

HOUSE BILL 375

By Zachary

AN ACT to amend Tennessee Code Annotated, Title 5; Title 6; Title 7; Title 10 and Title 67, Chapter 4, Part 29, relative to fees assessed by a local government.

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

SECTION 1. Tennessee Code Annotated, Title 5, Chapter 1, Part 1, is amended by adding the following as a new section:

(a) Each department, agency, or official of a county that assesses and collects a fee in excess of five hundred dollars (\$500) shall maintain documentation describing the justification and cost basis for such fee.

(b) The documentation maintained under subsection (a) is:

(1) A public record and available for public inspection upon request; and

(2) Subject to an annual audit by the comptroller of the treasury. The comptroller may incorporate the annual audit into any other financial audit of the county performed by the comptroller of the treasury.

SECTION 2. Tennessee Code Annotated, Title 6, Chapter 54, Part 1, is amended by adding the following as a new section:

(a) Each department, agency, or official of a municipal government that assesses and collects a fee in excess of five hundred dollars (\$500) shall maintain documentation describing the justification and cost basis for such fee.

(b) The documentation maintained under subsection (a) is:

(1) A public record and available for public inspection upon request; and

(2) Subject to an annual audit by the comptroller of the treasury. The comptroller may incorporate the annual audit into any other financial audit of the municipal government performed by the comptroller of the treasury.

SECTION 3. Tennessee Code Annotated, Title 7, Chapter 1, is amended by adding the following as a new section:

(a) Each department, agency, or official of a metropolitan government that assesses and collects a fee in excess of five hundred dollars (\$500) shall maintain documentation describing the justification and cost basis for such fee.

(b) The documentation maintained under subsection (a) is:

(1) A public record and available for public inspection upon request; and

(2) Subject to an annual audit by the comptroller of the treasury. The comptroller may incorporate the annual audit into any other financial audit of the metropolitan government performed by the comptroller of the treasury.

SECTION 4. This act takes effect July 1, 2025, the public welfare requiring it.

Amendment No. 1 to HB0375

Crawford
Signature of Sponsor

AMEND Senate Bill No. 988

House Bill No. 375*

by deleting all language after the enacting clause and substituting:

SECTION 1. Tennessee Code Annotated, Title 5, Chapter 1, Part 1, is amended by adding the following as a new section:

(a)

(1) Except as provided in subsection (d), each department, agency, or official of a county who assesses and collects a fee related to development in excess of two hundred fifty dollars (\$250) shall maintain documentation describing the justification and cost basis for such fee. Such documentation is also required upon the adoption of a new fee or for a change in the amount of an existing fee that is related to development and in excess of two hundred fifty dollars (\$250).

(2) Subdivision (a)(1) only requires such documentation to be produced one (1) time for each existing fee, new fee, or change in the amount of an existing fee. Production of such documentation is not required each time the fee is assessed against a person or entity responsible for paying the fee.

(b) The documentation under subsection (a):

(1) Must be maintained and kept on file by the department, agency, or official;

(2) Is a public record and available for public inspection upon request pursuant to title 10, chapter 7, part 5; and

(3) Is subject to an annual audit by the comptroller of the treasury. The comptroller may incorporate the annual audit into any other financial audit of the county performed by the comptroller of the treasury.

(c) As used in this section:

(1) "Cost basis" means the rationale for charging a fee, particularly in regard to how a fee reasonably relates to cost incurred by the government; and

(2) "Development" means the construction, building, erection, or improvement to land or any infrastructure contributing to the ability to provide a new building or structure.

(d) For a connection cost of a utility, as such terms are defined in § 65-5-401, of a county, the utility shall maintain and provide documentation according to title 65, chapter 5, part 4.

SECTION 2. Tennessee Code Annotated, Title 6, Chapter 54, Part 1, is amended by adding the following as a new section:

(a)

(1) Except as provided in subsection (d), each department, agency, or official of a municipal government who assesses and collects a fee related to development in excess of two hundred fifty dollars (\$250) shall maintain documentation describing the justification and cost basis for such fee. Such documentation is also required upon the adoption of a new fee or for a change in the amount of an existing fee that is related to development and in excess of two hundred fifty dollars (\$250).

(2) Subdivision (a)(1) only requires such documentation to be produced one (1) time for each existing fee, new fee, or change in the amount of an existing fee. Production of such documentation is not required each time the fee is assessed against a person or entity responsible for paying the fee.

(b) The documentation under subsection (a):

(1) Must be maintained and kept on file by the department, agency, or official;

(2) Is a public record and available for public inspection upon request pursuant to title 10, chapter 7, part 5; and

(3) Is subject to an annual audit by the comptroller of the treasury. The comptroller may incorporate the annual audit into any other financial audit of the municipality performed by the comptroller of the treasury.

(c) As used in this section:

(1) "Cost basis" means the rationale for charging a fee, particularly in regard to how a fee reasonably relates to cost incurred by the government; and

(2) "Development" means the construction, building, erection, or improvement to land or any infrastructure contributing to the ability to provide a new building or structure.

(d) For a connection cost of a utility, as such terms are defined in § 65-5-401, of a municipality, the utility shall maintain and provide documentation according to title 65, chapter 5, part 4.

SECTION 3. Tennessee Code Annotated, Title 7, Chapter 1, is amended by adding the following as a new section:

(a)

(1) Except as provided in subsection (d), each department, agency, or official of a metropolitan government who assesses and collects a fee related to development in excess of two hundred fifty dollars (\$250) shall maintain documentation describing the justification and cost basis for such fee. Such documentation is also required upon the adoption of a new fee or for a change in the amount of an existing fee that is related to development and in excess of two hundred fifty dollars (\$250).

(2) Subdivision (a)(1) only requires such documentation to be produced one (1) time for each existing fee, new fee, or change in the amount of an existing fee. Production of such documentation is not required each time the fee is assessed against a person or entity responsible for paying the fee.

(b) The documentation under subsection (a):

(1) Must be maintained and kept on file by the department, agency, or official;

(2) Is a public record and available for public inspection upon request pursuant to title 10, chapter 7, part 5; and

(3) Is subject to an annual audit by the comptroller of the treasury. The comptroller may incorporate the annual audit into any other financial audit of the metropolitan government performed by the comptroller of the treasury.

(c) As used in this section:

(1) "Cost basis" means the rationale for charging a fee, particularly in regard to how a fee reasonably relates to cost to the government; and

(2) "Development" means the construction, building, erection, or improvement to land or any infrastructure contributing to the ability to provide a new building or structure.

(d) For a connection cost of a utility, as such terms are defined in § 65-5-401, of a metropolitan government, the utility shall maintain and provide documentation according to title 65, chapter 5, part 4.

SECTION 4. This act takes effect July 1, 2026, the public welfare requiring it.