

HOUSE BILL 489
By Davis (Cocke)

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 5, Part 4, relative to taxes on real estate development.

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

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 4, Part 5, is amended by adding the following language as a new, appropriately designated section:

Section 67-4-508.

(a) Notwithstanding any provision of the law to the contrary, any adequate facilities taxes or impact fees assessed on any parcel of property shall not be collected until the transfer of any interest in such parcel.

(b) For the purpose of this section, unless the context otherwise requires:

(1) "Adequate facilities tax" means any privileged tax that is a development tax, by whatever name, imposed by a county or city, pursuant to any act of general or local application, on engaging in the act of development;

(2) "Development" means the construction, building, reconstruction, erection, extension, betterment, or improvement of land providing a building or structure of the addition to any building or structure or any part thereof, which

provides, adds to, or increases the floor area of a residential or nonresidential use; and

(3) "Impact fee" means a monetary charge imposed by a county or municipal government pursuant to any act of general or local application, to regulate new development on real property. The amount of impact fees are related to the costs resulting from the new development and the revenues for this fee are earmarked for investment in the area of the new development.

SECTION 2: This act shall take effect July 1, 2001, the public welfare requiring it.