

Department of State**Division of Publications**

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Sequence Number: 08-20-23

Rule ID(s): 9921

File Date: 8/28/2023

Effective Date: 11/26/2023

Proposed Rule(s) Filing Form

Proposed rules are submitted pursuant to Tenn. Code Ann. §§ 4-5-202, 4-5-207, and 4-5-229 in lieu of a rulemaking hearing. It is the intent of the Agency to promulgate these rules without a rulemaking hearing unless a petition requesting such hearing is filed within ninety (90) days of the filing of the proposed rule with the Secretary of State. To be effective, the petition must be filed with the Agency and be signed by ten (10) persons who will be affected by the amendments, or submitted by a municipality which will be affected by the amendments, or an association of ten (10) or more members, or any standing committee of the General Assembly. The agency shall forward such petition to the Secretary of State.

Pursuant to Tenn. Code Ann. § 4-5-229, any new fee or fee increase promulgated by state agency rule shall take effect on July 1, following the expiration of the ninety (90) day period as provided in § 4-5-207. This section shall not apply to rules that implement new fees or fee increases that are promulgated as emergency rules pursuant to § 4-5-208(a) and to subsequent rules that make permanent such emergency rules, as amended during the rulemaking process. In addition, this section shall not apply to state agencies that did not, during the preceding two (2) fiscal years, collect fees in an amount sufficient to pay the cost of operating the board, commission or entity in accordance with § 4-29-121(b).

Agency/Board/Commission: Comptroller of the Treasury
Division: Local Finance
Contact Person: Rachel Buckley, General Counsel
Address: 425 Rep. John Lewis Way N., Nashville, TN
Zip: 37243
Phone: 615-747-5211
Email: rachel.buckley@cot.tn.gov

Revision Type (check all that apply):

☐ Amendment
☐ New
☒ Repeal

Rule(s) (ALL chapters and rules contained in filing must be listed here. If needed, copy and paste additional tables to accommodate multiple chapters. Please make sure that **ALL** new rule and repealed rule numbers are listed in the chart below. Please enter only **ONE** Rule Number/Rule Title per row.)

| Chapter Number | Chapter Title |
|----------------|---|
| 0380-04-01 | Valuation of Certain Promissory Notes used as Collateral for Deposits by Public Entities in Savings and Loan Associations |
| Rule Number | Rule Title |
| 0380-04-01-.01 | Application of Rules |
| 0380-04-01-.02 | Procedure for Determination of Value of Promissory Notes |
| | |
| | |

| Chapter Number | Chapter Title |
|----------------|---------------|
| | |
| Rule Number | Rule Title |
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Place substance of rules and other info here. Please be sure to include a detailed explanation of the changes being made to the listed rule(s). Statutory authority must be given for each rule change. For information on formatting rules go to <https://sos.tn.gov/products/division-publications/rulemaking-guidelines>.

Rule Numbers 0380-04-01-.01 and 0390-04-01-.02 are repealed in their entirety as follows:

**RULES
OF
COMPTROLLER OF THE TREASURY
DIVISION OF LOCAL FINANCE**

CHAPTER 0380-04-01

REPEALED

0380-04-01-.01
through
0380-04-01-.02 Repealed

0380-04-01-.01 REPEALED.

Authority: T.C.A. § 9-1-107 and 2023 Public Chapter 83.

0380-04-01-.02 REPEALED.

Authority: T.C.A. § 9-1-107 and 2023 Public Chapter 83.

* If a roll-call vote was necessary, the vote by the Agency on these rules was as follows:

| Board Member | Aye | No | Abstain | Absent | Signature (if required) |
|--------------|-----|----|---------|--------|----------------------------|
| | | | | | |

I certify that this is an accurate and complete copy of proposed rules, lawfully promulgated and adopted by the Comptroller of the Treasury (board/commission/other authority) on 08/15/2023 (date as mm/dd/yyyy), and is in compliance with the provisions of T.C.A. § 4-5-222. The Secretary of State is hereby instructed that, in the absence of a petition for proposed rules being filed under the conditions set out herein and in the locations described, he is to treat the proposed rules as being placed on file in his office as rules at the expiration of ninety (90) days of the filing of the proposed rule with the Secretary of State.

Date: August 15, 2023

Signature: _____


Name of Officer: Jason E. Mumpower

Title of Officer: Comptroller of the Treasury

Agency/Board/Commission: Comptroller of the Treasury

Rule Chapter Number(s): 0380-04-01-.01 to 0380-04-01-.02

All proposed rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.


Jonathan Skrmetti
Attorney General and Reporter
August 23, 2023
Date

Department of State Use Only

Filed with the Department of State on: 8/28/2023

Effective on: 11/26/2023

RECEIVED

Aug 28 2023, 2:10 pm

Secretary of State
Division of Publications


Tre Hargett
Secretary of State

Regulatory Flexibility Addendum

Pursuant to T.C.A. §§ 4-5-401 through 4-5-404, prior to initiating the rule making process, all agencies shall conduct a review of whether a proposed rule or rule affects small business.

