by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Section 67-4-2913, is amended by designating the existing language as subsection (a) and adding the following as a new subsection (b):

(b) Notwithstanding subsection (a), after June 1, 2020, and until May 31, 2026, a county having a metropolitan government may enact an impact fee on development, pursuant to Section 3, or a privilege tax on development, pursuant to Section 2; provided, that the county experienced a seven percent (7%) or more increase in population over the period from the year 2011-2015, or over a subsequent four-year period, according to United States census bureau population estimates.

SECTION 2. Tennessee Code Annotated, Title 7, Chapter 3, Part 2, is amended by adding the following as a new section:

(a) As used in this section:

(1) "Building" means any structure built for the support shelter, or enclosure of persons, chattels, or movable property of any kind; includes a mobile home; and does not include buildings used for agricultural purposes;

(2) "Building permit" means a permit for development issued in a metropolitan government;

(3) "Capital improvement program" means a proposed schedule of future projects, listed in order of construction priority, together with cost estimates and the anticipated means of financing each project. All major projects requiring the
expenditure of public funds, over and above the annual local government operating expenses, for the purchase, construction, or replacement of the physical assets of the community are included;

(4) "Certificate of occupancy" means a license for occupancy of a building or structure issued in a metropolitan government;

(5) "Development" means the construction, building, reconstruction, erection, extension, or improvement of land providing a building or structure or the addition to any building or structure, or any part thereof, that provides, adds to, or increases the floor area of a residential or non-residential use;

(6) "Dwelling unit" means a room or rooms connected together constituting a separate, independent housekeeping establishment for owner occupancy, rental, or lease on a daily, weekly, monthly, or longer basis; physically separated from any other room or dwelling units that may be in the same structure; and containing independent cooking and sleeping facilities;

(7) "Floor area" means:

(A) For non-residential development, the total of the gross horizontal area of all floors, including usable basements and cellars, below the roof and within the outer surface of the main walls of principal or accessory buildings or the center lines of party walls separating the buildings or portions thereof, or within lines drawn parallel to and two feet (2') within the roof line of any building or portions thereof without walls, but excluding arcades, porticoes, and similar open areas that are accessible to the general public, and that are not designed or used as sales, display, storage, service, or production areas; and

(B) For residential development, the total of the gross horizontal area of all floors, including basements, cellars, or attics that are heated or
air-conditioned living space, or are designed to be finished into heated or air-conditioned living space at a future date;

(8) "Governing body" means the legislative body of a metropolitan government;

(9) "Non-residential" means the development of any property for any use other than residential use, except as may be exempted by this section;

(10) "Person" means any individual, firm, co-partnership, joint venture, association, corporation, estate, trust, business trust, receiver, syndicate, or other group or combination acting as a unit, and the plural as well as the singular number;

(11) "Place of worship" means that portion of a building, owned by a religious institution that has tax-exempt status, that is used for worship services and related functions; provided, however, that a place of worship does not include buildings or portions of buildings that are used for purposes other than for worship and related functions or that are or are intended to be leased, rented, or used by persons who do not have tax-exempt status;

(12) "Public buildings" means buildings owned by this state or any agency thereof; a political subdivision of this state, including, but not limited to, counties, metropolitan governments, cities, school districts, and special districts; or the federal government or any agency thereof;

(13) "Public facility" means a physical improvement undertaken by the metropolitan government and limited to: roads and bridges, jails and law enforcement facilities, schools, government buildings, fire stations, sanitary landfills, water, and wastewater and drainage projects; and

(14) "Residential" means the development of any property for a dwelling unit or units.
(b) Engaging in the act of development within a county having a metropolitan government, except as provided in subsection (e), is declared to be a privilege upon which the metropolitan government may, by ordinance of the governing body, levy a tax in an amount not to exceed the rate set forth in subsection (f).

(c) A governing body shall not levy a tax pursuant to this section, unless it has found that the need for the public facilities is reasonably related to new development in the county and has adopted a capital improvement program. The adopted capital improvement program may be amended by the governing body.

(d) The governing body shall, by resolution, adopt administrative guidelines, procedures, regulations, and forms necessary to properly implement, administer, and enforce this section.

