

TITLE 5**MUNICIPAL FINANCE AND TAXATION¹****CHAPTER**

1. PRIVILEGE TAXES.
2. REAL AND PERSONAL PROPERTY TAXES.
3. WHOLESALE BEER TAX.
4. PURCHASING DIVISION AND PROCEDURES.
5. SURETY BONDS.
6. HEALTH AND EDUCATIONAL FACILITIES BOARD.

CHAPTER 1**PRIVILEGE TAXES****SECTION**

- 5-101. Tax levied.
5-102. License required.

5-101. 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. (1981 Code, § 12-1, modified)

5-102. License required. No person shall exercise any such privilege within the city without a currently effective privilege license, which shall be issued by the city clerk to each applicant therefor upon the applicant's payment of the appropriate privilege tax. Violations of this section shall be punished under the general penalty provisions of this code of ordinances.

¹Charter references

Delinquent taxes; collection of: art. X, § 3.

Due and delinquent dates: art. X, § 2.

Levy of taxes: art. X, § 1.

CHAPTER 2

REAL AND PERSONAL PROPERTY TAXES**SECTION**

- 5-201. When due and payable.
- 5-202. When delinquent; penalty and interest.
- 5-203. List of delinquents to be given to city attorney.
- 5-204. Partial payments of property taxes.
- 5-205. Tax relief.

5-201. When due and payable.¹ Taxes levied by the city against real and personal property shall become due and payable annually on the first day of October of the year for which levied. (1981 Code, § 22-4, modified)

5-202. When delinquent; penalty and interest.² All real property taxes shall become delinquent on and after the first day of March next after they become due and payable and shall be subject to a combined penalty and interest of one and one-half (1½) percent per month on the first day of the month from the first day of March that they become delinquent and each month thereafter until they are paid. (1981 Code, § 22-4, modified)

5-203. List of delinquents to be given to city attorney. The clerk shall collect all taxes which become delinquent on the first day of March by the thirty-first day of the succeeding March if collectible. If not collectible, he shall at that time make and certify a full and complete list of the delinquent real

¹State law reference

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.

²State 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.

estate taxes and deliver the same to the city attorney on the following April 1st for violation of suit as provided in state law. (1981 Code, § 22-6, modified)

5-204. Partial payments of property taxes. (1) The city clerk may accept partial payments of property taxes beginning on the first Monday of October of the year for which the tax is levied. Notwithstanding the city's acceptance of partial payments, the entire amount of taxes due must be paid in full prior to the first day of March.

(2) Partial payments of property taxes may be paid in one (1) of two (2) ways:

(a) Partial payments by electronic funds transfer. Taxpayers who wish to sign up for partial payments by electronic funds transfer may do so by completing a written twelve (12) month payment plan, along with a written authorization agreement for direct (ACH) payments.

In order to enroll in this program, taxpayers must complete the required forms by February 15 of a calendar year in order to be eligible to participate in the program for that same calendar year or any subsequent year.

Once a taxpayer signs up for partial payments by electronic funds transfer, the authorization shall remain in effect until the taxpayer notifies the city in writing that the taxpayer no longer desires to participate in the program and cancels the written authorization for direct (ACH) payments.

Monthly payments will be deducted beginning on March 15th, and on the 15th day of each month thereafter.

For taxpayers who wish to participate in this program and pay partial payments on more than one (1) parcel, a separate form must be completed for each such parcel.

Partial payments by electronic funds transfer will not be accepted for delinquent taxes.

(b) Partial payments by cash, check, money order or credit card. Partial tax payments may also be paid by check, cash, money order or credit card.

These partial payments may be paid for any tax that is payable at the city clerk's office, even a delinquent tax. However, partial payments may not be accepted for a delinquent tax that has been turned over to the clerk and master's office.

A form must be completed by the taxpayer before a taxpayer may participate in this program.

For taxpayers who wish to participate in this program and pay partial payments on more than one parcel, a separate form must be completed for each parcel.

(3) Prior to the final reading of the ordinance creating this section, the city clerk shall transmit to the State Comptroller of the Treasury a copy of the

ordinance, which shall serve as the plan required by Tennessee Code Annotated, § 6-56-109(b). To fulfill the requirements of that section, the city hereby declares that:

(a) The city has the appropriate accounting technology to implement this program; and,

(b) The city can implement this program within existing resources. (as added by Ord. #2014-51, Jan. 2015, and amended by Ord. #2015-41, Dec. 2015)

5-205. Tax relief. Pursuant to the authority granted by Tennessee Code Annotated, § 67-5-701(j)(1), the City of Cleveland hereby appropriates public funds for the purpose of providing additional tax relief for those persons who qualify to receive tax relief from the State of Tennessee under the State of Tennessee's tax relief program.

