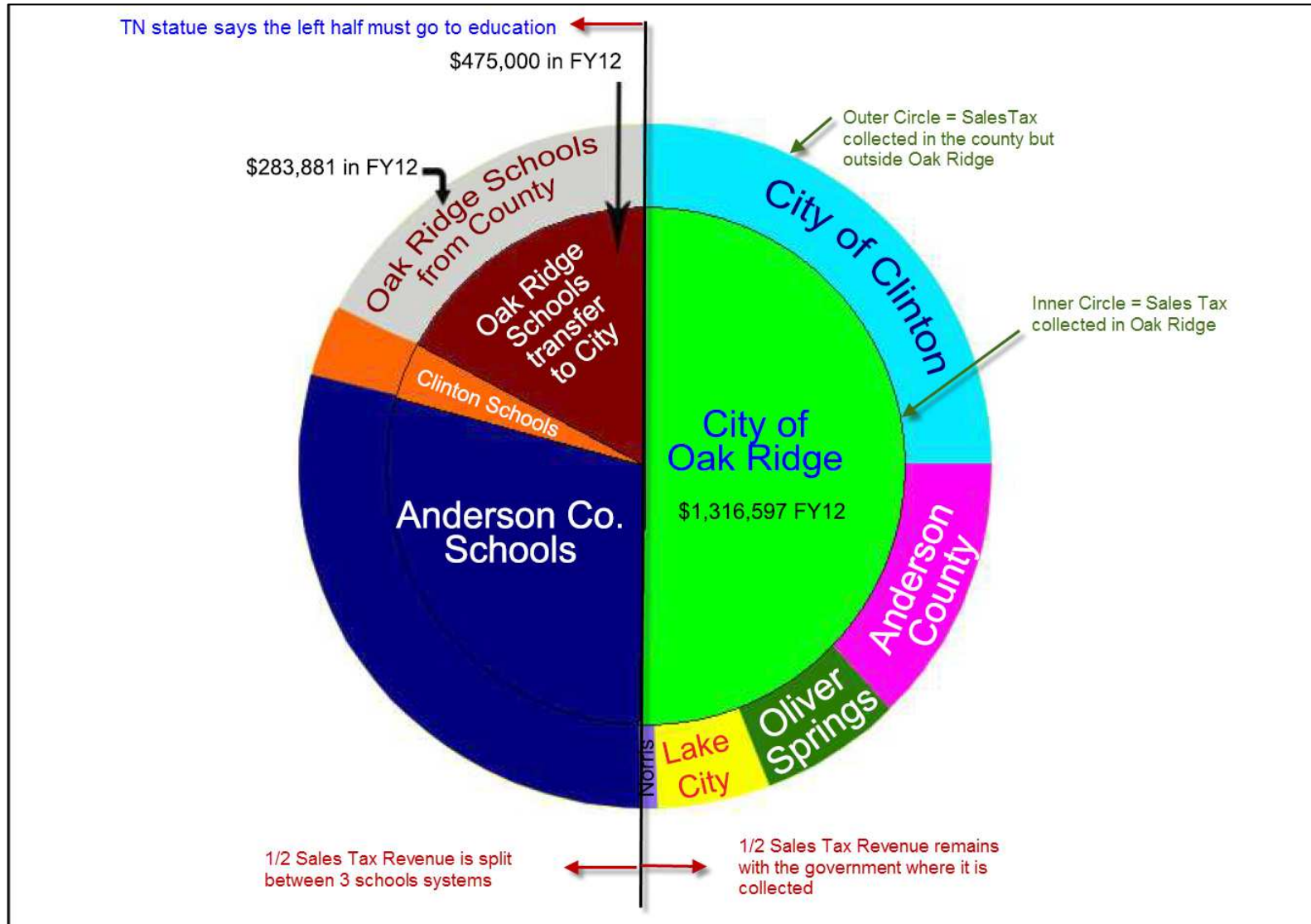


