

TITLE 5

MUNICIPAL FINANCE AND TAXATION¹

CHAPTER

1. REAL PROPERTY TAXES.
2. PRIVILEGE TAXES.
3. TAX ASSESSOR AND BOARD OF EQUALIZATION.
4. WHOLESALE BEER TAX.
5. PURCHASING.

CHAPTER 1

REAL PROPERTY TAXES

SECTION

- 5-101. When due and payable.
5-102. When delinquent--penalty and interest.
5-103. Discount for early payment.

5-101. When due and payable.² Taxes levied by the city against real property shall become due and payable annually on the first day of October of the year for which levied. (1975 Code, § 6-101)

¹Charter reference: § 26.
Municipal code reference
Litigation tax: § 3-204.

²State 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.

5-102. When delinquent--penalty and interest.¹ 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.² (1975 Code, § 6-102)

5-103. Discount for early payment. The property owner shall be provided a discount of two percent (2%) of the real property tax currently due, if such taxes are paid within 30 days of the date on which such taxes are payable under Tennessee Code Annotated, § 67-1-701(a), and a discount of one percent (1%) if paid after more than thirty (30) days but less than sixty (60) days after the date such taxes are payable under Tennessee Code Annotated, § 67-1-701(a). Such discount shall not apply when all or any part of the amount of tax due is paid under part 7 of Chapter 5 (Tennessee Code Annotated); provided, however, all such taxes payable from or under an escrow account or similar arrangement shall be paid within 30 days of the date on which such taxes are payable, unless the taxpayer requests a later payment from or under an escrow account or similar arrangement, so that taxpayers whose ad valorem reap property taxes are paid from or under an escrow account or similar arrangement may receive the maximum benefit of such discount. (Ord. #586, Oct. 1997)

¹Charter 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.

²Charter 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.

CHAPTER 2

PRIVILEGE TAXES

SECTION

5-201. Tax levied.

5-202. License required.

5-201. 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 municipality at the rates and in the manner prescribed by the said act. (1975 Code, § 6-201)

5-202. License required. No person shall exercise any such privilege within the City of LaFollette 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 tax. (1975 Code, § 6-202)

CHAPTER 3

TAX ASSESSOR AND BOARD OF EQUALIZATION

SECTION

- 5-301. Election, term, and removal of tax assessor.
- 5-302. Tax assessor to be bonded.
- 5-303. Tax assessor's salary.
- 5-304. Assistant tax assessors.
- 5-305. Tax assessors' oaths.
- 5-306. Board of equalization established.
- 5-307. Board's organization, quorum, and records.
- 5-308. Meetings and compensation of board; tax assessor to assist.
- 5-309. Board's powers, duties, and oath.
- 5-310. Application of general law.

5-301. Election, term, and removal of tax assessor. The city council shall elect, by a majority vote of all of its members, a tax assessor, who shall hold office at the pleasure of the city council. He may be removed at any time by a majority vote of all the members of the city council. (1975 Code, § 6-301)

5-302. Tax assessor to be bonded. The tax assessor shall give a bond, either corporate surety or with two or more good and sufficient personal sureties, in such sum as may be approved by the city council. Such bond shall be conditioned that the tax assessor will honestly and faithfully perform the duties of a tax assessor in conformity with the laws governing county tax assessors. The premium for such bond shall be paid by the city. (1975 Code, § 6-302)

5-303. Tax assessor's salary. The salary of the tax assessor shall be fixed by the city council and may be changed as specified in annual budgets duly approved by the city council. (1975 Code, § 6-303)

5-304. Assistant tax assessors. The city council may elect an assistant tax assessor and such additional assistants as it deems necessary, and shall prescribe their duties, specify the amount of bond for each, and fix their salaries in annual budgets. (1975 Code, § 6-304)

5-305. Tax assessors' oaths. The tax assessor and any assistants shall subscribe to the oath required of county tax assessors except that "city" shall be substituted for "county." (1975 Code, § 6-305)

