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February 15, 2015 -- Hamilton County mayor says Gov. Haslam's teacher raise would strain budget

# **Jim Coppinger join forces with cities on sales tax split**

Hamilton County Mayor Jim Coppinger said in a news release Tuesday that he is working with local cities on allocation of money shared from state to local governments, and that the issue won't arise in this year's General Assembly session.

Coppinger stirred up a hornet's nest in December when he asked local state lawmakers to help the county get a share from a pot of state sales tax money that's doled out to municipal governments.

Officials in several small cities immediately protested their budgets couldn't stand the strain, but said they would work with Coppinger if he wanted to enlarge the overall pot of money.

He and some mayors and city managers met in December with state Sen. Bo Watson and agreed to join forces to work toward "long-term corrections to the state revenue flowing back to cities and counties," the release stated.

"Hamilton County is better served when we all work together," Coppinger said in the release. "These mayors represent cities of Hamilton County, and their constituents are my constituents. There was never any intent to harm our communities and we have moved on from this issue."

Collegedale Mayor Katie Lamb spoke on behalf of the coalition, complimenting Coppinger for showing "great leadership."

"We agree that cities and counties deserve a bigger share of state revenues and that we will work together going forward to try and make that happen," she said.

Lamb said when the tax split began in 1947, cities and counties received an 80-20 split of state revenues; today that percentage is 91-9 split, she said.

"With Sen. Watson's influential position regarding state finances, I think this is the right time to examine all state revenue streams coming back to cities and counties and hopefully find a way to increase funding to counties that provide state-mandated services and to cities that are the economic engines of the state," Coppinger said.

# **Coppinger Moving On From Effort To Get A Share Of Current State Shared Sales Taxes; Will Work For More State Shared Revenue For Both Cities And Counties**

Tuesday, January 12, 2016

County Mayor Jim Coppinger said Tuesday he is moving on from an effort to get the county to receive a share of the state sales tax.

He said, "I and the mayors of the Hamilton County Small Cities Coalition agree that no changes should be made in this legislative session of the General Assembly."

The county mayor, who got stiff opposition on the proposal from Mayor Andy Berke and mayors of other smaller towns, added, "I have initiated conversations on the state shared sales tax issue and never formally proposed written legislation on this matter. Hamilton County is better served when we all work together. These mayors represent cities of Hamilton County, and their constituents are my constituents. There was never any intent to harm our communities and we have moved on from this issue."

He said he and Senator Bo Watson met in early December with the mayors and city managers of the Coalition. During the two-hour meeting, it was agreed that the cities and County Mayor Coppinger "should join forces to work toward long-term corrections to the state revenue flowing back to cities and counties," it was stated.

"Mayor Coppinger showed great leadership in the meeting," said Collegedale Mayor Katie Lamb on behalf of the Coalition. "We agree that cities and counties deserve a bigger share of state revenues and that we will work together going forward to try and make that happen."

Mayor Lamb said in 1947 when the state shared sales tax was implemented, cities and counties received an 80-20 split of state revenues while today that percentage has decreased to a 91-9 split.

County Mayor Coppinger said, "With Senator Watson's influential position regarding state finances, I think this is the right time to examine all state revenue streams coming back to cities

and counties and hopefully find a way to increase funding to counties that provide state-mandated services and to cities that are the economic engines of the state.”

## **Berke: Don't cut city's share of sales tax revenues**

Chattanooga Mayor Andy Berke doesn't want state lawmakers messing around with the city's share of state sales tax revenues.

In a luncheon meeting Tuesday with four members of the Hamilton County delegation to the state General Assembly, Berke said he doesn't like Hamilton County Mayor Jim Copping's plan to change the way a portion of state sales tax revenues is returned to local governments. Currently, some of the money raised from the sales tax goes back to all of the cities in the state, based on their population. Copping has proposed changing that to include people who live outside incorporated areas, as well, by counting them as though they were in a city and giving that share of the sales tax revenues to the county to spend.

That could cost the city as much as \$5.4 million, Berke said, in an interview after the luncheon. He warned that smaller towns, which don't have much budget flexibility, could be crippled by the possible budget shortfalls.

Berke said most of the sales tax in the metro area is collected in its largest cities, and those cities have big infrastructure needs — roads, bridges, sewer systems, police and fire departments, e.g. — that support the businesses that generate the tax revenues

The mayor also asked lawmakers to pass legislation giving the city permission to waive water quality fees — formerly known as stormwater fees — for seniors who already qualify for an exemption from property taxes. The water quality fee covers the costs to manage the city program responsible for reducing stormwater runoff pollutants and maintain the stormwater sewer system.

City Attorney Wade Hinton asked the lawmakers to consider reviewing how water utilities are allowed to raise their rates. The state changed the system in 2013 to allow water utilities to pass the actual costs in their operations on to consumers without having to get approval from a regulatory agency. But that has resulted in substantial rate increases, Hinton said, and the city has no legal authority to review whether or not they are justified.

House Majority Leader Rep. Gerald McCormick, R-Hixson, was noncommittal about the city's request, noting legislators adopted the new regulatory plan to free utilities from drawn-out rate hike proceedings where, in his words, "the only people who came out ahead were the lawyers."

There were few questions from lawmakers.

Sen. Todd Gardenhire, R-Chattanooga, asked whether the city's sewer system downtown was going to be sufficient to handle future growth. Berke said the city's sewer system needs upgrades everywhere, and not just downtown. Public Works Director Lee Norris said once the city completes a study mandated by the U.S. Environmental Protection Agency, he will have a better idea how much money will be involved.

"I anticipate when that is finished, we will have additional work to do to meet EPA requirements in the downtown area," Norris said.

Berke touted new residences planned for downtown. He emphasized the city is using its tax incentives to require developers to include a mix of affordable housing in new apartments downtown, generally 20 percent of the total number of units. "Our downtown is going to add thousands of residents over the next few years," he said, "and they will change the city. They are people who want a vibrant, energetic place to live."

Rep. JoAnne Favors, D-Chattanooga, asked what the city was doing to prevent gentrification, where wealthier residents move into a previously poor neighborhood, converting rental homes to residences and driving up taxes to the point previous residents can no longer afford to live there. She noted the federal Housing and Urban Development agency allows cities to require more than 20 percent be considered "affordable." Although several city department heads took a crack at answering, Favors didn't get a clear answer.

Police Chief Fred Fletcher responded to a question from Gardenhire about whether methamphetamine is a major drug problem for the city. It is not, Fletcher responded, pointing to the illegal use of prescription drugs and marijuana sales as his two biggest drug problems.

Berke started the luncheon by listing what he saw as improvements the city has made in the past year.

His top item was his administration's success in negotiating changes to the city's fire and police pension plans, a change that was upheld in court in November.

"That was a cost that was continuing to escalate in a large way," Berke said.

He also noted the local unemployment rate has come down from 7.8 percent in March 2013, when he was sworn in as mayor, to 5.6 percent in October 2015.

Berke's final plea was for lawmakers to give the city as much local control as possible.

"Our needs are different from those of Memphis and from those of the rural areas around us," he said. "We would appreciate any deference you can give us to control what happens in Chattanooga."

Interviewed after the luncheon, Gardenhire said he believed some form of Coppinger's sales tax legislation would pass the General Assembly, but would probably guarantee cities their current level of revenues and add a share of any increased revenues to county coffers based on their unincorporated population.

Gardenhire also indicated that Gov. Bill Haslam may be getting some traction on his push to raise the state's gasoline tax to pay for road and bridge improvements. At least 44 bridges need replacement or repair in his district alone, Gardenhire said, and he estimated that it would take \$500 million to \$750 million to pay for all of the needed road and bridge work in the Chattanooga metro area. He conceded that many lawmakers had taken a "no tax increase" pledge, but indicated that he felt this might be the proper time to raise the gasoline tax given that gas prices are at historic lows.

Gardenhire also seemed open to the idea of an increase in the gasoline tax, citing a huge need to repair and expand the Chattanooga metro area's bridges and roads. Gardenhire conceded that a pledge many lawmakers signed never to raise taxes was an obstacle. He said he was hearing private indications that some legislators recognized the need to increase funding for highway repairs and saw the historic low prices for gasoline as an opportunity to do so.

## **Profit and loss: Small local cities fight to keep shared tax dollars**

December 6th, 2015 by [Judy Walton](#) in Local Regional News Read Time: 6 mins.



Hamilton County Mayor Jim Coppinger

Photo by [Dan Henry](#) /Times Free Press.

The legislative breakfast last week where County Mayor Jim Coppinger asked for a helping of state-shared sales tax money left local small-city mayors with heartburn.

Coppinger [told members of the Hamilton County legislative delegation](#) the 100,000 or so residents in the county's unincorporated area should be at the table, not just the 10 municipalities, when state-shared sales taxes are distributed.

But small-city officials say dipping an extra ladle into that sales-tax pot will force cities to either cut services or raise property taxes.

And that's what they told Coppinger when he called them together in July and announced his plans, Collegedale Mayor Katie Lamb said.

"We all told him then, almost to the last person in that room, that was not something we could agree to," Lamb said.

"He indicated if we didn't raise ours, they would have to raise theirs in order to meet their needs, and that was something he didn't want to do."