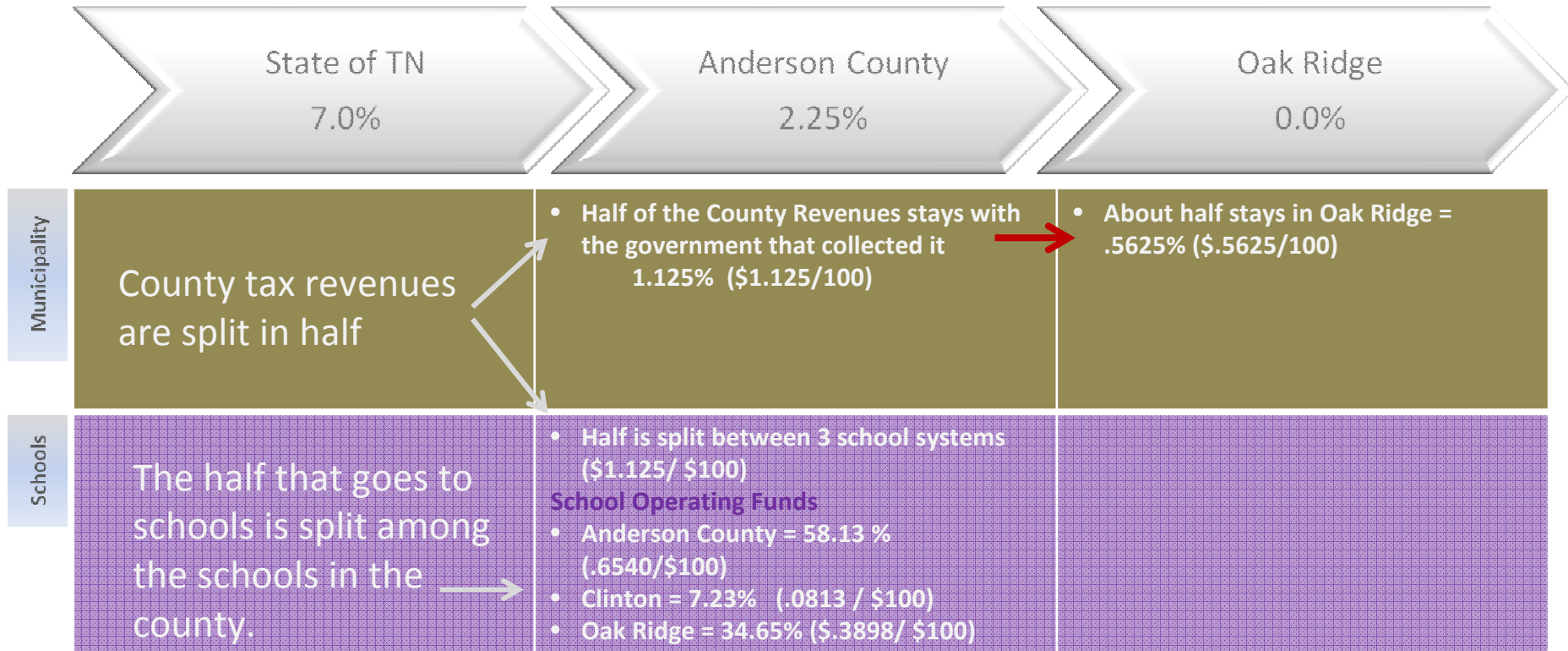
What Now?

