

ORDINANCE NO. BL2016-157

An ordinance amending Title 5 of the Metropolitan Code pertaining to tax increment financing.

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

Section 1. That Title 5 of the Metropolitan Code of Laws shall be amended by adding the following new Chapter 5.06:

Chapter 5.06 – Tax Increment Financing

5.06.010 Definitions.

As used in this chapter, unless the context otherwise requires:

- (1) "Administrative fee" means a fee of up to five percent (5%) of incremental tax revenues utilized to pay the documented reasonable and necessary expenses incurred by the tax increment agency in administering a plan, including a reasonable allocation of overhead expenses. Documentation of reasonable and necessary administrative expenses for which Administrative fees are requested shall be submitted to the Director of Finance for review at the time the request for disbursement of incremental tax revenue is made by the tax increment agency.
- (2) "Debt service taxes" means for property located in the General Services District, that portion of property taxes designated by the metropolitan government property tax levy ordinance to be distributed to the General Services District Debt Service Fund and the School Debt Services Fund, and for property located in the Urban Services District, that portion of property taxes designated by the metropolitan government property tax levy ordinance to be distributed to the General Services District Debt Service Fund, the School Debt Services Fund and the Urban Services District Debt Service Fund.
- (3) "Debt service tax percentage" shall mean the percentage obtained by dividing the debt service taxes for the applicable year by the total taxes for the applicable year.
- (4) "Housing authority" means the metropolitan development and housing agency organized in accordance with Title 13, Chapter 20 of the Tennessee Code Annotated.
- (5) "Incremental tax revenues" means incremental property tax revenues to be allocated by the Metropolitan Government to a tax increment agency pursuant to applicable tax increment statutes.
- (6) "Industrial development board" means the industrial development board of the metropolitan government organized pursuant to Title 7, Chapter 53 of the Tennessee Code Annotated.
- (7) "Plan" means a redevelopment plan approved pursuant to title 13, chapter 20 of the Tennessee Code Annotated, or an economic impact plan approved pursuant to title 7, chapter 53 of the Tennessee Code Annotated.
- (8) "Plan area" means the area identified in any plan as being subject to such plan.
- (9) "Refinancing" means any renewal, restructuring, refunding, extension, or other modification of the terms of any loan or other debt obligation.
- (10) "Tax increment agency" means a housing authority or industrial development board.
- (11) "Tax increment statutes" means Title 7, Chapter 53, Title 9, Chapter 23, and Title 13, Chapter 20 of the Tennessee Code Annotated.
- (12) "TIF loan" means any loan or other debt obligation made to a tax increment agency pursuant to applicable tax increment statutes for which incremental tax revenues are pledged for payment of such loan or other debt obligation.
- (13) "TIF loan maturity date" means the earlier of the date that the TIF loan is paid in full, or the date specified in the TIF loan documents when the tax increment agency is no longer obligated to utilize incremental tax revenues for payment of debt service on the TIF loan; provided however, if the TIF loan has not been paid in full by the date specified in the loan documents and the tax increment agency elects to refinance the TIF loan to fully amortize the remaining unpaid principal balance, then the TIF loan maturity date shall be extended to the earlier of the date the refinanced TIF loan is paid in full or the date specified in the loan documents for the refinanced TIF Loan when the tax increment agency is no longer obligated to utilize incremental tax revenues for payment of debt service on the refinanced TIF loan.
- (14) "Total taxes" means, for property located in the General Services District, the property taxes designated by the metropolitan government property tax levy ordinance to be distributed to the General Services District General Fund, the School Fund, the General Services District Debt Service Fund and the School Debt Services Fund, and for property located in the Urban Services District, the property taxes designated by the metropolitan government property tax levy ordinance to be distributed to the General Services District General Fund, the School Fund, the General Services District Debt Service Fund, the School Debt Services Fund, the Urban Services District General Fund and the Urban Services District Debt Service Fund.

5.06.020 Capture of incremental tax revenues.

From and after the effective date of this section, for all housing authority Plans approved after July 1, 2006, the tax increment agency shall only collect the incremental tax revenues for properties that are being redeveloped unless the Metropolitan Council approves the collection and use of the incremental tax revenue for other properties within the Plan Area upon approval of a resolution receiving twenty-one affirmative votes.

5.06.030 Allocation of incremental tax revenues.

(1) From and after the TIF loan maturity date for a TIF loan, any incremental tax revenues pledged to secure payment of the TIF loan and not needed to pay amounts to the holder of the TIF loan and not needed to pay any administrative fee shall be retained by the metropolitan government, or if received by a tax increment agency pursuant to tax increment statutes, shall be paid to the metropolitan government within thirty (30) days of receipt thereof by the tax increment agency, unless the Metropolitan Council authorizes the tax increment agency by resolution receiving twenty-one affirmative votes to utilize the incremental tax revenues for a specific purpose permitted pursuant to tax increment statutes.

