

HOUSE BILL 1777

By Miller L

AN ACT to amend Tennessee Code Annotated, Title 5;
Title 6; Title 7; Title 65 and Title 66, relative to
enacting the Land Bank Authority Act.

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

SECTION 1. Tennessee Code Annotated, Title 66, is amended by adding Sections 2 through 22 as a new, appropriately designated chapter:

SECTION 2. This chapter shall be known and may be cited as the "Land Bank Authority Act".

SECTION 3. The legislature finds that there exists in this state a continuing need to strengthen and revitalize the economy of local governments in this state and that it is in the best interests of the local governments in this state to assemble or dispose of public property, including tax reverted property, in a coordinated manner to foster the development of that property and to promote economic growth in the local units of government in this state. It is declared to be a valid public purpose for a land bank authority created under this chapter to acquire, assemble, dispose of, and quiet title to property under this chapter. It is further declared to be a valid public purpose for a land bank authority created under this chapter to provide for the financing of the acquisition, assembly, disposition, and quieting of title to property, and for a land bank authority to exercise other powers granted to a land bank authority under this chapter. The legislature finds that a land bank authority created under this chapter and powers conferred by this chapter constitute a necessary program and serve a necessary public purpose.

SECTION 4. As used in this chapter, unless the context requires otherwise:

(1) "Authority" means a land bank authority created by a foreclosing governmental unit;

(2) "Authority board" means the board of directors of the land bank authority;

(3) "Fund" means the land bank authority fund created in section 18;

(4) "Intergovernmental agreement" means a contractual agreement between one or more governmental agencies, including, but not limited to, an interlocal agreement to jointly exercise any power, privilege, or authority that the agencies share in common and that each might exercise separately;

(5) "Local unit of government" means a city, county, or any intergovernmental, metropolitan, or local department, agency, or authority, or other local political subdivision; and

(6) "Tax reverted property" means property that meets one (1) or more of the following criteria:

(A) The property was subject to forfeiture, foreclosure, and sale for the collection of delinquent taxes of the general property tax law, and both of the following apply:

(i) Title to the property vested in a foreclosing governmental unit under any general property tax, or

(ii) The property was offered for sale at an auction but not sold under any general property law.

(B) The property was obtained by or transferred to a local unit of government under the general property tax act.

(C) Pursuant to the requirements of a local unit of government charter, the property was deeded to or foreclosed by the local unit of government or a department or agency of the city for unpaid delinquent real property taxes.

SECTION 5.

(a) Except as otherwise provided in this chapter, an authority may do all things necessary or convenient to implement the purposes, objectives, and provisions of this chapter, and the purposes, objectives, and powers delegated to the board of directors of an authority by other laws or executive orders, including, but not limited to, all of the following:

(1) Adopt, amend, and repeal bylaws for the regulation of its affairs and the conduct of its business;

(2) Sue and be sued in its own name and plead and be impleaded, including, but not limited to, defending the authority in an action to clear title to property conveyed by the authority;

(3) Borrow money and issue bonds and notes according to this chapter;

(4) Enter into contracts and other instruments necessary, incidental, or convenient to the performance of its duties and the exercise of its powers, including, but not limited to, interlocal agreements for the joint exercise of powers under this chapter;

(5) Solicit and accept gifts, grants, labor, loans, and other aid from any person, or the federal government, this state, or a political subdivision of this state or any agency of the federal government, or an intergovernmental entity created under the laws of this state or participate in any other way in a program of the federal government, this state, a political subdivision of this state, or an intergovernmental entity created under the laws of this state, or participate in any other way in a program of the federal government, this state, a political subdivision of this state, or an intergovernmental entity created under the laws of this state;

(6) Procure insurance against loss in connection with the property, assets, or activities of the authority;

(7) Invest money of the authority, at the discretion of the board of directors of the authority, in instruments, obligations, securities, or property determined proper by the board of directors of the authority, and name and use depositories for its money;

