

Bond Case Briefs

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Sullivan County v. City of Bristol

Supreme Court of Tennessee, at Knoxville - May 8, 2019 - S.W.3d - 2019 WL 2022367

County and county board of education brought separate actions against cities for declaratory judgment and damages with respect to cities' liquor-by-the-drink (LBD) tax proceeds, which county and board of education contended cities were required to share pro rata among all schools in county, rather than only among schools in cities' separate municipal school systems.

Actions were consolidated. The Chancery Court granted summary judgment to cities. County and board of education appealed. Case was consolidated with similar ones for oral argument only. The Court of Appeals affirmed. City and board of education appealed by permission.

The Supreme Court held that local education provision of tax distribution statute directed cities to expend and distribute LBD tax proceeds in support of their own municipal school systems.

Local education provision of distribution statute for liquor-by-the-drink (LBD) tax, which required municipalities with their own school systems to expend and distribute half of their LBD tax proceeds "in the same manner as the county property tax for schools [was] expended and distributed," did not require cities with their own school systems to share half of their LBD tax proceeds with county and other school systems in county pro rata, rather, provision directed cities to expend and distribute LBD tax proceeds in support of their own municipal school system in same way that county property tax for schools was expended and distributed in municipalities.