

TITLE 5

MUNICIPAL FINANCE AND TAXATION

CHAPTER

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CHAPTER 1

MISCELLANEOUS

SECTION

5-101. Official depository for city funds.

5-101. Official depository for city funds. The city council shall designate by resolution the official depositories for all city funds. (1993 Code, § 6-501, modified)

CHAPTER 2

REAL AND PERSONAL PROPERTY TAXES

SECTION

5-201. When due and payable.

5-202. When delinquent--penalty and interest.

5-201. When due and payable.¹ Taxes levied by the city against real property shall become due and payable annually on the first day of October of the year for which levied. (1993 Code, § 6-101)

5-202. When delinquent--penalty and interest.² All real property taxes shall become delinquent on and after the first day of March next after they become due and payable and shall thereupon be subject to such penalty and interest as is authorized and prescribed by the state law for delinquent county real property taxes.³ (1993 Code, § 6-102)

¹State law references

Tennessee Code Annotated, §§ 67-1-701, 67-1-702 and 67-1-801, read together, permit a municipality to collect its own property taxes if its charter authorizes it to do so, or to turn over the collection of its property taxes to the county trustee. Apparently, under those same provisions, if a municipality collects its own property taxes, tax due and delinquency dates are as prescribed by the charter; if the county trustee collects them, the tax due date is the first Monday in October, and the delinquency date is the following March 1.

²Charter and state law reference

Tennessee Code Annotated, § 67-5-2010(b) provides that if the county trustee collects the municipality's property taxes, a penalty of 1/2 of 1% and interest of 1% shall be added on the first day of March, following the tax due date and on the first day of each succeeding month.

³Charter and state law references

A municipality has the option of collecting delinquent property taxes any one of three ways:

- (1) Under the provisions of its charter for the collection of delinquent property taxes.
- (2) Under Tennessee Code Annotated, §§ 6-55-201--6-55-206.
- (3) By the county trustee under Tennessee Code Annotated, § 67-5-2005.

CHAPTER 3

FISCAL ADMINISTRATION

SECTION

- 5-301. Bank accounts.
- 5-302. Authority to open accounts.
- 5-303. Authorized withdrawals.
- 5-304. Signature cards.
- 5-305. Payment of accounts.
- 5-306. No official as custodian of funds.
- 5-307. Responsibility for cash receipts.
- 5-308. Supervision of fiscal affairs.

5-301. Bank accounts. All monies received by the City of East Ridge, from whatever source, shall be immediately deposited in an appropriate account to be opened in one of the banks operating within the city. (1993 Code, § 6-201)

5-302. Authority to open accounts. All bank accounts for the deposit of municipal funds shall be opened only upon a majority vote of the city council, and a certified copy of the resolution authorizing the opening of the account shall be the authority of the bank for the opening of such account. (1993 Code, § 6-202)

5-303. Authorized withdrawals. Funds from said account shall be withdrawn only by checks or receipts of withdrawal for the transfer of funds from one account to the other and signed by the city manager and the finance director. In the event the city manager and the finance director, or either of them, is not available for the signing of checks or receipts of withdrawal, then those persons designated by the city council are authorized to sign such checks or receipts of withdrawal. (1993 Code, § 6-203)

5-304. Signature cards. Current signature cards showing the authorized signatures of the city manager and finance director shall be furnished to each bank in which a bank account of the city is maintained. (1993 Code, § 6-204)

5-305. Payment of accounts. The city manager and finance director shall sign no checks for the payment of any account of the city unless the check in payment of such account is accompanied by a statement from the creditor approved by the head of the department incurring the account, together with a properly executed purchase order. This requirement shall not apply to the payment of current payrolls or to the payment of principal and interest obligations upon the bonded indebtedness of the city. (1993 Code, § 6-205)

5-306. No official as custodian of funds. No official of the city shall be designated specifically as the custodian of any fund, since all funds of the city are to be maintained in various banks. All officials having authority to sign checks or receipts for withdrawals upon any account of the city shall be bonded in the sum of \$10,000.00. All employees of the city who receipt for cash payments made to the city shall be bonded in the sum of \$5,000.00. (1993 Code, § 6-206)

5-307. Responsibility for cash receipts. The head of each department shall designate the person or persons within a department who are authorized to receive on behalf of the city cash payments for the city, such as but not limited to, receipts for fines, costs, licenses, permits, etc. Such persons so designated by the head of the department shall be responsible for the funds received by them and shall transmit said funds to the finance director. All such employees shall be bonded as set out in the preceding section. (1993 Code, § 6-207)

5-308. Supervision of fiscal affairs. In accordance with the charter of the City of East Ridge, as amended, the city manager shall have general charge of and supervision over all fiscal affairs of the city. He shall designate one clerk in his department to have the sole responsibility for the deposit of all receipts of the city in appropriate accounts. A sufficient number of accounts shall be maintained in the name of the city to properly segregate all funds of the city which are required by law to be segregated. The fiscal clerk herein referred to shall be bonded as required in § 5-306. (1993 Code, § 6-208)

CHAPTER 4

PURCHASING

SECTION

- 5-401. General requirements.
- 5-402. Purchasing agent.
- 5-403. Requirement for bids.
- 5-404. Exceptions.
- 5-405. Capital equipment.
- 5-406. Compliance with municipal purchasing law of 1983.
- 5-407. Delegation.

