

A RESOLUTION URGING THE REPEAL OF THE
STATUTORY DEPRECIATION TABLES FOR PERSONAL PROPERTY

WHEREAS, the General Assembly, as of January 1, 1991, legislated a new schedule for the accelerated depreciation of tangible personal property of business; and

WHEREAS, these new tables applied only to locally assessed business property; and

WHEREAS, railroads, airlines, and other utilities that are centrally assessed at the state level, sought equalization in federal district court; and

WHEREAS, the courts granted these plaintiffs equalization relief constituting a 15% reduction in their personal property assessments for the taxable years 1991-1995; and

WHEREAS, other plaintiffs, including Bell South Telecommunications, have now petitioned the State Board of Equalization for a 15% reduction in their personal property assessments for the tax years 1994-96; and

WHEREAS, the equalization relief sought by Bell South alone comes to approximately \$5 million annually for counties and \$2 million per year for cities in lost property tax revenues; and

WHEREAS, these losses will have to be made up by increasing the property tax on homeowners, property owners, and businesses, or by a reduction in the level of services; and

WHEREAS, the loss of these revenues is a direct result of the accelerated depreciation tables put into effect in 1991;

NOW, THEREFORE, BE IT RESOLVED that the Governor and the General Assembly are urged to work together to repeal the accelerated depreciation tables codified at T.C.A. 67-5-903 and to replace them with a more graduated schedule or, alternately, to direct the State Board of Equalization to promulgate a new depreciation schedule that will be more equitable for all the state's taxpayers; and

BE IT FURTHER RESOLVED, that copies of this resolution be sent to Governor Don Sundquist, Lt. Governor John Wilder, House Speaker Jimmy Naifeh, Sen. Doug Henry, Rep. Matt Kisber, and to our local members of the General Assembly.

Passed by City of _____ Tennessee, on _____, 1997.

Mayor

City Recorder



TENNESSEE MUNICIPAL LEAGUE

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President Victor Ashe
Mayor, Knoxville

Joseph A. Sweat
Executive Director

February 20, 1997

Dear Colleague:

Your city is about to take a budget hit in the form of tax "equalization" refunds to Bell South and other utilities. For example, unless something is done, the City of Knoxville will have to pay a \$700,000 refund to these companies, and future tax revenues will be reduced by \$175,000 to \$250,000 annually. The total bill for this "equalization" will be over \$7 million annually to Tennessee cities and counties.

This potential revenue loss will affect virtually every local government in our state. We consider this an extremely serious and important issue.

As your TML President, I'm asking your municipality to pass the enclosed resolution and send copies to the Governor, legislative leaders, and to your local delegation in the General Assembly. Our financial responsibilities continue to increase while the tax revenue base is continually eroded by the courts or by legislative action. Something must be done to stop this process.

If we all act together I believe our complaint will be heard. Thank you for your assistance in this very important campaign. If you have any questions or comments please call me or a member of the League staff. I will appreciate your sending me a copy of your resolution to the TML office.

Sincerely yours,

Victor Ashe
Mayor, City of Knoxville
President, TML

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enclosure

Vice President Dan Speer
Mayor, Pulaski

Vice President George Harvell
Mayor, Millington

Vice President Margaret Mahery
Vice Mayor, Athens