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Legislators lean toward alternative form of tax

Rowland relaxes stand on new bill

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A bill to give high-growth counties the option to institute an adequate facilities tax received a tentative nod from state legislators representing Rutherford County.

"If I've not read it, I'm not going to say I will vote for it," state Rep. Donna Rowland said. "But I assure you I will read it, and I will consider it."

Rowland's remarks came Thursday at the Rutherford County Commission's Steering Committee's annual meeting with members of the county's state legislative delegation.

It was the closest Rowland has come to expressing support for the commission's requests for legislation enabling local governments to institute alternative revenue sources, such as the adequate facilities tax, a square-footage based tax assessed on new construction. She previously told commissioners she would only vote for new taxes if they were approved in public referendums.

The General Assembly has been reluctant in recent years to pass legislation helping cash-strapped high-growth counties pay for needs related to growth, such as the half a billion dollars in new schools Rutherford expects to need over the coming decade. Fear of being targeted by political opponents for "voting for new taxes" is considered the main reason.

One member of the public attending the meeting, Judy Homan, said she understands why legislators have been reluctant to pass local revenue legislation, but she feels local governments should have more freedom to act independently of the Legislature.

"I think the state legislators are concerned about checks and balances, and they want to maintain control. I personally feel the state Constitution should give local governments more home rule. I believe the constituency of the local government is the checks and balance on local government."

With work still in progress on the bill's language, none of legislators said they were prepared to vote for the final product.

But most expressed hope that discussions among legislators, groups representing county governments and development industry groups would be able to reach a compromise.

Under the current language of the bill, counties would only have the option to use the adequate facilities tax if growth is such that current property tax rates are unable to sustain the costs of new infrastructure. High-speed growth would "trigger" a county's ability to opt in on the new tax.

County leaders want to replace the county's \$1,500 development fee with an adequate facilities tax as long as it raises enough money to meet local needs.

Among the triggers that have been discussed are a 20 percent increase in population over a 10-year period, said Doug Goddard, executive director of the Tennessee County Commissioners Association, a county lobbying group involved in negotiations over the bill.

"However 'high growth' is defined, you're going to be a part of it," Goddard told Rutherford leaders.

"Over the last five years, you all have gained as many people as the total population of Cheatham County. That's scary."

Rutherford is not alone in needing alternatives to property taxes, he said.

"Shelby County really needs something bad. There are four or five counties on the verge of wanting this. Thirteen are already there."

"One of our key issues in the General Assembly this year is giving you more options to raise money besides having to raise property taxes," Goddard said. "This couldn't be done without the leadership of both houses. They don't want these explosive issues coming to Nashville when they should be handled at home."

State Sen. Bill Ketron, R-Murfreesboro, said legislators are increasingly feeling the pain of county commissioners who want to pay for growth without raising property taxes.

"It's bubbled to the top where the General Assembly does understand," he said. "Now we're emphasizing on taking care of high-growth counties. With triggers and caps, I think there will be a good possibility that this will be acceptable to all sides. ... Based on where it is today, I'd support it."

"I feel like we're headed in the right direction," said state Sen. Jim Tracy, R-Shelbyville. "With triggers and caps, I think you'll get a general consensus. My philosophy is the government closest to the people is the most effective."

"I think the bill is going to be in the best interests of everybody," said state Rep. Kent Coleman, D-Murfreesboro.

Commissioners appreciate the legislators' support.

"This has been an emotional issue for all of us, for you who represent Rutherford County at the state level, and we who represent the county at the local level," committee Chairman Jeff Phillips said.
