State of Tennessee

PUBLIC CHAPTER NO. 1028

HOUSE BILL NO. 2386

By Representative Vaughan

Substituted for: Senate Bill No. 2191

By Senator Taylor

AN ACT to amend Tennessee Code Annotated, Title 5; Title 6; Title 7; Title 13; Title 65 and Title 68, relative to infrastructure development.

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

SECTION 1. Tennessee Code Annotated, Title 7, Chapter 51, is amended by adding the following as a new part:

7-51-2801. Part definitions.

As used in this part:

(1) "Developer" means a developer of real property seeking approval from a political subdivision to construct a private development within the jurisdiction of the political subdivision;

(2) "Development" means a private construction project involving the improvement of real property;

(3) "Offsite public infrastructure improvement" means a public infrastructure improvement or utility extension beyond the boundary of real property being developed by a developer;

(4) "Political subdivision" means a county, municipality, or metropolitan government; and

(5) "Public infrastructure" means roads, streets, traffic signals, turn lanes, sidewalks, lighting, stormwater improvements, and utilities, including water, wastewater, electric, gas, and broadband, that will be dedicated to one (1) or more public entities.

7-51-2802. Cost-sharing agreements for public infrastructure.

(a) If a political subdivision of this state determines that an offsite public infrastructure improvement is necessary as part of a development project to service future development, then the political subdivision may require the developer to construct or pay for the construction of such offsite public infrastructure improvements subject to a cost-sharing arrangement between the developer and the political subdivision. Such cost-sharing arrangement must be based upon the proportionate utilization or impact the development for which approval is sought from the political subdivision has on public infrastructure.

(b) A political subdivision has sixty (60) days from the date on which the approval is requested of the political subdivision by which to make a determination.

(c) The political subdivision's share of the offsite public infrastructure improvement costs may be provided through impact fees collected from other developments, bond proceeds, or unencumbered tax revenues.

SECTION 2. 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 3. This act takes effect upon becoming a law, the public welfare requiring it.

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PASSED: April 22, 2026

CAMERON SEXTON, SPEAKER
HOUSE OF REPRESENTATIVES

RANDY MCNALLY
SPEAKER OF THE SENATE

APPROVED this 19th day of May 2026

BILL LEE, GOVERNOR