



Legislation Text

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TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Kristine Tallent, Assistant City Administrator/CFO
Shauna Billingsley, City Attorney

SUBJECT:

Consideration Of Amendment A To Interlocal Agreement between the City of Franklin and Williamson County, Tennessee for Redistribution of Local Sales Taxes (COF Contract No. 2017-0145) (09/25/18 WS)

Purpose

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) to consider an amendment to the Memorandum of Understanding between the City of Franklin and Williamson County to extend the agreement by six months and add the Franklin Special School District to the agreement.

Background

In February of 2018, Williamson County voters approved a referendum to increase the local option sales tax by one-half of one percent (0.5%). This increased the total local option sales tax to 2.75%. Per state law, half of all local sales tax proceeds go to public education and half is directed to the local government within which the sales transaction occurred. In advance of the vote on the new sales tax, the City of Franklin and other Williamson County cities committed to provide their portion of the new sales tax to schools for school debt purposes to support capital improvements and new construction of schools for a period of three years from the enactment of the new sales tax increment. This agreement was memorialized through an interlocal agreement between Williamson County and the City of Franklin (attached). With voter approval, the additional 0.5% sales tax went into effect on April 1, 2018.

The half of local option sales tax dedicated to public education (both the existing and “new” local option sales tax) is distributed between Williamson County Schools (WCS) and Franklin Special School District (FSSD) based on the average daily attendance (ADA) calculated by the State of Tennessee. Under the current calculation FSSD receives approximately 8% of county-wide local option sales tax collections dedicated to public education. There was not a clear understanding developed regarding how the portion of the “city’s share” of the new 0.5% sales tax would be shared among the two public school districts serving the city of Franklin. This issue was not addressed in the interlocal agreement. FSSD, Williamson County, and City of Franklin met to resolve this uncertainty. The resulting proposal offered by the City Administrator was to extend the interlocal agreement dedicating the City of Franklin’s portion of the additional 0.5% sales tax by six months to October 31, 2021 and provide that FSSD receive its ADA (currently approximately 8%) share of sales tax generated in

Franklin from July 1, 2018 through the end of the agreement. FSSD would be required to use the City portion in the same manner as Williamson County, school debt related expenses. Both County Mayor Rogers Anderson and FSSD Superintendent have indicated their support for this approach.

Financial Impact

The addition of six months onto the sales tax sharing agreement would result in an additional \$3.5-\$4 million of local sales tax funds being dedicated to the funding for capital investments/debt service by Williamson County and Franklin Special School District.

Recommendation

Approval of the amendment to the MOU is recommended as it will provide additional needed resources to the public school systems serving Franklin.