

SENATE BILL 275

By Kelsey

AN ACT to amend Tennessee Code Annotated, Title 4;
Title 5; Title 6; Title 7; Title 8 and Title 9, relative to
limiting local government debt.

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

SECTION 1. Tennessee Code Annotated, Title 9, Chapter 21, is amended by adding Sections 2 through 4 of this act as a new, appropriately designated part.

SECTION 2. As used in this part:

(1) "Indebtedness" means any bond, note, loan agreement and any other evidence of a debt obligation in which a public entity, either directly or indirectly, incurs a definite and absolute obligation to the payment of the principal of and interest on the debt obligation from tax revenues of any nature pledged by a public entity having taxing power, except bonds and loan agreements authorized by title 7, chapter 53; and

(2) "Public entity" means the state, a local government, or a local government instrumentality.

SECTION 3. For any indebtedness that a local government or local government instrumentality proposes to issue on or after July 1, 2013, if the amount of the proposed indebtedness together with all other outstanding indebtedness of the local government or the instrumentality exceeds the total amount of outstanding indebtedness of the state, then the local government or instrumentality shall first obtain approval from the state funding board in accordance with Section 4.

SECTION 4.

(a) The state funding board may approve the issuance of any proposed indebtedness by a local government or local government instrumentality in excess of the limitation established in Section 3 as the board deems appropriate.

(b) Not later than forty-five (45) days prior to the adoption by the local government or local government instrumentality of any action authorizing the issuance of indebtedness in excess of the limitation established in Section 3, a plan of additional indebtedness shall be submitted to the state funding board for approval of the issuance of the proposed indebtedness by the local government or instrumentality. The local government or instrumentality shall submit to the state funding board such additional information as may be required by the board to obtain approval pursuant to this section.

SECTION 5. This act shall take effect July 1, 2013, the public welfare requiring it.