

A BRIEF DESCRIPTION OF TENNESSEE MUNICIPAL GOVERNMENT*

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When people refer to the place where they live they usually speak of it as a "city" or "town." Generally, we regard a small community as a "town" and the larger community as a "city." In some other states people are accustomed to calling the smaller places "villages" and "boroughs," but this is not the custom in Tennessee. The purpose of this paper is to describe briefly the government of cities and towns in Tennessee. Each one has a government, just as the State has a government. An effort will be made to outline the principal differences among city and town governments.

The status of a city or town is the same before the law. Each is a "municipal corporation" created by the State, and the term "municipality" is used to mean city, town, village, or borough. Hence in the broad sense we refer to "municipalities," and each has a "municipal government." It means the same as referring to the "city government" or "town government" of your home city or town.

HOW MUNICIPALITIES ARE CREATED

A municipality is a "creature of the State." Each municipal corporation is created (incorporated) under laws passed by the State legislature.

There are two methods of incorporating municipalities: (1) under a general law, and (2) by private act of the State legislature. A general law (also sometimes called public act) is effective on a state-wide basis, but a private act applies only to one city or town.

However, Constitutional Amendment No. 7, adopted in November 1953, now prohibits use of the private act method. This Amendment contains a provision that "the General Assembly shall by general law provide the exclusive methods by which municipalities may be created."

*Written in January 1955

Whichever method is used, the State law, be it general or private, constitutes the city's "charter." The charter sets out the functions that the municipal government shall or may perform, its obligations to its citizens, the taxes it may impose, how it is to be organized, and other details. The charter is to the city government much the same as the State Constitution is to the State government, with one significant exception: a city may do only what it is authorized to do by its charter, while a State may do anything it is not prohibited from doing by its Constitution or by the U. S. Constitution.

Most Tennessee cities and towns have been created by private acts. Of the 252 active municipal governments in Tennessee at the end of 1954, 228 were created by this method. The people of an unincorporated area would request their State Senator and Representative to secure the enactment of a private act to incorporate their community as a municipality. Under a tradition of "courtesy," the General Assembly approved such an act if the Senator and Representative representing the people concerned gave it their approval. As already stated, this method cannot now be used.

There are two general laws in Tennessee under which cities or towns may be incorporated. One authorizes the mayor-aldermen form of government, and becomes effective if two-thirds of all the qualified voters living in the community vote in favor of incorporation. The other general law sets up the council-manager form of government, and becomes effective if a majority of the votes cast in an election are in favor of incorporation. It is much easier to create a municipality, then, under the council-manager law, because half the voters could fail to vote, and only a majority of the other half who do vote is required. Under the mayor-aldermen law it must be two-thirds of all the voters, whether or not they vote in the election. A new law, passed in 1955, requires that at least 200 people live in a community before it may be incorporated, and if the community is within two miles of an existing municipality it must have at least 500 residents.

THE IMPORTANCE OF MUNICIPAL GOVERNMENT

People have discovered that they can provide themselves with certain services more efficiently and more cheaply by establishing a municipal government than by other means. How else could they provide streets for buses, trucks and automobiles, and sidewalks for pedestrians? They can secure pure water from the city water system -- how impossible it would be for each home, business and factory to provide for its own water supply! The city sewer system carries away wastes, replacing the unhealthful outhouse of

yesteryear. Most of us prefer to have the garbage taken away by city collectors rather than to haul it in our own cars.

Instead of each person carrying a six-shooter, as they did in the early days of the Wild West, the city has a police force to protect its people from criminal elements. The police also perform the very vital functions of regulating traffic and parking, without which chaos would exist on our streets. The fire department is vastly superior to the neighborhood bucket brigade or the use of fire extinguishers.

Fifty-four Tennessee municipalities own and operate electric systems; in addition to serving their residents these systems furnish electricity to 62 other cities and towns, making a total of 116 served by municipal systems. Only eight Tennessee cities and towns are served by private electric utilities. The remaining 128 get their electricity from three county-owned systems and 22 cooperatives. Imagine having to do without lights and the many electrical appliances that we use every day! We are also safer and can move about at night much more readily because our municipal governments provide street lights.

The schools in many Tennessee municipalities are under the county governments, but in the larger cities, and even in some smaller towns, the municipal government maintains and operates the schools. In some cities it has been proposed that the city and county school systems be combined into one system under the county, for more efficient operation and to save money, but city officials often say that the city school system is better than would be the case under such a consolidation.

The foregoing functions might be termed "traditional" for municipal government in Tennessee. They have been generally accepted over a long period of time as proper functions for a city to perform, with the possible exception of some continuing controversy over public vs. private electric systems. There are other functions that are relatively new, and which provoke some argument as to whether they should be undertaken by municipalities. Controversy usually accompanies anything new; for example, when public schools were first proposed there was a great debate over whether education should be a public or private function. In this category of relatively new functions, we would place such activities as low-rent housing, slum clearance and urban renewal, and industrial promotion. Housing authorities have been established in 27 Tennessee municipalities, to provide low-rent apartments for low-income families, financed with funds from the Federal government. Under a 1949 Act of Congress, 11 cities have applied for

Federal funds for slum clearance and urban redevelopment projects to tear down houses and buildings in blighted areas and to rebuild such areas. The 1949 Act was amended by a 1954 Act, which made Federal funds available for urban renewal projects to rebuild blighted areas, if a city has a comprehensive plan of improvement for the entire city, a minimum housing code, and meets other requirements. A survey made soon after the 1954 Act was passed revealed that 41 Tennessee municipalities were interested in such programs.

