

CHAPTER NO. 662

HOUSE BILL NO. 2600

By Representatives Tindell, Armstrong, Dunn, Buttry, Harry Brooks, Bittle, Hagood, DuBois

Substituted for: Senate Bill No. 2415

By Senator Atchley

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 53, Part 3, to authorize industrial development corporations to prepare economic impact plans for areas affected by projects of such corporations or industrial parks and to permit incremental tax revenues from such areas to be used for industrial development corporation purposes.

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

SECTION 1. Tennessee Code Annotated, Title 7, Chapter 53, Part 3, is amended to add the following as Section 7-53-312.

(a) The corporation is authorized to prepare and submit to the municipality for approval an economic impact plan in the manner described in this section.

(b) An economic impact plan shall be a written document and shall specifically identify the area to be included in the plan. The area to be included in the plan must be located in the municipality and must also include an industrial park within the meaning of § 13-16-202, or a project that is either owned by the corporation or with respect to which the corporation has loaned or will loan funds or otherwise provided or will provide financial assistance. In addition to such industrial park or project, the area that is the subject of the economic impact plan may also include such other properties that the corporation determines will be directly improved or benefited due to the undertaking of the industrial park or project. The economic impact plan shall:

(1) Identify the boundaries of the area subject to the plan;

(2) Identify the industrial park or project located within the area subject to the plan;

(3) Discuss the expected benefits to the municipality from the development of the area subject to the plan, including anticipated tax receipts and jobs created; and

(4) Provide that the property taxes imposed on the property, including the personal property, located within the area subject to the plan will be distributable in the manner described in subsection (c) for a period of time specified in the plan.

(c) Upon the approval by the municipality of an economic impact plan with respect to an area, all property taxes levied upon property located within such area by any taxing agency after the effective date of the plan shall be divided as follows:

(1) That portion of the taxes that is equal to the amount of taxes, if any, that were payable with respect to the property for the year prior to the date the economic impact plan was approved (the "Base Tax Amount") by the municipality shall be allocated to and, when collected, shall be paid to the respective taxing agencies as taxes levied by such taxing agencies on all other property are paid; provided that in any year in which the taxes on any property are less than the Base Tax Amount, there shall be allocated and paid to the respective taxing agencies only those taxes actually imposed; and

(2) Any excess of taxes over the Base Tax Amount shall be allocated to and, when collected, shall be paid into a separate fund of the corporation established to hold such payments until applied for the purposes described in subsection (h).

(d) Notwithstanding any provision in subsection (a) to the contrary, the corporation may prepare, and the municipality may approve, an economic impact plan that allocates an amount greater than the Base Tax Amount to the taxing agencies.

(e) An economic impact plan shall not provide for an allocation of taxes to the corporation for a period in excess of thirty (30) years.

(f) The governing body of a municipality may approve an economic impact plan by resolution, notwithstanding any local charter provision or other provision to the contrary. If the area subject to an economic impact plan is located within the corporate limits of a city or town, the taxes that would otherwise be payable to the city, town or county that is not the municipality that created the corporation shall not be paid to the corporation unless such city, town or county has also approved the economic impact plan.

(g) Before the corporation submits an economic impact plan for approval to the municipality that created such corporation or to any other city or county, the corporation shall hold a public hearing relating to the proposed plan after publishing a notice of such public hearing in a newspaper of general circulation in the municipality at least two (2) weeks prior to the date of such public hearing. Such notice shall include the time, place and purpose of the public hearing, and notice of how a map of the area subject to the plan can be viewed by the public.

(h) All taxes allocated to the corporation pursuant to this section shall only be applied by the corporation to pay expenses of the board in furtherance of promoting economic development in the municipality, to pay the cost of projects, or to pay debt service on bonds or other obligations issued by the corporation to pay the cost of projects. The corporation is authorized to pledge any or all amounts received by the corporation pursuant to this section to the payment of such bonds or other obligations.

(i) After the approval by a municipality of an economic impact plan, the clerk or other recording official of such municipality shall transmit to the appropriate tax assessors and to each taxing agency to be affected, a copy of the description of all property within the area subject to the economic impact plan and a copy of the resolution approving that plan. If the plan is approved by any taxing agency other than the

municipality, the clerk or other recording official of that taxing agency shall also provide a copy of the resolution approving the plan to such tax assessors and taxing agencies.

(j) Notwithstanding anything to the contrary in this section, taxes levied upon property within an economic impact area by any taxing agency for the payment of principal of and interest on all bonds, loans, or other indebtedness of such taxing agency, and taxes levied by or for the benefit of the state of Tennessee, shall not be subject to allocation as provided in subsection (c), but may still be levied against such property and, when collected, paid to such taxing agency as taxes levied by such taxing agency on all other property are paid and collected.

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

PASSED: April 29, 2004


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES


JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 14th day of May 2004


PHIL BREDESEN, GOVERNOR