### **Boosting budgets**

Small-city officials say losing any part of their shared state sales tax will mean cutting services or raising taxes.

City / Shared tax revenue

Collegedale: \$639,885

East Ridge: \$1,570,148

Lakesite: \$136,673

Lookout Mtn.: \$137,122

Red Bank: \$872,060

Ridgeside: \$29,190

Signal Mtn.: \$625,958

Soddy-Daisy: \$951,624

Walden: \$142,062

Source: Small Cities Coalition/Tennessee Municipal League

Of course not, Coppinger said. County property taxes haven't gone up in eight years, and he has no intention of suggesting such a thing.

"It would be irresponsible of me not to be out trying to protect all the citizens of Hamilton County against any property tax increase," Coppinger said.

So he has asked state lawmakers to see if there's a way the county can get in on a tax-sharing arrangement that's boosted cities' budgets since 1947.

"We don't have the luxury of the additional revenue they have. That's the whole issue, is to be treated fairly and equitably. They've been getting it so long it's become almost an entitlement," Coppinger said.

At the same time, he said, he wants to work with the municipalities for a solution crafted with "fairness and the least hardship possible."

City leaders, in turn, don't say the county doesn't need more money — just that it shouldn't come out of their budgets.

"I wish the cities and the county could work together to get a larger share of the tax revenue collected by the state," Lamb said.

Tennessee residents pay a 7 percent state sales tax on most goods and some services. The state then returns a small portion of that tax revenue — 4.6 percent of 6 percent of the total — to cities based on population. The countywide sales tax of 2.25 percent is not included — local governments keep half of that and the other half is reserved for schools.

Last year the state handed out \$270 million. Locally, the sales tax sharing amounts range from \$1.5 million in East Ridge to \$29,000 for Ridgeside.

Coppinger says the residents in the unincorporated areas also pay that sales tax, and they deserve some of the returns. The county has full responsibility for schools, health care, ambulance service, jails and law enforcement. And it lost \$13 million a year when the sales tax agreement with Chattanooga expired under the Littlefield administration.

"We build quite a bit of schools around here. We're going to be building a jail. We've got a lot of expenses coming our way," he said.

Based on the per capita formula, Hamilton County would reap something over \$5 million.

But that would come straight out of the budgets of the smaller cities, says Lamb. She's the spokeswoman for the Small Cities Coalition of Hamilton County, which also includes East



Ridge, Soddy-Daisy, Red Bank, Lookout Mountain and Lakesite. The mayors of all those cities except Lakesite signed a letter to Coppinger and state Sen. Bo Watson, R-Chattanooga, opposing any redistribution. Not every municipality in Hamilton County is in the coalition.

The mayors say the cities are the county's economic engine, using infrastructure and amenities built by municipal taxes that residents pay in addition to their county taxes.

"If you want to talk about fairness, the citizens that live in Red Bank and Collegedale and the other cities do their part to fund the county services," said Red Bank City Manager Randall Smith.

"If this formula is changed, we're going to have to explain to our citizens either why their property taxes are going up or why we're cutting or reducing services. They're going to want to know who is responsible, what's driving this," Smith said.

The letter says that of the \$392 million in state sales tax revenue generated here in the last fiscal year, less than 3 percent came from the unincorporated area.

More than \$381 million was collected in the cities, primarily Chattanooga. Mayor Andy Berke last week called Coppinger's proposal a "shortsighted attempt to divert resources from all of our local cities that will harm our resources and ability to provide for our residents."

The letter details what it says are separate concepts by Watson and Coppinger to redistribute the sales-tax share. Cities would lose anywhere from 30 percent to 43 percent of their tax-share revenue.

Making it up would require tax increases up to 20 cents per \$100 of assessed value, the letter states.

However, Watson and Coppinger both say their ideas are not as fully formed as the letter depicts.

Watson said he asked the Tennessee Municipal League to recalculate the tax shares in various ways — by statewide or local population for example — as a way to show the impact of any change in the formula.

Watson said he's the right guy to be "at the tip of the spear" on this, since he has most of the small cities as well as the bulk of the unincorporated county in his district.

"We need to try to look at the whole picture, try to find a way to balance it," he said. "I have no interest in doing harm to municipalities, but at the same time, the counties have state functions such as schools and jails.

"There's 106,000 people in the unincorporated area. They pay the sales tax, but they get nothing in return," he said. "The question is, is that the right way to distribute these taxes that everybody — cities and county residents — pays, but only the cities get it when it comes back?"

And, Coppinger and others say, in years past counties could hatch and nurture some tax-generating engine like a grocery store or strip mall, only to have cities annex the properties and gobble up the revenue.

City representatives respond — firmly — that their residents support county schools, jails, health care and law enforcement through their county taxes, and then pay more for the extra services in their towns such as libraries and parks and separate city police forces.



Mike Carter

Photo by C. B. Schmelter /Times Free Press.

The debate puts state Rep. Mike Carter, R-Ooltewah, in mind of divorced parents arguing over child support.

"The counties don't have any of the fun stuff," Carter said. "The counties have constitutionally delegated, mandated activities. That's the food and the water and the lights for the kids. Then the daddies [the cities] come in and take them to Disney World and buy them a go-kart."

The key to resolving the dilemma may be to change the focus, some of the local leaders say.

Coppinger said Friday he's "moving away from" the TML numbers, "looking at a number of different scenarios that may play out that would be less impactful on municipalities."

The small cities' letter to Coppinger and Watson noted that when the tax-sharing arrangement started in 1947, the cities' share was 20 percent of the total tax take. That's slipped to 9 percent, the letter states.

With state revenues soaring above estimates, it's natural to speculate whether the county might seek to get a percentage point or two restored to the tax-sharing formula and designated for the unincorporated areas in all of Tennessee's 95 counties.

That way, the counties get help and the cities aren't hurt.

Asked about the possibility, Coppinger laughed and said, "I'm not going to comment on that."

But he did note he's been thinking about this for a couple of years, "waiting for the money to come back."

"I think this is a good time to make the argument," he said, adding that he didn't know what the cost would be.

Lamb and Smith said the small cities would happily stand at his side for any such effort.

"I think that should be our focus of working together, rather than having the counties looking to penalize these cities," Lamb said.

Smith added: "We would love to work with Mayor Coppinger and the legislative delegation. We don't want to be adversaries. We want to be partners."

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## Hamilton County mayor asks legislators for part of Tennessee sales tax revenues

December 1st, 2015 by [Andy Sher](#) in Politics State Read Time: 4 mins.



Hamilton County Mayor Jim Coppinger

Photo by [Dan Henry](#)/Times Free Press.

Hamilton County Mayor Jim Coppinger on Monday asked Chattanooga-area state legislators for help in his effort to get county government a piece of state-shared sales tax revenues.

During the meeting with lawmakers, county commissioners and other county officials, Coppinger said the issue is being taken up by fellow county mayors across Tennessee who also

want the 1947 state law directing the estimated \$270 million shared sales tax revenue to cities across the state to be rewritten to include the 95 counties.

"We just would like for you to take a look at that portion of state-shared sales tax and find a way to make it happen," Coppinger told lawmakers during their annual breakfast meeting with legislators at the Chattanooga Choo Choo. He said the County Mayors Association is behind the measure.

Coppinger said not giving the money to all of the county, including unincorporated areas, "disenfranchises about 100,000 people."

The formula was set when the state's first sales tax was passed in 1947.

Chattanooga, as well as the smaller towns and cities in Hamilton County, fiercely oppose the change.

"This is a short-sighted attempt to divert resources from all of our local cities that will harm our resources and ability to provide for our residents," Chattanooga Mayor Andy Berke said later in an interview.

He said Chattanooga taxpayers "already pay a city and county [property] tax, just like residents of East Ridge, Walden and others pay for each of those. Yet, every city throughout the county can use our infrastructure."

State Sen. Bo Watson, R-Hixson, vice chairman of the Senate Finance Committee, attended Monday's meeting and has been exploring how the sales tax revenues might be split.



State Sen. Bo Watson is interviewed by editors...

Photo by [Doug Strickland](#) /Times Free Press.

"Right now, we're in the conversation mode on that," Watson said. "There's been no legislation that's been drafted. There's a lot of conversation going on locally."

He said he's met with both Coppinger and officials with the Tennessee Municipal League, which lobbies on behalf of towns and cities, and continues to research the issue.

"I'm asking all parties, the mayor and cities to look at it and say, 'Is this the right way to do it? Is there a better way to do it?'"

Watson said cities are telling him "the state should be giving more back to both the cities and counties."

The senator represents much of unincorporated Hamilton County, but his district also includes several smaller cities.

Asked if there could be a bill, Watson said, "If I can get the parties to a point that I'm comfortable with for both parties, there could be. But there's going to be a lot more conversation."

Each year, the state returns a small portion of sales tax revenue — 4.6 percent of 6 percent of the 7 percent state sales tax — to municipalities based on population, the Times Free Press reported earlier this year. The bigger the city, the larger the share. That's in addition to the local sales tax cities and counties already collect.

For cities, sales tax sharing amounts to a small part of the billions Tennessee annually collects in sales taxes. Last year, it amounted to more than \$270 million to cities across the state.

