

RELATED ACTS

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CHAPTER NO. 173

HOUSE BILL NO. 2436

By Napier, Hobbs

Substituted for: Senate Bill No. 2468

By Richardson

AN ACT to authorize the Town of Spring Hill to levy and collect a privilege tax on new development within its city limits in order to provide that new development contribute its fair share of the costs of providing public facilities and services made necessary by such new development.

WHEREAS, after an intense national competition, the State of Tennessee successfully negotiated with the General Motors Corporation to locate its Saturn plant in Tennessee; and

WHEREAS, General Motors Corporation selected and is presently constructing the Saturn automotive assembly plant adjacent to the town of Spring Hill; and

WHEREAS, the investment in said plant is anticipated to be approximately \$3.5 billion when the plant is complete, the largest single private investment in the Town's history; and

WHEREAS, a significant portion of Spring Hill lies within Williamson County, Tennessee, which has been the fastest growing county in the state for the past fifteen (15) years, having been impacted by the rapid growth in the metropolitan area of Nashville; and

WHEREAS, there is currently under construction the Saturn Parkway which will extend from Interstate Highway 65 to the Town of Spring Hill, which Parkway is located within the corporate limits of the Town of Spring Hill; and

WHEREAS, anticipated growth from the expansion of Nashville is expected to accelerate due to the location of the Hub of American Airlines into Southern Middle Tennessee, including the Spring Hill vicinity; and

WHEREAS, the Saturn plant is anticipated to stimulate commercial, office, industrial and warehouse development in Spring Hill in the vicinity of the Saturn plant; and

WHEREAS, the projected non-residential development and the availability of jobs is to stimulate a significant demand for new dwelling units in Spring Hill; and

WHEREAS, current projections show that:

(1) the population of Spring Hill will increase in geometric proportions as a result of these changes;

(2) projected growth and land use development will cause a demand for municipal provided capital facilities (roads, jails, parks, etc.) over the next fifteen (15) years;

(3) the city's present revenue raising authority is limited and relies heavily on intergovernmental transfers which are not subject to city control and on property taxes, which would impose the costs of new growth on existing residents rather than on new residents and businesses who create the demand for the additional expenditures; and

WHEREAS, Spring Hill is committed to both present and future residents in maintaining a level of public facilities and services commensurate with those presently provided; and

WHEREAS, Spring Hill is prepared to impose a fair, equitable and reasonable share of the costs of providing the necessary public facilities and services on residents of the municipality; and

WHEREAS, the city's present population employment base, tax base and budget cannot alone support the additional revenues needed to supply facilities to serve new growth without a substantial increase in the property tax rate on existing development; and

WHEREAS, the introduction of the Saturn plant in Maury County, the American Airlines Hub in Davidson County, and the continued expansion of the Nashville Metropolitan area represent both an extraordinary economic opportunity for the State of Tennessee as well as a potential economic burden on the existing residents of Spring Hill; and

WHEREAS, due to these unique circumstances, it is necessary and appropriate that Spring Hill be given authorization to extend its taxing power to enable the city to impose a fair and reasonable share of the costs of public facilities necessitated by new development on that development so as not to create an unfair and inequitable burden on existing city residents; and

WHEREAS, there is precedent in the State of Tennessee for such additional tax measures to impose costs on those who benefit from improvements and where the result would otherwise be to impose an unfair burden on existing residents; and

WHEREAS, the most logical and effective mechanism to accomplish the intended result would be the imposition of a new privilege tax on new development in Spring Hill; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. This act shall be known and cited as the "Spring Hill Adequate Facilities Tax".

SECTION 2. As used in this act, unless a different meaning appears from the context:

(a) "Building" means any structure built for the support, shelter, or enclosure of persons, chattels, or movable property of any kind; the term includes a mobile home. This will not pertain to buildings used for agricultural purposes.

(b) "Building Permit" means a permit for development issued in Spring Hill.

(c) "Capital Improvement Program" means a proposed schedule of future projects, listed in order of construction priority, together with cost estimates and the anticipated means of financing each project. All major projects requiring the expenditure of public funds, over and above the annual local government operating expenses, for the purchase, construction, or replacement of the physical assets of the community are included.

(d) "Certificate of Occupancy" means a license for occupancy of a building or structure issued in Spring Hill.

(e) "Development" means the construction, building, reconstruction, erection, extension, betterment, or improvement of land providing a building or structure or the addition to any building or structure, or any part thereof, which provides, adds to or increases the floor area of a residential or non-residential use.

(f) "Dwelling Unit" means a room, or rooms connected together constituting a separate, independent housekeeping establishment for owner occupancy, rental or lease on a daily, weekly, monthly, or longer basis; physically separated from any other room(s) or dwelling units which may be in the same structure; and containing independent cooking and sleeping facilities.

(g) "Floor Area" means the total of the gross horizontal area of all floors, including usable basements and cellars, below the roof and within the outer surface of the main walls of principal or accessory buildings or the center lines of party walls separating such buildings or portions thereof, or within lines drawn parallel to and two (2) feet within the roof line of any building or portions thereof without walls, but excluding in the case of nonresidential facilities: arcades, porticoes, and similar open areas which are accessible to the general public, and which are not designed or used as sales, display, storage, service, or production areas.

(h) "General Plan" means the official statement of the planning commission which sets forth major policies concerning future development of the jurisdictional areas and meeting the provisions set forth in Tennessee Code Annotated, Sections 13-3-301, 13-3-302, and 13-4-102. For purposes of this act only, a general plan may consist solely of the land development element which sets out a plan or scheme of future land usage.

