

PUBLIC CHAPTER NO. 1033

SENATE BILL NO. 2835

By Southerland

Substituted for: House Bill No. 3216

By Yokley, Montgomery, Stewart, Litz, McCormick, Bone, Winningham

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 6, relative to allocation of sales tax receipts.

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

SECTION 1. Tennessee Code Annotated, Section 67-6-103, is amended by adding the following language as a new, appropriately designated subsection:

(o)(1) As used in this subsection (o), unless the context otherwise requires:

(A) "Best interests of the state" means a determination by the Commissioner of Revenue, with approval by the Commissioner of Economic and Community Development, that:

(i) The public improvements made within or adjacent to a mixed-use development are a result of the special allocation and distribution of state sales tax provided for in this subsection; and

(ii) The mixed-use development is a result of such public improvements;

(B) "Commercial development zone" means an area in which a mixed-use development is planned or located. To comprise a commercial development zone, the area:

(i) Must be located entirely within an eligible county;

(ii) Shall not exceed one thousand two hundred (1,200) acres; and

(iii) Must be located adjacent to a federally designated interstate highway;

(C) "Eligible county" means any county in which:

(i) At least twenty-five percent (25%) of the county consists of federally-owned land;

(ii) At least thirty and three-fifths percent (30.6%) of the county's population, eighteen (18) years of age and younger, lives in poverty as determined by the United States Census Bureau, Small Area Income and Poverty Estimates (SAIPE) program, or any comparable successor program, within the three-year period immediately preceding establishment of the commercial development zone; and

(iii) The Federal Highway Administration has approved an interstate exit in close proximity to the area proposed for a commercial development zone, and such approval was based on the need to stimulate local economic development opportunities;

(D) "Mixed-use development" means an area, located entirely within an eligible county, containing not less than five hundred (500) acres nor more than one thousand two hundred (1,200) acres and includes, but is not limited to, property with commercial uses; and

(E) "Public improvements" means roads, streets, sidewalks, utility services, such as electricity, gas, water and sanitary sewer, and related services, parking facilities, parks, and all other necessary or desirable improvements to be used by the public in connection with a commercial development zone.

(2) Notwithstanding the allocations provided for in subsection (a), if an eligible county has good reason to anticipate that a private entity is willing to plan and develop a mixed-use development; and if the Commissioner of Revenue, with approval by the Commissioner of Economic and Community Development, determines that the special allocation of state sales tax, as authorized by this subsection, is in the best interests of the state; then the county legislative body may adopt a resolution designating a commercial development zone for such mixed-use development; provided, however, no county shall contain more than one (1) commercial development zone; and provided further, however, the county legislative body must adopt such resolution on or before June 30, 2011. If the county legislative body duly adopts such resolution, and if the county or an industrial development board, pursuant to subdivision (o)(3), issues bonds payable in whole or part from the tax revenues described herein and uses the proceeds to finance any development or public improvements constructed within or adjacent to the commercial development zone, then an amount shall be apportioned and distributed to such county for the retirement of debt evidenced by such bonds. The amount apportioned and distributed to the county pursuant to this subsection shall equal the amount of state tax revenue derived under this chapter from sales of items and services subject to tax pursuant to this chapter, if the sales occur within the commercial development zone. The apportionment and distribution of such revenue shall begin upon the receipt of a certificate of occupancy for the first retail business operating

within the commercial development zone and shall continue for a period of thirty (30) years, or until the debt, including any refunding debt, relating to the commercial development zone is retired, whichever is sooner.

(3) An eligible county in which a commercial development zone is duly located is authorized to delegate to any industrial development corporation incorporated by the county or a municipality within the county the authority to issue revenue bonds to finance development or public improvements within or adjacent to a commercial development zone; provided, that the county shall enter into an agreement with the industrial development corporation in which the county shall agree to promptly pay to the industrial development corporation the tax revenues described in this subsection. Upon receipt, such tax revenues shall be held in trust by the county for the benefit of the industrial development corporation.

(4) Notwithstanding any provision of subdivision (o)(2) to the contrary, no portion of the revenue derived from the increase in the rate of sales and use tax allocated to educational purposes pursuant to Acts 1992, Ch. 529, § 9, and no portion of the revenue derived from the increase in the rate of sales and use tax from six percent (6%) to seven percent (7%) contained in Acts 2002, Ch. 856, § 4, shall be apportioned and distributed pursuant to this subsection. The revenue shall continue to be allocated as provided in Acts 1992, Ch. 529 and Acts 2002, Ch. 856, respectively.

SECTION 2. This act shall take effect upon becoming law, the public welfare requiring it.

PASSED: June 4, 2010



RON RAMSEY
SPEAKER OF THE SENATE



KENT WILLIAMS, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 11th day of June 2010



PHIL BREDESEN, GOVERNOR