



Montgomery County Courthouse

County Spotlight:
Montgomery

Population: 172,331
County Seat: Clarksville

CTAS Field Consultant:
Marty Spears
marty.spears@tennessee.edu

Clarksville has claims to the oldest bank in the state, the Northern Bank, established in 1854; the state's oldest newspaper, the LEAF CHRONICLE, established in 1808; and the first and only bank established and operated entirely by women, the Woman's Bank of Tennessee which opened in 1919.

For more information, visit:
www.tennesseeencyclopedia.net

TACIR Updates Report on Residual Impact of the Recession on Local Government Taxes

The Tennessee Advisory Commission on Intergovernmental Relations (TACIR) recently completed an update of the staff web publication *The Residual Impact of the Recession on Local Government Taxes*. The update concluded that the effect of recent multi-year declines in local sales tax collections and declining property values pose future funding problems for local governments.

The impact of the recession on sales tax collections—the second most important local tax source—lingers in many counties. According to the report, while state sales tax collections have increased by 4.5% over the last 10 months (Department of Revenue collections for the period of July 2010-April 2011), and total local sales tax (for the same period) increased by 4.1%, 20 counties experienced lower collections than during the previous 10 month period. When comparing collections from five years earlier, these twenty counties' losses totaled \$26 million.

The report also discusses the impact of the recession on property values and hence, property tax revenues. Declining property values have a delayed impact on assessments. Falling residential and commercial and industrial market values have a limited immediate impact on assessed values because much of the impact will appear during reappraisals. Ultimately, the impact of the housing value slump will come when counties who last reappraised in 2008 and in 2009 (based respectively on sales in 2007 and 2008), reappraise in 2012 and 2013.

As the TACIR report states, the outlook for Tennessee local governments, while less challenging than in other states, will still require new strategies to deal with the prospect of low growth in property assessments during the next reappraisal cycle.

To view the full report, click [here](#). TACIR will update the report as new information comes available.

Tennessee Lawful Employment Act (E-Verify)

At the end of this year's legislative session, the General Assembly enacted the "Tennessee Lawful Employment Act" (Public Chapter 436) mandating that Tennessee employers verify the work authorization status of new hires. While this legislation is not a drastic departure from existing law, it does require some changes in the way employers verify employment eligibility. The new act will apply to governmental entities, including counties, beginning on January 1, 2012.

The act does not, as some had feared, require the use of E-Verify, the federal electronic work authorization verification service run by the U. S. Department of Homeland Security. It does allow employers to use E-Verify to satisfy the act's employment eligibility verification requirements, but if employers choose not to enroll in E-Verify they may obtain other documentation instead.

How Is This Different From Federal Law?

Employers are currently required under federal law to complete an I-9 form for all employees, but this does not extend to non-employees such as independent contractors. Also, federal law does not require employers to retain copies of identification documents used to complete the form I-9. This new state law imposes two additional requirements: (1) employers must document employment eligibility for non-employees (defined as any individual, other than an employee, paid directly by the employer in exchange for the individual's labor or services) as well as employees; and (2) employers must retain copies of the documentation.

What Must Employers Do?

For non-employees (individuals hired as independent contractors), the employer must obtain and maintain a copy of ANY ONE of the following documents:

- Valid Tennessee driver license or photo ID issued by department of safety
- Valid out-of-state driver license
- U.S. birth certificate
- Valid U.S. passport
- U.S. certificate of birth abroad
- Report of birth abroad of a U.S. citizen
- Certificate of citizenship
- Certificate of naturalization
- U.S. citizen identification card
- Valid alien registration documentation or proof of current immigration registration

For employees, the employer must do one of the following:

EITHER obtain and maintain a copy of any one of the documents listed above, OR enroll in E-Verify (or contract with someone to do it), verify the person's employment status, and maintain the resulting record.

The employer must maintain the record generated by E-Verify or the alternate document for 3 years after the date of employee's hire or 1 year after termination, whichever is later.

The requirements of this state law are in addition to those under federal law, so employers must also complete and maintain copies of Form I-9 for employees as required under federal law.

What are the Penalties?

The department of labor and workforce development is directed to check for compliance with the requirements of the act in conjunction with any pending investigation, inquiry or inspection of the employer by the department's division of labor standards or workers' compensation division. The law also authorizes state citizens and employees of federal agencies to file a complaint with the department alleging violation of this law.

Civil penalties are as follows:

- \$500 for first violation, plus \$500 for each employee or non-employee not verified
- \$1,000 for second violation, plus \$1,000 for each employee or non-employee not verified
- \$2,500 for third or subsequent violation, plus \$2,500 for each employee or non-employee not verified

What Is E-Verify?

E-Verify is an Internet-based system that allows employers to determine the eligibility of their employees to work in the United States. It is administered by the U.S. Department of Homeland Security, USCIS, Verification Division, and the Social Security Administration. In short, employers submit information taken from a new hire's Form I-9 (Employment Eligibility Verification Form) through E-Verify to the

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Tennessee Lawful Employment Act (E-Verify)

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the Social Security Administration and U.S. Citizenship and Immigration Services (USCIS) to determine whether the information matches government records and whether the new hire is authorized to work in the United States.

An advantage to using E-Verify under state law is that verifying employment with E-Verify is a defense to a state criminal charge of hiring an unauthorized alien, but obtaining one of the listed documents, if this is the only evidence the employer has, is not a defense to such a charge. Under federal law, the use of E-Verify creates only a rebuttable presumption that the employer has not knowingly hired an unauthorized alien.

Additional information about E-Verify can be found here: www.uscis.gov/E-Verify


Have comments or suggestions for this newsletter?
Contact Claire Marsalis at claire.marsalis@tennessee.edu.

CALENDAR OF EVENTS

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|------------|-------------------------------------------------------|
| Sept. 27 | TN Co. Commissioners Assoc. Regional Mtg, Springfield |
| Sept. 29 | TN Co. Hwy Officials Region II Meeting, Chattanooga |
| Oct. 26-28 | TCSA Annual Fall Conference, Murfreesboro |
| Nov. 8-10 | COAT Annual Conference, Nashville |

Guide to Developing a Debt Management Policy

The State Funding Board is developing finance transaction policies to guide public entities in preparing their own policies. Adopting financial policies can help entities make better financial decisions, provide clear objectives for staff, demonstrate strong financial management practices to credit rating agencies, and distinguish policy decisions from transaction decisions.

All public entities incurring or issuing debt should adopt a debt management policy by December 31, 2011. CTAS has prepared the attached *Guide to Developing a Debt Management Policy* to be used as a template to assist counties in making sound debt management decisions. To view the file, double-click the icon ().

Counties are encouraged to use this document to develop their own debt management policy. Should you have any questions regarding this guide, please contact your CTAS county government consultant.

County Officials E-News is a monthly newsletter provided by the University of Tennessee County Technical Assistance Service in an effort to promote better county government through direct assistance to county officials and their associations.

226 Capitol Boulevard, Suite 400 ■ Nashville, TN 37219
Phone: (615) 532-3555 ■ Fax: (615) 532-3699
www.ctas.tennessee.edu