

CONTRACT for DISTRIBUTION of HAMILTON COUNTY LOCAL SALES TAX

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

WHEREAS, The County of Hamilton has, 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 Hamilton County in a referendum held for that purpose, the results of which have been duly certified; and

WHEREAS, The Hamilton County resolution of adoption of 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 certain regulations and conditions set forth in rules and regulations promulgated by said Department, and subject further to the stipulation and conditions set forth in a Contract entered into by and between the State of Tennessee, the County of Hamilton, and the five interested municipalities located within the boundaries of Hamilton County; and

WHEREAS, Under the terms and conditions of the aforementioned Contract the State of Tennessee is obligated to and will pay to the Trustee of Hamilton County the proceeds derived from said collection, less reasonable collection fee to be retained by the State to defray the cost of collection; and

WHEREAS, Under the Contract with the State of Tennessee, it is desirable that the County of Hamilton and the five municipalities arrange contractually for distribution as paid them of the net proceeds of the Tax, and to furnish a copy thereof to the Commissioner of Revenue of the State of Tennessee.

NOW, THEREFORE, For and in the consideration of the mutual promises of the parties each to the other, and the further consideration as hereinafter set forth, it is mutually agreed as follows:

1. Fifty per cent (50%) of the net proceeds up to and including the sum of Four Million Five Hundred Thousand Dollars (\$4,500,000.00) derived from the Local Sales Tax and paid to Hamilton County Trustee by the State of Tennessee shall be distributed for school purposes as provided in T.C.A. 67-3052, sub-paragraph (1).

2. The remaining fifty per cent (50%) of the said net proceeds up to and including the sum of Four Million Five Hundred Thousand Dollars (\$4,500,000.00) shall be paid to Hamilton County Trustee and distributed in accordance with the following formula:

(a) To Hamilton County for Education debt service and General Purpose Health & Welfare	<u>Percentage</u>	<u>Maximum Sums</u>
	77.7778%	\$1,750,000.00
(b) To smaller cities:		
City of East Ridge	3.6666%	82,500.00
City of Red Bank - White Oak	2.0178%	45,400.00
City of Signal Mountain	.6444%	14,500.00
Town City of Lookout Mountain	.3378%	7,600.00
(c) Balance Divided 50 - 50 between City of Chattanooga and County of Hamilton (7.7778% each)	<u>15.5556%</u>	<u>350,000.00</u>
	100.0000%	<u>\$2,250,000.00</u>

The Hamilton County Council agrees that it shall disburse from the General Fund to the various cities whatever fee or commission said Trustee may charge and collect by law so that said cities shall receive the present and/or future amount(s) contemplated by this contract without reduction because of said fee(s).

3. It is recognized by all of the parties to this Contract that time will be required to determine the geographical location of each taxpayer in Hamilton County, Tennessee, registered with the Department and engaged in the business of selling or leasing tangible personal property, and that, while the basis for distribution of the remaining amount in excess of Four Million Five Hundred Thousand Dollars (\$4,500,000.00) of the net proceeds received by Hamilton County Trustee from the tax shall as nearly as possible be the geographical location where the tax is collected, certain arbitrary percentages of distribution may be accepted by the parties to this Contract, subject to subsequent adjustment when more accurate information pertaining to the exact geographical location of each taxpayer is ascertained; and further, that in certain instances it will be impossible for the Department of Revenue to determine the proper situs for distributional purposes.

It is further understood and agreed between all the parties that any increase in sales tax revenue over Four Million Five Hundred Thousand Dollars (\$4,500,000.00) is to be divided in accordance with the Tennessee Code Annotated authorizing the collection of the sales tax, except that the City of Chattanooga and the County of Hamilton will share equally in non-educational funds.

4. It is further understood and agreed between the parties that Chapter 30 of Title 67, Tennessee Code Annotated, Chapter 329 of the Public Acts of 1963, the Hamilton County resolution, and adopted referendum of the citizens of Hamilton County; and that a certain Contract entered into by and between the State of Tennessee Department of Revenue and Hamilton County, is superior to this Contract, and that all of the conditions of the aforementioned acts, resolutions, referendum and contract are incorporated herein and made a part of this Agreement by reference, and that any terms and conditions contained in this Contract in conflict with the preceding shall be considered null and void.

5. It is agreed that all funds received by the smaller cities are unrestricted as to use and may be expended in any manner directed by that particular local government.

6. It is further agreed by the parties that there will be no reduction in the Hamilton County educational levy on real estate without the consent of the governing body of any city operating a school system, and that the present Hamilton County School transportation levy will be eliminated beginning the fiscal year, 1966 - 67.

