

CHAPTER NO. 740

SENATE BILL NO. 3066

By Kyle

Substituted for: House Bill No. 2768

By Hargett

AN ACT to amend Tennessee Code Annotated, Section 67-5-212, relative to exemption from taxation of property of religious, charitable, scientific and nonprofit educational institutions.

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

SECTION 1. Tennessee Code Annotated, Section 67-5-212(a)(1), is amended by adding the following language as new subdivision (C):

(C) Notwithstanding provisions of subdivision (a)(1) to the contrary, there shall be exempt from property taxation land owned by a religious, charitable, scientific or nonprofit educational institution that is leased to another religious, charitable, scientific or nonprofit educational institution under a ground lease of length seventy (70) years or more, if:

(i) The leasing institution constructs an improvement on the land that it will maintain and use for its religious, charitable, scientific or nonprofit educational purposes for the term of the lease, but that will become the property of the owning institution at the end of the lease; and

(ii) The leasing institution permits the owning institution to use the improvement for its religious, charitable, scientific or nonprofit educational purposes under a written access agreement.

This exemption shall be granted even though the owning institution is receiving more rent than one dollar (\$1.00) per year plus a reasonable service and maintenance fee for the lease of the land. The owning institution shall file the application required under subdivision (b)(1) for exemption of the land. The leasing institution shall file the application for exemption required under subdivision (b)(1) for the exemption of the improvement. Upon any material change to the lease or written access agreement, the exempt status of the land and improvement shall be reviewed to determine whether the land or improvement continues to qualify for exemption from property taxation. Both the leasing institution and the owning institution shall promptly report to the assessor of property and to the state board of equalization any material change to the lease or written access agreement. If such material change to the lease or written access agreement is not reported promptly to the assessor of property and to the state board of equalization, the leasing institution and the owning institution shall be liable from the time of such material change for the full amount of the property taxes plus penalties and interest as provided in this title that would otherwise be due and payable.

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

PASSED: May 8, 2006


JOHN S. WILDER
SPEAKER OF THE SENATE


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 23rd day of May 2006


PHIL BREDESEN, GOVERNOR