The Tennessee Advisory Commission on Intergovernmental Relations: Update on Recent and Current Projects of Interest to County Mayors

A Presentation to the Tennessee Association of County Mayors

Cliff Lippard
TACIR Executive Director

Murfreesboro, Tennessee

August 28, 2024

A Little About TACIR

- Created in 1978 to serve as a forum for the discussion and resolution of intergovernmental problems and issues
- Chair: Senator Ken Yager
- Vice Chair: Mayor Kevin Brooks
- 25 members

Members

Legislative Members
Senator Heidi Campbell
Senator Jon Lundberg
Senator Ken Yager, Chairman
Senator Jeff Yarbro
Representative John Crawford
Representative Harold M. Love, Jr.
Representative Antonio Parkinson
Representative Ryan Williams
Statutory Members
Senator Bo Watson Chair of Senate Finance, Ways and Means
Representative Patsy Hazlewood Chair of House Finance, Ways and Means
Jason Mumpower, Comptroller of the Treasury
Municipal Members
Kevin Brooks, Mayor of Cleveland, Vice Chairman
Paige Brown, Mayor of Gallatin
Chase Carlisle, Councilman, City of Memphis
Vacant - Appointment Pending

County Members
Rogers Anderson, Williamson County Mayor
Jeff Huffman, Tipton County Executive
Bob Rial, Dickson County Mayor
Larry Waters, Sevier County Mayor
Other Local Government Members
Terry Frank, Anderson County Mayor TN Development District Association
Mary Gaither, Tipton County Clerk County Officials Association of TN
Executive Branch Members
Jim Bryson, Commissioner, Finance & Administration
Deniece Thomas, Commissioner, Department of Labor and Workforce Development
Private Citizen Members
Calvin Clifton, Kingsport
Jeff Peach, Smyrna

TACIR

Agenda

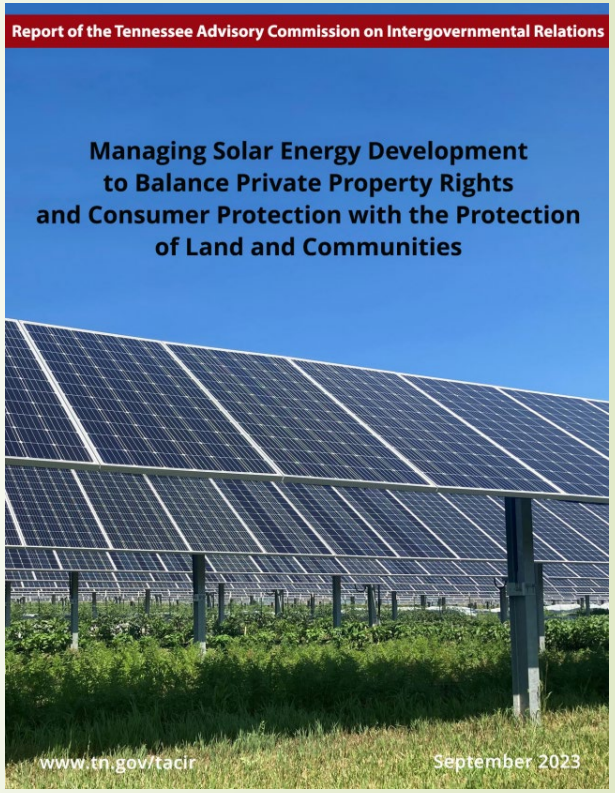
- Recent studies
- Current studies
- Legislative/Administrative action on previous recommendations

Reports Published Last Fiscal Year

- *Managing Solar Energy Development to Balance Private Property Rights and Consumer Protection with the Protection of Land and Communities,* September 2023
- *Enhancing Safety and Security at Colleges and Universities in Tennessee*, November 2023
- *Striking a Balance Between Tennessee's Alcohol Regulation and the Hospitality Industry: A Tale of Public Health and Safety, Barriers to Entry and Staff Challenges, and Pathways to Improvement*, November 2023
- *Tennessee Valley Authority's Payments in Lieu of Taxes: Annual Report to the General Assembly*, January 2024
- *Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs*, January 2024
- *Reducing the Burden: Increasing Housing Supply to Lower Housing Costs and Improve Affordability,* May 2024.

