

**RESOLUTION AUTHORIZING FINAL PAYMENT OF FY 2023 TAX
EQUIVALENT PAYMENT FROM MEMPHIS LIGHT GAS AND WATER DIVISION'S
GAS SYSTEM AND TOTAL DISTRIBUTION OF THE FY 2023 TAX EQUIVALENT
PAYMENT TO TAXING JURISDICTIONS IN SHELBY COUNTY, TENNESSEE**

WHEREAS, the introductory paragraph of Tennessee Code Annotated § 7-39-404 provides that the Memphis City Council has the sole and exclusive authority to calculate and determine for each fiscal year an amount for payments in lieu of taxes, called "tax equivalents" on its gas system and gas operations, which, in the judgment of the City Council, after consultation with MLGW, shall represent the fair share of the cost of government properly to be borne by the City's gas system and the tax equivalent payments to be distributed to each taxing jurisdiction ("Authorizing Statutory Provision");

WHEREAS, the Authorizing Statutory Provision does not specify any methods or formula to be used by the governing body of the City in determining the amount of payments in lieu of taxes, referred to as "tax equivalents", on its gas system and gas operations, but provides generally that the total tax equivalent payment shall in the judgment of the municipality's governing body, represent the fair share cost of government properly to be borne by the Gas System ("Total Tax Equivalent Payment");

WHEREAS, the Total Tax Equivalent Payment so determined in the judgment of the municipality's governing body is, however,

subject to a statutory limitation or cap which limits the Maximum Total Tax Equivalent Payment, as determined by the City Council, that may be paid in any fiscal year from Gas System Revenues ("Maximum Total Tax Equivalent Payment");

WHEREAS, to properly calculate and determine the total tax equivalent payment to be made from MLGW' Gas System for the fiscal year ending June 30, 2023 and the amounts to be distributed to each taxing jurisdiction, the Council has consulted with MLGW concerning the financial status and forecasts for its gas system and gas operations for the City's fiscal year ending June 30, 2023 ("Fiscal Year 2023). MLGW has provided the Council with information concerning its operations as of the beginning of Fiscal Year 2023, including (i) the financial condition of the gas system as a whole, (ii) the equalized property tax rate(s) and the net plant value of the gas system in each taxing jurisdiction, (iii) the applicable assessment ratio in effect as of the beginning of such fiscal year, (iv) the total revenue received from each taxing jurisdiction, (v) the book value of materials and supplies and (vi) the average of revenue less cost of gas from gas operations for the preceding three (3) fiscal years.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMPHIS CITY COUNCIL:

(1) That the total tax equivalent payment to be made by MLGW's Gas System for Fiscal Year 2023 shall be equal to an

amount to be hereafter determined by the City Council in its legislative judgment to represent the fair cost of government properly to be borne by MLGW's Gas System for Fiscal Year 2023 ("FY 2023 Gas Tax Equivalent Payment"); provided, however FY 2023 Gas Tax Equivalent Payment shall not exceed \$18,696,941.39; and

(2) That the FY 2023 Total Gas Tax Equivalent Payment will be allocated and distributed among the taxing jurisdictions in such amounts as hereafter determined by the City Council in accordance with the City's Charter, applicable law and existing arrangements with several of the taxing jurisdictions.

SPONSOR:
MLGW COMMITTEE

MARTAVIUS JONES
CHAIRMAN