Elderly low-income homeowners as described in Tennessee Code Annotated, § 67-5-702, disabled homeowners as described in Tennessee Code Annotated, § 67-5-703, and disabled veterans as described in Tennessee Code Annotated, § 67-5-704 will be eligible to receive additional tax relief from the City of Cleveland in an amount equal to the amount of tax relief provided by the State; provided, however, that in no event shall the total amount of tax relief allowed by the state and the city exceed the total taxes actually paid.

Only those taxpayers who qualify under Tennessee Code Annotated, § 67-5-702 through Tennessee Code Annotated, § 67-5-704 are eligible for such additional tax relief from the city, these eligible taxpayers must have previously applied for and obtained the relief authorized by Tennessee Code Annotated, §§ 67-5-702, or 67-5-703 or 67-5-704 in order to be eligible to receive this additional tax relief from the city. (as added by Ord. #2017-57, Dec. 2017)

CHAPTER 3**WHOLESALE BEER TAX****SECTION**

5-301. To be collected.

5-301. To be collected. The city clerk 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 6.¹

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.

Municipal code reference

Alcohol and beer regulations: title 8.

Beer privilege tax: § 8-208.

CHAPTER 4

PURCHASING DIVISION AND PROCEDURES

SECTION

- 5-401. Powers and duties of purchasing agent.
- 5-402. Written requisitions required.
- 5-403. Council approval of purchase unnecessary, when.
- 5-404. Expenditures requiring approval of the city manager.
- 5-405. Competitive bidding; exemptions.
- 5-406. Submitting and awarding bids.
- 5-407. Rental or lease expenditures.
- 5-408. Contracts requiring bonds.
- 5-409. Emergency purchases.
- 5-410. Adherence to provisions; individual liability.
- 5-411. Petty cash fund.
- 5-412. Certification of unencumbered balance required.
- 5-413. Exemption of fuel, fuel products and perishable commodities from public advertisement and competitive bidding requirements.

5-401. Powers and duties of purchasing agent. The purchasing agent shall possess the following powers and perform the following duties under the general supervision of the city manager:

(1) He shall contract for and purchase all supplies, materials, equipment and services necessary for the conduct and operation of departments and agencies of the city. Such purchases may include those for all jointly financed agencies (such as Cleveland-Bradley Communications Center, and any other joint operations with Bradley County, the State of Tennessee or the federal government) when payment for such supplies and the accounting function therefor is a responsibility of the City of Cleveland.

(2) At the direction of the city manager or his designee, he may transfer from one department or agency to any other departments or agencies such supplies, materials, and equipment or other personal property not needed by one but necessary to the conduct and operation of the other; or may sell any personal property belonging to the city which is declared surplus by the head of a department or agency, or by the city council.

(3) He shall have charge of and supervision over all storerooms and be responsible for distributing such supplies to the various departments.

(4) He may, subject to the approval of the city council, advertise for and enter into contracts for goods and services as needed.

(5) He may establish standard specifications as to quantity and quality for all supplies, materials and equipment generally needed by the departments.

(6) The purchasing agent may establish rules and regulations for the operation procedures and functions of the purchasing division. When approved

by the city council, such rules and regulations shall be spread upon the minutes of the city council and filed in the office of the city clerk. The purchasing agent shall then publish such rules and regulations in the form of a purchasing manual for the benefit of those concerned. (1981 Code, § 2-237, modified, as replaced by Ord. of 12/13/99 § 1, and amended by Ord. #2016-28, July 2016)

5-402. Written requisitions required. All purchases made under the provisions of this chapter shall be made pursuant to a written requisition from the head of the department, except for those purchases authorized by using a procurement card, petty cash, or fixed price agreement. (1981 Code, § 2-238, as replaced by Ord. of 12/13/99 § 1)

5-403. Council approval of purchase unnecessary, when. Where the amount of the requisition or check request form does not exceed twenty five thousand dollars (\$25,000.00), approval of the city council shall not be necessary for the issuance of a purchase order or payment of a check request form or the execution of a contract. In no event shall a requisition, check request form, or contract be split or divided into two (2) or more with the intent of evading the necessity of having competitive bids and/or the necessity of obtaining the approval of the city council. At least three (3) written quotations shall be required whenever possible for purchases costing less than twenty five thousand dollars (\$25,000.00) but more than two thousand five hundred dollars (\$2,500.00). Purchases of like items shall be aggregated for purposes of the bid threshold. (1981 Code, § 2-239; as amended by Ord. of Aug. 1995, and replaced by Ord. of 12/13/99 § 1, and Ord. #2015-21, Aug. 2015)

