



August 24, 2024

Local Government Obligations Acts of 1986 and Title 49 Education

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county 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 county 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 CTAS website material.

Sincerely,

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Reference Number: CTAS-1778

Once the Project Budget Resolution has been adopted, the county mayor and finance department (if they haven't already) should become familiar with the "Local Government Public Obligations Acts of 1986" found in Title 9, Chapter 21 of the Tennessee Code Annotated. In cases of school projects, a Debt Resolution can be issued under T.C.A. § 49-3-1002. Unlike Title 9, which allows a referendum to be called by the people to vote on whether or not to issue debt, Title 49 does not allow such a referendum. School debt can be approved under either Title 9 or Title 49. Information about Bonds Issued Under Local Government Public Obligations Acts of 1986 and School Bonds can be found under the Capital Budgets topic.

Assuming you have approved a Project Budget Resolution or will have your project approved with only a Debt Resolution, your next step is to determine whether bond or notes will be issued. In the case of potentially having notes issued, you then can consider whether you have the capacity to have internal funding of the debt. In other words, either the trustee purchases the debt as an investment or accounting handles the transaction as an inter fund loan. If it has been decided that notes can be issued, then you should consult the Comptroller of the Treasury Division of Local Finance and review their publication a "Guide for the Issuance of Notes by the Counties, consolidated Governments, and Municipalities of Tennessee."

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