



# *State of Tennessee*

## **PUBLIC CHAPTER NO. 791**

**SENATE BILL NO. 1961**

**By Gresham, Powers**

Substituted for: House Bill No. 1633

By Gant, Daniel

AN ACT to amend Tennessee Code Annotated, Section 7-34-115, relative to the use of revenues by municipal utility systems.

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

SECTION 1. Tennessee Code Annotated, Section 7-34-115(a)(2), is amended by deleting the subdivision and substituting the following:

(2)(A) Notwithstanding subdivision (a)(1) or any other law to the contrary, if the municipal utility system is a natural gas utility system, then the municipal utility board with management responsibility for the municipal utility system or, if there is no such board, the municipal governing body, may also devote revenues derived from the system to funding chambers of commerce and economic and community organizations in accordance with an ordinance or resolution adopted by the governing body of the municipality.

(B) The comptroller of the treasury shall devise standard procedures to assist a municipal utility system whose revenues are devoted pursuant to this subdivision (a)(2) in the disposition of those funds. The municipal utility board with management responsibility for the municipal utility system or, if there is no such board, the municipal governing body, shall devise guidelines directing for what purpose the appropriated money may be spent. These guidelines must provide generally that any funds appropriated must be used to benefit the customers of the municipal utility system. Any funds appropriated under this subdivision (a)(2) must be used and expended under the direction and control of the governing body of a municipality in conjunction with the guidelines and procedures set forth in this subdivision (a)(2)(B).

(C) A municipal utility system, whose revenues are devoted pursuant to this subdivision (a)(2), shall not raise rates on customers to cover contributions targeted for economic development efforts. The authorization in this subdivision (a)(2) only applies to municipal natural gas utility systems that are located in counties having a population of less than three hundred thirty-six thousand four hundred (336,400), according to the 2010 federal census and any subsequent federal census, and the authorization in this subdivision (a)(2) is in addition to any authorization as may be provided to municipal utility systems under otherwise applicable law.

SECTION 2. Tennessee Code Annotated, Section 7-34-115(a), is amended by adding the following as new subdivisions:

(3) Any chamber of commerce, or economic and community organization, that seeks financial assistance from a municipal utility system pursuant to subdivision (a)(2) shall file with the city clerk a copy of an annual report of its business affairs and transactions that includes, but is not limited to:

(A) Either a copy of the entity's most recently completed annual audit or an annual report detailing all receipts and expenditures relative to the use of funds received from the municipal natural gas utility system in a form prescribed by the comptroller of the treasury and prepared and certified by the chief financial officer of the chamber of commerce or the economic and community organization;

(B) A description of how the financial assistance serves the municipal utility system and its customers; and

(C) The proposed use of the municipal utility system's contributions.

(4) The annual report filed pursuant to subdivision (a)(3) must be open for public inspection during regular business hours at the city clerk's office.

(5) Financial reports must be available to fiscal officers of the municipality and are subject to audit under § 6-56-105.

(6) Appropriations to chambers of commerce, or economic and community organizations, may be made only after notices have been published either on the website of the municipality, if possible, or in a newspaper of general circulation of the intent to make an appropriation to a chamber of commerce, or economic and community organization, specifying the intended amount of the appropriation and the purposes for which the appropriation will be spent.

SECTION 3. This act shall take effect January 1, 2021, the public welfare requiring it.

SENATE BILL NO. 1961

PASSED: June 17, 2020

  
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RANDY McNALLY  
SPEAKER OF THE SENATE

  
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CAMERON SEXTON, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 15<sup>th</sup> day of July 2020

  
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BILL LEE, GOVERNOR