

ORDINANCE

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KNOXVILLE LEVYING AN ADDITIONAL ONE-HALF OF ONE PERCENT LOCAL OPTION SALES TAX WITHIN THE CITY OF KNOXVILLE IN ADDITION TO THE EXISTING COUNTY-WIDE RATE ON SALES WITHIN THE COUNTY.

ORDINANCE NO: _____

REQUESTED BY: Finance Department

PREPARED BY: Law

APPROVED ON FIRST READING: _____

APPROVED ON SECOND READING: _____

APPROVED AS AN EMERGENCY MEASURE:

MINUTE BOOK: _____ PAGE _____

WHEREAS, the Council (the “Council”) of the City of Knoxville, Tennessee (the “City”) has met pursuant to proper notice; and

WHEREAS, there is now in effect in Knox County a county-wide local option sales tax at a rate of two and one-quarter percent (2.25%); and

WHEREAS, Part 7 of Chapter 6 of Title 7 of the Tennessee Code Annotated, known as the 1963 Local Option Revenue Act (the “Act”), and in particular Section 67-6-703(a)(2) of the Act, authorizes the City to levy a local option sales tax, in addition to the existing county-wide local option sales tax, equal to the difference between the current rate in the County and the current maximum rate under the Act of two and three-quarter percent (2.75%); and

WHEREAS, Council has determined that it is in the best interest of the City to increase the local option sales tax rate by one-half of one percent (.5%) within the City and desires to adopt this ordinance to effectuate such increase subject to the approval of the voters and to the other requirements of the Act.

. NOW THEREFORE BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KNOXVILLE:

SECTION 1: Subject to the referendum required by the Act, the local option sales tax of two and one-quarter percent (2.25%) imposed on a county-wide basis in Knox County shall be increased to two and three-quarters percent (2.75%) in the City, which additional tax shall be in addition to the current state rate on taxable privileges exercised within the City.

SECTION 2: Pursuant to the Act, the Knox County Election Commission is hereby directed to hold a referendum on whether to increase the Local Option Sales Tax as described in Section 1 above. The Election Commission is directed to hold the election at such time as is required or permitted by applicable law after receipt by the Election Commission of a certified copy of this Ordinance, to make an official canvass of the election returns and report the results of the election to the City.

SECTION 3: The proposition as it is to appear on the ballot at said referendum shall be as follows:

Shall the two and one-quarter percent (2.25%) local option sales tax rate currently levied throughout Knox County be increased to two and three-quarters percent (2.75%) in the City of Knoxville?

FOR _____

AGAINST _____

SECTION 4: If a majority of those voting in said referendum vote for the tax rate imposed by this Ordinance, collection of the increased tax levied by this Ordinance shall begin on the first day of a month occurring thirty or more days after the Knox County Election Commission makes its official canvass of the election returns but not sooner than March 1, 2026.

SECTION 5: If any section, paragraph or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this ordinance.

SECTION 6: This Ordinance shall take effect from and after its passage, the welfare of the City requiring it, provided that the collection of taxes pursuant to the increase in the local option sales tax rate approved herein shall become effective on March 1, 2026.

Presiding Officer of the Council

Recorder

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