



# Metropolitan Nashville and Davidson County, TN

## Legislation Text

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**File #:** RS2024-468, **Version:** 1

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A resolution directing the Metropolitan Department of Water and Sewerage Services to make additional payments in lieu of ad valorem taxes.

WHEREAS, Tennessee Code Annotated § 7-34-115(a)(1)(I) provides that revenues derived from a public works may be paid to the municipality, if the municipality so requests, in lieu of ad valorem tax on the property of the public works within the corporate limits of the municipality not to exceed the amount of taxes payable on privately owned property of a similar nature; and,

WHEREAS, the Metropolitan Council previously adopted Substitute Resolution No. R96-177 on February 29, 1996, directing the Metropolitan Department of Water and Sewerage Services (the "Department") to make an annual four million dollars (\$4,000,000) payment in lieu of tax, such payment being currently allocated to the Sports Authority of the Metropolitan Government of Nashville and Davidson County pursuant to an Intergovernmental Project Agreement approved pursuant to BL2023-1741; and,

WHEREAS, the Metropolitan Council also previously adopted Resolution No. RS2020-154 on January 7, 2020, directing the Department to make an additional ten million dollars (\$10,000,000) annual payments in lieu of tax to the Metropolitan Government; and,

WHEREAS, the Metropolitan Council has determined that the cumulative amount of such in lieu of tax payments should be further increased to help reimburse the Metropolitan Government for the services, improvements, facilities, and other operational support provided by the Metropolitan Government to the Department.

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

Section 1. That the Department shall make an additional payment in lieu of ad valorem taxes on property of the department within the geographical jurisdiction of the Metropolitan Government to the general fund of the Metropolitan Government in the amount of four million seven hundred sixty thousand dollars (\$4,760,000) annually (the "Additional Payment"), which amount, when included with the Department's current payments in lieu of taxes, does not exceed the amount of taxes that would be due and owing for privately owned property of a similar nature based on the assessment formula and calculation attached to this Resolution and incorporated herein. The Additional Payment shall be made each year, in equal monthly installments, payable on the fifth (5<sup>th</sup>) business day of each month, with the first such Additional Payment installment payment to begin in Fiscal Year 2025 due on July 5, 2024.

Section 2. That the Director of Finance is authorized to adjust the Department's operating budget to give full effect to the annual payment in lieu of tax.

Section 3. That this resolution shall take effect from and after its adoption, the welfare of the Metropolitan Government of Nashville and Davidson County requiring it.

### Analysis

This resolution directs the Metropolitan Department of Water and Sewerage Services ("MWS") to make additional payments in lieu of ad valorem property taxes ("PILOT") in the amount of \$4,760,000 per year.

Tennessee Code Annotated § 7-34-115(a)(1)(I) provides that revenues derived from a public utility may be paid to the municipality if the municipality so requests. Such payments are not to exceed the amount of taxes payable on privately owned property of a similar nature.

Pursuant to Resolution No. R96-177, MWS currently makes a \$4 million per year PILOT to Metro, which is pledged to the Sports Authority. In addition, pursuant to RS2020-154, MWS pledged a \$10,000,000 additional PILOT to Metro to help reimburse for the services, improvements, facilities, and other operational support Metro provides to MWS.

The resolution under consideration would authorize an additional payment of \$4,760,000 annually. This additional payment must be made each year in equal monthly installments, with the first additional payment installment beginning in Fiscal Year 2025 and due on July 5, 2024. Based upon the assessment formula and calculation attached to the resolution, a 100% PILOT payment would be approximately \$30,629,652. This additional \$4,760,000, plus the existing \$14,000,000 annual payment, are within the statutory limitations.

*Fiscal Note: The current resolution would authorize a proposed new payment of \$4,760,000. In addition to the current \$4,000,000 PILOT pledged to the Sports Authority and the \$10,000,000 PILOT, the total annual PILOT from MWS would be \$18,760,000. This is below the amount of property taxes that would be owed by a private entity if it owned the MWS property.*