



State of Tennessee

PUBLIC CHAPTER NO. 1080

HOUSE BILL NO. 2087

By Representative Keisling

Substituted for: Senate Bill No. 2128

By Senators Bailey, Yager, Bowling

AN ACT to amend Tennessee Code Annotated, Title 5, relative to counties.

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

SECTION 1. Tennessee Code Annotated, Section 5-9-402, is amended by deleting the section in its entirety and substituting instead the following language:

(a) The county board of education, county highway commissioners or superintendents, and each of the other operating departments, commissions, institutions, boards, offices, and agencies of county government that expend county funds shall file with the county mayor for study and submission to the county legislative body or an appropriate committee of the county legislative body a budget as to funds estimated to be required by the particular department, commission, institution, board, office, or agency during the ensuing fiscal year.

(b) The agencies mentioned in subsection (a) shall not be required to file individual budgets when such agencies are under the supervisory control of a commission or a board that files such estimated budget with the county legislative body covering all departments under its control.

(c) If the county legislative body adopts a timeline and budgetary procedures for the county or if the county operates pursuant to a private act that establishes a timeline, then the proposed budgets described in subsection (a) shall be filed in accordance with that timeline; provided however, the timeline for the budget of the local education agency (LEA) shall be established by the county legislative body with the concurrence of the county board of education.

(d) In the absence of a locally adopted schedule and procedures pursuant to subsection (c), the budgetary procedures for the county shall be as follows:

(1) No later than February 1, the forms for all budget requests shall be delivered to all departments, commissions, institutions, boards, offices, and agencies;

(2) No later than March 1, all departments, commissions, institutions, boards, offices, and agencies except the local board of education shall deliver the budget request to the county budget committee;

(3) No later than April 1, the county budget committee shall vote upon the proposed budget and shall notify the department, commission, institution, board, office, or agency whether the county budget committee approves or rejects the proposed budget;

(A) If approved, the county budget committee or the committee's designee shall immediately forward the proposed budget to the county legislative body for consideration; or

(B) If rejected, the department, commission, institution, board, office, or agency shall submit a revised budget proposal to the county budget committee within ten (10) business days after receipt of notice that the budget proposal was rejected;

(4) No later than May 1, each LEA shall submit a proposed budget to the county budget committee; provided that, the LEA may amend the proposed budget after May 1;

(5) No later than June 1, the county budget committee shall vote upon the proposed budget and shall notify the LEA whether the county budget committee approves or rejects the LEA's proposed budget;

(A) If approved, the county budget committee or the committee's designee shall immediately forward the proposed budget to the county legislative body for consideration; or

(B) If rejected, the LEA shall submit a revised budget proposal to the county budget committee within ten (10) business days after receipt of notice that the budget proposal was rejected;

(6) If the county budget committee of the local governing body rejects the first and second budget proposals from any department, commission, institution, board, office, or agency, then the third and any subsequent proposals shall be delivered directly to the county legislative body which shall approve or reject the proposal within ten (10) business days of the body's receipt of the amended proposal; and

(7) If rejected, the department, commission, institution, board, office, or agency shall submit a revised budget proposal to the county legislative body within ten (10) business days after receipt of notice that the budget proposal was rejected.

(e) The timeline and budgetary process pursuant to this section may be waived or altered, if agreed upon by the county legislative body and the respective department, commission, institution, board, office, or agency.

(f) This section shall not apply in any county having a population of more than three hundred twenty-five thousand (325,000) according to the 2010 federal census or any subsequent federal census.

SECTION 2. Tennessee Code Annotated, Section 5-9-404, is amended by deleting subsection (c) and substituting instead:

(c) If the county legislative body and the county school board fail to agree upon a budget for the county department of education by August 31 of any year, then, by operation of law, the budget for the county department of education shall be equal to the minimum budget required to comply with the local match and maintenance of effort provisions of the BEP. However, if for three (3) consecutive years, the county legislative body and school board fail to agree upon a budget and the department of education receives the minimum required funding for that fiscal year by operation of law, then, the budget in the third year shall include a mandatory increase that is equivalent to three percent (3%) of the required funding from local sources for schools; provided however, this increase shall not be required if during any of those three (3) years the LEA failed to submit its budget proposals in accordance with a timeline provided for in § 5-9-402. This subsection (c) shall not apply in any county having a population of more than three hundred twenty-five thousand (325,000) according to the 2010 federal census or any subsequent federal census.

SECTION 3. Tennessee Code Annotated, Section 5-9-407, is amended by adding the following as a new subsection (c) and redesignating subsequent subsections accordingly:

(c) After the adoption of a budget for the department of education, any proposed amendments to the budget submitted by the local board of education shall be approved or rejected by the county legislative body within forty (40) days of the receipt of the proposed amendments. This subsection (c) shall not apply in any county having a population of more than three hundred twenty-five thousand (325,000) according to the 2010 federal census or any subsequent federal census.

