

HOUSE BILL 822

By Lollar

AN ACT to amend Tennessee Code Annotated, Section 67-5-203, relative to property owned or leased by public entities.

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

SECTION 1. Tennessee Code Annotated, Section 67-5-203(d), is amended by deleting the language “Notwithstanding any law to the contrary, if real property” and substituting instead the language “If real property”.

SECTION 2. Tennessee Code Annotated, Section 67-5-203(e), is amended by deleting the subsection in its entirety and substituting instead the following:

(e)

(1) Real property owned by any political subdivision of the state that is leased or conveyed in any manner to a person, corporation, or other business entity shall be assessed as if the lessee were the owner, if:

(A) The lease or other transfer arrangement is for a period of fifty (50) years or more; or

(B) The lease, other than a lease negotiated pursuant to title 7, chapter 53, permits the lessee to acquire the real property for a nominal sum at or before the completion of the term.

(2) Notwithstanding any law to the contrary, if a lease is for less than fifty (50) years and is either extended or amended to be greater than fifty (50) years, or if a new lease is executed that has a term greater than fifty (50) years, any potential tax liability shall begin in the fifty-first year of the extended, amended, or new lease. No tax liability shall exist for any years prior to the fifty-first year.

SECTION 3. Tennessee Code Annotated, Section 67-5-203, is amended by adding the following new subsection:

(f) Notwithstanding any law to the contrary, for the purposes of subsections (d) and (e), the term political subdivision of the state shall not include any airport authority or public entity created by or subject to title 42.

SECTION 4. This act shall not apply to leases in effect as of the effective date of this act.

SECTION 5. This act shall take effect upon becoming a law, the public welfare requiring it.