The attraction of new industries, to provide employment and to increase local business, is another new function being undertaken by many Tennessee towns and cities. Some people argue that it is not a proper function for a municipal government to seek new businesses in this manner, but others say that a city should so assist its citizens. The method generally used has been the issuance of revenue bonds to build factory buildings, which in turn are rented to manufacturing companies. These bonds are secured only by the rents paid to the city. A few cities have issued general obligation bonds after approval by three-fourths of their voters in elections (this vote is required by the Tennessee Constitution). General obligation bonds have to be paid off by the taxpayers if not otherwise paid. The Tennessee Supreme Court has ruled that revenue bonds may be used for such purposes, but that general obligation bonds cannot be used; however, courts change their rulings as times change, and a new case in the future might result in a different decision. Two State laws passed in 1955 are designed to make it easier for cities to undertake such programs, by general obligation or revenue bonds, or by a combination "revenue deficiency" bond which would be payable out of general tax funds only in the event that the rental income is insufficient.

We have mentioned the principal functions of municipal government. The list could be extended -- planning and zoning to assure orderly growth, protection of people against disease and pestilence, control of dogs and other animals, operation of parking lots and garages, inspection of buildings as to safety and proper construction, inspection of electrical and plumbing work to be sure it has been done right, providing libraries, and the operation of airports, gas systems, parks and playgrounds, swimming pools, hospitals, etc. This still is not a complete list, but it is extensive enough to indicate the broad range of services provided by municipal governments.

Most of us probably take these services for granted. We don't think about the water supply system -- the reservoirs, filter plant, chlorinating equipment, pipes in the ground, and the operating personnel always ready to work at any hour to repair breaks in the pipes -- that is necessary if we are to turn the faucet and obtain pure water. Nor do we give any thought, as we flush a commode, to the extensive sewer system that must be maintained in proper condition. Think of all that must be done to make sure that a policeman to protect our lives and a fireman to save our home from fire can be summoned simply by making a telephone call. Do we realize how much equipment and highly-trained and competent personnel are needed so we can flick a switch for electric lights?

It might be a worthwhile exercise if all of us, every now and then, would identify the many points where we come into contact with our municipal governments in our daily activities. If we would do this we probably would reach the same conclusion as the man who said, "I get more for my municipal tax dollar than any other dollar I spend."

Our city or town government is the closest of all governments to us. We receive more direct services from it than from any other government. The State capital and Washington, D. C., are many miles distant. We rarely see State or Federal officials, but the office of a city official is within easy reach -- simply by telephone if we don't want to make a personal visit. Anyone can attend meetings of the city council (unfortunately, few people avail themselves of this right). And through our votes and actions we can individually exercise more influence at this level of government than at any other level.

STATE CONTROL OF MUNICIPALITIES

With some exceptions the only means whereby the State government controls municipalities is through laws passed by the General Assembly. The Tennessee Supreme Court has said, "Incorporated towns and cities are but arms or instrumentalities of the State government -- creatures of the legislature, and subject to its control at will. It may establish and abolish at pleasure." (Redistricting Cases, 111 Tenn. 234, 80 S.W. 750 (1903)). However, as we shall soon see, this has been changed somewhat by amendments to the State Constitution adopted in 1953.

We will mention the principal exceptions. The State Department of Health must approve all water and sewer systems. The State Stream Pollution

Control Board may require municipalities to purify their sewage before emptying it into any streams. The State Comptroller reviews audit reports to make sure that cities spend their 1¢ share of the State gasoline tax only for street purposes. In a sense these are not exceptions, because such State officers derive their authority from State laws. However, this type of control is different from control by the legislature -- the State officer makes decisions and has the duty of requiring or prohibiting certain specified actions. Legislative control is exercised by the adoption of laws that a city is bound to follow, and if it fails to do so the courts enforce compliance only if an interested party brings a law suit against the city.

Two types of laws are used to control municipalities: general and private. We have already pointed out the difference between these two, in the discussion of how cities are created. Prior to the adoption of Constitutional Amendment No. 6 in 1953, the General Assembly would automatically pass almost any kind of private act, affecting only one city, under the "courtesy" custom, if the Senator and Representative representing the city concerned had requested passage of the act. A city's mayor and aldermen have been ousted from office, and a new mayor and aldermen installed, by this method. Salary raises have been given to teachers, policeman, firemen, and in extreme cases to single employees, usually with no consideration of where the city would get the money to pay the higher salaries. New offices have been created, positions abolished, duties changed, and vacations established for particular employees, generally without any consultation with the officials of the cities affected.