This rule repeal will not impact small business.

Impact on Local Governments

Pursuant to T.C.A. §§ 4-5-220 and 4-5-228, "On any rule and regulation proposed to be promulgated, the proposing agency shall state in a simple declarative sentence, without additional comments on the merits or the policy of the rule or regulation, whether the rule or regulation may have a projected financial impact on local governments. The statement shall describe the financial impact in terms of increase in expenditures or decrease in revenues."

The repeal of these rules will have no financial impact on local governments.

Additional Information Required by Joint Government Operations Committee

All agencies, upon filing a rule, must also submit the following pursuant to T.C.A. § 4-5-226(i)(1).

- (A) A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

This proposal is for the repeal of Tenn. R. & Regs. 0380-04. With the recent passage of 2023 Public Chapter 83, the rules are no longer necessary, and the authority behind them has been removed.

- (B) A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

Prior to the passage of 2023 Public Chapter 83, T.C.A. § 9-1-107(a)(2)(A) authorized the comptroller to promulgate regulations establishing the procedure for determining the value of certain promissory notes used as collateral for certain government deposits. 2023 Public Chapter 83 removed these types of promissory notes as an authorized form of collateral and removed the Comptroller's authority to promulgate the relevant regulations. Because these promissory notes are no longer permitted, the rules are no longer necessary, nor are they authorized.

- (C) Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

This rule repeal will not impact any foreseen entities, as there are no known existing local government deposits using this collateralization.

- (D) Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule or the necessity to promulgate the rule;

No known opinions of the attorney general and reporter or judicial rulings directly relate to these rules, their promulgation, or their repeal.

- (E) An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two percent (2%) of the agency's annual budget or five hundred thousand dollars (\$500,000), whichever is less;

No fiscal impact to the state or local governments is anticipated.

- (F) Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

Rachel Buckley, General Counsel
Lauren Webb, Legislative Director
Sheila Reed, Director of the Division of Local Government Finance

- (G) Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

Rachel Buckley, General Counsel
Lauren Webb, Legislative Director
Sheila Reed, Director of the Division of Local Government Finance

- (H) Office address, telephone number, and email address of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

Lauren Webb: (615) 401-7874 lauren.webb@cot.tn.gov; Rachel Buckley: (615) 747-5211

rachel.buckley@cot.tn.gov; Sheila Reed: (615) 401-7906 sheila.reed@cot.tn.gov
Comptroller of the Treasury, Cordell Hull Building, 425 Rep. John Lewis Way North, Nashville, TN 37243

(I) Any additional information relevant to the rule proposed for continuation that the committee requests.

None known.

**RULES
OF
COMPTROLLER OF THE TREASURY
DIVISION OF LOCAL FINANCE**

**CHAPTER 0380-4-1
VALUATION OF CERTAIN PROMISSORY NOTES
USED AS COLLATERAL FOR DEPOSITS BY PUBLIC ENTITIES
IN SAVINGS AND LOAN ASSOCIATIONS**

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0380-4-1-.01 APPLICATION OF RULES.

~~Tennessee Code Annotated, Section 9-1-107, authorizes certain public entities to deposit funds in accounts of certain savings and loan associations. Chapter 111, Public Acts 1979, amends T.C.A., Section 9-1-107, to authorize "deposits in excess of the limits of insurance on such accounts . . . where . . . the collateral consists of a promissory note secured by a first mortgage or first deed of trust upon residential real property located in Tennessee, provided that:~~

- ~~(a) — The promissory note shall at all times be in an amount in value at least fifty percent (50%) in excess of the amount deposited with the association, such value to be determined in accordance with procedures established by regulations hereby authorized to be issued by the Comptroller of the Treasury; . . ."~~

~~*Authority: T.C.A. §9-1-107. Administrative History: Original rule filed August 27, 1979; effective October 10, 1979.*~~

0380-4-1-.02 PROCEDURE FOR DETERMINATION OF VALUE OF PROMISSORY NOTES. Pursuant to the requirement of T.C.A., Section 9-1-107, as amended by Section 1, Chapter 111, Public Acts of 1979, set forth in Rule 0380-4-1-.01, the value of any promissory note secured by a first deed of trust upon residential real property used as collateral for deposits authorized by T.C. A., Section 9-1-107, shall, for the purposes of T.C.A., Section 9-1-107, be equal to the lesser of either:

- ~~(a) — Ninety percent (90%) of the appraised value for county ad valorem property tax purposes of the real property securing the promissory note as shown on the records of the assessor of property for the county wherein the property is located for the most recent year in which all ad valorem property taxes on the property have been assessed and paid; or~~
- ~~(b) — The unpaid principal balance of the promissory note at any time as shown on the records of the savings and loan association.~~

~~*Authority: T.C.A. §9-1-107. Administrative History: Original rule filed August 31, 1979; effective October 15, 1979.*~~