



State of Tennessee
PUBLIC CHAPTER NO. 215
SENATE BILL NO. 845

By Burks

Substituted for: House Bill No. 1142

By Sexton

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 82, relative to the provision of certain utility services.

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

SECTION 1. Tennessee Code Annotated, Section 7-82-301, is amended by deleting the existing subsection (b) and by substituting the following language as a new subsection (b):

(b)(1) In the event no affirmative action is taken by a newly-formed utility district within one (1) year of the date of filing of order of creation, the county mayor may hold a hearing, after notification of the duly appointed commissioners, and determine if the utility district is proceeding with dispatch and diligence to provide the utility service or services it was authorized to provide in its order of creation. If the county mayor finds that the utility district is not proceeding with dispatch and diligence to provide the utility service or services it was authorized to provide in its order of creation, then the county mayor shall enter an order dissolving the utility district. The president of the utility district shall file with the secretary of state, the utility management review board and the register of deeds of the county or counties in which the district is located, a true and correct copy of the order dissolving the utility district.

(2) In the event a utility district fails to render any of the services for which it was created within a period of four (4) years of the date of filing of order of creation and fails to acquire within such period any assets or facilities necessary to provide the utility service or services for which it was created, the utility district shall be dissolved by operation of law. The county mayor of the county in which the original petition for creation of the utility district was filed shall file a notice of dissolution with the secretary of state and upon such filing the utility district shall no longer be deemed to exist. The county mayor shall file with the utility management review board and the register of deeds of the county or counties in which the utility district is located, a true and correct copy of the notice of dissolution.

SECTION 2. Tennessee Code Annotated, Section 7-82-704, is amended by deleting the existing subsection (a) and by substituting the following as a new subsection (a):

(a)(1) When a utility district is financially distressed or is financially unable to expand the amount or type of service or services as set forth and described in its petition for creation pursuant to § 7-82-201, the utility management review board may consider the consolidation of the utility district with another utility district or districts, municipal utility system or county utility system to restore financial stability and to ensure continued operations for the benefit of the public being served by the utility district. The utility management review board may initiate and participate in negotiations among the utility district, any other utility district, municipal utility system or county utility system with whom the utility district may consolidate and any other affected parties concerning a consolidation. In the event the utility management review board determines that such a consolidation is in the best interest of the public being served by the utility district and the utility management review board is able to negotiate an agreement among all affected parties for the consolidation, the utility management review board shall enter an order approving the consolidation agreement and shall require the utility district to enter into the consolidation agreement. If the utility management review board determines that the utility district, any other utility district, municipal utility system or county utility system with whom the utility district may consolidate, or any other affected party, has refused or failed to enter into good faith

negotiations on a consolidation, then the utility management review board shall petition the chancery court in a jurisdiction in which the utility district is operating to require the party or parties to engage in good faith negotiations concerning a consolidation.

(2) In the event the board of commissioners of the utility district does not enter into the approved consolidation agreement or fails to abide by the terms and conditions of the consolidation agreement, then the utility management review board shall petition the chancery court in a jurisdiction in which the utility district is operating to enforce the utility management review board's order to require the board of commissioners to enter into the approved consolidation agreement and to abide by and implement all of the terms and conditions of the consolidation agreement.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

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PASSED: May 2, 2011

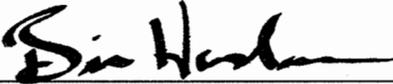


RON RAMSEY
SPEAKER OF THE SENATE



BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 20th day of May 2011



BILL HASLAM, GOVERNOR