

**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. LIBRARY FINANCES.
7. HOTEL/MOTEL TAX.

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

- 5-101. Official depositories for town funds.  
5-102. Fiscal year of the town.

**5-101. Official depositories for town funds.** The First Bank of Rhea County, Rhea County National Bank, and 1st American Bank and Trust are designated as the official depositories for all town funds.<sup>2</sup> (1975 Code, § 6-101, as replaced by Ord. #115, \_\_\_\_\_, modified)

**5-102. Fiscal year of the town.** The fiscal year of the town shall be from the 1st day of July to the 30th day of June of the year next following.<sup>3</sup>

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<sup>1</sup>Charter reference

Finance and taxation: title 6, chapter 22.

<sup>2</sup>Charter reference

Tennessee Code Annotated, § 6-22-120 prescribes depositories for city funds.

<sup>3</sup>Charter reference

Tennessee Code Annotated, § 6-22-121 provides that the fiscal year of the city shall begin on July 1 unless otherwise provided by ordinance.

## CHAPTER 2

### REAL AND PERSONAL PROPERTY TAXES<sup>1</sup>

#### SECTION

5-201. When due and payable.

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

**5-201. When due and payable.**<sup>2</sup> Taxes levied by the town against real and personal property shall become due and payable annually on the first day of October of the year for which levied. (1975 Code, § 6-201, modified)

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<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.

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 each succeeding month.

<sup>2</sup>Charter references

Tennessee Code Annotated, § 6-22-110 sets the due date of November 1 of the year for which the taxes are assessed, but Tennessee Code Annotated, § 6-22-113 provides that a different tax due date may be set by ordinance (by unanimous vote of the board of commissioners.)

**5-202. When delinquent--penalty and interest.**<sup>1</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 charter for delinquent county real property taxes.<sup>2</sup> (1975 Code, § 6-202, modified)

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<sup>1</sup>Charter reference

Tennessee Code Annotated, § 6-22-112 sets the tax delinquency of December 1 of the year for which the taxes are assessed, but Tennessee Code Annotated, § 6-22-113 provides that a different delinquent date may be set by ordinance (by unanimous vote of the board of commissioners).

<sup>2</sup>Charter reference

Tennessee Code Annotated, § 6-22-114 directs the finance director to turn over the collection of delinquent property taxes to the county trustee.

State law reference

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 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 town at the rates and in the manner prescribed by the act. (1975 Code, § 6-301)

**5-302. License required.** No person shall exercise any such privilege within the town without a currently effective privilege license, which shall be issued by the city manager to each applicant therefor upon the applicant's payment of the appropriate privilege tax. (1975 Code, § 6-302)

## CHAPTER 4

WHOLESALE BEER TAX

## SECTION

5-401. To be collected.

**5-401. To be collected.** The city manager is hereby directed to take appropriate action to assure payment to the town 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> (1975 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.

**5-501. Purchasing.** In accordance with Tennessee Code Annotated, § 6-19-104, the purchase of all material, supplies, equipment and services purchased under the authority of this chapter shall, unless otherwise provided by law, be purchased in accordance with the following regulations:

(1) Purchases not exceeding \$5,000 (not to exceed \$10,000). The city manager is authorized to make the following purchases whose estimated costs do not exceed \$5,000 without formal sealed bids and written specifications: commonly used items of material, supplies, equipment and services used in the ordinary course of maintaining and repairing the city's real or personal property; building or maintaining stocks of city material, supplies and equipment used in the ordinary course of city operations; and minor construction, repair or maintenance services. However a record of all such purchases shall be maintained describing the material, supplies, equipment or service purchased, the person or business from whom it was purchased, the date it was purchased, the purchase cost, and any other information from which the general public can easily determine the full details of the purchase. Each purchase shall be supported by invoices and/or receipts and any other appropriate documentation signed by the person receiving payment.

(2) Purchases in excess of \$5,000 (not to exceed \$10,000). The city manager is required to make purchases in excess of \$5,000 based on written specifications, awarded by written contract let to the lowest responsive responsible bidder following advertisement for, and the submission of, sealed bids.

(3) Exceptions to bidding requirement. The city manager is authorized to make the following purchases whose estimated cost is in excess of \$5,000 (not to exceed \$10,000) without written specifications or bids:

(a) Emergency purchases of material, supplies, equipment or services. However, a report of the emergency purchase, including the nature of the emergency, the materials, supplies, equipment or services purchased, and the appropriate documentation similar to that required under the first subsection above shall be filed with the city commission at its next regular meeting.

