




HISTORIC
FRANKLIN
TENNESSEE

ITEM #11
WRKS 04/23/13

MEMORANDUM

April 15, 2013

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator 
Russ Truell, Asst. City Administrator/CFO
Steve Sims, Business Process Improvement Manager

SUBJECT: Interlocal Agreement – Billing/Collection of Property Tax by Trustee

Purpose

The purpose of this memorandum is to update previously provided information to the Board of Mayor and Aldermen (BOMA) for transferring billing/collection of property taxes to the Williamson County Trustee.

Background

Discussions have occurred among representatives from the Williamson County Trustee's Office, Tennessee Comptroller's Office, the City of Brentwood, the City of Franklin, Delinquent Tax Attorney, software vendor and the bill presenter. These meetings were successful and an agreement is being drafted by the Attorneys to reflect the terms. It is expected that the document will be presented to the Williamson County Tax Study Committee on April 17th and the County Commission's Budget Committee on May 6th. This will lead to presentation for approval to the full Commission on May 13th.

Options

Based on guidance received at the April 9, 2013 Worksession, city staff is working with the Trustee's office on the draft agreement. We are proposing that the initial term be for five (5) years beginning July 1, 2013 which may be extended by written agreement for three (3) additional terms of five (5) years each. This agreement will provide for termination for convenience by either party. The current draft reflects a tri-party agreement and is provided as of today. However, we expect this to change to one that reflects an agreement between the County and each city. It is expected that document will be available by the time this is presented at Worksession on April 23rd.

Recommendation

Staff recommends that the BOMA approve an Interlocal Agreement for the collection of City property taxes by the County Trustee in an agreement between the City of Franklin and the Williamson County Trustee. Furthermore, it is recommended that approval be made pending final review by the City Administrator, City Attorney and County Attorney.

TRANSFER OF RESPONSIBILITY FOR BILLING and COLLECTING PROPERTY TAXES

ATTACHMENT 1

OPPORTUNITIES

SINGLE POINT OF CONTACT
ONE STATEMENT (jurisdictional separation)
SINGLE PAYMENT
EXPANDED PAYMENT OPTIONS
TAX RELIEF AT SINGLE POINT
DELINQUENCY & BANKRUPTCY ACTIONS
SUSTAINABILITY (paper, gas, time, traffic)
REDUCE SOFTWARE and SUPPORT BY CITY
REDUCED WEB MAINTENANCE REQUIREMENTS
STAFF ALIGNMENT

CHALLENGES

CUSTOMER COMMUNICATION
TIMING
PRIOR YEAR DELINQUENCIES
REPORTING
CASH FLOW
AUDIT
PUBLIC ACCESS TO PRIOR YEAR DATA (title companies)
DATA MANAGEMENT
SOFTWARE MODIFICATION

FINANCIAL IMPACT

GOAL IS EXPENSE NEUTRAL

TIMELINE

TRUSTEE TO ISSUE BILLS STARTING OCTOBER 1, 2013

CONCURRENCE ATTAINED

ENHANCE SERVICE TO CUSTOMERS
NO "DEAL BREAKERS" IDENTIFIED TO DATE
COMMUNICATIONS BY ALL PARTIES REQUIRED
TRUSTEE TO BILL/COLLECT ALL
TRUSTEE FEE BASED ON LEVEL OF EFFORT
EFFECT CHANGES THIS YEAR
CITY WILL HANDLE INFRASTRUCTURE ASSESSMENTS

OUTSTANDING ISSUES

TRUSTEE'S FEE
SOFTWARE MODIFICATIONS REQUIRED
LEGAL REVIEWS
DELINQUENCIES
STATEMENT LAYOUT
ATTAIN CONCURRENCE FROM LEGISLATIVE BODIES

**INTERLOCAL AGREEMENT BETWEEN WILLIAMSON COUNTY, TENNESSEE AND
THE CITY OF FRANKLIN, TENNESSEE FOR THE COLLECTION OF PROPERTY TAXES**

THIS INTERLOCAL AGREEMENT, ("Agreement"), is entered into by and between WILLIAMSON COUNTY, TENNESSEE, ("County"), a political subdivision of the State of Tennessee, located at 1320 West Main Street, Franklin, Tennessee, 37064, and the CITY OF FRANKLIN, TENNESSEE, ("Franklin"), a municipal government located at 109 Third Avenue South, Franklin, Tennessee, 37064.

