



SENATE BILL 2205

By Johnson

AN ACT to amend Tennessee Code Annotated, relative to transportation infrastructure projects.

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

SECTION 1. Tennessee Code Annotated, Section 54-2-202(b), is amended by adding the following appropriately designated subdivisions:

- () The estimated total project cost;
- () The current phase of project development;
- () The anticipated procurement or delivery method;
- () The anticipated completion date;
- () A general description or map identifying the location of the project within

existing or proposed transportation corridors;

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

Amendment No. 3 to SB2205

Watson
Signature of Sponsor

AMEND Senate Bill No. 2205*

House Bill No. 2450

by deleting all language after the caption and substituting:

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

SECTION 1. Tennessee Code Annotated, Title 65, is amended by adding the following as a new chapter:

Chapter 13

Subterranean Transportation Infrastructure Coordination Act

Part 1

General Provisions

65-13-101. Short title.

This chapter is known and may be cited as the "Subterranean Transportation Infrastructure Coordination Act."

65-13-102. Purpose and intent.

The general assembly finds and declares that:

(1) Surface transportation corridors throughout this state are increasingly limited by existing development, right-of-way limitations, topographical and environmental constraints, and urban density, making conventional surface expansion difficult, costly, and disruptive;

(2) Sustained population growth and economic development in this state continue to generate increasing demand for expanded transportation capacity and more safe and efficient transportation options for both residents and visitors;

(3) The development of subterranean transportation infrastructure offers a highly effective and efficient means of significantly expanding transportation capacity while minimizing surface disruption, preserving existing land uses, reducing environmental impacts, and avoiding widespread acquisition of additional surface rights-of-way;

(4) Uniform, clear, and predictable state-level safety standards, and regulatory oversight for the design, construction, safety, inspection, and operation of subterranean tunnel transportation systems are essential to ensure the highest levels of public safety, structural integrity, and engineering and design consistency across all such projects in this state;

(5) The establishment of predictable, efficient, and transparent approval pathways, permitting processes, and regulatory frameworks at the state level are critical to reduce uncertainty, shorten project timelines, and mitigate unnecessary duplication between state and local jurisdictions;

(6) Such predictable and streamlined regulatory pathways are necessary to attract substantial private capital investment, innovation, and expertise into the development of advanced subterranean transportation infrastructure, thereby leveraging private resources to help meet this state's critical long-term transportation needs at a reduced cost to taxpayers;

(7) The development of large-scale subterranean transportation infrastructure requires substantial private capital investment that is uniquely dependent upon regulatory certainty, predictable approval timelines, and uniform standards across jurisdictions within this state;

(8) In the absence of a coordinated, statewide framework establishing consistent standards and an integrated regulatory process among relevant state departments, agencies, and local governmental entities, the uncertainty and fragmentation associated with multi-jurisdictional permitting and oversight would

materially impede or prevent the deployment of private capital for subterranean transportation projects within this state;

(9) The establishment of clear, consistent, and predictable statewide procedures and regulatory coordination is therefore a necessary predicate to the attraction and deployment of private investment in subterranean transportation infrastructure, and without such a framework, the capital investment, construction activity, and related economic development contemplated by this chapter would not occur in this state;

(10) Subterranean transportation infrastructure projects are anticipated to generate significant new economic activity within this state, including private capital expenditures, engineering and construction employment, procurement of materials and services, long-term operational employment, and associated commercial development;

(11) The economic activity generated by such projects is reasonably expected to result in increased state and local tax revenues, including franchise and excise taxes, sales and use taxes, business taxes, and real and tangible personal property taxes, thereby producing a positive fiscal impact to this state and its political subdivisions;

(12) Because the subterranean corridors and state-owned property interests contemplated by this act are not currently generating comparable private economic activity, the investment enabled by this chapter represents new economic development rather than the reallocation of existing activity, and the resulting fiscal benefits would not be realized absent the statewide standards and coordinated governance structure established in this chapter;

(13) The construction of subterranean transportation infrastructure necessarily requires coordination with existing utility infrastructure, and a clear

statutory framework governing such coordination is necessary to prevent unnecessary delays and ensure continuity of utility services; and

(14) Subterranean transportation infrastructure projects may require the use of subsurface property interests owned by this state or local governmental entities, including public rights-of-way and other public infrastructure corridors; and the use of such property interests for transportation infrastructure serves important public purposes, including increasing transportation capacity, improving mobility, and promoting economic development.

65-13-103. Chapter definitions.

As used in this chapter:

(1) "Authority" means the subterranean transportation infrastructure coordination authority created by § 65-13-701;

(2) "Board" means the board of directors of the authority appointed pursuant to § 65-13-702;

(3) "Coordinator" means the state infrastructure coordinator appointed pursuant to § 65-13-203;

(4) "Council" means the governor's infrastructure coordination council created pursuant to § 65-13-201;

(5) "Fund" means the transit project fund created pursuant to § 65-13-1001;

(6) "Government-owned property" means the property of a local governmental entity or utility that has been condemned pursuant to part 7 of this chapter;

(7) "Local governmental entity":

(A) Means an incorporated city or town, metropolitan government, county, or other political subdivision of this state, and includes a board, commission, council, agency, committee, building or codes authority,

development or other district, and any other instrumentality thereof created by a local governmental entity; and

(B) Does not include an airport authority created pursuant to title 42, chapter 3 or 4;

(8) "Non-highway use" means transportation that does not occur on or involve the use of a highway, as defined in 23 U.S.C. § 101(a), that is owned, maintained, or operated by a governmental entity and open to general public travel, and that includes privately-operated transportation systems that are not part of a state or federal highway system;

(9) "Operator" means a public or private entity proposing to design, construct, own, operate, or maintain, or that is a party to an agreement for the design, construction, operation, or maintenance of, a transit project;

(10) "Political subdivision" means a county, municipality, metropolitan government, or incorporated city or town in this state;

(11) "Subsurface construction" means construction occurring below the surface of the ground within the legal boundaries of a transit project between the points designated for entry into and exit from the transit project as delineated in the legal description of the project produced and recorded pursuant to §§ 65-13-207, 65-13-606, and 65-13-708, including tunnels, underground stations, ventilation systems, electrical systems, emergency access structures, and the entrances, exits, portals, and other structures necessary for access to the subsurface portions of a transit project;

(12) "Surface construction" means construction occurring above ground and outside of the points designated for entry into and exit from a transit project, but within the legal boundaries of a transit project as delineated in the legal description of the project produced and recorded pursuant to §§ 65-13-207, 65-13-606, and 65-13-708;

(13) "Transit project" or "project":

(A) Means a subterranean tunnel or system of subterranean tunnels designed primarily for the intrastate transportation of passengers or goods for non-highway use using electric, autonomous, or low-emission vehicles, or other emerging technology for vehicles and transportation systems, where the tunnels are constructed at depths sufficient to avoid interference with surface uses; and

(B) Does not mean a mass transit or public transportation project that uses or occupies rights-of-way on state highway systems, including, but not limited to, rail transit, fixed guideways, or other non-highway public mass transit facilities;

(14) "Utility" means:

(A) A utility owned or operated by a political subdivision or a division, department, agency, or other entity of a political subdivision that provides utility service to the public;

(B) A utility system, as defined in § 7-82-701;

(C) A public utility, as defined in § 65-4-101 that provides utility service; or

(D) A cooperative, as defined in § 65-25-102; and

(15) "Utility service" means water, wastewater, storm water, sewage, natural gas, fiber, internet, communications, or electric service.

