

SENATE BILL 2571

By Barnes

AN ACT to amend Tennessee Code Annotated, Title 6, Chapter 51, Part 1; Title 7, Chapter 40, Part 1 and Section 67-6-103, relative to border region retail tourism development districts located no more than twelve miles from a state border or a U.S. army installation.

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

SECTION 1. Tennessee Code Annotated, Section 7-40-103(3), is amended by deleting the subdivision in its entirety and by substituting instead the following:

(3) "Border region retail tourism development district" or "district" means one (1) or more parcels of real property:

(A) Located within a municipality, some part of whose corporate limits borders a neighboring state;

(B) Which some boundary of a district is:

(i) No more than twelve (12) miles from a state border as measured by straight line; and

(ii) No more than one-half (1/2) mile from an existing federally-designated interstate exit; or

(iii) No more than twelve (12) miles from an United States army installation that has a total area of at least one hundred thousand (100,000) acres;

(C) No larger than a total area of nine hundred fifty (950) acres; and

(D) Designated as a border region retail tourism development district by a municipal ordinance and certified by the commissioner;

SECTION 2. Tennessee Code Annotated, Section 7-40-104, is amended by adding the following as a new subsection:

(e) A municipality may include as part of a project within a certified district any property adjoining its existing corporate limits, and shall receive the apportionment of state sales and use taxes generated within the adjoining property as provided in this chapter, if the following requirements are met:

(1) The municipal legislative body shall adopt an annexation ordinance to extend its corporate limits to include the adjoining property; provided, that prior to proposing the annexation ordinance, the municipality shall provide advance written notification to the commissioner of its plan to include the adjoining property; and provided further, the municipal legislative body shall propose the annexation ordinance within two (2) years following the notification;

(2) The municipality shall file with the commissioner a certified copy of the annexation ordinance after it is duly adopted along with a request to adjust the boundaries of the certified district to include the annexed property in consultation with the municipality. The request shall include a development plan for the annexed property. In reviewing the request, the commissioner shall inform the commissioners of economic and community development and tourist development of the pending request;

(3) The commissioner shall promptly approve the request to adjust the district boundaries if:

(A) The adjustment does not result in the district exceeding the area allowed by this chapter; and

(B) The commissioner, with approval by the commissioner of economic and community development, determines that the special

allocation of state sales tax revenue from the district, as authorized by § 7-40-106, continues to be in the best interests of the state upon including the annexed property within the district;

(4) Upon adjustment of the boundaries, the commissioner shall provide prompt notice of the adjustment to the commissioner of economic and community development, the commissioner of tourist development, and the requesting municipal governing body of the revenues received from the certified district, including revenues from the annexed property;

(5)

(A) State sales and use taxes from the annexed property shall be apportioned and distributed to the municipality as provided in this chapter beginning on the effective date of the annexation;

(B) For purposes of this subsection (e), "effective date of the annexation" means the date a court order is entered finally upholding the annexation ordinance's validity in the event such annexation ordinance is challenged in a *quo warranto* proceeding; except, that if the validity of the ordinance is not challenged, then the apportionment and distribution of tax revenue from the annexed property to the municipality as provided in this chapter shall begin thirty (30) days after the date the municipality adopts the annexation ordinance on final reading;

(6) No portion of the state sales tax revenue from the annexed property distributed to the county in which the municipality is located pursuant to § 6-51-115(a) shall be distributed to the municipality, unless the effective date of the annexation is on July 1; and

(7) The development of annexed property included within a certified district pursuant to this subsection (e) shall not be initiated after the expiration of ten (10) years following certification of the district.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.