FOR IMMEDIATE RELEASE

What to know about City tax & fee increases

BOMA approves 3 revenue increases on 1st reading to fund infrastructure

SPRING HILL, Tenn. – The Spring Hill Board of Mayor and Aldermen (BOMA) at a special-called meeting on Tuesday, March 26, approved on first reading three revenue increases specifically to fund capital improvement projects for needed infrastructure, including large transportation projects and construction of future City buildings.

If adopted on second and final reading at the April 15 meeting, the City of Spring Hill would levy the following tax and fee increases:
1) PROPERTY TAX: A phased-in 40-cent property tax increase to fund a 10-Year Capital Improvement Plan. The new tax would sunset (go away) when all of the capital projects are completed and the debt is paid on the projects.

The property tax rate would rise by 26 cents (or 67%) in Year 1, effective July 1, 2019, increasing the current tax rate of 60 cents per $100 of assessed value on the Maury County side of Spring Hill to 86 cents, and from the current 65.69-cent tax rate on the Williamson County side to 91.69 cents. In Year 2, the tax rate would rise to $1 on the Maury side and to $1.056 on the Williamson side.

If approved on final reading, the new tax would bring in an estimated $3.12 million in additional annual revenue in Year 1, and an estimated $4.8 million in new revenue by Year 2.

Here’s a look at how much the 40-cent tax increase will cost Spring Hill homeowners on average in additional annual taxes when it takes full effect in the 2020-2021 fiscal year based on the following home values:

- $250,000 home (assessed value, $62,500): $250
- $350,000 home (assessed value, $87,500): $350
- $450,000 home (assessed value, $112,500): $450
- $550,000 home (assessed value, $137,500): $550
- $650,000 home (assessed value, $162,500): $650

2) SALES TAX: The local portion of the sales tax on the Maury County side of Spring Hill would increase from 2.25 percent to 2.75 percent (1/2-cent increase), which would produce about $875,000 in estimated additional revenue on the Maury side, based on recent sales tax collections. (Williamson County has already increased its local portion of sales tax, of which Spring Hill’s portion goes to help fund schools).

If the City ordinance is passed by the BOMA next month to increase sales tax by a half-cent on the Maury side, it must go through a process to become effective.

- The BOMA would then submit a certified copy of the ordinance to the Maury County Election Commission.
- The ordinance would be suspended for 40 days, during which time the Maury County Commission may pass a resolution to increase the County tax to the same or a higher rate than the City.
- If the County resolution passes, the City ordinance will remain suspended until a countywide referendum is held. (See the legal language in T.C.A. § 67-6-703).
- If the countywide referendum is successful, the City ordinance is null and void. The new countywide sales tax rate is deemed to be operative on the date that the County Election Commission makes its official canvass of the election returns; provided, however, that the higher tax rate is not collected until the first day of a month occurring at least 30 days after the operative date. (See the language in T.C.A. § 67-6-706(a)(3)).
- If the countywide referendum is not successful, the City can then proceed with a City-only referendum on the question. (See the language in T.C.A. § 67-6-703). Should a County or City hold an election and the County resolution or City ordinance is rejected by the voters, then no other election on the matter will be held by such either jurisdiction
for six months from the date of the holding of the prior election. (T.C.A. § 67-6-706(B)(2)(A)).

3) IMPACT FEES: A phased-in increase to Traffic Impact Fees, starting with a 67 percent increase in Year 1, which would be effective July 1, 2019, followed by a 100 percent increase in Year 2. After the full increase has taken effect, impact fees would bring in an estimated $1.89 million in new annual revenue.

Traffic Impact Fees include a full schedule of fees for residential and various types of commercial developments that vary in rates depending on their particular traffic impact. The most common of these is the impact fee charged on new single-family residential homes, which is currently $521 per house. This fee would rise to $2,000 in Year 1, and to $3,048 in Year 2, which is a 485 percent increase to single-family residential impact fees paid by developers.

See the full schedule of Impact Fee increases on the chart on page 16 of the presentation on our website referenced below.

For more detailed information outlining each of the three revenue increase options, see the full presentation given at the March 26 meeting by City Administrator Victor Lay at: https://www.springhilltn.org/DocumentCenter/View/4932/Capital-Improvement-Funding-Options

The video of the BOMA’s special-called meeting on these taxes and fees is also available for on-demand viewing on our website at: https://play.champds.com/springhilltn/event/252