State of Tennessee

PUBLIC CHAPTER NO. 1044

HOUSE BILL NO. 2552

By Representatives Lamberth, Cochran, Williams, Rudd, Howell, Warner, Tim Hicks, Boyd, Bricken, Hale, Travis, Hawk, Davis

Substituted for: Senate Bill No. 2237

By Senators Johnson, Briggs, Mr. Speaker McNally, Stevens

AN ACT to amend Tennessee Code Annotated, Title 7, relative to local governments.

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

SECTION 1. Tennessee Code Annotated, Title 7, Chapter 51, Part 22, is amended by adding the following as a new section:

7-51-2204. Local development services.

(a) As used in this section, "local government" means a municipality, county, or county having a metropolitan form of government.

(b)

(1) Notwithstanding another law to the contrary, a local government responsible for reviewing a development application, development plan, or a site inspection submitted by a developer for the purpose of developing real property in this state shall:

(A) Within sixty (60) business days of the submission, either approve the development application, development plan, or site inspection, or add the submission to the next available agenda of either the planning commission or the governing body;

(B) Within thirty (30) business days of the submission, provide the developer with a written report of deficiencies with the development application, development plan, or site inspection. A local government shall make all efforts to consolidate all change requests pertaining to a single application into a single deliverable document or set of documents when sending change requests to an applicant; or

(C) Within thirty (30) business days of the submission, request additional information necessary to ensure compliance with applicable regulations.

(2) For purposes of the timeframes established in subdivision (b)(1), a day on which a local government's offices are closed for business during a state of emergency declared under § 58-2-107 does not count as a business day.

(3) If a local government fails to take any of the actions listed in subdivision (b)(1) within the timeframes established, then the submission is deemed approved.

(c) If a local government issued a written report of deficiencies and subsequently received documentation that each deficiency has been satisfactorily resolved, then the local government must either approve the development application, development plan, or a site inspection, or place the submission on the next available agenda of either the planning commission or the governing body within thirty (30) business days of receipt of documentation that each deficiency has been satisfactorily resolved.

(d) A local government reviewing a development application, development plan, or site inspection shall not issue more than two (2) written reports of deficiencies. If deficiencies identified in a second written report are not satisfactorily resolved, then the local government must either:

(1) Deny the application and provide written justification of the denial based upon specific evidence of noncompliance with one (1) or more statutory or regulatory requirements, and return to the developer fifty percent (50%) of the total amount of fees the developer paid to the local government during the review process; or

(2) Conditionally approve the development application, development plan, or site inspection, or place the development application, development plan, or site inspection on the next available agenda of either the planning commission or governing body for conditional approval.

(e) If an initial development application, development plan, or a site inspection submitted by a developer is incomplete, then the local government must notify the developer of such incompleteness in writing within thirty (30) business days of receipt of the submission. Notification of incompleteness does not constitute a written report of deficiency pursuant to subsection (d).

SECTION 2. Tennessee Code Annotated, Title 7, is amended by adding the following as a new chapter:

7-70-101. Chapter definitions.

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

(1) "Contractor" has the same meaning as provided in § 62-6-102;

(2) "Developer" means a party to a contract with a local government to improve real property within the jurisdiction of the local government;

(3) "Independent inspection" means an inspection completed by a professional engineer who is registered with the state board of examiners for architects and engineers pursuant to title 62, chapter 2;

(4) "Local government" means a municipality, county, or county having a metropolitan form of government; and

(5) "Required bond" includes a bond, letter of credit, or other method of assurance posted for completion of development improvements, as described in §§ 13-3-403(b) and 13-4-303(b).

7-70-102. Release of bond.

(a) Notwithstanding another law, if a professional engineer determines upon conducting an independent inspection that a contractor or developer has completed all work required by a contract between the contractor or developer and the local government, then:

(1) No later than one hundred twenty (120) business days after receiving the written inspection report, the local government must either place the release of the bond on the next available agenda of either the planning commission or governing body, or approve the release; or

(2) No later than twenty (20) business days after receiving the written inspection report, respond in writing with its reason or reasons for not releasing the contractor or developer from its required bond, and specify what work is required by the contract that the local government asserts has not been completed by the contractor or developer.

(b) For purposes of the timeframes established in subsection (a), a day on which a local government's offices are closed for business during a state of emergency declared under § 58-2-107 does not count as a business day.

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 must not be construed to repeal, modify, or apply to any contract existing on December 31, 2026, or repeal or modify any other law except as specified in this act.

SECTION 5. This act takes effect on January 1, 2027, the public welfare requiring it.

HOUSE BILL NO. 2552

PASSED: April 22, 2026

CAMERON SEXTON, SPEAKER
HOUSE OF REPRESENTATIVES

RANDY MCNALLY
SPEAKER OF THE SENATE

APPROVED this 22nd day of May 2026

BILL LEE, GOVERNOR