

HOUSE BILL 361

By Love

AN ACT to amend Tennessee Code Annotated, Title 5; Title 6; Title 7; Title 13 and Title 67, Chapter 5, relative to a grant program.

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

SECTION 1. Tennessee Code Annotated, Title 13, is amended by adding the following as a new chapter:

(a) A local government may create a program to provide grants to eligible nonprofit organizations that own residential property and rent the property for at least twenty-five percent (25%) below market rate. The local government shall set a maximum amount of grant money available to each nonprofit organization; provided, that the maximum amount shall not exceed the amount of property tax due on the residential property.

(b) Prior to implementing a program created under subsection (a), the local government shall obtain approval for the program by the comptroller of the treasury.

(c) The comptroller of the treasury shall evaluate a program submitted for approval under subsection (b) to ensure that:

- (1) The program complies with the constitution of this state;
- (2) The program's eligibility criteria are reasonable and equitable; and
- (3) The program has clawback provisions in order to reclaim funds if the recipient fails to meet eligibility requirements for the program.

(d) A nonprofit organization shall recertify the organization's eligibility for the program with the local government on an annual basis.

(e) As used in this section:

(1) "Clawback" means a provision in an agreement that reserves the right of a local government to recover the amount of grant funds disbursed by the local government, in whole or in part, if the recipient fails to meet program eligibility requirements;

(2) "Eligible nonprofit organization" means an organization that is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (26 U.S.C. § 501(a)) by virtue of being an organization described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. § 501(c)(3)) and meets the eligibility criteria created by the local government;

(3) "Local government" means a municipal or county government; and

(4) "Market rate" means the fair market rent as determined by the United States department of housing and urban development.

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