



# County Technical Assistance Service

Published on e-Li (<http://ctas-eli.ctas.tennessee.edu>)

August 20, 2019

## Industrial Development Corporations

---

Dear Reader:

The following document was created from the CTAS electronic library known as e-Li. This online library is maintained daily 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 e-Li material.

Sincerely,

The University of Tennessee  
County Technical Assistance Service  
226 Capitol Blvd. Suite 400  
Nashville, TN. 37219  
615-532-3555 phone  
615-532-3699 fax  
[ctas@tennessee.edu](mailto:ctas@tennessee.edu)  
[www.ctas.tennessee.edu](http://www.ctas.tennessee.edu)

## Table of Contents

Industrial Development Corporations.....	3
--	---

## Industrial Development Corporations

**Reference Number:** CTAS-619

Industrial development corporations were authorized by the General Assembly to maintain and increase employment, increase agricultural and industrial production, and reduce pollution. Their powers and duties are set forth in T.C.A. § 7-53-101 *et seq.* These statutes expressly state that their provisions are to be broadly construed to further the health, welfare, and safety of citizens. Thus, these corporations can figure prominently in a county's planning activities.

Industrial development corporations are authorized to acquire projects and lease or sell those projects to facilitate their economic development goals. T.C.A. § 7-53-302. What constitutes a "project" is defined in T.C.A. § 7-53-101.

Industrial development corporations are also authorized to enter into payment in lieu of tax (PILOT) agreements. Prior to entering into a PILOT agreement, the industrial development corporation must hold a public hearing after giving five days' notice of such hearing. The industrial development corporation may also be required to get approval of the PILOT from the county legislative body if the body has passed a resolution to that effect. T.C.A. § 7-53-305. PILOTs for retail projects must meet certain criteria set forth in T.C.A. § 7-53-305. There are also special provisions for PILOTs from industrial development corporations formed by municipalities that do not levy their own property tax. T.C.A. § 7-53-305.

Industrial development corporations are also authorized to enter into tax increment financing agreements. The industrial development corporation is authorized to prepare and submit to the county or municipality of their creation an economic impact plan for areas affected by projects of the industrial development corporation. The plan must provide that the property taxes collected on property in the plan area, including taxes on personal property, above the base year amount will be allocated to a separate fund of the industrial development corporation and used for industrial development purposes or to pay debt service on the industrial development corporation's obligations. The plan may include an amount greater than the base year amount to be allocated to the taxing local governments. The plan is subject to approval by the county or municipal legislative body that created the industrial development corporation. If the area subject to the plan is within the corporate limits of a city or town, the taxes that would otherwise be payable to the city, town, or county that is not the local government that created the industrial development corporation will not be paid to the industrial development corporation unless such local government has also approved the plan. T.C.A. § 7-53-312.

Counties and municipalities are authorized to appropriate funds to make contributions or loans with reasonable interest, to industrial development corporations in the county. County legislative bodies are authorized to borrow funds for the purpose of making contributions or loans to industrial development corporations. T.C.A. § 6-54-118.

---

**Source URL:** <http://ctas-eli.ctas.tennessee.edu/reference/industrial-development-corporations>

