Metropolitan Nashville and Davidson County, TN

Legislation Details (With Text)

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Type:	Bill	**Status:**	Passed
File created:	7/9/2026	**In control:**	Ad-Hoc East Bank Committee
On agenda:	9/1/2026	**Final action:**	9/1/2026
Title:	An ordinance amending certain sections of the Metropolitan Code of Laws (i) relating to the apportionment, distribution and allocation of revenues from tourist accommodation taxes to comply with the provisions of Public Chapter No. 1079 of the 2026 Public Acts of Tennessee and (ii) to extend the levy and collection of the additional hotel occupancy privilege tax in accordance with applicable state law.		
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Indexes:			
Code sections:			
Attachments:			

Date	Ver.	Action By	Action	Result
9/4/2026	1	Mayor	approved	
9/1/2026	1	Metropolitan Council	passed on third reading	Pass
8/18/2026	1	Metropolitan Council	passed on second reading	Pass
8/17/2026	1	Ad-Hoc East Bank Committee	approved	
8/4/2026	1	Metropolitan Council	deferred	
8/3/2026	1	Budget and Finance Committee	approved	
7/21/2026	1	Metropolitan Council	passed on first reading	
7/14/2026	1	Metropolitan Council	filed	

An ordinance amending certain sections of the Metropolitan Code of Laws (i) relating to the apportionment, distribution and allocation of revenues from tourist accommodation taxes to comply with the provisions of Public Chapter No. 1079 of the 2026 Public Acts of Tennessee and (ii) to extend the levy and collection of the additional hotel occupancy privilege tax in accordance with applicable state law.

WHEREAS, The Metropolitan Government of Nashville and Davidson County (the “Metropolitan Government”) currently levies certain tourist accommodation taxes pursuant to various provisions of the Metropolitan Code of Laws (the “Metropolitan Code”), the revenues from which tourist accommodation taxes are apportioned and distributed to pay certain convention center and tourism-related expenses in accordance with Metropolitan Code Sections 5.12.060, 5.12.130, 5.12.140, 5.16.140, 5.16.150 and 5.32.190; and

WHEREAS, Public Chapter No. 1079 of the 2026 Public Acts of Tennessee (the “New State Legislation”) was signed into state law on May 22, 2026, for the purpose of, among other things, (i) making changes to the apportionment and distribution of certain tax revenues collected by the Metropolitan Government, including, but not limited to, those revenues from taxes imposed through or for the purposes contained in the Convention Center Authorities Act of 2009, codified as Title 7, Chapter 89 of the Tennessee Code Annotated, as amended, and the Convention Center and Tourism Development Financing Act of 1998, codified as Title 7, Chapter 88 of

the Tennessee Code Annotated, as amended, and (ii) establishing listed priorities for such allocations; and,

WHEREAS, Metropolitan Code Sections 5.12.060, 5.12.130, 5.12.140, 5.16.140, 5.16.150 and 5.32.190 must be amended to comply with those changes to the apportionment, distribution and allocation of tax revenues made by the New State Legislation; and,

WHEREAS, Metropolitan Code Section 5.12.140 additionally provides that the additional hotel occupancy privilege tax which exceeds two dollars ($2.00) authorized by such article shall terminate six (6) years from May 21, 2020; and,

WHEREAS, Tennessee Code Annotated Section 7-4-202(d)(2) provides that the authority to charge the amount of such additional hotel occupancy privilege tax in excess of two dollars ($2.00) shall expire six (6) years from May 21, 2026; and,

WHEREAS, Metropolitan Code Section 5.12.140 may be further amended to provide that the additional hotel occupancy privilege tax which exceeds two dollars ($2.00) shall terminate six (6) years from May 21, 2026, in accordance with corresponding state law; and,

WHEREAS, the Metropolitan Government desires to amend Metropolitan Code Sections 5.12.060, 5.12.130, 5.12.140, 5.16.140, 5.16.150 and 5.32.190 for the purposes hereinabove provided.