Life After Anderson County
Superseded the ORHS Referendum

Anderson County Sales Tax Distribution



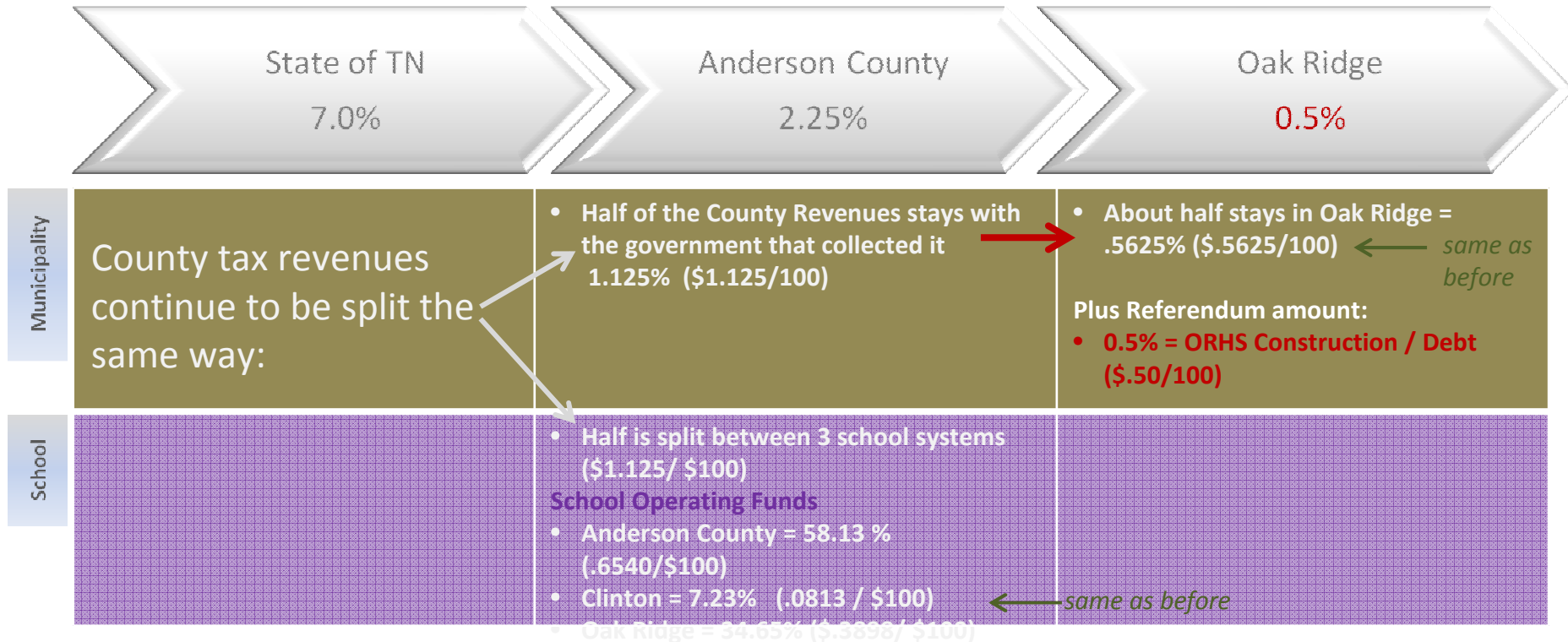
Sales Tax Distribution Prior to Referendum in 2004



Prior to the referendum, if you spend \$100 on taxable goods in Oak Ridge, taxes were distributed like this:

- .5625 cents to Oak Ridge City for City operations
- .3465 cents for Oak Ridge Schools operating funds (ORS teach 34.65% of the students in Anderson County. It has *always* worked like this)

Sales Tax Distribution 2004 – 2006 (City Referendum Results)