Hamilton County's 10 municipalities received \$17.7 million, with Chattanooga receiving most of that, according to the University of Tennessee's Municipal Technical Assistance Service. Chattanooga could lose \$3.9 million under one county-sharing scenario, according to MTAS figures. East Ridge could lose about \$485,500.

Coppinger argues the 1947 law was written well before cities began large pushes to annex unincorporated areas of the county. Hamilton County would see about \$5.5 million, according to the scenario examined by MTAS last summer.

In Hamilton County, Coppinger said, the county's general fund gets only about \$3 million currently in sales taxes from stores in the unincorporated portion of the county.

Monday's meeting with the local delegation of state senators and representatives was an opportunity for county officials and commissioners to push their priorities before lawmakers convene their annual session at the state Capitol in January.

Officials also made requests for help in areas ranging from full state funding of the revamped school formula known as Basic Education Program 2.0, to boosting the state's reimbursements to the county for housing prisoners.

The school formula apportions state funds to local districts based on a county's relative wealth; that is, its ability to pay for its share of education. The BEP 2.0 revamp was intended to change the factors that determine a local government's ability to pay. It was pushed by Hamilton County in the mid-2000s but was only halfway implemented.



Todd Gardenhire makes a point in this file...

Photo by Staff File Photo /Times Free Press.

"But anything, any step toward additional funding for BEP would be greatly appreciated and again would be helpful," Coppinger told legislators, who including Sen. Todd Gardenhire, R-Chattanooga, chairman of the seven-member legislative delegation, and Rep. Patsy Hazelwood, R-Signal Mountain.

Gardenhire said several legislators were home ill, while House Majority Leader Gerald McCormick, R-Chattanooga, had to be in Nashville.

Circuit Court Clerk Larry Henry asked legislators to assist in continuing a \$2 fee on general court filing charges which is scheduled to terminate on July 1. Noting a number of fees haven't been increased in 10 to 15 years, Henry said collection of the \$2 fee has averaged close to \$35,000 a year.

Coppinger, meanwhile, said the county badly needs additional state financial support to house inmates at the Hamilton County Jail. Medical and other costs continue to rise, he said. The state currently pays the county \$37 per prisoner per day.

Other county government priorities include:

- \* Giving Hamilton County government the ability to ban smoking on county-owned property. Local officials have launched a health-related effort to curb smoking here.

- \* Supporting measures to develop a "long-term funding solution" for both local road maintenance and construction as well as mass transit initiatives. Haslam has pushed for a gas-tax increase, but some fellow Republicans in the legislature are opposed.

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## Collegedale Among Cities Fighting Coppinger Plan For

Sharing Sales Tax

Monday, August 3, 2015 - by Gail Perry

Collegedale officials said Monday they oppose an effort by County Mayor Jim Coppinger for the county to get a share of sales taxes with the municipalities.

Mayor Katie Lamb said she attended a recent municipal meeting about shared sales taxes with the state of Tennessee. Of the 7 percent state sales tax collected by the state, 4.6 percent of 6 percent of the total is given to each municipality according to its population.

County Mayor Coppinger has a plan for unincorporated areas in the county to begin sharing the returned taxes, which would reduce the amount that each city receives.

This would mean that in the fiscal year 2016-2017 Hamilton County would receive over \$5.5 million and Collegedale would receive \$221,557 less than it will get this year, said Mayor Lamb. She added that other county mayors have heard of this plan and they too want to get in on the tax. Not one city mayor is in favor, she said. However, County Mayor Coppinger said he would still seek to go forward with the proposal.

Commissioner Ethan White said that, in reality, this would force the cities to increase taxes instead of the county doing so. Collegedale is considering creating a petition to let the legislators know that the city is not in favor of this plan, and Red Bank Mayor John Roberts is creating a petition for all of the cities in northern Hamilton County to fight it. He will speak at the next Collegedale Commission workshop.

## Greater Chattanooga area mayors down on county sales tax plan

August 2nd, 2015      by Louie Brogdon      in Local Regional News    Read Time: 3 mins.

Hamilton County Mayor Jim Coppinger is hoping to have state law changed so that counties get a share of returned sales tax from the state.

Photo by John Rawlston /Times Free Press.

Hamilton County Mayor Jim Coppinger is continuing his effort to get the unincorporated county a serving of the shared, state sales tax pie. But local city mayors are not welcoming him to the table.

Collegedale Mayor Katie Lamb

Photo by Angela Lewis /Times Free Press.

Each year, the state returns a small portion of sales tax revenue — 4.6 percent of 6 percent of the 7 percent state sales tax — to municipalities based on population. The bigger the city, the larger the share.

That's in addition to the local sales tax cities and counties already collect.

And while that's a tiny percentage, Tennessee Department of Revenue reports show the

state gave more than \$270 million to cities statewide last fiscal year, with \$17.7 million going to Hamilton County municipalities. But the counties' coffers didn't see a penny.

Estimated impact of sharing sales tax with the county

This chart shows how much shared sales tax each entity is expected to receive if the county is added to the list of recipients.

Municipality // Estimated 2016 revenue // Estimated loss due to changes

Chatanooga // \$9.1 million // -\$3.9 million

East Ridge // \$1.1 million // -\$485,456

Soddy-Daisy // \$692,579 // -\$297,830

Red Bank // \$624,577 // -\$268,588

Collegedale // \$506,050 // -\$217,617

Signal Mountain // \$446,866 // -\$192,166

Walden // \$100,207 // -\$43,092

Lookout Mountain // \$99,785 // -\$42,910

Lakesite // \$99,098 // -\$42,615

Ridgeside // \$21,752 // -\$9,354

Unincorporated County // \$5.5 million // \$5.5 million Source: University of Tennessee Municipal Technical Assistance Service

Coppinger says that needs to change. He's asking lawmakers to include counties — or at least Hamilton County. And legislators seem to be listening, but they are coming up with their own ideas. Sen. Bo Watson discussed some early concepts with the Times Free Press in May.

The sales tax rules were written ages ago, Coppinger said, before cities annexed unincorporated land to bolster tax rolls. Now, Hamilton County's general fund only gets about \$3 million in sales taxes from stores in the unincorporated counties — although county schools get half of all taxes collected.

He says it's only fair that the unincorporated county get a piece.

"It's the shared portion that comes back from the state. It's not [municipal] money that was collected in your municipality. You keep that. We are not taking any of that," Coppinger said. "We are just asking to be treated as the 11th piece for the 104,000 people living in the unincorporated county."

If the county was included, a University of Tennessee Municipal Technical Assistance Service report estimated the general fund would see a \$5.6 million shot in the arm.

City mayors are not sympathetic, however.



"What I saw, it would short Soddy-Daisy about \$300,000, and we are not in favor of that at all," said Soddy-Daisy Mayor Rick Nunley. "Whatever the impact, City of Soddy-Daisy can't afford to lose any money. We are scraping by as it is."

In fiscal year 2015, Soddy-Daisy received \$950,284 in shared sales tax, according to state reports. The MTAS study, which Coppinger asked for and shared with city mayors in a meeting last month, estimated the Soddy-Daisy would lose \$297,830 if Hamilton County joined the list.

#### Shared sales tax history

This shows the actual amount of shared sales tax revenue each municipality in Hamilton County received in the 2015 fiscal year

Chattanooga - \$12.6 million

East Ridge - \$1.6 million

Soddy-Daisy - \$957,284

Red Bank - \$877,247

Signal Mountain - \$629,681

Collegedale - \$623,582

Walden - \$142,907

Lookout Mountain - \$137,938

Lakesite - \$137,486

Ridgeside - \$29,365

Source: Tennessee Department of Revenue Police Department.

"Chattanooga would lose the most. The Scenic City recieved \$12.6 million in shared sales tax last year, and the MTAS report estimates it would get \$3.9 million less than expected in fiscal year 2016.

Chattanooga Mayor Andy Berke called Coppinger's plan "imprudent and shortsighted" and said in an emailed statement Friday the hit to city revenue could threaten public safety.

"We have a complicated tax system and to simply pick one portion to change is imprudent and shortsighted," Berke said. "Decreasing Chattanooga's sales tax portion could cause significant cuts to critical city services and departments, including public safety initiatives and our Chattanooga John Roberts, mayor of Red Bank, said he liked and respected Coppinger, but he simply couldn't get on board.

The MTAS report estimates Red Bank would get about \$268,588 less from the state if the county got a portion.

"It will be a huge hit for us. We are a small municipality, and we can't expand anymore. We try to collect as much sales tax as we can. This would be a huge hit for us," Roberts said.

Collegedale Mayor Katie Lamb, who also opposes the proposed sales tax changes, said Coppinger is just looking for ways to avoid a tax increase.

"But in the long run he's going to force the various municipalities to raise their portion of the tax. But when we do that, the county schools still get half of the tax that we raise. We are just behind the eight ball, no matter how we go," Lamb said.

To which Coppinger says, "You're dang right. Everyday we are looking for ways to avoid raising taxes. If county taxes go up, everybody's taxes go up."

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## Discretionary expenses, privatizing jail among issues mulled by commissioners

July 30th, 2015 by Louie Brogdon in Local Regional News Read Time: 2 mins.

