

**TITLE 5**

**MUNICIPAL FINANCE AND TAXATION<sup>1</sup>**

**CHAPTER**

1. MISCELLANEOUS.
2. REAL PROPERTY TAXES.
3. BUSINESS TAXES.
4. WHOLESALE BEER TAX.
5. PRIVATE CLUB TAX.
6. HOTEL/MOTEL TAX.
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**CHAPTER 1**

**MISCELLANEOUS**

**SECTION**

- 5-101. Official depositories for city funds.
- 5-102. Collateral security required.
- 5-103. Eligible securities.
- 5-104. Failure to pay over deposits.
- 5-105. Safe keeping authorized by trustee.
- 5-106. Bonds for city projects.
- 5-107. Reserve fund for fines collected through speed and red light enforcement system.

**5-101. Official depositories for city funds.** First State Bank, First Citizens National Bank, Union Planters Bank of West Tennessee, Commercial Bank & Trust Company, and Reelfoot Bank are hereby designated as the official depositories for all municipal funds. (Ord. #1-00, July 1999)

**5-102. Collateral security required.** The city clerk before making deposits in an official depository shall require the institution to pledge to and deposit with the city clerk, as security for the repayment of all public monies to be deposited in the official depository, eligible security of aggregate par value equal or in excess of 105% of the aggregate balance of all accrued deposits then on deposit with said official depository; except, however, that no collateral security shall be required if the aggregate balance of all accrued deposits then in such depository does not exceed the amount for which full security is provided

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<sup>1</sup>Charter references

Collection of taxes: § 6-35-301.

for such deposits by the Federal Deposit Insurance Corporation or by the Federal Savings and Loan Insurance Corporation. The city clerk may require additional eligible security to be deposited to provide for any depreciation which may occur in the value of any security so deposited. (Ord. #13-95, Feb. 1995)

**5-103. Eligible securities.** The following securities shall be eligible as security for the purposes of this chapter:

(1) Negotiable bearer obligations of the United States of America or of agencies of the United States of America for which the full faith and credit of the United States of America is pledged for the payment of principal and interest thereon, and language appearing in the instrument specifically providing such guarantee or pledge and not merely by interpretation or otherwise.

(2) Negotiable bearer obligations of the State of Tennessee, or of any county, school district, municipal corporation, or other legally constituted taxing subdivision of the State of Tennessee, which is not at the time of such deposit in default in the payment of principal or interest on any of its bonds or other obligations, for which the full faith and credit of the issuing subdivision is pledged as to both principal and interest thereon, and which obligations have not less than a Baa rating as rated by any nationally recognized rating service. (1963 Code, § 6-403)

**5-104. Failure to pay over deposits.** If an official depository fails to pay over upon presentation or demand any part of the public deposit made therein, whether matured or unmatured, the city council may sell at public sale any of the eligible securities so deposited. Notice of such sale shall be given in the official city newspaper. When the sale of the eligible securities has been so made and upon payment to the city clerk of the purchase monies, the city clerk shall transfer such eligible securities whereupon the absolute ownership of such eligible securities shall pass to the purchasers. Any surplus remaining after deducting the amount due the city and expense of the sale shall be paid to the official depository. (1963 Code, § 6-404)

**5-105. Safe keeping authorized by trustee.** The official depository may, by written notice to the city clerk, designate a qualified trustee and deposit the eligible securities as required by § 5-103 hereof with the trustee for safe keeping for the account of the city and the institution as an official depositor as their respective rights to an interest in such securities under this chapter may appear and be asserted by written notice to or demand upon the trustee in such cases, the city clerk shall accept the written receipts of the trustee describing the securities which have been deposited with the trustee by such depository, a copy of which shall also be delivered to the depository. Thereupon all such securities so deposited with the trustee are determined to be pledged with the city clerk and to be deposited therewith for all purposes of this chapter. The

qualifications of a trustee shall be governed by the applicable statutes of the State of Tennessee. (1963 Code, § 6-405)

**5-106. Bonds for city projects.** (1) When a bond is required for any city project authorized by resolution or ordinance of the city, the bond may be executed by the principal and a corporate surety acceptable to the city manager, or a letter of credit from a state or national bank, or a federal savings and loan association, provided that the bank or association has its principal office in this state, and has deposits of \$12,000,000 or more.