(8) Employ legal and technical experts, other officers, agents, or employees, permanent or temporary, paid from the funds of the authority. The authority shall determine the qualifications, duties, and compensation of those it employs. The board of directors of an authority may delegate to one (1) or more members, officers, agents, or employees any powers or duties it considers proper. Members of the board of directors of an authority shall serve without compensation but shall be reimbursed for actual and necessary expenses subject to available appropriations;

(9) Contract for goods and services and engage personnel as necessary and engage the services of private consultants, managers, legal counsel, engineers, accountants, and auditors for rendering professional financial assistance and advice payable out of any money of the authority;

(10) Study, develop, and prepare the reports or plans the authority considers necessary to assist it in the exercise of its powers under this chapter and to monitor and evaluate progress under this chapter;

(11) Enter into contracts for the management of, the collection of rent from, or the sale of real property held by an authority; and

(12) Do all other things necessary or convenient to achieve the objectives and purposes of the authority or other laws that relate to the purposes and responsibility of the authority.

(b) The enumeration of a power in this chapter shall not be construed as a limitation upon the general powers of an authority. The powers granted under this chapter are in addition to those powers granted by any other statute or charter.

(c) An authority, in its discretion, may contract with others, public or private, for the provision of all or a portion of the services necessary for the management and operation of the authority.

(d) If an authority holds a tax deed to abandoned property, the authority may quiet title to the property under any general property tax.

(e) The property of an authority and its income and operations are exempt from all taxation by this state or any of its political subdivisions.

(f) An authority shall not:

(1) Assist or expend any funds for, or related to, the development of a casino or sexually oriented businesses;

(2) Levy any tax or special assessment; or

(3) Exercise the power of eminent domain or condemn property.

(g) An authority shall adopt a code of ethics for its directors, officers, and employees, or adopt the code of ethics of its local unit of government, if appropriate.

(h) An authority shall establish policies and procedures requiring the disclosure of relationships that may give rise to a conflict of interest. The governing body of an authority shall require that any member of the governing body with a direct or indirect interest in any matter before the authority, disclose the member's interest to the governing body before the board takes any action on the matter.

SECTION 6.

(a) Except as provided otherwise by law, an authority may acquire by gift, devise, transfer, exchange, foreclosure, purchase, or otherwise on terms and conditions and in a manner the authority considers proper, real or personal property, or rights or interests in real or personal property.

(b) Real property acquired by an authority by purchase may be by purchase contract, lease purchase agreement, installment sales contract, land contract, or otherwise, except as provided otherwise by law. The authority may acquire real property or rights or interests in real property for any purpose the authority considers necessary to carry out the purposes of this chapter, including, but not limited to, one (1) or more of the following purposes:

(1) The use or development of property the authority has otherwise acquired; or

(2) To facilitate the assembly of property for sale or lease to any other public or private person, including, but not limited to, a nonprofit or for profit corporation.

(c) An authority may also acquire by purchase, on terms and conditions and in a manner the authority considers proper, property or rights or interest in property from a foreclosing governmental unit under the general property tax act.

(d) An authority may hold and own in its name any property acquired by it or conveyed to it by the state, a foreclosing governmental unit, a local unit of government, an intergovernmental entity created under the laws of this state, or any other public or private person, including, but not limited to, tax reverted property and property with or without clear title.

(e) All deeds, mortgages, contracts, leases, purchases, or other agreements regarding property of an authority, including agreements to acquire or dispose of real property, may be approved by and executed in the name of the authority.

(f) A foreclosing governmental unit may not transfer property subject to forfeiture, foreclosure, and sale under any general property tax until after the property has been offered for sale or other transfer under any general property tax, and the foreclosing governmental unit has retained possession of the property under any general property tax.

SECTION 7.