Solar Energy Development

- Public Chapter 1043, Acts of 2022
- Concerns with effect of utility solar on prime farmland
- Findings:
  - Solar development is a much smaller threat to prime farmland than other development.
  - There is a need to balance property rights with land use concerns.
- Recommendations:
  - TDEC's Office of Energy Programs should continue to expand and maintain its existing website with additional guidance and resources on utility-scale solar for local governments, landowners, developers, and the public.
  - TDEC's Office of Energy Programs should continue to expand and maintain its webpage that provides guidance and resources on residential solar for the public. Representatives of that office say they are willing to do so.
  - Consider raising the penalty for violations of the Consumer Protection Act if the good or service involved has a value greater than a monetary threshold set by the state.

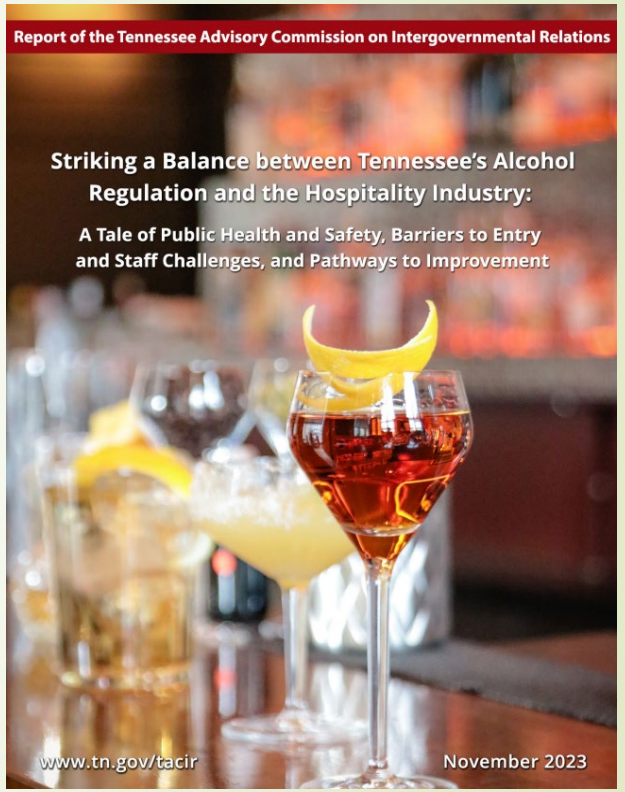


College E-911

- SB2827 by Hensley/HB2729 by Ogles
- 911 calls not recorded at some colleges
- Findings:
  - There is no evidence of higher crime rates where 911 calls not recorded, but recording could still be valuable.
  - Current statistics only capture a small portion of criminal activity.
- Recommendations:
  - Encourage colleges and universities to record and retain recordings of calls reporting crimes and conduct violations to campus police and security departments by providing additional funding to help postsecondary institutions obtain or improve emergency call recording systems.
  - Require colleges and universities in Tennessee to publish to their websites annual statistics for complaints of sexual misconduct and assault reported to their campus Title IX authorities.
  - TBI develop a process to include statistics for crimes reported within one half mile of each college or university campus in its annual Crime on Campus reports, and that colleges and universities publish to their websites the statistics for their institutions from this report, which they are already required to make available upon request.

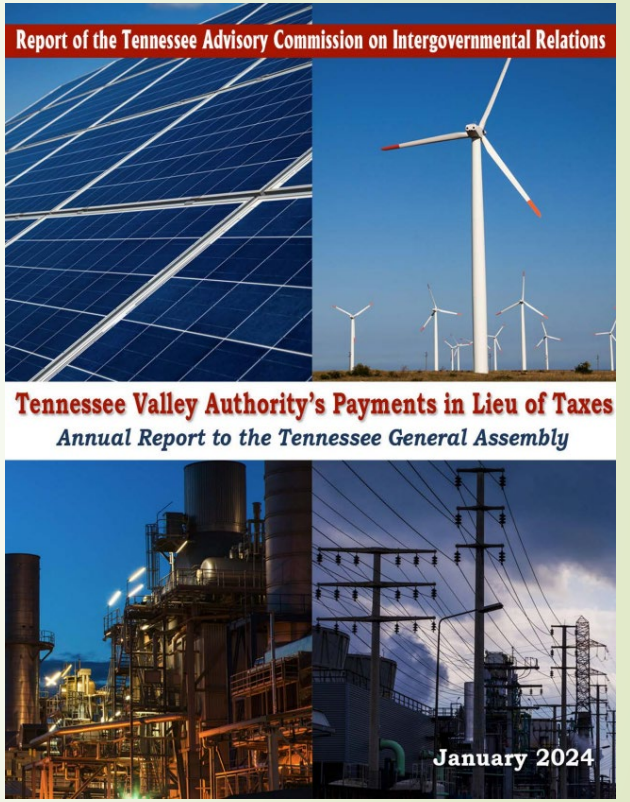
Alcohol Regulation & the Hospitality Industry

