

HOUSE BILL 1834

By McCalmon

AN ACT to amend Tennessee Code Annotated, Section 9-21-133 and Title 9, Chapter 21, Part 4, relative to local government debt financing.

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

SECTION 1. Tennessee Code Annotated, Section 9-21-133(b), is amended by deleting the subsection and substituting the following:

(b) For purposes of this section, principal of debt must be treated as being payable or amortized upon its stated maturity or upon any mandatory redemption date.

SECTION 2. Tennessee Code Annotated, Title 9, Chapter 21, Part 4, is amended by adding the following as a new section:

(a) Local governments issuing debt under this chapter or title 12, chapter 10, must seek approval from the comptroller of the treasury or the comptroller's designee prior to issuance if the debt:

(1) Poses a heightened financial risk, as defined by the state funding board, to the local government that is issuing it; or

(2) Is issued by a local government experiencing financial difficulties, as defined by the state funding board.

(b) The state funding board shall develop policies that:

(1) Define debt instruments that pose a heightened financial risk to issuing local governments;

(2) Define financial difficulties for purposes of subdivision (a)(2); and

(3) Prescribe the required contents of any requests for approval submitted to the comptroller of the treasury pursuant to subsection (a).

SECTION 3. For purposes of developing policies, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect on July 1, 2024, the public welfare requiring it.