(a) An authority may, without the approval of a local unit of government in which property held by the authority is located, control, hold, manage, maintain, operate, repair, lease as lessor, secure, prevent the waste or deterioration of, demolish, and take all other actions necessary to preserve the value of the property it holds or owns. An authority may take or perform the following with respect to property held or owned by the authority:

(1) Grant or acquire a license, easement, or option with respect to property as the authority determines is reasonably necessary to achieve the purposes of this chapter;

(2) Fix, charge, and collect rents, fees, and charges for use of property under the control of the authority or for services provided by the authority;

(3) Pay any tax or special assessment due on property acquired or owned by the authority;

(4) Take any action, provide any notice, or institute any proceeding required to clear or quiet title to property held by the authority in order to establish ownership by and vest title to property in the authority, including, but not limited to, an expedited quiet title and foreclosure action under this chapter; or

(5) Remediate environmental contamination on any property held by the authority.

(b) An authority shall be made a party to and shall defend any action or proceeding concerning title claims against property held by the authority.

(c) Subject to subsection (d), an authority may accept from a person with an interest in a parcel of tax delinquent property or tax reverted property, a deed conveying that person's interest in the property in lieu of the foreclosure or sale of the property for delinquent taxes, penalties, and interest levied under the general property tax act, or delinquent specific taxes levied under another law of this state against the property by a local unit of government or other taxing jurisdiction.

(d) An authority may not accept under subsection (c) a deed in lieu of foreclosure or sale of the tax lien attributable to taxes levied by a local unit of government or other taxing jurisdiction without the written approval of all taxing jurisdictions and the foreclosing governmental unit that would be affected. Upon approval of the affected taxing jurisdictions and the foreclosing governmental unit, all of the unpaid general ad valorem taxes and specific taxes levied on the property, whether recorded or not, shall be extinguished. The authority shall record proof of the acceptance by the affected taxing jurisdictions under this subsection (d) and the deed in lieu of foreclosure with the register of deeds for the county in which the property is located.

(e) Except as provided in subsection (d), conveyance of property by deed in lieu of foreclosure under this section shall not affect or impair any other lien against that property or any existing recorded or unrecorded interest in that property, including, but not limited to, future installments of special assessments, liens recorded by this state, or restrictions imposed under any state or federal environmental protection laws, easements or rights-of-way, private deed restrictions, security interests and mortgages, or tax liens of other taxing

jurisdictions or a foreclosing governmental unit that does not consent to a release of their liens.

(f) A tax lien against property held by or under the control of an authority may be released at any time by one (1) or more of the following:

(1) The governing body of a local unit of government with respect to a lien held by the local unit of government;

(2) The governing body of any other taxing jurisdiction other than this state with respect to a lien held by the taxing jurisdiction; or

(3) A foreclosing governmental unit with respect to a tax lien or right to collect a tax held by the foreclosing governmental unit.

SECTION 8.

(a) Except as an authority otherwise agrees by intergovernmental agreement or otherwise, on terms and conditions, and in a manner and for an amount of consideration an authority considers proper, fair, and valuable, including for no monetary consideration, the authority may convey, sell, transfer, exchange, lease as lessor, or otherwise dispose of property or rights or interests in property in which the authority holds a legal interest to any public or private person for value determined by the authority. If the department of environmental quality determines that conditions on a property transferred to an authority, represent an acute threat to public health, safety, and welfare, or to the environment, the authority shall not convey, sell, transfer, exchange, lease, or otherwise dispose of the property until after a determination by the department of environment and conservation that the acute threat has been eliminated and that conveyance, sale, transfer, exchange, lease, or other disposal of the property by the authority will not interfere with any response activities by the department. The transfer and use of property under this section and the exercise by the authority of powers and duties under this chapter shall be considered a

necessary public purpose and for the benefit of the public.

(b) All property held by an authority shall be inventoried and classified by the authority according to title status and suitability for use.

(c) A document, including, but not limited to, a deed, evidencing the transfer under this chapter of one (1) or more parcels of property to an authority by this state or a political subdivision of this state including the foreclosing governmental unit, may be recorded with the register of deeds office in the county in which the property is located without the payment of a fee.