(b) The purchase of unique, special, or proprietary material, supplies, equipment or services the city manager determines is in the best interest of the city to acquire. However, a report of the purchase, including a full description of the material, supplies, equipment or services purchased, the reason the same is unique, special or proprietary,

the interest of the city served by the purchase, and from whom the purchase will be made shall be filed with the city commission at its regular meeting prior to purchase.

(c) Purchases of equipment which, by reason of training of city personnel or an inventory of replacement parts maintained by the city, are compatible with the existing equipment owned by the city. However, a full report of the purchase, including a full description of the equipment, an outline of the municipal training or parts inventory factors that made the purchase economically advantageous to the city, and from whom the purchase will be made shall be filed with the city commission at its regular meeting prior to purchase.

(d) Purchases which can be made only from a sole source. The minimum geography for determining the "sole source," shall be the municipal limits. However, the city manager shall have the discretion to enlarge the geography of the sole source to whatever extent he determines is in the economic interest of the city. However, a full report of the purchase, including a full description of the purchase, evidence that the purchase was made legitimately a sole source purchase, and from whom the purchase will be made shall be filed with the city commission at its regular meeting prior to purchase.

(e) Purchases from any federal, state, or governmental unit or agency or any other cooperative purchasing agreement (U.S. Communities, NJPA, etc) allowed by the state.

(f) Purchases made during a declared area-wide emergency or for the immediate delivery in actual emergencies arising from the unforeseen causes, including delays by contractors or transportation or unanticipated volume of work. (as added by Ord. #20-03, Feb. 2003, and amended by Ord. #2020-08, Aug. 2020 *Ch11\_11-02-23*)

**CHAPTER 6****LIBRARY FINANCES****SECTION**

## 5-601. Procedures.

**5-601. Procedures.** (1) Deposits generated from operations of the library are to be made within state financial standards of every three (3) days.

(2) Clear copies of deposit tickets are to be delivered to the recorder upon deposit of funds into the official depository of the Town of Spring City.

(3) The recorder shall be added to the library bank accounts for signatures on all checks written out for payments in addition to two (2) officers of the Audrey Pack Memorial Library.

(4) Library personnel shall submit to the Town of Spring City a purchase order request for any and all purchases and funds expended. (as added by Ord. #2010-09, Jan. 2011)



## CHAPTER 7

### HOTEL/MOTEL TAX

#### SECTION

- 5-701. Definitions.
- 5-702. City business license required.
- 5-703. Levy of tax authorized.
- 5-704. Disposition of tax.
- 5-705. Collection of refund.
- 5-706. Remittance of tax.
- 5-707. Monthly tax return.
- 5-708. No advertising of rebates.
- 5-709. Delinquent taxes - interest and penalty.
- 5-710. Records - inspection.
- 5-711. Administration and enforcement.
- 5-712. Deposit of funds.

**5-701. Definitions.** Whenever used in this chapter, terms shall have the meanings as defined by the applicable sections of Tennessee Code Annotated unless the context necessarily requires otherwise. (as added by Ord. #2021-12, Jan. 2022 *Ch11\_11-02-23*)

**5-702. City business license required.** No person shall conduct, keep, manage, operate or cause to be conducted, kept, managed or operated, either as owner, lessor, agent or attorney, any hotel in the city without having first obtained a valid and current city business license to do so. (as added by Ord. #2021-12, Jan. 2022 *Ch11\_11-02-23*)

**5-703. Levy of tax authorized.** The City Council of the Town of Spring City does hereby levy a privilege tax upon the privilege of occupancy in any hotel of each transient in the amount of four percent (4%) of the consideration charged by the operator. Such tax is a privilege tax upon the transient occupying such room and is to be collected as provided in this chapter. (as added by Ord. #2021-12, Jan. 2022 *Ch11\_11-02-23*)

**5-704. Disposition of tax.** The proceeds received by the Town of Spring City shall be designated and used to promote tourism and tourism development. In the initial year, the proceeds shall be allocated to the general fund and thereafter, the proceeds may be distributed as the council by ordinance may direct. (as added by Ord. #2021-12, Jan. 2022 *Ch11\_11-02-23*)

**5-705. Collection and refund.** (1) Such tax shall be added by the operator to each invoice prepared by the operator for the occupancy of the hotel and given directly or transmitted to the transient. Such tax shall be collected by

such operator from the transient and remitted to the city, or if the occupancy was secured through a short-term rental unit marketplace, remitted to the State of Tennessee pursuant to Tennessee Code Annotated, title 67, chapter 4, part 15.