(2) This section shall not apply to contracts required by Tennessee Code Annotated, § 12-4-201. (Ord. #9-90, Dec. 1989)

**5-107. Reserve fund for fines collected through speed and red light enforcement system.** (1) A reserve fund is hereby established within the Union City budget, to account for all revenues and expenditures associated with the speed and red light enforcement system.

(2) All deposits made to the speed and red light enforcement system reserve fund shall be appropriated solely for the expense of improvements and maintenance of streets within the city limits and expenses associated with the operation of the speed and red light enforcement system.

(3) A separate bank account shall be opened and all funds in the aforesaid reserve fund shall be deposited therein. The aforesaid funds shall not be deposited into the general fund of the City of Union City.

(4) The aforesaid bank account shall receive funds beginning July 1, 2011, and thereafter. (as added by Ord. #98-11, July 2011)

## CHAPTER 2

### REAL PROPERTY TAXES

#### SECTION

5-201. When due and payable.

5-202. When delinquent--penalty and interest.

5-203. Assessment of property.

**5-201. When due and payable.**<sup>1</sup> Taxes levied by the municipality against real and/or personal property shall become due and payable annually on the first day of October of the year for which levied. (1963 Code, § 6-101)

**5-202. When delinquent--penalty and interest.**<sup>2</sup> All real property taxes shall become delinquent on and after the first day of March next after they become due and payable and shall thereupon be subject to such penalty and interest as is authorized and prescribed by the state law for delinquent county real property taxes.<sup>3</sup> (1963 Code, § 6-102)

<sup>1</sup>State law references

Tennessee Code Annotated, §§ 67-1-701, 67-1-702 and 67-1-801, read together, permit a municipality to collect its own property taxes if its charter authorizes it to do so, or to turn over the collection of its property taxes to the county trustee. Apparently, under those same provisions, if a municipality collects its own property taxes, tax due and delinquency dates are as prescribed by the charter; if the county trustee collects them, the tax due date is the first Monday in October, and the delinquency date is the following March 1.

<sup>2</sup>Charter and state law reference

Tennessee Code Annotated, § 67-5-2010(b) provides that if the county trustee collects the municipality's property taxes, a penalty of 1/2 of 1% and interest of 1% shall be added on the first day of March, following the tax due date and on the first day of each succeeding month.

<sup>3</sup>Charter and state law references

A municipality has the option of collecting delinquent property taxes any one of three ways:

- (1) Under the provisions of its charter for the collection of delinquent property taxes.
- (2) Under Tennessee Code Annotated, §§ 6-55-201--6-55-206.
- (3) By the county trustee under Tennessee Code Annotated, § 67-5-2005.

**5-203. Assessment of property.** All assessments for city real property taxes shall be made by the county tax assessor and shall be made in accordance with the laws of the State of Tennessee by which property is assessed for county and/or city purposes. (1963 Code, § 6-103)

**CHAPTER 3****BUSINESS TAXES****SECTION**

5-301. Business tax levied.

5-302. Administration, collection, etc.

**5-301. Business tax levied.** The taxes provided for in the state's "Business Tax Act" (Tennessee Code Annotated, § 67-4-701, et seq.) are hereby expressly enacted, ordained, and levied on the businesses, business activities, vocations, and occupations carried on within the corporate limits of the City of Union City, Tennessee, at the rates and in the manner prescribed by the said act, the provisions of which are hereby adopted by reference. (1963 Code, § 6-201)

**5-302. Administration, collection, etc.** The "Business Tax Act" shall be administered and collected in accordance with the provisions of said Pub. Acts 1971, ch. 387, as amended, by the city clerk, who shall have such powers and duties as are prescribed therein for the municipal clerk. The required tax return shall be made on such form as the city clerk shall prescribe. (1963 Code, § 6-202)

## CHAPTER 4

WHOLESALE BEER TAX

## SECTION

5-401. To be collected.

