Public Chapter 1024

Public Chapter 1024 directs the Tennessee Department of Tourist Development, in coordination with the Departments of Economic & Community Development, Environment & Conservation, and Safety & Homeland Security, to establish statewide Tourism Development Zones regulations and govern them as economic protection zones .

The law requires uniform rules across all TDZs in Tennessee, including the Music City Center TDZ in Nashville. These rules must ensure clear ingress and egress to businesses and public spaces, supporting both pedestrian and vehicular movement. They also mandate regulations on unlawful loitering, sitting, camping, or sleeping on public property, aimed at keeping sidewalks, alleys, parks, plazas, and other public areas unobstructed and accessible.

All rulemaking must follow the Tennessee Uniform Administrative Procedures Act, ensuring standardized development and public input. The Uniform Administrative Procedures Act requires a noticed public hearing before the promulgation of any agency rule and provides a procedure to challenge any agency regulations. The act explicitly preserves the authority of the Tennessee Department of Transportation over state highway rights-of-way, preventing conflicts where TDZs overlap TDOT-managed corridors.

Separately, the law purports to provide Tennessee Highway Patrol with concurrent law enforcement authority with local law enforcement agencies, including the power to arrest, carry a firearm, and investigate crime within a tourism development zone in this state. However, state law provides that the THP's Criminal Investigation Division already has jurisdiction to enforce the law relative to "all criminal matters initiated by the highway patrol or other divisions of the department of safety."

The law took effect immediately for rulemaking purposes and became fully effective on August 1, 2026. No rules have been promulgated by the Tennessee Department of Tourist Development as of August 2, 2026.

Public Chapter 1079

Public Chapter 1079, enacted May 27, 2026, significantly restructures how revenues from Nashville's Tourism Development Zone ("TDZ") are governed and allocated. The law creates a new Joint Capital Tourism Board, adjusts fiscal authority over convention-center related revenues, and extends the life of the TDZ revenue stream.

The law establishes a nine-member board that will control how excess TDZ revenues are allocated. Six of the nine members are appointed by state officials (the Governor, Speaker of the House, and Speaker of the Senate). The remaining three members represent Nashville: the Metropolitan Mayor or designee, the Music City Center president, and the Convention & Visitors Bureau president. The board is attached to the Comptroller's Office. Terms are staggered and continue for four-year cycles.

Public Chapter 1079 extends state and local sales tax collections in the TDZ. These revenues will continue to support Music City Center ("MCC") operations and debt. The law provides for the funding structure for various privilege taxes and surcharges below.

- One-third for the direct promotion of tourism,
- One-third in a reserve fund to be used exclusively for the following purposes in descending order of priority:
  - The purpose of constructing, expanding, improving, financing, and operating a convention center;
  - The payment or funding of authorized obligations, as defined in Tennessee Code Annotated Section 7-89-112(n)(4); or
  - The payment or funding of costs set forth in Tennessee Code Annotated Section 7-89-112(n)(1) and (3);
- One-sixth (1/6) must be used for, in descending order of priority:
  - Tourist related activities, which may include constructing, expanding, improving, financing, and operating a convention center;
  - The payment or funding of authorized obligations, as defined in Tennessee Code Annotated Section 7-89-112(n)(4); or
  - The payment or funding of costs set forth in Tennessee Code Annotated Section 7-89-112(n)(1) and (3); and
- One-sixth shall be placed in the general fund of the Metropolitan Government.

For reference, "authorized obligations", refers to the following funds that can be authorized by the Convention Center Authority:

- Convention Center Authority expenses and debt service;
- A reserve fund, no greater than two years expenses for the Convention Center Authority;
- $20 million, with an annual three percent increase, for ongoing capital expenses, and
- $21 million, with an annual three percent increase, to the Metropolitan Government for local public safety funding in the tourist development zone.

If funds are leftover, they may be expended as "excess revenues" by the Joint Capital Tourism Board or "accumulated excess revenues" by the Convention Center Authority. The Joint Capital Tourism Board was created to oversee and direct "excess revenues."

As referenced in Tennessee Code Annotated Section 7-89-112(n)(1), the Joint Capital Tourism Board must allocate excess revenues to:

- The greater of 40 percent of revenues, or $30 million with a 3 percent annual increase, for the costs of attracting, promoting, and hosting significant tourism events or for a related reserve fund;
- Public safety, streetscapes, and cleanliness efforts related to significant tourism events;
- "Capital City Economic Assistance", or economic assistance provided to an eligible business or eligible commercial property owner within the Tourist Development Zone, to be used to support operational expenditures;
- Music City Center capital improvements;

- State and local public safety, streetscape, and cleanliness efforts; and
- Debt service for the Music City Center.

As referenced in Tennessee Code Annotated Section 7-89-112(n)(3), the Convention Center Authority must allocate “accumulated excess revenues” to:

- Convention Center Authority debt service and payments;
- Capital Costs for Music City Center expansion, including land acquisition, though no costs other than land acquisition, design, and other pre-development costs may be funded until the state building commission has approved the expansion as a modification to the tourism development zone; and
- A $300 million transfer to the East Bank Development Authority to fund capital costs and related debt service and financing costs incurred in connection with the construction, installation, renovation, and equipping of roads, bridges, utilities, and other public infrastructure improvements, with the East Bank.

Accumulated excess revenues may only be applied until the opening of a Music City Center expansion or June 30, 2042.

The apportionment and distribution of tax revenues must begin at the time that the convention center begins operations, and must continue through 2058 or until all debt incurred to finance the convention center is retired, whichever is sooner.