

Impact Fees and Adequate Facilities Taxes

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

The University of Tennessee
Municipal Technical Advisory Service
1610 University Avenue
Knoxville, TN 37921-6741
865-974-0411 phone
865-974-0423 fax
www.mtas.tennessee.edu

Table of Contents

Impact Fees and Adequate Facilities Taxes	3
---	---

Impact Fees and Adequate Facilities Taxes

Reference Number:
MTAS-542

Impact Fees

Municipalities incorporated under the general law mayor-aldermanic charter and the general law modified city manager-council charters have authority to levy impact fees. See T.C.A. § 6-2-201(15) and § 6-33-101(a). Private acts authorize some other municipalities to levy impact fees. The County Powers Relief Act of 2006 placed some restrictions on the assessing of impact fees for counties and metropolitan governments after June 30, 2006 however, these restrictions did not extend to cities.

Adequate Facilities Taxes

Several municipalities have levied adequate facilities taxes under authority of general law and/or private acts. A statute authorizing high-growth counties to levy adequate facilities taxes however, provides that it is "the exclusive authority for local governments to adopt any new or additional adequate facilities taxes on development." T.C.A. § 67-4-2913. A complication for municipalities wishing to levy adequate facilities taxes, which are privileges taxes, is that they should be aware of section T.C.A. § 67-4-503. This section prohibits a municipality from levying a privilege tax under authority of a private act if the county in which the municipality is located has previously levied a tax by private act on the same privilege. Although this statute apparently has never been used to invalidate a privilege tax, it is still on the books and could be used.

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

Source URL (retrieved on 01/26/2021 - 11:36am): <https://www.mtas.tennessee.edu/reference/impact-fees-and-adequate-facilities-taxes>

MTAS