



RUTHERFORD COUNTY SCHOOL FACILITIES TAX COLLECTION POLICY

I. STATEMENT

The School Facilities Tax (“SFT”) is authorized by T.C.A. § 67-4-2901, et seq., County Powers Relief Act, which states in part that counties may “levy a privilege tax on persons and entities engaged in the development of property, in order to provide a county with an additional source of funding to defray the cost of providing school facilities to meet the needs of the citizens of the county as a result of population growth.”

This SFT Collection Policy and any forms associated herewith have been adopted pursuant to T.C.A. § 67-4-2905.

II. DEFINITIONS

Definitions used for purposes of the SFT Collection Policy:

- **Building** – means any structure built for the support, shelter, or enclosure of persons, chattels, or movable property of any kind, including a mobile home. “Building” does not mean any structures used primarily for agricultural purposes.
- **Development** – means the construction, building, erection, or improvement to land by providing a new building or structure that provides heated and cooled floor area for residential or commercial use.
- **Floor Area** – for development means the total of the gross horizontal area of all floors, including basements, cellars, or attics, that is heated or air-conditioned space.
- **Residential** – means the development of any property for a dwelling unit or units.
- **Commercial** – means any property used for business activities, except any state-designated industrial megasite, as defined in T.C.A. § 64-6-102.
- **Heated space** – an enclosed area within a building or structure where heat is provided by a system, process, or equipment designed to distribute heat, including, but not limited to, central heating system, gas/fuel fired package unit, or other similar equipment.
- **Cooled/Air-conditioned space** – an enclosed area within a building or structure where temperature is cooled by a system, process, or equipment for comfort cooling, including, but not limited to, package unit, window unit, ceiling fan(s), or other similar equipment.

*Any other defined terms listed in T.C.A. § 67-4-2901, et seq., are hereby incorporated herein by reference.

III. EXCEPTIONS

The SFT shall not apply to development of:

- (1) Public Buildings;
- (2) Places of Worship;
- (3) Barns or other outbuildings used for agricultural purposes;
- (4) Replacement buildings or structures for previously existing buildings and structures destroyed by fire or other disaster;

- (5) *A building or structure owned by a non-profit corporation that is a qualified 501(c)(3) under the federal Internal Revenue Code, codified in 26 U.S.C. §501(c)(3); or*
- (6) *A building or structure located in any census tract of the county that has been designated by the federal government as being eligible for federal incentives due to blight, economic distress or urban renewal, upon a proper finding by the county legislative body that the exemption is necessary to stimulate growth in these economically challenged areas.*

IV. APPLICABILITY

1. The SFT will be levied at a rate of one dollar and fifty cents (\$1.50) per square foot on residential property (unless later increased in accordance with applicable law) on all new residential development floor area constructed within Rutherford County (to include all incorporated areas of the County), including, but not limited to, the following types of residential developments:
 - **New Single-Family Dwelling** – All floor area of a new single-family dwelling shall be subject to the SFT.
 - **Additional Dwelling Unit** – All floor area of an additional dwelling unit shall be subject to the SFT.
 - **Mobile Homes** – Mobile Homes are included in the definition of a “Building”. Accordingly, all floor area of a Mobile Home shall be subject to the SFT.
 - **Addition to a Single-Family Dwelling** – All newly constructed floor area added to an existing Single-Family Dwelling (not currently under an existing roof) shall be subject to SFT.
 - **Accessory Structures with living space** – All floor area within, above, or attached to any accessory structure shall be subject to the SFT.
 - **Townhomes/Duplexes** – All floor area of Town Homes or Duplexes shall be subject to the SFT.
 - **Apartment Buildings** – All floor area of Apartment Buildings shall be subject to the SFT.
 - **Assisted Living Facilities** – All floor area of residential dwelling units within Assisted Living Facilities shall be subject to the SFT.
 - **Long Term Living Hotel Units (equipped with kitchen)** – All floor area of residential dwelling units within a Long-Term Living Hotel shall be subject to the SFT.
2. The SFT will be levied at a rate of one dollar and fifty cents (\$1.50) per square foot on up to one hundred fifty thousand square feet (150,000 sq. ft.) of commercial property, unless later increased in accordance with applicable law, on all new commercial development floor area constructed within Rutherford County (to include all incorporated areas of the County).
3. The types of developments listed above are not all inclusive and do not encompass all possible developments for residential development or commercial development subject to the SFT. The SFT shall be collected on all residential development and commercial development as provided by applicable law and as determined by the County Building Official.

V. COLLECTION PROCESS

1. **Collection of SFT.** The SFT will be collected by the Rutherford County Building Codes Department (“RCBCD”) located at 1 South Public Square, Room 101, Murfreesboro, TN 37130.