The evils of the private act system had become so obvious that when the Constitutional Convention met in 1953 there was general agreement that something should be done to prevent such abuses. Speaking to this Constitutional Convention, the Chief Justice of the Tennessee Supreme Court observed that it would be improper for him to make suggestions to the Convention (because his Court might later have to consider cases involving the work of the Convention), but he did say this: "Over the years there has been too much unwise local legislation in which the people affected by it were given little if any voice whatever. Many of these private acts had no merit other than to serve the basest ends in partisan politics."

In some states, Kentucky for example, the State Constitution prohibits the State legislature from passing private acts affecting only single cities. These are known as "general law states," meaning that the legislature can enact only general laws; however, usually such general laws may apply only to cities and

towns within certain population ranges (for example, there might be four classes: (1) under 5,000, (2) 5,001 to 25,000, (3) 25,001 to 100,000, and (4) over 100,000). This approach was considered by the 1953 Constitutional Convention, and some delegates argued that Tennessee should become a general law state. However, a compromise was reached, in the form of Amendment No. 6. This amendment prohibits the General Assembly from passing any private acts which would remove, shorten the term of office, or change the salary, of any county or municipal officer. Private acts on other subjects may still be enacted, but before being effective each must be approved either by two-thirds of the governing body, or by a majority of votes cast in an election, in the county or city affected; the General Assembly specifies which of these two procedures for local approval shall be used.

Amendment No. 7 goes a little further. It authorizes the people of a city or town to vote to become a "home rule municipality," and if they do so the General Assembly thereafter can deal with such municipalities only by general laws. A home rule municipality can also amend its charter or adopt a new charter, simply by a vote of its citizens, but it cannot increase its powers of taxation, or extend its city limits, or adopt a provision in conflict with any State general law. At the end of 1954 only five cities had voted to become home rule municipalities. This amendment also permits cancellation of home rule status, by a vote of the people, in which case the city reverts to its former status.

HOW MUNICIPAL GOVERNMENTS ARE ORGANIZED

In any organization there must be a division of functions among its various parts. Individuals must be given specific assignments and responsibilities, so that all will be working together and not at cross purposes. This might be termed "organizing to do a job." Let us now consider how municipal governments are organized to carry out their functions.

Unlike some other countries of the world, where the central government controls all local governments and prescribes a standard form of organization for all, in the United States our Federal government has no such authority over municipal governments. Only the State governments can exercise these powers. The result is a wide range of variations among the 48 States, and within each State the organization of municipal governments will vary widely.

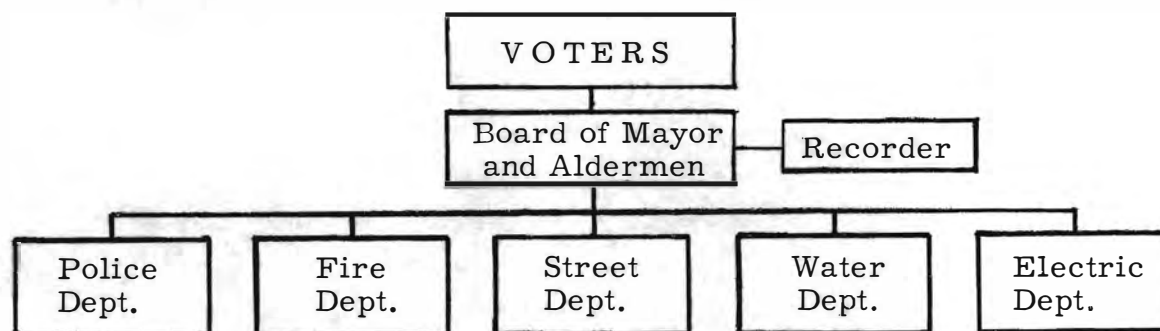
The principal forms of municipal government, and all are found in Tennessee, are four in number: (1) weak mayor and aldermen (council), (2) strong mayor and council, (3) commission, and (4) council-manager. Each of these forms will be discussed briefly.

Weak mayor and aldermen

The word "weak" does not apply to the mayor personally but describes the extent of his official powers. This is the oldest form of municipal government, and is still probably most widely used in Tennessee. It had its beginnings in early English history after the people had had their fill of autocratic kings; to avoid any such experiences in their municipal governments they drastically restricted the powers of their mayors.

Under this form, the people elect the mayor and usually from four to seven aldermen (also sometimes called "councilmen"). The law-making body, or governing body, is called the "board of aldermen," "board of mayor and aldermen," or "council." The mayor may have a right to vote on all matters, or he may vote only to break a tie vote among the aldermen. Sometimes he may veto actions of the aldermen, who may in turn override his veto (the trend seems to be away from the veto, especially in the smaller cities and towns).

