

**PUBLIC CHAPTER NO. 700**

**SENATE BILL NO. 3950**

**By McNally, Henry, Burchett**

**Substituted for: House Bill No. 3870**

**By Fitzhugh**

AN ACT to amend Tennessee Code Annotated, Section 7-82-401; Section 7-82-703 and Section 68-221-1010, relative to utility districts, water systems and wastewater facilities.

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

SECTION 1. Tennessee Code Annotated, Section 7-82-401(g)(1), is amended by deleting the second sentence and by substituting the following language:

For the purposes of this chapter, a financially distressed utility district is a utility district, its system or systems, that as shown by the annual audits, has either deficit total net assets, is in default on an indebtedness, or has a negative change in net assets for three (3) consecutive years.

SECTION 2. Tennessee Code Annotated, Section 7-82-703(a), is amended by deleting the language "that fails to comply with the provisions of 7-82-403 for three (3) consecutive years," and by substituting the language ", its system or systems,".

SECTION 3. Tennessee Code Annotated, Section 7-82-703(b), is amended by deleting the language "to be in compliance with 7-82-403,".

SECTION 4. Tennessee Code Annotated, Section 7-82-703, is amended by adding the following as a new subsection (d):

(d) Notwithstanding the provisions of any other law to the contrary, nothing in this section shall preclude a public utility district from operating water and sewer systems as individual or combined entities.

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

**PASSED: March 24, 2008**

  
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RON RAMSEY  
SPEAKER OF THE SENATE

  
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JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 7th day of April 2008

  
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PHIL BREDESEN, GOVERNOR