



technical bulletin

Municipal Technical Advisory Service
Institute for Public Service, The University of Tennessee
In cooperation with the Tennessee Municipal League

March 1976

Update on Technical Report No. 2

State Street Aid Fund: Proper and Improper Uses

William J. Haynes, Jr., Assistant Attorney General, issued Opinion No. 119 on May 22, 1975. Because of this opinion it now appears that a municipality may use State Street Aid revenue to pay the electric bills for street lighting. This was item No. 8 on the list of improper uses of State Street Aid Funds (MTAS's Technical Report No. 2).

For the information of city officials, excerpts of the opinion are reprinted below:

"Whether gasoline tax revenues that are paid to a municipality pursuant to Tenn. Code Ann. section 54-407 from the State gasoline and motor vehicle taxes can be used for certain enumerated purposes, to wit:

1. The cost of installation of street lighting.
2. The electric bill for street lighting.
3. The purchase and maintenance of mowing equipment for mowing right of ways.
4. The cost of labor for mowing and maintaining right of ways.

"It is important to note that under the provisions of Tenn. Code Ann. section 54-410 any authorization of expenditures of such municipal funds for any other purpose than those specified in Tenn. Code Ann. sections 54-406 through 54-410 are unlawful and declared a misdemeanor. Any municipal official or employee who violates this provision is personally liable for any unauthorized expenditure of these funds.

"This office has consistently held that the municipal street aid funds may be used for the installation and maintenance of traffic lights at street intersections. The interpretation of Tenn. Code Ann. section 54-406(c) and the prior opinions of this office would appear to permit the use of the town's gasoline tax revenues for items 1 and 2.

"As to the purchase and maintenance of mowing equipment for mowing right of ways, this office is also opined that the purchase of a machine for mowing areas within the street's right of way is a proper expenditure of the municipal street aid fund. Therefore, the use of the town's gasoline tax revenues for item 3 in your requesting letter is proper.

"As to the cost of labor for mowing and maintaining right of ways, it is the opinion of this office that Tenn. Code Ann. section 54-406 would prohibit the use of the street aid fund to augment or share in the wages of employees who service or maintain such street improvements. Given the penalties provided in Tenn. Code Ann. section 54-410 for unauthorized use of the municipal street aid funds, it is the opinion of this office that it would be improper for the town's gasoline tax revenues to be used for the cost of labor for mowing and maintaining right of ways that is described in item 4 in your letter."

MTAS
LIBRARY

MAR 16 1976

Municipal Technical Advisory Service
The University of Tennessee
Knoxville, TN 37916

Non-Profit Org.
U.S. POSTAGE
PAID
Knoxville, TN
Permit No. 481