SECTION 9.

(a) Money received by an authority as payment of taxes, penalties, or interest, or from the redemption or sale of property subject to a tax lien of any taxing unit shall be returned to the local tax collecting unit in which the property is located for distribution on a pro rata basis to the appropriate taxing units in an amount equal to delinquent taxes, penalties, and interest owed on the property, if any.

(b) Except as otherwise provided in this chapter, as required by other law, as required under the provisions of a deed, or as an authority otherwise agrees, any proceeds received by the authority may be retained by the authority for the purposes of this chapter.

SECTION 10.

(a) If an authority has reason to believe that property held by the authority may be the site of environmental contamination, the authority shall provide the department of environment and conservation with any information in the possession of the authority that suggests that the property may be the site of environmental contamination.

(b) If property held by an authority is a facility as defined under the environmental laws, prior to the sale or transfer of the property under this section, the property is subject to all of the following:

(1) Upon reasonable written notice from the department of environment and conservation, the authority shall provide access to the department, its employees, its contractors, and any other person expressly authorized by the department to conduct response activities at the property. Reasonable written notice under this subdivision (b)(1) may include, but is not limited to, notice by electronic mail or facsimile, if the authority consents to notice by electronic mail or facsimile prior to provision of notice by the department;

(2) If requested by the department to protect public health, safety, and welfare or the environment, the authority shall grant an easement for access to conduct response activities on the property as authorized under the environmental protection laws;

(3) If requested by the department to protect public health, safety, and welfare or the environment, the authority shall place and record deed restrictions on the property as authorized under the environmental protection laws; and

(4) The department may place an environmental lien on the property as authorized under the environmental protection laws.

(c) For purposes of the environmental protection laws, an authority shall be considered a local unit of government. Except as provided under the environmental protection laws, the acquisition or control of property through tax delinquent forfeiture, foreclosure, or sale, abandonment, court order, circumstances in which the authority has acquired title or control of the property under this chapter, or by a transfer of the property to the authority by this state, an agency or department of this state, or any local unit of government of this state, shall not subject the authority to liability under the environmental protection laws, unless the authority is responsible for an activity causing a release on the property or other activity giving rise to liability under the environmental protection laws.

This subsection (c) shall not be considered to restrict or diminish any protection from liability that is otherwise available to the authority under the environmental protection laws.

SECTION 11.

(a) An authority may institute a civil action to prevent, restrain, or enjoin the waste of or unlawful removal of any property from tax reverted property or other real property held by the authority.

(b) A circuit court may, on application, so order the purchaser of any real property sold by an authority under this chapter in possession of the property.

SECTION 12. An authority shall be made a party to any action or proceeding instituted for the purpose of setting aside title to property held by the authority, the sale of property by the authority, or an expedited foreclosure. A hearing in any such proceeding shall not be held until the authority is served with process and proper proof of service is filed.

SECTION 13. Property of an authority is public property devoted to an essential public and governmental function and purpose. Income of the authority is considered to be for a public and governmental purpose. The property of the authority and its income and operation are exempt from all taxes and special assessments of this state or a local unit of government of this state. Bonds or notes issued by the authority, and the interest on and income from those bonds and notes, are exempt from all taxation of this state or a local unit of government.

SECTION 14.

(a) This chapter shall be construed liberally to effectuate the legislative intent and the purposes as complete and independent authorization for the performance of each and every act and thing authorized by this chapter, and all powers granted shall be broadly interpreted to effectuate the intent and purposes and not as a limitation of powers. In the exercise of its powers and duties under this chapter and its powers relating to property held by the authority, the authority shall have complete control as fully and completely as if it

represented a private property owner and shall not be subject to restrictions imposed on the authority by the charter, ordinances, or resolutions of a local unit of government.