The Hamilton County Commission

Photo by John Rawlston /Times Free Press.

Hamilton County commissioners have a lot of homework before next week's meeting.

On Wednesday, commissioners mulled more than \$70,000 in commissioner discretionary expenditures; a plan to hire a consultant to analyze privatizing the county jail; a tax break for a 10-story building downtown and an actuarial study for an early retirement plan for sheriff deputies.

Commissioners Jim Fields, Marty Haynes, Greg Beck and Chester Bankston are hoping to spend discretionary money on a variety of projects.

Two of those commissioners — Haynes and Beck — were among the three who opposed including discretionary expenditures in the 2016 budget.

Haynes is asking to spend \$10,000 to complete the second phase of a greenhouse complex at Hixson High School. But he stressed Wednesday the money would come from bond funds from a previous year.

After commissioners overruled a mayoral veto and pulled \$900,000 out of the county's savings to pay for their \$100,000-per-year set-aside, Haynes said he would only spend the new money if there was a serious need.

"Just to be clear: Discretionary funds I have asked to be allocated to Hixson High are from last year's bond fund and not from this year's funds," Haynes said Wednesday.

Beck is asking to spend \$6,000 of general fund dollars on the Mary Walker Historical and Education Foundation and \$5,000 toward A Night to Remember Inc.

The Mary Walker fund commemorates Mary Walker, who was the last living slave in the United States. She enrolled in a Chattanooga Area Literacy Movement class at age 116 to learn to read, and lived to be 121 years old.

Beck said A Night to Remember operates similarly to the United Way as a disbursement agency for local nonprofits. The expense is to sponsor a table at the organization's annual dinner.

Beck voted against including discretionary funds in the new budget, but he said as long as he has the money, he's doing his community's will.

"My committee said it belongs to the community, and that's what they wanted to do," Beck said, referring to a group of advisers he assembled to help decide which projects to fund.

Commission Chairman Jim Fields is looking to spend \$10,000 in last year's bond funds to remodel the Signal Mountain Public

Library and another \$10,000 to build batting cages at Shackleford Ridge Park. Students at Signal Mountain schools and local residents will use the cages, he said.

Chester Bankston is planning to give \$20,000 in general fund dollars to the Highway 58 Volunteer Fire Department, \$10,000 to the Veterans Memorial Park of Collegedale to restore a Douglas A-4 Skyhawk military aircraft for the park and \$1,000 for Girls Inc. of Chattanooga.

Commissioners next week also will vote whether to hire a consultant to calculate the costs and benefits of privatizing the county's jail.

Mayor Jim Coppinger said in June he wanted to investigate turning jail operations over to Corrections Corporation of America, which already runs the county's Silverdale facility.

But on Wednesday he said there are other private prison companies, and CCA wasn't the only option. He's asking commissioners to approve a \$150,000 contract with Public Financial Management to look into the issue.

Coppinger also is making good on a decision to hire an actuary to check out Sheriff Jim Hammond's proposed bridge plan, an early retirement plan for senior officers.

Hammond asked for the plan to be funded in the 2016 budget, which started on July 1, but Coppinger kept it out, citing concerns about health care and other costs. Commissioners will vote next week whether to pay \$19,000 to Bryan, Pendleton, Swats and McAllister to complete the actuarial services for the bridge plan and the county's other post-employment benefits.

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## UPDATE: Commissioners override Mayor Coppinger's budget veto

Posted: Jun 22, 2015 1:12 PM CDT Updated: Jun 24, 2015 7:33 PM CDT

By Kelly McCarthy, Reporter

By WRCB Staff

UPDATE: Two days after Hamilton County Mayor Jim Coppinger vetoed the budget that includes discretionary funds, County Commissioners are sticking by their original amendment.

Commissioners voted Wednesday to override the mayor's veto, ignoring Mayor Coppinger's claims that the budget is financially irresponsible.

Commissioners voted 6 to 3 in favor of overriding the Mayor's veto. This means, as of now, \$900,000 in discretionary funding will be included in next year's budget.

"If someone wants to recommend how these very important projects would get funded otherwise, I'm very open to having those discussions," said District 7 Commissioner Sabrena Smedley.

Smedley is one of 6 who voted to override the mayor's veto and to include discretionary funding in next year's county budget.

\$900,000 will be taken out of the county's rainy day fund. "Well I think it did set a precedence," said Mayor Coppinger.

Coppinger says it was his first time using his veto power to try and change a county budget.

"I'm disappointed but I'm not surprised," Coppinger said, "And now I think we need to be mature and go back to work."

Since 2008, commissioners have each received \$100,000 annually to spend on community projects in their district.

Recent projects have included playgrounds, soccer fields, i-Pads for schools and equipment for volunteer fire and EMS.

"Those things just do not get funded through the regular budget, they have no means of getting funded," said District 1 Commissioner Randy Fairbanks.

Three of the nine commissioners voted no on discretionary spending, Commissioner Joe Graham says he was in favor of the mayor's original budget.

"I don't rely on that money for my district," Graham said, "It's a valuable tool if we can use it, if it's not there, it's not there."

But commissioners and the Mayor did agree on one thing, they are all hoping for more communication when preparing next year's budget and with the public on why some say discretionary funding is necessary.

"When the general public understands how the process works, almost all the time, at least in my instance, they agree with the process," Fairbanks said.

After the vote, a member of the audience asked commissioners if there was a way to improve the process of using discretionary funding to restore confidence in the public, and to perhaps avoid another veto from happening next year.

Every project that uses discretionary funds has to be announced at a commission meeting. There is a commission discretionary spending report on the county's website. It's under the Commission Discretionary Spending Reports on the main page. It is a detailed list for the public of how the funds are being used.

PREVIOUS STORY: Hamilton County commissioners are expected to present a resolution

Wednesday morning to override Mayor Jim Coppinger's veto of the amended budget.

Last week, commissioners voted 6 to 3 in favor of amending the proposed budget to include \$900,000 in discretionary funding.

Since 2008, each commissioner has received \$100,000 to use for public projects in their district.

But this year, discretionary funds were left out of the proposed budget.

In a statement issued earlier this week, Coppinger said, "I firmly believe it is fiscally irresponsible to withdraw almost a million dollars in funds from the county's rainy day fund to be used for discretionary spending by each commissioner."

The meeting is expected to start at 9:30 a.m. in the historic Hamilton County Courthouse.

PREVIOUS STORY: For the first time in his tenure, Hamilton County Mayor Jim Coppinger vetoed a fiscal budget approved by county commissioners.

In a press conference at the courthouse, Coppinger explained why he used his veto power. He says commissioners giving themselves \$900,000 in discretionary funding is financially irresponsible.

"This is something where they just reached out and took it, and it should concern every citizen in this county," Coppinger said.

The Hamilton County Commission voted last week, 6 to 3, in favor of amending the proposed budget to include \$900,000 in discretionary funding.

The majority of commissioners want to take the money from the county's rainy day fund to make it possible.

Since 2008, each commissioner has received \$100,000 to use for public projects in their district.

But this year, discretionary funds were left out of the proposed budget. "It belongs to the taxpayers, this dollars we're talking about, it doesn't belong to me, it doesn't belong to anybody but the taxpayers," Coppinger said.

He says it was one of several difficult decisions made in an effort to balance the budget. "Millions of dollars, that were cut out of that budget, that were really important to us, it was important to the public," Coppinger said, "But we went in and cut those things because we did not have the revenues to be able to support that."

Discretionary funds have been used for things like little league jerseys, school projects, and funding the needs of volunteer fire departments.

Without the funding, groups would have to approach the full commission for consideration. Commissioners have 20 days to either accept or override the veto with a majority vote. "There's other measures but we'll stop there," Coppinger said, "We'll go back to work, I mean,

it's not going to change anything. I hope everyone is mature enough to go back to work and to continue to move this county forward."

Several commissioners said, after the mayor's announcement, they will vote to override the veto at Wednesday's regular meeting.

If commissioners vote the way they did the first time, discretionary funds will stay intact.

ORIGINAL STORY: Hamilton County Mayor Jim Coppinger has vetoed the 2015-16 FY budget. Coppinger issued a statement Monday, which read:

This morning I notified the Hamilton County Board of Commissioners that I am vetoing the fiscal year 2015-2016 budget they passed by Resolution 615-35 as amended on Wednesday, June 17, 2015.

I firmly believe it is fiscally irresponsible to withdraw almost a million dollars in funds from the county's rainy day fund to be used for discretionary spending by each commissioner.

This was a difficult budget for myself and the staff to prepare. There were millions of requested dollars cut from public safety, public education, public works, emergency medical services and others in order to balance this budget without a proposed tax increase. In addition to these cuts, we also eliminated \$900,000 in spending from the commission's budget request. We did so because we did not have the revenues to fund these expenditure requests, and never gave consideration to including funds from the rainy day fund to do so.

The commission's decision to amend the budget and add \$900,000 in discretionary funding is a disappointment to myself and the financial staff who worked for months to put together and present a balanced budget. Hamilton County is the model for the State of Tennessee and communities across the nation for being fiscally responsible, and that is reflected by our Triple A bond rating by the three top rating agencies in the country.

