

CONTRACT FOR THE DISTRIBUTION
OF BRADLEY COUNTY AND CITY OF
CLEVELAND LOCAL SALES TAX

THIS AGREEMENT made and entered into on this the
10th day of May, 1967, by and between Bradley County
and the City of Cleveland,

. WITNESSETH:

WHEREAS, the General Assembly for the State of Tennessee for 1963 has, by Chapter 329 of its Public Acts, provided for the enactment by counties and/or cities of a tax upon the same privileges subject to state taxation under Title 67, Chapter 30, of Tennessee Code Annotated, such tax not to exceed one-third of the rate of the State Tax upon such privileges; and

WHEREAS, Bradley County by appropriate action of its governing body adopted a tax upon such privileges at the rate of one-third of the state rate which action has been approved by the people of Bradley County in a referendum held for that purpose, the results of which have been duly certified to; and

WHEREAS, the resolution of the Bradley County Quarterly Court adopting the said tax provides for collection thereof by the Department of Revenue of the State of Tennessee, provided such collection has been determined to be feasible by said department; and

WHEREAS, the Department of Revenue of the State of Tennessee has satisfied itself that it is feasible for said department to undertake collection and administration of said

tax, subject to the applicable regulations and conditions set forth in the rules and regulations promulgated by said department, and subject further to the stipulations and conditions set forth in a contract entered by and between the State of Tennessee, Bradley County, and the City of Cleveland; and

WHEREAS, under the terms and conditions of the aforementioned contract the State of Tennessee is obligated and will pay to Bradley and the City of Cleveland the proceeds derived from said collection less 2½% to be retained by the State to defray the cost of collection; and

WHEREAS, the said contract with the State of Tennessee requires the City of Cleveland and Bradley County to arrange contractually for the distribution of the net proceeds of the tax and to furnish a copy of the distribution agreement to the Commissioner of Revenue of the State of Tennessee; and

WHEREAS, Bradley County and the City of Cleveland operate the only public school systems within the territory of Bradley County;

NOW, THEREFORE, in consideration of the mutual promises of the parties hereto each to the other and the other considerations herein set forth, it is agreed by and between Bradley County and the City of Cleveland as follows:

1. One-half of the net proceeds from the local sales tax received by Bradley County from the State of Tennessee shall be used exclusively for school purposes

and shall be appropriated to Bradley County and the City of Cleveland for school operational purposes as provided in Section 67-3052(1) of Tennessee Code Annotated.

2. The remaining one-half of the net proceeds from the local sales tax received by Bradley County from the Department of Revenue of the State of Tennessee, being that portion distributable according to Section 67-3052(2) of Tennessee Code Annotated shall be distributed between Bradley County and the City of Cleveland by reversing the percentages in Paragraph 1 hereof and distributing the same to the City of Cleveland and Bradley County in accordance with the reverse percentages of Paragraph 1.

3. This formula for the distribution of the second one-half of the net proceeds from the local sales tax shall be used to distribute the same until such time as the average daily attendance of children in the two school systems shall reach 50% for each system at and from which time the second one-half of said proceeds shall be distributed by each system taking the same per cent as it received in distribution of the first one-half of said proceeds.

4. It is further understood and agreed between the parties that the Trustee of Bradley County is entitled to a fee of 1% for the distribution of the monies received from the sales tax from the Department of Revenue of the State of Tennessee, and Bradley County does hereby agree to pay said 1% out of its portion of the tax distributed in accordance with Paragraphs 1 and 2 so that none of said 1% will be withheld from the amount paid to the City of Cleveland.

5. Bradley County by these presents binds itself to prohibit the Bradley County Board of Education or Bradley County School System from transporting students within the corporate limits of the City of Cleveland, Tennessee, to schools operated by the Bradley County Board of Education or the Bradley County School System. The City of Cleveland by these presents binds itself to prohibit the City of Cleveland Board of Education or the City School System from transporting students without the corporate limits of the City to schools operated by the City Board of Education. Upon satisfactory evidence being shown that this paragraph is being violated and after written notice thereof to the Mayor or County Judge, as the case may be, if said violation is not stopped within 30 days after said notice, then the System guilty of such violation shall pay to the other System a sum equal to double the amount being derived by said System from the percentage increase in the average daily attendance by reason of hauling said students from one System to the other.

6. Bradley County and the City of Cleveland have heretofore entered into a contractual agreement whereby the City of Cleveland pays a certain percentage of the monies received from the Cleveland Electric System in lieu of taxes to Bradley County and after said contractual agreement the Supreme Court has ruled that the cities are not legally obligated to pay any of said monies to the counties, therefore, as a part of the consideration hereof, Bradley County agrees to cancel said contract and hold the same for naught

from the date the first payment is received from the Department of Revenue of the State of Tennessee of the proceeds derived from the local sales tax. Should Bradley County hereafter make any demand for any portion of Cleveland Electric System in lieu of taxes then the distribution of the sales tax monies shall resort to the statutory formula.

IN WITNESS WHEREOF, the undersigned Bradley County Judge, being authorized to do so by the Bradley County Quarterly Court, and the undersigned Mayor of the City of Cleveland, being authorized to do so by the Board of Mayor and Commissioners of the City of Cleveland, have executed this Agreement in four originals on this the 10th day of May, 1967.

BRADLEY COUNTY, TENNESSEE

By Nelom B. Jackson
Nelom B. Jackson, County Judge

ATTEST:

Claude H. Climer
Claude H. Climer, County Court Clerk

CITY OF CLEVELAND, TENNESSEE

By Harry L. Dethero
Harry L. Dethero, Mayor

ATTEST:

Robert B. Bryan
Robert B. Bryan, City Clerk