(e) This section does not apply to the development of:

1. Public buildings;
2. Places of worship;
3. Buildings used for agricultural purposes;
4. Replacement structures for previously existing structures destroyed by fire or other disaster;
5. Additions to a single-family dwelling;
6. A structure owned by a non-profit corporation that is a qualified 501(c)(3) corporation under the Internal Revenue Code;
7. Affordable or workforce housing constructed by a non-profit corporation that is a qualified 501(c)(3) corporation under the Internal Revenue Code;
8. Permanent residential structures replacing mobile homes if the mobile home is removed within thirty (30) days of the issuance of the certificate of occupancy for the permanent residential structure, the permanent residential structure is a residence for the owner and occupant of the mobile home, and the
owner and occupant has resided on the property for a period of not less than three (3) years; or

(9) Buildings moved from a site within the county having a metropolitan government to another site within the county having a metropolitan government.

(f)

(1) For the exercise of the privilege declared in subsection (b), a metropolitan government may impose a tax on new development not to exceed:

(A) One dollar ($1.00) per gross square foot of residential development; and

(B) Two dollars ($2.00) per gross square foot of non-residential development.

(2) A governing body may develop a tax rate schedule by which residential and non-residential uses are classified by type for the purpose of imposition of the tax authorized in this section.

(g) The agency of the metropolitan government that issues building permits shall collect the tax levied pursuant to this section at the time of application for a building permit.

(h) The tax revenue collected pursuant to this section must be used to provide public facilities, the need for which is reasonably related to new development.

(i) The authority to impose this privilege tax on development in counties having metropolitan governments is in addition to all other authority to impose taxes, fees, or assessments or land development regulatory measures granted either by the private or public acts of this state, and the imposition of such tax, in addition to any other authorized tax, fee, assessment, or charge, does not constitute double taxation.

(j) This section is repealed on May 31, 2026.

SECTION 3. Tennessee Code Annotated, Title 7, Chapter 3, Part 3, is amended by adding the following as a new section:
(a) As used in this section:

(1) "Capital or public improvement" means the construction, reconstruction, building, replacement, extension, enlargement, or repair of any street, road, alley, sidewalk, gutter, and other similar improvements; schools; waterworks, water distribution systems, sewers, sewerage, storm water, or drainage system authorized by the governing body;

(2) "Certificate of occupancy" means a license for occupancy of a building or structure issued by a metropolitan government;

(3) "Developer" means the person, corporation, partnership, or other entity responsible for any new land development; and

(4) "Governing body" means the legislative body of a metropolitan government.

(b) A governing body may require a developer to share in the costs associated with capital or public improvements induced by new land development by the developer by imposing an impact fee on the new land development, if the cost of the capital or public improvements exceeds the amount that would be collected pursuant to the development tax levied pursuant to Section 2.

(c) To impose an impact fee, a governing body shall adopt a resolution:

(1) Declaring that a capital or public improvement is required based on the new land development;

(2) Stating the nature of the proposed capital or public improvement;

(3) Establishing the portion of the cost of the capital or public improvement to be paid by the impact fee, the manner in which the impact fee must be paid, and when the impact fees must be paid;

(4) Establishing an impact fee formula that requires the developer to pay an impact fee that does not exceed a pro rata share of the reasonably anticipated cost for the capital or public improvements;
(5) Providing a schedule and method for the payment of the impact fees that are appropriate for the particular circumstances of the proposed new development; and

(6) Requiring security in the form of a cash bond, security bond, irrevocable letter of credit, or a lien or mortgage on the property to be covered in the building permit.

(d) The governing body shall not issue a certificate of occupancy for the new land development unless the impact fee imposed under subsection (b) is paid in full.

(e) The impact fees collected pursuant to this section must be used only for the purposes of completing the capital or public improvements listed in the resolution.

(f) If a developer is required to pay an impact fee under this section, the developer is exempt from the development tax levied pursuant to Section 2.

(g) This section is repealed on May 31, 2026.

SECTION 4. This act shall take effect June 1, 2020, the public welfare requiring it.