5-401. General requirements. All purchases for goods and services delivered, procured, provided or leased to the City of East Ridge shall be made by the issuance of a purchase order or signed agreement (contract) between the vendor and the city. The issuance, accountability and payment of purchase orders shall be the responsibility of the city manager pursuant to and in conformity with section 5-I of the East Ridge City Charter as compiled dated December 23, 2008. Contracts for services and goods shall be approved by the city council whenever it is estimated that the proposed expenditure shall exceed ten thousand dollars (\$10,000.00). Such contracts shall be signed by the mayor and city manager. (Ord. #563, Sept. 1993, as amended by Ord. #698, March 2000, and replaced by Ord. #868, Sept. 2009)

5-402. Purchasing agent. Pursuant to § 5-I (10) of the East Ridge City Charter, the city manager is the purchasing agent for the city. The city manager may designate other individuals to exercise the powers of purchasing agent. The city manager shall announce any such designation of an individual to exercise the powers of purchasing agent at a council meeting so that a record of such designation shall appear in the minutes of the city council. (Ord. #563, Sept. 1993)

5-403. Requirement for bids. Department heads as designated by the city manager or by an individual exercising the powers of the purchasing agent may make purchases of not to exceed \$500.00 in any day without the necessity of obtaining written bids or quotations provided such purchase does not have the effect of circumventing the provisions of this chapter. Department heads shall not split invoices with the same vendor in the same day to circumvent the \$500.00 limit. In the event an actual emergency is being addressed, or the time necessary to secure a product or service would interfere with or cause unnecessary delay, a department head may spend up to \$1,500.00 without written bids or quotations. Items which are used on a regular basis that exceed \$500.00 in value should be submitted to the purchasing agent for competitive

bids. The city manager and any individual exercising the powers of purchasing agent shall be required to secure at least three (3) written bids or quotations, if possible, on all purchases made by the city which are over \$500.00 but do not exceed \$5,000.00. The city manager and any individual acting as the purchasing agent shall be required to advertise in a newspaper having general circulation in the city for sealed competitive bids on all purchases made by the city where the amount of the purchase is estimated to be more than \$5,000.00, unless otherwise directed by a majority vote of the mayor and council for reasons as hereinafter provided, as allowed by general state law, or as set forth in this chapter. Bid advertisements shall specify a day and hour for the opening of bids, which day shall be at least ten (10) days from and after the publication of the notice to bid. At the appointed day and hour, the city manager or his designee shall publicly open and record the bids. (Ord. #563, Sept. 1993, as amended by Ord. #698, March 2000)

5-404. Exceptions. The requirements of § 5-403 shall not apply in the following circumstances:

(1) When any goods or services which may not be procured by competitive means because of the existence of a single source of supply or because of a proprietary product are required by the city. A record of all such sole source or proprietary purchases shall be made by the purchasing agent and shall specify the amount paid, the items purchased, and from whom the purchase was made. A report of such sole source or proprietary purchases shall be made as soon as possible to the city council by the city manager and shall include all items of information as required for the record.

(2) To purchases or leases of any supplies, materials or equipment for immediate delivery in actual emergencies arising from unforeseen causes, including delays by contractors, delays in transportation, and unanticipated volume of work. A record of any such emergency purchase shall be made by the purchasing agent authorizing such emergency purchase and shall specify the amount paid, the items purchased, from whom the purchase was made and the nature of the emergency. A report of any emergency purchase shall be made as soon as possible to the city council by the city manager and shall include all items of information as required in the record.

(3) To leases or lease-purchase agreements requiring total payments of less than two thousand five hundred dollars (\$2,500.00) in each fiscal year the agreement is in effect; provided, that this exemption shall not apply to leases of like or related items which individually may be leased or lease-purchased with total payments of less than two thousand five hundred dollars (\$2,500.00) in any fiscal year, but which are customarily leased or lease purchased in numbers of two (2) or more, if the total lease or lease-purchase of the payments for such items under a single agreement would be two thousand five hundred dollars (\$2,500.00) or more in any fiscal year.

(4) To purchases, leases, or lease-purchases of real property.

(5) To purchases, leases, or lease-purchases from any federal, state, or local government unit or agency of secondhand articles or equipment or other materials, supplies, commodities, and equipment; and

(6) Purchases made pursuant to and in conformity with Tennessee Code Annotated, § 12-3-1001 et seq.

(7) To perishable commodities when such items are purchased in the open market. A record of all such purchases shall be made by the purchasing agent authorizing such purchases and shall specify the amount paid, the items purchased, and from whom the purchase was made. A report of such purchases shall be made, at least monthly, by the city manager to the city council and shall include all items of information as required in the record.