5-404. Expenditures requiring approval of the city manager. Whenever any requisition or check request form or contract calls for the expenditure of less than twenty five thousand dollars (\$25,000.00) and is more than five hundred dollars (\$500.00), the issuance of a purchase order or the payment of a check request form or the award of a contract shall be subject to the approval of the city manager or his designee, and shall not be binding on or create any liability against the city until approved as such. Such designation shall be contained in the purchasing manual. At least three (3) written quotations shall be required whenever possible for purchases costing less than twenty five thousand dollars (\$25,000.00) but more than two thousand five hundred dollars (\$2,500.00). Purchases of like items shall be aggregated for purposes of the bid threshold. (1981 Code, § 2-240; as amended by Ord. of Aug. 1995; and replaced by Ord. of 12/13/99 § 1, and Ord. #2015-21, Aug. 2015)

5-405. Competitive bidding; exemptions. Whenever any requisition or check request form or contract calls for a non-emergency, non-proprietary expenditure exceeding twenty five thousand dollars (\$25,000.00), or a contract for construction or remodeling of existing structures or sites calls for an

expenditure exceeding twenty five thousand dollars (\$25,000.00), there shall be competitive bids. At the direction of the purchasing agent and the city manager, notice for bids shall be advertised at least once in a general circulation newspaper at least fifteen (15) days prior to the time set for a public opening of bids. The purchasing agent may also issue written invitations to bid to dealers in the articles to be purchased in addition to, but not in lieu of, the advertisement required hereunder. However, secondhand equipment or equipment purchased from any federal, state or municipal agency, where it is not practicable to take bids, may be purchased without taking bids, but such purchases shall be subject to the requirements of §§ 5-403 and 5-404. Also, items covered by the bidding process of federal, state government service contract prices, and other governmental entities, are exempted from competitive bids. (1981 Code, § 2-241; as amended by Ord. of Aug. 1995; and replaced by Ord. of 12/13/99 § 1, and Ord. #2015-21, Aug. 2015)

5-406. Submitting and awarding bids. All bids shall be sealed and submitted to the purchasing agent on or before the specified time when such bidding is to be closed. All bids will be awarded by the city council unless otherwise designated by the city council. Recommendation of bids other than the lowest bids must be justified in writing. (1981 Code, § 2-242, modified, as replaced by Ord. of 12/13/99 § 1)

5-407. Rental or lease expenditures. The rental or lease of any equipment, materials or vehicles, where the expenditure for the rental or lease period does not exceed twenty five thousand dollars (\$25,000.00), may be made by the purchasing agent with the approval of the city manager. At least three (3) written quotations shall be required whenever possible for a rental or lease costing less than twenty five thousand dollars (\$25,000.00) but more than two thousand five hundred dollars (\$2,500.00). But where the expenditure is more than twenty five thousand dollars (\$25,000), for rental or lease of equipment, materials or vehicles, there shall be competitive bids. Also, rental or leasing of items covered by the bidding process of federal, state government service contract prices, and other governmental entities, are exempted from competitive bids. (1981 Code, § 2-243, as replaced by Ord. of 12/13/99 § 1, and Ord. #2015-21, Aug. 2015)

5-408. Contracts requiring bonds. No contract shall be let for any public work until the contractor shall have first executed a good and solvent bond or letter of credit to the effect that he will perform according to the contract and pay for all the labor and materials used by said contractor, or any immediate or remote subcontractor under him, in said contract in lawful money of the United States. The bond or letter of credit to be so given shall be for one hundred percent (100%) of the contract price. Where advertisement is made, the condition of the bond or letter of credit shall be stated in the advertisement;

provided, that this section shall not apply to contracts under twenty five thousand dollars (\$25,000.00). (1981 Code, § 2-244, as replaced by Ord. of 12/13/99 § 1, and Ord. #2015-21, Aug. 2015)

5-409. Emergency purchases. Notwithstanding the provisions of § 5-406, whenever any emergency situation arises requiring equipment or services for continued operations, the purchasing agent shall purchase said equipment or services not to exceed twenty five thousand dollars (\$25,000.00) where time does not permit the purchasing agent to obtain written quotes. Any emergency purchases exceeding twenty five thousand dollars (\$25,000.00) shall require the prior approval of the city council. In the event that four (4) council members find that an emergency does exist, the purchasing agent will then schedule this item of business for the next scheduled meeting of the city council, and at said meeting the purchasing agent shall present a written description of the emergency that has occurred, the item purchased, where the item was purchased and the price paid for said item. Action shall then be taken by the entire city council for approval.