5-306. Board of equalization established. There is hereby established a board of equalization to be composed of five (5) freeholders of the city, each of

whom shall have been a resident of the city for not less than six (6) years. The city council shall make appointments to the board of equalization on or before June 1 in odd numbered years. No officer or employee of the city shall be eligible for appointment to the board of equalization. (1975 Code, § 6-306)

5-307. Board's organization, quorum, and records. The board of equalization shall elect one of its members as chairman and one as secretary. A majority of the board shall constitute a quorum for the transaction of business. Said board shall keep a daily record of its transactions, which shall be signed by the chairman and the secretary. (1975 Code, § 6-307)

5-308. Meetings and compensation of board; tax assessor to assist. The board of equalization shall meet the first Monday in June of each year and sit in regular session as necessity may require until the equalization has been completed. Each member of the board shall be paid such compensation as the city council may from time to time prescribe. The city tax assessor shall sit with the board in an advisory capacity during each and every day of the session of the board, making available his records, and rendering assistance to the board in the performance of its duties in the equalization of assessments. (1975 Code, § 6-308)

5-309. Board's powers, duties, and oath. The board of equalization shall have the same powers and duties in equalizing assessments within the city as county boards of equalization now have by general law in equalizing assessments. The members thereof shall take the oath required of members of county boards of equalization except that "city" shall be substituted for "county." (1975 Code, § 6-309)

5-310. Application of general law. Back assessment or reassessment of property shall be made when authorized and in the same manner as prescribed by the general law, Tennessee Code Annotated, title 67, chapter 1. The city recorder is hereby given the duties which chapter 1 imposes upon county clerks, county trustees, the county judges or chairmen of county courts, and collectors of taxes, and the city attorney is hereby given the duties which chapter 1 imposes upon county attorneys, within the area of jurisdiction of the City of LaFollette. (1975 Code, § 6-310)

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 LaFollette of the wholesale beer tax levied by the "Wholesale Beer Tax Act," as set out in Tennessee Code Annotated, title 57, chapter 6.¹ (1975 Code, § 6-401)

¹State 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 agent.
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- 5-521. Items estimated to be worth more than \$500.00.
- 5-522. Purchasing policy for the LaFollette Board of Utilities.
- 5-523. Purchasing policy for the LaFollette Community Hospital.

5-501. Purchasing agent. The city administrator shall be the purchasing agent for the municipality. The city administrator may delegate portions of the purchasing function to other administrative staff as he deems appropriate. Except as otherwise provided by this chapter, all supplies, materials, equipment, and services of any nature whatsoever shall be acquired by the purchasing agent or his authorized representative. (1975 Code, § 1-1401)

5-502. General procedure. Competitive bids on all supplies, materials, equipment, and services, except those specified elsewhere in this code, and contracts for public improvements shall be obtained, whenever practicable, and the purchase or contract awarded to the lowest responsible bidder, provided that any or all bids may be rejected as prescribed in this code. The purchasing agent shall establish as necessary more detailed purchasing procedures to be followed by city departments in obtaining goods and services. (1975 Code, § 1-1402)

5-503. Certification of availability of funds. In all cases the city recorder shall certify that duly appropriated funds are or will be available in the city treasury before any purchase or contract shall be awarded. (1975 Code, § 1-1403)

5-504. Sealed bid requirements. Public advertisement and competitive bidding shall be required for the purchase of all goods and services exceeding an amount of ten thousand dollars (\$10,000.00) except for those purchases specifically exempted from advertisement and bidding by the Municipal Purchasing Act of 1983. (1975 Code, § 1-1404, as replaced by Ord. #2006-06, Sept. 2006, as replaced by Ord. #2006-06, Sept. 2006)

