



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: RS2021-965, **Version:** 2

A resolution imposing an additional fee on the sales price of services and tangible personal property sold at retail within the Downtown Central Business Improvement District, and to authorize an advisory committee of retail business operators regarding the use of the additional fee.

WHEREAS, the Metropolitan Government of Nashville and Davidson County ("Metro") is vitally interested in the economic welfare within the area of the Metropolitan Government and wishes to provide the leadership necessary to enhance this area's capabilities for growth and development; and

WHEREAS, in accordance with Tenn. Code Ann. § 7-88-117, the Metropolitan Council adopted Resolution No. RS2013-873 on October 15, 2013 to impose an additional fee of twenty-five hundredths percent (.25%) (the "Additional Fee") on the sales price of services and tangible personal property sold at retail within a central business improvement district ("CBID") located within a tourism development zone to be deposited into the event and marketing fund to assist in the recruitment of major conventions and group meetings, the improvement of promotion, and to provide additional focused security in the Downtown CBID; and

WHEREAS, on March 7, 2017, the Metropolitan Council adopted BL2017-580 creating the Downtown CBID and authorizing a District Management Corporation to oversee the provision of services and projects within and for the CBID; and

WHEREAS, on January 20, 2009, adopted RS2009-603 establishing the Music City Center Tourism Development Zone encompassing the Downtown CBID; and

WHEREAS, on May 18, 2021, Governor Lee signed House Bill No. 811 / Senate Bill No. 424 to increase the amount of the Additional Fee by twenty-five hundredths percent (0.25%) (the "New Additional Fee") to be deposited into the Nashville District Management Corporation Fund of the Metropolitan Government to be used to promote safety and cleanliness in the Downtown CBID; and

WHEREAS, it is in the interest and welfare of the citizens of Metro that the Additional Fee be increased by twenty-five hundredths percent (.25%) be imposed in the Downtown CBID.

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

SECTION 1. There is hereby imposed a New Additional Fee of twenty-five hundredths percent (.25%) on the sales price of services and tangible personal property sold at retail within the Downtown CBID to be collected by the State of Tennessee Department of Revenue concurrently and in the same manner as state sales tax collections.

SECTION 2. The Downtown CBID, established by BL2017-580, includes all properties within that area of Metro bounded and generally described as follows:

With an eastern boundary centerline of the Cumberland River from James Robertson Parkway the eastern boundary of parcels east of Lea Avenue. The southern boundary is from the Cumberland River, the eastern boundary of parcels east of Lea Avenue to Hermitage Avenue; the centerline of Lea Avenue from Hermitage

Avenue to Lafayette Street; the centerline of Lafayette Street from Lea Avenue to 7th Avenue S; the centerline of Lea Avenue from 7th Avenue S to 8th Avenue S; the centerline of 8th Avenue S from Lea Avenue to Gleaves Street. The western boundary is the centerline of the CSX RR from Gleaves Street to Broadway. The northern boundary is centerline of Broadway to 10th Avenue N; centerline of 10th Avenue N to the northern boundary of parcels along Broadway to 9th Avenue N; centerline of 9th Avenue N to Union Street; centerline of Union Street to 6th Avenue N; centerline of 6th Avenue N to Charlotte Avenue; centerline of Charlotte Avenue to 3rd Avenue N; centerline of 3rd Avenue N to James Robertson Parkway; centerline of James Robertson Parkway to the Cumberland River.

SECTION 3. The following retail sales shall be exempt from the New Additional Fee imposed by this resolution:

- a. Professional services;
- b. Lodging provided to transients;
- c. Tickets to sporting events or other live ticketed events;
- d. Alcoholic beverages which are subject to the liquor by the drink tax in addition to sales tax;
- e. Newspapers and other publications; and
- f. Overnight and long-term parking.

SECTION 4. The proceeds of the New Additional Fee distributed to the Metropolitan Government by the Department of Revenue shall be deposited into the Nashville District Management Corporation fund and used to promote safety and cleanliness in the central business improvement district located in downtown Nashville. For the purposes of this Resolution, to "promote safety and cleanliness" may include, but is not limited to, enhanced public safety, social services, and sidewalk cleaning.

SECTION 5. The Nashville District Management Corporation Board shall upon receipt of the funds from the Metropolitan Government cause the delivery of additional safety and cleaning services within the area of the Downtown CBID.

SECTION 6. The Nashville District Management Corporation Board (the "Board") is authorized to appoint and approve a six-member committee of retail business operators from the Downtown CBID to advise the Board on the delivery of additional safety and cleaning services. The committee should initially consist of representatives from two hotels with retail businesses, a Second Avenue retail business, a Broadway retail business, an attraction retail business, and an at-large retail representative.

SECTION 7. The imposition and collection of the New Additional Fee authorized by this Resolution shall commence July 1, 2021, as provided in Tenn. Code Ann. § 7-88-117.

SECTION 8. This Resolution shall take effect from and after its adoption, the welfare of the Metropolitan Government requiring it.

Analysis

In accordance with Tenn. Code Ann. § 7-88-117, the Metropolitan Council adopted Resolution No. RS2013-873 in October 2013 to impose a "fee" of twenty-five hundredths percent (.25%) on the sales price of goods and services within the downtown central business improvement district. The fee was the equivalent of an increase in the combined state and local sales tax rate in the downtown area from 9.25% to 9.5% on items such as restaurant food, clothing, and souvenirs. The state law provides that the follow goods and services are exempt from the fee:

- Professional services;
- Lodging provided to transients;
- Tickets to sporting events or other live ticketed events;
- Alcoholic beverages which are subject to the liquor by the drink tax in addition to sales tax;
- Newspapers and other publications; and
- Overnight and long-term parking.

These funds must be deposited into the event and marketing fund to assist in the recruitment of major conventions and group meetings, the improvement of promotion, and to provide additional focused security in the downtown CBID.

Tenn. Code Ann. § 7-88-117 was amended by the Tennessee General Assembly during the 2021 legislative session to authorize an additional fee of 0.25% in the downtown CBID used to promote safety and cleanliness within the CBID. The new state law defines "promote safety and cleanliness" as including, but not limited to, enhanced public safety, social services, and sidewalk cleaning.

Fiscal Note: The estimated revenue from the 0.25% CBID fee increase is \$2,400,000 according to the Finance Department.