indefensible; and

WHEREAS, simple removal of the prohibition would permit cities and counties to negotiate an equitable settlement of this issue;

NOW, THEREFORE, be it Resolved, that we urge the General Assembly to amend TCA 54-7-202(d)(2) to allow counties to spend county road funds inside municipal boundaries without reimbursement.

A copy of this Resolution shall be sent by the recorder or clerk to each legislator representing this municipality and to the Governor.

ADOPTED THIS December 28, 1989

VOTE: 6 AYE

____ NO

Ronnie L. Davis
Mayor

Rita J. Jones
Recorder or Clerk