5-505. Advertisement for bids. Notice inviting bids shall be published at least once in a local newspaper at least five (5) days preceding the last day set for the receipt of proposals. The newspaper notice shall include a general description of the articles to be purchased, shall state where bid blanks and written specifications may be secured, and the time and place for opening bids. (1975 Code, § 1-1405)

5-506. Competitive bids. Purchases on all goods and services that cost between four thousand dollars (\$4,000.00) and ten thousand (\$10,000.00) shall be made by competitive bidding and shall be awarded to the lowest responsible bidder, except for those purchases specifically exempted from advertisement and bidding by the Municipal Purchasing Act of 1983. A written record shall be required and be available for inspection showing that competitive bids were obtained by one or more of the following methods:

- (1) Direct mail request to prospective bidders;
- (2) Telephone;
- (3) Public notice posted on the bulletin board in the municipal building.
- (4) Email. (1975 Code, § 1-1406, as replaced by Ord. #2006-06, Sept. 2006)

5-507. Purchases and contracts less than \$300.00. Public advertisement and competitive bidding shall not be required for the purchase of goods and services up to four thousand dollars (\$4,000.00). The purchasing agent is expected to obtain the best prices and services available for purchases and contracts of four thousand dollars (\$4,000.00) or less. (1975 Code, § 1-1407, as replaced by Ord. #2006-06, Sept. 2006)

5-508. Bid deposits. When deemed necessary, bid deposits may be prescribed and noted in the public notices inviting bids. The deposit shall be in such amount as the purchasing agent shall determine and unsuccessful bidders shall be entitled to return of the deposits where such has been required. A

successful bidder shall forfeit any required deposit upon failure on his part to enter a contract within ten (10) days after the award. (1975 Code, § 1-1408)

5-509. Performance bond. The purchasing agent may require a performance bond, before entering a contract, in such amount as he shall find reasonably necessary to protect the best interests of the city. (1975 Code, § 1-1409)

5-510. Rejection of bids. The purchasing agent shall have the authority to reject any and all bids, parts of all bids, or all bids for any one or more supplies or contractual services included in the proposed contract, when the public interest will be served thereby. The purchasing agent shall not accept the bid of a vendor or contractor who is in default on the payment of any taxes, licenses, fees, or other monies of whatever nature that may be due the city by said vendor or contractor. (1975 Code, § 1-1410)

5-511. Record of bids. The purchasing agent shall keep a record of all open market orders and the bids submitted in competition thereon, including a list of the bidders, the amounts bid by each, and the method of solicitation and bidding, and such records shall be open to public inspection. (1975 Code, § 1-1411)

5-512. Considerations in determining lowest responsible bidder. In determining the lowest responsible bidder, in addition to price, the purchasing agent shall consider:

- (1) The ability, capacity and skill of the bidder to perform the contract or provide the services required.
- (2) Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference.
- (3) The character, integrity, reputation, judgment, experience and efficiency of the bidder.
- (4) The quality of performance of previous contracts or services.
- (5) The previous and existing compliance by the bidder with laws and ordinances relating to the contract or service.
- (6) The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service.
- (7) The quality, availability and adaptability of the supplies or contractual services to the particular use required.
- (8) The ability of the bidder to provide future maintenance and service for the use of the subject of the contract.
- (9) The number and scope of conditions attached to the bid. (1975 Code, § 1-1412)

5-513. Statement when award not given low bidder. When the award is not given to the lowest bidder, a full and complete statement of the reasons for placing the order elsewhere shall be prepared by the purchasing agent and filed with all the other papers relating to the transaction. (1975 Code, § 1-1413)

5-514. Award in case of tie bids. (1) If all bids received are for the same total amount or unit price, quality and service being equal, the contract or purchase order shall be awarded to a local bidder.

