

SENATE BILL 651
By McNally

AN ACT to amend Tennessee Code Annotated, Title 6, Chapter 51, relative to the receipt and distribution of tax revenues.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 6-51-115, is amended by adding the following new subsection:

() In any county having a population of not less than three hundred thirty thousand (330,000) nor more than three hundred forty thousand (340,000) according to the 1990 federal census or any subsequent federal census in which a municipality has previously operated a public school system pursuant to Tennessee Code Annotated, Section 49-1-1026, but elects to cease operation of such school system, the following shall apply:

Whenever such municipality shall extend its boundaries by annexation subsequent to ceasing to operate its public school system the following formula shall apply to the receipt and distribution of tax revenues in all areas annexed on or after the date such municipality ceases operation of its school system:

The department of revenue shall annually distribute the revenue from all state and local taxes distributed on the basis of sites of collection generated within areas annexed subsequent to the date such municipality has ceased to operate a school system as follows:

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The county shall receive sixty-five percent (65%) of all such revenue collected within the areas annexed by the municipality after the municipality has ceased operation of its school system.

All funds received by the county pursuant to this part shall be applied to the operation of the county school system.

This formula shall apply to all tax revenues referenced in Tennessee Code Annotated, Section 6-51-115(d).

This formula shall apply to revenues collected from all areas annexed on or after the date the municipality has ceased operation of its school system, however, it shall not take effect or be applied until July 1, 1997.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.