2. Application Submittal and Review.

- a. **Submittal.** An SFT Application and any other required materials and information for a proposed development shall be submitted and reviewed by the RCBCD staff prior to issuance of a building permit by the jurisdiction where the building or structure will be constructed. An SFT Application may be submitted via Public Portal access (link found at RCBCD website at <http://buildingcodes.rutherfordcountyttn.gov>), via email at buildingcodes@rutherfordcountyttn.gov, or in person at the RCBCD.
- b. **Other Required Materials and Information.** An applicant shall submit an SFT Application and any other materials and information required by the RCBCD necessary to enable the RCBCD to calculate the SFT liability for the proposed development. These other materials and information will include, at a minimum, the following:

- *Single-Family Dwelling / Additional Dwelling Unit / Mobile Home:* A copy of the proposed floorplan* shall be submitted to the RCBCD for review a minimum of **24 hours** prior to obtaining a building permit from the RCBCD or other codes department within any jurisdiction in Rutherford County (e.g., Murfreesboro, Smyrna, LaVergne, and Eagleville).

*The required floorplan for a Single-Family Dwelling / *Additional Dwelling Unit / Mobile Home* must be an architectural rendering of the actual proposed development. A PDF copy is acceptable and does not have to be certified by an architect unless special circumstances exist, as determined by the RCBCD, that require such architectural rendering to be certified by an architect. If the applicant chooses to submit an architectural set, the RCBCD can scan such architectural set into its records and return the original set to the applicant. Minor non-structural modifications within the footprint of the plan may be hand drawn (e.g., closet/interior non-load bearing wall changes). However, structural modifications may not be hand drawn (this includes, but is not limited to, interior bearing wall or exterior wall modifications, addition of second floor area where there previously shows none, etc.). If there are structural modifications, the plan must be modified by the applicant's architect to reflect what is being constructed.

- *Addition / Accessory with living area:* A copy of a concept drawing shall be submitted to RCBCD for review a minimum of **24 hours** prior to obtaining a building permit from RCBCD or other codes department within any jurisdiction in Rutherford County (e.g., Murfreesboro, Smyrna, LaVergne, and Eagleville).
- *Townhome / Duplex Building Units / Apartment Building / Assisted Living Facility / Long-Term Living Hotel:* A copy of the proposed architectural drawings certified by an architect shall be submitted to the RCBC for review a minimum of **one week (5 business days)** prior to obtaining a building permit from the RCBCD or other codes department within any jurisdiction in Rutherford County (e.g., Murfreesboro, Smyrna, LaVergne, and Eagleville).
- *Structure used for Commercial Use:* A copy of the proposed architectural drawings certified by an architect shall be submitted to the RCBCD for review a minimum of one week (5 business days) prior to obtaining building permit from the RCBCD or other codes department within any jurisdiction in Rutherford County (e.g., Murfreesboro, Smyrna, LaVergne, and Eagleville).
- *"Box" or "Shell" type Building or Structure for Commercial Use:* A copy of the proposed architectural drawings certified by an architect indicating approximate locations of proposed units as best known at the time of application. Prior to the issuance of a

building permit for the “Box” or “Shell” type building or structure, the owner/developer of the “Box” or “Shell” type commercial building or structure project shall complete and sign the tax liability acknowledgment form regardless of whether the owner/developer intends to lease or sell any of the units to be built out therein. The estimated tax liability for the SFT shall be based upon the proposed square footage of the “Box” or “Shell” type commercial building or structure to be built.

- c. Following submission of the SFT Application and other required materials and information, RCBCD staff will review the submittal and generate a Certificate of School Facilities Tax Liability Form for the development indicating the total SFT liability due based upon the total floor area of the proposed development. The applicant shall sign and acknowledge that the applicant recognizes the liability for the SFT liability and the square foot calculation for the development.

3. Payment of SFT Liability.

- a. As required by T.C.A. § 67-4-2910, the SFT liability must be paid upon completion of the building or structure, but prior to the issuance of the certificate of occupancy.
- b. Prior to issuance of a certificate for temporary or permanent occupancy of structure, an inspection must be completed by the permitting jurisdiction to verify square footage of the completed area. If, during such inspection, the total square footage should be found to be greater, or less, than the square footage used to compute the SFT liability at the time of the application, the SFT liability will be adjusted to reflect the actual square footage of the completed building or structure.

If the structure is a “Box” or “Shell” type Structure for Commercial use and is not completed to final completion (i.e. exterior structure and gravel/concrete floor, etc. completed but no interior build-out), a Certificate of Completion, as opposed to a Certificate of Occupancy, is typically issued by the applicable jurisdiction. The tax liability for applicable Floor Area shall become due upon the completion of each unit build-out and prior to the issuance of a Certificate of Occupancy for said unit(s). This could result in the total tax liability being paid in multiple payments as each unit containing applicable Floor Area is completed and the Certificate of Occupancy for each unit is requested.

- c. Upon payment of the SFT liability, the RCBCD will issue a receipt of final tax liability payment on the Certificate of School Facilities Tax Liability and Payment Form indicating that the full SFT liability has been paid in full, which shall be provided to the applicant for submittal to the jurisdiction where the building permit was obtained such that the certificate for temporary or permanent occupancy can be issued.
- d. Payments of the SFT liability may be made via cash, check, or credit card (vendor fees apply if credit card is used).

4. Forms.

- a. A copy of the SFT Application is attached hereto as Exhibit “A”.
- b. A copy of the Certificate of School Facilities Tax Paid Form is attached hereto as Exhibit “B”.