- SB2262 by Briggs/HB2419 by Mannis
- Industry officials say current taxes and regulations create burden
- Findings
  - The state's alcohol regulations and taxes' primary objective is to balance the needs of businesses, state and local revenue generation, and public health and safety.
  - The TABC could reduce the cost and time to apply by clarifying which documents are accepted and by further automating parts of the process.
  - The TABC could reduce the cost and time to apply by clarifying which documents are accepted and by further automating parts of the process.
- Recommendations:
  - TABC inform applicants that it accepts temporary occupancy and use permits for liquor license applications.
  - Strategic Technology Solutions continue to investigate automating parts of the liquor licensing application process.



TVA PILOTs

- Public Chapter 1035, Acts of 2010
- The need to monitor anything that could affect TVA payments to the state and its local governments
- Select Findings
  - TVA estimates the total PILOT for federal FY 2023-24 will be $588 million, a decrease of $23 million. Tennessee's estimated share decreased by $16 million to a total of $394 million.
  - For the state's 2023-24 fiscal year, allocations will increase by an estimated $2.2 million for counties, $0.9 million for cities, and $2.7 million for the state's own agencies. The allocations increase for the state fiscal year despite decreasing for the current federal fiscal year because of the lag between the start of the state fiscal year (July) and the federal fiscal year (October).
  - The TVA board approved a 4.5% wholesale rate increase—excluding adjustments made for changes in the cost of fuel—effective October 1, 2023, which is estimated to produce an additional $405 million of revenue during federal fiscal year 2023-24



Infrastructure Needs

- Public Chapter 817, Acts of 1996
- The need for information to allow the state and its local governments to develop infrastructure goals and strategies
- Findings:

  Tennessee needs at least $68 billion worth of public infrastructure improvements during the five-year period of July 2022 to June 2027—a $5 billion (9%) increase from the year before. Health, Safety, and Welfare infrastructure needs increased by $2 billion—37% of the overall increase in the total estimated cost of the inventory. Over half of this increase—$1 billion—is needed for water and wastewater infrastructure improvements, including new projects and increases in the cost of existing projects.

Infrastructure Needs (continued)

- Total estimated costs for current infrastructure needs fall into six general categories:
  - Transportation and Utilities: $35 billion
  - Education: $17 billion
  - Health, Safety, and Welfare: $11 billion
  - Recreation and Culture: $3 billion
  - General Government: $2 billion
  - Economic Development: $239 million

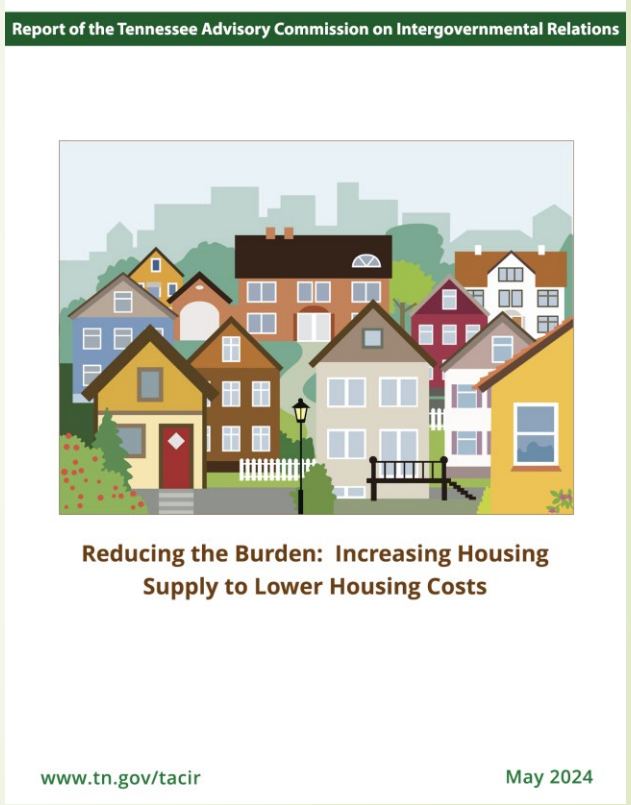
Estimated Cost of Needed Infrastructure for Knox County Five-year period July 2022 through June 2027