In closing, I want to thank Commissioners Greg Beck, Joe Graham and Marty Haynes for their support of my budget as presented. These commissioners have consistently supported the sound responsible financial principles of our county. I committed to the citizens of this county that I would oversee good government they can be proud of and I intend to continue to do so in a responsible manner.

## Jim Coppinger vetoes Hamilton County budget over discretionary funds

Veto is Coppinger's first since taking office

June 22nd, 2015      by Louie Brogdon      in Local Regional News    Read Time: < 1 min.

Mayor Jim Coppinger vetoes the Hamilton County budget

Hamilton County Mayor Jim Coppinger has vetoed the county's 2016 budget after county commissioners last week voted to restock their discretionary funds from the county's rainy day fund.

Before passing the 2016 budget last week, the commission added an amendment to withdraw \$900,000 from the general fund balance to reinstate discretionary spending for the commission, which Coppinger had purposefully taken out.

At the south steps of the county courthouse today, Coppinger said it was "irresponsible to draw nearly \$1 million from the county's rainy-day fund" to pay for "unspecified wants."

In the past, each commissioner has been given \$100,000 a year to spend on special projects. They have said the money goes to projects that might not otherwise be funded, but critics have called the practice political pork.

Coppinger said he left the nearly \$1 million out of the budget because there was no revenue source to pay for it, and he had already cut other necessary programs in order to avoid a tax increase.

Commissioners have 20 days to override the veto. Otherwise it stands, and the commission will again have to vote on whether to pass the budget.

## County budget vote expected next week

By DAVID MORTON (/AUTHOR/DAVID-MORTON) –

Published on June 10, 2015

The Hamilton County Commission will vote on a \$664 million budget next

Wednesday that outlines funding for public schools, the judicial system, law enforcement and other county offices.

The budget does not include an increase to the property tax rate, despite recent efforts (/169713/school-board-sends-434-million-budget-to-county-commission/) by the school system to get more revenue.

In the end, the Hamilton County Department of Education's proposed budget is \$405.7 million, or 61 percent of the overall county budget.

Commissioners on Wednesday said they have received numerous emails from employees with the Hamilton County Sheriff's Office urging them to appropriate approximately \$500,000 for a bridge plan that would allow officers over 55 to access their retirement benefits early.

Mayor Jim Coppinger said he plans to meet with representatives of the Hamilton County Sheriff's Office Friday afternoon to discuss the long-term viability of the plan. But he cautioned that including it may require additional money down the road.

He indicated that a property tax increase may be the only viable revenue source to fund the plan, which most commissioners campaigned against last year.

"I know where that revenue source is, and that revenue source makes everyone uncomfortable," Coppinger said.

Chairman Jim Fields said he would also attend Friday's meeting. Sheriff Jim Hammond declined to comment while discussions are ongoing, a spokesman said.

## Hamilton County budget battle ahead

June 5th, 2015 by Louie Brogdon in Local Regional News Read Time: 4 mins.

Hamilton County Mayor Jim Coppinger speaks about the budget during a county commission meeting on June 3, 2015. Photo by Dan Henry /Times Free Press.

Document: Discretionary spending 2014 Hamilton County commissioners haven't said so publicly, but they want their \$900,000 back.

After Mayor Jim Coppinger first revealed his proposed 2016 budget, commissioners publicly praised the mayor and his staff.

The \$644.4 million budget appears clean. There's no tax increase, and county employees will get a raise if it's passed.

But privately, commissioners are bemoaning the loss of their annual set-aside of \$100,000 apiece that's been a budget fixture for years.



"It's going to be tough to support a budget that doesn't have it," said District 4

Commissioner Warren Mackey.

This is the record of Hamilton County commissioner discretionary spending for fiscal year 2014.

Document: Discretionary Spending 2015

This is the record of Hamilton County commission discretionary spending so far for fiscal 2015.

Commissioner discretionary funding started in 1981 as a \$70,000 shared pot, but morphed over time. The current program, \$100,000 a year for each of the nine commissioners, has been around since 2008. The money rolls over year to year, and this year commissioners were limited to spending the money on public projects that will last longer than 15 years.

For the 2016 budget, commissioners asked that those restrictions be removed.

Good government groups have raised concerns about allowing individual elected officials to direct that much dough. In Tennessee, only Hamilton County allows commissioners to direct more than \$5,000 annually. Some critics have called the program thinly veiled vote buying that gives incumbents an unfair advantage.

But commissioners say that's not so. They say discretionary funds are good for the community and show residents that their government is working for them.

Most say they want the funds added to Coppinger's proposed budget. Mackey is downright adamant, saying that without discretionary dollars his district, which includes much of Chattanooga's inner city, will be left out.

"After all, there's no projected spending in my district. There are no schools being built in my district, and we don't get infrastructure," Mackey said. "It will be real hard for me to ask my residents to keep paying county taxes when they are all being spent in the outlying districts."

District 5 Commissioner Greg Beck, who represents much of East Chattanooga and the Highway 58 area, also said it was disappointing the funds were excluded.

"Sure it is, because the school system's not going to help me and my district. That's the only way we can get extra help. They are not going to do any extra things in my district. They've proven that."

Beck cited a chronically leaking roof at a school in his district that he said the school system is only now getting around to fixing.

Commissioner Randy Fairbanks, who represent Soddy-Daisy, has had no discretionary money to spend. Former District 1 Commissioner Fred Skillern spent more than \$300,000 in the district fund before leaving office.

Fairbanks said he would like the money, because the eight schools and several volunteer fire departments in his district need the help.

In District 3, Marty Haynes said nearly all his money went to schools and fire departments, too. And he hoped for "common ground" with Coppinger because fire departments and schools have come to "expect and depend on" discretionary money from commissioners.

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Coppinger said he hasn't heard a word from any commissioner since a budget workshop Tuesday. Commissioners asked no questions during the official presentation Wednesday and none showed up to a final budget work session Thursday. But Coppinger was prepared to answer their arguments.

He said needs at county schools should be dealt with -- and paid for -- by the Hamilton County Board of Education. And public projects in Chattanooga, East Ridge, Red Bank or the other municipalities should be paid for by those respective governments.

Further, Coppinger, a former Chattanooga fire chief, said volunteer fire departments can still come to the commission for aid.

"It doesn't eliminate some of our more important expenditures, where money has helped ... our local fire departments. There will be a mechanism for that to continue," Coppinger said.

But Fairbanks and District 8 Commissioner Tim Boyd counter that such requests would require budget amendments.

"I would rather have it in the budget and no surprises," Boyd said.

District 7 Commissioner Sabrena Smedley, who represents East Brainerd and the southeast side of the county, said she's "anxious to have the discussion."

"And I'm very open -- if we keep the funds -- to there being limits on how they can be used," Smedley said.

Boyd, who represents East Ridge and parts of Brainerd and Chattanooga, said he wants the discretionary funds only if there is revenue to support them.

"If funds are available, I'd like to see them in there. I'm not in favor of the current system of borrowing money through bonds to fund discretionary spending," Boyd said.

But he added that he hadn't completely studied the budget by Thursday. Revenue is the chief reason the funds are gone, Coppinger said.

"In order to have good government and do what we all say -- be good stewards of the taxpayers' dollars -- we are not raising taxes, we don't want to raise taxes, and that's been the source of that revenue over the years," he said.

The county hasn't raised property taxes in eight years. In that time, it has budgeted \$7.2 million in discretionary spending.

Haynes was the only commissioner to say he wouldn't vote the budget down over the discretionary funds.

"At this point, no. I like the budget, I like what's in it. ... We can't afford to do everything everybody wants," Haynes said.

Other commissioners said they were still studying the budget and considering their positions. All will have to think hard about refusing to pass the budget over \$900,000.

If the budget isn't passed and commissioners accept a continuation budget for 2016, there would be consequences. The Humane Education Society will not get the extra \$226,000 it needs to perform emergency repairs to its 70-year-old structure. Volkswagen will not get the

\$26 million payment the county owes it as part of the auto maker's agreement to expand in Hamilton County. And no county employee would get the 1.5 percent raise that's built in to the new budget.

Commissioner Chester Bankston and commission Chairman Jim Fields declined to comment on the discretionary fund issue, saying they would wait to discuss it at Wednesday's agenda session.

"I don't have anything to say about it right now, it's still under investigation," Bankston quipped.

Commissioner Joe Graham did not return a phone message Thursday.

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## Hamilton County mayor wants to escape from incarceration business

June 3rd, 2015

by Louie Brogdon

Hamilton County Mayor Jim Coppinger told commissioners during a budget work session Tuesday the county was considering selling its Silverdale facility to Corrections Corporation of America, the private company that runs the workhouse now, and having CCA build and operate a new jail to replace the county's aged downtown facility.

Coppinger said he would soon come to the commission and ask it to hire the PFM consulting firm to research the move.

"We are looking at total privatization of our jails and our Silverdale workhouse," Coppinger told commissioners.

But Coppinger said Tuesday it wasn't set in stone. The study, which is expected to cost six figures, will guide them.

"If it makes sense, we'll do it. If it doesn't, we won't. But we know one thing: In a couple of years, we are going to have to replace that jail," Coppinger said. "And we are just looking for a way to keep the taxpayers from paying for that."