Part 2

Governor's Infrastructure Coordination Council

65-13-201. Governor's infrastructure coordination council.

(a) There is created within the executive branch the governor's infrastructure coordination council.

(b) The purpose of the council is to coordinate the review of transit projects among departments and agencies of state government and to facilitate efficient and predictable regulatory review of such projects.

65-13-202. Membership.

(a) The council consists of the following members:

- (1) The commissioner of transportation;
- (2) The commissioner of commerce and insurance;
- (3) The commissioner of environment and conservation;
- (4) The commissioner of economic and community development;
- (5) The commissioner of finance and administration;
- (6) The commissioner of general services; and
- (7) Any other commissioner or executive branch official designated by

the governor whose participation the governor determines necessary to carry out the purposes of this part.

(b) A member may designate a representative from the member's department or agency to serve as the member's designee.

65-13-203. State infrastructure coordinator -- Chair.

(a) The governor shall appoint a chair of the council to be known as the state infrastructure coordinator. The individual appointed as coordinator may be a member of the governor's staff or an employee of a department or agency within the executive branch of state government, including a commissioner.

(b) The coordinator serves at the pleasure of the governor.

(c) The coordinator shall call meetings of the council and preside over meetings of the council.

(d) The coordinator shall oversee the coordination of state agency review under this part.

65-13-204. Meetings – Quorum.

(a) The council shall meet at the call of the coordinator.

(b) A majority of the members of the council constitutes a quorum for the transaction of business.

(c) Members of the council serve without compensation but may receive reimbursement for travel expenses in accordance with the comprehensive travel regulations promulgated by the department of finance and administration.

65-13-205. Administrative attachment of council.

The council is administratively attached to the department of commerce and insurance for administrative purposes only.

65-13-206. Coordination of transit project review.

(a) The council shall coordinate the review of transit projects that require approvals, permits, or actions from multiple departments or agencies of state government.

(b) The council shall establish procedures for the coordinated review of transit projects, including procedures:

(1) For the submission of applications for permits or approvals required by state law;

(2) For the coordination of review by departments and agencies with jurisdiction over a component of a project;

(3) Establishing timelines for department and agency review and action on applications, permits, and documents; and

(4) Interagency consultation necessary to complete review of a project.

(c) The council may designate a lead department or agency to coordinate the review of a project involving multiple departments or agencies.

(d) The council may establish a consolidated application process through which an applicant may submit materials required for review by multiple state departments or agencies.

65-13-207. Description of transit project on state-owned property -- Designation of transit project entrance and exit.

(a)

(1) For each transit project located on the property or under a right-of-way of this state, the council shall cause to be produced a legal description of the project, including:

(A) The metes and bounds of the surface boundary under which the transit project lies;

(B) A three-dimensional description of the subterranean boundaries of the transit project;

(C) Surface and subsurface easements and rights-of-ways;

(D) Each point for public or vehicular entry into and exit from the transit project designated pursuant to subsection (b), including stations and facilities at such entry and exit points;

(E) Each point of ingress or egress for maintenance, the provision of emergency services, and other operational purposes;

(F) Each ventilation, electrical, utility, safety, and operational system utilized to serve the transit project; and

(G) Additional descriptive information as deemed necessary by the council.

(2) The council shall cause the legal description produced under subdivision (a)(1) to be included in a survey, plat, memorandum, or other recordable instrument and recorded with the state building commission and with the register of deeds for each county in which the transit project is located, in whole or in part, and any other state or local governmental entity or official as deemed necessary by the council.

(3) Before the expansion, contraction, diversion, or modification of an existing transit project, the council shall cause to be produced and recorded a legal description of the expansion, contraction, diversion, or modification in accordance with subdivisions (a)(1) and (2).

(b) The council shall designate each point for public or vehicular entry into and exit from a transit project for purposes of distinguishing between surface and subsurface jurisdiction over the transit project with respect to applicable local governmental laws, rules, and regulations, building, safety, and fire codes, and enforcement of motor vehicle laws.

(c) The legal description of a transit project produced and recorded pursuant to this section must clearly delineate between the surface components and subsurface components of a transit project for purposes of jurisdiction over and the regulation of surface construction and subsurface construction pursuant to this chapter.

65-13-208. Rules and procedures.

(a) The council may promulgate rules in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, to implement this part.

(b) Rules promulgated pursuant to this section may establish procedures for:

(1) Standardized application procedures for transit projects;

(2) Coordinated timelines for department and agency review of applications, permits, and documents;

(3) Procedures for interagency coordination and consultation; and

(4) Other procedures necessary to facilitate coordinated review of infrastructure projects in this state.

65-13-209. Preservation of state department and agency authority.

(a) This part does not:

(1) Transfer regulatory authority from a department or agency of state government to the council; or

(2) Limit the statutory authority of a department or agency to regulate activities within the jurisdiction of the department or agency.

(b) A department or agency retains the authority granted to the department or agency under existing law to approve, deny, or condition permits or approvals required for a project.

Part 3

Jurisdiction and Regulation of Surface Construction

65-13-301. Local jurisdiction over surface construction.

(a) Except as otherwise provided in this chapter, a local governmental entity retains jurisdiction over surface construction.

(b) Surface construction subject to local jurisdiction under this section does not include stations, entrances, exits, portals, ventilation facilities, electrical systems, emergency access structures, or other infrastructure associated with the construction, operation, or maintenance of a transit project as described and recorded pursuant to § 65-13-207.

(c) Temporary construction activities associated with the development of a transit project, including staging areas, equipment storage, and material handling, are not surface construction for purposes of this section.

(d) A local governmental entity shall review surface construction applications in accordance with generally applicable building standards adopted pursuant to § 68-120-101.

65-13-302. Limitations on local regulation.

(a) A local governmental entity shall not adopt or enforce a building, construction, safety, land use, or zoning requirement that prohibits or effectively prohibits the construction or operation of a transit project.

(b) A local governmental entity shall not regulate, as described and recorded pursuant to § 65-13-207:

- (1) Subterranean infrastructure associated with a transit project;
- (2) The design, construction, operation, or maintenance of tunnels associated with a transit project;
- (3) Stations, entrances, exits, portals, or other facilities located at the designated points of entry into or exit from a transit project;
- (4) Ventilation, electrical, safety, or operational systems associated with a transit project; or
- (5) The location of a transit project entrance, exit, station, or portal designated pursuant to this chapter.

