

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 546 - HB 1175

March 26, 2009

**SUMMARY OF BILL:** Directs the distribution of city taxes levied for education purposes in cities in which two or more K-12 school systems operate. Requires such cities collecting taxes for school operation to share such taxes with the county education body. Currently, cities are not required to share these taxes with the county school district. Freezes the boundaries of the Memphis City School System at the boundaries of the system as they exist on July 1, 2009.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – The city of Memphis will share a portion of its tax revenue collected for educational purposes with Shelby County. This shift in funds is estimated to be \$2,099,900 in FY09-10 and \$15,710,000 if students are included in subsequent years.**

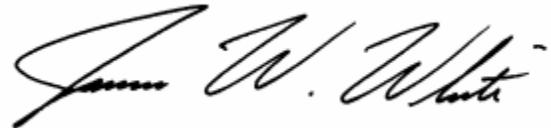
Assumptions:

- City residents may attend county schools in several places statewide because school districts are not coterminous with city boundaries. In most cases, the boundaries of the municipal school district are frozen so if cities have expanded beyond their original school district borders, city residents may be attending county schools.
- As written, this bill will primarily affect the Shelby County and Memphis City school systems and will impact all local taxes collected for educational purposes.
- The City of Memphis is under a court order authorizing this entity to annex a part of Shelby County in the next 10 years. The city has 2,300 students currently residing in Memphis who attend Shelby County Schools. Because of the court order, an additional 17,207 students now attending Shelby County Schools eventually will be annexed. Freezing the Memphis City School district boundaries keeps these students in Shelby County Schools.
- Local tax collections are based upon average daily attendance (ADA). The ADA for Memphis City Schools in 2007-08 was 101,850. Though a

court case is currently under appeal, the city collected approximately \$93,000,000 for education purposes, approximately \$913 per student ( $\$93,000,000/101,850$ ). The initial decrease in funds for the City of Memphis will be approximately \$2,099,900 ( $\$913 \times 2,300$  students). If all possible students are added through annexation, the city will share an additional \$15,709,991 ( $\$913 \times 17,207$ ).

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with a prominent initial "J" and a long, sweeping underline.

James W. White, Executive Director

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