(8) Fuel and fuel products may be purchased in the open market without public advertisement, but shall whenever possible be based on at least three (3) competitive bids. Fuel and fuel products may be purchased from the department of general services' contract where available. (Ord. #563, Sept. 1993)

5-405. Capital equipment. No purchases of equipment of a capital nature shall be made without the prior approval of the city council. Equipment, material, facilities or services specified by items in the budget at the time of adoption or as duly amended shall be considered approved for purchase when so designated by the city council. (Ord. #563, Sept. 1993)

5-406. Compliance with municipal purchasing law of 1983. The City of East Ridge shall comply with the Municipal Purchasing Law of 1983 as codified in Tennessee Code Annotated, § 6-56-301, et seq., except as the requirements set forth in this chapter are more stringent than those as set forth in said Act; in such case, the provisions of this chapter shall control as specifically authorized in Tennessee Code Annotated, § 6-56-306. (Ord. #563, Sept. 1993)

5-407. Delegation. Department heads may delegate purchasing responsibility up to the limits established herein when such delegation has been approved by the purchasing agent. (Ord. #563, Sept. 1993)

CHAPTER 5**PRIVILEGE TAXES****SECTION**

5-501. Tax levied.

5-502. License required.

5-501. Tax levied. Except as otherwise specifically provided in this code, there is hereby levied on all vocations, occupations, and businesses declared by the general laws of the state to be privileges taxable by municipalities, an annual privilege tax in the maximum amount allowed by state laws. The taxes provided for in the state's "Business Tax Act" (Tennessee Code Annotated, § 67-4-701, et seq.) are hereby expressly enacted, ordained, and levied on the businesses, business activities, vocations, and occupations carried on within the city at the rates and in the manner prescribed by the act. (1993 Code, § 6-301)

5-502. License required. No person shall exercise any such privilege within the city without a currently effective privilege license, which shall be issued by the recorder to each applicant therefor upon the applicant's compliance with all regulatory provisions in this code and payment of the appropriate privilege tax. (1993 Code, § 6-302)

CHAPTER 6

WHOLESALE BEER TAX

SECTION

5-601. To be collected.

5-601. To be collected. The city manager is hereby directed to take appropriate action to assure payment to the city of the wholesale beer tax levied by the "Wholesale Beer Tax Act," as set out in Tennessee Code Annotated, title 57, chapter 6.¹ (1993 Code, § 6-401)

¹State law reference

Tennessee Code Annotated, title 57, chapter 6 provides for a tax of 17% on the sale of beer at wholesale. Every wholesaler is required to remit to each municipality the amount of the net tax on beer wholesale sales to retailers and other persons within the corporate limits of the municipality.

CHAPTER 7

OCCUPANCY TAX ON HOTELS AND MOTELS

SECTION

5-701. Definitions.

5-702. Privilege tax levied; use.

5-701. Definitions. As used in this chapter, unless the context otherwise requires:

(1) "Consideration" means the consideration charged, whether or not received, for the occupancy in a hotel valued in money, whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits, property and services of any kind or nature without any deduction therefrom whatsoever. Nothing in this definition shall be construed to imply that consideration is charged when the space provided to the person is complimentary from the operator and no consideration is charged to or received from any person.

(2) "Hotel" means any structure or space, or any portion thereof, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist camp, tourist court, tourist cabin, motel or any place in which rooms, lodgings or accommodations are furnished to transients for a consideration.

(3) "Occupancy" means the use or possession, or the right to use or possession, of any room, lodgings or accommodations in any hotel.

(4) "Operator" means the person operating the hotel whether as owner, lessee or otherwise.

(5) "Person" means any individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate or any other group or combination acting as a unit.

(6) "Transient" means any person who exercises occupancy or is entitled to occupancy of any rooms, lodgings or accommodations in a hotel for a period of less than thirty (30) continuous days. (as added by Ord. #779, Jan. 2005, repealed by Ord. #781, Feb. 2005, and replaced by Ord. #782, March 2005)

5-702. Privilege tax levied; use. (1) Pursuant to the provisions of Tennessee Code Annotated, §§ 67-4-1401 through 67-4-1425, there be and is hereby levied a privilege tax upon the privilege of occupancy in any hotel of each transient. From and after the operative date of the ordinance comprising this section the rate of the levy shall be four percent (4%) of the consideration charged by the operator. This privilege tax shall be collected pursuant to and subject to the provisions of these statutory provisions. The city finance director or his designee is designated as the authorized collector to administer and

enforce this section and these statutory provisions. The city finance director is specifically authorized to contract with Hamilton County for collection of the tax enacted herein.

(2) The proceeds received from this tax shall be designated for the development and implementation of public improvements and the general obligations of the city. The proceeds shall be placed in the city's debt service fund. (as added by Ord. #779, Jan. 2005, repealed by Ord. #781, Feb. 2005, and replaced by Ord. #782, March 2005, and Ord. #911, March 2012)