



County Technical Assistance Service  
INSTITUTE *for* PUBLIC SERVICE

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# Development Tax

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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 county 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 CTAS website material.

Sincerely,

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# Development Tax

## Private Acts of 1996 Chapter 215

WHEREAS, Rutherford County, Tennessee, has been one of the fastest growing counties in the State of Tennessee for the past ten (10) years; and

WHEREAS, growth is expected to continue and accelerate; and

WHEREAS, this growth is anticipated to stimulate commercial, office, industrial and warehouse development in Rutherford County as well as the cities of Murfreesboro, Smyrna, La Vergne (sic) and Eagleville, all lying within Rutherford County; and

WHEREAS, the projected non-residential development and the availability of jobs as a result thereof is anticipated to stimulate a significant demand for new residential dwelling units in Rutherford County; and

WHEREAS, current projections show:

(1) County population will be 238,000 persons in the year 2010, an increase of more than 100% from 1990 to 2010; there will be a demand for approximately 34,000 additional residential dwelling units between 1990 and 2010; and new residential and non-residential development will consume additional acreage in Rutherford County, creating the need for additional facilities;

(2) Projected growth and land use development will cause a demand for county provided capital facilities (schools, roads, jails, etc.) In a court well in excess of one hundred ten million dollars (\$110 million) over the next four (4) years alone;

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

WHEREAS, Rutherford County is committed to both present and future county residents to maintaining a level of public facilities and services commensurate with those presently provided; and

WHEREAS, the county'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 continued growth experienced by Rutherford county represents both an extraordinary economic opportunity for the State of Tennessee as well as a potential economic burden on existing residents of Rutherford County; and

WHEREAS, due to these unique circumstances, it is necessary and appropriate that Rutherford County be given authorization to extend its taxing power to enable the county 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 county residents; and

WHEREAS, the most logical, fair and effective mechanism to accomplish the intended result is the imposition of a new privilege tax on new development in Rutherford County; now, therefore,

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

**SECTION 1.** This act shall be known and may be cited as the Rutherford County Development Tax Act.

**SECTION 2.** As used in this act, unless the context clearly requires otherwise:

(1) "Building permit" means a permit for single or multi-family construction issued in Rutherford County, whether by the county or by any city therein;

(2) "Places 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, 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 intended to be leased, rented or used by persons who do not have tax exempt status;

(3) "Plat" includes any plat, plan, plot, replat or replat where the same creates additional lots;

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

(5) "Residential land development" means the development of any property for a dwelling unit or units, including, but not limited to, single or multi-family housing; and

(6) "Unit" means a part or portion of any single or multi-family housing with 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 including, but not limited to, condominiums and apartments.

**SECTION 3.** It is the intent and purpose of this act to impose a tax on new residential land development in Rutherford County, with a portion of the tax being payable prior to the recordation of any plat in the register of deeds office, and the balance being payable at the time of the issuance of a building permit, thus ensuring and requiring the persons responsible for new development share in the burdens of growth by paying their fair share for the costs of new and expanded public facilities made necessary by such development.

**SECTION 4.** Engaging in the act of land development for residential purposes within Rutherford County, except as provided in Section 6, is declared to be a privilege upon which Rutherford County may levy a tax at the rate set forth in Section 7.

**SECTION 5.** The governing body of Rutherford County, Tennessee, may, by resolution, 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:

- (1) Public Buildings;
- (2) Places of worship;
- (3) Barns or outbuildings used for agricultural purposes only;
- (4) Replacement structures for previously existing structures destroyed by fire or other casualty;
- (5) A structure owned by a nonprofit corporation which is a qualified 501(c)(3) corporation under the Internal Revenue Code;
- (6) Non-residential development; or
- (7) Hotels or motels.

**SECTION 7.** (a) For the exercise of the privilege described herein, Rutherford County imposes a tax on each lot of covered single-family development or in the case of multi-family development on each unit proposed for human habitation, in an amount equal to one thousand five hundred dollars (\$1,500) payable as follows:

- (1) Seven hundred fifty dollars (\$750) per lot or unit prior to the time the final plat of the development containing said lot or unit is recorded in the register of deeds office; and
- (2) Seven hundred fifty dollars (\$750) per lot or unit at the time the building permit is issued and obtained;

(b) In the event a single or multi-family structure is placed upon property and a plat is not required by applicable provisions of the general law, then in that event, the one thousand five hundred dollar (\$1,500) tax shall be paid, in its entirety, at the time the building permit is issued and obtained.

As amended by: Private Acts of 2000, Chapter 149

**COMPILER'S NOTE:** Private Acts of 2000, Chapter 159, amends Private Acts of 2000, Chapter 149, by adding the following language after the first sentence of Section 2: If this act is approved by a two-thirds (2/3) vote of the Legislative Body of Rutherford County it shall take effect July 1, 2000, the public welfare requiring it. Any increase in privilege taxes imposed by Chapter 149 of the Private Acts of 2000 that is collected before July 1, 2000, shall be refunded to the person or entity from whom such increase in privilege taxes was collected.

**SECTION 8.** Proceeds from the tax levied herein shall be deposited into the Local Purpose Tax Fund or such other fund as may be designated by majority of the County Commissioners of Rutherford County, Tennessee. The proceeds shall be used to fund capital projects or to retire debt related to capital undertaken by Rutherford County, Tennessee.

As amended by: Private Acts of 1998, Chapter 114

**SECTION 9.** If a building permit is issued by a municipality within Rutherford County, the municipality

shall, before the issuance of a building permit, require evidence by a valid certificate executed by the appropriate officials of Rutherford County, Tennessee, that the full amount of the tax due the county has been paid. The issuance of a building permit by any municipal official, without the appropriate certificate from the county indicating the tax has been paid, shall render the city liable to the county for the sum or sums that would have been collected by the county had the certificate of tax paid been required by the municipality.

**SECTION 10.** The authority to impose this privilege tax on new development in Rutherford County 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 the tax is in addition to any other authorized tax, fee, assessment or charge and shall not be deemed to constitute double taxation.

**SECTION 11.** Rutherford County shall not be required to share any revenues generated in accordance with the provisions of this act with any municipality lying within the county.

**SECTION 12.** 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 Rutherford County. This act shall be deemed to create an additional method for Rutherford County to impose and collect taxes for the purpose of providing public facilities.

**SECTION 13.** If any provision 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 14.** This act shall have no effect unless it is approved by a two-thirds (2/3) vote of the legislative body of Rutherford County. Its approval or nonapproval shall be proclaimed by the presiding officer of the county legislative body and certified to the Secretary of State.

**SECTION 15.** 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 14.

Passed: April 24, 1996.

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