



Municipal Technical Advisory Service
INSTITUTE *for* PUBLIC SERVICE

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Local Referendum for Local Sales Tax

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](http://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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Table of Contents

Local Referendum for Local Sales Tax	3
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Local Referendum for Local Sales Tax

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No local sales tax or any increase in the local sales tax can become effective until approved in an election in the city or county levying it. T.C.A. §§ 67-6-705 and 67-6-706. If holding a special election on the issue, the county election commission will hold an election not fewer than 75 days nor more than 90 days after receiving a certified copy of the ordinance or resolution. T.C.A. § 2-3-204(a). For regular municipal or state election dates, the deadline for submitting the ordinance to the election commission is 75 days prior to the election. T.C.A. § 2-3-204(b). If the majority vote is for the ordinance or resolution, it becomes operative on the day the election commission makes its official canvass. No tax can be collected until the first day of a month occurring at least 30 days after the operative date. T.C.A. § 67-6-706(a)(3).

If the county legislative body adopts a resolution to levy the tax at the same rate already in effect in a city, the election is open only to voters outside the city. If the county tax is at a higher rate than the city tax, city voters also participate in the election. T.C.A. § 67-6-706(b)(1).

If a city ordinance or a county resolution is rejected in a local referendum, that city or county cannot hold another sales tax election for six months. (An exception is that the waiting period is one year in counties with populations of not more than 750,000 nor less than 700,000 [Shelby] and not more than 278,000 nor less than 250,000 [Hamilton] according to the 1970 and any subsequent federal census.) T.C.A. § 67-6-706(b)(2).

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

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