



**SENATE BILL 1849**

**By Crowe**

**AN ACT to amend Tennessee Code Annotated, Title 5;  
Title 6; Title 7; Title 8; Title 9; Title 12 and Title 67,  
relative to local government.**

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

**SECTION 1.** Tennessee Code Annotated, Section 5-1-127(b), is amended by deleting the language "three (3)" and substituting instead "two (2)".

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

Amendment No. 1 to SB1849

Briggs  
Signature of Sponsor

**AMEND Senate Bill No. 1849\***

**House Bill No. 1796**

by deleting all language after the caption and substituting:

WHEREAS, Chapter 498 of the Public Acts of 2019 was enacted by the General Assembly and subsequently amended by Chapter 1006 of the Public Acts of 2024 by the Tennessee General Assembly and was designated as the Regional Retail Tourism Development District Act. The legislative purpose and basis of the act is to permit the creation of an additional retail district incentivized with sales tax revenues in the upper East Tennessee area, which is a tourism gateway, to complement the existing border region retail tourism development districts that have already been certified for such area, which additional retail tourism development district would be located in the other most populated county in such area; now, therefore,

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

SECTION 1. Tennessee Code Annotated, Section 7-41-103, is amended by deleting subdivision (11) and substituting:

(11) "Regional retail tourism development district" or "district" means one (1) or more parcels of real property located within a county:

(A) Having a population of not less than one hundred thousand (100,000), according to the 2010 federal census or any subsequent federal census; and

(B) Which borders a county that has two (2) border region retail tourism development districts certified pursuant to title 7, chapter 40, and for which some boundary of the district, as defined in this subdivision (11), is no more than one-

half (1/2) mile from an existing federally designated interstate exit, is no more than twenty (20) miles from the state border of two (2) neighboring states as measured by a straight line, is no larger than a total area of nine hundred fifty (950) acres, and is designated as a regional retail tourism development district by a municipal ordinance and certified by the commissioner.

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

Amendment No. 2 to SB1849

Watson  
Signature of Sponsor

**AMEND Senate Bill No. 1849\***

**House Bill No. 1796**

by deleting the effective date section and substituting instead:

SECTION 2. Tennessee Code Annotated, Title 9, is amended by adding the following as a new chapter:

**9-6-101. Short title.**

This chapter is known and may be cited as the "Essential Governmental Employee Housing Act of 2026."

**9-6-102. Chapter definitions.**

As used in this chapter, unless the context requires otherwise:

(1) "Essential employee" means an employee of a local government or public school system whose duties and responsibilities to the local government or public school system are determined by the governing body to be critical to the effective delivery of services by the local government or public school system;

(2) "Essential housing development" means any development consisting of not less than one hundred (100) single- or multi-family dwelling units, located on one (1) or more contiguous parcels of property, identified by the governing body as being suitable for the provision of housing to essential employees in the manner described in this chapter;

(3) "Governing body" means the body in which the general legislative powers of a local government are vested; and

(4) "Local government" means a county, municipality, or metropolitan government rated in the highest rating category for general obligation long-term

debt instruments (AAA/Aaa) by a nationally recognized rating agency for municipal securities as of the effective date of this act.

**9-6-103. Purpose.**

The general assembly finds that the lack of affordable housing for essential governmental employees within this state, including, but not limited, to teachers, law enforcement officers, and public safety employees, poses significant recruitment and retention burdens on local governments and impairs local governments' ability to provide effective and efficient services to their respective citizens. This chapter is intended to provide local governments with an additional tool to provide affordable housing to essential employees. This chapter must be liberally construed to provide governmental entities with the greatest possible flexibility in contracting with private entities or other persons to provide essential housing developments.