(b) Unless permitted by this chapter or approved by an authority, any restrictions, standards, conditions, or prerequisites of a local unit government otherwise applicable to an authority and enacted after the effective date of this chapter shall not apply to an authority. This subsection (b) is intended to prohibit special local legislation or ordinances applicable exclusively or primarily to an authority and not to exempt an authority from laws generally applicable to other persons or entities.

(c) This chapter applies notwithstanding any resolution, ordinance, or charter provision to the contrary. This section is not intended to exempt an authority from local zoning or land use controls.

(d) The transfer to an authority of tax reverted property, the title to which involuntarily vested in a foreclosing governmental unit under the general property tax act, or in a qualified city pursuant to procedures established under the charter or ordinances of the qualified city, shall be construed as an involuntary transfer of property to the authority. After a transfer described in this subsection (d), the authority shall be deemed to have assumed any governmental immunity or other legal defenses of the foreclosing governmental unit, or the local unit of government related to the property and the manner in which title to the property was held by, or the local unit of government.

SECTION 15.

(a) The land bank authority is created as a public body corporate and politic of the state, by resolution of its local unit of government.

(b) The authority shall exercise its powers, duties, functions, and responsibilities independently of the state and the local unit of government. The budgeting, procurement, and related administrative or management functions of the authority may be performed

under the direction and supervision of the local government unit. The authority may contract with the local government unit for the purpose of maintaining the rights and interests of the authority.

(c) Subject to available appropriations, if requested by the authority, the local units of government shall provide staff and other support to the authority sufficient to carry out its duties, powers, and responsibilities.

(d) All departments and agencies of local units of government shall provide full cooperation to the authority in the performance of its duties, powers, and responsibilities.

SECTION 16.

(a) The purposes, powers, and duties of the authority are vested in and shall be exercised by a board of directors. The authority board shall consist of no fewer than seven (7) members appointed by the executive official of the local unit of government and approved by the local unit of government's legislative body. The members of the authority board shall serve terms of four (4) years. In appointing the initial members of the authority board, the appointing executive shall designate two members to serve for four (4) years, one (1) member to serve for three (3) years, and one (1) member to serve for two (2) years. All of the following shall also serve as members of the authority board:

(1) The director of the local unit of government office of planning and development or such director's designee;

(2) The county treasurer; and

(3) An employee of any local unit of government that has entered into an interlocal agreement with the authority, or the employee's designee.

(b) Upon appointment to the authority board under subsection (a), a member of the authority board shall enter the office and exercise the duties of the office.

(c) Regardless of the cause of a vacancy on the authority board, the appointing executive shall fill a vacancy in the office by appointment in the same manner as an appointment under subsection (a). A vacancy shall be filled for the balance of the unexpired term of the office. A member of the authority board shall hold office until a successor has been appointed and qualified.

(d) The authority board shall elect a chairperson and a vice-chairperson from among its members. Members of the authority board shall serve without compensation, but shall be reimbursed for actual and necessary expenses.

(e) An elected official or director who is a member of the authority board may designate a representative from his or her department or agency as a voting member of the authority board for one or more meetings.

(f) A member of the authority board, officer, employee, or agent of the authority shall discharge the duties of such person's position in a nonpartisan manner, with good faith, and with that degree of diligence, care, and skill that an ordinarily prudent person would exercise under similar circumstances in a like position. In discharging the duties of the position, a member of the authority board or an officer, employee, or agent, when acting in good faith, may rely upon the opinion of counsel for the authority, upon the report of an independent appraiser selected with reasonable care by the board, or upon financial statements of the authority represented to the member of the authority board or officer, employee, or agent of the authority to be correct by the president or the officer of the authority having charge of its books or account, or stated in a written report by a certified public accountant or firm of certified public accountants fairly to reflect the financial condition of the authority.

SECTION 17. The appointing executive shall appoint a person to serve as the executive director of the authority. A member of the authority board is not eligible to hold the position of executive director. Subject to the approval of the authority board, the executive director shall

supervise, and be responsible for, the performance of the functions of the authority under this chapter. The executive director shall attend the meetings of the authority board and shall provide the authority board and the governing body of the authority a regular report describing the activities and financial condition of the authority. The executive director shall furnish the authority board with information or reports governing the operation of the authority as the authority board requires.