(c) This section does not prohibit a local governmental entity from enforcing generally applicable building or safety standards for surface construction regulated pursuant to this part.

(d) A local governmental entity shall not impose conditions on the approval of a permit, application, plan, or document that would have the effect of prohibiting or materially delaying the construction or operation of a transit project.

65-13-303. Submission of applications.

(a) An operator shall submit applications, plans, and other required documents for surface construction to the appropriate local governmental entity.

(b) Applications submitted under this section must be reviewed by the local governmental entity in accordance with the procedures established by this part and rules prescribed by the authority.

65-13-304. Review timelines.

(a) No later than ten (10) business days after receipt of an operator's submission for approval of a permit, application, plan, or documentation for surface construction, a local governmental entity shall:

- (1) Approve the submission if the information provided by the operator complies with applicable standards;

(2) Provide a written report identifying with specificity each deficiency preventing approval; or

(3) Request additional information reasonably necessary to determine compliance with applicable standards.

(b) A report of deficiencies or request for additional information issued under subsection (a) must:

(1) Identify all known deficiencies at the time of review;

(2) Be based on objective, published standards applicable to the project;

and

(3) Not require information unrelated to compliance with applicable standards.

(c) A local governmental entity shall issue a final determination approving or denying an application following review under this section.

65-13-305. Resubmission.

(a) If an operator resubmits a request for approval of an application, permit, plan, or documentation addressing deficiencies identified under § 65-13-304, then the local governmental entity shall review the resubmission and comply with subsection (b) within ten (10) business days of receipt.

(b) Upon resubmission, the local governmental entity shall:

(1) Approve the application; or

(2) Issue a final written determination identifying any remaining deficiency directly related to a previously identified deficiency.

(c) A local governmental entity shall not issue successive reports of deficiencies based on matters that could reasonably have been identified in an earlier review or impose new requirements unrelated to previously identified deficiencies.

65-13-306. Failure to act.

(a) If a local governmental entity fails to take action as required by § 65-13-304 or § 65-13-305, then the failure constitutes a denial.

(b) A denial under subsection (a) is subject to appeal to the authority in accordance with this chapter.

65-13-307. Limitation on indirect regulation.

(a) A local governmental entity shall not adopt or enforce an ordinance, rule, or requirement that indirectly regulates subterranean infrastructure through regulation of surface construction.

(b) A local governmental entity shall not require an operator to obtain additional approvals or permits not consistent with customary and ordinary industry standards for approvals and permits required for development and construction projects of comparable cost within the jurisdiction of the local governmental entity.

65-13-308. Zoning and land use.

(a) A local governmental entity shall not adopt or enforce a zoning classification, land use regulation, ordinance, resolution, rule, or other requirement that prohibits or effectively prohibits the construction, operation, or maintenance of a transit project.

(b) A local governmental entity shall not deny, condition, or delay approval of surface construction for a transit project solely on the basis of land use regulation or zoning classification.

(c) Notwithstanding any zoning ordinance or land use regulation to the contrary, an operator may construct a transit project entrance, exit, or station on real property that is adjacent to the boundaries of a transit project as described and recorded pursuant to § 65-13-207 if the operator holds or obtains an appropriate interest in the real property in accordance with this chapter.

(d) Nothing in this section prevents a local governmental entity from enforcing generally applicable building, fire, design, or safety standards for surface construction within the jurisdiction of the local governmental entity pursuant to this part.

Part 4

Jurisdiction and Regulation of Subsurface Construction

65-13-401. State jurisdiction over subsurface construction.

- (a) The state has exclusive jurisdiction over subsurface construction.
- (b) Subsurface construction is not subject to regulation by a local governmental entity.
- (c) A local governmental entity shall not adopt or enforce an ordinance, rule, regulation, permit requirement, or other standard governing subsurface construction associated with a transit project.

65-13-402. State permitting authority.

- (a) Permitting, inspection, and enforcement authority for subsurface construction associated with a transit project is vested in the state fire marshal.
- (b) The state fire marshal has jurisdiction over:
 - (1) Plan review for subsurface construction;
 - (2) Issuance of permits for subsurface construction;
 - (3) Inspection of subsurface construction; and
 - (4) Enforcement of fire safety and life safety standards applicable to subsurface construction.
- (c) The authority granted in this section includes permitting and inspection of entrances, exits, portals, and other access structures associated with the subsurface components of a transit project described and recorded pursuant to § 65-13-207.

65-13-403. State permitting process for subsurface construction.

- (a) The state fire marshal shall prescribe by rule a streamlined, state-level application, approval, permitting, inspection, and regulatory process for the design, construction, operation, and maintenance of subsurface construction associated with a transit project located between the points designated for entry into and exit from the

transit project. Rules must be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

(b) Rules promulgated pursuant to this section must establish:

(1) Uniform building, engineering, construction, safety, inspection, permitting, ventilation, and related standards applicable to subsurface construction;

(2) A consolidated state application and approval process that preempts conflicting or duplicative local permitting and inspection requirements for subsurface construction;

(3) Defined timelines for review and approval of applications, submissions, appeals, and other administrative matters; and

(4) Procedures for inspection and enforcement of applicable standards during construction, operation, and maintenance of a transit project.

(c) The state fire marshal shall coordinate with state departments and agencies having jurisdiction over components of a transit project to ensure comprehensive oversight of subsurface construction and to avoid unnecessary duplication or delay in the review process.

(d) The state fire marshal is not required to adopt new rules where existing building and safety codes or rules are sufficient to carry out the intent of this section.

65-13-404. Preemption of local permitting.

(a) A permit, approval, or inspection issued by the state fire marshal pursuant to this part preempts any permit, approval, certification, or inspection otherwise required by a local governmental entity for subsurface construction.

(b) A local governmental entity shall not require an operator to obtain a permit, approval, inspection, or certification for subsurface construction associated with a transit project.

(c) A local governmental entity shall not condition approval of surface construction on the issuance of or requirement for a permit, approval, certification, or inspection for subsurface construction.

65-13-405. Coordination with other state agencies.

(a) Nothing in this part limits the authority of a state department or agency to regulate matters within the statutory jurisdiction of that department or agency.

(b) A state department or agency with jurisdiction over a component of a transit project shall coordinate review of subsurface construction through the procedures established by the council.

(c) The council may establish interagency review procedures and timelines for subsurface construction pursuant to part 2 of this chapter.

65-13-406. Engineering review for subsurface construction beneath state highway rights-of-way.