Project Type	Conceptual	Planning & Design + Construction
Post-secondary Education	$ 827,650,000	$ 1,267,585,500
Transportation	355,474,000	1,196,750,436
Water and Wastewater	79,660,000	213,033,727
Other Utilities	87,800,000	30,300,000
Public Buildings	97,690,000	3,520,000
Law Enforcement	13,370,000	77,268,558
New Public Schools & Additions	-	64,115,250
School Renovations	16,885,117	38,372,944
Other Education	4,500,000	34,570,000
Recreation	13,495,000	9,450,306
Public Health Facilities	-	22,190,000
Housing	-	20,000,000
Libraries, Museums, & Historic Sites	4,500,000	-
Other Facilities	438,000	2,318,639
Community Development	-	267,100
Broadband	-	-
Business District Development	-	-
Fire Protection	-	-
Industrial Sites and Parks	-	-
School-System-wide	-	-
Solid Waste	-	-
Storm Water	-	-
Total	$ 1,501,462,117	$ 2,979,742,460

*Total Estimated Cost = Conceptual + Planning & Design + Construction

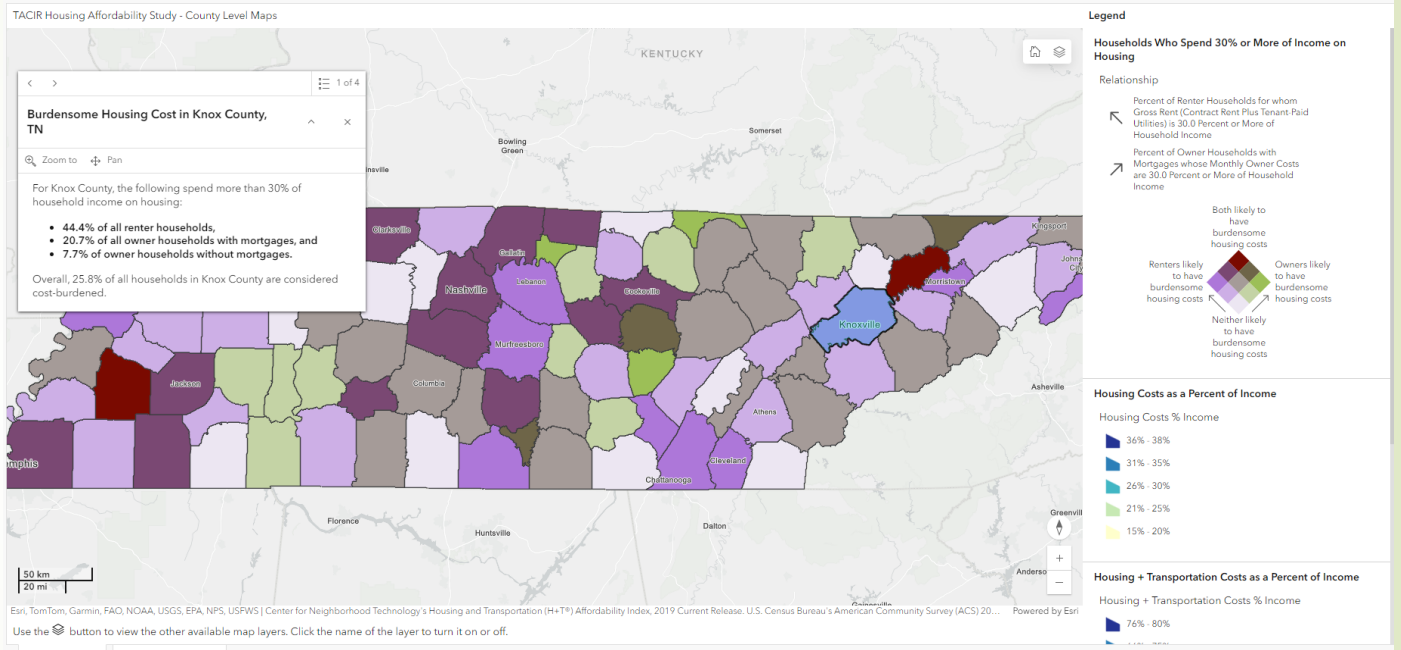
Housing Affordability

- HJR139 by Sparks
- Housing prices have soared over last several years, making housing unaffordable to many renters and would-be owners
- Findings:
  - local governments already possess—and should retain—land use tools to encourage housing production.
  - A draft finding that the state authorize local governments to make multiyear funding commitments to affordable housing was enacted as Public Chapter 1012, Acts of 2024.
- Recommendations:
  - the state offer an incentive for local governments to adopt zoning reforms that support housing development
  - state and local governments adopt policies to mitigate the effects of zoning reform on existing residents
  - the state fund either the existing housing trust fund or a new trust fund using a portion of the realty transfer and mortgage tax revenues or some other revenue source



Housing Affordability (continued)

- Recommendations (continued)
  - the state could also reserve realty transfer and mortgage tax revenues for infrastructure in ways that smooth out the ups and downs of the business cycle
  - all local governments be allowed to establish land banks
  - local governments be allowed to add links to their own surplus real property to the state's website where the state advertises its surplus real property.



Staff Reports

