

**TITLE 5****MUNICIPAL FINANCE AND TAXATION**<sup>1</sup>**CHAPTER**

1. MISCELLANEOUS.
2. REAL AND PERSONAL PROPERTY TAXES.
3. PRIVILEGE TAXES.
4. WHOLESALE BEER TAX.
5. PURCHASING.
6. LOCAL SALES TAX.

**CHAPTER 1****MISCELLANEOUS****SECTION**

- 5-101. Official depository for city funds.  
5-102. Fiscal year.

**5-101. Official depository for city funds.** The Bancorp South Bank of Covington, Tennessee, is hereby designated as the official depository for all city funds, and all receipts of the City of Covington, Tennessee. (1971 Code, § 6-501, modified)

**5-102. Fiscal year.** The fiscal year for the board of mayor and aldermen of the City of Covington, Tennessee, shall be from July 1 of each year through June 30 of the next year. (1971 Code, § 6-503)

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<sup>1</sup>Charter reference  
Official depository: § 27.

**CHAPTER 2****REAL AND PERSONAL PROPERTY TAXES****SECTION**

5-201. When delinquent--penalty and interest.

**5-201. When delinquent--penalty and interest.** 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 by law. (1971 Code, § 6-101)

**CHAPTER 3****PRIVILEGE TAXES****SECTION**

5-301. Tax levied.

5-302. License required.

**5-301. Tax levied.** Except as otherwise specifically provided in this code, there is hereby levied on all vocations, occupations, and businesses declared by the general laws of the state to be privileges taxable by municipalities, an annual privilege tax in the maximum amount allowed by state laws. 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 city at the rates and in the manner prescribed by the act. The proceeds of the taxes herein levied shall accrue to the general fund of the city. (1971 Code, § 6-301)

**5-302. License required.** No person shall exercise any such privilege within the City of Covington without a currently effective privilege license, which shall be issued by the recorder to each applicant therefor upon the applicant's compliance with all regulatory provisions in this code and payment of the appropriate privilege or business tax. (1971 Code, § 6-302)

## CHAPTER 4

**WHOLESALE BEER TAX****SECTION**

5-401. To be collected.

**5-401. To be collected.** The recorder is hereby directed to take appropriate action to assure payment to the city 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> (1971 Code, § 6-401)

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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

### PURCHASING

#### SECTION

- 5-501. Purchasing officer.
- 5-502. General powers and duties.
- 5-503. Purchasing procedures.
- 5-504. Award of bid or contract.
- 5-505. Performance bonds.
- 5-506. Surplus supplies materials and equipment.
- 5-507. Cooperative purchasing.
- 5-508. Emergency purchases.
- 5-509. Price agreements.
- 5-510. Blanket purchase orders.

**5-501. Purchasing officer.** The purchasing/personnel manager is designated by the mayor with consent of the board. (Ord. #1149, Nov. 1983, modified)

**5-502. General powers and duties.** The general powers and duties of the purchasing officer shall be:

(1) Procure for the city the highest quality in supplies, materials, equipment, and contractual services at the least expense. He shall keep informed of current developments in the field of purchasing, prices, market conditions and new products, and secure for the city the benefits of research done in the field of purchasing by other governmental jurisdictions, national technical societies, trade associations having national recognitions, and by private businesses and organizations.

(2) Discourage uniform bidding and endeavor to obtain as full and open competition as possible on all purchases and sales.

(3) Exploit the possibilities of bulk and seasonal buying.

(4) Adopt as standards the minimum number of qualities, sizes and varieties of supplies consistent with the successful operation of the city government. Such standards shall be developed in cooperation with the heads of using departments.

(5) Prepare and adopt written specifications for supplies, materials, equipment and services, as may be required. Specifications shall be developed with information available through governmental and private sources and in cooperation with the using departments.

(6) Prescribe and maintain such forms as may be reasonable and necessary to the operation of these rules and the purchasing ordinance.

(7) Prepare, adopt, and maintain such files as may be necessary to the operation of these rules and the purchasing ordinance. To notify the board of

mayor and aldermen of the vendors who default on their quotations, irresponsible bidders and to recommend their disqualification from receiving any business from the municipality for a stated period of time.

(8) Obtain all federal and state tax exemptions to which the city is entitled.

(9) In the purchasing of supplies, materials and equipment for the city's requirements, preference shall be given to those dealers within the City of Covington--price, quality, delivery and service being equal.

(10) Purchases for the city shall be distributed or rotated among the various merchants regularly handling or stocking such merchandise--price, quality, delivery and service being equal.

(11) Upon the advice and consent of the board of mayor and aldermen shall dispose of supplies, materials, and equipment by sale or otherwise.

