

**PUBLIC CHAPTER NO. 131****SENATE BILL NO. 1940****By Burchett, Marrero****Substituted for: House Bill No. 1968****By Armstrong, Tindell**

AN ACT to amend Tennessee Code Annotated, Section 9-21-105, relative to general obligation bonds.

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

SECTION 1. Tennessee Code Annotated, Section 9-21-105, is amended by deleting subsection (3) in its entirety and by substituting instead the following:

(3) (A) "Certain unfunded pension obligations" means:

(i) Pension benefits for past service of employees of a local government whose employment results from the local government's assumption of governmental responsibilities of another local government; or

(ii) Pension benefits for past service of employees of a local government whose pension benefits arise from a defined benefit pension plan that is closed to the enrollment of new employee participants and are funded solely by contributions of the local government to the plan; or

(iii) Pension benefits for past service of employees of a local government whose pension benefits arise from a defined benefit pension plan adopted by referendum amendment of a county charter, and which limits enrollment to law enforcement employees of the local government. The maturity of any bonds issued under this subitem (3)(A)(iii) shall not exceed twenty (20) years from the date of the bonds, and the servicing of such bonds shall be subject to review by the office of the comptroller of the treasury.

(B) For purposes of this subsection (3), the value of any "certain unfunded pension obligations" shall be limited to the unfunded portion of the present value of benefits less the present value of future normal costs, as certified by the pension actuarial consultant of the local government.

(C) The provisions of subitems (3)(A)(ii) and (3)(A)(iii) shall cease to be effective on July 1, 2008; provided that no bonds issued pursuant to this subdivision prior to July 1, 2008 shall be rendered ineffectual;

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

**PASSED: April 26, 2007**

  
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RON RAMSEY  
SPEAKER OF THE SENATE

  
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JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

**APPROVED this 10th day of May 2007**

  
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PHIL BREDESEN, GOVERNOR