

ORDINANCE NO. BL2018-1289 (SLEDGE & VERCHER) – This ordinance would approve the demolition of certain buildings and structures necessary for the construction of a new Major League Soccer (MLS) Stadium at the Nashville Fairgrounds and would amend the Metropolitan Code of Laws to impose a privilege tax on the sale of tickets to events at the MLS Stadium.

Section 1 of the ordinance would approve the demolition of certain buildings and structures on the Fairgrounds Nashville premises. These buildings and structures are specifically identified on Exhibit A, attached to the ordinance. Pursuant to Sec. 11.602 of the Metropolitan Charter, no demolition of the Fairgrounds Nashville premises can occur without approval by ordinance of the Council receiving twenty-seven (27) affirmative votes, or a Charter amendment.

Section 2 of the ordinance would amend Title 5 of the Metro Code of Laws to define “Municipal soccer stadium” and impose a privilege tax on the sale of tickets of any event at a municipal soccer stadium. The tax would be \$1.75 for events scheduled to occur during the first five (5) years of the operation of the stadium, \$2.25 during years six (6) and seven (7), and \$2.50 for events scheduled after the seventh year. \$1.75 of the ticket tax for the municipal soccer stadium would be dedicated to the payment of debt service on the bonds for the construction of the stadium. Beginning after the fifth year, any amount of the ticket tax above \$1.75 would be deposited into a reserve account maintained by the Metro Finance Department to be used for long-term capital expenditures at the municipal soccer stadium.

The ticket tax is authorized pursuant to Tenn. Code Ann. § 7-3-202 which states that the privilege tax cannot exceed ten percent (10%) of the consideration charged for spectators attending the event. Further, the state law requires that funds collected from the tax be used only to defray the cost of operating and constructing the stadium or to pay debt service on bonds issued in connection with the stadium. The tax must likewise be approved by twenty seven (27) votes pursuant to the state law.

The demolition proposal has been approved by the Planning Commission as a mandatory referral.

Fiscal Note: This ordinance would approve a tax on the sale of tickets at the soccer stadium. The amount of the tax would increase over time. The amount of this tax per ticket would be \$1.75 during each of the first five years, increasing to \$2.25 for the sixth and seventh years, and \$2.50 thereafter.

Starting in the sixth year, all taxes collected above \$1.75 per ticket (a maximum of \$0.75, beginning in the eighth year) would be deposited in a reserve account and used for long-term capital expenditures at the stadium.

Because of state law restrictions, the ticket tax cannot be more than 10% of the cost of the ticket. This would mean that the full tax could be charged for tickets costing \$17.50 per ticket during each of the first five years, \$22.50 for the sixth and seventh years, and \$25.00 thereafter. If ticket prices are ever below these amounts, the amount of the ticket taxes would be restricted to 10% of this ticket cost.