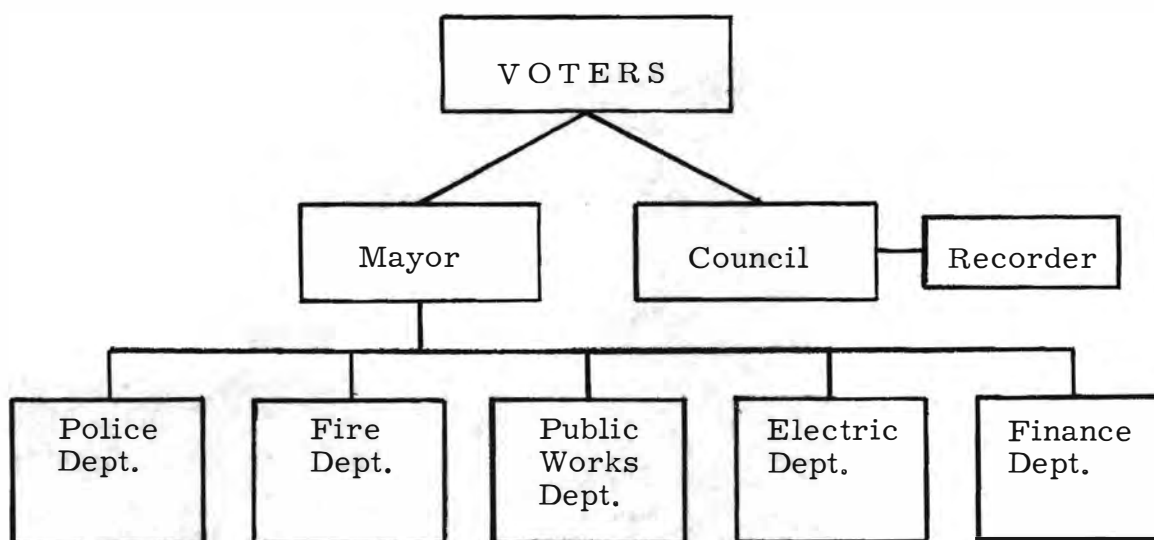
In a very few cities the people elect the city recorder and in at least one city the tax assessor is elected, but in most cities under this form, the board of aldermen selects all employees of the city, sometimes on recommendation of the mayor. Removal of employees likewise depends on a vote of the board. In very small towns the aldermen also serve in other capacities; one may be elected as recorder, another as treasurer, another as street superintendent, etc. All employees are accountable to the board of aldermen, not to the mayor, and the board may supervise operations of departments through individual aldermen or through committees. The chart below illustrates a typical organization under this form:



Strong mayor and council

This, the second oldest form, developed when it was found, particularly in the larger cities, that one person rather than a board could more efficiently direct the day-to-day work of a city. Almost 200 of Tennessee's 252 towns and cities have mayor and council (or aldermen) government; the weak mayor form is unquestionably more numerous, but we have not made a count of weak mayor and strong mayor forms because the distinction between these two is sometimes difficult to make. Confusion also arises when the municipal governing body is called a "commission" or "board of commissioners," causing it to be mistaken as a commission form of government, which we will discuss next. In many cities where this terminology is used the "commission" or "board of commissioners" has much the same responsibilities as a "council" or "board of aldermen," and in such cases they are not under the commission form of government and should be classified as mayor and council cities.

The primary difference between the strong mayor form and the weak mayor form lies in the fact that the mayor is the executive head of the municipal government, and all city employees (sometimes certain employees are excepted) are responsible to him, usually through department heads, for the proper performance of their work. The mayor may hire and fire such employees without needing the approval of the council, but he may be required to do so in accordance with civil service rules in the city charter or as established by ordinance. The chart below illustrates this form:



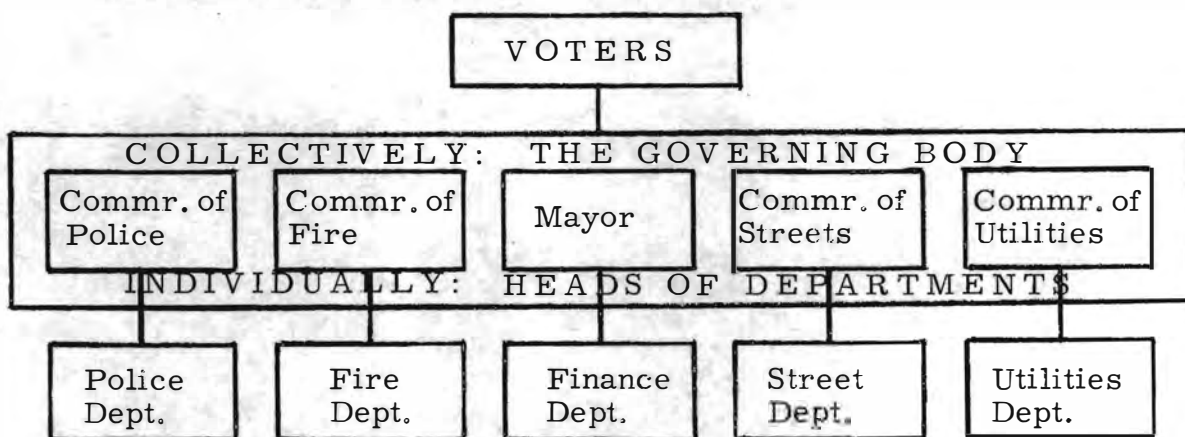
Commission

About 30 Tennessee towns and cities have this form of government. It was first adopted by Galveston, Texas, in 1901 following a disastrous flood, and a few years later by Des Moines, Iowa. Under the Galveston plan, the commission appointed heads of departments, but under the Des Moines plan, which has been most widely used, the members of the commission also serve as heads of departments.

