

SENATE BILL 1270

By Yager

AN ACT to amend Tennessee Code Annotated, Title 5,  
relative to county budgets.

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

SECTION 1. Tennessee Code Annotated, Section 5-9-404, is amended by deleting the section in its entirety and substituting instead the following language:

(a) It is the duty of the county legislative bodies in regard to all departments, commissions, institutions, boards, offices, or agencies to adopt a budget and appropriate funds for the ensuing fiscal year.

(b)

(1) In the event that the local fiscal body has not adopted a budget by July 1 of any year, and until a final operating budget is adopted, the operating budget for the year just ended and the appropriation resolution for such year shall continue in effect by operation of law without further action of the county legislative body; provided, however, all agencies of the county and other entities receiving appropriated county funds shall not during any month encumber funds in excess of the allotment for a comparable month of the preceding fiscal year, unless specifically authorized to do so by resolution of the county legislative body. The authorizing resolution must identify a corresponding funding source equal to the amount of excess allotment authorized. The excess allotments so authorized shall become a part of the final operating budget. During the time that the continuation operating budget is in effect, the budget may be amended according to the procedures for amending a final operating budget, and

amendments shall be made as necessary to provide for debt obligations and court-ordered expenditures.

(2) The continuing budget, authorized by this subsection (b), may continue in effect for the months of July and August and, upon approval from the comptroller of the treasury or the comptroller's designee after a showing of extraordinary circumstances, may continue for the month of September; provided, however, no such continuation budget may extend beyond September 30 of any fiscal year. The county shall submit justification for extending the continuing budget through the month of September to the comptroller of the treasury or the comptroller's designee for approval by August 15. The comptroller of the treasury or the comptroller's designee may request any additional information as may be required to properly review the continuing budget extension request. The comptroller of the treasury or the comptroller's designee shall report the comptroller's approval or disapproval to the county legislative body within seven (7) business days after receipt of the request and any requested supplemental documentation, upon which the county legislative body may take action to extend the continuing budget for the month of September. The fact that the county is operating under a continuation budget shall not, by itself, be grounds for disapproval of a tax and revenue anticipation note or other comparable financing.

(c) This section shall not be construed as affecting the laws relative to the budget of the county boards of education.

SECTION 2. Tennessee Code Annotated, Section 5-12-109(b), is amended by deleting the subsection in its entirety and substituting instead the following language:

(b)

(1) The county legislative body may alter or revise the proposed budget except as to provision for debt service requirements and for other expenditures required by law.

(2) In the event that the local fiscal body has not adopted a budget by July 1 of any year, and until a final operating budget is adopted, the operating budget for the year just ended and the appropriation resolution for the year shall continue in effect by operation of law without further action of the county legislative body; provided, however, all agencies of the county and other entities receiving appropriated county funds shall not during any month encumber funds in excess of the allotment for a comparable month of the preceding fiscal year, unless specifically authorized to do so by resolution of the county legislative body. The authorizing resolution must identify a corresponding funding source equal to the amount of excess allotment authorized. The excess allotments so authorized shall become a part of the final operating budget. During the time that the continuation operating budget is in effect, the budget may be amended according to the procedures for amending a final operating budget, and amendments shall be made as necessary to provide for debt obligations and court-ordered expenditures.

(3) The continuing budget authorized by this subsection (b) may continue in effect for the months of July and August and, upon approval from the comptroller of the treasury or the comptroller's designee after a showing of extraordinary circumstances, may continue for the month of September; provided, however, no such continuation budget may extend beyond September 30 of any fiscal year. The county shall submit justification for extending the continuing budget through the month of September to the comptroller of the treasury or the comptroller's designee for approval by August 15. The comptroller of the treasury or the comptroller's designee may request any additional information as may be required to properly review the continuing

budget extension request. The comptroller of the treasury or the comptroller's designee shall report the comptroller's approval or disapproval to the county legislative body within seven (7) business days, after receipt of the request and any requested supplemental documentation, upon which the county legislative body may take action to extend the continuing budget for the month of September. The fact that the county is operating under a continuation budget shall not, by itself, be grounds for disapproval of a tax and revenue anticipation note or other comparable financing.

SECTION 3. Tennessee Code Annotated, Section 5-21-111, is amended by deleting subdivision (e)(2).

SECTION 4. Tennessee Code Annotated, Section 5-21-111, is further amended by adding the following language as a new subsection:

( )

(1) In the event that the local fiscal body has not adopted a budget by July 1 of any year, and until a final operating budget is adopted, the operating budget for the year just ended and the appropriation resolution for the year shall continue in effect by operation of law without further action of the county legislative body; provided, however, all agencies of the county and other entities receiving appropriated county funds shall not during any month encumber funds in excess of the allotment for a comparable month of the preceding fiscal year, unless specifically authorized to do so by resolution of the county legislative body. The authorizing resolution must identify a corresponding funding source equal to the amount of excess allotment authorized. The excess allotments so authorized shall become a part of the final operating budget. During the time that the continuation operating budget is in effect, the budget may be amended

according to the procedures for amending a final operating budget, and amendments shall be made as necessary to provide for debt obligations and court-ordered expenditures.

(2) The continuing budget authorized by this subsection may continue in effect for the months of July and August and, upon approval from the comptroller of the treasury or the comptroller's designee after a showing of extraordinary circumstances, may continue for the month of September; provided, however, no such continuation budget may extend beyond September 30 of any fiscal year. The county shall submit justification for extending the continuing budget through the month of September to the comptroller of the treasury or the comptroller's designee for approval by August 15. The comptroller of the treasury or the comptroller's designee may request any additional information as may be required to properly review the continuing budget extension request. The comptroller of the treasury or the comptroller's designee shall report the comptroller's approval or disapproval to the county legislative body within seven (7) business days after receipt of the request and any requested supplemental documentation, upon which the county legislative body may take action to extend the continuing budget for the month of September. The fact that the county is operating under a continuation budget shall not, by itself, be grounds for disapproval of a tax and revenue anticipation note or other comparable financing.

SECTION 5. This act shall take effect upon becoming a law, the public welfare requiring

it.