(2) Where a local vendor has not bid or where his bid is not one of the lowest tie bids, the purchasing agent shall award the contract to one of the tie bidders by drawing lots in public. (1975 Code, § 1-1414)

5-515. Purchase of emergency replacement parts for existing equipment. Notwithstanding any other provision of this chapter, the purchase of emergency replacement parts for existing equipment shall need prior approval of the city council when amount is above that specified in § 5-506. (1975 Code, § 1-1415)

5-516. When written contract required. (1) Except as otherwise provided by this code, and except the services of salaried employees of the city, any services of a professional person or firm, including attorneys, accountants, physicians, architects, and consultants required by the city, whose fee is \$2,000.00 or more, shall be evidenced by written contract signed by the person or firm rendering the service and by the mayor after authorization so to do by city council; provided, however, that the councilmen, in its discretion, may contract for such services by the adoption of a written resolution defining the services to be rendered. No competitive bidding shall be required for such services.

(2) Agreements entered into by the city for construction work involving the expenditure of \$1500.00 or more must be evidenced by written contract. (1975 Code, § 1-1416)

5-517. Anti-discrimination provision in contracts for work or services. All contracts entered into by the city whereby services are furnished or municipal functions performed shall contain therein a provision that the contractor, in performing the work required by the contract or furnishing the services provided for shall not discriminate against any person seeking employment with or employed by him, because of race, creed, color or national origin. (1975 Code, § 1-1417)

5-518. Disposal of surplus property. The purchasing agent shall be in charge of the disposal of surplus city property. (1975 Code, § 1-1418)

5-519. Items consumed in the course of work or items thought to be worthless. City property which may be consumed in the course of normal city business and items thought to be worthless shall be disposed of by and at the discretion of the city administrator in a like manner to any other refuse. Said items shall be simply charged off as a routine cost of doing business. However, council shall be notified of what has been disposed of. (1975 Code, § 1-1419)

5-520. Items estimated to be worth less than \$500.00. When selling items of surplus city property estimated to be worth less than \$500.00 shall be disposed of by the purchasing agent in the following manner:

(1) By posting a notice in at least three public locations in the city or publishing a notice in a local newspaper.

(2) Receiving sealed bids or hold a public auction at a specified date, time and place.

(3) Awarding items to highest bidder. In the event the highest bidder is unable to pay within twenty-four (24) hours, the item shall then be awarded to the second highest bidder.

(4) Noting all pertinent information in the fixed asset record of the city as to the disposal of said item.

(5) Retaining the records, (notice, bids and property cards) for a period of five (5) years. (1975 Code, § 1-1420)

5-521. Items estimated to be worth more than \$500.00. When disposing of items of city property estimated to be worth more than \$500.00, the purchasing agent shall follow the following procedure:

(1) Obtain from city council a resolution declaring said item(s) excess property and fixing date, time and place for the purchasing agent to receive sealed bids or hold public auction.

(2) Publish copy of resolution in a local newspaper.

(3) Awarding bid to highest bidder. In the event the highest bidder is unable to pay within twenty-four (24) hours, the item shall then be awarded to the second highest bidder.

(4) Noting all pertinent information in the fixed asset record of the city as to the disposal of said item.

(5) Retaining the records (notice, bids and property cards) for a period of five (5) years. (1975 Code, § 1-1421)

5-522. Purchasing policy for the LaFollette Board of Utilities. Title 5, chapter 5 shall not apply to purchases made by the board of public utilities. Purchases made by said board shall be made in compliance with Tennessee Code Annotated, § 7-52-117 (d) for the electric department. Purchasing procedures for the water and sewer department shall be established by the board of public utilities, but in no event shall the regulations adopted be less restrictive than the requirements of the electric department. (Ord. #508, Oct. 1987)

5-523. Purchasing policy for the LaFollette Community Hospital. Title 5, chapter 5 of this code shall not apply to purchases made by the LaFollette Community Hospital. Purchasing procedures to be followed by the said hospital shall be established by the board of trustees of the LaFollette Community Hospital, said regulations to be consistent with sound business practices and procedures. (Ord. #508, Oct. 1987)