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

Section 1. That Section 5.12.060(A) of the Metropolitan Code is hereby amended by deleting subdivisions (2) and (3) and substituting instead the following as new subdivisions (2) and (3):

(2) One-third (1/3) in its entirety must be maintained in a reserve fund to be used exclusively for the following purposes in descending order of priority:

(A) The purpose of constructing, expanding, improving, financing, and operating a convention center;

(B) The payment or funding of authorized obligations, as defined in Tennessee Code Annotated Section 7-89-112(n)(4); or

(C) The payment or funding of costs set forth in Tennessee Code Annotated Section 7-89-112(n)(1) and (3);

(3) One-sixth (1/6) in its entirety must be used for the following purposes in descending order of priority:

(A) Tourist related activities, which may include constructing, expanding, improving, financing, and operating a convention center;

(B) The payment or funding of authorized obligations, as defined in Tennessee Code Annotated Section 7-89-112(n)(4); or

(C) The payment or funding of costs set forth in Tennessee Code Annotated Section 7-89-112(n)(1) and (3);

Section 2. That Section 5.12.130 of the Metropolitan Code is hereby amended by deleting subsection A of that Section and substituting instead the following as a new subsection A:

A. Revenues up to two dollars received by the metropolitan government from the privilege

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tax imposed pursuant to this article shall be deposited into a metropolitan government fund entitled “The Convention Center Fund” and must be used for the following purposes in descending order of priority:

(1) Constructing, expanding, improving, financing, and operating a publicly owned convention center in excess of four hundred million dollars ($400,000,000) in costs located within the territory of the metropolitan government;

(2) The payment or funding of authorized obligations, as defined in Tennessee Code Annotated Section 7-89-112(n)(4); or

(3) The payment or funding of costs set forth in Tennessee Code Annotated Section 7-89-112(n)(1) and (3).

Section 3. That Section 5.12.140 of the Metropolitan Code is hereby amended by deleting subsection A of that Section and substituting instead the following as a new subsection A:

A. The additional hotel occupancy privilege tax up to two dollars authorized by this article shall terminate once the total bonded indebtedness incurred for any construction, expansion, modification, or improvement of the convention center facility by the metropolitan government or any instrumentality thereof is paid in full as to bond principal and interest, including expenses of bond sale or sales, and the metropolitan government repeals the provisions of this article as required by applicable state law, with the tax no longer being levied as of the conclusion of the first full month following such date; provided, however, that any funds and interest remaining in the reserve fund after all obligations imposed by applicable law have been fulfilled must be used by the governmental board or agency responsible for the operation of the convention center for operation, promotion, and advertisement of the convention center facilities.

Section 4. That Section 5.12.140 of the Metropolitan Code is further hereby amended by deleting “2020” in subsection B of that Section and substituting instead “2026”.

Section 5. That Section 5.16.140 of the Metropolitan Code is hereby amended by deleting such Section in its entirety and instead substituting the following:

All revenues received by the metropolitan government from this privilege tax must be deposited into a metropolitan government fund entitled “The Convention Center Fund” and must be used for the following purposes in descending order of priority:

(1) Constructing, expanding, improving, financing, and operating a publicly owned convention center in excess of four hundred million dollars ($400,000,000) in costs located within the territory of the metropolitan government;

(2) The payment or funding of authorized obligations, as defined in Tennessee Code Annotated Section 7-89-112(n)(4); or

(3) The payment or funding of costs set forth in Tennessee Code Annotated Section 7-89-112(n)(1) and (3).

