

PUBLIC CHAPTER NO. 494**HOUSE BILL NO. 1792****By Representatives Montgomery, McCord, Favors****Substituted for: Senate Bill No. 1494****By Senator Raymond Finney**

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 84, relative to central business improvements districts.

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

SECTION 1. Tennessee Code Annotated, Section 7-84-105(a), is amended by inserting the words "or acquisition" between "making" and "of improvements" in the first sentence of such section; by inserting the words "or acquire" between "make" and "improvements" in the first sentence of such section; and by inserting the words "or acquisition" between "making" and "of improvements" in the last sentence of such section.

SECTION 2. Tennessee Code Annotated, Section 7-84-202(1)(D)(iii), is amended by deleting the words "constructed or installed" and substituting instead the words "constructed, installed or acquired".

SECTION 3. Tennessee Code Annotated, Section 7-84-203, is amended by deleting the first sentence of such section and substituting instead the following language:

Any central business improvement district created by a municipality may embrace a contiguous property area or two (2) or more separate property areas and may include one or more business districts (which business districts may either be historic business districts and/or business districts in which additional development and growth is expected to occur) and corridors connecting business districts. Two (2) or more central business improvement districts may overlap and may encompass some or all of the same properties.

SECTION 4. Tennessee Code Annotated, Section 7-84-206, is amended by inserting the words "or acquisition" between "making" and "of the improvements" in the first sentence of subsection (b) and by adding the following new subsection (c):

(c) The governing body of any municipality may amend from time to time the ordinance organizing a central business improvement district to include additional improvements, provided such amendment shall not become effective until after a public hearing relating to such amendment is held in the manner required by § 7-84-204, and any such amendment shall be subject to protest as provided in § 7-84-207.

SECTION 5. Tennessee Code Annotated, Section 7-84-208(5), is amended by adding the following language at the end of such subsection:

If the municipality does not expect at the time of adoption of the ordinance that special assessments will be levied against any of the properties in the district, the ordinance may provide that no special assessments will be imposed at that time. If the municipality subsequently determines that special assessments in the district are required, the municipality may amend the ordinance to permit special assessments, provided such amendment shall not become effective until after a public hearing relating to such amendment is held in the manner required by § 7-84-204, and any such amendment shall be subject to protest as provided in § 7-84-207.

SECTION 6. Tennessee Code Annotated, Section 7-84-208(8) is amended by adding the following language at the end of such subsection:

Notwithstanding the foregoing, if the municipality does not expect at the time of adoption of the ordinance that special assessments will be levied against any of the properties in the district, the creation of a board of assessment commissioners shall not be required until such time, if any, as the ordinance is amended to permit special assessments to be levied.

SECTION 7. Tennessee Code Annotated, Section 7-84-302, is amended by inserting "(a)" before the existing provision, thereby creating a subsection (a), and adding a new subsection (b) as follows:

(b) If a municipality acquires improvements from a third party, including a private entity, subsection (a) hereof shall not apply.

SECTION 8. Tennessee Code Annotated, Section 7-84-305, is amended by inserting "(a)" before the existing provision, thereby creating a subsection (a), and adding a new subsection (b) as follows:

(b)

(1) The municipality may issue revenue bonds in the manner provided in title 9, chapter 21, including part 3 thereof, to finance all costs and expenses incurred in connection with the acquisition or construction of improvements contemplated by this chapter and costs related to the issuance of the bonds, and in such case all assessments received pursuant to title 7, chapter 84 by such municipality shall be deemed revenues for purposes of title 9, chapter 21. In such a case, such revenue bonds may be, but are not required to be, additionally secured by the full faith and credit of the municipality as described above.

