



# State of Tennessee

## PUBLIC CHAPTER NO. 968

### HOUSE BILL NO. 351

By Representatives Hardaway, McKenzie, Love, Chism, Parkinson, Dixie, White

Substituted for: Senate Bill No. 1260

By Senators Akbari, Lamar

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 53, relative to industrial development corporations.

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

SECTION 1. Tennessee Code Annotated, Title 7, Chapter 53, Part 3, is amended by adding the following as a new section:

(a) As used in this section:

(1) "Locally owned business" means a commercial business entity formed or conducting a majority of business operations within the jurisdiction of a local government. A commercial entity does not qualify as a locally owned business subject to this chapter unless the business has conducted a majority of its operations under the jurisdiction of a local government's industrial development corporation for at least five (5) years, unless the business entity was formed contemporaneously with the local industrial development corporation and conducts the majority of its operations under the jurisdiction of such corporation;

(2) "Neighborhood advisory committee" means a committee appointed by an industrial development board to act in an advisory capacity to make recommendations and provide feedback to the industrial development corporation's board of directors for a particular local government's industrial development corporation jurisdiction as it relates to a particular neighborhood or community of focus as defined by the governing body of the local government in which the industrial development corporation is located; and

(3) "Small business" means a business that has fifty (50) or fewer employees and that has annual gross revenues of five million dollars (\$5,000,000) or less.

(b) Industrial development corporations may be established and operated solely to assist and benefit locally owned businesses and small businesses.

(c) All industrial development corporations established under this section must have neighborhood advisory committees to assist their boards of directors in promoting, funding, and cultivating locally owned businesses and small businesses.

(d)

(1) All reasonable costs related to the creation of industrial development corporations established under this section and consistent with the intent of subsection (b) must be funded by the local governments in which the corporation is created.

(2) All reasonable operating costs related to staffing and operational expenditures must be fully reimbursed by the governing body of the local government within which the corporation operates for a period not to exceed four (4) years. Following such time, the local governments are encouraged to financially assist and support industrial development corporations established under this section.

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(3) The department of economic and community development shall, within existing resources, provide guidance and assistance to a local government that creates an industrial development corporation pursuant to this section.

(e) On or before January 31, 2028, the joint government operations committee shall review any industrial development corporation established pursuant to this section and submit a report to the general assembly on the effectiveness of the industrial development corporation.

(f) This section is repealed June 30, 2028.

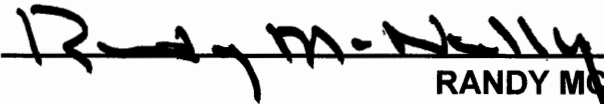
SECTION 2. This act takes effect upon becoming a law, the public welfare requiring it.

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PASSED: April 25, 2024




CAMERON SEXTON, SPEAKER  
HOUSE OF REPRESENTATIVES



RANDY MCNALLY  
SPEAKER OF THE SENATE

APPROVED this 21<sup>st</sup> day of May 2024



BILL LEE, GOVERNOR