



State of Tennessee

PUBLIC CHAPTER NO. 694

SENATE BILL NO. 1679

By Crowe, Southerland, Harshbarger

Substituted for: House Bill No. 1672

By Renea Jones, Eldridge, Hale, Gary Hicks, Tim Hicks, Stinnett, Hill, Hawk, Alexander, Littleton, Moon, Crawford, Wright, Hulsey, Mitchell, Rudd, Gant

AN ACT to amend Tennessee Code Annotated, Title 9, Chapter 13, Part 2 and Title 9, Chapter 21, Part 7, relative to local government debt.

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

SECTION 1. Tennessee Code Annotated, Section 9-13-203(3), is amended by adding the language "or utility authority" after "utility district".

SECTION 2. Tennessee Code Annotated, Section 9-13-206, is amended by deleting the section and substituting:

Notwithstanding another law to the contrary, the governing body of a local government may issue notes that mature beyond the close of the fiscal year in which such notes are issued when such notes are:

(1) Approved by the comptroller of the treasury or the comptroller's designee and guaranteed by the state funding board;

(2) Approved by the comptroller of the treasury or the comptroller's designee in the case of economic distress due to a natural disaster certified by the federal emergency management agency (FEMA); or

(3) Approved by the comptroller of the treasury or the comptroller's designee after the local government has reasonably demonstrated to the comptroller or the comptroller's designee that a natural disaster has caused economic distress to the local government.

SECTION 3. Tennessee Code Annotated, Section 9-21-701, is amended by deleting the section and substituting the following:

The governing body of a local government, acting by resolution, may issue and sell interest-bearing grant anticipation notes for public works projects in anticipation of money to be received pursuant to a grant contract between a state or federal agency and the local government. The resolution is not effective until the contract between the state or federal agency and the local government has been executed by all parties to the contract. The governing body must receive approval from the comptroller of the treasury or the comptroller's designee prior to the issuance of the grant anticipation notes.

SECTION 4. Tennessee Code Annotated, Section 9-21-704, is amended by deleting the section and substituting the following:

(a) Grant anticipation notes issued under this part must be secured by a pledge of the money to be received pursuant to a grant contract between a state or federal agency and a local government, in an amount not less than the principal amount of such notes. At its discretion, the local government may add as additional security to the grant anticipation notes one (1) or both of the following:

(1) A general obligation pledge; or

(2) A revenue pledge from a special revenue or enterprise fund, as defined by generally accepted accounting principles, that benefits from the grant.

(b) Interest on grant anticipation notes may be a general obligation of a local government, and the local government has the authority to levy ad valorem taxes for the payment of interest on such notes. This section does not preclude a local government from issuing capital outlay notes or bond anticipation notes in conjunction with grant anticipation notes issued under this section; provided, that the proceeds from the sale of any such capital outlay notes or bond anticipation notes must not be applied to the payment of such grant anticipation notes.

SECTION 5. This act takes effect upon becoming a law, the public welfare requiring it.

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PASSED: March 23, 2026




RANDY McNALLY
SPEAKER OF THE SENATE



CAMERON SEXTON, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 13th day of April 2026



BILL LEE, GOVERNOR