A lease, contract, or other agreement entered into after July 1, 2026, that authorizes subsurface construction beneath a right-of-way or property owned by this state that is part of the state highway system must include provisions addressing the payment or allocation of costs associated with the preparation, review, certification, or approval of engineering plans, designs, and specifications required by the department of transportation or by applicable federal or state law, including costs associated with review or certification performed by the department of transportation or by an independent third-party engineer.

Part 5

Utility Service for Transit Project

65-13-501. Applications for utility service.

(a) An operator shall apply for utility service through the normal application process of the applicable utility.

(b) A utility shall review applications submitted by an operator in the same manner as applications submitted by other customers requesting comparable utility service.

65-13-502. Utility coordination.

(a) A utility shall cooperate with an operator in coordinating the construction, operation, and maintenance of utility systems, facilities, and infrastructure that serves a transit project.

(b) Coordination under this section includes:

(1) Provision of utility service;

(2) Relocation or protection of existing utility systems, facilities, and infrastructure; and

(3) Identification of subsurface rights-of-way or infrastructure that may affect construction of a transit project.

(c)

(1) If the construction, operation, or maintenance of a transit project requires the relocation, protection, adjustment, or reconstruction of existing utility systems, facilities, or infrastructure, then the operator is responsible for the actual costs associated with the relocation, protection, adjustment, or reconstruction unless otherwise agreed upon by the operator and the utility.

(2) As used in this subsection (c), "actual costs":

(A) Means costs consistent with prevailing market rates for comparable work within the same geographic region; and

(B) Does not include:

(i) Costs for betterments, upgrades, or expansions that increase the capacity or capability of a utility's systems, facilities, or infrastructure beyond that which existed before the relocation, protection, adjustment, or reconstruction of such existing utility's

systems, facilities, or infrastructure, unless otherwise agreed to between the utility and the operator;

(ii) Costs that exceed prevailing market rates without documented justification based on unique technical, safety, or operational requirements;

(iii) Costs that could have been avoided through the alternative use of commercially reasonable methods to minimize costs; or

(iv) Costs that are not directly attributable to such relocation, protection, adjustment, or reconstruction required for the construction, operation, or maintenance of a transit project.

(d) In coordinating with a utility under this section, an operator shall design and construct a transit project in a manner that:

(1) Maintains reasonable separation from existing utility systems, facilities, and infrastructure; and

(2) Does not unreasonably interfere with a utility's ability to comply with applicable federal or state safety standards, including minimum cover, clearance, and access requirements.

65-13-503. Utility determinations.

(a) If a transit project crosses or affects a subsurface right-of-way or other property interest held by a utility, then the utility may determine whether the proposed construction creates a conflict with the utility's existing systems, facilities, infrastructure, or property interests.

(b) If a utility determines that a conflict exists, then the utility shall provide written notice of the determination to the operator.

(c) As used in this section, "conflict" means circumstances under which a utility's systems, facilities, or infrastructure would be:

- (1) Damaged or rendered unsafe;
- (2) Unable to be constructed, operated, accessed, inspected, maintained, repaired, or replaced in compliance with applicable law; or
- (3) Subject to conditions that would materially increase risk to public safety or system reliability.

65-13-504. Adverse utility decisions.

(a) An adverse utility decision occurs if a utility:

- (1) Denies an operator's application for utility service;
- (2) Refuses to provide or coordinate utility service necessary for the construction, operation, or maintenance of a transit project;
- (3) Refuses to relocate, protect, adjust, or coordinate existing utility systems, facilities, or infrastructure that conflict with construction of a transit project;
- (4) Determines that construction would cross or otherwise affect a subsurface right-of-way or other property interest held by the utility and prohibits or refuses to allow construction within or around such right-of-way or property interest; or
- (5) Requires payment of costs, other than actual costs, as defined in § 65-13-502(c), as a condition of providing utility service or coordinating the relocation, protection, adjustment, or reconstruction of a utility's systems, facilities, or infrastructure.

(b) A utility shall provide written notice of an adverse utility decision to the operator and to the authority no later than ten (10) business days after receiving an application or request from an operator for utility service or other approval, accommodation, or variance.

(c) The notice required by subsection (b) must:

- (1) Identify the basis for the utility's decision;

(2) Describe each utility system, facility, infrastructure, subsurface right-of-way, or property interest adversely affected that is known by the utility after receipt and review of the operator's application; and

(3) State whether the decision prohibits construction of the transit project or requires modification of the proposed construction.

(d) An adverse utility decision under this section is subject to appeal to the authority in accordance with this chapter.

(e) A utility shall not unreasonably withhold consent for construction within or around a subsurface right-of-way or property interest if the construction does not materially interfere with the utility's facilities.

65-13-505. Appeal of utility decisions.

(a) An operator may appeal an adverse utility decision to the authority.

(b) The authority may uphold, modify, or overturn a utility decision.

(c) In resolving an appeal, the authority may establish reasonable conditions for utility coordination necessary for construction, operation, or maintenance of the transit project.

(d) Upon completion of the appeals process prescribed under this chapter and by rule of the authority, the authority shall issue an order that is final for purposes of § 65-13-506.

65-13-506. Final administrative action.

A final decision of the authority under this part constitutes final administrative action for purposes of judicial review.

Part 6

Subsurface Construction Beneath Local Public Property

65-13-601. Application for subsurface construction beneath property of a local governmental entity.

(a) An operator may apply to a local governmental entity for approval of subsurface construction beneath property owned by the local governmental entity or for which the local governmental entity holds an easement or right-of-way.

(b) The application must include:

(1) A legal description of that portion of the proposed transit project to be constructed under such property;

(2) Engineering plans and specifications sufficient to demonstrate that construction will not materially interfere with the use of the property;

(3) The proposed location and depth of subsurface construction; and

(4) Any other information reasonably necessary for the local governmental entity to evaluate the application.

65-13-602. Review of application.

(a) A local governmental entity shall review an application submitted pursuant to § 65-13-601 to determine whether the proposed construction will materially and substantially interfere with the present or reasonably foreseeable use of the property.

(b) The local governmental entity may approve the application, approve the application with reasonable conditions, or deny the application.

(c) Any condition imposed pursuant to subsection (b) must be reasonably necessary to protect the present or reasonably foreseeable use of the property.

65-13-603. Written determination.

(a) A local governmental entity shall issue a written determination approving or denying an application submitted pursuant to § 65-13-601 within thirty (30) days after receipt of a complete application.

(b) A denial must identify the specific basis for the denial and the property interest or use that would be materially and substantially interfered with as a result of the proposed construction.

(c) If a local governmental entity denies an application or approves an application subject to conditions pursuant to § 65-13-602, then an operator may appeal the denial or a condition imposed by the local governmental entity to the authority. The authority may:

(1) Uphold, modify, or invalidate the denial or a condition imposed after consideration of the appeal in accordance with § 65-13-703;

(2) Provide the operator with an opportunity to cure or comply with each specified defect or condition specified in a denied or conditionally approved application; or

(3) If the authority determines that the operator and local governmental entity are at an impasse after good faith negotiations, proceed to exercise its power pursuant to § 65-13-706.

