

SENATE BILL 1540

By Burchett

AN ACT to amend Tennessee Code Annotated, Title 7,
Chapter 82, Part 2, relative to utility districts.

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

SECTION 1. Tennessee Code Annotated, Section 7-82-202(e)(1), is amended by deleting subdivision (e)(1) in its entirety and substituting instead the following language:

(e)

(1)

(A) Whenever two (2) or more utility districts by resolution adopted by the respective governing bodies concur in a merger or consolidation of such utility districts, or whenever a utility district by resolution of its governing body agrees or proposes to consolidate with a municipality or a county by transferring all of its property and obligations to the municipality or county, such governing body or bodies shall petition the county mayor of the county or counties in which they were created, or in case of multi-county utility districts the county mayor of any county in which they are situated in whole or in part, for an order permitting such merger, consolidation, or transfer of its franchise facilities, assets and obligations to a municipality or a county for the purpose of more efficiently and conveniently furnishing the service or services authorized by their order of creation. Upon such petition being filed, the county mayor or mayors shall proceed in exactly the same manner as provided in this chapter for the creation of a utility district except such petition is not required to be submitted to the utility management review board for review and comment as set forth in § 7-82-201.

(B) Upon a finding that the public convenience and necessity requires the merger or consolidation of two (2) or more utility districts or the transfer of any utility district into a municipality or county and that the same is economically sound and feasible and in the public interest, an order shall be entered approving the merger, consolidation or transfer of the utility district or districts.

(i) If the petition is for a merger, the order shall designate the surviving utility district, and the boundaries of the surviving utility district shall be the boundaries of the merging utility districts. The members of the board of commissioners of the surviving utility district shall continue to serve their existing terms of office subject to subdivision (e)(2).

(ii) If the petition is for a consolidation of utility districts, the order shall designate the name of the newly created consolidated utility district as the _____ Utility District of _____ County or Counties, Tennessee, shall define its territorial limits and shall appoint the commissioners of the utility district, all in accordance with the requirements of this chapter for the creation of a utility district subject to subdivision (e)(2).

(iii) If the petition is for the transfer of all franchises, assets and liabilities to a municipality or a county, then such utility district shall be dissolved and provision made in the order for an equitable distribution of the assets and for the termination of the existence of the utility district and shall establish the legal rights, duties and obligations of the entities and parties involved.

(iv) The order shall provide that the surviving utility district in a merger, the newly consolidated utility district or the municipality or county

to which a transfer is made shall assume the operation of the system or systems then being merged, consolidated or transferred and shall account for the revenues from the system or systems in such a manner as not to impair the obligations of the contract with reference to bond issues or other legal obligations of the utility district or districts, and shall fully preserve and protect the contract rights vested in the owners of such outstanding bonds, obligations, or contractual interests.

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