

Bond Case Briefs

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Blount County Board of Education v. City of Maryville

Supreme Court of Tennessee, at Knoxville - May 8, 2019 - S.W.3d - 2019 WL 2022364

County board of education brought action against cities for declaratory judgment and damages with respect to cities' liquor-by-the-drink (LBD) tax proceeds, which 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.

The Chancery Court granted summary judgment to cities. Board of education appealed. Case was consolidated with similar ones for oral argument only. The Court of Appeals affirmed. 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, and
- County was required to expend and distribute half of its LBD tax proceeds pro rata among all of the local school systems in the county, including cities with their own separate 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 Commissioner of Tennessee Department of Revenue to remit LBD tax proceeds from cities with their own school systems directly to county trustee for pro rata distribution among county school system and other school systems in County, 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.

County that received liquor-by-the-drink (LBD) tax proceeds from private club LBD sales was required to expend and distribute half of its LBD tax proceeds "in the same manner as the county property tax for schools [was] expended and distributed" by the county, which was pro rata among all of the local school systems in the county, including cities located in the county which had their with their own separate school systems, although such cities were not required to do the same with their own LBD tax proceeds; disparity was understandable, and was within Legislature's prerogative, because cities' citizens were necessarily also county's citizens, but county citizens who lived outside cities were not cities' citizens.