

Bond Case Briefs

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Sherman v. Atlanta Independent School System

Supreme Court of Georgia - June 3, 2013 - S.E.2d - 2013 WL 2372192

Plaintiff brought action against school system and development authority, alleging that school taxes were diverted to development authority to fund city's tax allocation district (TAD) in violation of Educational Purpose Clause.

The Supreme Court of Georgia held that original resolutions of school board and the other local government acts approving the use of school taxes in tax allocation increments for TADs were not unconstitutional and remained effective.

Although the original resolutions of school board and the other local government acts approving the use of school taxes in tax allocation increments for city's TAD had previously been deemed unconstitutional by the Supreme Court of Georgia, that ruling was prior to constitutional amendment that allowed the General Assembly to enact a general law permitting the use of school tax funds to fund redevelopment purposes and programs, including the payment of debt service on tax allocation bonds, notwithstanding the Educational Purpose Clause or any other provision of the Constitution.

The subsequent constitutional amendment and revision of the statute governing TADs changed the applicable law, and those changes were expressly made retroactive with respect to the county, city, and local board of education approvals needed to use school taxes for redevelopment purposes.