(d) The authority shall:

(1) In reviewing an appealed application, consider whether the basis for the denial or conditional approval was reasonably necessary to protect the present or reasonably foreseeable use of the property; and

(2) Upon completion of the appeals process prescribed under this section and by rule of the authority, issue an order that is final for purposes of § 65-13-607.

65-13-604. Agreement required following approved application by local governmental entity.

(a)

(1) If a local governmental entity approves an application submitted pursuant to § 65-13-601, then the local governmental entity shall enter into a lease or other agreement with the operator authorizing construction, operation, and maintenance of the transit project beneath the property of the local governmental entity.

(2) If the local governmental entity and operator cannot agree on the term of the lease or other agreement, then the operator shall provide notice to the authority for an expedited hearing to establish the term. After providing notice for the hearing of no less than five (5) business days to both parties, the authority, after considering the interests of both parties at the hearing, shall establish the term of the lease or other agreement.

(b) A lease or other agreement executed pursuant to this section must not contain encumbrances, burdens, restrictions, conditions, or requirements that are more stringent than those contained in a substantially similar lease or agreement executed by the department of transportation for the construction or operation of a transit project on state-owned property or rights of way.

(c) If necessary in furtherance of the powers or duties of the authority under this chapter, the board may require that the board approve the lease or agreement or that the authority be made a party to the lease or agreement.

(d) A provision of a lease or other agreement that violates this section is void and unenforceable.

65-13-605. Failure to act.

(a) If a local governmental entity fails to issue a determination or meet a deadline within the time required by § 65-13-603, then the failure constitutes a denial.

(b) A denial under this section is subject to appeal to the authority in accordance with this chapter.

65-13-606. Recording of transit project located under property of a local governmental entity.

(a)

(1) If a local governmental entity approves an application submitted pursuant to § 65-13-601 and enters into a lease or other agreement with an operator authorizing the construction, operation, or maintenance of a portion of a

transit project beneath property owned by the local governmental entity, then the local governmental entity and the operator shall cause to be produced a legal description of that portion of the transit project, including, as applicable:

(A) The metes and bounds of the surface boundary under which the transit project lies;

(B) A three-dimensional description of the subterranean boundaries of the transit project;

(C) Surface and subsurface easements and rights-of-ways;

(D) Each point for public or vehicular entry into and exit from the transit project designated pursuant to subsection (b), including stations and facilities at such entry and exit points;

(E) Each point of ingress or egress for maintenance, the provision of emergency services, and other operational purposes;

(F) Each ventilation, electrical, utility, safety, and operational system utilized to serve the transit project; and

(G) Additional descriptive information as deemed necessary by the board.

(2) The local governmental entity shall cause the legal description produced under subdivision (a)(1) to be included in a survey, plat, memorandum, or other recordable instrument and recorded with the state building commission and with the register of deeds for the county in which the transit project is located, and any other state or local governmental entity or official as deemed necessary by the board.

(3) Before the approved expansion, contraction, diversion, or modification of an existing portion of a transit project beneath property owned, or for which an interest is held, by the local governmental entity, the local governmental entity shall cause to be produced and recorded a legal description

of the approved expansion, contraction, diversion, or modification in accordance with subdivisions (a)(1) and (2).

(b) The legal description produced under subdivision (a)(1) must designate each point for public or vehicular entry into and exit from that portion of a transit project, if applicable, for purposes of distinguishing between surface and subterranean jurisdiction over that portion of the transit project with respect to applicable local governmental laws, rules, and regulations, building, safety, and fire codes, and enforcement of motor vehicle laws.

(c) The legal description of that portion of a transit project produced and recorded pursuant to this section must clearly delineate between the surface components and subsurface components, if applicable, of that portion of the transit project for purposes of jurisdiction over and the regulation of surface construction and subsurface construction pursuant to this chapter.

65-13-607. Final administrative action.

A final decision of the authority under this part constitutes final administrative action for purposes of judicial review.

Part 7

Subterranean Transportation Infrastructure Coordination Authority

65-13-701. Creation of subterranean transportation infrastructure coordination authority.

(a) There is created the subterranean transportation infrastructure coordination authority on July 1, 2026.

(b) The authority is an instrumentality of this state and exercises only the powers provided in this chapter.

(c) The authority is created for the purpose of resolving disputes, hearing appeals, and exercising the powers necessary to facilitate the construction, operation, and maintenance of a transit project in accordance with this chapter.

65-13-702. Board of directors.

(a) The authority is governed by a board of directors. The board consists of nine (9) voting members and three (3) ex officio, non-voting members as follows:

(1) Three (3) members to be appointed by the governor, each with expertise in one (1) of the following:

- (A) Utilities infrastructure, transmission, and regulation;
- (B) Transportation and civil engineering; and
- (C) Economic development and tourism;

(2) Three (3) members to be appointed by the speaker of the house of representatives, each with expertise in one (1) of the following:

- (A) Geotechnical and structural engineering;
- (B) Financial transactions and public finance; and
- (C) Public policy and government relations; and

(3) Three (3) members to be appointed by the speaker of the senate, each with expertise in one (1) of the following:

- (A) Public transportation and urban planning;
 - (B) Local government permitting and land use regulations; and
 - (C) Environmental science, sustainability, and safety;
- (4) The coordinator appointed pursuant to § 65-13-203, ex officio;
- (5) The commissioner of commerce and insurance, ex officio; and
- (6) The commissioner of transportation, ex officio.

(b) For initial appointments made under subdivisions (a)(1)-(3), the governor, the speaker of the house, and the speaker of the senate shall appoint one (1) member to a term of two (2) years, one (1) member to a term of three (3) years, and one (1) member to a term of four (4) years. After the initial terms, the term for a board member is four (4) years. A board member is eligible for reappointment and may serve consecutive terms.

At the expiration of a board member's term, the member may continue to serve until a successor is appointed or until the member is reappointed.

(c) A vacancy on the board for a member must be filled for the remainder of the term by the appropriate appointing authority.

(d) The terms for the initial board members begin on the date of appointment, but for purposes of calculating the length of the initial terms and subsequent terms, appointments are deemed to begin July 1, 2026.

(e) Five (5) voting board members constitutes a quorum for the transaction of business. If a quorum is present, a vacancy on the board does not prevent the board from transacting business or otherwise taking an action authorized pursuant to this chapter.

(f) Board members serve at the pleasure of the appointing authority and may be removed with or without cause.

(g)

(1) The governor shall call the first meeting of the board and the board shall appoint a member to serve as chair. The board may elect other officers as the board may deem appropriate. At the first board meeting of each calendar year, the board shall establish or revise its bylaws, as applicable, and set a meeting schedule for the remainder of the calendar year. The board shall also meet at the call of the chair or a majority of the membership of the board.