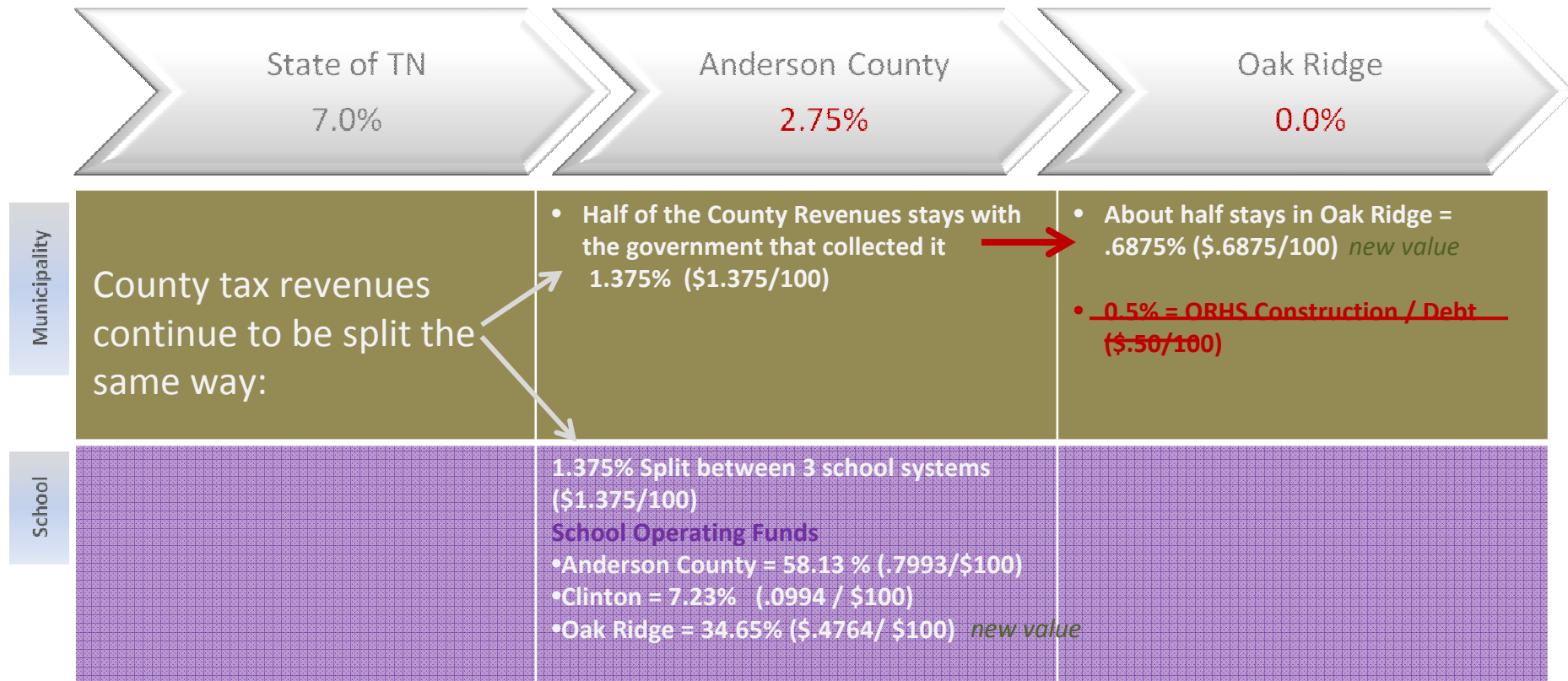


Only change after the referendum is additional revenue for ORHS. If you spend \$100 on taxable goods in Oak Ridge, taxes were distributed like this:

- .5625 cents to Oak Ridge City for City operations
 - .50 cents to Oak Ridge City of ORHS project
 - .3465 cents for Oak Ridge Schools operating funds (*same as before*)
- } 1.0625 cents total

Sales Tax Distribution

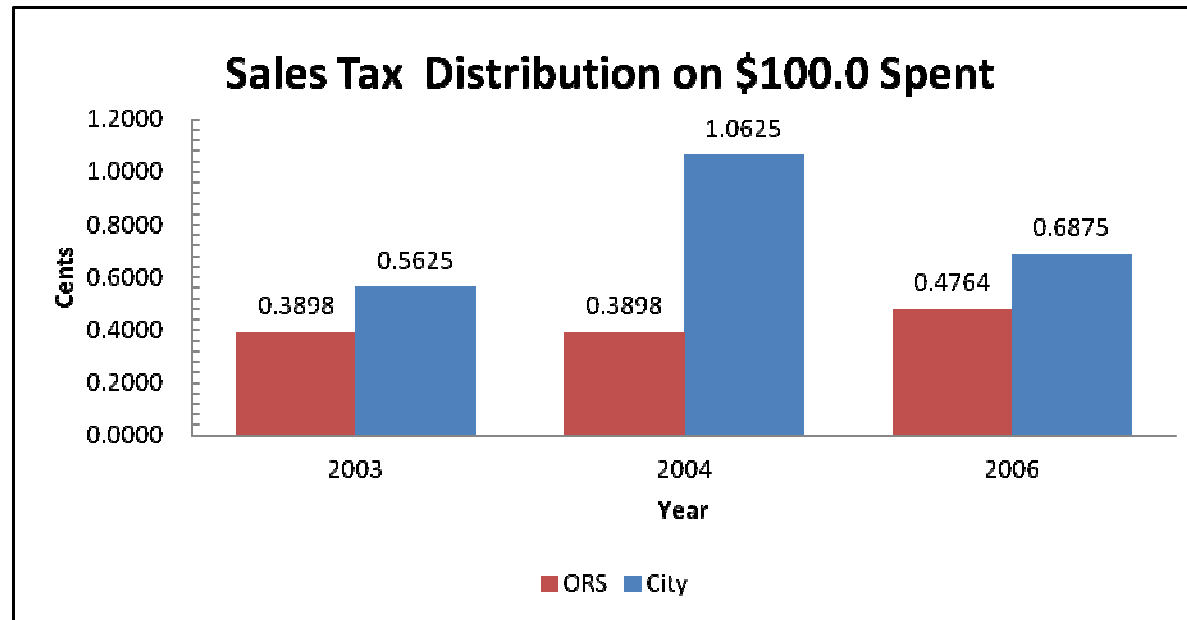
2006 – Present (County Supersede Results)