The voters elect members of the commission, usually three or five who are designated by such titles as Commissioner of Fire and Police, Commissioner of Finance and Taxation, and Commissioner of Streets. In the Tennessee cities using this form, each commissioner also serves as head of a department (in a very small town each one may be responsible for a particular function, without setting up a "department"). In some cities the people elect a mayor and commissioners who run for specific posts, while in other cities the commission as a whole, by majority vote, decides which commissioner will be in charge of each department. The people may elect the mayor, as in Memphis, Chattanooga and Jackson, or the commission by majority vote may elect one of its members to be mayor, as in Crossville, Cookeville and LaFollette. Frequently, the mayor is in charge of a department of finance and taxation, but occasionally he may be assigned to another department.

In addition to their duties individually as department heads, the commissioners and mayor also constitute the city commission, which is the city's governing body to pass ordinances, fix taxes, etc., in the same manner as the council or board of aldermen perform such functions in the mayor and council cities. The mayor has only one vote, the same as each commissioner, and rarely does he have any veto authority.

The chart below illustrates this form:



Council-manager

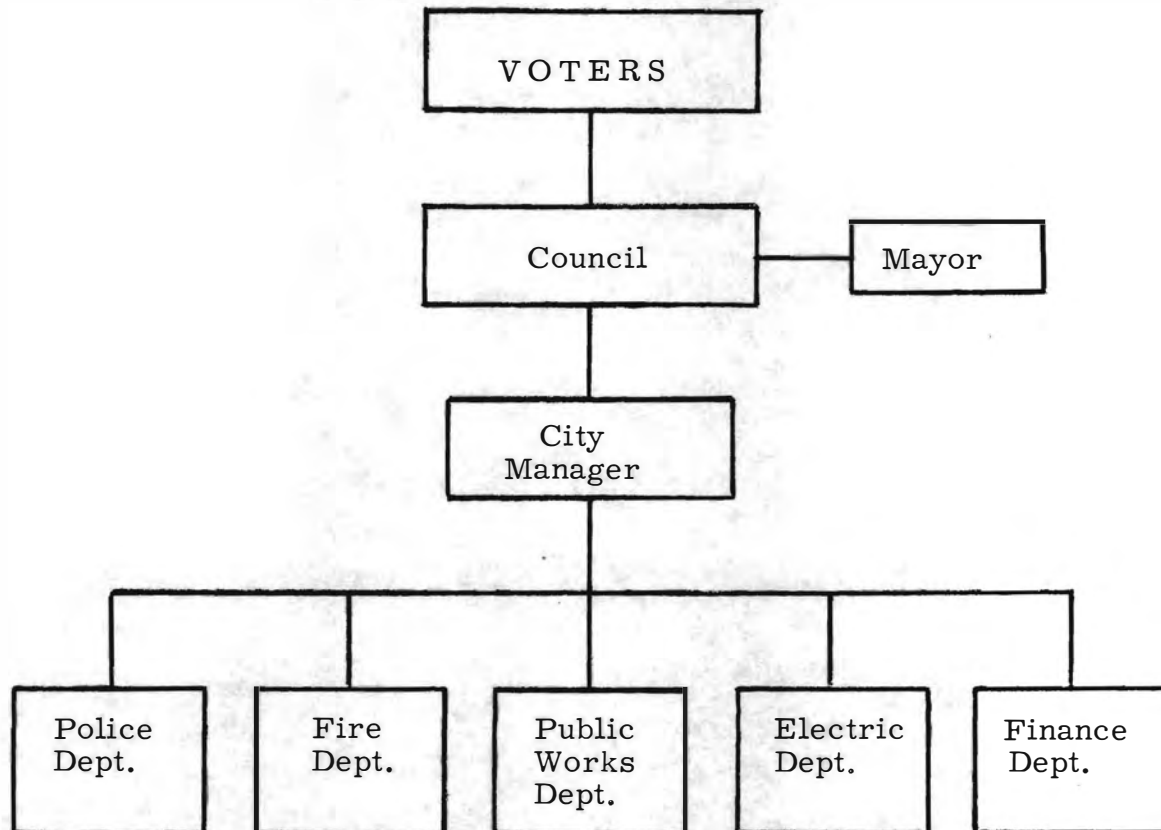
Twenty-four Tennessee municipalities have this form, but three small towns have not appointed managers, apparently preferring to carry out municipal functions through employees responsible to the council (or commission). Actually, then, it might be said that only 21 have this form of government. Some of these are small towns which adopted this form because of the relative ease of incorporation (see previous discussion on this point under "How municipalities are created"). Only 15 cities above 1,000 in population have appointed managers.

This is the youngest of the four forms. Staunton, Virginia, in 1908 was the first city to adopt a plan that was similar to the council-manager form, but Sumter, South Carolina, in 1912, and Dayton, Ohio, in 1914, were the first cities to adopt the form as it is generally found in American cities today. Kingsport (1917) and Alcoa (1919) were the first Tennessee cities to use this form.

