

SENATE BILL 115

By Powers

AN ACT to amend Tennessee Code Annotated, Title 6,  
Chapter 56, Part 1, relative to audits of  
municipalities.

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

SECTION 1. Tennessee Code Annotated, Section 6-56-105(e), is amended by deleting the subsection and substituting:

(e)

(1) All such audits must be completed and submitted to the comptroller of the treasury no later than six (6) months following the end of the municipality's fiscal year. The preparer of the audit shall furnish one (1) copy of each audit to the mayor, chief executive officer, each member of the governing body, and the comptroller of the treasury. Copies of each audit must also be made available to the press.

(2) A municipality having two (2) or more outstanding late annual audits is subject to the following penalty:

(A) Sales tax revenue collected and distributed by the state to the municipality is reduced by an amount mutually agreed upon by the comptroller of the treasury and the commissioner of revenue. The sales tax revenue reduction must not exceed fifteen percent (15%) of the total amount due to the municipality in a fiscal year, until the municipality is in compliance with this section;

(B) The amounts reduced as a penalty pursuant to this section are held in reserve by the department of revenue and allocated to the

municipality after the municipality complies with this section as determined by the comptroller of the treasury; and

(C) The comptroller of the treasury may waive a penalty assessed in accordance with this subsection (e) in accordance with policies and procedures established by the comptroller.

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