(2) When a person has maintained occupancy for thirty (30) continuous days, the person shall receive from the operator a refund or credit for the tax previously collected from or charged to said person, and the operator shall receive credit, in the form of a deduction on the monthly tax return, for the amount of the tax if previously remitted to the city. (as added by Ord. #2021-12, Jan. 2022 *Ch11\_11-02-23*)

**5-706. Remittance of tax.** (1) The tax hereby levied shall be remitted by all operators who lease, rent or charge for any rooms, lodgings, or accommodations in hotels within the city to the city recorder, such tax to be remitted not later than the 20th day of each month for the preceding month. The operator is hereby required to collect the tax from the transient at the time of the presentation of the invoice for such occupancy whether prior to occupancy or after occupancy as may be custom of the operator, and if credit is granted by the operator to the transient, then the obligation to the city for the tax shall be that of the operator.

(2) Any operator who is liable for the tax imposed under this chapter may round off all figures used on the tax return to the nearest dollar amount.

(3) For the purpose of compensating the operator for remitting the tax levied by this chapter, the operator shall be allowed to deduct two percent (2%) of the amount of the tax due and remitted to the city recorder in the form of a deduction in submitting the report and paying the amount due by such operator, provided the amount due was not delinquent at the time of payment. (as added by Ord. #2021-12, Jan. 2022 *Ch11\_11-02-23*)

**5-707. Monthly tax return - annual audit.** The city recorder shall be responsible for the collection of such tax. A monthly tax return under oath shall be filed with the city recorder by the operator with such number of copies thereof as the city recorder may reasonably require for the collection of such tax. The return of the operator shall include such facts and information as may be deemed reasonable for the verification of the tax due. The form of such return shall be developed by the city recorder with the approval of the city manager. The city recorder shall have the authority and right to audit and inspect records of each operator in the city. (as added by Ord. #2021-12, Jan. 2022 *Ch11\_11-02-23*)

**5-708. No advertising of rebates.** No operator of a hotel shall advertise or state in any manner whether directly or indirectly that the tax or any part thereof will be assumed or absorbed by the operator or that it will not be added to the rent, or that if added, any part will be refunded. (as added by Ord. #2021-12, Jan. 2022 *Ch11\_11-02-23*)

**5-709. Delinquent taxes - interest and penalty.** Taxes collected by an operator which are not remitted to the city on or before the due dates are delinquent. An operator shall be liable for interest on such delinquent taxes from the due date at the rate of twelve percent (12%) per annum and is liable for an additional penalty of one percent (1%) for each month or fraction thereof such taxes are delinquent. Such interest and penalty shall become a part of the tax herein required to be remitted. Each occurrence of willful refusal of an operator to collect or remit the tax or willful refusal of a transient to pay the tax imposed is unlawful and shall be punishable by a civil penalty of fifty dollars (\$50.00) per day per offense. (as added by Ord. #2021-12, Jan. 2022 *Ch11\_11-02-23*)

**5-710. Records - inspection.** It is the duty of every operator liable for the collection and payment to the city of any tax imposed by this chapter to keep and preserve for a period of three (3) years all records as may be necessary to determine the amount of such tax as he may have been liable for the collection of the payment to the city, which records the city recorder shall have the right to inspect at all reasonable times. (as added by Ord. #2021-12, Jan. 2022 *Ch11\_11-02-23*)

**5-711. Administration and enforcement.** The city recorder, under the guidance of the city manager, in administering and enforcing the provisions of this chapter shall have as additional powers, those powers and duties with respect to collecting taxes as provided in Tennessee Code Annotated, title 67 or otherwise by law for the county clerks.

(1) Upon any claim of illegal assessment and collection, the taxpayer has the remedies provided in Tennessee Code Annotated, title 67, chapter 23, it being the intent of this chapter that the provision of law which apply to the recovery of state taxes illegally assessed and collected shall also apply to the tax levied under the authority of this chapter. The city recorder shall also possess those powers and duties as provided in Tennessee Code Annotated, § 67-1-707, for the county clerks with respect to the adjustment and refunds of such tax.

(2) With respect to the adjustment and settlement with taxpayers all errors of taxes collected by him under authority of this chapter shall be refunded by the city. The city recorder shall have the authority to direct the refunding of same. Notice of any tax paid under protest shall be given the city recorder and any suit brought for recovery of tax paid under protest shall name the city recorder. (as added by Ord. #2021-12, Jan. 2022 *Ch11\_11-02-23*)

**5-712. Deposit of funds.** The city recorder is hereby charged with the duty of collection of the tax herein authorized and shall place the proceeds of such tax in accounts within the various funds as required. (as added by Ord. #2021-12, Jan. 2022 *Ch11\_11-02-23*)