- *The Effect of the COVID-19 Recession on Public Infrastructure Needs Phase Two: Effects of the Great Recession and COVID-19 Recession Compared,* September 2023
- *A Users' Guide to Fiscal Capacity in the Tennessee Investment in Student Achievement Funding Formula,* September 2023
- *Spending Equity Generally Improved Under the Basic Education Program (BEP),* January 2024

Current Projects

- Wastewater Systems
- Rolling Stock
- Childcare Business, Regulations, and Workers
- Sales Tax Vendor Compensation
- Real Estate Fraud
- Youth Vaping
- Crime Labs
- School-Based Services and TennCare Reimbursement
- District Attorney Staffing

Wastewater Systems

- At the January 2023 TACIR meeting, County Executive Jeff Huffman asked TACIR to study the operations and financing of Tennessee's wastewater systems. He said the study should examine
  - the condition of Tennessee's wastewater systems,
  - the number of wastewater systems that have enforcement letters from the Tennessee Department of Environment and Conservation,
  - the best practices for wastewater system management from other states,
  - new technologies for wastewater system management that local governments could consider and would be permissible under Tennessee Department of Environment and Conservation rules,
  - methods of wastewater system management that have not worked and should be avoided,
  - the best methods for financing sewer lines and wastewater treatment centers, and
  - the best methods to reduce the operating costs of wastewater systems.
- Due: September 2024

Rolling Stock

- When both local and state government agencies order vehicles, the actual delivery of the vehicle can be months or years, which potentially creates a barrier to providing critical public services that are reliant on the vehicles, such as emergency response, garbage pickup, and transport of students.
- At the November 2023 TACIR meeting, Mayor Bob Rial asked the commission to study local governments' challenges with availability and timelines for delivery of government vehicles, particularly large vehicles, like ambulances, fire trucks, and other emergency vehicles. Commission members also noted issues with the purchase of school buses, including their usable life and mandatory replacement schedules. The commission approved Mayor Rial's request to study this issue at the January 2024 meeting.
- No due date specified.

