



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: BL2019-49, **Version:** 1

An ordinance authorizing a property tax exemption for historic properties owned by charitable institutions in accordance with Tennessee Code Annotated § 67-5-222.

WHEREAS, T.C.A. § 67-5-222 provides that certain historic properties owned by charitable institutions are eligible for property tax exemption upon compliance with the provisions of such section, subject to a two-thirds (2/3) vote by the county governing body; and

WHEREAS, historic properties owned by charitable institutions must meet the following statutory requirements under T.C.A. § 67-5-223 to be eligible for seeking such property tax exemption:

- (1) On the National Register of Historic Places;
- (2) Used for occasional rentals that last for no more than two (2) days at a time per event;
- (3) Not rented out more than one hundred eighty (180) days per year, and the proceeds received from such rental periods must be used solely for the purposes of defraying the maintenance and upkeep of such property
- (4) Has been owned and maintained by the charitable institution for at least ten (10) years prior to application for the exemption; and

WHEREAS, it is in the best interest of the citizens of the Metropolitan Government of Nashville and Davidson County that such a property tax exemption for charitable institutions be approved.

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 5.20.110 as follows:

5.20.110 - Historic Properties Owned by Charitable Institutions Tax Abatement Program.

A. The provisions of Tennessee Code Annotated Section 67-5-222 shall be applicable to the Metropolitan Government of Nashville and Davidson County.

B. Property eligibility shall be determined pursuant to T.C.A. § 67-5-222(a).

C. The historic property review board shall establish guidelines governing comprehensive preservation and maintenance plans required for each qualified property and review and approve such plans to ensure that property tax savings shall be applied to the preservation and maintenance of the property as established in T.C.A. § 67-5-222(b).

D. The tax exemption shall be valid for a ten-year period; however, the owner of the property may apply for additional exemption periods; provided, that an updated preservation and maintenance plan is filed with the historic property review board in accordance with its guidelines as established in T.C.A. § 67-5-222(c).

Section 2. This Ordinance shall take effect from and after its adoption, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Analysis

This ordinance authorizes a property tax exemption for historic properties owned by charitable institutions in accordance with state law. T.C.A. § 67-5-222 provides that certain historic properties owned by charitable institutions are eligible for property tax exemption upon compliance with the provisions of such section, subject to a 2/3 vote by the county governing body. Historic properties owned by charitable institutions must meet the following requirements under T.C.A. § 67-5-222 to be eligible to apply for the property tax exemption:

1. On the National Register of Historic Places;
2. Used for occasional rentals that last for no more than two days at a time per event;
3. Not rented out more than 180 days per year, and the proceeds received from such rental periods must be used solely for the purposes of defraying the maintenance and upkeep of such property; and
4. Has been owned and maintained by the charitable institution for at least ten years prior to application for the exemption.

T.C.A. § 67-5-222 further provides that the owner of such qualified property must submit a comprehensive preservation and maintenance plan to the historic properties review board (to be established under Ordinance No. BL2019-3 on third reading) that demonstrates how the property tax savings will be applied to the preservation and maintenance of the property. Such plans shall meet the guidelines established by the historic properties review board.

The tax exemption would be valid for a ten-year period, but the property owner may apply for additional exemption periods.

Property that is owned and used by charitable institutions for charitable purposes is already available for exemption from taxation under T.C.A. § 67-5-212. However, in order to be exempt from taxation under existing law, the property must be used as part of the charitable mission of the organization. This ordinance would allow nonprofits to obtain an exemption for properties used for income producing purposes that otherwise would not be exempt under state law.

Fiscal Note: It has not been determined how many historical properties are owned by charitable institutions and would be eligible for this exemption, so a fiscal note can't be provided at this time.