

SENATE BILL 754

By Yager

AN ACT to amend Tennessee Code Annotated, Title 6 and Title 67, Chapter 6, relative to courthouse square revitalization.

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

SECTION 1. Tennessee Code Annotated, Title 6, is amended by adding the following as a new chapter:

6-59-101. Short title.

This chapter is known and may be cited as the "Courthouse Square Revitalization Act."

6-59-102. Definitions.

As used in this chapter, unless the context otherwise requires:

(1) "Courthouse square revitalization zone" or "revitalization zone" means an area in a municipality officially designated by ordinance or resolution of the municipality as the courthouse square revitalization zone, in which the county's courthouse is located, that is approved and certified by the department of finance and administration as meeting the requirements of this chapter; and

(2) "Municipality" means an incorporated town or city that is the county seat of a county having a population of not more than thirty thousand (30,000), according to the 2020 federal census or any subsequent federal census.

6-59-103. Designation of courthouse square revitalization zones.

(a) The governing body of a municipality may designate the boundaries of a courthouse square revitalization zone by adoption of an ordinance or resolution.

(b) Sales and use tax revenue must be apportioned and distributed to, in accordance with this chapter, a municipality containing a revitalization zone, in an amount equal to the amount of state tax revenue derived under title 67, chapter 6, from sales or use of goods, products, and services within the revitalization zone; provided, that the allocations, apportionments, and payments set forth in this subsection (b) shall not apply to state tax revenue derived from any area added to a courthouse square revitalization zone by amendment of the boundaries of the revitalization zone by the municipality after the approval of the municipality's application by the department of finance and administration, unless the department has determined, in accordance with this chapter, that the area added to the revitalization zone is appropriate. The amount so distributed to the municipality must be used exclusively for maintaining and improving the viability of the courthouse square through any means deemed appropriate by the governing body of the municipality, including, but not limited to, making loans or grants to the county governing body or any other public or private person, entity, or association for use on infrastructure, marketing, and other purposes related to revitalization.

6-59-104. Application of approval and certification.

(a) To be entitled to receive the allocations of state sales and use tax revenue as provided in this chapter, a municipality must first file with the department of finance and administration an application seeking approval and certification of the proposed courthouse square revitalization zone. The department shall review the application to confirm that the courthouse square revitalization zone meets the size and form requirements of this chapter. A revitalization zone may embrace two (2) or more separate parcels of real property, and such property may be publicly or privately owned. Each revitalization zone must be of such size and form as to include all properties that, in the judgment of the municipality and the department of finance and administration,

constitute an integral part of the courthouse square. If the department determines that the boundaries of the proposed courthouse square revitalization zone exceed the area that is reasonably deemed to be integral to the courthouse square, then the department may adjust or reduce the boundaries of the proposed area. In reviewing the application, the department of finance and administration shall consult with the department of revenue and the department of economic and community development.

(b) The application must include, but not be limited to, the following information:

(1) The name of the proposed courthouse square revitalization zone, which must include the name of the municipality in which the revitalization zone is to be located, together with the words, "courthouse square revitalization zone";

(2) A description of the revitalization zone by metes and bounds;

(3) A map showing the parcels of real property included in the revitalization zone and the present use of such parcels; and

(4) Such other information as may be reasonably requested by the department of finance and administration.

(c) The department of finance and administration shall set an application deadline.

(d) Upon expiration of the application deadline, the commissioner of finance and administration, in consultation with the commissioner of revenue and the comptroller of the treasury, shall review and evaluate all completed applications and select one (1) or more as an approved courthouse square revitalization project. A maximum of six (6) projects may be selected for the courthouse square revitalization project; provided, that no more than two (2) projects may be selected from each grand division.

6-59-105. Apportionment and payment of tax revenues.

After selection of the courthouse square revitalization projects, as provided in § 6-59-104(d), the department of revenue shall apportion and pay the tax revenue, as provided in this chapter, to the municipality within ninety (90) days of the end of each fiscal year for which the municipality is entitled to receive an allocation and payment of the tax revenue.

6-59-106. Rules.

The department of revenue and the department of finance and administration are authorized to promulgate rules in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, to implement this chapter.

SECTION 2. Tennessee Code Annotated, Section 67-6-103(h), is amended by deleting the subsection and substituting instead the following:

(1) Notwithstanding this section to the contrary, revenue derived from state taxes imposed by this chapter must be earmarked and allocated in accordance with the Courthouse Square Revitalization Act, compiled in title 6, chapter 59.

(2) Notwithstanding a repeal of the Courthouse Square Revitalization Pilot Project Act of 2005, previously compiled in title 6, chapter 59, any municipality receiving an allocation of state sales tax revenue on June 1, 2015, pursuant to the Courthouse Square Revitalization Pilot Project Act of 2005, must continue to receive the allocation of revenue. The allocation must equal the amount of revenue derived from the state tax imposed by this chapter on the sale or use of goods, products, and services within the courthouse square revitalization zone. For purposes of this subdivision (h)(2), "courthouse square revitalization zone" has the same meaning provided in § 6-59-102 as it existed in the Courthouse Square Revitalization Pilot Project Act of 2005 on June 1, 2015, and consists of the area that is included within such revitalization zone on June 1, 2015.

(3) No portion of the revenue derived from the increase in the rate of sales and use tax allocated to educational purposes, pursuant to chapter 529, § 9 of the Public Acts of 1992, and no portion of the revenue derived from the increase in the rate of sales and use tax from six percent (6%) to seven percent (7%), pursuant to chapter 856, § 4 of the Public Acts of 2002 shall be apportioned and distributed pursuant to this subsection (h). All such revenue must continue to be allocated as provided in chapter 529 of the Public Acts of 1992, and chapter 856 of the Public Acts of 2002.

SECTION 3. The headings in this act are for reference purposes only and do not constitute a part of the law enacted by this act. However, the Tennessee Code Commission is requested to include the headings in any compilation or publication containing this act.

SECTION 4. This act takes effect July 1, 2025, the public welfare requiring it.