Section 6. That Section 5.16.150 of the Metropolitan Code is hereby amended by deleting such Section in its entirety and instead substituting the following:

The privilege tax for contract vehicles leaving the airport authorized by this article shall terminate once the total bonded indebtedness incurred for any construction, expansion, modification, or improvement of the convention center facility by the metropolitan government or any instrumentality thereof is paid in full as to bond principal and interest, including expenses of bond sale or sales, and the metropolitan government repeals the provision of this article as required by applicable state law, with this tax no longer being levied as of the conclusion of the first full month following such date; provided, however, that any funds and interest remaining in the reserve fund after all obligations imposed under applicable law have been fulfilled must be used by the governmental board or agency responsible for the operation of the convention center for operation, promotion, and advertisement of the convention center facilities.

Section 7. That Section 5.32.190 of the Metropolitan Code is hereby amended by deleting subsection B of that Section and substituting instead the following as a new subsection B:

B. All revenues received by the metropolitan government from this surcharge or tax must be deposited into a metropolitan government fund entitled “The Convention Center Fund” and must be used for the following purposes in descending order of priority:

(1) Constructing, expanding, improving, financing, and operating a publicly owned convention center in excess of four hundred million dollars ($400,000,000) in costs located within the territory of the metropolitan government;

(2) The payment or funding of authorized obligations, as defined in Tennessee Code Annotated Section 7-89-112(n)(4); or

(3) The payment or funding of costs set forth in Tennessee Code Annotated Section 7-89-112(n)(1) and (3).

Section 8. That Section 5.32.190 of the Metropolitan Code is hereby amended by deleting subsection C of that Section and substituting instead the following as a new subsection C:

C. The surcharge for rental vehicles authorized pursuant to this article shall terminate once the total bonded indebtedness incurred for any construction, expansion, modification, or improvement of the convention center facility by the metropolitan government or any instrumentality thereof is paid in full as to bond principal and interest, including expenses of bond sale or sales, and the metropolitan government repeals this surcharge or tax as required by applicable state law, with this surcharge or tax no longer being levied as of the conclusion of the first full month following such date; provided, however, that any funds and interest remaining in the reserve fund after all obligations imposed under this part have been fulfilled must be used by the governmental board or agency responsible for the operation of the convention center for use by the governmental board or agency in the operation, promotion, and advertisement of the convention center facilities.

Section 9. That all other provisions of the Metropolitan Code not specifically amended above but required to be amended to comply with the provisions of the New State Legislation are hereby amended to the extent necessary for compliance with the New State Legislation, it being necessary and the intent of the Metropolitan Government that all provisions of the Metropolitan Code are consistent with the requirements of the New State Legislation.

Section 10. That upon enactment, this Ordinance shall take effect from and after the date on which all of the indebtedness of The Convention Center Authority of The Metropolitan Government of Nashville and Davidson

County outstanding on the date hereof has been discharged, via prepayment, defeasance or refinancing, as contemplated by the New State Legislation.

Analysis

This ordinance amends Title 5 of the Metropolitan Code of Laws relating to the apportionment, distribution and allocation of revenues from tourist accommodation taxes and the extension of the levy and collection of the additional hotel occupancy privilege tax.

This legislation aligns portions of the Metropolitan Code with the provisions of Public Chapter No. 1079 of the 2026 Public Acts of Tennessee, which was signed into law on May 22, 2026. This state law changes the apportionment and distribution of certain tax revenues collected by the Metropolitan Government. This includes, but is not limited to, those revenues from taxes through or contained in in the Convention Center Authorities Act of 2009 and the Convention Center and Tourism Development Financing Act of 1998. Public Chapter No. 1079 also states how these tax revenues may be spent.

Hotel Occupancy Privilege Tax

Section 5.12.060 regulates distributions of the hotel occupancy privilege tax. The proceeds are distributed as follows:

- One-third for the direct promotion of tourism,
- One-third shall be maintained in a reserve fund to be used to modify, construct, finance, and operate a convention center,
- One-sixth for tourist-related activities, which may include funding a convention center; and
- One-sixth shall be placed in the general fund of the Metropolitan Government, with funds from short-term rental properties to be placed in the Barnes Fund for Affordable Housing.