NOW THEREFORE, in consideration of the mutual promises contained herein, the sufficiency of which is hereby acknowledged, the parties agree as follows:

I. Purpose of Agreement. The purpose of this Interlocal Agreement is to set forth the obligations of Franklin and County for the transfer of the obligation to collect Franklin's municipal property taxes for a per parcel fee.

II. Authority. This Agreement is made and entered into pursuant to the authority granted to the parties under the *Interlocal Cooperation Act*, Tennessee Code Annotated Sections 12-9-101, et seq., and the parties agree that all approvals and filings required by the terms of the Act shall be achieved as soon as possible from and after the execution of this Agreement. The authority for the County to collect municipal property taxes is found under Tennessee Code Annotated Sections 67-5-1801, et seq.

III. Franklin's Responsibilities.

- A. Franklin shall individually develop, implement, and fund a plan to advertise and educate their respective property owners concerning the transfer of responsibilities to collect Franklin's municipal property taxes. The plan shall include a detailed explanation of the change in the process to assess and collect municipal property taxes as well as the means of paying the municipal property taxes. Franklin shall provide a copy of the plan to the County Trustee prior to implementing the plan to provide the Trustee the opportunity to comment on the proposed plan.
- B. Franklin shall cooperate with the County in the provision of a link to Franklin's websites to be included on the Williamson County website and links to the County's webpage from Franklin's webpages.
- C. Franklin shall continue to receive and respond to inquiries and questions from citizens regarding all aspects of the collection of municipal property taxes.
- D. Franklin shall cooperate and assist County in responding to inquiries and questions concerning the collection of municipal property taxes that the County receives from property owners within Franklin's jurisdictions. Should the County be unable to respond to an inquiry or question received from a property owner within Franklin's jurisdiction, then County shall forward the inquiry or question to Franklin to respond.
- E. Franklin shall pay a per parcel fee to the County for the collection of municipal property taxes.
- F. Franklin shall cooperate with creating new property tax statements and provide County with reporting and data information concerning municipal property taxes for reports and balancing collection data. Franklin shall be responsible for providing template reports to the County to enable the County to provide Franklin with reports that County has agreed to provide to Franklin.
- G. Franklin in cooperation with County shall establish notification protocols to ensure all parties to a bankruptcy are properly notified, including notification to the County Delinquent Tax Attorney.
- H. Franklin shall cooperate with County concerning all aspects for the transfer of the responsibility of collecting municipal property taxes on the behalf of Franklin.
- I. Franklin shall comply with County procedures and guidelines created pursuant to this Agreement or related to the services provided by County under this Agreement.
- J. Franklin shall continue to be solely responsible for the assessment, billing, and collection as well as all other duties related to fees collected through the Sewer Assessment District that Franklin is conducting at the time this Agreement is executed by the parties.
- K. Franklin shall be responsible for the assessment, billing, and collection of fees as well as all other responsibilities required to collect fees for future assessment projects.
- L. Franklin shall implement safeguards against the collection of their municipal property taxes. Brentwood and Franklin shall immediately remit the received property taxes to the Trustee's Office.

IV. County's Responsibilities.

- A. The County shall include a link to Franklin's webpage from its Trustee's webpage.
- B. The County shall be responsible for the provision of personnel, equipment, and other needed resources required for the assessment and collection of municipal property taxes on behalf of Franklin.

- C. The County shall be responsible for contacting the County software vendor to incorporate Franklin's tax data including, but not limited to, delinquent amounts, rollback amounts, tax relief, and tax rates into the tax program used by the Trustee. These obligations are continuous and shall be provided on a periodic basis in response to County's request.
- D. The County shall obtain services to assist in the collection of Franklin's municipal property taxes.

