

Under Rule 130 of the Tamil Nadu Legislative Assembly Rules, the following Bill which was introduced in the Legislative Assembly of the State of Tamil Nadu on 28th June, 2024 is published together with Statement of Objects and Reasons for general information:—

L.A Bill No. 24 of 2024

A Bill further to amend the Tamil Nadu Urban Local Bodies Act, 1998.

BE it enacted by the Legislative Assembly of the State of Tamil Nadu in the Seventy-fifth Year of the Republic of India as follows:—

1. (1) This Act may be called the Tamil Nadu Urban Local Bodies (Second Amendment) Act, 2024. Short title and commencement.

(2) (a) Sub-section (1) of section 36 shall be deemed to have come into force on the 13th day of April 2023.

(b) All other sections shall come into force on such date as the State Government may, by notification, appoint.

Tamil Nadu Act
9 of 1999.

2. In section 2 of the Tamil Nadu Urban Local Bodies Act, 1998 (hereinafter referred to as the principal Act),— Amendment of section 2.

(1) in clause (10), for the expression “municipality”, the expression “municipal council” shall be substituted;

(2) in clause (45), for the expression “municipality”, the expression “municipal council” shall be substituted;

(3) in clause (46), for the expression “municipality”, the expression “municipal council” shall be substituted;

(4) in clause (48), for the expression “municipality”, the expression “municipal council” shall be substituted.

3. In section 3 of the principal Act, in sub-section (2), clause (h) shall be omitted. Amendment of section 3.

4. After section 3 of the principal Act, the following section shall be inserted, namely:— Insertion of section 3-A.

“3-A. Transitional provisions on the constitution or extension of the area of the municipality.— (1) When the municipality is constituted or extended, all property, all rights of whatever kind, used, enjoyed or possessed by, and all interests of whatever kind owned by, or vested in, or held in trust by or for the municipality or the panchayat constituted under the Tamil Nadu Panchayats Act, 1994 (Tamil Nadu Act 21 of 1994), of which local area is included as well as all liabilities legally subsisting against such municipality or panchayat, as the case may be, on and from the date of the notification, by which such constitution or extension of the municipality is declared, shall, subject to such directions as the Government may, by general or special order, give in this behalf, vest with the municipality constituted or to which such areas have been included.

(2) All arrears of taxes or other payments by way of composition for a tax, or due for expenses or compensation or otherwise, except such arrears or payments in respect of water supply and sewerage services, in respect of the Chennai Metropolitan Area, due to such municipality or panchayat, as the case may be, on the date of such notification, shall be recovered as if they had accrued to the municipality constituted or to which such areas have been included and shall be recovered as if such arrears or payments had become due under the provisions of this Act.

(3) All taxes, fees and duties, which immediately before the date of such notification, were being levied by such municipality or panchayat, as the case may be, shall be deemed to have been levied by the municipality constituted or to which such local areas have been included, under the provisions of this Act and shall continue to be in force accordingly until such taxes, fees and duties are revised, cancelled or superseded by, anything done or any action taken under this Act.

(4) All proceedings taken by, or against, such panchayat or authority or any person under the Tamil Nadu Panchayats Act, 1994 (Tamil Nadu Act 21 of 1994), shall be continued by, or against, the municipality or authority or person as if such proceedings had been commenced under the provisions of this Act.

(5) Any action taken under the Tamil Nadu Panchayats Act, 1994 (Tamil Nadu Act 21 of 1994) by any authority before the date of such notification, shall be deemed to have been taken by the authority competent to take such action under this Act, as if this Act had then been in force.

(6) Notwithstanding anything contained in this Act, every officer or employee who, immediately before the date of such notification, was in the service of such municipality or panchayat, as the case may be, shall, on and from the date of such notification, be deemed to be an officer or employee of the municipality constituted or to which such local areas have been included:

Provided that—

(a) the terms and conditions applicable to such officer or employee consequent on his absorption in the service of the municipality constituted or to which such local areas have been included shall not be less favourable than those applicable to such officer or employee immediately before the date of such notification, as regards pay and allowances, leave, pension, gratuity, provident fund and age of superannuation; and

(b) the service rendered by such officer or employee under such panchayat, upto the date of such notification, shall be deemed to be the service under the municipality constituted or to which such local areas have been included and he shall be entitled to count that service for the purpose of increments, leave, pension, provident fund and gratuity:

Provided further that such officer or employee serving in such panchayat, shall be given an option to be exercised within such time and in such manner as may be prescribed either to be absorbed in the service of the municipality to which such local areas have been included or to be transferred to the service referred to in sections 104 and 105 of the Tamil Nadu Panchayats Act, 1994 (Tamil Nadu Act 21 of 1994) or to be retrenched from the service of such panchayat, and on such retrenchment, he shall be eligible for such benefits as may be prescribed.