SECTION 4. Tennessee Code Annotated, Section 5-12-105, is amended by adding the following language as new subsections:

(c) If the county legislative body adopts a timeline and budgetary procedures for the county, then the estimates and budget proposals provided for in § 5-12-106 shall be filed in accordance with that timeline; provided however, the timeline for the budget of the local education agency (LEA) shall be established by the county legislative body with the concurrence of the county board of education.

(d) In the absence of a locally adopted schedule and procedures pursuant to subsection (c), the budgetary procedures for the county shall follow the following timeline:

(1) No later than February 1, the director of accounts and budgets shall deliver forms for all budget requests to all departments, commissions, institutions, boards, offices, and agencies;

(2) No later than March 1, all departments, commissions, institutions, boards, offices, and agencies except the local board of education shall deliver the appropriate estimates and budget request to the director of accounts and budgets;

(3) No later than April 1, the county budget committee shall vote upon the proposed budget and the director of accounts and budgets shall notify the department, commission, institution, board, office, or agency whether the county budget committee approves or rejects the proposed budget;

(A) If approved, the director of accounts and budgets shall immediately forward the proposed budget to the county legislative body for consideration; or

(B) If rejected, the department, commission, institution, board, office, or agency shall submit a revised budget proposal to the director of accounts and budgets within ten (10) business days after receipt of notice that the budget proposal was rejected.

(4) No later than May 1, each LEA shall submit a proposed budget to the director of accounts and budgets; provided that, the LEA may amend the proposed budget after May 1;

(5) No later than June 1, the county budget committee shall vote upon the proposed budget and the director of accounts and budgets shall notify the LEA whether the county budget committee approves or rejects the LEA's proposed budget;

(A) If approved, the director of accounts and budgets shall immediately forward the proposed budget to the county legislative body for consideration; or

(B) If rejected, the LEA shall submit a revised budget proposal to the director of accounts and budgets within ten (10) business days after receipt of notice that the budget proposal was rejected;

(6) If the county budget committee of the local governing body rejects the first and second budget proposals from any department, commission, institution, board, office, or agency, then the third and any subsequent proposals shall be delivered directly to the county legislative body which shall approve or reject the proposal within ten (10) business days of the body's receipt of the amended proposal; and

(7) If rejected, the department, commission, institution, board, office, or agency shall submit a revised budget proposal to the county legislative body

HB 2087

within ten (10) business days after receipt of notice that the budget proposal was rejected.

(e) The timeline and budgetary process pursuant to this section may be waived or altered, if agreed upon by the county legislative body and the respective department, commission, institution, board, office, or agency.

SECTION 5. Tennessee Code Annotated, Section 5-12-106, is amended by deleting the language “on or before April 1 of each year” and substituting the language “in accordance with a timeline provided for in § 5-12-105” wherever it appears.

SECTION 6. Tennessee Code Annotated, Section 5-12-106(e), is amended by deleting the language “, on or before May 1 of each year,”.

SECTION 7. Tennessee Code Annotated, Section 5-12-107, is amended by deleting the language “At least forty-five (45) days prior to the beginning of each fiscal year” and substituting the language “In accordance with a timeline provided for in § 5-12-105”.

SECTION 8. Tennessee Code Annotated, Section 5-12-109(a)(1), is amended by deleting the language “at the regular July session each year or at a special session call for this purpose during the month of July” and substituting the language “In accordance with a timeline provided for in § 5-12-105”.

SECTION 9. Tennessee Code Annotated, Section 5-12-109, is further amended by adding the following as a new subsection (c) and re-designating subsequent subsections accordingly:

(c) If the county legislative body and the county school board fail to agree upon a budget for the county department of education by August 31 of any year, then, by operation of law, the budget for the county department of education shall be equal to the minimum budget required to comply with the local match and maintenance of effort provisions of the BEP. However, if for three (3) consecutive years, the county legislative body and school board fail to agree upon a budget and the department of education receives the minimum required funding for that fiscal year by operation of law, then, the budget in the third year shall include a mandatory increase that is equivalent to three percent (3%) of the required funding from local sources for schools; provided however, this increase shall not be required if during any of those three (3) years the school board failed to submit its budget proposals in accordance with a timeline provided for in § 5-12-105.

SECTION 10. Tennessee Code Annotated, Section 5-12-208(a), is amended by deleting the language “April 1” and substituting instead “March 1”.

SECTION 11. Tennessee Code Annotated, Section 5-12-208(c), is amended by deleting the subsection in its entirety and substituting instead the following:

(c) The county mayor or budget committee shall allow any department, office, or agency to alter or amend the submitted budget at any time prior to when the proposed budget is submitted to the county legislative body. The county mayor or budget committee may allow submission of amendments after the budget is submitted to the county legislative body, but not later than the adoption of the budget.

