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## Committee to Save Jefferson County

**PLEASE ATTEND A PRESS CONFERENCE AT 10 AM THURSDAY, JULY 29, 2015**

**ON THE STEPS OF THE JEFFERSON COUNTY COURTHOUSE**

**ON RICHARD ARRINGTON BLVD**

### **Why Act 226 (extending the 1% County School Tax) is unconstitutional**

Last week, July 20, 2015, the Committee to Save Jefferson County filed a Class Action Suit in Jefferson County Circuit Court to enjoin the County Commission from passing an Ordinance for a planned extension of the 1 cent Public Schools portion of the Sales Tax for 30 [or more] years through 2045. This extension purports to be authorized by Act 226 (the "Act 226" or the "Act"). The Suit alleges the Act is a Local Law violating the letter and intent of Section 40-12-4 of the Alabama Code. §40-12-4 permits counties to levy and collect a discretionary sales tax where "all the proceeds...shall be used exclusively for public school purposes."

The suit alleges that the County may only act pursuant to express legislative authority and the authority for a discretionary sales tax is authorized, controlled and subsumed by §40-12-4. Therefore the Act which is local law authorizing a discretionary sales tax is unconstitutional under Alabama Constitution Article IV, Section 105. Section 105 provides "no local law shall be enacted in any case which is provided for by general law."

The suit further alleges that the Act violates the following subsections of Alabama Constitution, Article IV, Section 104, which contains 31 separately prohibited subjects for local laws:

- Section 104(15): Local laws regulating assessment or collection of taxes. The Act regulates collection of sales taxes.
- Section 104(17): Local laws authorizing County to issue securities. The Act authorizes refunding school warrants payable from taxes authorized by the Act.

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- Section 104(19): Local laws authorizing creating any lien. The Act authorizes a lien on property from persons whom taxes authorized by the Act are due or persons required to collect the taxes.

**A. Act 226 is a \$1.8 billion Tax increase without Voter Referendum**

Without this bill (Act 226), at the present county collection rate of about \$100 million a year, the 1 cent sales tax pays off the remaining \$560 million of the original \$1 billion in school bonds in less than 15 years. Without Act 226, under existing law, the County Commission may refinance the \$560 million principal remaining at \$40 million a year. At that point the county could reduce sales taxes from 1% to 4/10ths of 1%. The reduction in sales tax by \$60 million a year would encourage jobs and economic growth in the county. Or the County could give the public schools the additional \$60 million per year and allow each school district to make its own decision to issue debt for capital projects or use its allocation for other public school purposes.

Instead the County Commission plan is to increase sales taxes by \$60 million a year by extending the sales tax to 2045 with only \$18 million a year going for public school purposes and keep 40 million per year for the county general fund.

That is a tax increase by the County Commission of 30 times \$60 million, the amount not needed to repay the school bonds. **A \$1.8 billion sales tax increase over \$30 years.**

**C. This is the same Commission that took the \$45 million in indigent care taxes funding and closed Cooper Green and put that money in the general fund.**

**D. This is the same Commission that imposed \$14.4 billion in new sewer taxes on the citizens of this county primarily in district 1 and district 2.**

**E. Please remember that the \$14.4 billion in new sewer taxes imposed by the recent bankruptcy-- we are still fighting in the Eleventh circuit court-- are taxes-- not sewer fees equal to or anywhere close to the value of services provided to sewer users.**