



County Technical Assistance Service
INSTITUTE *for* PUBLIC SERVICE

July 22, 2024

Budgeting and Levying Taxes-CLB

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

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,

The University of Tennessee
County Technical Assistance Service
226 Anne Dallas Dudley Boulevard, Suite 400
Nashville, Tennessee 37219
615.532.3555 phone
615.532.3699 fax
www.ctas.tennessee.edu

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Reference Number: CTAS-19

The county legislative body assembled in session is authorized to act for the county. T.C.A. § 5-1-103. All funds to be used in the operation of the county must be appropriated for that use by the county legislative body, which can appropriate money only for expenditures sanctioned by state law. T.C.A. § 5-9-401. The county legislative body may appropriate funds for any lawful purpose. T.C.A. § 5-1-118 (incorporating certain municipal powers in T.C.A. § 6-2-201). It is the duty of the county legislative body to adopt a budget and to appropriate funds for the ensuing fiscal year for all county departments and agencies. T.C.A. § 5-9-404. The county mayor who does not chair the county legislative body may veto the entire county budget but may not veto portions of it. T.C.A. § 5-6-107.

A county usually adopts a budget annually, but a county legislative body may prepare and adopt a biennial budget for such departments of the county as are authorized for the particular county by the comptroller of the treasury's state director of local finance. However, such biennial budgets may not be used until changes are made to existing county law in county charters, private acts or resolutions that require annual budgets. T.C.A. § 4-3-305.

The budget adopted by the county legislative body must be balanced, meaning that estimated revenues must at least equal the amounts appropriated plus any reserves required by state law. The county legislative body must levy taxes sufficient to meet appropriations (with other revenues such as state shared taxes included in the determination) and to meet all debt retirement and interest obligations. T.C.A. § 9-11-115. The county budget must meet all state law requirements. The failure to meet these requirements can cause the loss or withholding of state shared funds, such as education funds. Besides the requirements of balance and meeting debt obligations, the budget must also meet several other requirements such as the maintenance of effort requirement for education funding, the five-year average requirement for highway funding, the requirement not to lower the funds available to the sheriff for personnel costs without the consent of the sheriff, the mandatory minimum salaries of county officials, any court decrees providing the number and salaries of deputies and assistants of county officials, the requirement to have adequate correctional facilities (alone or in conjunction with one or more other counties) and any other mandates that state law places on the county. Additional information about county operating budgets can be found under the Accounting/Budget/Finance tab.

The county property tax is the only significant source of revenue that the county legislative body can levy without limitation as to rate and without being subject to referendum (directly or if an adequate petition is filed) or requiring the passage of a private act.

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