

STATE OF TENNESSEE

PUBLIC CHAPTER NO. 601

HOUSE BILL NO. 1988

By Representatives Fitzhugh, Hardaway

Substituted for: Senate Bill No. 2040

By Senators McNally, Henry, Burchett

AN ACT to amend Tennessee Code Annotated, Title 4 and Title 49, relative to public finance and public funds.

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

SECTION 1. Tennessee Code Annotated, Section 49-3-1202, is amended by deleting subdivision (8) in its entirety and by adding the following language as an appropriately designated subdivision:

(_) "School credit bond project" means and includes the acquisition of land for and the construction, renovation, repair, rehabilitation, improving or equipping of school facilities for a local government or a public charter school, as defined in § 49-13-104(6), if such project qualifies to be financed through the issuance of qualified zone academy bonds as defined in Section 54E of the Internal Revenue Code of 1986, as amended, and/or qualified school construction bonds, as defined in Section 54F of the Internal Revenue Code of 1986 as amended.

SECTION 2. Tennessee Code Annotated, Section 49-3-1205(7), is amended by deleting the language "qualified zone academy projects" and by substituting instead the language "school credit bond projects".

SECTION 3. Tennessee Code Annotated, Section 49-3-1206(d), is amended by deleting subdivision (1) in its entirety and by substituting instead the following:

(1) The authority has the power and authority to finance school credit bond projects for a local government under a loan agreement for the sole purpose of enabling such local government or public charter school to benefit from the issuance of "qualified zone academy bonds", as defined in Section 54E of the Internal Revenue Code of 1986, as amended, and/or "qualified school construction bonds", as defined in Section 54F of the Internal Revenue Code of 1986, as amended. The authority shall develop the application and review procedure for such loans and such bonds. The authority, and to the extent requested by the authority, the department of education, shall have such other powers as may be necessary and appropriate for the exercise of the powers and duties conferred by this part.

SECTION 4. Tennessee Code Annotated, Section 49-3-1206(d), is amended by deleting subdivision (2) in its entirety and by substituting instead the following:

(2) Any local government is authorized by resolution of its governing body to enter into such loan agreement with the authority with respect to a school credit bond project upon such terms and conditions as may be determined by the authority pursuant to subdivision (d)(1) in such agreement and by the governing body of such local government, notwithstanding and without regard to the restrictions, prohibitions or requirements of any other law, whether public or private. Counties having a city or cities operating schools independent of the county or having special school districts operating schools independent of the county shall not be required to share proceeds of any loan agreement for a school credit bond project, notwithstanding any other law to the contrary.

SECTION 5. Tennessee Code Annotated, Section 49-3-1206(d)(3), is amended by deleting the phrase “qualified zone academy project” and by substituting instead the phrase “school credit bond project”.

SECTION 6. Tennessee Code Annotated, Section 49-3-1207(a)(1), is amended by deleting the phrase “qualified zone academy project” and by substituting instead the phrase “school credit bond project”.

SECTION 7. Tennessee Code Annotated, Section 49-3-1207(b)(2), is amended by adding the following parenthetical after the word “rates”:

(including at a zero (0) rate)

SECTION 8. Tennessee Code Annotated, Section 49-3-1210, is amended by deleting the section in its entirety and substituting the following:

Section 49-3-1210.

(a) The state designates the authority as the “state education agency” within the meaning of Section 54E(c)(2) of the Internal Revenue Code of 1986, as amended, and delegates to the agency the authority to allocate on behalf of the state the national zone academy bond limitation allocated to the state among the state, local governments and public charter schools in any manner that the authority determines best supports public education in the state, and directs the authority to adopt such rules and regulations with respect to the allocation process as it deems necessary or appropriate.

(b) The state delegates to the agency the authority to allocate on behalf of the state the limitation amount allocated to the state under Section 54F(d)(1) of the Internal Revenue Code of 1986, as amended, and any limitation amount allocated to a Tennessee “large local education agency” within the meaning of Section 54F(d)(2)(E) of the Internal Revenue Code of 1986, as amended, and reallocated by such large local education agency to the state pursuant to Section 54F(d)(2)(D) of the Internal Revenue Code of 1986, as amended, among the state, local governments and public charter schools in any manner that the Authority

determines best supports public education in the State, and directs the Authority establish procedures with respect to the allocation process as it deems necessary or appropriate.

SECTION 9. Tennessee Code Annotated, Section 49-13-124, is amended by deleting subsection (b) in its entirety and by substituting instead the following:

(b) The chartering authority may endorse the submission of the school credit bond application to the local taxing authority, if the project is a qualified project under Section 54E(c)(2) or Section 54F(d)(1) of the Internal Revenue Code of 1986, as amended, and the Tennessee State School Bond Authority Act, compiled in chapter 3, part 12 of this title, and with respect to Section 54E(c)(2), the applicant can demonstrate that the applicant meets the ten percent (10%) matching funds requirement, as prescribed by Section 54E(c)(2) of the Internal Revenue Code of 1986, as amended.

SECTION 10. Tennessee Code Annotated, Title 49, Chapter 3, Part 12, is amended by adding the following language as a new section:

Section 49-3-1211. Notwithstanding anything in this chapter to the contrary, counties having a city or cities operating schools independently of the county or having special school districts operating schools independently of the county shall not be required to share proceeds of any County School Credit Bonds.

SECTION 11. Tennessee Code Annotated, Title 49, Chapter 3, Part 12, is amended by adding the following language as a new section:

Section 49-3-1212. The authority shall have power and is hereby authorized to issue its negotiable bonds for a school credit bond project, as such term is defined in § 49-3-1202. Bonds for such projects may be issued only by the authority.

SECTION 12. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: June 18, 2009



KENT WILLIAMS, SPEAKER
HOUSE OF REPRESENTATIVES



RON RAMSEY
SPEAKER OF THE SENATE

APPROVED this 8th day of July 2009



PHIL BREDESEN, GOVERNOR