The word "emergency" for the purpose of this section is defined as: Any equipment or services shortage that would either severely impair or completely shut down the operations of any department of city government. (1981 Code, § 2-245, as replaced by Ord. of 12/13/99 § 1, and Ord. #2015-21, Aug. 2015)

5-410. Adherence to provisions; individual liability. All contracts, purchase orders, agreements and obligations issued or entered into contrary to the provisions of the foregoing sections shall be void and no person shall have any claim or demand whatever against the city thereunder, nor shall any official or employee of the city waive or qualify the limitation fixed by the preceding section or fasten upon the city any liability whatever contrary to such limitation. (1981 Code, § 2-246, modified, as replaced by Ord. of 12/13/99 § 1)

5-411. Petty cash fund. The city clerk, with the approval of the city manager shall authorize certain departments and/or officials to maintain a petty cash fund not to exceed four hundred fifty dollars (\$450.00) from which purchases or payments may be made not to exceed fifty dollars (\$50.00) each, and receipts shall be attached to the warrant voucher replenishing reimbursing said petty cash fund. (1981 Code, § 2-247, modified, as replaced by Ord. of 12/13/99 § 1)

5-412. Certification of unencumbered balance required. No contract, purchase order, agreement or other obligations involving the expenditure of any money shall be issued or entered into or be valid unless the city clerk or designee, first certifies thereon that there is in the city treasury to the credit of the appropriation or loan authorization from which it is to be paid an unencumbered balance in excess of all other unpaid obligations. If any

official or employee of the city authorizes or incurs an obligation against the city without first securing the city clerk's certification as required by this section, such official or employee and his sureties shall be individually liable for the amount of such obligation. (1981 Code, § 2-247.1, modified, as replaced by Ord. of 12/13/99 § 1)

5-413. Exemption of fuel, fuel products and perishable commodities from public advertisement and competitive bidding requirements. Purchases of fuel and fuel products and perishable commodities are exempted from the requirements of public advertisement and competitive bidding when such items are purchased in the open market. A record of all such purchases shall be made by the purchasing agent and shall specify the amount paid, the items purchased and from whom the purchase was made. The purchasing agent shall make a monthly report of such purchases to the city manager and the city council and shall include all items of information as required herein in his report. (1981 Code, § 2-248, modified, as replaced by Ord. of 12/13/99 § 1)

CHAPTER 5

SURETY BONDS

SECTION

5-501. Surety bonds for city officers and employees who handle money.

5-501. Surety bonds for city officers and employees who handle money. (1) Pursuant to the authority and requirements of Article VIII, § 4 of the city charter, the city manager, the assistant city manager, the mayor and the vice-mayor shall execute a surety bond with some surety company authorized to do business in the State of Tennessee, as surety, in the amount of five hundred thousand dollars (\$500,000.00).

(2) Pursuant to the authority and requirements of Article VIII, § 4 of the city charter, the city clerk shall execute a surety bond with some surety company authorized to do business in the State of Tennessee, as surety, in the amount of one million dollars (\$1,000,000.00), unless a higher amount is required by the comptroller of the treasury, in which case the bond shall be the higher amount.

(3) Pursuant to the authority and requirements of Article VIII, § 4 of the city charter, all other city employees who have job duties embracing the receipt, disbursement, custody or handling of money shall execute a surety bond with some surety company authorized to do business in the State of Tennessee, as surety, in the amount of at least ten thousand dollars (\$10,000.00). The city manager is hereby authorized to secure a larger surety bond for any of these other employees if the city manager determines that a bond of more than ten thousand dollars (\$10,000.00) is necessary due to the specific job duties of the employee.

(4) The city council specifically authorizes the purchase of a blanket bond or bonds which will provide the city with the dollar amounts listed in this section.

(5) The cost of these bonds shall be paid by the City of Cleveland. (as added by Ord. #2014-21, June 2014)

CHAPTER 6**HEALTH AND EDUCATIONAL FACILITIES BOARD****SECTION**

5-601. Payment in lieu of tax agreements for a tax-credit housing project--
city council approval required.

5-601. Payment in lieu of tax agreements for a tax-credit housing project--city council approval required. Before any agreement pursuant to Tennessee Code Annotated, § 48-101-312 may be approved with respect to a payment in lieu of tax for a tax-credit housing project as defined in Tennessee Code Annotated, § 48-101-312(b)(4)(B), the proposed agreement must be considered and approved by the city council. The city council shall only review and consider such an agreement after it has been considered by the Health and Educational Facilities Board of the City of Cleveland, and the board has made a recommendation to the city council pertaining to the proposed agreement. Any applicant seeking an agreement hereunder shall initiate the request with the Health and Educational Facilities Board of the City of Cleveland by submitting such application and proposed payment in lieu of tax agreement as are required by the board. (as added by Ord. #2016-08, March 2016)