




HISTORIC
FRANKLIN
TENNESSEE

MEMORANDUM

August 9, 2011

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator 
Kristen L. Corn, Staff Attorney

SUBJECT: Resolution 2011-37, Authorizing the City's Joint Participation with the County Regarding Joint Bids on Delinquent Tax Items

Purpose

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with information to consider Resolution 2011-37, authorizing the City of Franklin's joint participation with Williamson County regarding joint bids on delinquent tax items.

Background

In Tennessee, the law provides that delinquent taxes will be recovered by counties and cities by way of a delinquent tax lawsuit. Upon the filing of the lawsuit, the County Clerk and Master collects the delinquent taxes, plus statutory interest and penalty, court costs and attorney fees. By April 1 of each year, a lawsuit has been filed for collection of property taxes unpaid for the previous two years. For example, an April 2011 lawsuit was filed was against delinquent taxpayers for taxes due for the tax year 2009.

When these delinquent taxes are not satisfied even after this suit, the property may be sold at auction. Although it is quite common for private purchasers and banks owed money to attend tax sales, cities and counties are authorized to bid at any tax sale in order to ensure that the amount bid on the property will satisfy at least the taxes owed. State law allows cities and counties to bid on these properties jointly and to execute contracts necessary or incidental to these joint bids.

As of the date of this memo, there are seven (7) properties ready for tax sale on which both County and City taxes are owed. Outstanding City taxes on these properties are approximately \$6,500.00. In addition, there is one property with a cleanup lien totaling over \$13,000.00. Although it is highly likely that the taxes will be paid prior to the tax sale date or a private bidder will bid far higher than the amount of the taxes owed, this Resolution would authorize the City to enter into a contract to prepare for the need for the County and City to bid on the properties. If purchased, the contract would also provide for disposal of the properties. The County Commission adopted a similar resolution in June 2010.

Financial Impact

There is little to no financial impact to this resolution. Without adoption of the Resolution, the City would still be authorized to bid on properties with outstanding taxes; however, this Resolution may simplify the process by allowing the City and County to bid jointly.

Recommendation

Recommendation of Resolution 2011-37, as presented, is recommended.

RESOLUTION 2011-37

A RESOLUTION AUTHORIZING THE CITY OF FRANKLIN'S JOINT PARTICIPATION WITH WILLIAMSON COUNTY REGARDING JOINT BIDS ON DELINQUENT TAX ITEMS

WHEREAS, *Tennessee Code Annotated* §67-5-2508 provides that counties, cities, towns, taxing districts or other municipal corporations may jointly bid at delinquent tax sales, if expressly authorized, and to execute all contracts necessary or incidental to such joint bids; and

WHEREAS, the Board of Mayor and Aldermen of the City of Franklin desires to participate in joint bids with Williamson County on delinquent tax items involving both County and City taxes; and

WHEREAS, the Williamson County Board of Commissioners resolved, by Resolution 6-10-13, to authorize the County to participate in joint bids with the City of Franklin and to execute all contracts necessary or incidental to such bids for delinquent tax items concerning both County and City taxes; and

WHEREAS, the Board of Mayor and Aldermen has determined that it is in the interest of the citizens of the City of Franklin to authorize the City to participate in joint bids with Williamson County and to execute all contracts necessary or incidental to such bids for delinquent tax items concerning both County and City taxes.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE THAT:

Section 1. The Board of Mayor and Aldermen of the City of Franklin hereby authorizes the City of Franklin to participate in joint bids with Williamson County and authorizes the City Administrator or Mayor to execute contracts and all other documents necessary or incidental to the bidding and purchase of property involving both Williamson County and City of Franklin taxes.

Section 2. This Resolution shall take effect upon passage, the welfare of the citizens of the City of Franklin requiring it.

ADOPTED THIS ____ DAY OF _____, 2011.

ATTEST:

CITY OF FRANKLIN, TENNESSEE

By: _____
ERIC S. STUCKEY
City Administrator

By: _____
DR. KEN MOORE
Mayor

Approved as to form by:


Kristen L. Corn, Staff Attorney