5. In section 32 of the principal Act, after sub-section (1), the following sub-section shall be inserted, namely:—

Amendment of section 32.

“(1-A) In the case of a person who ceased to be a Chairperson or councillor under sub-section (1), the matter shall be reported by the Commissioner to the council and the Tamil Nadu State Election Commission.”.

6. In section 44 of the principal Act, in sub-section (6), the expression “or Taxation Appeals Tribunal, as the case may be” shall be omitted.

Amendment of section 44.

7. In section 78 of the principal Act, for sub-sections (2), (3) and (4), the following sub-sections shall be substituted, namely:—

Amendment of section 78.

“(2) (a) No sale, gift or exchange of any land or any other immovable property belonging to the municipality shall be made by the council:

Provided that where any municipal land or any other immovable property is required by the Central or State Government or any Central or State Public Sector Undertaking for any public purpose, the council may permit the sale, gift or exchange of such land or building.

(b) No such sale, gift or exchange of land or any other immovable property belonging to the municipality shall be made without the sanction of the Government.

(c) Such sale, gift or exchange of immovable property under this sub-section shall be made at such rate as may be specified by the Government.

(3) The council may grant licence, lease or rent out the land or buildings belonging to it for use and occupation for a period not exceeding,—

(i) three years to the general public for non-commercial purpose;

(ii) nine years to the Central or State Government Departments, Public Sector Undertakings or statutory bodies owned or controlled by the Central or State Government;

(iii) twelve years, in the case of commercial shopping complexes:

Provided that no such licence, lease or rent out shall be granted for a period exceeding three years at a time;

(iv) twenty years, in the case of agricultural land for agricultural purpose:

Provided that the Government may, in special and extraordinary circumstances, allow the council to sanction long lease beyond the period prescribed in this sub-section for the following bonafide public purposes, namely:—

(i) Educational purpose;

(ii) Medical purpose;

(iii) Charitable purpose;

(iv) Social welfare activities;

(v) Minority welfare activities.

(4) After the completion of the period prescribed in sub-section (3), no extension or renewal of lease, licence or rent out shall be permitted and any application for the same shall be considered afresh in accordance with the provisions of this Act.

(5) (a) Licence fee, lease rent or rent shall be paid,—

(i) for the first year, at the time of handing over of land or building; and

(ii) for every subsequent year, before the 28th day of February of the previous year:

Provided that for renting of shops in shopping complexes or public markets, the collection of rent shall be made every month;

(b) A penal interest at the rate of twelve per cent simple interest shall be levied for licence fee, lease rent or rent that is not paid within the prescribed date when it is due.

(c) The licence fee, lease rent or rent shall be enhanced every year by five per cent during the duration of the licence or lease.

Amendment of section 82.

8. In section 82 of the principal Act, after sub-section (2), the following sub-section shall be inserted, namely:—

“(2-A) Any such return filed under clauses (b) and (c) of sub-section (2) shall be accompanied by such fee as may be prescribed for such reassessment of property tax.”.

Amendment of section 83.

9. In section 83 of the principal Act, in sub-section (2), in the proviso, for clause (a), the following clause shall be substituted, namely:—

“(a) in the case of any building of a class not ordinarily let, the gross annual value shall be calculated as per the basic zonal value or basic street rate, as may be prescribed and in case, in the opinion of the Commissioner, the gross annual value cannot be estimated based on such basic zonal value or basic street rate, as the case may be, the annual value of the premises shall be deemed to be six per cent of the total estimated value of the land and estimated present cost of construction of the building, after deducting a reasonable amount towards depreciation which shall in no case be less than ten per cent of such cost.”.

Amendment of section 84.

10. In section 84 of the principal Act,—

(1) in sub-section (1), for the expression “thirty days”, the expression “one month” shall be substituted;

(2) after sub-section (3), the following sub-section shall be inserted, namely:—

“(4) Nothing contained in this section shall apply to the properties owned by the Central or State Governments, public sector undertakings or statutory bodies owned or controlled by the Central and State Governments.”.

