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Article published Dec 19, 2005

Battle resumes over alternative taxes

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Home builders are against it, counties are hungry for it, and legislators are eyeing it with cautious optimism.

The next session of the Tennessee General Assembly will tell what becomes of a recommendation by a state panel to give greater revenue options to local governments, enabling them to enact adequate facilities taxes, real estate transfer taxes and impact fees without approval from the state Legislature.

Rutherford County resident Tim Powers, one of those who has called on county leaders to find new revenue means to supplement property taxes, thinks the General Assembly should heed the advice of the Tennessee Advisory Commission on Intergovernmental Relations (TACIR).

"To me, it's a no-brainer to allow your local elected officials different tools whereby they can govern Rutherford County," Powers said.

"If they don't, it's going to mean an automatic property tax increase. If they vote no, they're voting yes for a property tax increase."

State Sen. Bill Ketron, a member of TACIR, said the recommendation would likely be given attention early in the next legislative session, which begins Jan. 10.

Ketron, in the last session, carried bills for the adequate facilities tax from Rutherford County and the city of Columbia. The adequate facilities tax would be based on the square footage of new structures.

"Both had been forwarded as resolutions approved by a two-thirds majority from their governing bodies," the threshold which traditionally is seen as warranting General Assembly approval, Ketron said.

Following that tradition has become harder, however, when local government bills involve taxes and state lawmakers fear campaign ads by opponents accusing them of voting for new taxes.

Asked whether he will support legislation based on the TACIR recommendation, Ketron said, "I will wait and see how the leadership, Speakers (Jimmy) Naifeh and (John) Wilder will approach it.

"I don't know if I will support it. I will wait and see what the language is."

State Rep. John Hood expects the TACIR recommendation to come up in some form next year.

"I would presume some legislation will be produced to give those options to the local governments, to give local governments power to initiate those revenue matters without having to go through the Legislature," Hood said.

TACIR Executive Director Harry Green wants individual bills for each measure, the adequate facilities tax, impact fee and real estate transfer tax, Hood said.

The concept of general legislation enabling local government to enact new revenue measures already has the support of House Speaker Jimmy Naifeh, Hood said.

"If Speaker Naifeh sponsors it, it will have a much bigger chance of passing," and Naifeh indicated his willingness to do so at TACIR's September meeting, Hood said.

"I was told by Dr. Green that this was the first time that any speaker of the House has attended a TACIR meeting in its 25-year history," he added.

The Rutherford County Home Builders Association, which joined its state association in opposing the alternative revenue measures in the past session, would oppose the state giving local governments general authority to enact them next year, said outgoing RCHBA president Kevin Marthaler.

"As an association, we would be fully opposed to it," he said. "It takes away any checks and balances from the state level to the local level. The local level would be turned loose to do anything they please."

At the request of the Legislature, TACIR suggested a set of "triggers" or indicators of financial stress suffered by local governments that would allow them to enact the taxes without legislative approval.

County Mayor Allen said such conditions would leave rural counties without the ability to enact the measures even if they were suffering financial stress. She also said officials from other counties appreciated general enabling legislation for the taxes.

"The counties are interested and anxious to see what happens in the next legislative session and plan to attend meetings in support of that action," Allen said. "Several of them appreciated the motion.

"The county mayor's association has passed a resolution to grant greater local autonomy to county governments related to revenue alternatives," she said. "I will be giving that to the commission's steering committee. There are a lot of counties that are in need of revenue alternatives.

"Counties are the subdivisions of the state of Tennessee and are the primary providers of governmental services. And county governments are mandated by the (state) Constitution to provide basic and additional services. There needs to be some mechanism for local governments besides property taxes to raise revenue. They need flexibility in revenue generation."