The council-manager form represents an effort to transfer to municipal government a plan of organization that has been successful in the business world. As the stockholders of a private corporation elect a board of directors, which in turn appoints a general manager to manage the activities of the corporation, so the citizens of a municipality elect a council, which in turn appoints a city manager to direct the day-to-day work of the city. The council passes ordinances, determines the tax rate, and allocates the money to various municipal functions, establishes the general policies of the city, and hires and fires the city manager at its pleasure. The city manager is responsible for carrying out such policies, appoints and removes employees working under him, and may be expected to make recommendations to the council for more efficient conduct of municipal affairs.

In some cities the governing body is called the "commission" or "board of commissioners," instead of "council." The Tennessee general law providing for this form uses the term "board of commissioners," and its members are called "commissioners" instead of "councilmen." However, it is only the words that are different; the form is the same, and in such cases there should be no confusion with the commission form, discussed above.

The chart on the following page illustrates this form:



Boards and commissions

In most cities, whatever their form of government may be, we usually find some municipal functions under boards and commissions more or less independent of the governing body. Some cities will have a large number, while others may have only one or a few, and small towns may have none.

The most familiar to all of us is probably the board of education, in charge of our schools. Its members may be elected by the people, or may be appointed by the city's governing body. As we have already mentioned, in many Tennessee cities and towns the schools are under the county board of education. Of those cities operating their own school systems, only two have no school board: Jackson and Alcoa.

Other boards and commissions, composed of persons usually appointed by the municipality's governing body but occasionally elected by the people, carry out such functions as planning and zoning, electric service, water supply, sewage disposal, recreation, parks and playgrounds, low-rent housing, and urban renewal. A single utilities board may be in charge of the electric, water, sewer and gas systems. Some cities carry out such functions, except low-rent housing and urban renewal, through departments that are under the mayor, council, or city manager.

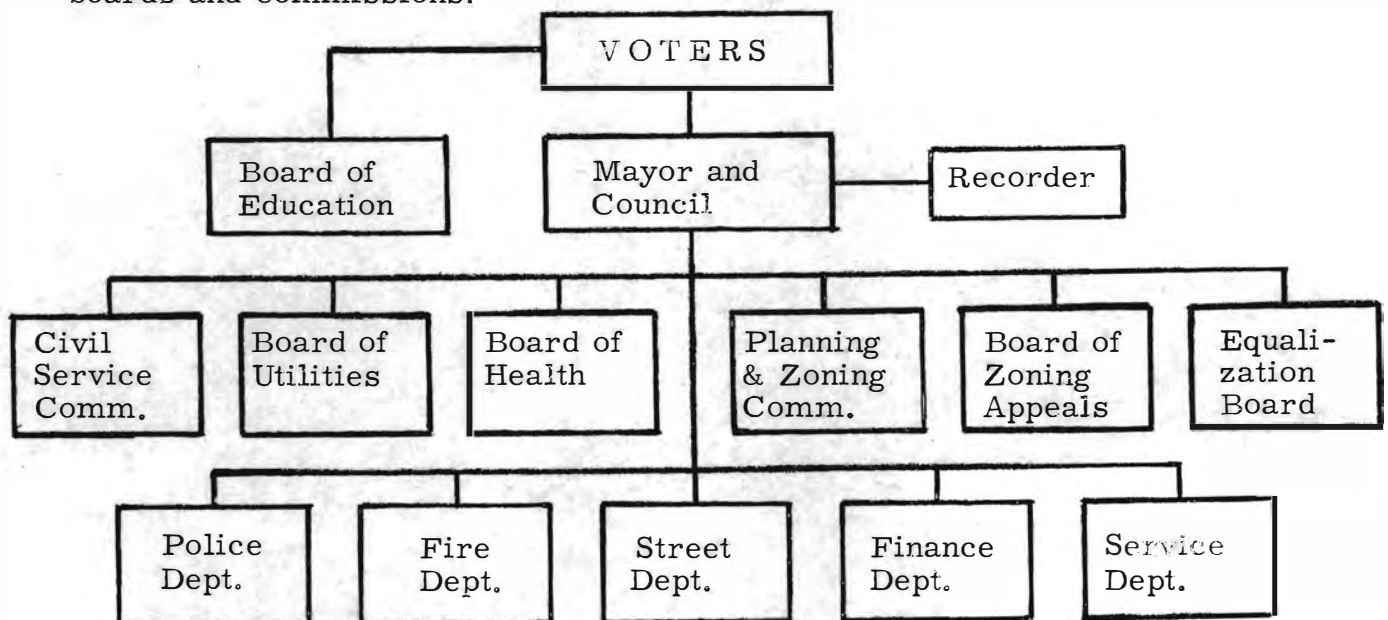
The usual justification for creating boards for such purposes is that "politics" are thus kept out. It is said that this assures a higher standard of service, protects employees in their jobs, lowers interest rates on bonds, and attracts public-interested persons to serve their cities as members of such boards. On the other hand, it is argued that the "splintering" of municipal functions among independent boards is undesirable, that cooperation and coordination is reduced, that the viewpoints of such boards are restricted to their narrow fields instead of taking in the entire city government as a city council must do, and that operation of such functions by a city department can be more efficient and just as satisfactory to all concerned.