(12) Develop and maintain an inventory control system on all supplies, materials and equipment of the city. (Ord. #1149, Nov. 1983)

**5-503. Purchasing procedures.** (1) Authorized employees making purchases of fifty dollars (\$50.00) or less:

(a) Such purchases must be authorized by the department head in conjunction with purchasing officer and a limited purchase order signed by the department head issued.

The department head shall get quotations by personal contact, phone, letter or catalog price from three (3) suppliers if possible and this information shall be noted on the purchase order.

(b) Each purchase shall require a bill or invoice from the place of business, showing the date of purchase, purchase order number, item purchased, and sales price.

(c) The employee making such purchases shall sign the bill or invoice. The department head shall also be required to sign the bill or invoice and see that it is delivered to the purchasing officer.

(d) The department head shall not "split-up" petty purchases to circumvent the fifty dollar (\$50.00) maximum.

(2) Purchases of fifty dollars (\$50.00) to four hundred ninety nine dollars (\$499.00), the following shall apply:

(a) The purchasing officer, in conjunction with the department head, shall get quotations by personal contact, phone, letter or catalog price from three suppliers, if possible. This information shall be reflected on the requisition with a listing of the goods or services to be purchased.

(b) The requisition and quotation shall be forwarded to the purchasing officer or his designee, signed by the department head.

(c) The purchasing officer after consulting with the recorder/treasurer shall verify funds are available for such purchases.

(d) The purchasing officer or his designee shall issue a purchase order to the vendor with the lowest and best quotation. If the purchasing officer deems it necessary, he may secure additional quotations.

(e) The department head shall not "split-up" purchases to circumvent this limit.

(3) Purchases of five hundred dollars (\$500.00) to nine thousand nine hundred and ninety-nine dollars (\$9,999.00), the following shall apply:

(a) The purchasing officer, in conjunction with the department head, upon approval of the mayor and the regular committee chairman with an appropriate functional relationship to the specific purchase shall get quotations by personal contact, phone, letter or catalog price from three suppliers, if possible. This information shall be reflected on the requisition with a listing of the goods or services to be purchased.

(b) The requisition and quotation shall be forwarded to the purchasing officer or his designee, signed by the department head.

(c) The purchasing officer after consulting with the recorder/treasurer shall verify funds are available for such purchases.

(d) The purchasing officer or his designee shall issue a purchase order to the vendor with the lowest and best quotation. If the purchasing officer deems it necessary, he may secure additional quotations.

(e) The department head shall not "split-up" purchases to circumvent this limit.

(4) Bids are required for all materials, equipment, supplies and contractual services, when the estimated cost thereof shall exceed ten thousand dollars (\$10,000.00) and shall be purchased by formal written contract from the lowest and best bidder, and after due notice inviting proposals. Purchases shall not be "split-up" to circumvent this limit. All sales of personal property which have become obsolete and unserviceable, shall be sold by formal written contracts to the highest responsible bidder or at public auction.

(a) The purchasing officer in conjunction with the department head, mayor, and regular committee with an appropriate relationship to the specific purchase shall obtain authorization from the board of mayor and aldermen to develop plans and/or bid specifications.

(b) Upon approval of the board of mayor and aldermen, the purchasing officer, in conjunction with the department head, mayor and regular committee with an appropriate functional relationship to the specific purchase, shall develop bid specifications and submit them to the board of mayor and aldermen for approval and for authorization to advertise for bids.

(c) Upon approval of the board of mayor and aldermen, the purchasing officer shall publish notices inviting bids once in at least one official newspaper in the city at least fifteen (15) days preceding the last day for receipt of proposals. The newspaper notice, when it is used shall include a general description of the articles to be purchased or sold, shall

state where bid blanks and specifications may be secured, and the time and place for opening bids. In all cases a notice inviting bids will be posted in an appropriate place in the city hall at least ten (10) days preceding the last day for the receipt of bids. The purchasing officer may solicit bids from all prospective vendors and contractors by mailing them copies of the bids with the necessary specifications, and any other information which will acquaint them with the proposed purchases.

(d) When deemed necessary by the purchasing officer and/or board of mayor and aldermen, bid deposits shall be prescribed in the public notices inviting bids. The amounts of such deposits shall be at least five percent (5%) of the bids and shall be in the form of a bond or certified check. Bonds and certified checks shall be returned to the unsuccessful bidders within five (5) days after the awarding of the contracts. The successful bidder shall forfeit any deposit required upon failure on his part to enter into a contract within fifteen (15) days after the award.

