

To: Sparta/White County Consolidation Study Commi
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From: Finance, Tax Collection, Purchasing and Accounting subcommittee

Date: June 12, 1986

Re: Consolidation of Governments

The finance, tax collection, purchasing and accounting committee members are:

Tim Bumbalough - County Commissioner
Marty Carmichael - City Administrator
Marilyn Clark - Community Development
Buddy Dycus - Certified Public Accountant
Jim Finane - MTAS Staff
Tim Kentner - Alderman, Chairman

Finance

Read enclosed lett from Jim Finane for a full explanation of consolidation impact on the finance and revenues of the City of Sparta/White County.

Tax Collection

Currently, the City of Sparta is responsible for billing and collection of its property taxes. The White County trustee has this responsibility for the county. Our recommendation is that the County trustee receive all property tax funds. The Trustee can combine billing for properties that lie in both service districts.

Purchasing

Purchasing for both city and county is now done on a piece meal basis. There are two full time clerks in each office. We recommend that one of these four clerks should be a full time purchasing agent thus saving money and duplication of effort.

Accounting

Most records for both governments are posted manually. Each government has several people doing this job. We purpose to utilize one of the clerk positions as a full time accounting clerk. this will allow specialization of one employee which will result in more accurate and consistent records.

Consolidation will result in more efficient government which will be accomplished by using our combined resources to provide better services. This goal requires no increase or decrease in current staffing and no significant increase or decrease in revenue or expenditures.

SPARTA/WHITE COUNTY CONSOLIDATION

<u>AREA</u>	<u>MAJOR ADVANTAGE</u>
Finance	No change in revenues
Tax Collection	Unification of property tax receipts and billings
Purchasing	Full time purchasing agent
Accounting	Full time accounting clerk

Municipal Technical Advisory Service

The University of Tennessee • 891 Twentieth Street • Knoxville, Tennessee 37996-4400 • Telephone 615/974-5301

MEMORANDUM

DATE: May 8, 1986

TO: Alderman Tim Kentner
Finance Subcommittee
Sparta/White County Study Committee

FROM: Jim Finane

RE: Projected Revenue Base for a Consolidated City & County

Following up on our discussions in the Finance Subcommittee, I have prepared a comparison of the potential revenues of a consolidated city and county with the revenues of the two jurisdictions separately. Generally speaking, under a consolidated government as provided for in Tennessee Code Annotated, the revenues which the county currently receives would become the revenues used by the "general services district", which provides the basic level of services for all residents. The revenues which the city currently receives become the revenues used by the "Urban Services District", which provides the higher level of services usually associated with an incorporated municipality. Following is a discussion, by type of revenue, of the probable revenues under a metropolitan government.

Property Taxes

TCA sections 7-2-108(a)(8) and (a)(10) provide for separate property tax rates for the general and urban districts, which correspond to the current county and city rates. There would be no change in revenues collected.

Sales Taxes

The local sales tax rate in White County is currently a countywide rate. Under a metro charter, the possibility of a city-only rate would still exist for the urban services district. The proceeds of the countywide tax could still be allocated as they are now, or a different arrangement could be worked out, but the revenue collected would not change from the current level.



State-shared taxes

Most state-shared taxes are based on the population of the city or county receiving the payments. These formulas would still apply, with the urban services district receiving what would be the city share, and the general services district receiving what would be the county share. This is codified in TCA 7-3-102.

Privilege and Business Taxes

TCA 7-3-201 specifically provides that any privilege or business tax which either a city or a county is authorized to levy are still authorized under a metropolitan charter, with the city tax provisions applying to the urban services district and the county provisions applying to the general services district.

Beer and Liquor Taxes

The sale of alcoholic beverages and collection of taxes thereon continues to operate as under current law. Under TCA 7-3-303, the urban services district would operate as a municipality and the general services district would operate as a county. There would be no changes in current revenue collections.

Federal Grants

A consolidated city and county would actually have some advantages over the present situation. Under TCA 7-3-102(b)(1), a metro government is both a city and a county for Federal aid purposes, and the entire consolidated population can be used as the population for either a "city" or "county". There would clearly be no loss of revenue under this circumstance, and an increase is at least a theoretical possibility.

Other Revenues

Fines, licenses, charges for services and fees would not change under a metropolitan charter. There is a possibility that interest on investments could increase, since the combined funds available for investment would be larger and might thereby increase the return on the investments made.

In summary, the combined revenues of a consolidated Sparta/White County would approximately very closely the total revenues currently received by the two jurisdictions separately. There appear to be no reductions in that combined total, and increases are theoretically possible in the areas of federal grants and interest earned on investments. However, these two sources make up a very small percentage of the total revenues; the most accurate assessment of the impact of consolidation on revenues would be "no change."

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