

SENATE BILL 987

By Norris

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 53; Title 13, Chapter 20 and Title 48, Chapter 101, Part 3, relative to projects that have received an allocation of low-income housing tax credits.

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

SECTION 1. Tennessee Code Annotated, Section 48-101-312(b), is amended by adding the following as a new subdivision:

(4)

(A) Notwithstanding this section to the contrary, and unless the municipality adopts an ordinance or resolution requiring that any agreement with respect to the payments in lieu of taxes entered into pursuant to this subdivision (b)(4) be approved by the municipality, a corporation may negotiate and receive from any lessee of the corporation, without any delegation from the municipality, payments in lieu of taxes with respect to a tax-credit housing project; provided, that:

(i) The payments in lieu of taxes are payable to all applicable taxing jurisdictions in which the project is located and are not less than the taxes that would have been paid to each such taxing jurisdiction for the tax year prior to the year the project became a tax-credit housing project; and

(ii) The chief executive officer of the municipality has executed a letter supporting the project that is filed with the corporation.

(B) As used in this subdivision (b)(4), “tax-credit housing project” or “project” means a project that has received an allocation of low-income housing tax credits under Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. § 42), or any successor provision, from the Tennessee housing development agency or is otherwise eligible for the tax credits as the result of the issuance of bonds, the interest on which is not subject to federal income taxation.

(C) In any municipality in which a corporation does not exist or has been administratively dissolved, a housing authority formed by the municipality pursuant to the Housing Authorities Law, compiled in title 13, chapter 20, may negotiate and receive from any lessee payments in lieu of taxes with respect to a tax-credit housing project in accordance with this subdivision (b)(4), and in that case, the housing authority shall have all rights and powers granted to the corporation pursuant to this chapter necessary to acquire and lease a tax-credit housing project in order to effectuate this subdivision (b)(4).

SECTION 2. Tennessee Code Annotated, Section 7-53-305(a), is amended by designating the existing language as subdivision (1) and adding the following as a new subdivision (2):

(2)

(A) Notwithstanding this section to the contrary, and unless the municipality adopts an ordinance or resolution requiring that any agreement with respect to the payments in lieu of taxes entered into pursuant to this subdivision (a)(2) be approved by the municipality, a corporation may negotiate and receive from any lessee of the corporation, without any delegation from the municipality, payments in lieu of taxes with respect to a tax-credit housing project; provided, that:

(i) The payments in lieu of taxes are payable to all applicable taxing jurisdictions in which the project is located and are not less than

the taxes that would have been paid to each such taxing jurisdiction for the tax year prior to the year the project became a tax-credit housing project; and

(ii) The chief executive officer of the municipality has executed a letter supporting the project that is filed with the corporation.

(B) The corporation is declared to be serving a public purpose by negotiating and receiving from any lessee of the corporation payments in lieu of taxes with respect to a tax-credit housing project.

(C) As used in this subdivision (a)(2), “tax-credit housing project” or “project” means a project that has received an allocation of low-income housing tax credits under Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. § 42), or any successor provision, from the Tennessee housing development agency or is otherwise eligible for the tax credits as the result of the issuance of bonds, the interest on which is not subject to federal income taxation.

(D) The corporation may acquire and lease a tax-credit housing project as authorized in this chapter, notwithstanding any limitations in this chapter on the power of the corporation to purchase or otherwise acquire apartments.

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

it.