After the county overrode the city referendum vote, if you spend \$100 on taxable goods in Oak Ridge, taxes are distributed like this:

- .6875 cents to Oak Ridge City for City operations
- ~~.50 cents to Oak Ridge City of ORHS project~~
- .4764 cents for Oak Ridge Schools operating funds

What's the Difference?



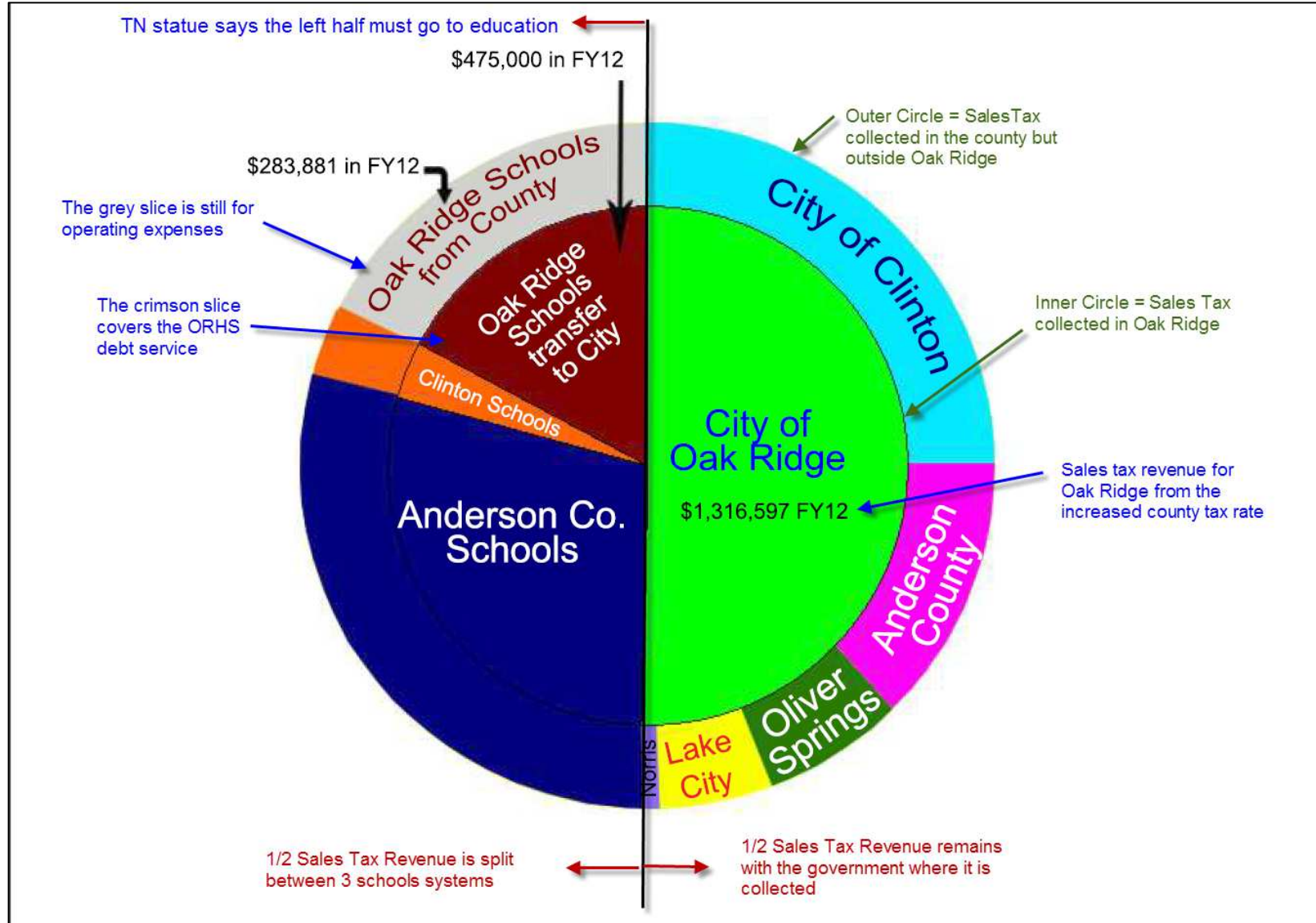
Oak Ridge City

- Compared 2003: + .125 cents
- Compared 2004-06: **-.375 cents**

Oak Ridge Schools

- Compared 2003: +.0833 cents
- Compared 2004-06: **+.0833 cents**

Anderson County Sales Tax Distribution



The Question between BOE and City Council



BOE has offered to use 2/3 of their operating funds from Anderson County to service

Oak Ridge City has suggested that all school operating funds from Anderson County be used to service the ORHS debt

* Operating funds = classroom teachers, teaching assistants, text books, etc

What Does It Mean?

FY 12 Debt Payment	\$ 2,896,322
City Revenue from Tax Increase	-\$ 1,316,597
BOE Offer	-\$ 475,000
<hr/>	
Difference	\$ 1,104,725

In FY12 , the issue is how to make up the \$1,104,725 difference

*Values are FY12 estimates from city and ORS documents

Recap

- In 2004, we had a .5 cent sales tax to service the ORHS debt.
- It's gone.
- The plan for ORHS debt assumed reasonable revenue growth based on increased sales tax collections.
- Sales tax revenues did not grow as expected, instead economic downturn
- Although the debt belongs to Oak Ridge City, the BOE recognizes the “will of the people” to service the debt with the sales tax revenue
- The BOE has approved a resolution to use operating funds from Anderson County, collected in Oak Ridge City, to help service the ORHS debt.
- Oak Ridge City sales tax revenue increased as a result of the increase in the Anderson County tax rate, but not as much as it decreased by losing the referendum revenue.
- We have a shortfall for servicing the ORHS debt.

Tough Times. Tough Decisions

Key Points

- Prior to the 2004 Referendum, the City of Oak Ridge did not collect its own sales tax