But still, the county's Silverdale contract with CCA runs out in April 2016.

Costs at Silverdale increased by \$1 million in the proposed 2016 budget, because of a population increase of 7.1 percent at the workhouse.

And the cost of housing prisoners at the jail is ever-increasing, Coppinger said.

The proposed budget projects the jail operation's budget at \$12.2 million, up from \$12 million last year. And \$10 million of that is in salaries and benefits.

Coppinger said CCA can run the jail cheaper than the county, and it could greatly reduce the cost and liability to the taxpayers.

That would in part mean some of the 173 positions in the sheriff's jail budget could be in jeopardy, although Coppinger said Tuesday part of any negotiation with CCA would include discussions to get current jail employees hired with CCA.

The announcement set off alarms at the sheriff's office.

Sheriff Jim Hammond fired off a statement late Tuesday saying the jail was not being sold and "the future careers of his staff in the jail is a non-negotiable."

Hammond said the study was only a study. After years of concerns from the grand jury about the jail's condition and manpower needs, he said it was time to start addressing the issue.

"I felt like we needed to do a study to see what options are available to us," Hammond said. "I

don't think [Coppinger's] asking to close the jail or sell the jail. I think he's just asking to study the situation."

Hammond is concerned about his staff, but some human rights group are concerned about privatizing at all.

Hedy Weinberg, executive director of the American Civil Liberties Union-Tennessee, said the county's prisoners should not be put in the hands of a private company.

"As a private corporation, CCA's obligation is to maximize its profits, often at the cost of compromising public safety and accountability. Evidence of cost savings in private jails and prisons is mixed at best," Weinberg said in a statement.

She said numerous government and academic agencies that have studied private jails have found no advantages.

"The bottom line is that private prisons are accountable to shareholders, not taxpayers. We urge Hamilton County to proceed very cautiously and not to relinquish control of its jails to CCA," she said.

Alex Friedmann, managing editor for Prison Legal News, a monthly publication that covers the criminal justice system, said it's almost impossible to say whether operation by CCA would even be cheaper.

"Silverdale has been operated by CCA since the 1980s, there's not really any other benchmark to say they've saved money," Friedmann said.

But he said it is true that private companies can make a profit running jails, mainly because salaries and employee benefits are much lower.

"If CCA couldn't make a profit on running the jail, they wouldn't run it," he said. "The problem is the type of people you are able to hire at these lower wages tend to be of a lower quality in terms of training."

Friedmann speaks from experience, having been a CCA inmate for six years. Since then, he won a five-year lawsuit against CCA through the Human Rights Defense Center, of which he is associate director. The suit, which ended in 2013, forced CCA to comply with state open records law.

## Tennessee lawmakers may change decades-old sales tax laws

May 29th, 2015 by [Louie Brogdon](#) in Local Regional News Read Time: 3 mins.



State Sen. Bo Watson is interviewed by editors...

Photo by [Doug Strickland](#)/Times Free Press.

Some state legislators and county officials are looking into changing decades-old sales tax laws in an effort to help counties cover the costs of running schools and jails.

But the sales tax pie is only so big, and slicing it differently could be a big hit to cities such as Chattanooga, which derives more than \$50 million of its \$217 million annual budget from sales tax revenue.

Currently, a minute portion of the 7 percent statewide sales tax -- 4.6 percent of 5.5 percent to be exact -- gets split and returned to municipalities based on their populations. Larger cities get larger allotments. For Chattanooga, that was \$11.9 million in 2014.

And cities and counties split evenly the 2.25 percent local option sales tax. Chattanooga and the county each pulled in \$39.7 million in 2014 from the local tax. By law, the county's share goes to local education.

But local state delegates meeting with Times Free Press reporters and editors Tuesday said they were at the drawing board for a plan to give county governments a larger slice of the sales tax pie in counties where municipalities don't maintain school systems.

State Sen. Bo Watson, R-Hixson, said Thursday there is nothing in writing, and he didn't want to set off any alarms with cities or municipal organizations. But lawmakers are looking for a way to make sales tax distribution more equitable for counties.

"That's the general tenor -- is that fair? If you get out of the school business, if you get out of other types of services and leave those to the county, should there be some reallocation of resources to pay for that instead of just property taxes?" said Watson, who serves on the Senate Finance Committee.



Mike Carter

Photo by C. B. Schmelter /Times Free Press.

Reps. Mike Carter, R-Ooltewah, and Patsy Hazlewood, R-Signal Mountain, who serve on the House Finance Committee, could not be reached for comment Thursday.

Watson cautioned that many questions remain. Some municipalities still have school systems.

"If you are Maryville, and you are still in the school business, then that makes sense. But if you are Chattanooga and you are not in the school business, do you need those resources?" Watson said.

Chattanooga spokeswoman Lacie Stone said Thursday the delegation hasn't mentioned anything to the city administration about a change in sales tax revenue.

"We would be happy to provide input when and if a bill like this is put forward and after we are able to review it," Stone said.

Hamilton County Mayor Jim Coppinger said Thursday he had asked lawmakers to look into the issue, because there are 106,000 people in unincorporated areas who he says aren't being treated fairly.

The county general government doesn't share in the state sales tax, and it only gets to use local sales tax money collected at stores in the unincorporated county. That amounted to about \$3 million last year, Coppinger said.

"Basically, we want to be counted as an entity -- just like the cities," Coppinger said. "It's money spent in Hamilton County, no matter where [in the county] it's spent."

Coppinger says the sales tax laws are just outdated.

"The only thing we are saying is, [the allocations were set] before you had these urban growth boundaries, and everybody started annexing. What it did was put county governments at a huge disadvantage," he said.

He added that, along with schools and jails, counties are mandated to run emergency management and public health agencies.

And Coppinger's not alone.

Fred Congdon, executive director of the state Association of County Mayors, said sales taxes have been a source of frustration for counties for years.

"Just having legislators with the fortitude to try to run a bill like that, it's pretty exciting. Because it's something that should have been done many years ago," Congdon said.

*Contact staff writer Louie Brogdon at [lbrogdon@timesfreepress.com](mailto:lbrogdon@timesfreepress.com), @glbrogdoniv on Twitter or at 423-757-6481.*

## Hamilton County Schools' budget requests spark challenges

May 21st, 2015 by Tim Omarzu in Local Regional News Read Time: 4 mins.

Commissioners Warren Mackey, left, and Marty Haynes confer as Hamilton County Schools Superintendent Rick Smith speaks to the Hamilton County Commission.

Enhancements requested in next year's school budget

- \* 5 percent employee salary and benefit increase: \$11 million
- \* Funding art teachers in all elementary grades: \$2.2 million
- \* Hiring foreign language teachers in all elementary grades: \$2.2 million
- \* Educational technology and infrastructure support: \$3.8 million
- \* Instructional resources, teacher and administration support: \$2 million
- \* Opening new schools: \$1 million
- \* Capital improvements: \$2 million

\* Increased block grants to individual schools: \$1 million

Like Abraham Lincoln giving his famously brief Gettysburg Address, it took less than five minutes for Hamilton County Schools Superintendent Rick Smith to make his pitch Wednesday afternoon for a \$34 million annual school budget increase to the

County Commission, which controls the school district's purse strings.

"Chattanooga can be the smartest city in

the South," said Smith, who since March has presented his vision to bring art and foreign language classes to the elementary grades, increase teachers' pay and benefits by 5 percent, buy up-to-date technology and make other improvements.

\* Differentiated urban services and support: \$1 million

\* Expanded graduation options: \$1 million

Total: \$27.2 million

Source: Hamilton County Department of Education

Hamilton County Sheriff Jim Hammond has big ask for county budget

Greeson: What's important and what's less important; only Coppinger knows

Gettysburg gave way to a gritty discussion of dollar amounts and about 90 minutes of questions, opinions and sometimes heated back-and-forth comments from Smith, the nine commissioners and county Mayor Jim Coppinger.

Smith's proposed \$379 million budget, \$34 million higher than the current year, could require a 40-cent property tax increase that would add \$150 annually to the tax bill of a \$150,000 home. Coppinger wouldn't say Wednesday whether he'll propose a boost in school funding when he unveils the school's proposed budget on June 2 that the nine commissioners will vote up or down.

Some of the most pointed questions came from someone Smith has known since second grade: Commissioner Tim Boyd, an East Ridge resident.

"I'm just not convinced that the monies requested will have the return that I'm looking for," said Boyd, who questioned, among other things, the 5 percent increase in salary and benefits for all of the district's roughly 6,000 employees, which would cost an additional \$11 million annually.

"That's not going to improve the academic scores of one child," Boyd said. He told Smith that Hamilton County students' performances on the Tennessee Comprehensive Assessment Program test were "not good. They're simply not good."

Smith replied that, without a pay increase, he's at risk of losing young teachers like the 53 he met with Friday to thank them for their first year of service.



"They are actually serving in our most challenged, difficult urban schools," Smith said. He also defended the increase for principals, saying their leadership is fundamental to keeping good teachers.

Smith and Boyd also differed over cafeteria workers, with Boyd saying that food service should be contracted out, while the superintendent defended a pay and benefits increase for those employees.