(i) "Governing Body" means the municipal legislative body of Spring Hill, Tennessee.

(i) "Major Street or Road Plan" means the plan adopted by the planning commission, pursuant to Tennessee Code Annotated, Sections 13-3-402 and 13-4-302, showing, among other things, "the general location, character, and extent of public ways (and) the removal, relocation, extension, widening, narrowing, vacating, abandonment or change of use of existing public ways...".

(k) "Non-Residential" means the development of any property for any use other than residential use, except as may be exempted by this act.

(l) "Person" means any individual, firm, co-partnership, joint venture, association, corporation, estate, trust, business trust,

receiver, syndicate, or other group or combination acting as a unit, and the plural as well as the singular number.

(m) "Place of Worship" means that portion of a building, owned by a religious institution which has tax-exempt status, which is used for worship services and related functions; provided, however, that a place of worship does not include buildings or portions of buildings which are used for purposes other than for worship and related functions or which are or are intended to be leased, rented or used by persons who do not have tax-exempt status.

(n) "Public Buildings" means a building owned by the state of Tennessee or any agency thereof, a political subdivision of the State of Tennessee, including but not necessarily limited to counties, cities, school districts and special districts, or the federal government or any agency thereof.

(o) "Public Facility or Facilities" means a physical improvement undertaken by the county or city, including, but not limited to the following: roads and bridges, parks and recreational facilities, jails and law enforcement facilities, schools, libraries, government buildings, fire stations, sanitary landfills, water, wastewater and drainage projects, airport facilities and other governmental capital improvements benefiting the citizens of the county and/or city.

(p) "Residential" means the development of any property for a dwelling unit or units.

SECTION 3. It is the intent and purpose of this act to authorize Spring Hill to impose a tax on new development in the city payable at the time of issuance of a building permit or certificate of occupancy so as to ensure and require that the persons responsible for new development share in the burdens of growth by paying their fair share for the cost of new and expanded public facilities made necessary by such development.

SECTION 4. Engaging in the act of development within Spring Hill, except as provided in Section 6 herein, is declared to be a privilege upon which Spring Hill may, by ordinance of the governing body, levy a tax in an amount not to exceed the rate set forth in Section 7.

SECTION 5. The governing body shall impose the tax authorized herein by resolution after adopting a capital improvements program indicating the

need for the cost of public facilities anticipated to be funded, in part, by this tax and after finding that the need for such public facilities is reasonably related to new development in the city. The ordinance of the governing body imposing this tax shall state the rate of tax on new residential and non-residential development. The governing body shall, by ordinance, adopt administrative guidelines, procedures, regulations and forms necessary to properly implement, administer and enforce the provisions of this act.

SECTION 6. This act shall not apply to development of:

- (a) Public buildings.
- (b) Places of worship.

SECTION 7. For the exercise of the privilege described herein, Spring Hill may impose a tax<sup>1</sup> on new development not to exceed:

- (a) one dollar (\$1.00) per gross square foot of new residential development.
- (b) two dollars (\$2.00) per gross square foot of new non-residential development. The town may develop a tax rate schedule by which residential and non-residential uses are classified by type for the purpose of imposition of the tax authorized herein.

SECTION 8. The tax established in this act shall be collected at the time of application for a building permit for development as herein defined or, if a building permit is not required, at the time of application for a certificate of occupancy by the city official duly authorized in such jurisdiction to issue building permits or certificates of occupancy. The city shall, before issuance of the building permit or certificate of occupancy, receive payment in cash or by a negotiable instrument payable to the city. No building permit for development as herein defined, or certificate of occupancy if no building permit is required, shall be issued in Spring Hill unless the tax has been paid in full or a negotiable instrument payable to the city has been received.

SECTION 9. All tax funds collected shall be used for the purpose of providing public facilities, the need for which is reasonably related to new development.

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<sup>1</sup>Ord. #94-2 established certain impact fees and taxes on developments and developers of projects within the town. These fees and taxes are set out in title 5, chapters 5 and 6 in the municipal code.

SECTION 10. The authority to impose this privilege tax on new development in Spring Hill is in addition to all other authority to impose taxes, fees, assessments, or other revenue raising or land development regulatory measures granted either by the private or public acts of the State of Tennessee and the imposition of such tax, in addition to any other authorized tax, fee, assessment or charge, shall not be deemed to constitute double taxation.

SECTION 11. The provisions of this act shall in no manner repeal, modify, or interfere with the authority granted by any other public or private law applicable to Spring Hill. This act shall be deemed to create an additional and alternative method for Spring Hill to impose and collect taxes for the purpose of providing public facilities made necessary by new development in the city.

SECTION 12. If any provisions of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 13. This act shall have no effect unless it is approved by a two-thirds (2/3) vote of the municipal legislative body of Spring Hill before October 1, 1988. Its approval or nonapproval shall be proclaimed by the presiding officer of the municipal legislative body and certified by him to the Secretary of State.

SECTION 14. For the purpose of approving or rejecting the provisions of this act, it shall be effective upon becoming a law, the public welfare requiring it. For all other purposes it shall become effective upon being approved as provided in Section 13.

PASSED: March 28, 1988

s/Ed Murray  
SPEAKER OF THE HOUSE OF REPRESENTATIVES

s/John S. Wilder  
SPEAKER OF THE SENATE

APPROVED this 8th day of April 1988

s/Ned McWherter  
GOVERNOR