

BILL NO. BL2018-1293 (GILMORE) – This ordinance would amend Title 5 of the Metro Code of Laws to define “Municipal soccer stadium” and impose a privilege tax in the amount of \$3.00 per ticket on the sale of tickets of any event at a municipal soccer stadium. However, Ordinance no. BL2018-1289, scheduled for third reading, imposes a privilege tax on the sale of tickets to events at the proposed new Major League Soccer stadium, though at a lesser escalating rate.

It should further be noted that Resolution No. RS2017-910, adopted by Council on November 7, 2018, authorized the Sports Authority to issue bonds for the MLS Soccer Stadium construction, provided the Council approved a ticket tax in the specific amounts of \$1.75 during years 1-5, \$2.25 during years 6-7, and \$2.50 after year 7.

Ticket taxes are authorized pursuant to Tenn. Code Ann. § 7-3-202. This law 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 be approved by twenty seven (27) votes pursuant to the state law.

Although the tax proposed pursuant to this ordinance would be \$3.00 per ticket, the tax would be capped at ten percent (10%) of the ticket price if the ticket price was below \$30.00. \$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. Any amount of the ticket tax above \$1.75 would be deposited into a reserve account maintained by the Metro Finance Department and would be used for long-term capital expenditures at the municipal soccer stadium.

Fiscal Note: The amount of the ticket tax to be charged would depend on the price of the tickets charged for events at the stadium. For ticket prices below \$30.00, the tax would be charged at the rate of 10% of the ticket price. For ticket prices of \$30.00 or above, the ticket tax would be charged at the flat rate of \$3.00.

Up to the first \$1.75 of each tax collected per ticket would be dedicated to the payment of debt service on the bonds for the construction of the soccer stadium. All taxes collected above \$1.75 per ticket (\$1.25 maximum) would be deposited in a reserve account for the long-term capital expenditures at the stadium.