



Central Business District

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](http://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

The University of Tennessee
Municipal Technical Advisory Service
1610 University Avenue
Knoxville, TN 37921-6741
865-974-0411 phone
865-974-0423 fax
www.mtas.tennessee.edu

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Central Business Improvement Districts

There are four ways under two statutes that a city can create a central business improvement district. T.C.A. §§ 7-84-101–120, *et seq.*, authorize the creation of a central business district by ordinance upon:

- a petition signed by a numerical majority of the owners of real property who own two-thirds of the assessed value of the real property in the proposed district; or
- a city's own initiative by resolution.

The actual organizational details, including those associated with funding the district, must be created by ordinance. T.C.A. § 7-84-202, T.C.A. § 7-84-207. Written protest against the creation of the district by this method by the owners representing more than one-half of the assessed value of the property to be included in the district will block the creation of the district. However, the municipality can amend the protestors out of the district's boundaries.

T.C.A. §§ 7-84-501, *et seq.*, authorize creating a central business improvement district by ordinance passed by a majority vote of the city's governing body present and voting upon:

- petition of a numerical majority of the owners of real property who own at least two-thirds of the assessed value of the real property in the proposed district; or
- the city's own initiative by resolution.

See previous note regarding the resolution and ordinance. T.C.A. § 7-84-511 and T.C.A. § 7-84-515. The creation of the district may be blocked, and the municipality can remove the block in the same manner that applies to a district created under T.C.A. §§ 7-84-101–120.

Under T.C.A. §§ 7-84-501, *et seq.*, the city creates a "district management corporation," which may be either a new or an existing body. The district management corporation acts as an advisory body "for the purpose of making recommendations for the use of special assessment revenues and for the purpose of administering activities within the district, the making of improvements within and for the district, and the provision of services and projects within and for the district." The extent of the district management corporation's powers is determined by ordinance. The city may contract with the district management corporation for services. The speakers of the Senate and the House each appoint to the district management corporation's board of directors an ex officio representative and senator from the House and Senate districts in which the majority of the central business improvement district lies. (An alternative arrangement is made for Shelby County.)

Both laws give cities broad powers to make various improvements in central business improvement districts, acquire improvements from private entities, and levy special assessments on property within the districts to finance the improvements. The laws also prescribe methods of assessment and allow the issuance of improvement revenue bonds. The authority to issue revenue bonds may be delegated to either the industrial development corporation or the public building authority. T.C.A. § 7-84-305.

Connecting CBIDs

The governing bodies of two or more municipalities may enter into an agreement to connect their central business improvement districts. The connected district is subject to all provisions that apply to a single district. T.C.A. § 7-84-209. See also T.C.A. § 7-84-103(3).

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

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