



## Legislation Text

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**File #:** 18-1101, **Version:** 1

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**DATE:** October 18, 2018

**TO:** Board of Mayor and Aldermen

**FROM:** Eric Stuckey, City Administrator  
Shauna Billingsley, City Attorney

**SUBJECT:**

\*Consideration of Resolution 2018-97, A Resolution To Clarify COF Contract No. 2017-0145 with Franklin Special School District (FSSD) and Williamson County Relative to the Additional One-Half Percent Sales Tax. (10/23/18 WS)

**Purpose**

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning a resolution to clarify the City of Franklin's intent related to the dedication of the City's share of the additional one-half percent of local option sales tax to public education debt service and capital improvement needs.

**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 specifically addressed in the interlocal agreement. FSSD, Williamson County, and City of Franklin met to resolve this uncertainty. A 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. At the October 8<sup>th</sup> County Commission meeting, the Williamson County Board of Commissioners approved the amended agreement. At the October 9<sup>th</sup> Board of Mayor and Aldermen meeting, the Board voted against this amended agreement. From the discussion, it seemed that the desire of the Board of Mayor and Aldermen was and is to provide for support of the FSSD but not through an extension and commitment of additional sales tax resources to which the City of Franklin would otherwise be entitled.

The draft resolution before the Board seeks to clarify the City of Franklin's intent related to the City's portion of the additional sales tax and an allocation of a portion of these funds to the FSSD for debt service and capital needs.

#### **Financial Impact**

There is no additional financial impact associated with the proposed resolution.

#### **Recommendation**

The resolution was drafted with Alderman McLendon in order to further clarify the Board's intent regarding the dedication of the additional local option sales tax.