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Local Option Budgeting Law of 1993

Dear Reader:

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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Local Option Budgeting Law of 1993

Reference Number: CTAS-701

This act, codified at T.C.A. §§ 5-12-201 through 5-12-217, provides an optional budgeting procedure for all county departments that are funded from county appropriations. It may be adopted by a two-thirds vote of the county legislative body pursuant to T.C.A. § 5-12-201.

This act provides a system through which a county may develop a consolidated budget for all county appropriations, adopt a tax rate and appropriation resolution to fund that budget, and specifies a deadline by which these actions must be taken. In brief outline, this procedure begins no later than February 1 of each year when the county mayor distributes to each department budget forms upon which to submit a proposed budget. T.C.A. § 5-12-206. Additionally, the county mayor furnishes estimated revenue information to the departments of education and highways, based upon the assessor's estimation of property valuation on or before March 15. The assessor is required to furnish his best estimate of the actual assessed value of all taxable property within the county for the ensuing year to the county mayor before March 15. T.C.A. § 5-12-207. All departments, offices and agencies are required to submit a proposed budget to the county mayor or, if a finance director, director of accounts and budgets, or similar person is provided by law, to that official by March 1. Along with their proposed budgets, the departments of education and highways must also submit a form tax rate resolution showing how much property tax they are requesting to fund their budgets. Departments, offices and agencies are authorized to alter or amend their submitted budgets any time prior to when the proposed budget is submitted to the county legislative body. However, the county mayor or budget committee decides whether to allow submission of changes to the proposed budgets after the consolidated budget is submitted to the county legislative body but prior to final approval. T.C.A. § 5-12-208. Procedures for resolving disputes regarding changes made to the proposed budgets submitted by the various departments, offices and agencies are addressed in T.C.A. § 5-12-209.

This act can work in conjunction with either of the other two local option budget laws or with private acts. The only portion of this budgeting plan that cannot be superseded by other general law or private act adopted by the county is found in T.C.A. § 5-12-210. That section requires that the county legislative body adopt a budget, tax rate, and appropriation resolution no later than July 31. The county legislative body can adopt the budget as proposed by the department heads or as consolidated by the county mayor or budget committee. If the budget is not adopted before the beginning of the fiscal year on July 1, then the county operates on a monthly allotment, based upon the preceding year's budget, during the month of July. If the budget still is not adopted by August 31, then the budget for the department of education will go into effect by operation of law in an amount equal to the minimum budget required to comply with the local match and maintenance of effort provisions of the BEP. If this occurs for three consecutive years, then the education budget in the third year will include a mandatory increase equivalent to 3% of the required local funding unless the LEA failed to comply with the applicable budgetary timeline. T.C.A. § 5-12-210. Unlike the other local option budgeting laws, the August 31 deadline also applies to the rest of the budget. The operating budget for the remainder of county departments, excluding education, is the consolidated budget, including proposed amendments, that was submitted by the county mayor or the budget committee. This budget, together with the proposed tax rate and appropriation measures required to fund it, also becomes effective by operation of law if the county legislative body fails to adopt a budget, property tax resolution and appropriation resolution by August 31. Finally, the act requires a balanced budget and contains provisions for adjustments if unanticipated circumstances are likely to result in a budget surplus or deficit. T.C.A. §§ 5-12-215 through 5-12-217. Procedures for amending a budget in effect are described in T.C.A. §§ 5-12-212, 5-12-213.

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