

and the abatement of certain property taxes as provided in the statute requires a majority vote of the governing body of the county pursuant to T.C.A. § 67-5-218(c)(1); and

WHEREAS, the existing Historic Zoning Commission meets the requirements for the makeup of the Historic Property Review Board as defined by T.C.A. § 67-5-218(a)(2)(A); and

WHEREAS, the members of the Historic Zoning Commission are knowledgeable on the historic properties in Nashville and Davidson County and are capable of establishing the required criteria for certification of historic properties as stipulated in T.C.A. § 67-5-218(a)(2)(B).

WHEREAS, the proposed management plan prepared by Metropolitan Historical Commission staff is attached to this legislation as Exhibit A.

NOW THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. That Metropolitan Code Chapter 5.20 is hereby amended by creating a new section 5.20.100 as follows:

5.20.100 - Historic Property Improvement and Restoration Tax Abatement Program.

A. The provisions of Tennessee Code Annotated Section 67-5-218 shall be applicable to the Metropolitan Government of Nashville and Davidson County.

B. The historic zoning commission as established by Article IX of Chapter 17.40 of the Metropolitan Code shall serve as the historic property review board for Nashville and Davidson County.

C. The historic property review board shall develop criteria for certification of historic properties pursuant to T.C.A. § 67-5-218(a)(2)(B).

D. The historic property review board shall review and approve property tax abatements for improvements or restorations made to historic properties that meet the criteria for certification as established by the historic property review board or that meet other conditions for approval as established in T.C.A. § 67-5-218(a)(B)(3).

Section 2. That Metropolitan Code Section 17.40.410 is hereby amended by inserting a new subsection D as follows and renumbering the subsequent sections accordingly:

D. Historic Property Review Board. The historic zoning commission shall carry the responsibilities and perform the duties of the historic property review board as established in T.C.A. § 67-5-218.

Section 3. This Ordinance shall take effect on October 1, 2021 and thereafter, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Analysis

This ordinance authorizes the Metropolitan Government to opt into the historic properties tax abatement program under state law and would establish a historic properties review board. T.C.A. § 67-5-218 authorizes local governments to establish a historic properties review board, and to establish tax abatement programs for historic properties through such board. T.C.A. § 67-5-218 further allows a property tax exemption on the value of improvements made to properties certified by a historic properties review board. The owner must agree to restore the structure in accordance with guidelines established by the board and agrees to refrain from significantly altering or demolishing the structure during the period of exemption. Such exemption would be for a period of ten years in the case of a partial or exterior restoration or improvement, and fifteen years in the case of a total restoration, as determined by the review board. At the end of the applicable period, the structure would be assessed and taxed on the basis of its full market value.

If any structure receiving a historic properties tax exemption is demolished or significantly altered during the period of exemption, the exemption of the improved value will immediately terminate and the owner would be liable at that time for any difference between the tax paid and the tax that would have been due on such

improved value.

This ordinance further designates the existing Metro historic zoning commission to also serve as the historic properties review board for Nashville and Davidson County.

T.C.A. § 67-5-218 was enacted by the Tennessee General Assembly in 1976. A Tennessee Attorney General opinion from 1982 called into question the constitutionality of the statute since Article II, Section 28, of the Tennessee Constitution specifies the categories for which the General Assembly can authorize a property tax exemption. However, this statute has never been challenged in court and the statute was never repealed. At least one other jurisdiction in Tennessee has implemented the statute at the local level.

This ordinance has been approved by the Planning Commission.

Fiscal Note: According to the Metro Historical Commission, there are approximately 10,500 properties in the historic overlays, however the number of properties eligible for this abatement is only around 700 properties. In order to be eligible for the abatement, the improvements or restorations would need to cost a minimum of \$100,000. An accurate determination of the total amount of property taxes that would be abated is not able to be determined since it is unknown how many properties will participate as well as the varying cost of the restorations for each individual property. But as an example, assuming all of these properties conducted rehab work at the minimum of \$100,000, the potential property taxes abated would be \$575,400 for FY22. The abated property tax amount would change if the tax rate changes.