Substitution of section 97.

11. For section 97 of the principal Act, the following section shall be substituted, namely:—

“**97. Power to assess escaped assessment.**—Notwithstanding anything to the contrary contained in this Act or the rules made thereunder, if for any reason any person liable to pay any of the taxes or fees leviable under this Chapter has escaped assessment in any half-year or year or has been assessed in any half-year or year at a rate lower than the rate at which he is assessable, or in the case of property tax has not been duly assessed in any half-year or year consequent on the building or land concerned having escaped proper assessment, the Commissioner may, at any time, serve on such person a notice assessing him to the tax or fee

due and demanding payment thereof within fifteen days from the date of such service of notice and the provisions of this Act and the rules made thereunder shall, so far as may be, apply as if the assessment was made in the half-year or year to which tax or fee relates:

Provided that no arrears of tax or fee shall be collected for more than last six years.”.

12. In section 116 of the principal Act,—

Amendment of section 116.

(i) the expression “tax” shall be omitted;

(ii) for the expression “an arrear of land revenue”, the expression “an arrear of a tax under section 116-A” shall be substituted.

13. In section 117-B of the principal Act,—

Amendment of section 117-B.

(1) in sub-section (2), in the proviso, for the expression “employee”, the expression “person” shall be substituted;

(2) in sub-section (4), for the expression “Cantonments Act, 1924 (Central Act II of 1924)”, the expression “Cantonments Act, 2006 (Central Act 41 of 2006)” shall be substituted.

14. For section 117-G of the principal Act, the following section shall be substituted, namely:—

Substitution of section 117-G.

“**117-G. Appeal.**— (1) Any person or employer aggrieved by any order or decision of the Commissioner in relation to the payment of tax (including penalty, fee and interest) may, within such time as may be prescribed, appeal to the Taxation Appeals Committee.

(2) The decision of the Taxation Appeals Committee shall be final and shall not be questioned in any court of law:

Provided that no such decision shall be made except after giving the person affected a reasonable opportunity of being heard.”.

15. In section 117-L of the principal Act, for sub-sections (1) and (2), the following sub-sections shall be substituted, namely:—

Amendment of section 117-L.

“(1) Every person who intends to erect hoarding at any place shall register his name with the municipality in such Form with such fee, as may be prescribed.

(2) Any registered person under sub-section (1) may apply to the Commissioner for a licence for erection of any hoarding.

(2-A) Every application for licence under sub-section (2) shall be made to the Commissioner in such form, containing such particulars, with such application fee, as may be prescribed.”.

16. In section 117-M of the principal Act, to sub-section (2), the following proviso shall be added, namely:—

Amendment of section 117-M.

“Provided that in case of political event, such application shall be made at least three days prior to the date of erection of digital banner or placard.”.

17. In section 117-O of the principal Act, for the expression “as an arrear of land revenue”, the expression “as an arrear of tax under section 116-A” shall be substituted.

Amendment of section 117-O.

- Amendment of section 117-P. 18. In section 117-P of the principal Act, in sub-section (2), for the expression "as an arrear of land revenue", the expression "as an arrear of tax under section 116-A" shall be substituted.
- Substitution of section 117-S. 19. For section 117-S of the principal Act, the following section shall be substituted, namely:—
- "117-S. Power to grant rights to advertise and to build or maintain public asset in properties vested with the municipality.—** (1) Subject to the provisions of the Tamil Nadu Open Places (Prevention of Disfigurement) Act, 1959 (Tamil Nadu Act 2 of 1959) or any other law for the time being in force, the Commissioner may grant right to any person or a class of persons or any institution or organisation,—
- (a) to display advertisement on contract; or
- (b) to build or maintain a public asset by public private partnership basis, by inviting tenders under the provisions of the Tamil Nadu Transparency in Tenders Act, 1998 (Tamil Nadu Act 43 of 1998).
- (2) Any amount paid to the municipality under sub-section (1) shall be in addition to, and distinct from, the licence fee to be paid under section 117-L or section 117-M, as the case may be.
- (3) Notwithstanding anything contained in this section, the council may allow any person or a class of persons or any institution or organisation that maintains a public asset belonging to, or vested with, the municipality at its own cost, to display their own advertisement."
- Amendment of section 117-T. 20. In section 117-T of the principal Act, for the expression "as an arrear of land revenue" occurring in two places, the expression "as an arrear of tax under section 116-A" shall be substituted.
- Amendment of section 118. 21. In section 118 of the principal Act, in sub-section (5), the expression "after obtaining orders from the Director" shall be added at the end.
- Amendment of section 119. 22. In section 119 of the principal Act, in the marginal heading, for the expression "erection of", the expression "construction of" shall be substituted.
- Amendment of section 120. 23. In section 120 of the principal Act,—
- (1) in sub-section (2), for the expression "the Commissioner", the expression "the Member Secretary of the Chennai Metropolitan Development Authority in the case of the Chennai Metropolitan Planning Area and the Director of Town and Country Planning in the case of other areas", shall be substituted;
- (2) in sub-section (6), for the expression "the Commissioner" occurring in two places, the expression "the Member Secretary of the Chennai Metropolitan Development Authority in the case of the Chennai Metropolitan Planning Area and the Director of Town and Country Planning in the case of other areas", shall be substituted.
- Amendment of section 122. 24. In section 122 of the principal Act, for the expression "the Tamil Nadu Slum Clearance Board", the expression "the Tamil Nadu Urban Habitat Development Board", shall be substituted.

