



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: BL2022-1529, **Version:** 1

An ordinance amending Chapter 5.12 of the Metropolitan Code of Laws pursuant to Tenn. Code Ann. § 67-4-1415 by increasing the hotel occupancy privilege tax in the amount of one percent and directing the proceeds be used for the construction of and future capital improvements to a new enclosed stadium, and debt service related thereto.

WHEREAS, Sections 5.12.020 and 15.12.060 of the Metropolitan Code of Laws levy a hotel occupancy privilege tax in the amount of six percent of the consideration charged by hotel operators for occupation of hotel rooms within Davidson County and direct the use of the proceeds; and

WHEREAS, Sections 5.12.120 and 5.12.130 of the Metropolitan Code of Laws levy an additional hotel occupancy privilege tax in the amount of \$2.50 upon the occupancy of each hotel room within Davidson County and direct the use of the proceeds; and

WHEREAS, Tenn. Code Ann. § 67-4-1415 (the "Act") authorizes an additional privilege tax of one percent of the consideration charged by hotel operators to be levied, with the proceeds to be used by the Sports Authority of the Metropolitan Government of Nashville and Davidson County ("Sports Authority") for "the payment of debt service for the construction of an enclosed stadium with at least fifty thousand (50,000) seats and for future capital improvements to the enclosed stadium;" and

WHEREAS, the Metropolitan Council has approved by resolution and on a preliminary basis a term sheet (the "Term Sheet") between the Metropolitan Government and the Tennessee Titans (the "Team"), which term sheet contemplates the various agreements and transactions among, and the rights and responsibilities of, the Metropolitan Government, the Sports Authority and the Team required to facilitate the construction of an enclosed stadium capable of seating in excess of 50,000 seats (the "Stadium"); and

WHEREAS, levying the additional one percent hotel occupancy tax authorized by the Act for the purpose of paying for the construction of and future capital improvements to the Stadium, and debt service related thereto, is in the best interest of the Metropolitan Government.

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

Section 1: There shall be a new Article III of Chapter 5.12 of the Metropolitan Code of Laws, reading as follows:

Article III. - Additional Hotel Occupancy Tax for Enclosed Stadium

§ 5.12.150 In addition to any other tax or fee imposed pursuant to this chapter, there is hereby levied an additional privilege tax of one percent cent of the consideration charged by the operator for the occupancy of each hotel room within Davidson County. The tax so imposed is a privilege tax upon each occupied room for each night of occupancy and shall be collected by the department of finance. The proceeds from such tax shall be distributed to the Sports Authority in accordance with Tenn. Code Ann. § 67-4-1415. The privilege tax hereby levied shall expire on January 1, 2024, unless the Sports Authority shall have theretofore issued its revenue bonds as contemplated by the Term Sheet (the "Bonds").

Section 2: The Sports Authority is hereby authorized to apply the proceeds of the tax hereby levied either to

the costs of the design and construction of the Stadium and/or the payment of debt service on the Bonds, as shall be determined by the Sports Authority.

Section 3: The various departments of the Metropolitan Government are hereby authorized and directed to take all such steps and incur any required costs necessary to implement the collection of the tax levied hereby.

Section 4: This ordinance shall take effect from and after February 1, 2023, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Analysis

This ordinance, as amended, authorizes the increase of the hotel occupancy privilege tax levy by 1% in Davidson County in accordance with Tenn. Code Ann. § 67-4-1415.

Currently, sections 5.12.020 and 15.12.060 of the Metropolitan Code of Laws levy a hotel occupancy privilege tax in the amount of six percent of the consideration charged by hotel operators for occupation of hotel rooms within Davidson County. These provisions also direct the use of the proceeds from this hotel occupancy privilege tax. Sections 5.12.120 and 5.12.130 of the Metropolitan Code of Laws levy an additional hotel occupancy privilege tax in the amount of \$2.50 upon the occupancy of each hotel room within Davidson County and direct the use of the proceeds. Tenn. Code Ann. § 67-4-1415, recently enacted by the Tennessee General Assembly, authorizes a local government to levy an additional privilege tax of one percent of the consideration charged by hotel operators, with the proceeds to be used (“Sports Authority”) for “the payment of debt service for the construction of an enclosed stadium with at least fifty thousand (50,000) seats and for future capital improvements to the enclosed stadium”.

The privilege tax authorized by this ordinance will expire on January 1, 2024 unless the Sports Authority has issued revenue bonds as contemplated by the non-binding Term Sheet, which is the subject of Resolution No. RS2022-1827. This ordinance would take effect after approval of final, binding documents to construct the Stadium.