**5-401. To be collected.** The city clerk is hereby directed to take appropriate action to assure payment to the municipality of the wholesale beer tax levied by the "Wholesale Beer Tax Act," as set out in Tennessee Code Annotated, title 57, chapter 6.<sup>1</sup> (1963 Code, § 6-301)

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<sup>1</sup>State law reference

Tennessee Code Annotated, title 57, chapter 6 provides for a tax of 17% on the sale of beer at wholesale. Every wholesaler is required to remit to each municipality the amount of the net tax on beer wholesale sales to retailers and other persons within the corporate limits of the municipality.

**CHAPTER 5****PRIVATE CLUB TAX****SECTION**

5-501. Private club privilege tax levied.

5-502. Tax to be collected.

**5-501. Private club privilege tax levied.** As authorized by Tennessee Code Annotated, § 57-4-301 a privilege tax of three hundred dollars (\$300.00) per annum is levied on every person engaging in the business of selling in private clubs, as defined in Tennessee Code Annotated, § 57-4-102 at retail in Union City, alcoholic beverages for consumption on the premises. The tax shall be due and payable to the city on July 1 and shall be paid no later than July 31 of each year, and any such person commencing such business between June 30 and July 1 of any succeeding year shall pay the tax. (1963 Code, § 6-501)

**5-502. Tax to be collected.** The city clerk is hereby directed to take appropriate action to assure payment of the tax levied in § 5-501. (1963 Code, § 6-502)

## CHAPTER 6

### HOTEL/MOTEL TAX

#### SECTION

5-601. Tax levied.

5-602. Use of revenues obtained from tax.

5-603. Revenues appropriated by city council.

5-604. Collection of tax.

**5-601. Tax levied.** A privilege tax is hereby levied in the amount of 5% of the consideration charged for the occupancy of any rooms, lodgings or accommodations furnished to transients by any hotel, inn, tourist camp, tourist court, tourist cabin, motel or any place in which rooms, lodgings or accommodations are furnished for transients for a consideration within the city. (Ord. #21-90, June 1990)

**5-602. Use of revenues obtained from tax.** The revenues produced by the tax shall be used to maintain and increase employment opportunities by promoting industry, commerce, tourism and recreation by inducing manufacturing, industrial, governmental, financial service, commercial, recreational and agricultural enterprises to locate in or near Union City within Obion County. (Ord. #21-90, June 1990)

**5-603. Revenues appropriated by city council.** The revenues generated by the tax be appropriated by the city council for the foregoing purposes, as provided in Priv. Acts 1989, ch. 41. (Ord. #21-90, June 1990)

**5-604. Collection of tax.** The tax shall be collected as provided in Priv. Acts 1989, ch. 41, and the city manager shall perform such duties as are authorized and directed by the private act which is incorporated herein by reference thereto as fully and completely as if copied. (Ord. #21-90, June 1990)

CHAPTER 7

LITIGATION TAX

**SECTION**

5-701. Tax levied.

5-702. Revenues to be deposited into general fund.

**5-701. Tax levied.** (1) There is hereby levied on all cases filed in the City Court of Union City, Tennessee, a city litigation tax in the amount of \$13.75.

(2) The litigation tax levied in § 1 shall be in addition to any other taxes and court costs now levied on cases filed in the City Court of Union City. (Ord. #15-93, June 1993)

**5-702. Revenues to be deposited into general fund.** The revenues generated from this litigation tax, upon collection by the clerk of the city court, shall be deposited into the general funds of the City of Union City and may be appropriated for any general purpose as determined by the city council. (Ord. #15-93, June 1993)