

**INTERLOCAL AGREEMENT WITH
THE CITY OF FRANKLIN TO REDISTRIBUTE THE HALF OF THE ONE-HALF PERCENT
SALES TAX INCREASE THAT IS NOT ALLOCATED FOR SCHOOLS**

THIS INTERLOCAL AGREEMENT ("Agreement") is made by and between WILLIAMSON COUNTY, TENNESSEE ("County"), a county governmental entity of the State of Tennessee located at 1320 West Main Street, Franklin, Tennessee 37064, and the CITY OF FRANKLIN ("City"), a municipal government, located at 109 Third Avenue, Franklin, Tennessee 37064.

WHEREAS, the City of Franklin is located within Williamson County, Tennessee; and

WHEREAS, Williamson County and the City have determined that the influx of residential development within the jurisdiction of the City has resulted in the need for additional educational capital projects that will put a strain on the County's current revenue stream resulting in the County to consider raising property taxes on all real property owners in the County; and

WHEREAS, pursuant to *Tennessee Code Annotated*, Section 67-6-701, et. seq., Williamson County currently has a local sales and use tax at a rate of two and one-quarter percent (2.25%) which may be raised an additional one-half percent (0.5%) if approved by referendum; and

WHEREAS, the Williamson County Board of Commissioners has initiated the process to raise the sales tax One-half Percent (0.5%) from Two and One-Quarter Percent (2.25%) to Two and Three-Quarters Percent (2.75%); and

WHEREAS, the revenue from the current sales tax is distributed with half of the proceeds going to schools and half of the proceeds returned to the jurisdiction in which the proceeds were collected; and

WHEREAS, *Tennessee Code Annotated*, Section 67-6-712 provides that a county, city, or town may, by interlocal agreement, provide for an alternative method of distribution of the one-half percent (0.5%) not allocated for school purposes; and

WHEREAS, it is the desire of the County and the City to enter into an interlocal agreement for a term of three (3) years from the date the increase in the sales tax takes effect, to redistribute the half of the One-Half Percent (0.5%) sales tax increase received by the City back to the County to be used strictly for the purposes set forth herein.

In consideration of the premises and the mutual covenants contained herein, the parties hereby agree to the following:

I. Purpose of Agreement. The purpose of this Agreement is to provide for an alternative distribution concerning the City's portion of the sales tax collected from the one-half percent (0.5%) sales tax increase.

II. Authority. This Agreement is made and entered into pursuant to the authority granted by the parties under the *Interlocal Cooperation Act, Tennessee Code Annotated*, Sections 12-9-101, et seq., and the 1963 Local Option Revenue Act *Tennessee Code Annotated*, Section 67-6-712 and the parties agree that all approvals and filings required by the terms of said Act shall be achieved as reasonably possible prior to the execution of this Agreement.

III. Term: The term of this Agreement shall be for three (3) years unless extended by agreement of the parties. This Agreement shall commence on the 1st day of the month that the tax becomes effective and shall terminate on the third anniversary of the effective date unless otherwise terminated or extended by agreement of the parties.

IV. Redistribution of Revenue: The City agrees to redistribute and forgo its share of the proceeds it would otherwise receive from the one-half percent (0.5%) sales tax increase collected within the City's boundaries. The proceeds from the increased sales tax redistributed from the municipality and received by the County shall be used exclusively for payment of rural and general school debt purposes. This agreement shall not affect the current proceeds collected and distributed to the City from the current assessed two and one quarter percent (2.25%) sales tax revenue.

V. Distribution from the State: The County and City agree to cooperate in good faith to any provide notice to the Department of Revenue concerning the increased sales tax and this agreement between the parties required for the redistribution of the one-half percent (0.5%) sales tax increase. Should the City receive the revenue from the one-half percent (0.5%) increased sales tax portion from the Department of Revenue, the City, shall upon receipt of the proceeds, forward the full amount to the County to be used in accordance with the terms of this Agreement.

VI. Cost: Each party shall be responsible for the costs of fulfilling their obligations under this Agreement.

VII. Compliance with Laws: The parties agree to comply with any applicable federal, state and local laws and regulations.

VIII. Notices:

Notices to County shall be sent to:

Dep't: Williamson County
Att'n: County Mayor
Addr: 1320 West Main Street,
Franklin, Tennessee 37064

Notices to City shall be sent to:

Dep't: Franklin City Manager
Att'n: City Manager
Addr: 109 Third Avenue
Franklin, Tennessee 37064

IX. Modification of Agreement: This Agreement may be modified only by written amendment executed by all parties and their signatories hereto.

X. Partnership/Joint Venture: Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the parties or to create the relationship of principal and agent between or among any of the parties. None of the parties hereto shall hold itself out in a manner contrary to the terms of this paragraph. No party shall become liable for any representation, act or omission of any other party contrary to the terms of this paragraph.

XI. Entire Agreement: This Agreement sets forth the entire agreement between the parties with respect to the subject matter hereof and shall govern the respective duties and obligations of the parties.

XII. Law/Venue: This Agreement shall be exclusively governed by the laws of the State of Tennessee. In the event that any section and/or term of this Agreement, or any exhibits hereto, become subject to litigation, the venue for such action will be exclusively maintained in a court of competent jurisdiction sitting in Williamson County, Tennessee

XIII. Cooperation: The parties agree to cooperate fully in order to successfully execute the terms and conditions of this Agreement, including obtaining all regulatory and governmental approvals required to carry out the terms of this Agreement, recognizing that the intent of each party to the other is to serve the individual interests of each party while respecting the conditions and obligations of this Agreement.

XIV. Binding: This Agreement shall be binding upon the parties and shall take effect from and after its ratification and signing by all parties after obtaining appropriate approval pursuant to the

requirements of applicable law.

XV. Severability: The parties agree that if any part, term, or provision of this Agreement is determined to be illegal or in conflict with any law of the State of Tennessee by any court with jurisdiction, the validity of the remaining portions or provisions shall not be affected. The rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular part, term, or provision held to be invalid.

XVI. Headings: The headings in this Agreement are for convenience and reference and are not intended to define or limit the scope of any provision of this Agreement.

XVII. Effective Date: This Agreement shall not be binding upon the parties until it has been properly approved by the legislative bodies of the respective parties, it has then been signed first by the City and then by the authorized representatives of the Williamson County and has been filed in the office of the County Mayor. When it has been so signed and filed, this Agreement shall be effective as of the date first written above.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates recorded below.

ATTEST:

CITY OF FRANKLIN:

BY:

BY: Ken Moore, City Mayor

APPROVED AS TO FORM AND LEGALITY:

DATE: _____

City of Franklin Attorney

ATTEST:

WILLIAMSON COUNTY, TENNESSEE:

BY:

BY: Rogers Anderson, County Mayor

APPROVED AS TO FORM AND LEGALITY:

DATE: _____

Williamson County Attorney

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