25. In section 128 of the principal Act,—

Amendment of
section 128.

(1) in sub-section (1),—

(a) in clause (a), for the expression “street or public place or the land”, the expression “street, public place, water body, tank, other water resources or any land” shall be substituted;

(b) in clause (b),—

(i) for the expression “street or public place or the land”, the expression “street, public place, water body, tank, other water resources or any land” shall be substituted;

(ii) for the expression “seven days”, the expression “fifteen days” shall be substituted;

(2) in sub-section (2), for the expression “any public street or any land”, the expression “any public street, water body, tank, other water resources or any land” shall be substituted.

26. In section 133 of the principal Act, for sub-sections (8), (9), (10) and (11), the following sub-sections shall be substituted, namely:—

Amendment of
section 133.

“(8) Where no permission has been granted and where the application has not been returned for rectifying the defects for furnishing any other particulars, the applicant may file a copy of the building application together with the details to the Member Secretary of the Chennai Metropolitan Development Authority in the case of the Chennai Metropolitan Planning Area or the Director of Town and Country Planning in other areas, as the case may be, within one month from the date of expiry of the time limit for grant of permission referred to in sub-section (6).

(9) On receipt of an application, the Member Secretary of the Chennai Metropolitan Development Authority or the Director of Town and Country Planning, as the case may be, shall, after verifying the correctness of the particulars furnished in the application and satisfying himself that the proposed building construction is in accordance with the provisions of this Act and the rules made thereunder, grant permission or refuse to grant permission for reasons to be recorded in writing within thirty days from the date of receipt of the application.

(10) Any person objecting to an order passed by the Commissioner under sub-section (6) or the Member Secretary of the Chennai Metropolitan Development Authority or the Director of Town and Country Planning, as the case may be, under sub-section (9) may, within a period of forty-five days from the date of receipt of the order prefer an appeal to the Government in such form and shall be accompanied by such fee as may be prescribed:

Provided that the Government may, admit an appeal preferred after the expiration of such period, if they are satisfied that the petitioner had sufficient cause for not preferring the appeal in time.

Explanation.— For the purpose of this sub-section and sub-section (11), “Government” means the Government in Housing and Urban Development Department.

(11) The Government may, after considering the grounds of appeal, either confirm or set aside, cancel or in any way modify the order of the Commissioner or Member Secretary of the Chennai Metropolitan Development Authority or the Director of Town and Country Planning, as the case may be:

Provided that no order prejudicial to the appellant shall be passed without giving him an opportunity of being heard.”.

Amendment of section 135.

27. In section 135 of the principal Act, after sub-section (6), the following sub-section shall be added, namely:—

“(7) If in any case where no action has been taken in pursuance of any notice issued by the Commissioner under sub-section (1) directing the person to regulate the construction, re-construction or modification of any building in accordance with the rules and within the time limit referred to in the said sub-section, the Commissioner may lock and seal the building or remove or demolish unauthorised construction. The cost of expenditure incurred by the municipality towards such removal or demolition shall be recovered from the person concerned as an arrear of tax under section 116-A.”.

Amendment of section 137.

28. In section 137 of the principal Act, for the expression “as an arrear of land revenue”, the expression “as an arrear of tax under section 116-A” shall be substituted.