(2) The board may meet virtually and take official actions of the board in compliance with § 8-44-108.

(h) A board member shall only receive reimbursement for travel expenses for service as a board member. All reimbursement for travel expenses must be in accordance with the comprehensive travel regulations as promulgated by the department of finance and administration and approved by the attorney general and reporter.

(i) All board meetings must comply with the open meetings provisions compiled in title 8, chapter 44.

(j) Each member of the board shall disclose conflicts of interest in accordance with title 8, chapter 50, part 5.

(k) An action of the board or the authority pursuant to this chapter must not be construed to be an action of any ex officio, non-voting member of the board or of such member's respective state department or agency.

65-13-703. Jurisdiction of the authority – Standard of review.

(a) The authority has jurisdiction to hear appeals concerning:

(1) A denial or conditional approval of an application by a local governmental entity under part 3 or part 6 of this chapter;

(2) A failure of a local governmental entity or utility to act within the timelines established in this chapter or by rule of the authority;

(3) An adverse utility decision under § 65-13-505; or

(4) A dispute concerning coordination of infrastructure necessary for the construction or operation of a transit project, including a determination of the term of a lease or agreement between an operator and a local governmental entity or utility.

(b) An operator or other affected party may file an appeal with the authority.

(c) In an appeal heard pursuant to this chapter, the authority shall review the matter de novo.

(d) In conducting a review under this section, the authority:

(1) May consider:

(A) The record before the local governmental entity or utility;

(B) A written determination, notice, or other written material

issued by the local governmental entity or utility; and

(C) Additional evidence, testimony, or documentation that the authority determines is relevant; and

(2) Shall permit the operator, the local governmental entity, or the utility, as applicable, to offer testimony and to submit written briefs, supporting documentation, and other materials relevant to the issues on appeal.

(e) The authority shall not defer to a legal conclusion, a policy determination, or the discretionary judgment of a local governmental entity or utility.

(f) The authority shall uphold a denial, condition, requirement, restriction, or adverse decision of a local governmental entity or utility only if the local governmental entity or utility proves by a preponderance of the evidence that the challenged action:

(1) Is authorized by this chapter or other applicable law;

(2) Is based on objective and specifically identified facts;

(3) Is reasonably necessary to prevent a material interference with:

(A) The present or reasonably foreseeable use of property owned by, or subject to the jurisdiction of, a local governmental entity; or

(B) The safe and reliable operation and use of a utility's existing systems, facilities, infrastructure, subsurface rights-of-way, or other property interest, including the utility's ability to comply with applicable federal or state safety standards and requirements for cover, clearance, access, inspection, maintenance, repair, or replacement; and

(4) Is narrowly tailored and does not prohibit, effectively prohibit, or materially delay the construction, operation, or maintenance of the transit project beyond what is reasonably necessary to prevent or cure the material interference identified in subdivision (f)(3).

(g) If the authority finds that the local governmental entity or utility, as applicable, fails to meet their burden of proof pursuant to subsection (f), the authority shall invalidate or modify the challenged action, in whole or in part, as necessary to permit the operator's

continued construction, operation, or maintenance of the transit project, and may impose reasonable conditions or restrictions necessary to protect the affected property interests, utility systems, facilities, or infrastructure of the local governmental entity or utility.

(h) The local governmental entity or utility whose action is under review bears the burden of proof under subsection (f).

(i) The authority may prescribe by rule:

(1) Deadlines for appellate review, compliance with any order of the authority to cure or comply with a denied or conditionally approved application, a local governmental entity's or utility's review of a revised application, and any other deadline as necessary to facilitate the expedited processing of an application on appeal;

(2) Information that may be required for submittal by a party to an appeal, including cost analyses or estimates if the appeal, in whole or in part, pertains to actual costs, as defined in § 65-13-502(c); and

(3) Any other procedural or administrative requirement governing the review of an application or matter appealed under this chapter.

65-13-704. Powers of authority.

(a) The authority is vested with the power to:

(1) Adopt, amend, and repeal bylaws;

(2) Execute contracts, agreements, and leases in accordance with this chapter;

(3) Hire and employ no more than three (3) full-time employees necessary to exercise the powers of the authority or transact business;

(4) Retain third-party contractors and agents as the board deems necessary for the transaction of the authority's business;

(5) Enforce compliance with this chapter and its bylaws and rules in a court of competent jurisdiction pursuant to § 65-13-801 and seek any remedy available under applicable law or in equity;

(6) Own, acquire, purchase, option, convey, exchange, donate, sell, gift, rent, lease, improve, maintain, operate, and equip real and personal property, notwithstanding the requirements contained in § 12-2-112;

(7) Accept and distribute federal grants and other non-state funded incentives to induce the construction and completion of transit projects, expand, contract, modify, or divert existing transit projects, or otherwise in furtherance of the purposes of this chapter;

(8) Enter into agreements with local governments pursuant to title 12, chapter 9, or state departments and agencies, regarding the provision of governmental services to an operator or a transit project;

(9) Coordinate with an operator, the council, a local governmental entity, and one (1) or more state departments and agencies for purposes of prescribing expedited time frames and deadlines for the review or approval, or both, of applications, permits, plans, and approvals;

(10) Promulgate rules and emergency rules, including rules creating fees for permits, applications, and other administration functions, in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5. The board may require that a board action be accomplished by rule. Otherwise, a board action may be accomplished by majority vote of the entire membership of the board;

(11) Condemn land, a right in land, an easement, or a right-of-way as the board deems necessary for effectuating the purposes of this chapter in accordance with § 65-13-706;

(12) Regulate land use, and the subsurface location and configuration of utilities and utility systems, and other necessary infrastructure for a transit project in accordance with this chapter; and

(13) Do and perform any act and exercise any power that the board determines is necessary, convenient, or appropriate, to accomplish the purposes of this chapter that are not in conflict with this chapter. The inclusion of a specific power in this chapter does not limit the broad general powers granted to the authority. The exercise of the authority's powers, including, but not limited to, the powers with respect to the disposition, development, encumbrance, lease, sublease, or improvement of property of a local governmental entity, are exclusive and not subject to further approval, except as expressly provided in this chapter.

(b) The authority, through its board, shall establish an expedited appeal and review process for permits, plans, approvals, and applications for service submitted to a local governmental entity or utility, as applicable, and for which an operator files an appeal with the authority in accordance with this chapter.

65-13-705. Administration of authority -- Memoranda of understanding between authority and state departments and agencies.

(a) The authority is administratively attached to the department of commerce and insurance. The department, within existing resources, shall authorize department personnel to assist the authority in carrying out administrative duties, including the receipt and distribution of federal and state funds, grants, and other non-state funded incentives to induce the construction and completion of transit projects, expand, contract, modify, or divert existing transit projects, or otherwise in furtherance of the purposes of this chapter.