The proposed ordinance would distribute the tax revenues as follows:

- One-third for the direct promotion of tourism,
- One-third in a reserve fund to be used exclusively for the following purposes in descending order of priority:
    - The purpose of constructing, expanding, improving, financing, and operating a convention center;
    - The payment or funding of authorized obligations, as defined in Tennessee Code Annotated Section 7-89-112(n)(4); or
    - The payment or funding of costs set forth in Tennessee Code Annotated Section 7-89-112(n)(1) and (3);
- One-sixth (1/6) must be used for, in descending order of priority:
    - Tourist related activities, which may include constructing, expanding, improving, financing, and operating a convention center;
    - The payment or funding of authorized obligations, as defined in Tennessee Code Annotated Section 7-89-112(n)(4); or
    - The payment or funding of costs set forth in Tennessee Code Annotated Section 7-89-112(n)(1) and (3); and
- One-sixth shall be placed in the general fund of the Metropolitan Government, with funds from short-

term rental properties to be placed in the Barnes Fund for Affordable Housing.

Tennessee Code Annotated section 7-89-112 describes portions of the funding structure for the various privilege taxes and surcharges below.

For reference, “authorized obligations”, as defined in Tennessee Code Annotated Section 7-89-112(n)(4) refers to the following funds that can be authorized by the Convention Center Authority:

- Convention Center Authority expenses and debt service;
- A reserve fund, no greater than two years expenses for the Convention Center Authority;
- $20 million, with an annual three percent increase, for ongoing capital expenses, and
- $21 million, with an annual three percent increase, to the Metropolitan Government for local public safety funding in the tourist development zone.

If funds are leftover, they may be expended as “excess revenues” by the Joint Capital Tourism Board or “accumulated excess revenues” by the Convention Center Authority. The Joint Capital Tourism Board was created to oversee and direct “excess revenues.” Six of the nine members are appointed by the Governor, the Lieutenant Governor, and the Speaker of the House. The board separately includes the Mayor (or his designee), the Convention Center CEO, and the Nashville Convention and Vistors Bureau president.

As referenced in Tennessee Code Annotated Section 7-89-112(n)(1), the Joint Capital Tourism Board must allocate excess revenues to:

- The greater of 40 percent of revenues, or $30 million with a 3 percent annual increase, for the costs of attracting, promoting, and hosting significant tourism events or for a related reserve fund;
- Public safety, streetscapes, and cleanliness efforts related to significant tourism events;
- “Capital City Economic Assistance”, or economic assistance provided to an eligible business or eligible commercial property owner within the Tourist Development Zone, to be used to support operational expenditures;
- Music City Center capital improvements;
- State and local public safety, streetscape, and cleanliness efforts; and
- Debt service for the Music City Center.

As referenced in Tennessee Code Annotated Section 7-89-112(n)(3), the Convention Center Authority must allocate “accumulated excess revenues” to:

- Convention Center Authority debt service and payments;
- Capital Costs for Music City Center expansion, including land acquisition, though no costs other than land acquisition, design, and other pre-development costs may be funded until the state building commission has approved the expansion as a modification to the tourism development zone; and
- A $300 million transfer to the East Bank Development Authority to fund capital costs and related debt service and financing costs incurred in connection with the construction, installation, renovation, and equipping of roads, bridges, utilities, and other public infrastructure improvements, with the East Bank.

Accumulated excess revenues may only be applied until the opening of a Music City Center expansion or June 30, 2042.

Convention Center Hotel Occupancy Tax Funds

Section 5.12.130 outlines the distribution of additional convention center hotel occupancy tax funds. The current law requires revenues up to two dollars received by the Metropolitan Government from the privilege tax to be deposited in “The Convention Center Fund." This fund pays costs incurred constructing or modifying the Music City Center. These revenues may also be used for the operation, promotion, management and marketing of such a convention center. Any surplus revenue not required for debt service funds must be placed in a reserve fund for future convention center debt service.

