



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: BL2022-1506, **Version:** 1

An ordinance amending Chapter 5.16 of the Metropolitan Code to impose a privilege tax upon the sale of goods and services at the National Museum of African American Music to be used for the cost of the museum.

WHEREAS, Title 67, Chapter 4, Part 30 of the Tennessee Code Annotated (the “Local Tourism Development Zone Business Tax Act”) authorizes municipalities, excluding those with a metropolitan form of government, upon approval of an ordinance by a two-thirds majority vote of the municipal legislative body, to levy a privilege tax of up to 5% on the sales price of goods and services sold within a qualified public use facility that is located within a tourism development zone (the “Privilege Tax”); and,

WHEREAS, Tenn. Code Ann. § 7-88-103(7)(A)(iii) defines “qualified public use facility” as any privately owned or operated tourism attraction involving an aggregate investment of public and private funds in excess of seventy-five million dollars (\$75,000,000) that is designed to attract tourists to the state, including a cultural or historical site, a museum, or visitors center; and,

WHEREAS, Public Chapter 1034 (SB2313/HB2448) sponsored by Senators Brenda Gilmore and Jeff Yarbro and Representative Bill Beck was approved by the Tennessee General Assembly and signed into law on May 11, 2022 to enable the Privilege Tax, upon approval by a two-thirds majority vote of the Metropolitan Council at two consecutive regularly scheduled meetings, to be imposed on the sale of goods and services at privately owned or operated museums principally dedicated to the preservation of cultural heritage, achievements, and contributions of minority artists, musicians, composers, or other fine arts practitioners located within a county having a metropolitan form of government; and,

WHEREAS, the National Museum of African American Music (“NMAAM”) located at 510 Broadway in downtown Nashville meets the definition of a “qualified public use facility” under Tenn. Code Ann. § 7-88-103 (7)(A)(iii), and qualifies as a privately owned or operated museum principally dedicated to the preservation of cultural heritage, achievements, and contributions of minority artists, musicians, composers, or other fine arts practitioners that is located within a tourism development zone in a county having a metropolitan form of government; and,

WHEREAS, Tenn. Code Ann. § 67-4-3005 provides that the revenue received by the municipality from the Privilege Tax is to be deposited into a fund entitled the “qualified public use facility development fund” to be used for the purpose of paying the cost of the qualified public use facility, and that if the revenue from the tax in any fiscal year exceeds the total of the debt service requirements or the total cost of the public use facility, then the surplus revenue thus accruing shall be retained by the municipality as a sinking fund for any future debt service requirements or future cost of the qualified public use facility, or alternatively, the surplus may be applied to the reduction of the deficit accounts of the municipality.

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

Section 1. The Metropolitan Government hereby approves the adoption of the privilege tax, and Chapter 5.16 of the Metropolitan Code is hereby amended by adding the following new Section 5.16.055:

5.16.055 Museum privilege tax.

A. In accordance with Title 67, Chapter 4, Part 30 of the Tennessee Code Annotated, there is levied a privilege

tax in the amount of five percent (5%) upon the sales price of tangible personal property and services sold at the National Museum of African American Music.

B. The privilege tax authorized by this section shall be collected and remitted in accordance with the provisions set forth in Tenn. Code Ann. §§ 67-4-3004 and 67-4-3007.

C. The proceeds from the privilege tax authorized by this section shall be deposited into a fund entitled the “qualified public use facility development fund” and remitted to the National Museum of African American Music to be used solely for the cost of the museum, as “cost” is defined in Tenn. Code Ann. § 7-88-103.

D. The National Museum of African American Music shall be responsible for furnishing such books, records, and other information reasonably requested by the Metropolitan Government to ensure the privilege tax proceeds are used for the payment of the cost of the Museum pursuant to Tenn. Code Ann. § 67-4-3005.

Section 2. The Davidson County Clerk is authorized to develop rules and regulations for the implementation of the Privilege Tax authorized by this ordinance, including the forms for the tax returns. Such rules and regulations shall be submitted to the Metropolitan Council for approval by resolution in accordance with Tenn. Code Ann. § 67-4-3007 prior to commencing the collection of the Privilege Tax. The Davidson County Clerk is further authorized to enter into a memorandum of understanding with the Metropolitan Department of Finance to allow the Department of Finance to collect, process, and remit the Privilege Tax.

Section 3. That this ordinance shall take effect from and after its final passage, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Analysis

This ordinance imposes a privilege tax upon the sale of goods and services at the National Museum of African American Music to be used for the cost of the museum. State law authorizes municipalities, excluding those with a metropolitan form of government, upon approval of an ordinance by a two-thirds majority vote of the municipal legislative body, to levy a privilege tax of up to 5% on the sales price of goods and services sold within a qualified public use facility that is located within a tourism development zone. This state law was amended in May 2022 to allow for this privilege tax to be imposed on the sale of goods and services at privately owned or operated museums principally dedicated to the preservation of cultural heritage, achievements, and contributions of minority artists, musicians, composers, or other fine arts practitioners located within a county having a metropolitan form of government, which includes the National Museum of African American Music located at 510 Broadway in downtown Nashville.

This ordinance amends Chapter 5.16 of the Metropolitan Code of Laws to impose a 5% privilege tax upon the sales price of tangible personal property and services sold at the National Museum of African American Music. The proceeds from this tax will be deposited into a fund entitled the “qualified public use facility development fund” and remitted to the National Museum of African American Music to be used solely for the cost of the museum. The National Museum of African American Music shall be responsible for furnishing such books, records, and other information reasonably requested by the Metropolitan Government to ensure the privilege tax proceeds are used for the payment of the cost of the Museum.

This ordinance must be adopted by a two-thirds majority vote of the Metropolitan Council at two consecutive regularly scheduled meetings.

Fiscal Note: This ordinance will levy a privilege tax in the amount of five percent (5%) upon the sales of

tangible personal property and services sold at the National Museum of African American Music to be used for the payment of the cost of the museum.