**9-6-104. Powers.**

(a) Notwithstanding another law to the contrary, local governments may, directly or through the local government's housing authority created under the Housing Authorities Law, compiled in title 13, chapter 20, if applicable:

(1) Acquire, own, develop, lease, operate, and maintain one (1) or more essential housing developments primarily within the jurisdiction of the local government;

(2) Lease essential housing developments from one (1) or more persons determined by the governing body to have demonstrated the ability to develop, operate, and maintain housing developments of a similar nature, all on such terms as may be approved by the governing body;

(3) Enter into contracts providing for the operation and maintenance of essential housing developments with private entities or other persons determined by the governing body to have demonstrated the capacity to provide such services for similarly situated properties;

(4) Provide for the payment of, and security for, its lease payment obligations related to an essential housing development by and through the following; provided, that the maximum term of any lease entered into pursuant to this subdivision (a)(4) must not exceed fifty-five (55) years:

(A) A pledge of the local government's ad valorem tax revenue or other funds of the local government;

(B) A pledge of the local government's revenue collected by the local government from the operations of the essential housing development; or

(C) An agreement to annually appropriate funds of the local government;

(5) Provide for the rental of the units of an essential housing development to essential employees; provided, that the local government may also rent such units to persons other than essential employees during periods in which such units are not needed by essential employees;

(6) Adopt, implement, and enforce any and all policies, rules, and regulations regarding the operations of an essential housing development, including without limitation:

(A) Setting rental rates;

(B) Establishing the terms and conditions of rental agreements;

and

(C) The enforcement of such rental agreements; and

(7) Enter into any ancillary agreements deemed necessary or appropriate by the governing body relating to the essential housing development.

(b) Notwithstanding subdivision (a)(4), a county, city, or town shall not give or loan the credit of the county, city, or town to or in aid of any person, company, association, or corporation, within the meaning of the Constitution of Tennessee, Article

II, § 29, without first complying with the applicable requirements of the Constitution of Tennessee, Article II, § 29.

**9-6-105. Financing for essential housing developments.**

Any local government otherwise authorized to issue bonds and notes pursuant to the Local Government Public Obligations Act of 1986, compiled in chapter 21 of this title, may issue its bonds and notes to fund the acquisition or improvement of an essential housing development, and to issue related refunding bonds, pursuant to the applicable provisions of the Local Government Public Obligations Act of 1986. An essential housing development constitutes a project for purposes of the Public Building Authorities Act of 1971, compiled in title 12, chapter 10, and title 7, chapter 53; a public works project for purposes of the Local Government Public Obligations Act of 1986; and the exercise of a power under § 13-20-104. The power to issue bonds under titles 7, 9, and 12 does not circumvent the procedures under this part, and this part must be followed, including the submission of a plan to the comptroller of the treasury.

**9-6-106. All actions by resolution.**

All actions of the governing body under this chapter must be accomplished by resolution of the governing body.

**9-6-107. No power of eminent domain.**

This chapter does not empower a local government, an industrial development board, or a housing authority to exercise the power of eminent domain for the creation of an essential housing development or otherwise.

**9-6-108. Conflicts with other laws.**

In the event of a conflict between this chapter and other law, including, without limitation, the Uniformity in Local Government Lease Financing Act of 2021, compiled in chapter 24 of this title, this chapter prevails.

**9-6-109. Best interests determination.**

(a) A local government, whether acting directly or through its housing authority, shall not acquire, lease, or develop an essential housing development unless the local government first submits to the comptroller of the treasury a plan for the funding, financing, and operation of the essential housing development, and receives from the comptroller a written determination that such plan is in the best interest of the state. The comptroller of the treasury may establish guidelines outlining the contents of a plan.

(b) At a minimum, the plan submitted must describe the nature and feasibility of the project, how the public-private partnership for the entire project, if any, is structured, the risks to the local government, how those risks are mitigated, and a description of how the plan is in the best interest of the state.

(c) The plan submitted is deemed approved if the written determination by the comptroller is not rendered within sixty (60) days of the comptroller's receipt of the complete plan from the local government. The plan is not deemed received until complete, and the comptroller may request any additional information as deemed necessary for the review of the plan.

SECTION 3. The headings in this act are for reference purposes only and do not constitute a part of the law enacted by this act. However, the Tennessee Code Commission is requested to include the headings in any compilation or publication containing this act.

SECTION 4. This act takes effect upon becoming a law, the public welfare requiring it.