"They're our least-paid employees," Smith said.

Inner-city commissioners non-committal

The two commissioners with the most inner-city schools in their districts didn't come out in favor of the budget increase -- but didn't rule it out, either.

"I'm not there, yet," Alton Park Commissioner Warren Mackey said.

However, Mackey praised the half dozen urban school principals who spoke at a recent forum in South Chattanooga. "They are doing an incredible job of getting those kids up to speed," he said.

Longtime Brainerd Commissioner Greg Beck reminisced about the past school tax increases that he said were passed after school and county officials met and hashed out the details. He suggested that the school system was not doing enough in his district, giving as an example a large piece of plaster that he said is ready to fall from the cafeteria ceiling at Brainerd High School.

"I am supportive of the schools, but give me something to support," Beck said. "Give me something that I can say to my constituents -- this is why."

Smith agreed that it may be time for the school board and county commission to hold a joint meeting.

Lookout Valley Commissioner Joe Graham had a back-and-forth with the superintendent over fund balances, or savings.

Graham has accused the school district of "hoarding" money with a fund balance of \$49 million, which he says should be put toward the classrooms. Smith fired back and said the school district's savings is about 9 percent of its total budget compared to the county's \$112 million fund balance, which Smith said is about 57 percent of its total budget.

"What does our fund balance have to do with anything?" Graham asked.

"I would take any of your fund balance that you would like to contribute to public education," Smith said, drawing applause from school supporters in the audience, including school administrators, school board members and principals who came to watch the hearing.

Coppinger defended the county's fund balance toward the end of the meeting, saying the county's fiscal conservatism and AAA bond rating has "saved this county millions of dollars."

"No one's calling into question the importance of education," Coppinger said, adding "a \$34 million request is extremely challenging."

Seniors: Don't raise taxes

Hixson Commissioner Marty Haynes said the school district was asking for money to fund things that kids used to learn at home, at church or from civic clubs.

Whatever the outcome, Haynes recommended that everyone "go to a school and read" and he "called out" his church, Stuart Heights Baptist, for not doing enough to help nearby schools.

"We don't do a good enough job of reaching out," Haynes said.

East Brainerd Commissioner Sabrena Smedley-Turner said she agreed with Smith's vision.

"My problem is approaching it through a property tax increase," she said. "I have been inundated with calls from the senior population in my district asking, 'Please don't raise [taxes].'"

Soddy-Daisy Commissioner Randy Fairbanks and Ooltewah Commissioner Chester Bankston each said they were definitely opposed to Smith's budget increase in March when Smith first unveiled it. Neither stated their position Wednesday, though Fairbanks praised Smith, who has presented his vision at 33 meetings with the public and schools personnel, for putting in the hard work to tour the county to make his case.

"I just want to thank you, Mr. Superintendent," Fairbanks said. "I'm a Rick Smith fan. I'm a school fan."

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## Tax-share; what's fair? County Mayor warns of cuts

*Posted: Mar 31, 2011 11:47 AM CDT Updated: Mar 31, 2011 5:55 PM CDT*



CHATTANOOGA (WRCB) - From birth and death certificates, to toddler checkups, to flu shots, the Health Department is a first choice or last resort for thousands of families all over Hamilton County.

But breaking down who pays for all this, isn't easy.

"You keep saying that's our tax," County Commissioner Joe Graham tells Chattanooga City Council member Deborah Scott.

"It's your tax because of state law, but your city is in our county."

"We are doing our fair share and more," she counters.

Scott maintains that Chattanooga property owners are paying 'double plus.' Seventy one percent of Hamilton County residents live within Chattanooga city limits. Chattanooga property owners pay city and county property taxes, roughly 58 percent of all property taxes collected

within the county.

"I do think bringing up property taxes muddies the water because we're not talking about property tax issues," County Mayor Jim Coppinger says.

"We're focusing on sales tax."

Thursday, County Commissioners voted to urge Chattanooga City Council to renew the 45-year-old sales tax-sharing agreement, as is.

Chattanooga Mayor Ron Littlefield wants the agreement to expire May 23, before crafting a new deal.

Scott maintains that any discussion must address what she sees as inequities in Chattanooga's property tax burdens.

"The city of Chattanooga has spent property taxes for county services, to match the sales tax dollars generated in Hamilton County," she says.

Scott says that half of the ten municipalities within Hamilton County, including Soddy Daisy and Collegedale, need to kick in some of their sales tax dollars to fund services their citizens use and that Tennessee law requires the County to provide.

County leaders agree, but counter that Chattanooga's use those services most.

"Over 50 percent of the funding for the Health Department comes from the state of Tennessee and federal grants," Coppinger says.

"Some of that money will disappear if we can't keep this tax-sharing agreement."

Last Friday, Coppinger mailed letters to 28 agencies that receive money through the tax-sharing agreement, warning them not to count on that funding past May 23.

Those agencies are;

Erlanger Hospital

Health Department

Speech and Hearing Center

Children's Home (Chambliss Shelter)

J. Johnson Mental Health Center

Veteran's Service Office

Convention and Visitor's Bureau

Civil Defense (Emergency Services)

County- City Planning Commission

Scenic Cities Beautiful Commission

Public Library

Social Services Administration

Family and Children's Services

Fortwood Center

Orange Grove

Team Evaluation

CADAS

Children's Advocacy Center

Community Research Council

Aim Center

Signal Centers

Bethlehem Community Sports Academy

Senior Neighbors

Allied Arts

WTCI Public Television

Regional History Museum

Urban League

African American Museum/Bessie Smith Hall

Thursday, Commissioners ask Scott to propose that City Council extend the tax-sharing agreement 'as is' for another year.

Scott says she'll introduce the measure, but is not sure whether she'd vote for it.

Failing that, Mayor Coppinger is pushing for an agreement that would continue to funnel Chattanooga sales tax dollars to the Health Department, Erlanger Medical Center, the Regional Planning Agency and to Emergency Management.

"The services that would be diminished or completely eliminated are devastating," Coppinger says.

"And they are services that serve the county quite well."

## Chronic state underfunding of education spurs lawsuit by seven school districts

By Marta W. Aldrich [maldrich@chalkbeat.org](mailto:maldrich@chalkbeat.org)

PUBLISHED: March 25, 2015 - 12:03 am CDT

Gov. Bill Haslam speaks earlier this month to constituents from Chattanooga, home of the Hamilton County Board of Education, which sued the state Tuesday with six other school districts for underfunding education in Tennessee. ( Photo by TN.gov )

Charging that the state has breached its constitutional duty to provide “a system of free public education” for children in Tennessee, the Hamilton County Board of Education

and six smaller school districts sued state officials on Tuesday, asking that the court order the General Assembly to address a broken system that has resulted in hundreds of millions of dollars of underfunding.

The suit asserts that, instead, the state has created a system that “shifts the cost of education to local boards of education, schools, teachers and students, resulting in substantially unequal educational opportunities across the State.”

Specifically, the suit claims the state’s funding formula underestimates the cost of teachers’ salaries by about \$532 million and that schools face an annual shortfall of about \$134 million in classroom costs.

The suit was filed in Davidson County Chancery Court by school boards in Hamilton, Bradley, McMinn, Marion, Grundy, Coffee and Polk counties. It names Gov. Bill Haslam, Education Commissioner Candice McQueen, Lt. Gov. Ron Ramsey, House Speaker Beth Harwell, and members of the State Board of Education

The lawsuit was the first legal volley fired by local school officials weary of chronic underfunding by the state. The action came one day after superintendents from Tennessee's four largest school districts, including Hamilton County, met with Haslam in Nashville to discuss school funding issues.

Haslam spokesman David Smith said the governor was "very disappointed" about the lawsuit after committing Monday to collaborating with superintendents to address the challenge. "Litigation will obviously decrease potential for collaboration," Smith said in a statement.

Hamilton County Superintendent Rick Smith said his district intends to continue working with the governor and legislative leaders. "The board does not believe that its decision to assert its legal claims should preclude productive dialogue since everyone, ultimately, wants the very best education for everyone in our state," he said in a statement.

Local district leaders across Tennessee have intensified discussions about inadequate state funding since 2013 when representatives of Metro Nashville Public Schools discovered fundamental questions about the state's Basic Education Program (BEP), the state's school funding formula.

The school boards of Shelby, Knox, Hamilton and Bradley counties voted earlier this year to explore possible legal action, while school leaders in Nashville chose negotiation over litigation.

Shelby County Schools Superintendent Dorsey Hopson, who represents the state's largest public school district, wants a legal analysis conducted before determining whether his district should go to court.

"Being a lawyer, I want to understand the merits ... and make sure it's a winnable suit before you jump out there," he told the district's Board of Education Tuesday night.

Hopson, who was among superintendents who met with Haslam on Monday, complimented the governor for initiating discussions on the matter. "I can tell you he's committed to increasing student achievement outcomes for students and expressly stated funding isn't all of that but a lot of that," Hopson said.

Board member Chris Caldwell, who has shepherded Shelby County's exploration of possible legal action against the state, expressed frustration over the legislature's unwillingness to adequately fund education for all Tennessee children. "I think the governor has tried to do a lot of good things," he said. "My concern is his being able to get the General Assembly to go along with him."