(2) Any municipality is also authorized to delegate to any industrial development corporation incorporated by the municipality or any other municipality in which the central business improvement district is located the authority to issue such revenue bonds in which case the municipality shall enter into an agreement with the industrial development corporation pursuant to which the municipality shall agree to promptly pay

to the industrial development corporation the assessments (including any interest thereon) as collected and such assessments shall be held in trust by the municipality for the benefit of the industrial development corporation when received. The municipality may direct any property owner that is required to pay assessments to make such payments directly to an industrial development corporation or its assignee. If an industrial development corporation issues such bonds, assessments imposed pursuant to title 7, chapter 84, and any interest collected on such assessments shall constitute "revenues" as the term is defined in § 7-53-101 and improvements and related expenses described in this chapter, whether acquired by the industrial development corporation on behalf of the municipality or by the municipality itself, shall constitute a "project" as defined in § 7-53-101. Any municipality is authorized to delegate to an industrial development corporation the authority to acquire an improvement described in the ordinance organizing the central business improvement district or any amendment thereto on behalf of the municipality. All bonds issued by industrial development corporations pursuant to this section shall be issued in accordance with chapter 53 of this title.

- (3) Any municipality is also authorized to delegate to any public building authority the authority to issue such revenue bonds in which case the municipality shall enter into an agreement with the public building authority pursuant to which the municipality shall agree to promptly pay to the public building authority the assessments (including any interest thereon) as collected and such assessments shall be held in trust by the municipality for the benefit of the public building authority when received. The municipality may direct any property owner that is required to pay assessments to make such payments directly to a public building authority or its assignee. If a public building authority issues such bonds, assessments imposed pursuant to title 7, chapter 84, and any interest collected on such assessments shall constitute "revenues" as the term is defined in § 12-10-103 and improvements and related expenses described in this chapter, whether acquired by the industrial development corporation on behalf of the municipality or by the municipality itself, shall constitute a "project" as defined in § 12-10-103. Any municipality is authorized to delegate to a public building authority the authority to acquire an improvement described in the ordinance organizing the central business improvement district or any amendment thereto on behalf of the municipality. All bonds issued by public building authorities pursuant to this section shall be issued in accordance with title 12, chapter 10.

(c) At least thirty (30) days prior to the issuance of any bonds or other obligations by any public entity acting pursuant to this chapter, the public entity shall give notice of the proposed issuance of the bonds or other obligations to the

state director of local finance and shall also provide the state director with a copy of the ordinance or resolution authorizing such bonds or other obligations.

SECTION 9. Tennessee Code Annotated, Section 7-84-402, is amended by deleting the language "Upon the completion of all work provided for in the ordinance organizing the central business improvement district" and substituting instead the language:

Prior to the acquisition of an improvement or commencement of the construction of an improvement described in the ordinance organizing the central business improvement district or upon completion of the improvements, at the discretion of the board of assessment commissioners,

SECTION 10. Tennessee Code Annotated. Section 7-84-402, is further amended by adding the following language at the end of such section:

If the board of assessment commissioners determines that certain improvements benefit only certain properties within a district, such board may apportion the costs of such improvements upon the various properties that benefit from the improvements.

SECTION 11. Tennessee Code Annotated, Section 7-84-403, is amended by inserting "(a) Except as provided in subsection (b) hereof," before the existing provision, thereby creating a subsection (a), and adding a new subsection (b) as follows:

(b) In any tourist resort county, as defined in Tennessee Code Annotated, Section 42-1-301(3), the aggregate amount of the levy or assessment made against a lot or parcel of land shall not exceed the cost of the improvements that are apportioned pursuant to Tennessee Code Annotated, Section 7-84-404 to such lot or parcel.

SECTION 12. Tennessee Code Annotated, Section 7-84-413(a), is amended by deleting the language "twenty (20)" and substituting instead the language "thirty (30)".

SECTION 13. Tennessee Code Annotated, Section 7-84-420, is amended by deleting the first sentence thereof and substituting instead the following language:

Assessments shall be made by the board of assessment commissioners prior to the acquisition of an improvement or commencement of the construction of an improvement described in the ordinance organizing the central business improvement district or upon the completion of such improvements, at the discretion of the board of assessment commissioners.

SECTION 14. This act shall take effect upon becoming law, the public welfare requiring it and shall apply to central business improvement districts already in existence and any districts that hereinafter may be created.

PASSED: June 7, 2007



JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES



RON RAMSEY
SPEAKER OF THE SENATE

APPROVED this 21st day of June 2007



PHIL BREDESEN, GOVERNOR