- The Referendum vote increased revenue AND debt for *Oak Ridge City*
- The 2004 Referendum vote was nullified when Anderson County superseded

- Anderson County sends tax revenues to Oak Ridge Schools based on the percentage of Anderson County students attending ORS. This did not change and is state law.
- These are school operating funds used for teaching positions, text books, etc

- ORS BOE can vote to appropriate funds to the City to retire the ORHS debt BUT:
 - The State of Tennessee determines “ability to pay” when calculating the BEP funding for a community.
 - Sales tax revenues are considered as part of “ability to pay”
 - No credit is given for funds sent from the schools to the city
 - Schools lose twice: Less state funding, Less local funding = *far less to operate on*

- Oak Ridge Schools have no way to generate revenue.
- Oak Ridge City can generate revenue:
 - Encourage retail growth
 - Increase property tax

Tough Times. Tough Decisions

Ballot Question – Referendum 2004

- Shall an ordinance passed by the City Council of Oak Ridge, Tennessee, on May 17, 2004 numbered [TBD] and published in the Oak Ridger, a newspaper of general circulation in Oak Ridge, which levied an additional tax on the same privileges subject to the Retailer's Sales Tax Act under Chapter 6, parts 1-6, title 67, Tennessee Code Annotated as the same may be amended, and which amended ordinance no. 7-83 of the **City of Oak Ridge to increase the local option sales tax rate in those portions of the City of Oak Ridge, Tennessee, that lie in Anderson County, Tennessee, from 2.25 percent to 2.75 percent; provided, however, the revenue from such increase shall be appropriated and expended for the purpose of funding and paying for construction, renovation, purchase of capital equipment, and/or retirement of school construction debt service for the Oak Ridge High School, and at such time as the high school debt service is paid in full, the sales tax proceeds collected as a result of this increase shall be distributed as prescribed by state law, except as modified or limited by statute become operative?**