7. Hamilton County agrees to assume the full support for the following agencies presently supported by the City of Chattanooga and Hamilton County jointly, except as herein provided:

1. Baroness Erlanger Hospital  
(including Children's Hospital)
2. Chattanooga - Hamilton County Health Department
3. Guidance Clinic
4. Speech and Hearing Center

5. Pine Breeze
6. Children's Home
7. Veteran's Service Officer
8. Tourist And Conventions Bureau
9. Civil Defense
10. Interstate Fair

It being remembered that as a part of this agreement Hamilton County and the City of Chattanooga will jointly make the appropriations for the Metropolitan Planning Commission and the Scenic Cities Beautiful Commission. This part of the agreement assures the Town of East Ridge, the City of Red Bank-White Oak, the Town of Signal Mountain, and the Town of Lookout Mountain that they will not be required to make appropriations to these two agencies in order to participate in the regular services rendered by each of them.

8. Hamilton County agrees, beginning the fiscal year 1966-67, to pay jointly with the City of Chattanooga one-half of the operating expenses of the Chattanooga Public Library, said payments to be made monthly to the City Treasurer by the County.

9. Receipts for the balance of the 1965-66 fiscal year, or to July 1, 1966, shall be distributed as follows:

(a) Fifty per cent (50%) of the net proceeds shall be divided between the two educational systems in the County under the Average Daily Attendance ratio for Capital outlay purposes.

(b) The other fifty per cent (50%) thereof shall be paid to Hamilton County General Fund for its use in supplementing the budgets of the said Health & Welfare Agencies named above in Section 7.



10. It is agreed by all parties to this Contract that there will be a fiscal study or financial evaluation made in depth as to the source of all revenue and services provided as it relates to the various governmental agencies to this Contract. The basic objective of this study will be to develop factual data which will permit the various governmental entities to arrive at an equitable responsibility.

It is further agreed that Hamilton County and the City of Chattanooga will share equally in the cost of said study, and will jointly select the Consultant(s) thereof. In the event Hamilton County and the City of Chattanooga fail to agree on Consultant(s) to make said study, a five member Board shall be created by the City and County. Two members of said Board shall be selected by the County Council, and two members shall be selected by the City Commission, and these four shall select the fifth member. It is further agreed, if it becomes necessary to select said Board, that the City and County agree to employ the Consultant(s) recommended by said Board.

It is agreed that this study will be completed by March 1, 1968, so that the various governmental entities may study and consider said report in order that necessary action may be taken prior to June 30, 1968.

It being remembered that before any change or alteration in the agreed formula or division of the funds from the local sales tax as set out herein can be made, it will require a majority vote of each governmental Commission or Council if their respective interests are directly affected in the change or alteration.

11. The City of Ridgeside, an incorporated municipality within the limits of Hamilton County, Tennessee, does not at this time have any businesses located within its boundaries, and is not entitled to participate herein. However, it is recognized and agreed by all parties hereto that in the event the City of Ridgeside should at any time acquire an interest herein by reason of business growth, it will then be entitled to and be paid its pro rata share of said funds.

IN WITNESS WHEREOF, The parties have, through their duly and lawfully authorized representative, executed this Agreement on this the 23 day of March, 1966.

HAMILTON COUNTY, TENNESSEE

BY E. Lester S. Frost  
County Judge

CITY OF CHATTANOOGA

BY Ralph Kelley

TOWN OF EAST RIDGE

BY W. W. White

CITY OF RED BANK-WHITE OAK

BY W. W. White

TOWN OF SIGNAL MOUNTAIN

BY W. W. White

TOWN OF LOOKOUT MOUNTAIN

BY W. W. White

**AMENDMENT TO THE LOCAL SALES TAX AGREEMENT BETWEEN  
HAMILTON COUNTY AND THE CITY OF CHATTANOOGA**

WHEREAS, on or about the 23<sup>rd</sup> day of March, 1966, the chief executive officers of Hamilton County, Tennessee, and the City of Chattanooga, Tennessee (acting pursuant to the authority and approval granted them by their respective legislative bodies), entered into and executed a CONTRACT for DISTRIBUTION of HAMILTON COUNTY LOCAL SALES TAX (more commonly referred to as the "Sales Tax Agreement"), as authorized by Chapter 329 of the Public Acts of the General Assembly for the State of Tennessee 1963; and

WHEREAS, said Sales Tax Agreement has remained in force and effect as amended from time to time from its execution; and

WHEREAS, both Hamilton County and the City of Chattanooga governments now feel that there presently exists a need to make certain amendments to the language and operation of specific portions of said Sales Tax Agreement; and

WHEREAS, this Amendment is separate from, but a supplement to, said Sales Tax Agreement. The term of this Amendment shall be ten (10) years from the date executed and shall not be subject to automatic renewal at that time. Should this amendment fail to be renewed by either party, it shall be terminated *at the end of the budget year in which the contract terminates*. Further, this executed Amendment constitutes notice that, if it is not renewed, then the original 1966 Sales Tax Agreement, as amended, shall also terminate on that same date ten (10) years hence as regards participation by the City of Chattanooga.



