

Bond Case Briefs

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Washington County School System v. City of Johnson City

Supreme Court of Tennessee, at Knoxville - May 8, 2019 - S.W.3d - 2019 WL 2022368

County school district brought action against city alleging that county did not receive its allocated share of the tax revenue designated for education that was generated by liquor-by-the-drink (LBD) sales in the city. County intervened.

The Chancery Court granted summary judgment in favor of plaintiffs. City filed interlocutory appeal. The Court of Appeals reversed and granted summary judgment in favor of city. Plaintiffs appealed.

The Supreme Court held that local education provision of LBD sales tax distribution statute did not require city to share half of its LBD tax proceeds with the county pro rata.

Local education provision of liquor-by-the-drink (LBD) sales tax distribution statute, requiring municipalities to expend and distribute one-half of their LBD tax proceeds in the same manner as the county property tax for schools was expended and distributed by the county, did not require city to share half of its LBD tax proceeds with the county and other school systems in the county pro rata; rather, the provision directed city to expend and distribute the education portion of its LBD tax proceeds in support of its own municipal school system.