V. Trustee's Responsibilities.

- A. Assessment of the property tax rates. The Trustee shall receive the tax assessment from the Williamson County Assessor concerning those properties lying within Franklin's jurisdiction.
- B. Billing. The Trustee shall be responsible for the following:
 - 1. Issue municipal property tax bills starting in October of each tax year;
 - 2. Send delinquent municipal property tax notices and bills to those property owners who have delinquent taxes;
 - 3. Record the assessment and issue municipal property tax bills for both locally and State assessed properties including railroads and public utility entities;
 - 4. Send bills concerning any properly authorized Payment-In-Lieu-of-Taxes programs existing within Franklin's jurisdiction;
 - 5. Provide bankruptcy postings to the tax records; and
 - 6. Provide notice to Franklin of all due dates, penalty dates, and delinquent dates for all property taxes collected by the Trustee to post on their respective webpages.
- C. Adjustment to Property Tax Rates. The Trustee shall process adjustments received from the Williamson County Property Assessor and shall post and process adjustments concerning roll back and tax relief programs.
- D. Collection of Taxes. The Trustee shall be responsible for the following:
 - 1. Collect each year's municipal property taxes on behalf of Franklin including collecting partial taxes if authorized;
 - 2. Collect delinquent municipal property taxes in the same manner the Trustee collects delinquent County property taxes;
 - 3. Process municipal property tax overpayments and refunds;
 - 4. Apply the pay procedure that permits the application of municipal property tax payments when prior year property taxes are due;
 - 5. Collect partial taxes on behalf of Franklin if a resolution by the party's legislative body authorizing the collection of partial property taxes was adopted; and
 - 6. Create a process and define safeguards that Franklin shall implement to address property taxes that are paid directly to Franklin. Franklin shall immediately remit the received property taxes to the Trustee's Office.
- E. Delinquent Property Taxes. The Trustee shall issue delinquent property tax bills and receive delinquent payments. The Trustee will work with the County Delinquent Tax Attorney to seek payment of delinquent municipal property taxes and post property maintenance liens when the Trustee deems appropriate. The Trustee shall apply the same interest and penalties on behalf of Franklin on a monthly basis for those municipal property taxes that are delinquent as provided in *Tennessee Code Annotated Section 67-5-2010*.
- F. Tax Relief. The Trustee shall be responsible for the following:
 - 1. Maintain and administer applicable tax relief programs; and
 - 2. Contact Franklin of any changes to property tax relief status for parcels located within Franklin's jurisdiction to permit it to offer free residential trash services.
- G. Remittance of Property Taxes to Cities. Remit collected property taxes to the taxing jurisdiction received on behalf of Franklin by the 13th of each month unless County provides notice to Franklin of an event that will delay payment and the reason for the delay.

VI. Data Management.

- A. Joint Obligations.
 - 1. The parties shall cooperate to establish a schedule and plan for the issuance of annual municipal property tax notices.
 - 2. The parties shall cooperate to establish a process for handling and combining data for reporting purposes.
 - 3. Franklin shall define reporting requirements so that the NextGen Trustee system can be modified to permit the ability to obtain Franklin or County property tax information.
 - 4. Franklin shall provide all required data requested from the County.
- B. Trustee's Obligations.
 - 1. Obtain and load tax files received from the Williamson County Property Assessor.

2. Obtain and load tax history files which, at the discretion of the Trustee, may be a "static" file for prior year paid property taxes.
3. Maintain separate County and City files concerning State Application Credit Vouchers. The parties shall cooperate in maintaining the separate files.
4. Maintain data to provide the ability to distinguish applicable taxing districts including the existence of assessment districts.

VII. Trustee's Fee.

- A. Franklin shall pay County a per parcel fee of \$4.00 on an annual basis prior to October 1, of each year for the collection of municipal property taxes on behalf of the municipality. Each parcel within Franklin shall be counted toward calculating the total amount to be paid to the County.
- B. The Parties agree to cooperate in future negotiations should it later be determined that an increase in the per parcel fee is supported by increased costs of the County collecting municipal property taxes on behalf of Franklin.
- C. Should Franklin fail to pay the per parcel fee prior to October 1st of each year, the County shall be under no obligation to collect Franklin's municipal property taxes until all amounts due to the County from Franklin are paid in full.

VIII. Term. The initial term of this Agreement shall be effective on the date this Agreement is fully executed by the parties and shall continue for a period of five years beginning on July 1, 2013 and, unless extended by the parties, expiring on June 30, 2018. The parties may agree to extend the Agreement by written agreement for 3 additional terms of 5 years each.

IX. Termination.

- A. **Breach.** Should any party fail to fulfill in a timely and proper manner a material obligation under this Agreement or if any party should violate a material term of this Agreement, the non-breaching party shall provide the breaching party with notice of the breach. The breaching party will then have seven calendar days from the receipt of the notice to cure the breach. Upon breach or default of any of the provisions set forth herein, the non-breaching party shall be entitled to any and all damages and other equitable relief permitted under the laws of the State of Tennessee.
- B. **Termination for Convenience.** The parties may terminate this Agreement upon written agreement. Termination shall take effect on the final date of the current term or on a date agreed by the County and Franklin. Such termination shall not affect in any manner any prior existing obligations between the parties.

X. Cost. Unless otherwise provided herein, each party shall be responsible for its own cost for the satisfaction of the obligations set forth herein.

XI. Cooperation. The parties agree to cooperate fully in order to successfully execute the terms and conditions of this Agreement including obtaining all regulatory and governmental approvals required by this Agreement recognizing that the intent of each party to the other is to serve the individual interests of each party while respecting the conditions and obligations of this Agreement.