NOW, THEREFORE, for and in consideration of the mutual promises of the parties each to the other, and other and further consideration as hereinafter set forth, it is mutually agreed as to the following amendments to the Sales Tax Agreement:

1. The Hamilton County Commission has enacted and later modified a Hotel/Motel tax, and its proceeds are used to support, in addition to other agencies, Finley Stadium/Carter Street Corporation, the Greater Chattanooga Sports and Events Committee, the African-American Museum/Bessie Smith Hall, the Regional History Museum, and other tourist-related projects as recommended by the Tourist Development Agency (TDA). Hamilton County agrees to continue the funding set forth in Resolution No. 700-46A for as long as this Amendment is in effect.
2. The City of Chattanooga and Hamilton County, Tennessee recognize that many of the supported agencies identified in the 1966 Contract for Distribution of Hamilton County Local Sales Tax have changed over time, and new agencies with the mission of physical health care, mental health care, social services, the arts and local history, and promoting tourism have been funded by the County from the proceeds of the sales tax. A list of the current agencies receiving said funds is attached hereto as Exhibit "A".
3. Further, if this executed Amendment is not renewed by Hamilton County or the City of Chattanooga, then the original 1966 Sales Tax Agreement, as amended, shall also terminate on that same date ten (10) years hence as regards participation by the City of Chattanooga.
4. All other municipalities are signatories to this amendment merely because they were signatories to the original Sales Tax Agreement dated March 23, 1966 or one of its subsequent amendments. No municipality is assuming any other additional obligation by signing this amendment to the Sales Tax Agreement.

Said support as outlined in the above-identified paragraphs are recognized by the City of Chattanooga and Hamilton County as being in keeping with the spirit with the Sales Tax Agreement.

Signed this the 23<sup>rd</sup> day of May in the year of 2001.

HAMILTON COUNTY, TENNESSEE

BY:

  
CLAUDE RAMSEY  
County Executive

CITY OF CHATTANOOGA, TENNESSEE

BY:

  
BOB CORKER, Mayor

CITY OF COLLEGE DALE, TENNESSEE

BY:

  
TIM JOHNSON, Mayor

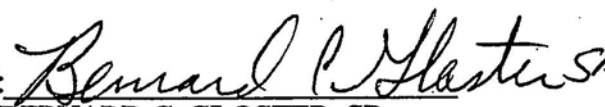
CITY OF EAST RIDGE, TENNESSEE

BY:

  
FRED PRUETT, Mayor

CITY OF LAKESITE, TENNESSEE

BY:

  
BERNARD C. GLOSTER, SR.  
Mayor

TOWN OF LOOKOUT MOUNTAIN,  
TENNESSEE

BY:

  
Dr. C. ROBERT CLARK, Mayor

CITY OF RED BANK, TENNESSEE

BY:

  
RONNIE MOORE, Mayor

~~CITY~~

TOWN OF RIDGESIDE, TENNESSEE

BY:

  
BILLY COOPER, Mayor

TOWN OF SIGNAL MOUNTAIN,  
TENNESSEE

BY:

  
JAMES H. ALTHAUS, Mayor

TOWN OF WALDEN, TENNESSEE

BY:

  
ELIZABETH AKINS, Mayor

CITY OF SODDY-DAISY, TENNESSEE

BY:

  
BOB PRIVETT, Mayor

## Exhibit A

Erlanger Hospital  
Health Department  
Speech and Hearing Center  
Children's Home (Chambliss Shelter)  
J. Johnson Mental Health Center  
Veteran's Service Office  
Convention and Visitor's Bureau  
Civil Defense (Emergency Services)  
County-City Planning Commission  
Scenic Cities Beautiful Commission  
Chattanooga Public Library  
Social Services Administration  
Family and Children's Services  
Fortwood Center  
Orange Grove  
Team Evaluation  
CADAS  
Children's Advocacy Center  
Community Research Council  
Aim Center  
Signal Centers  
Bethlehem Community Sports Academy  
Senior Neighbors  
Allied Arts  
WTCI Public Television  
Regional History Museum  
Urban League  
African American Museum/Bessie Smith Hall