

**Daniel J. Eldridge**  
County Mayor



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# MEMO

February 12, 2015

To: Board of County Commissioners

From: Mayor Dan Eldridge

Re: E-mail "Violations of the Constitution of Tennessee."

Dear Commissioners:

This correspondence is in response to the anonymous email transmission sent to you alleging your actions violated the Tennessee Constitution by lending the County's credit to a private entity. While as a matter of policy I never respond and give no credence to "anonymous" e-mails, it is important to me that you understand your actions as a member of the County Legislative Body taken in regard to contributions to ETSU and the Industrial Development Board have not violated the Constitution of the State of Tennessee or any laws of the State of Tennessee.

T.C.A. § 6-54-118 (a)(1) states, "Notwithstanding any other provision of law to the contrary, a municipality may appropriate funds, which may be funds borrowed by the municipality under applicable law, for the purpose of making a loan, with reasonable interest assessed, or a contribution to an eligible industrial development corporation, as defined in subsection (c), for the purpose of economic development or industrial development, or both." Therefore, counties and cities may legally loan or contribute money for economic or industrial development to Industrial Development Boards (IDB). Additionally, T.C.A. § 7-53-302(a)(10) authorizes IDBs to borrow money from cities and counties. Counties also have the authority to make an absolute grant to an IDB. The vote by the Washington County Commission on January 26, 2015, appropriated \$1,000,000.00 from the General Fund and no new debt was incurred by Washington County. Since no new debt was created by the County for the benefit of a private entity, there was no lending of the County's credit in violation of the Tennessee Constitution.

Pursuant to T.C.A. § 5-9-101(a)(26) a county legislative body may appropriate money for economic and community development. Additionally, T.C.A. § 5-1-118(a) provides that counties may exercise powers granted to municipalities by way of T.C.A. § 6-2-201 et. seq., which authorizes counties to expend their monies for all lawful purposes. A public purpose is a governmental action that benefits the populace as a whole. An appropriation in support of a higher education facility in the county satisfies the criterion for the public purpose. The vote by the Washington County Commission on October 27, 2014, appropriated \$100,000.00 per year for 10 years; all from the General Fund and no new debt was incurred by Washington County. ETSU is a branch of the State of Tennessee so it is not a private entity for purposes of the limitation on lending of the County's credit. Also since no debt was created by the County, there was no lending of the County's credit in violation of the Tennessee Constitution.

This is another example of unfounded claims and allegations that unfortunately result when people have information but lack understanding. I hope this answers any questions or concerns that you may have had as a result of this anonymous e-mail. As always, call or stop by if you need me.

A handwritten signature in black ink, appearing to be the initials 'DA' or similar, written in a cursive style.