(b) The authority may execute memoranda of understanding with the department of transportation, department of commerce and insurance, department of environment

and conservation, department of general services, Tennessee public utilities commission, and other relevant state departments and agencies to coordinate any functions or powers of such entities in furtherance of the construction, operation, and maintenance of a transit project.

(c) The authority shall not take any action or exercise any authority, function, duty, or power of a state department or agency, except under the express authority of a memorandum executed under subsection (b).

65-13-706. Condemnation of public land.

(a) The authority may condemn land, a right in land, an easement, or a right-of-way that the board determines is reasonably necessary for purposes of the construction, operation, or maintenance of a transit project.

(b) The power of condemnation granted in this section applies only to property interests owned by or held for the benefit of a local governmental entity.

(c) Condemnation under this section must not interfere with a prior public use of the property interest being condemned.

(d) The power granted in this section must be exercised in accordance with the procedures established in title 29, chapters 16 and 17.

(e) The power granted by this section must not be used to acquire property interests for surface development that is not primarily related to the construction, operation, or maintenance of a transit project.

65-13-707. Condemnation process.

(a) Before exercising the power granted under § 65-13-706, the authority must determine that:

(1) The property interest is reasonably necessary for the construction, operation, or maintenance of a transit project;

(2) Good-faith negotiations consistent with this chapter have occurred between the operator and the local governmental entity;

(3) After submission by the operator of a complete application to the local governmental entity pursuant to § 65-13-601, the local governmental entity denied the application of the operator by:

(A) Issuing a written determination of denial pursuant to § 65-13-603; or

(B) Failing to act on the application in accordance with § 65-13-605; and

(4) If the property interest includes real property located at or above the surface, the acquisition will not unreasonably impair:

(A) An existing public use of the property; or

(B) A planned public use that is:

(i) Formally adopted by ordinance or resolution of the governing body of the local governmental entity; or

(ii) Identified in a formally adopted plan, policy, or program of the local governmental entity that the authority determines is reasonably likely to be implemented.

(b) If good faith negotiations fail, then the operator may petition the authority to exercise the powers granted in § 65-13-706.

(c) Upon receipt of a petition under subsection (b), the authority shall conduct a hearing and determine whether condemnation is necessary to carry out the purposes of this chapter.

(d) If the authority determines that condemnation is necessary, then the authority may initiate a condemnation action in a court of competent jurisdiction.

(e) If the authority condemns an interest in real property owned by a local governmental entity, then the authority, upon acquiring the interest:

(1) Holds the property interest in trust on behalf of this state. At such time as the authority may be dissolved or no longer exists, the property interest is deemed transferred to this state; and

(2) Shall contract with the operator for the construction, operation, and maintenance of that portion of the transit project sited on the condemned property.

(f) A property interest acquired pursuant to this chapter must be used primarily for the purposes related to the construction, operation, or maintenance of a transit project.

65-13-708. Description of transit project on the property of a local governmental entity -- Designation of transit project entrance and exit.

(a)

(1) For each transit project located on local government-owned property, the board shall cause to be produced a legal description of the project, including, as applicable:

(A) The metes and bounds of the surface boundary under which the transit project lies;

(B) A three-dimensional description of the subterranean boundaries of the transit project;

(C) Surface and subsurface easements and rights-of-ways;

(D) Each point for public or vehicular entry into and exit from the transit project designated pursuant to subsection (b), including stations and facilities at such entry and exit points;

(E) Each point of ingress or egress for maintenance, the provision of emergency services, and other operational purposes;

(F) Each ventilation, electrical, utility, safety, and operational system utilized to serve the transit project; and

(G) Additional descriptive information as deemed necessary by the board.

(2) The board shall cause the legal description produced under subdivision (a)(1) to be included in a survey, plat, memorandum, or other recordable instrument and recorded with the state building commission and with the register of deeds for the county in which the transit project is located, and any other state or local governmental entity or official as deemed necessary by the board.

(3) Before the expansion, contraction, diversion, or modification of an existing transit project, the board shall cause to be produced and recorded a legal description of the expansion, contraction, diversion, or modification in accordance with subdivisions (a)(1) and (2).

(b) The board shall designate each point for public or vehicular entry into and exit from a transit project for purposes of distinguishing between surface and subterranean jurisdiction over the transit project with respect to applicable local governmental laws, rules, and regulations, building, safety, and fire codes, and enforcement of motor vehicle laws.

(c) The legal description of that portion of a transit project produced and recorded pursuant to this section must clearly delineate between the surface components and subsurface components, if applicable, of that portion of the transit project for purposes of jurisdiction over and the regulation of surface construction and subsurface construction pursuant to this chapter.

65-13-709. Board authority to contract -- Operator authority to contract.

(a) For the purposes of facilitating the construction, operation, and maintenance of a transit project on local government-owned property, the board may execute a contract, lease, memorandum of understanding, work order, or other agreement with:

(1) A state department or agency to perform any function, power, or authority of the department or agency under the supervision of the respective department or agency; and

(2) An operator to perform any function relative to the design, construction, operation, and maintenance of a transit project by the operator.

The board is exempt from the requirements of title 4, chapter 56, and the requirements of title 12, chapters 3 and 4, for purposes of executing the contract, lease, or agreement.

Part 8

Dispute Resolution, Liability, and Conflicts

65-13-801. Jurisdiction of three-judge panel -- Criminal laws unaffected.

(a)

(1) A three-judge panel created pursuant to title 20, chapter 18 has exclusive jurisdiction over:

(A) A civil action challenging a determination made by or an action of this state, the council, the authority, the board, or an operator in accordance with this chapter, or otherwise brought against this state, the council, the authority, the board, or an operator; and

(B) A civil action brought by this state, the council, the authority, the board, or an operator to enforce any rights, duties, or powers of this state, the council, the authority, the board, or an operator under this chapter, or brought pursuant to § 65-13-704(a)(5).

(2) A three-judge panel does not have jurisdiction over a cause of action arising from negligence, including injury to person or personal property, as the result of the exercise or discharge of a power, duty, or function of an operator in accordance with this chapter or in furtherance of the construction, operation, or maintenance of a transit project.

(3) A three judge panel shall conduct a de novo review of a case within its jurisdiction under this subsection (a).

(b) The office of the attorney general and reporter shall represent this state, the council, the authority, and the board in all civil actions brought pursuant to this section.

(c) This chapter does not affect, limit, or otherwise supersede the application of the criminal code of this state or another state law establishing a crime.

65-13-802. Liability of operator -- Indemnification.

(a) An operator under contract for the design, construction, operation, or maintenance of a transit project shall indemnify this state, a local governmental entity, a utility, or a private party from any damages to real or personal property or otherwise arising from the actions, omissions, or negligence of the operator.