(2) To the extent the tax increment agency elects to refinance a TIF loan which has the effect of extending a TIF loan maturity date, from and after the date of the refinancing, the tax increment agency shall only be entitled to receive tax increment revenues in an amount equal to the lower of: (a) five percent more the total annual debt service obligation before the refinancing; or (b) five percent more than the total annual debt service obligation after the refinancing. In the event of a refinancing, all tax increment revenue greater than this amount shall be retained by the metropolitan government, or if received by a tax increment agency pursuant to tax increment statutes, shall be paid to the metropolitan government within thirty (30) days of receipt thereof by the tax increment agency, unless authorized by the Metropolitan Council by resolution receiving twenty-one affirmative votes.

(3) For plans approved or amended after the effective date of this section, no incremental tax revenues for property in the plan area may be pledged as collateral for, or to support payment of, a loan or other debt obligation related to a project or property outside of the plan area without approval of the Metropolitan Council by resolution receiving twenty-one affirmative votes.

5.06.040 Annual reporting.

Not later than April 30 of each year, the tax increment agency shall submit an annual report to the metropolitan mayor, director of finance, and metropolitan council detailing the following information for each plan area:

1. An identification of each outstanding TIF loan, including the commencement date of the TIF loan, the principal balance, the stated or estimated TIF loan maturity date, the parcels from which incremental tax revenues are pledged to such TIF loan, the total taxes paid for each parcel during the preceding year, the incremental tax revenues applied toward the payment of the principal and interest of the TIF loan during the preceding year, the amount of any taxes retained by or payable to the metropolitan government for each parcel during the preceding year, whether the tax increment agency has entered into an interest rate hedge agreement, and, if so, the terms of such hedge agreement(s).
2. The amount of the incremental tax revenues from the plan area used to pay administrative fees during the preceding year incurred by the tax increment agency, and a description of the administrative costs incurred.
3. The total of all incremental tax revenues allocated to the tax increment agency during the preceding year.
4. The total of all outstanding TIF loans as of the end of the reporting period.

5.06.050 Allocation of debt service taxes.

All TIF loans authorized by a tax increment agency after the effective date of this chapter shall include provisions stating that the debt service taxes shall be retained by the metropolitan government, or if received by a tax increment agency pursuant to tax increment statutes, shall be paid to the metropolitan government before any incremental tax revenues may be used to pay the principal and interest on TIF loans. The debt service taxes to be retained by or paid to the metropolitan government for each TIF loan shall be determined by multiplying the total taxes from all parcels generating incremental tax revenues pledged to secure the TIF loan by the debt service tax percentage applicable as of the date of the closing of the TIF loan.

5.06.060 Allocation of sale proceeds.

All plans and amendments to plans approved after the effective date of this chapter shall include provisions requiring that proceeds from all land sold by the tax increment agency shall be placed in a revolving fund where either: (a) the land was originally conveyed to the tax increment agency by the Metropolitan Government; or (b) the land was acquired in full, or in part, using such revolving fund assets. The revolving fund described in this section shall be designated to pay costs for acquisition of land in the plan area, for public improvements and facilities in the plan area, and for the implementation of the plan area where the land is located. The proceeds of such sale(s) shall not be used by the tax increment agency for projects or improvements in other plan areas without approval of the Metropolitan Council by resolution receiving twenty-one affirmative votes. The revolving fund will be held and managed by the tax increment agency. Any unexpended funds in the revolving fund at the termination of a plan will be deposited to the general fund of the Metropolitan Government.


Section 2. Notwithstanding any provision of this ordinance to the contrary, this ordinance shall not prevent or restrict the Metropolitan Development and Housing Agency from selling the following three parcels of property located in the Rutledge Hill Redevelopment District for the purpose of using the sale proceeds as part of the Cayce Place Redevelopment District:

30 Peabody Street	Parcel No. 09311025600
Peabody Street, unnumbered	Parcel No. 09311025800
400 1st Avenue South	Parcel No. 09311002300

Section 3. Notwithstanding any provision of this ordinance to the contrary, the initial annual report prepared by a tax increment agency shall be filed within ninety (90) days of the effective date of this ordinance.

Section 4. This ordinance shall take effect from and after its enactment, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Sponsored by: Bob Mendes, Erica Gilmore, Bill Pridemore, Freddie O'Connell, Brett Withers, Jeff Syracuse, Tanaka Vercher, Karen Johnson, Larry Hagar, Jeremy Elrod, Sharon Hurt, Sheri Weiner, Robert Swope, Russ Pulley, Mina Johnson, Colby Sledge, Anthony Davis, Kevin Rhoten, Steve Glover, John Cooper, Mary Carolyn Roberts, Kathleen Murphy, Angie Henderson, Nancy VanReece, Burkley Allen

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Passed Third Reading:	April 5, 2016
Approved:	April 6, 2016
By:	

Requests for ADA accommodation should be directed to the Metropolitan Clerk at 615/862-6770.