SECTION 18.

(a) The land bank fund is created under the jurisdiction and control of the authority and may be administered to secure any notes and bonds of the authority.

(b) The authority may receive money or other assets from any source for deposit into the fund. The authority shall credit to the fund interest and earnings from fund investments.

(c) Money in the fund at the close of the fiscal year shall remain in the fund and shall not lapse to any other fund.

(d) The authority shall expend money from the fund only for one (1) or more of the following:

- (1) Costs to clear or quiet title to property held by the authority;
- (2) To repay a loan made to the authority; or
- (3) Any other purposes provided in this chapter.

(e) The authority shall deposit into the fund all money it receives from the sale or transfer of property under this chapter. The authority shall credit to the fund the proceeds of the sale of notes or bonds to the extent provided for in the authorizing resolution of the authority, and any other money made available to the authority for the purposes of the fund.

SECTION 19. If the authority has completed the purposes for which it was organized, the authority board, by vote of at least five (5) directors and with the written consent of the legislative

body of its local unit of government, may provide for the dissolution of the authority and may provide for the transfer of any property held by the authority to another authority or agency. Upon the dissolution of the authority, any remaining balance in the fund shall be transferred to the general fund of the local unit of government that created the authority.

SECTION 20. The authority shall report biennially to the legislature on the activities of the authority.

SECTION 21.

(a) An authority may enter into an intergovernmental agreement for the joint exercise of powers and duties under this chapter, of the powers and duties of the authority and for the provision of economic development services related to the activities of the authority.

(b) A local unit government may enter into an intergovernmental agreement with the authority providing for the transfer to the authority of tax reverted property held by the local unit of government for the disposition of the proceeds from the sale of the property, and for other activities authorized under this chapter, including the return or transfer of property under the control of the authority to the local unit of government.

(c) A foreclosing governmental unit may, with the approval of the board of commissioners for that unit and, if that unit has an elected executive, with the concurrence of the elected executive, enter into an intergovernmental agreement with the authority providing for the exercise of the powers, duties, functions, and responsibilities of an authority under this act and for the creation of an authority to exercise those functions. If a county authority is created under this subsection, the treasurer of the county shall be a member of the authority board.

(d) A qualified local unit of government may enter into an intergovernmental agreement with the authority providing for the exercise of the powers, duties, functions,

and responsibilities of an authority under this act and for the creation of a local authority to exercise those functions.

(e) An intergovernmental agreement under subsection (c) or (d) shall provide for all of the following:

- (1) The incorporation of an authority as a public body corporate;
- (2) The name of the authority;
- (3) The size of the initial governing body of the authority, which shall be composed of an odd number of members;
- (4) The qualifications, method of selection, and terms of office of the initial board members;
- (5) A method for the adoption of articles of incorporation by the governing body of the authority;
- (6) A method for the distribution of proceeds from the activities of the authority;
- (7) A method for the dissolution of the authority and for the withdrawal from the authority of any governmental agencies involved; and
- (8) Any other matters considered advisable by the participating governmental agencies, consistent with this chapter.

(f) If under the charter of a qualified city the qualified city collects delinquent city real property taxes and does not return the delinquent taxes to the treasurer of the county in which the qualified city is located under the general property tax law, any of the following property held by the qualified city may be transferred to a local authority:

- (1) Tax delinquent real property for which a lien has been deemed sold to a city department director under the charter or ordinances of the qualified city;

(2) Tax delinquent real property held by the city that has been foreclosed by the qualified city and for which title has vested in the city pursuant to procedures established under the charter or ordinances of the qualified city; and

(3) Any tax reverted property owned or under the control of the qualified city.