(b) The state, the authority, a department or agency of this state, a local governmental entity, a utility, or a private party is not liable for damages arising from the actions, omissions, or negligence of an operator performed pursuant to a contract or agreement for the design, construction, operation, or maintenance of a transit project.

65-13-803. Conflicts of law -- Taxation.

(a) To the extent that this chapter conflicts with another provision of state law, this chapter controls.

(b) This chapter does not supersede title 67. An operator shall pay all applicable state and local taxes, including, but not limited to:

(1) Franchise and excise taxes in accordance with title 67, chapter 4, parts 20 and 21;

(2) Sales and use taxes in accordance with title 67, chapter 6;

(3) Business taxes in accordance with title 67, chapter 4, part 7; and

(4) Real and tangible personal property taxes in accordance with title 67, chapter 5.

Part 9

Emergency Services for Transit Project

65-13-901. Emergency response authority within transit project.

(a) Notwithstanding another law to the contrary, an operator has exclusive authority for initial emergency response, emergency medical services, fire suppression, life safety, and security operations between the points designated for entry into and exit from a transit project.

(b) Subsection (a) applies to all subterranean portions of the transit project and to all stations, entrances, exits, and related facilities located between the points designated for entry into and exit from the transit project.

(c) A local governmental entity shall not assert concurrent jurisdiction over emergency response activities located between the points for entry into and exit from the transit project unless requested by the operator.

(d) This section does not:

(1) Limit the authority of the state fire marshal under this chapter with respect to plan review, inspection, code enforcement, or issuance of certificates of occupancy; or

(2) Prohibit coordination between an operator and a local governmental entity for mutual aid, interoperability, or incident support.

(e) The operator shall adopt written emergency response and life safety protocols consistent with applicable state and federal law. The operator shall submit the protocols to the authority and to the emergency management agency or other emergency response authority of each local governmental entity in which a transit project or portion of a transit project is located for coordination and emergency planning purposes. Submission of the protocols under this subsection (e) does not require approval by the authority or a local governmental entity.

Part 10

Transit Project Funding

65-13-1001. Transit project fund.

(a) There is created a transit project fund to be used by the authority for the administration of this chapter, to carry out the powers and duties of the authority, and for any other lawful purpose by the authority.

(b)

(1) Fees imposed pursuant to § 65-13-704(a)(10) that are paid by an operator must be allocated to and deposited in the fund.

(2) All other appropriations, grants, gifts, and other revenue received by the authority must be deposited in the fund.

(c)

(1) Moneys in the fund must be invested by the state treasurer in accordance with § 9-4-603.

(2) Remaining moneys in the fund at the end of a fiscal year do not revert to the general fund but must remain available for the purposes set forth in subsection (a). Interest accruing on investments of and deposits into the fund must be credited to the fund, do not revert to the general fund, and must be carried forward into each subsequent fiscal year.

65-13-1002. Federal funding.

This chapter must not be construed to jeopardize federal funding.

SECTION 2. Tennessee Code Annotated, Section 20-18-101(a), is amended by adding the following as a new subdivision:

(3) A civil action must be heard de novo and determined by a three-judge panel pursuant to this chapter if the action is:

(A) Challenging a determination made by or an action of this state, the governor's infrastructure coordination council created pursuant to § 65-13-201, the subterranean transportation infrastructure coordination authority created pursuant to § 65-13-701, or the operator of a transit project that is subject to the

Subterranean Transportation Infrastructure Coordination Act, compiled in title 65, chapter 13; or

(B) Brought by this state, the governor's infrastructure coordination council, the subterranean transportation infrastructure coordination authority, or the operator to enforce any rights, duties, or powers of this state, the governor's infrastructure coordination council, the subterranean transportation infrastructure coordination authority, or the operator.

SECTION 3. Tennessee Code Annotated, Section 55-30-105, is amended by deleting the section and substituting:

A political subdivision shall not, by ordinance, resolution, or another means, prohibit or regulate within the jurisdictional boundaries of the political subdivision the use of:

(1) An ADS-operated vehicle that is operating in compliance with this chapter and otherwise complies with all laws of the political subdivision;

(2) A motor vehicle operated at any level of autonomous technology, as defined by § 55-9-105(c)(6)(B), not otherwise included in this chapter; or

(3) A motor vehicle operated in connection with a transit project governed by the Subterranean Transportation Infrastructure Coordination Act, compiled in title 65, chapter 13.

SECTION 4. Tennessee Code Annotated, Section 55-8-202, is amended by deleting the section and substituting:

(a) As used in this section:

(1) "Autonomous technology" means technology installed on a motor vehicle that has the capability to drive the vehicle on which the technology is installed in high or full automation mode, without any supervision by a human operator, with specific driving mode performance by the automated driving system of all aspects of the dynamic driving task that can be managed by a

human driver, including the ability to automatically bring the motor vehicle into a minimal risk condition in the event of a critical vehicle or system failure or other emergency event;

(2) "Driving mode" means a type of driving scenario with characteristic dynamic driving task requirements including, but not limited to, the following:

- (A) Expressway merging;
- (B) High speed cruising;
- (C) Low speed traffic jam; and
- (D) Closed-campus operations;

(3) "Dynamic driving task" means the operational and tactical aspects of the driving task, but does not include the strategic aspect of the driving task;

(4) "Operational" means steering, braking, accelerating, and monitoring the vehicle and roadway;

(5) "Political subdivision" means a county, municipality, metropolitan government, or incorporated city or town in this state;

(6) "Strategic" means determining destinations and waypoints; and

(7) "Tactical" includes, but is not limited to, the following:

- (A) Responding to events; and
- (B) Determining when to change lanes, turn, or use signals.

(b) A political subdivision shall not, by ordinance, resolution, or another means, prohibit within the jurisdictional boundaries of the political subdivision a motor vehicle equipped with autonomous technology if the motor vehicle:

(1) Otherwise complies with all safety regulations of the political subdivision; or

(2) Is operating in connection with a transit project subject to the Subterranean Transportation Infrastructure Coordination Act, compiled in title 65, chapter 13.

SECTION 5. Tennessee Code Annotated, Section 4-29-249(a), is amended by adding the following new subdivisions:

() The governor's infrastructure coordination council, created by § 65-13-201;

() The subterranean transportation infrastructure coordination authority, created by § 65-13-701;

SECTION 6. If any provision of this act or its application to any person or circumstance is held invalid, then the invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to that end, the provisions of this act are severable.

SECTION 7. 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 8. For purposes of promulgating rules, making appointments, hiring employees, and carrying out administrative duties necessary to effectuate this act, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect July 1, 2026, the public welfare requiring it.

Amendment No. 3 to HB2450

Jones J
Signature of Sponsor

AMEND Senate Bill No. 2205*

House Bill No. 2450

by deleting "Subterranean Transportation Infrastructure Coordination Act" wherever it appears and substituting "Elon Musk's Money Pit Protection Act".