XII. Limitation on Liability. Each party shall be responsible for its own actions, and the actions of its employees, contractors, subcontractors, and agents, conducted pursuant to this Agreement. Neither party shall be liable for claims against the other party unless liability is imposed under the Tennessee Governmental Tort Liability Act.

XIII. General Terms.

- A. **Choice of Law and Forum.** This Agreement shall be exclusively governed by the laws of the State of Tennessee. In the event that any section and/or term of this Agreement, or any exhibits hereto, becomes subject to litigation, the venue for such action will be exclusively maintained in a court of competent jurisdiction sitting in Williamson County, Tennessee.
- B. **Notices.** All notices, demands and requests to be given hereunder by either party shall be in writing and must be sent by certified or registered mail and shall be deemed properly given if tendered at the address below or at such other address as either party shall designate by written notice to the other.

County: **WILLIAMSON COUNTY, TENNESSEE**
County Administrative Complex
1320 West Main Street, Suite 125

Franklin, TN 37064
Attn: County Mayor

Franklin: **CITY OF FRANKLIN**
Franklin City Hall
109 Third Ave. South
Franklin, TN 37064
Attn: City Mayor

- C. **Entire Agreement and Modifications in Writing.** This Agreement and any exhibits included herewith at the time of execution of this Agreement contain the entire agreement between the parties, and no statement, promises, or inducements made by either party or agent of either party that is not contained in this written Agreement shall be valid or binding; and this Agreement may not be enlarged, modified, or altered except in writing and signed by the parties and attached hereto.
- D. **Dispute Resolution.** The parties agree to participate in good faith non-binding mediation in an attempt to resolve any disputes. Notwithstanding the foregoing statement, any claims, disputes or other matters in question between the parties to this Agreement, arising out of or relating to this Agreement or breach thereof, shall be subject to and decided by a court of law.
- E. **Assignment.** The rights and obligations of this Agreement are not assignable.
- F. **Waiver.** No waiver of any provision of this Agreement shall be valid unless in writing and signed by the parties against who charged.
- G. **Headings.** The headings in this Agreement are for convenience and reference and are not intended to define or limit the scope of any provision of this Agreement.
- H. **Employment Practices.** Neither party shall subscribe to any personnel policy which permits or allows for the promotion, demotion, employment, dismissal or laying off of any individual due to race, creed, color, national origin, age, sex or which is in violation of applicable laws concerning the employment of individuals with disabilities. The parties shall not knowingly hire any unauthorized employees or fail to comply with record keeping requirements set forth in the Federal Immigration Reform and Control Act of 1986, Chapter 878 of the 2006 Tennessee Public Acts and all other applicable laws.
- I. **Relationship Between the Parties.** The relationship of the parties shall be that of an independent Contractor. No principal-agent or employer-employee relationship is created by this Agreement. The parties hereto shall not hold itself out in a manner contrary to the terms of this paragraph. No party shall become liable for any representation, act or omission of any other party contrary to the terms of this paragraph.
- J. **Severability.** If any one or more of the covenants, agreements or provisions of this Agreement shall be held contrary to any expressed provisions of law or contrary to any policy of expressed law, although not expressly prohibited, or contrary to any express provision of public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Agreement.
- K. **Specific Performance.** The parties recognize that the rights afforded to each under this Agreement are unique and, accordingly, County shall, in addition to such other remedies as may be available to them in equity, have the right to enforce their respective rights hereunder by an action for injunctive relief and/or specific performance to the extent permitted by law.
- L. **Compliance with Laws.** The parties shall comply with all laws of the United States of America, the State of Tennessee, and local laws and shall secure all necessary permits and licenses and keep the same in force during the term of this Agreement.
- M. **Effective Date.** This Agreement shall not be binding upon the parties until it has been properly approved by the legislative bodies of the respective parties, it has then been signed first by the authorized representatives for Franklin and then by the authorized representatives of Williamson County and has been filed in the office of the County Mayor. When it has been so signed and filed, this contract shall be effective as of the date written below.

IN WITNESS WHEREOF, the County and the City have executed this Agreement effective as of the date and year written below.