The proposed ordinance provides the following prioritization for “The Convention Center Fund”:

- Constructing, expanding, improving, financing, and operating the Music City Center;
- The payment or funding of authorized obligations, as defined in Tennessee Code Annotated Section 7-89-112(n)(4),as described above; or
- The payment or funding of costs set forth in Tennessee Code Annotated Section 7-89-112(n)(1) and (3), as described above.

Section 5.12.140 describes the termination process for the convention center-related privilege tax. The current code provides for the tax to terminate once the total bonds incurred for the modification or construction of the Music City Center has been paid in full, including bond principal, interest and expenses, and the Metropolitan Council repeals the code.

The proposed resolution changes this section to allow for the termination once bonds incurred for any construction, expansion, modification, or improvement of the Music City Center are paid in full, including bond principal, interest and expenses, and the Metropolitan Council repeals the code. The Metropolitan Government must also repeal this code as required by state law, and the tax may not be levied after first full month after this termination.

Contracted vehicles leaving the airport

Section 5.16.050 regulates the distribution of a privilege tax assessed on contracted vehicles leaving Nashville International Airport. Current code provides for privilege tax to be deposited in “The Convention Center Fund." This fund pays costs incurred constructing or modifying the Music City Center. Any surplus revenue not required for debt service funds must be placed in a reserve fund for future convention center debt service. According to Section 5.16.060, the tax shall terminate once the total bonds incurred for the modification or construction of the Music City Center has been paid in full, including bond principal, interest and expenses, and the Metropolitan Council repeals the code.

The proposed ordinance provides the following prioritization for “The Convention Center Fund for this privilege tax:

- Constructing, expanding, improving, financing, and operating the Music City Center;
- The payment or funding of authorized obligations, as defined in Tennessee Code Annotated Section 7-89-112(n)(4), as described above; or
- The payment or funding of costs set forth in Tennessee Code Annotated Section 7-89-112(n)(1) and (3), as described above.

This tax would terminate once bonds incurred for any construction, expansion, modification, or improvement of the Music City Center are paid in full, including bond principal, interest and expenses, and the Metropolitan Council repeals the code. The Metropolitan Government must also repeal this code as required by state law, and the tax may not be levied after first full month after this termination.

Rental Vehicle Surcharge

Section 5.32.190 regulates a 1 percent surcharge on rental vehicles for a period of five days or less. Current code provides for surcharge to be deposited in “The Convention Center Fund." This fund pays costs incurred constructing or modifying the Music City Center. Any surplus revenue not required for debt service funds must be placed in a reserve fund for future convention center debt service. The tax shall terminate once the total bonds incurred for the modification or construction of the Music City Center has been paid in full, including bond principal, interest and expenses, and the Metropolitan Council repeals the code.

The proposed ordinance provides the following prioritization for “The Convention Center Fund for this privilege tax:

- Constructing, expanding, improving, financing, and operating the Music City Center;
- The payment or funding of authorized obligations, as defined in Tennessee Code Annotated Section 7-89-112(n)(4), as described above; or
- The payment or funding of costs set forth in Tennessee Code Annotated Section 7-89-112(n)(1) and (3), as described above.

This tax would terminate once bonds incurred for any construction, expansion, modification, or improvement of the Music City Center are paid in full, including bond principal, interest and expenses, and the Metropolitan Council repeals the code. The Metropolitan Government must also repeal this code as required by state law, and the tax may not be levied after first full month after this termination.

Other changes

The ordinance also extends the date on which an additional hotel occupancy privilege tax may be assessed. The Metropolitan Code of Laws provides for this privilege tax continue to six (6) years from May 21, 2020. The proposed ordinance changes this expiration date to six (6) years from May 21, 2026. This date is aligned with and authorized by Tennessee Code Annotated Section 7-4-202(d)(2).

The legislation also provided for the amendment of all other provisions of the Metropolitan Code as required to comply with the provisions of the Public Chapter No. 1079.