Amendment of section 145.

29. In section 145 of the principal Act, in sub-section (2) for the expression “as an arrear of land revenue”, the expression “as an arrear of tax under section 116-A” shall be substituted.

Amendment of section 155.

30. In section 155 of the principal Act, in sub-section (3), in the proviso, for the expression “shall not continue any other system of disposal already in existence in that building”, the expression “shall not continue or resort to any other means of sewage disposal such as septic tank, cess-pool or sewage disposal vehicles” shall be substituted.

Amendment of section 161-A.

31. In section 161-A of the principal Act, in sub-section (3), for the expression “as an arrear of land revenue”, the expression “as an arrear of tax under section 116-A” shall be substituted.

Amendment of section 170.

32. In section 170 of the principal Act, in sub-section (2), for the expression “as an arrear of land revenue”, the expression “as an arrear of tax under section 116-A” shall be substituted.

Amendment of section 173.

33. In section 173 of the principal Act, in sub-section (1), in clause (b), for the expression “the Judicial Magistrate”, the expression “the Commissioner or Judicial Magistrate” shall be substituted.

Amendment of section 175.

34. In section 175 of the principal Act, in sub-section (11), for the expression “as an arrear of land revenue”, the expression “as an arrear of tax under section 116-A” shall be substituted.

Amendment of section 194.

35. In section 194 of the principal Act, in sub-section (1), for clause (a), the following clauses shall be substituted, namely:—

“(a) by sending the said document to such person by electronic means as may be prescribed; or

(aa) by giving or tendering the said document to such person; or”

Amendment of section 198.

36. In section 198 of the principal Act,—

(1) in sub-section (1), for the expression “may make rules”, the expression “may make rules prospectively or retrospectively” shall be substituted;

(2) in sub-section (3),—

(a) for the expression “Special Grade Municipalities”, the expression “Special Grade Municipal Councils” shall be substituted;

(b) for the expression “Selection Grade and First Grade Municipalities”, the expression “Selection Grade and First Grade Municipal Councils” shall be substituted;

(c) for the expression “Second Grade Municipalities”, the expression “Second Grade Municipal Councils” shall be substituted.

37. After section 199 of the principal Act, the following section shall be inserted, namely: —

Insertion of
section 199-A.

“199-A. Application of the Tamil Nadu Act II of 1888.— The provisions of the Tamil Nadu Places of Public Resort Act, 1888 (Tamil Nadu Act II of 1888) shall apply to the municipalities.”.

38. In section 200 of the principal Act,—

Amendment of
section 200.

(1) in sub-section (1), clause (h) shall be omitted.

(2) in sub-section (3), in clause (e), for the expression “municipalities” occurring in two places, the expression “municipal councils” shall be substituted.

STATEMENT OF OBJECTS AND REASONS.

The operation of the Tamil Nadu Urban Local Bodies Act, 1998 (Tamil Nadu Act 9 of 1999) was suspended in the year 2000. The said Tamil Nadu Act 9 of 1999 has been revived and updated by the Tamil Nadu Urban Local Bodies (Amendment) Act, 2022 (Tamil Nadu Act 35 of 2022) incorporating certain provisions in consonance with the provisions available in the erstwhile laws governing the Municipal Corporations and Municipalities. The said Tamil Nadu Act 9 of 1999 along with the Rules made thereunder have been brought into force on the 13th April 2023.

2. During the implementation of the said Tamil Nadu Act 9 of 1999, it is found that it is imperative to provide certain new provisions to the said Tamil Nadu Act 9 of 1999 so as to implement the said Act effectively. Accordingly, the Government have decided to amend the said Tamil Nadu Act 9 of 1999 suitably for the said purpose.

3. The Bill seeks to give effect to the above said decision.

K.N. NEHRU,
Minister for Municipal Administration.

MEMORANDUM REGARDING DELEGATED LEGISLATION.

Clauses 1(2)(b), 4, 7, 8, 9, 14, 15, 26, 35 and 36(1) of the Bill authorise the Government to issue notifications or orders or to make rules, as the case may be, to carry out the purposes specified therein.

2. The powers delegated are normal and not of an exceptional character.

K.N. NEHRU,
Minister for Municipal Administration.

Secretariat,
Chennai-600 009,
28th June 2024.

K. SRINIVASAN,
Principal Secretary.