



Tennessee Senate

PUBLIC CHAPTER NO. 218

SENATE BILL NO. 191

By Taylor

Substituted for: House Bill No. 1338

By Lamberth, Cochran, McCalmon, Davis

AN ACT to amend Tennessee Code Annotated, Section 9-21-133 and Title 9, Chapter 21, Part 4, relative to local government debt.

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

SECTION 1. Tennessee Code Annotated, Section 9-21-133(a)(1)(B), is amended by deleting subdivision (vii) and substituting the following:

(vii) Is evidenced by a loan with either this state or a department or agency of the federal government; or

SECTION 2. Tennessee Code Annotated, Section 9-21-133(a)(3), is amended by deleting the subdivision and substituting the following:

(3) "Local government" means any incorporated city or town; metropolitan government; county; water, wastewater, or energy authority; or utility district; and

SECTION 3. Tennessee Code Annotated, Section 9-21-133(b), is amended by deleting the subsection and substituting the following:

(b) For purposes of this section, principal of debt must be treated as being payable or amortized upon its stated maturity or upon any mandatory redemption date.

SECTION 4. Tennessee Code Annotated, Title 9, Chapter 21, Part 4, is amended by adding the following new section:

9-21-409.

(a) As used in this section:

(1) "Heightened risk debt" means any debt obligation containing:

(A) A variable interest rate or rates;

(B) An interest rate reset provision, where the interest rate can be changed at certain intervals during the life of the debt; or

(C) A put option, where the holder of the debt has the ability to force repayment before the final maturity date of the debt; and

(2) "Local government" means any incorporated city or town; metropolitan government; county; water, wastewater, or energy authority; or utility district.

(b) Prior to issuing any heightened risk debt, a local government shall submit a request to the comptroller of the treasury or the comptroller's designee for approval. The comptroller or the comptroller's designee may request any additional information as may be required to properly review the request. The comptroller or the comptroller's designee shall evaluate each request based on the local government's particular circumstances and shall

approve the request only if a determination is made that the debt terms are in the public's interest.

(c) The comptroller of the treasury or the comptroller's designee shall report the comptroller's approval or disapproval of the request to the governing body of the local government within fifteen (15) business days after receipt of the request and all requested supplemental documentation. After receiving the approval of the comptroller or the comptroller's designee of the request or after the expiration of fifteen (15) business days from the date the request and all supplemental documentation are received by the comptroller or the comptroller's designee and no disapproval having been reported by the comptroller or the comptroller's designee, whichever date is earlier, the local government may take such action with reference to the proposed request as it deems advisable in accordance with this section.

(d) This section does not apply to loans or interim certificates with or purchased by either this state or a department or agency of the federal government.

SECTION 5. This act takes effect July 1, 2025, the public welfare requiring it.


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PASSED: April 7, 2025


RANDY McNALLY
SPEAKER OF THE SENATE


CAMERON SEXTON, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 21st day of April 2025


BILL LEE, GOVERNOR