In January, Haslam unveiled his budget proposal to include an additional \$170 million in state spending for K-12 education, including \$44 million for the BEP.

However, that's far below the funding outlined in Tuesday's lawsuit. Specifically, it cited the legislature's 2007 amending of the BEP to include the cost of teachers within the funding formula, with adjustments anticipated from time to time based on recommendations from a BEP review committee.

The lawsuit notes that the review panel's most recent report, issued last November, found that the BEP formula failed to: estimate accurately a local district's cost of insuring its teachers; use the actual salary costs incurred in employing teachers; provide the required 75 percent of classroom expenses set forth under Tennessee law; provide the cost of professional development and mentoring of teachers; fund school nurses and technology coordinators; provide adequate funding for teaching materials and supplies; and account for the increased use of technology within school systems.

"In total, the BEP Review Committee concluded that the General Assembly is underfunding education in Tennessee by hundreds of millions of dollars," the suit says.

While commending the state for initiating higher academic standards and accountability measures, the suit says the state has not provided adequate funding for such education reforms, placing additional demands on local boards to pay for unfunded mandates.

Meanwhile, the suit notes, parents in more affluent communities are paying fees and participating in fundraising activities that defray local education costs while also contributing to an inequitable level of funding education across the state.

"The General Assembly has been aware of its obligation to fund a system of free public education across the State for more than 20 years and yet has been deliberately indifferent to its constitutional duty," the suit says.

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## Seven Chattanooga area school systems sue Tennessee over education funding

March 24th, 2015 by Andy Sher and Staff Reports in Local Regional News Read Time: 2 mins.

Seven Chattanooga area school systems have filed suit against the state of Tennessee for not sufficiently funding local schools as mandated under the law.

The suit comes a day after Rick Smith declared that he was "pleased" with the outcome of a meeting between Tennessee Gov. Bill Haslam and several school system superintendents who have expressed displeasure with the state's level of education funding.

Today's lawsuit, filed in Davidson County Chancery Court, alleges that the state has "breached its duty under the Tennessee Constitution to provide a system of free public education for the children of this state."

The suit further alleges that Tennessee's Board of Education "has instead created a system that impermissibly shifts the cost of education to local boards of education, schools, teachers and students, resulting in substantially unequal education opportunities across the state."

The local school systems name Gov. Bill Haslam, Senate Speaker Ron Ramsey, House Speaker Beth Harwell, and a handful of other officials who serve on the Tennessee Board of Education as defendants.

Much of the schools' argument hinges on whether or not Tennessee has complied with its Basic Education Program, known in education circles as the BEP. The school systems allege that apart from a one-time adjustment that did not close the funding gap, the General Assembly has never appropriated the funds necessary to include the cost of teachers within its funding formula.

This includes a failure to provide for the cost of teachers' health insurance, according to the lawsuit, creating a funding discrepancy of some \$64 million.

The state also falls short on funding classroom costs, resulting in an annual shortfall of about \$134 million, according to the suit.

The net result of these shortfalls is that less affluent communities don't have enough money to run their schools, the school boards allege.

Asked what had happened to the apparent "kumbaya" moment between Haslam, Smith and the other superintendents, Jonathan Welch, a Hamilton County school board member, told the Times Free Press that "based on what we had voted two weeks ago authorizing the bill, we appreciated the governor's dialogue and we look forward to continuing that. But we need to press forward at this point."

Haslam has previously warned that litigation makes it more difficult to discuss issues.

Welch said he doesn't think it will: "No, I think there are things all the time where things are negotiated" despite a lawsuit being filed.

After Monday's meeting, Haslam and the superintendents, including Hamilton County Superintendent Rick Smith, said they were working to resolve some funding issues, although Haslam noted there were both short-term and long-term considerations and steps involved.



Smith told reporters he was "pleased with today's conversation" and said he and fellow superintendents "really appreciated" the governor taking time to discuss problems.

Haslam spokesman David Smith said in a statement that the governor "is very disappointed after he and the commissioner made the commitment yesterday to a collaborative process to work closely with districts on these issues, and litigation will obviously decrease potential for collaboration."

## Hamilton County mayor says Gov. Haslam's teacher raise would strain budget

By TIM OMARZU Chattanooga Times Free

Press

February 15, 2015 - 11:52pm

-During his State of the State address last week, Gov. Bill Haslam got a standing ovation from lawmakers when he proposed setting aside \$97.6 million to boost Tennessee K-12 teachers' pay by 4 percent.

A more muted response came from Hamilton County school officials over that proposal and Haslam's plan to dedicate an additional \$44 million toward the Basic Education Program (BEP), the state funding formula for schools.

"We're probably not going to get that much," said Christie Jordan, director of accounting and budgeting for the

Hamilton County Department of Education.

That's because Hamilton County is considered to be the second- or third-wealthiest county in Tennessee. So the state education department factors in a "wealth index" and throttles down its financial contribution accordingly.

Where some poorer counties might get a larger relative percentage of state funding, "We have to come up with two-thirds of the money," Jordan said. "Because Hamilton County is a wealthy county, they expect us to chip in more money."

It costs \$2.2 million for each 1 percent salary increase given to Hamilton County public school teachers, Jordan said.

4 percent increase would cost \$8.8 million — with the state likely paying \$3 million and the district paying \$5.8 million.

If state lawmakers approve the teacher raises in Haslam's budget, the Hamilton County school board would be obliged to fund them at the designated level, said Sandy Hughes, president of the Hamilton County Education Association.

"The way I understand it, if the governor says to give us 4 percent raise, they have to give us 4 percent," Hughes said. "So [the school board] has to ask the commission for more funding."

The school board would need to put money for any raises in the budget it will approve in April. That budget — and any teacher raises — would need final approval from the County Commission, which does its budget in June.

"That would put a strain on our budget," County Mayor Jim Coppinger said. "No, we are not budgeted for that." But Hughes believes the county can afford it.

"I'm sorry, but the county has over \$100 million in their fund balance," Hughes said. "They're only required to have between \$60 [million] and \$65 million. If the public schools need funding, they need to put it in the school district's budget."

Haslam's proposal to increase the BEP by \$44 million is just to keep up with inflation, Jordan said. Better for rural counties

Haslam's proposal was greeted with more enthusiasm by a school official in a rural county on Hamilton County's western border.

"We'll be able to do it," Sequatchie County Schools Director Johnny Cordell said. "They have to come up with a lot more money to match [in Hamilton County]. For every [state] dollar, I'd have to come up with 20 cents."

Rural counties don't have to contribute as much, since they don't have the tax bases that large, metropolitan counties do.

"It's tough for rural systems that have no income," Cordell said. "We don't have large shopping malls and that sort of thing."

Cordell said it wouldn't be necessary to raise taxes in Sequatchie County to match state funds for teacher raises. "Our school board manages our money well. So we're ready. We can handle it," he said.

Lawsuit brewing?

Hamilton County school board members have called on the state to boost its funding here by \$12 million annually, to about \$145 million. They also want the state to pay the school district's full cost for 12 months of insurance premiums, instead of the current 10 months.

The BEP underestimates actual teacher pay. It bases its calculations on an annual teacher's salary of \$40,447 — which the state acknowledges is about \$10,000 too low. Using the actual 2014 average salary of \$50,116, full funding would cost about \$515 million, according to a November 2014 report by the Basic Education Program Review Committee.

The governor's proposal to add \$44 million "isn't quite the same as \$515 million," said D. Scott Bennett, the attorney for the Hamilton County school district, as well as school districts in Polk, Bradley, Grundy and Coffee counties.

Coppinger said the BEP needs adjustment.

"I'm still hopeful, on the state level, that we can eventually start the conversation and review the BEP formula," Coppinger said. "I understand the difficulties the state has with its budget, as well. Our state [legislative] delegation is working diligently to try to resolve Hamilton County's issue. And I certainly applaud that."

The governor's proposal to raise teachers' pay by \$97.6 million and increase BEP funding by \$44 million still needs approval from the Tennessee General Assembly.

School districts in Tennessee's four biggest metropolitan areas — in and around Chattanooga, Knoxville, Nashville and Memphis — have contemplated suing the state for more BEP funding. On Feb. 2, the Knox County Board of Education voted to explore the idea.

Jonathan Welch, who represents District 2 on the school board, has led the effort here to explore the feasibility of a lawsuit.

"You've got the first step, which is Knoxville, so [the lawsuit idea] is still out there," Welch said.

Republicans in Hamilton County's legislative delegation didn't favor a boost in state funding for K-12 education during a January visit to the Times Free Press.

"There is no law saying the county can't fund education," Rep. Mike Carter, R-Ooltewah, said then. "If they want to raise the taxes, let's raise them. And by 'let's,' I mean 'y'all.'"

Cordell, who's run Sequatchie County Schools for two decades, said Tennessee ranks near the very bottom of the list of states when it comes to funding schools.

"They just need to step up to the plate and fund education in Tennessee more than it is now," he said.

Cordell could see the four big school districts pursuing a lawsuit against the state.

“The rural [school] systems sued three times and won three times, so it wouldn’t surprise me,” he said. Copyright © GateHouse Media, Inc. 2015. All rights reserved. • Privacy Policy