The foregoing comments apply especially to "service type" functions. For others, which might be termed "restrictive" or "control" functions, there is general agreement that boards and commissions should be used. Planning commissions should study a city's growth and should recommend, for final approval by the governing body, measures that will make it a better city: such as minimum street and lot widths, reservation of land for parks and playgrounds, or the tearing down of old and dilapidated buildings in an urban renewal project. Zoning commissions (sometimes combined with planning commissions), acting in accordance with a zoning ordinance passed by the

city's governing body, determine which areas of the city shall be used for industrial plants, stores and business offices, and residential houses. Zoning assures a family that the lot next door cannot be put to commercial use -- for example, a filling station; if so zoned it may be used only for a single family house. Some cities have a board of zoning appeals, with authority to make exceptions; in other cities the governing body exercises this authority. It is said that "there are exceptions to all rules," and in this field there are instances when exceptions are justified. However, this can be overdone, to the point where "spot zoning" (excepting one or a few lots) destroys much of the protection that zoning should provide; in some cases the courts have condemned such practice as a violation by a city government of its own zoning ordinance.

A board of equalization is found in many cities. Its function is to review the assessed valuations of land, buildings and other property, made by the city tax assessor, and to make such adjustments as appear necessary to "equalize" such valuations -- that is, to treat everyone fairly so that one person's property is not valued higher than another person's property. Usually such boards act only on complaints of property owners who think that their property is valued too high. It is apparent that this is a very difficult thing to do, and in most cities such equalization is very imperfectly done. This is generally considered to be a proper function for an independent board to perform.

The chart below illustrates the organization of a city with the typical boards and commissions:



The city (town) recorder

This office merits a special note, because of its significance in Tennessee municipal government. The recorder in the average Tennessee town or small city should be a very versatile person. As his title implies, he is expected to record the minutes of meetings, and to keep the official records of ordinances, resolutions, and other actions, of the governing body. As the chief accountant he is responsible for the financial records and reports, showing revenues and expenditures. He is the treasurer, having custody of all money and paying all bills after approval by the governing body.

Usually he is also charged with another duty: acting as the city or town judge. Persons arrested by the police for violating the municipality's ordinances are brought before the recorder, and he acts as any other judge in hearing the cases and deciding whether they are guilty or not guilty. He may impose fines up to \$50 on those found guilty but he cannot give jail sentences; however, if a person fails to pay a fine he may be required to spend an equivalent time in jail.

In many municipalities, especially those with the weak mayor and aldermen form of government, the recorder acts somewhat as a city manager. The mayor and aldermen usually find that they cannot attend to all the details involved in the daily work of the city or town. So they rely, in varying degrees, on the recorder to look after such matters. Although he has no real authority, to hire or fire employees or to direct their work, in practice he exercises considerable influence.

MUNICIPAL LAW MAKING

The voters of a city or town elect persons to a body called a council, board of aldermen, commission, board of commissioners, or by some other name. In any case, such a body is the "governing body" or "legislative body" of the city or town, just as the General Assembly is the legislative body of the State of Tennessee. The term "governing body" is more commonly used in municipal government.

The governing body establishes the policies of the city, usually by ordinances and resolutions. An ordinance is a city law, and has the same effect within the city as State laws have within the state. Ordinances fix the speed limit for automobiles, the tax rate, water rates and sewer service charges, the appropriation of money to be spent, the salaries of city

employees, and the minimum standards for constructing buildings (building code), doing electrical work (electrical code), and doing plumbing work (plumbing code). Other examples of ordinances are: requiring dogs to be vaccinated against rabies, prohibiting outhouses and requiring connections to sewers or other approved sewage disposal (such as septic tanks), and the privilege licenses to be paid before a person may operate a store or place of business.

A resolution is of lesser status than an ordinance, and generally does not have the same binding effect on the citizens of a municipality. It usually expresses a policy or an intention to take certain action; for example, to issue bonds and to specify how they will be repaid, for what the money will be spent, and the procedure for taking competitive bids. If the governing body wishes to oppose any matter, such as a proposal to make the interest on municipal bonds subject to the Federal income tax (such interest is now exempt), or to support a proposal, such as a State law to prohibit the sale and use of fireworks, it would make its stand known by adopting a resolution.

Ordinances are passed at public meetings of the governing body, which may be attended by any person. Members of the governing body will discuss a proposed ordinance, and they will hear any objections or favorable comments from persons in attendance. People might be present to object to a proposed zoning ordinance that would permit business establishments in their residential neighborhood, or they may ask that the city appropriate more money for the schools.

For some types of ordinances, such as zoning ordinances, a city's charter or a general State law will require public notice of the proposal to pass the ordinance, usually by newspaper publication, so that interested persons may be present to state their views. Customarily, a public hearing on the annual budget -- which fixes the manner of spending the city's money -- is required. On other matters, although not legally required, a municipality's governing body frequently decides to hold a public hearing to ascertain whether the people generally support or oppose a proposal under consideration.