(e) Bids shall be sealed, shall be identified on the envelope, shall be submitted at the place and no later than the time stated in the public notice inviting bids and shall be opened at a public meeting at the time and place stated in the public notice. The purchasing officer shall tabulate all bids and submit the results (along with recommendations and verification that money is available) to the regular committee with an appropriate relationship to the specific purchase, who shall submit a committee recommendation at the next meeting of the board of mayor and aldermen. (Ord. #1149, Nov. 1983, as amended by Ord. #1516, July 2003)

**5-504. Award of bid or contract.** The board of mayor and aldermen shall award all bids for purchases exceeding ten thousand dollars (\$10,000.00) and award all formal contracts, the dollar limits of this chapter not withstanding.

(1) When the award is not given to the lowest bidder a full and complete statement of the reasons for placing the contract elsewhere shall be placed in the minutes of the board meeting following the award.

(2) If all bids received are for the same total amount or unit price, quality being equal, the contract shall be awarded to a local bidder. When the decision can be made in no other way, the contract shall be awarded to one of the tie bidders by drawing lots in public. (Ord. #1149, Nov. 1983, modified)

**5-505. Performance bonds.** To protect the interest of the city, a performance bond in the amount of one hundred percent (100%) of the proposed contract shall be required from the successful bidder before entering into the contract. If such bond is not provided within fifteen (15) days of the award of such bid, the award shall be void. The contractor shall furnish such other bonds



or insurances as may be required by law, the city or specifications. The amounts and types of these bonds and insurances shall be set forth in the bid specifications. (Ord. #1149, Nov. 1983)

**5-506. Surplus supplies, materials and equipment.** The purchasing officer after consultation with the mayor and affected department heads shall have the authority to transfer surplus supplies, materials, and equipment to other using departments, to exchange such personal property for new supplies, materials, and equipment, or to sell personal property which has become unsuitable for public use. Surplus, unuseable, or obsolete supplies, materials, and equipment shall be sold in accordance with the provisions of these rules and regulations and the purchasing ordinance. (Ord. #1149, Nov. 1983)

**5-507. Cooperative purchasing.** The purchasing officer shall have the authority to join with other units of government in cooperation purchasing plans so that the best interest of the city shall be served thereby. (Ord. #1149, Nov. 1983)

**5-508. Emergency purchases.** An emergency purchase is any purchase of supplies, materials, equipment or services in an amount not greater than three thousand five hundred dollars (\$3,500.00), whose immediate procurement is essential to prevent delays of the department which may vitally affect the life, health or convenience of the citizens. The purchasing officer in conjunction with the department head shall submit to the mayor and regular committee chairman a record of the emergency purchasing together with a report of the circumstances of the emergency. (Ord. #1149, Nov. 1983, modified)

**5-509. Price agreements.** A special type of contract, "price agreement," can be used whereby the city does not obligate itself to purchase or to accept a commodity but furnishes the vendor with an estimate of its probable needs as a guide to the amount that may be purchased. The price may be established for the period of the agreement or it may be made variable, such as a fixed discount from an ascertainable amount.

The purchasing officer must use the formal bid and contract procedure for price agreements. (Ord. #1149, Nov. 1983)

**5-510. Blanket purchase orders.** The purchasing officer at his discretion may issue blanket purchase orders for those merchants from whom repeated purchases are made as supplies are required. One (1) purchase order shall be issued for a specified time period not to exceed one (1) month. (Ord. #1149, Nov. 1983)

**CHAPTER 6****LOCAL SALES TAX<sup>1</sup>****SECTION**

5-601. Tax levied.

5-602. Department of revenue collects tax.

5-603. Recorder/treasurer to contract for collection.

**5-601. Tax levied.** There is hereby levied a local sales and use tax as authorized under the provisions of Tennessee Code Annotated, § 67-6-702, at a rate of two and three quarters percent (2.75%) except as limited or modified by statute. (Ord. #1490, Oct. 2001)

**5-602. Department of revenue collects tax.** The Department of Revenue of the State of Tennessee shall collect the additional tax imposed by this chapter concurrent with the collection of the state tax and the local tax now being collected for Tipton County, in accordance with the rules and regulations promulgated by the department. (Ord. #1490, Oct. 2001)

**5-603. Recorder/treasurer to contract for collection.** The recorder/treasurer is hereby authorized to contract with the department of revenue for the collection of the additional tax imposed by this chapter, and to provide in the contract that the department may deduct from the tax collected a reasonable amount or percentage to cover the expense of the administration and collection of the tax. (Ord. #1490, Oct. 2001)

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<sup>1</sup>The sales tax rate was approved by the voters on January 15, 2002.