

Amendment No. 1 to SB1464

Yager
Signature of Sponsor

AMEND Senate Bill No. 1464*

House Bill No. 1403

by deleting all language following the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Section 57-4-306, is amended by deleting the section in its entirety and substituting instead the following language:

57-4-306.

(a) All gross receipt taxes collected under § 57-4-301(c) shall be distributed by the commissioner of revenue as follows:

(1) Fifty percent (50%) to the general fund to be earmarked for education purposes; and

(2) Fifty percent (50%) to the local political subdivision as follows:

(A) One half (1/2) of the proceeds shall be directly expended and distributed to the appropriate school fund:

(i) If the proceeds originate from within a municipality which does not operate its own school system separate from the county, then those proceeds shall be remitted to the county trustee to be distributed in the same manner as the county property tax for county and special school districts is expended and distributed; provided, however, this shall not apply in counties having a population of not less than twenty-seven thousand nine hundred (27,900) nor more than twenty-seven thousand nine hundred twenty (27,920) according to the 1980 federal census or any subsequent federal census; or

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(ii) If the proceeds originate from within a municipality that operates its own school system, then those proceeds shall be remitted to the city recorder, or other authorized official, to be distributed to the municipal school system in the same manner as other municipal tax revenues.

(B) The other one half (1/2) shall be distributed as follows:

(i) Collections of gross receipts collected in unincorporated areas, to the county general fund; and

(ii) Collections of gross receipts in incorporated cities and towns, to the city or town wherein such tax is collected.

(b) Notwithstanding subdivision (a)(2), the fifty percent (50%) of the gross receipt taxes allocated to local political subdivisions by subdivision (a)(2) and collected in a municipality which is a premier tourist resort shall be distributed to and expended by such municipality for schools in such municipality.

(c) To assist the commissioner of revenue to accurately and expeditiously distribute the gross receipt taxes allocated by subdivision (a)(2)(A), each local political subdivision eligible to receive such tax proceeds shall submit a notice to the commissioner by July 1 of each year stating what type of school system it operates, or utilizes, and to which official the proceeds should be distributed.

(d) If the local political subdivision fails to remit the proceeds distributed to the proper school fund or system as required under subdivision (a)(2)(A) within sixty (60)

days of receipt, the county, municipal, or special school district school board shall notify the commissioner of revenue who shall deliver by certified mail a written notice of such failure, and the amount owed, to the local political subdivision within five (5) days of notice of the failure.

(e) In the event the local political subdivision shall fail to remit the amount set forth in the notice within sixty (60) days of the receipt of such notice, the commissioner shall, without further authorization reduce and have paid over to the applicable county or municipal school fund any state-shared taxes due the local political subdivision a sum sufficient to pay the amount in arrears.

SECTION 2. Tennessee Code Annotated, Title 49, Chapter 2, Part 3, is amended by adding the following as a new section:

49-2-3__.

(a)

(1) Notwithstanding any law to the contrary, the municipality, the county commission, and county school board are authorized to negotiate and enter into a binding agreement that addresses the municipality's responsibility to remit certain gross receipt taxes owed by the municipality to the county school fund if:

(A) At any time a municipality has received from the commissioner of revenue gross receipt taxes collected by the department under § 57-4-301(c) and as authorized by § 57-4-306(a)(2);

(B) Thereafter, the municipality did not operate their own school systems separate from the county school system; and

(C) Thereafter the municipality, acting in good faith did not remit the proceeds required by § 57-4-306(a)(2)(A) to the county school fund.

(2) Such agreement shall be entered into no later than August 31, 2014 and shall be the final understanding of the obligations between the parties and

will not be subject to additional requests or demands. A copy of this agreement shall be filed with the comptroller of the treasury and the commissioner of revenue. Should any party default in the payment of funds due under the agreement, the aggrieved party shall notify the commissioner of the default and the amount of the default; it shall then be the duty of the commissioner to reduce and have paid over to the aggrieved party any state-shared taxes due the defaulting party a sum sufficient to pay the amount in arrears under the agreement. The commissioner may authorize that any such payments to the aggrieved party be made over time, provided the repayment period shall not exceed ten (10) years.

(b) If by September 1, 2014, the municipality, county commission and county school board fail to enter into a binding agreement as authorized under subsection (a), the municipality shall owe the county school fund all tax proceeds collected in accordance with § 57-4-301(c) that were received by the municipality and not remitted to the county school fund, as required by § 57-4-301(a)(2)(A), from July 1, 1999, to August 31, 2014. The amount owed the county school fund may be paid in equal installments, but shall not exceed ten (10) years, and shall begin January 1, 2015. The commissioner of revenue shall provide to the municipality, county commission and county school board the amount of the proceeds expended and distributed by the department to the municipality after July 1, 1999. If the municipality fails to remit these proceeds to the county school fund, the county shall notify the commissioner of revenue who shall deliver by certified mail a written notice of such failure to the municipality within five (5) days of notice of the failure to comply.

(c) In the event the municipality shall fail to remit the amount set forth in the notice within sixty (60) days of the receipt of such notice, the commissioner shall, without

further authorization withhold such sum or part of such sum from any state-shared taxes which are otherwise apportioned to the municipality.

SECTION 3. Tennessee Code Annotated, Title 49, Chapter 2, Part 4, is amended by adding the following as a new section:

49-2-4__.

(a)

(1) Notwithstanding any law to the contrary, the municipality's governing body and municipal school board are authorized to negotiate and enter into a binding agreement that addresses the municipality's responsibility to remit certain gross receipt taxes owed by the municipality to the municipal school system if:

(A) At any time a municipality has received from the commissioner of revenue gross receipt taxes collected by the department under § 57-4-301(c) and as authorized by § 57-4-306(a)(2);

(B) Thereafter the municipality operated their own school systems separate from the county school system; and

(C) Thereafter the municipality, acting in good faith did not remit the proceeds required by § 57-4-306(a)(2)(A) to the municipal school system.

(2) Such agreement shall be entered into no later than August 31, 2014 and shall be the final understanding of the obligations between the parties and will not be subject to additional requests or demands. A copy of this agreement shall be filed with the comptroller of the treasury and the commissioner of revenue. Should any party default in the payment of funds due under the agreement, the aggrieved party shall notify the commissioner of the default and the amount of the default; it shall then be the duty of the commissioner to reduce and have paid over to the aggrieved party any state-shared taxes due the

defaulting party a sum sufficient to pay the amount in arrears under the agreement. The commissioner may authorize that any such payments to the aggrieved party be made over time, provided the repayment period shall not exceed ten (10) years.

(b) If by September 1, 2014, the municipality's governing body and municipal school board fail to enter into a binding agreement as authorized under subsection (a), the municipality shall owe the municipal school system all tax proceeds collected in accordance with § 57-4-301(c) that were received by the municipality and not remitted to the municipal school system, as required by § 57-4-301(a)(2)(A), from July 1, 1999, to August 31, 2014. The amount owed the municipal school system may be paid in equal installments, but shall not exceed ten (10) years, and shall begin January 1, 2015. The commissioner of revenue shall provide to the municipality and municipal school board the amount of the proceeds expended and distributed by the department to the municipality after July 1, 1999. If the municipality fails to remit these proceeds to the municipal school system, the municipal school board shall notify the commissioner of revenue who shall deliver by certified mail a written notice of such failure to the municipality within five (5) days of notice of the failure to comply.

(c) In the event the municipality shall fail to remit the amount set forth in the notice within sixty (60) days of the receipt of such notice, the commissioner shall, without further authorization withhold such sum or part of such sum from any state-shared taxes which are otherwise apportioned to the municipality.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring

it.