Most municipalities employ a lawyer to act as city attorney, and he assists the governing body in such matters. He usually writes the ordinances and resolutions, making sure that they are in proper legal form. He must always anticipate the possibility that someone will be adversely affected by

an ordinance and will ask the courts to declare it invalid. Occasionally he must advise the governing body that a policy which they would like to adopt by passing an ordinance would be illegal and invalid -- perhaps because it is not authorized by the city's charter, or is prohibited by the State Constitution or general laws, or is contrary to past decisions of the Tennessee courts.

MUNICIPAL FINANCE

A municipal government must collect enough money, in taxes and other revenues, to pay its expenses: salaries, equipment, materials, etc. Each year it should collect at least as much as it spends; in other words, most charters require a balanced budget. For unusually large expenditures, such as additions to a water or sewer system, a sewage disposal plant, building a hospital or school, or constructing or resurfacing streets, a city may issue bonds to obtain enough money to pay for such a project; however, it must then obtain enough revenue each year, from taxes, water rates, or by other means, to pay the annual principal and interest on such bonds until all have been paid off. Although it may be desirable to follow a "pay-as-you-go" policy, making all expenditures from current revenues to save interest expense, usually the bond issue is the only way to finance such improvements that the people want and must have.

This problem of obtaining enough revenue to pay for city services is one of the most critical problems confronting municipal governments. Years ago the bulk of a city's income came from taxes on property: homes, business buildings, industrial plants, railroads, etc. Figures for Tennessee are not available, but the averages were no doubt close to those shown by a survey of general revenues, excluding utilities, of all cities in the United States over 100,000: property taxes produced 74 per cent of the total in 1930, and 67 per cent in 1943. Five of the largest cities in Tennessee collected 54 per cent of their total revenue from property taxes in 1947, and only 41 per cent in 1953. Distribution of the 1¢ State gasoline tax to municipalities, which began in August 1953 will reduce these percentages still more. Data for the smaller Tennessee cities and towns are not available, but the same trend toward less reliance on the property tax has been evident in cities and towns of all sizes -- perhaps to a lesser extent in the small towns because the larger cities have more varied sources of revenue.

The governing body of a municipality also fixes the license taxes to be paid by stores and businesses (not to exceed maximum amounts prescribed by State general law), service charges for use of sewers, garbage collection charges, parking and traffic fines, automobile registration fees, parking meter charges, and other revenue sources. If the electric and water systems are not under boards, the governing body will also fix the electric and water rates. All of such sources are not used by all towns and cities; the smaller towns will have very few sources, perhaps only a tax on property in the very small towns, while the larger cities will have these and many more.

In addition to such local revenues, Tennessee cities and towns receive money from the State government. City school systems are given substantial sums to aid in paying teachers' salaries and other current expenses, based on the average daily attendance of pupils; State funds are also provided to assist in the construction of new school buildings. The money collected from one cent of the State's seven cents tax on gasoline is distributed to municipalities on a per capita basis, to be spent only on streets; in 1954 each city and town received about \$5.50 per person from this source. Municipalities also receive 12 1/2 per cent of the State's 2¢ retail sales tax (they do not share in the third cent added in 1955); in 1954 this amounted to about \$4.50 per person. From the State tax on beer each city and town is paid about 20¢ per person. A State income tax on dividends and interest from stocks, bonds and notes is shared with those cities where the taxpayers reside. The amounts received for schools depend upon appropriations made by General Assembly, and receipts from the State-shared taxes will of course vary according to the amounts collected by the State, which are affected by economic conditions.

It is good practice to make up a budget for each year. Before the beginning of a new fiscal year, the mayor, recorder, or city manager prepares a budget, which consists of an estimate of money likely to be received during the year from all sources, and his recommendations as to how the money should be spent: the amount for each department, and within each department for salaries, equipment and materials; payments of principal and interest on bonds; and expenditures to meet other obligations of the city. This budget is usually publicized and a public hearing is held by the governing body, at which any person may speak for or against the budget or any part of it. After it has been approved by the governing body, perhaps with some revisions, an appropriation ordinance is passed, and expenditures during the year are made

in accordance with this ordinance unless it is amended by the governing body. Such a formal budget procedure is generally followed by the larger Tennessee cities. In the smaller cities and towns there may be a discussion of such matters at meetings of the governing body when the annual appropriation ordinance is being considered, but a budget as such may not be prepared.

CONCLUSION

The foregoing traces in broad outline the pattern of municipal government in Tennessee. The variations are so many that it is impossible to describe them in detail. The practice of granting charters by private acts has brought about this complexity, as each charter has been tailor-made according to the ideas of its draftsmen. However, some features are fairly standard, and an effort has been made to indicate these, as well as the fact that variations from them exist.

Some information on the organization of municipal government in the United States generally has also been included, to relate the Tennessee situation to this broader perspective. Not all of this paper, then, is to be taken as descriptive of municipal government in Tennessee only. The author will welcome any constructive criticisms for future revision.