ATTEST:

WILLIAMSON COUNTY, TENNESSEE

BY: _____

BY: _____

DATE: _____

DATE: _____

APPROVED AS TO FORM AND LEGALITY:

Williamson County Attorney

ATTEST:

BY: Eric S. Stuckey, City Administrator

DATE: _____

APPROVED AS TO FORM AND LEGALITY:

City of Franklin Attorney

CITY OF FRANKLIN, TENNESSEE

BY: Dr. Ken Moore, Mayor

DATE: _____

Resolution No. _____
Requested by: County Trustee

**RESOLUTION AUTHORIZING THE WILLIAMSON COUNTY MAYOR TO ENTER INTO AN
INTERLOCAL AGREEMENT WITH THE CITY OF FRANKLIN CONCERNING THE
COLLECTION OF MUNICIPAL PROPERTY TAXES**

- WHEREAS,** Williamson County, ("County"), and the City of Franklin, ("Franklin"), are both local governmental entities of the State of Tennessee and, as such, are authorized to enter into an interlocal agreement pursuant to *Tennessee Code Annotated, Section 12-9-104*; and
- WHEREAS,** currently Franklin collects their own municipal property taxes; and
- WHEREAS,** *Tennessee Code Annotated, Section 67-5-1801, et. seq.* authorizes a County Trustee to collect municipal property taxes on behalf of municipalities within the boundaries of the collecting county; and
- WHEREAS,** the terms of the interlocal define the obligations concerning collection of municipal property taxes, collection of delinquent municipal taxes, and establishment of a per parcel fee of \$4.00 for the provision of services provided on behalf of Franklin; and
- WHEREAS,** the parties desire to cooperate to transfer the responsibility to collect Franklin's municipal property taxes as well as a development of a plan to educate the public concerning the change in the process to collect the municipal property taxes; and
- WHEREAS,** finding it to be in the best interest of the citizens of Williamson County, the Williamson County Board of Commissioners authorizes the County Mayor to enter into the interlocal agreement with the City of Franklin concerning the collection and remittance of municipal property taxes:

NOW, THEREFORE, BE IT RESOLVED, that the Williamson County Board of Commissioners, meeting in regular session, this the 13th day of May, 2013, hereby authorizes the Williamson County Mayor to execute the interlocal agreement and all other documents with the City of Franklin to define the rights, obligations and responsibilities of the parties to transfer the responsibility concerning the collection of municipal property taxes for an annual per parcel fee of \$4.00 and the rights, duties and obligations of each party in the continued effort in collection and remittance of the municipal property taxes.

Doug Langston - County Commissioner

COMMITTEES REFERRED TO & ACTION TAKEN:

Tax Study Committee	For _____	Against _____		
Budget Committee	For _____	Against _____		
Commission Action Taken	For _____	Against _____	Pass _____	Out _____

Elaine Anderson, County Clerk

Jack Walton - Commission Chairman


Rogers C. Anderson - County Mayor

Date



March 30, 2013

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator 
Russ Truell, Asst. City Administrator/CFO
Steve Sims, Bus. Process Improvement Mgr.

SUBJECT: Interlocal Agreement – Billing/Collection of Property Tax by Trustee

Purpose

The purpose of this memorandum is to provide information to the Board of Mayor and Aldermen (BOMA) about the potential for transferring billing/collection of property taxes to the Williamson County Trustee.

Background

The City of Franklin currently bills and collects property taxes for properties in the city limits and the County Trustee issues bills and collects for properties in the unincorporated areas, the Franklin Special School District (FSSD) as well as some municipalities. This results in confusion by our citizens since they receive multiple statements. This confusion has occasionally resulted in actions taken by the city or the county to seek restitution thru the Clerk & Master's Delinquent Tax Attorney as only one of the bills is paid. In addition, both the City and the County maintain staffs doing about the same activities and answering many of the same questions. Subsequent to our initial conversation, an invitation was extended for the City of Brentwood to join the City of Franklin in exploring the opportunity of having the County Trustee collect city property taxes. They are now evaluating this.

By statute, the Trustee may perform this work in municipalities and obtain compensation from the municipality for this service. The fee that is to be charged will allow the Trustee to be compensated at a rate that can be in line the expenses associated with providing the service.

Discussions have occurred and a meeting was held on March 26, 2013 to discuss this opportunity and identify issues confronting us. That meeting had representatives from the County, TN Comptroller, City of Brentwood, City of Franklin, Delinquent Tax Attorney, software vendor and the bill presenter. Attachment 1 highlights some of the considerations for this transfer as addressed at that meeting.

Options

Staff recognizes a couple of options.

- Abandon discussions and continue with the current practices.
- Continue with discussions and keep BOMA informed of progress

Recommendation

Staff recommends we continue to seek an amicable solution that benefits our citizens and results in an Interlocal Agreement for the collection of City property taxes by the County Trustee for BOMA approval.