

RESOLUTION NO. 26657

A RESOLUTION DECLARING THAT THE CITY OF CHATTANOOGA WILL NOT RENEW THE 1966 SALES TAX AGREEMENT.

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WHEREAS, the 1966 Sales Tax Agreement places an extraordinary double financial burden on Chattanooga taxpayers who pay both as city residents and county residents;

WHEREAS, the demographics of Hamilton County, its non-profit agencies, and its cities differ greatly today from the conditions which existed in 1966. The growth of Chattanooga and Signal Mountain and the incorporation of three new cities (Collegedale, Lakesite, and Soddy Daisy), decreased the funding burdens of Hamilton County and its unincorporated citizens while spreading an increased financial burden to City of Chattanooga taxpayers and the other active city participants in the original agreement. The net effect of these changes has resulted in unintentional financial discrimination of City of Chattanooga taxpayers to the benefit of those not sharing the same financial burdens;

WHEREAS, the Hamilton County population is broken down as follows:

2010 Census		
Chattanooga	167,674	49.83%
Nine (9) other cities	67,126	19.95%
Unincorporated	101,663	30.22%
Hamilton County Total	336,463	100%

WHEREAS, only five (5) of ten (10) cities share in contribution of sales tax revenue;

WHEREAS, the Urban Growth Plan Agreement reached in 2001 provided that the Sales Tax Agreement would sunset in 2011, providing adequate time for Hamilton County Government to prepare a transition plan for funding essential agencies;

WHEREAS, Hamilton County Government, in the 2001 Urban Growth Plan Agreement, stated it would not assert rights to Chattanooga's Sales Tax Dollars after May 24, 2011;

WHEREAS, fifty-eight percent (58%) of Hamilton County's property tax base is located in the City of Chattanooga and paid by Chattanooga property owners;

WHEREAS, the general revenues of the City of Chattanooga and its taxpayers funds its municipal functions and solely funded the Summit Softball (over \$5 million investment), Memorial Auditorium, Tivoli Theatre, the 21<sup>st</sup> Century Waterfront (over \$50 million investment), over \$129 million to construct and equip the Trade Center Expansion, The Chattanooga, Development Resource Center, and many other amenities enjoyed by all citizens of Hamilton County and surrounding counties;

WHEREAS, Hamilton County has the legal obligation to provide for a health department pursuant to T.C.A. § 68-2-603 and health department employees are County employees;

WHEREAS, Hamilton County has the duty to provide emergency management services pursuant to T.C.A. § 58-2-110 and should bear the total expense of the Hamilton County Emergency Management Services Department;

WHEREAS, the County is obligated to pay Erlanger \$3 million per year pursuant to Chapter 125 of private acts of 1977;

WHEREAS, the County has increased its reserves in the past five years over \$30 million to \$85 million in reserves and a portion may be used this year to support sales tax agreement agencies without detriment to the County's bond rating or prevent building needed schools;

WHEREAS, the City of Chattanooga has historically provided generous support of non-profit agencies via sales tax proceeds and property tax contributions of its citizens who pay both in county property taxes and city property taxes;

WHEREAS, the combined resources of sales tax and property tax contributors provided by the City of Chattanooga and its taxpayers provides financial support totaling 84% of the funding for non-profit agency services;

WHEREAS, the citizens of Chattanooga are due the same rights, responsibilities and protections as other Hamilton County residents and relief from unfair burdens of taxation to support agencies and provide other services that are the statutory responsibilities of the County;

WHEREAS, the City Council proposes, on an interim basis, funding the Regional Planning Agency, and the Library, excluding the Collegedale Branch;

WHEREAS, to provide for a period of transition, the City Council will entertain funding requests from agencies currently funded in the expiring Sales Tax Agreement, but serves notice that it expects Hamilton County to fully fund the Health Department, the Emergency Management Services Department, and its responsibilities to Erlanger.

NOW, THEREFORE, in consideration of the premises,

THE CITY OF COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE hereby declares its intention not to renew the 1966 Sales Tax Agreement, but instead, on an interim basis, to duly consider requests for funding from agencies that have been supported by the Sales Tax Agreement.

ADOPTED: April 12, 2011

MAM/add/mms