

HOUSE BILL 993

By Hardaway

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, Section 7-53-301(a), is amended by deleting the subsection and substituting:

(a)

(1) The corporation shall have a board of directors in which all powers of the corporation are vested. The board of directors are elected by the governing body of the municipality and must consist of at least seven (7) members.

(2)

(A) One (1) member elected under subdivision (a)(1) must be the assessor of property of the county that is a party to the corporation and one (1) member must be the county trustee or deputy trustee of such county, both of whom serve as ex officio non-voting members.

(B) Notwithstanding subdivision (a)(3), the terms of members appointed to boards under subdivision (a)(2)(A) shall serve concurrently with the term of each of their respective offices.

(C) A director must not be an employee of the municipality.

(D) The directors serve without compensation, except that they are reimbursed for their actual expenses incurred in the performance of their duties, unless otherwise authorized by local ordinance or resolution.

(3) The directors hold office for staggered terms. At the time of the election of the first board of directors, the governing body of the municipality shall divide the directors into three (3) groups containing as near equal whole numbers as may be possible. The first term of the directors included in the first group is for two (2) years, the first term of the directors included in the second group is for four (4) years, and the first term of the directors included in the third group is for six (6) years. The terms of all directors are for six (6) years; provided, that if at the expiration of a term of office of any director a successor to the director was not elected, then the director whose term of office has expired shall continue to hold office until a successor is elected.

(4) Except for corporations acquiring any hotel, motel, or apartment building in the center-city areas of a municipality that has created a central business improvement district pursuant to chapter 84 of this title, if at the time of the election of any directors there is in existence in the municipality a chamber of commerce, board of trade, or other similar civic organization, the directors elected must be chosen by the governing body from the membership of any one (1) or more of such organizations, unless, in the judgment of the governing body, there are no members of such organizations who are both suitable and available to serve as directors of the corporation; provided, that if the municipality has within its boundaries a closed or substantially downsized federal facility, including, but not limited to, a facility formerly operated by the United States department of defense or department of energy, a minority of the directors may be chosen from persons who are not residents of the municipality.

SECTION 2. This act takes effect July 1, 2025, the public welfare requiring it.