

CHAPTER NO. 625

HOUSE BILL NO. 3330

By Representative Tindell

Substituted for: Senate Bill No. 3314

By Senator Atchley

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 52, relative to the authority of municipalities operating an electric plant to establish and maintain retirement systems for their employees.

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

SECTION 1. Tennessee Code Annotated, Title 7, Chapter 52, is amended by adding Sections 2 and 3 of this act as a new part:

SECTION 2. Every municipality operating a utility system that includes an electric plant, whether pursuant to this chapter or any other public or private act or the provisions of the charter of the municipality, county or metropolitan government, which acquires an existing utility system from a municipality, electric cooperative or utility district, has the power and is authorized, but is not obligated, by action of the board or supervisory body having responsibility for such municipality's utility system, to retain and continue to operate as a separate retirement system any retirement system that was in effect on the date of such acquisition for the employees and retirees of the acquired utility system. Any such municipality shall also have the power and authority to modify, consolidate, amend, open, close and terminate the plans constituting such separate retirement system, and to establish such associated trusts as are necessary and prudent for the proper administration, operation and maintenance of such separate retirement system. Upon the effective date of the acquisition of a utility system in which an election is made to continue the operation of a separate retirement system, as provided for in this section, the assets and liabilities of the separate retirement system shall be transferred to the acquiring municipal utility system and, from and after such date, such assets and liabilities shall be the sole obligation and responsibility of the acquiring municipal utility system and the separate retirement system but shall not be the obligation of any general retirement system that was in effect for the acquiring municipal utility system prior to the acquisition date. All such assets shall be segregated from the assets of the retirement system of the acquiring utility system and shall be accounted for separately. Such funds may be managed in the same manner as the assets of the retirement system of such acquiring utility system. Nothing in this section shall be construed to impair or diminish the vested rights of any participant in the separate retirement system of the acquired utility system.

SECTION 3. This act supersedes any conflicting provisions of general law, private act, charter or metropolitan charter.

SECTION 4. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

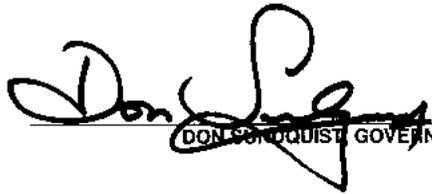
SECTION 5. This act shall take effect upon becoming law, the public welfare requiring it.

PASSED: March 9, 1998


JIMMY RAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES


JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 17th day of March 1998


DON SPANG, GOVERNOR