

HOUSE BILL 1897

By Brooks H

AN ACT to amend Tennessee Code Annotated, Title 5;  
Title 6; Title 7; Title 65 and Title 67, relative to  
utilities.

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

SECTION 1. Tennessee Code Annotated, Section 7-52-118, is amended by deleting the section and substituting the following:

(a) As used in this section:

(1) "Customer base" means the total number of customers served by the municipal utility as determined by current billing practices; and

(2) "Home county" means the county in which the municipality that chartered the municipal utility is located.

(b)

(1) Notwithstanding any law to the contrary, if a municipal utility provides electric service in multiple counties and if one (1) of the counties outside of the home county has in excess of fifty percent (50%) of the customer base, then the municipal utility must ensure that the membership on the municipal utility board proportionally represents such county no later than January 1, 2019. However, if meeting the requirements of this subdivision (b)(1) would affect a current board member fulfilling the member's appointed term, then the requirements of this subdivision (b)(1) would not need to be met until the expiration of that term.

(2) In order to comply with the proportionate representation requirement in this subsection (b), the municipal utility board may determine the size of its board. This determination may include, but is not limited to:

(A) Reserving the next vacancy occurring on the municipal utility board on or after the effective date of this act for proportionate representation purposes; or

(B) Increasing the number of board members on the municipal utility board to accommodate seats required for proportionate representation purposes.

(c) In order to fill any seat required by subsection (b), the county mayor of the county with over fifty percent (50%) of the customer base shall submit a list of names of persons to fill the seat to the municipal appointing authority in accordance with the procedure used by the municipality to appoint board members to the municipal utility board. The municipal appointing authority may select from the list, or reject the list and require a new list of names, in accordance with the procedure used by the municipality to appoint board members to the municipal utility board until the seat is filled.

(d) When submitting names of persons to fill any seat required by subsection (b), the respective county mayor must choose persons who are:

- (1) Residents of the respective county;
- (2) Customers of the municipal utility; and
- (3) Not employees or members of a board of any other utility.

(e) The terms of board members selected pursuant to subsection (c) must be the same length as other members of the municipal utility board, and each member shall serve until a successor is selected and assumes office. If a vacancy occurs with respect to a board member selected pursuant to subsection (c), the respective county mayor must initiate the procedure set forth in subsection (c) to select a successor to fill the vacancy for the remainder of the unexpired term.

(f) This section applies only to a municipal utility whose service area is wholly located within this state.

SECTION 2. Tennessee Code Annotated, Title 7, Chapter 52, Part 3, is amended by adding the following language as a new section:

(a) Notwithstanding this part, if a municipal utility provides electric service in multiple counties and if one (1) of the counties outside of the county in which the principal office of the municipal utility is located has in excess of fifty percent (50%) of the customer base, then the municipal utility must direct payment of the tax equivalent amounts to the taxing jurisdictions in the various counties in which its electric plant in service is located pursuant to § 7-52-307.

(b)

(1) Except as provided in subdivision (b)(2), a municipal utility as described in subsection (a) shall make payments of tax equivalent amounts pursuant to this section beginning in the 2018-2019 fiscal year.

(2) In order to alleviate any impacted budgetary issues, the municipal utility may, for a ten-year period beginning in the 2018-2019 fiscal year, pay a percentage of the total amount otherwise owing pursuant to subsection (a), as long as the following conditions are met:

(A) The municipal utility maintains a plan detailing the payments to be made during the ten-year period and makes the plan available for inspection by the comptroller of the treasury during any auditing process;

(B) The same payment amount is made each year during the ten-year period; and

(C) At the conclusion of the ten-year period, the municipal utility begins paying one hundred percent (100%) of the payments of tax equivalent amounts owing pursuant to subsection (a) each year thereafter.

(c) Notwithstanding this section and § 7-52-306, a municipal utility as described in subsection (a) that acts in its capacity as a taxing jurisdiction and any other taxing jurisdiction within the boundaries of which any part of such municipality's electric system is located may enter into contracts and arrangements as described in § 7-52-306 if the contracts and arrangements are made on or after the effective date of this act. Any contracts or arrangements as described in this subsection (c) that are made prior to the effective date of this act between such entities are null and void.

SECTION 3. Tennessee Code Annotated, Section 7-52-307, is amended by deleting the language:

, except to the extent otherwise provided in any contract, established arrangement authorized or validated under § 7-52-306, or distribution provisions of any private act, home rule or metropolitan government charter,

and substituting instead the language:

, except to the extent otherwise provided in any contract, or any established arrangement authorized or validated under § 7-52-306,

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.