(g) A qualified city may authorize the transfer with or without consideration of any real property or interest in real property to an authority including, but not limited to, tax reverted property or interests in tax reverted property held or acquired after the creation of the authority by the qualified city, with the consent of the authority.

(h) A qualified city and any agency or department of a qualified city, or any other official public body, may do one (1) or more of the following:

(1) Anything necessary or convenient to aid an authority in fulfilling its purposes under this chapter;

(2) Lend, grant, transfer, appropriate, or contribute funds to an authority in furtherance of its purposes; or

(3) Lend, grant, transfer, or convey funds to an authority that are received from the federal government or the state or from any nongovernmental entity in aid of the purposes of this chapter.

(i) An authority may reimburse advances made by a qualified city under subsection (h) or by any other person for costs eligible to be incurred by the authority with any source of revenue available for use of the authority under this act and enter into agreements related to these reimbursements.

(j) An authority may enter into agreements with the county treasurer of the county in which the qualified city is located for the collection of property taxes or the enforcement and consolidation of tax liens within that qualified city for any property or interest in property

transferred to the authority.

(k) Unless specifically reserved or conditioned upon the approval of the governing body of a qualified city, all powers granted under this chapter to an authority may be exercised by the authority without the approval of the governing body of the qualified city, notwithstanding any charter, ordinance, or resolution to the contrary.

SECTION 22.

(a) By resolution of its board, an authority may borrow money and issue bonds and notes, subject to limitations set forth in this section, for the purpose of achieving the purposes of and objectives incident to and necessary or convenient to carry out the purposes and objectives of the authority, including, but not limited to, necessary administrative and operational costs. The bonds or notes shall mature in not more than thirty (30) years and shall bear interest and be sold and be payable in the manner and upon the terms and conditions determined, or within the parameters specified, by the authority in the resolution authorizing issuance of the bonds or notes. The bonds or notes may include capitalized interest, an amount sufficient to fund costs of the issuance of the bonds or notes, and a sum to provide a reasonable reserve for payment of principal and interest on the bonds or notes. Bonds or notes issued under this section are not subject to the municipal finance laws. The resolution authorizing the obligations shall create a lien on revenues pledged by the resolution that shall be a statutory lien and shall be a first lien subject only to liens previously created. The resolution may provide the terms upon which additional bonds or notes may be issued of equal standing and parity of lien as to revenues pledged under the resolution.

(b) The qualified city or county that authorized the formation of an authority may by a majority vote of its governing body make a limited tax pledge to support the authority's bonds or notes, or if authorized by a two-thirds ($\frac{2}{3}$) vote of its governing body, may pledge

its unlimited tax full faith and credit for the payment of principal of and interest on the authority's bonds or notes.

(c) The bonds or notes issued under this section shall be secured by one or more sources of revenue available to the authority, as provided by resolution of the authority, including revenues available to the authority under the tax reverted property clean title laws.

(d) The bonds and notes of the authority may be invested in by the county treasurer and all other public officers, state agencies, and political subdivisions, insurance companies, banks, savings and loan associations, investment companies, and fiduciaries and trustees, and may be deposited with and received by the county treasurer and all other public officers and the agencies and political subdivisions of this state for one or more of the purposes for which the deposit of bonds or notes is authorized. The authorization granted by this section is supplemental and in addition to all other authority granted by law.

(e) The net present value of the principal and interest to be paid on an obligation issued by or incurred by the authority to refund an obligation incurred under this section, including the cost of issuance, shall be less than the net present value of the principal and interest to be paid on the obligation being refunded as calculated using a method approved by the department of treasury.

(f) An obligation issued by an authority under this section shall not appreciate in principal amount or be sold at a discount of more than ten percent (10%) unless the obligation of the authority is issued to this state, an agency of this state, the county, or the qualifying city.

(g) Bonds and notes issued by an authority under this section and the interest on and income from the bonds and notes are exempt from taxation by this state or any political subdivision of this state.

SECTION 23. This act shall take effect upon becoming a law, the public welfare requiring it.