

SENATE BILL 641

By Watson

AN ACT to amend Tennessee Code Annotated, Title 6, Chapter 51 and Title 54, Chapter 4, Part 2, relative to changes in municipal boundaries.

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

SECTION 1. Tennessee Code Annotated, Section 54-4-203, is amended by adding the following new subsection:

(d)

(1) With respect to any streets or roads deannexed by a municipality on or after May 1, 1998, the municipality shall submit a map of the deannexed streets or roads to the commissioner of finance and administration within six (6) months of the effective date of this act. Within one (1) year of the submission, in order to equitably reflect those changes to the municipality's boundaries, the commissioner shall appropriately revise and reallocate any funding distributed to the municipality or county for improvement or maintenance of streets or roads.

(2) Prior to any reallocation of funds pursuant to subdivision (d)(1), a municipality may by a two-thirds (2/3) vote of its legislative body rescind the deannexation of the street or road; provided, however, such rescindment must be accomplished within six (6) months of the effective date of this act.

SECTION 2. Tennessee Code Annotated, Title 6, Chapter 51, Part 2, is amended by adding the following language as a new section:

No municipality shall, pursuant to § 6-51-201, deannex territory containing a street, highway, avenue, boulevard, publicly-owned right-of-way, bridge, tunnel, public

parking area, or any other public way dedicated to public use and maintained for general public travel without approval by a two-thirds (2/3) vote of the county legislative body.

SECTION 3. Tennessee Code Annotated, Section 6-51-201, is amended by deleting subsection (a) in its entirety and by substituting instead the following:

(a) Any incorporated municipality, whether it was incorporated by general or special act, may contract its limits within any given territory; provided, that it is approved by a majority of the qualified voters in an election held in accordance with § 6-51-202.

SECTION 4. Tennessee Code Annotated, Section 6-51-201, is further amended by adding the following as new subsections:

(c)

(1) Twenty percent (20%) of the registered voters who reside in a territory previously annexed by ordinance upon the initiative of the municipality that became operative or effective on or after May 1, 1998, may petition the county election commission to hold an election to deannex such territory. The petition shall include a copy of the ordinance, which includes the map of the plat seeking deannexation. The map shall be the same map the municipality used to annex the territory. No additions or deletions from the original map used by the municipality is permitted.

(2) In order to be considered at the next scheduled citywide or countywide election, primary, or referendum, a petition for deannexation pursuant to subdivision (b)(1) must be filed with the county election commission not less than seventy-five (75) days before such election, primary, or referendum. Upon receipt of the petition, the county election commission shall notify the municipality and hold an election to coincide with the next citywide or countywide election, primary, or referendum that is scheduled not less than seventy-five (75) days after the petition for deannexation is filed with the county election commission. The municipality shall determine the debt amount and the unfunded pension obligations and unfunded other post-employment benefits (OPEB) obligations

pursuant to § 6-51-204(a) not less than thirty (30) days prior to the election. The election commission shall hold an election only for the qualified voters residing within the plat set forth in the map submitted to the election commission pursuant to subdivision (b)(1). The election commission shall submit to the voters the question of "For Deannexation" or "Against Deannexation." If a majority of voters approve the deannexation, the deannexation of the territory shall become operative thirty (30) days after the date that the county election commission makes its official canvass of the election returns. If a majority of the voters fail to approve the deannexation, then the county election commission shall file the certificate of the result with the county clerk, and no further election may be held for the territory pursuant to this subsection (c).

(3) This subsection (c) shall not apply to cities that have a municipal school district.

(d) Nothing in this section shall require a municipal utility to cease providing electrical service, sanitary sewer service, other utility services, or street lighting in the territory excluded from the municipality's corporate limits.

SECTION 5. Tennessee Code Annotated, Section 6-51-202, is amended by deleting the section in its entirety and substituting instead:

The election provided for in § 6-51-201, shall be held under the provisions of a resolution to be passed for that purpose. A full report of the election shall be spread upon the minutes of the board, if a majority of the voters assent to the contraction, and in the report the metes and bounds of the territory to be excluded must be fully set forth.

SECTION 6. Tennessee Code Annotated, Section 6-51-204, is amended by deleting subsection (a) and substituting instead:

(a)

(1) Except for responsibility for general obligation debt issued during the annexed period and unfunded pension obligations and unfunded OPEB obligations incurred or for which the excluded territory became partially or wholly liable at any time during the annexed period, all municipal jurisdiction shall cease over the territory excluded from the municipality's corporate limits on the date of certification of the results of the election. The municipality may continue to levy and collect taxes on property in the excluded territory to pay the excluded territory's proportion of:

(A) General obligation debt issued during the annexed period; and

(B) Unfunded pension obligations and unfunded OPEB obligations incurred or for which the excluded territory became partially or wholly liable at any time during the annexed period.

(2) For purposes of this subsection (a):

(A) "Annexed period" means the period beginning on the first date property tax was levied by the municipality on any portion of the proposed territory for deannexation and ending on the date of certification of election results that favor the surrender of the territory;

(B) "General obligation debt" means the bonds and capital obligations that are directly secured by the municipality's unlimited taxing power, excluding indirect general obligation guarantees, and issued during the annexed period, as represented in the municipality's comprehensive annual financial reports.

"General obligation debt" does not include any refinancing or refunding of debt issued prior to the annexed period;

(C) "Proportion" means the percentage of the municipality's property tax base that the excluded territory represents at the time of deannexation;

(D) "Unfunded OPEB obligation" means the actuarially determined unfunded other post-employment benefits obligation represented in the municipality's most recent actuarial valuation report prior to the date of certification of election results that favor the surrender of the territory; and

(E) "Unfunded pension obligation" means the actuarially determined unfunded pension obligation represented in the municipality's most recent actuarial valuation report prior to the date of certification of election results that favor the surrender of the territory.

SECTION 7. Tennessee Code Annotated, Section 6-51-104, is amended by deleting subdivision (d)(5) and substituting instead the following:

(5) The extension or continuation of utility services outside the boundaries of a municipality may not be used, implicitly or explicitly, to obtain consent to annexation.

SECTION 8. This act shall take effect July 1, 2017, the public welfare requiring it.