SECTION 12. Tennessee Code Annotated, Section 5-12-210(b), is amended by deleting the language of the subsection and substituting instead the following:

(b)

(1) If the county legislative body and the county school board fail to agree upon a budget for the county department of education by August 31 of any year, then, by operation of law, the budget for the county department of education shall be equal to the minimum budget required to comply with the local match and maintenance of effort provisions of the BEP. However, if for three (3) consecutive years, the county legislative body and school board fail to agree upon a budget and the department of education receives the minimum required funding for that

fiscal year by operation of law, then, the budget in the third year shall include a mandatory increase that is equivalent to three percent (3%) of the required funding from local sources for schools; provided however, this increase shall not be required if during any of those three (3) years the school board failed to submit its budget proposals in accordance with a timeline provided for in § 5-12-208.

(2) If the county legislative body fails to adopt a budget, property tax resolution, and appropriation resolution by August 31 of any year, then by operation of law, the operating budget for the ensuing fiscal year, other than the portion for the county department of education, shall be the consolidated budget with proposed amendments submitted by the county mayor or the budget committee.

SECTION 13. Tennessee Code Annotated, Section 5-21-110(d)(2), is amended by deleting the language “at least ten (10) days prior to the July meeting” and substituting instead “in accordance with a calendar and procedures adopted pursuant to subsection (a) or the timeline provided in subsection (e)”.

SECTION 14. Tennessee Code Annotated, Section 5-21-110, is amended by adding the following language as a new subsection (e):

(e) In the absence of a locally adopted calendar and procedures pursuant to subsection (a), the budgetary procedures for the county shall follow the following timeline:

(1) No later than February 1, the director shall deliver forms for all budget requests to all departments, commissions, institutions, boards, offices, and agencies;

(2) No later than March 1, all departments, commissions, institutions, boards, offices, or agencies except the local board of education shall deliver the appropriate estimates and budget request to the director;

(3) No later than April 1, the county budget committee shall vote upon the proposed budget and the director shall notify the department, commission, institution, board, office, or agency whether the county budget committee approves or rejects the proposed budget;

(A) If approved, the director shall immediately forward the proposed budget to the county legislative body for consideration; or

(B) If rejected, the department, commission, institution, board, office, or agency shall submit a revised budget proposal to the director within ten (10) business days after receipt of notice that the budget proposal was rejected.

(4) No later than May 1, each LEA shall submit a proposed budget to the director; provided that, the LEA may amend the proposed budget after May 1;

(5) No later than June 1, the county budget committee shall vote upon the proposed budget and the director shall notify the LEA whether the county budget committee approves or rejects the LEA’s proposed budget;

(A) If approved, the director shall immediately forward the proposed budget to the county legislative body for consideration; or

(B) If rejected, the LEA shall submit a revised budget proposal to the director within ten (10) business days after receipt of notice that the budget proposal was rejected; and

(6) If the county budget committee of the local governing body rejects the first and second budget proposals from any department, commission, institution, board, office, or agency, then the third and any subsequent proposals shall be

HB 2087

delivered directly to the county legislative body which shall approve or reject the proposal within ten (10) business days of the body's receipt of the amended proposal; and

(7) If rejected, the department, commission, institution, board, office, or agency shall submit a revised budget proposal to the county legislative body within ten (10) business days after receipt of notice that the budget proposal was rejected.

(f) The timeline and budgetary process pursuant to this section may be waived or altered, if agreed upon by the county legislative body and the respective department, commission, institution, board, office, or agency.

SECTION 15. Tennessee Code Annotated, Section 5-21-111(b), is amended by deleting the language "at the regular July meeting each year or at a special session called for this purpose prior to the regular July meeting" and substituting instead the language "in accordance with a calendar adopted pursuant to § 5-21-110(a) or the timeline provided in § 5-21-110(e)".

SECTION 16. Tennessee Code Annotated, Section 5-21-111, is amended by adding the following language as a new subsection:

If the county legislative body and the county school board fail to agree upon a budget for the county department of education by August 31 of any year, then, by operation of law, the budget for the county department of education shall be equal to the minimum budget required to comply with the local match and maintenance of effort provisions of the BEP. However, if for three (3) consecutive years, the county legislative body and school board fail to agree upon a budget and the department of education receives the minimum required funding for that fiscal year by operation of law, then, the budget in the third year shall include a mandatory increase that is equivalent to three percent (3%) of the required funding from local sources for schools; provided however, this increase shall not be required if during any of those three (3) years the school board failed to submit its budget proposals in accordance with a calendar adopted pursuant to § 5-21-110(a) or the timeline provided in § 5-21-110(e).

SECTION 17. Sections 1, 2 and 3 shall not apply in any county having a population of more than three hundred twenty-five thousand (325,000) according to the 2010 federal census or any subsequent federal census.

SECTION 18. Sections 2, 3, 9, 12, and 16 of this act shall take effect upon becoming a law, the public welfare requiring it. All other sections shall take effect on January 1, 2017, the public welfare requiring it.

HOUSE BILL NO. 2087

PASSED: April 20, 2016



BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES



RON RAMSEY
SPEAKER OF THE SENATE

APPROVED this 20th day of May 2016



BILL HASLAM, GOVERNOR