



Legislation Text

File #: 17-0569, **Version:** 1

DATE: June 30, 2017

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator

SUBJECT:

*Consideration of an Interlocal Agreement With Williamson County Government to Redistribute the Half of the One-Half Percent Sales Tax Increase That Is Not Allocated For Schools. (COF Contract Number 2017-0145) (06/27/17 WS)

Purpose

Williamson County Mayor Rogers Anderson presented a proposal at the June 27, 2017 Work Session in which the Williamson County Commission would call for a county-wide referendum to increase the local option sales tax rate to provide additional funding for public schools. If adopted by a majority of voters, the local option sales tax rate for Williamson County would increase from 2.25% to 2.75%, the maximum rate allowed per state law. The additional sales tax dollars would be allocated in the same manner as the current program, with the first half of collections designated for education and the second half assigned to the jurisdiction in which the purchase occurs (i.e. cities or unincorporated county).

The current proposal calls for Williamson County Schools and all of the jurisdictions to assign their respective first and second half proceeds from the additional 0.5% tax to the County for payment of debt service related to new debt issued for County Schools for the first three fiscal years in which the additional tax is in place. Following the initial three year period, sales taxes for the first and second half portions will revert to their respective jurisdictions.

Based on FY 2017 projections for local option sales tax collections, staff estimates that an additional 0.5% local option sales tax rate would generate revenues of approximately \$7.3 million for the City of Franklin (2nd half only). Over a three year period, assuming a growth rate in the range of 4%, the City is being asked to potentially contribute a total of \$23.1 million towards payment of debt service for Williamson County Schools.

The question before the Board of Mayor and Alderman at this time is whether to enter into an Interlocal Agreement with Williamson County for redistribution of additional sales tax revenues for a period of three fiscal years, should a referendum result in the increase of the local option sales tax rate from 2.25% to 2.75%.