Childcare Business, Regulations, & Workers

- Public Chapter 938, Acts of 2024, directs the commission to complete a study of state and local laws, regulations, and rules that govern the start-up, operation, and expansion of childcare businesses in Tennessee, identifying those that impose costs or operating delays on prospective childcare business owners but may not be necessary for the health, safety, and welfare of the children being cared for or residents of neighborhoods where childcare businesses are located. The bills direct the Commission to examine these issues in the state's four largest urban cities, six suburban towns or cities, and six rural towns or counties—with two suburban and two rural jurisdictions from each of the state's Grand Divisions.
- Public Chapter 934, Acts of 2024 directs the commission to describe the current landscape and demographics of childcare workers in Tennessee and study the feasibility and effects of implementing a program to cover the cost of childcare for childcare workers, as well as other ways to expand financial supports for childcare workers to incentivize them to remain employed in the early education industry.
- Due: January 31, 2025

Sales Tax Vendor Compensation

- Senate Bill 1140 by Lundberg and House Bill 886 by Hawk calls for a TACIR study of the collection and remittance of state and local taxes, including sales and use taxes, collected at the point of sale by businesses in Tennessee. The study must include examinations of:
  - the cost to businesses of collecting and remitting state and local taxes;
  - the cost to the State of Tennessee for reasonable remuneration for sales tax collection, including vendor compensation, to businesses as compared to other states; and
  - the cost to businesses of payment card fees on the tax portion of transactions, including interchange fees and other fees associated with payment processing, as well as the cost to businesses of handling cash.
- Tennessee's sales tax included vendor compensation of 2% when it was first enacted in 1947 but was reduced to on sales tax due exceeding $2,000 per month in 1980. Vendor compensation was eliminated in 2000 before being restored for fiscal year 2022-23 when sellers could request vendor compensation of 2% of state tax due up to $25 per sales tax return that was timely filed.
- Due: January 31, 2025

Real Estate Fraud

- Across the state, individuals, particularly the elderly and even the deceased are falling victim to real estate fraud tactics. Scammers may convince vulnerable targets to transfer property to them, use threats, or forge the property owner's signature on a deed.
- Public Chapter 941, Acts of 2024, directs the Commission to study
  - the prevalence of real estate fraud in Tennessee,
  - the different schemes used to perpetrate real estate fraud,
  - the methods used by other states to combat real estate fraud, and
  - the best practices for local government officials in registering documents related to real estate transactions.
- No due date specified.

Youth Vaping

- Public Chapter 937, Acts of 2024, directs the Commission to study the effects of vaping and the use of all vapor products by persons under twenty-one years of age. The study will include but is not limited to initiation of vapor product usage, health outcomes, enforcement of underage sales, best practices to address usage on school grounds, taxation, and access to cessation products and services. The study must identify the prevalence of vaping among such persons, including demographic information and usage trends.
- Due: January 31, 2025

Crime Labs

- There have been backlogs for processing evidence at some crime labs in Tennessee, resulting in processing delays of months and sometimes years, which can impede the investigation of crimes and the resolution of the judicial process.
- House Bill 2961 by Hardaway and Senate Bill 2877 by Kyle would have required TACIR to study the feasibility of a crime lab in Shelby County and its impact on not only Memphis and Shelby County but on the entire state. The Senate bill passed, but the House bill did not advance out of the Finance, Ways and Means Subcommittee. Commission member Representative Ryan Williams asked for a broader commission study of the feasibility of and need for additional crime labs across the state, including consideration of where any new crime labs would be located to best use resources.
- No due date specified.

School-Based Services and TennCare Reimbursement

- Study requested via letter to Chairman Yager and is related to Senate Bill 2487 by Lundberg and House Bill 2616 by Sherrell, which asks for a study of school-based services for TennCare.
- School systems that would otherwise seek reimbursement for school-based services provided to students covered by TennCare are unable to do so because of unresolved contract-related issues between the school systems, managed care organizations, and TennCare.
- Due Date: No due date specified.

District Attorney Staffing

- Current law says that district attorneys general must prosecute cases in concurrent jurisdiction municipal courts where there is sufficient personnel. A recent court case, however, raised questions over what might count as sufficient, who has the authority to make that determination, and what the respective obligations of municipalities and district attorneys are in courts with concurrent jurisdiction.
- Senate Bill 2054 by Senator Jackson and House Bill 2205 by Representative Barrett in the 113th General Assembly would have established that district attorneys general would only prosecute municipal court cases when the municipality had provided a sufficient number of prosecutorial staff. The bill would then have granted the district attorneys general sole discretion to determine whether their staffing was adequate. The bill was referred to the Commission by the Senate Finance, Ways and Means Committee.
- No due date specified

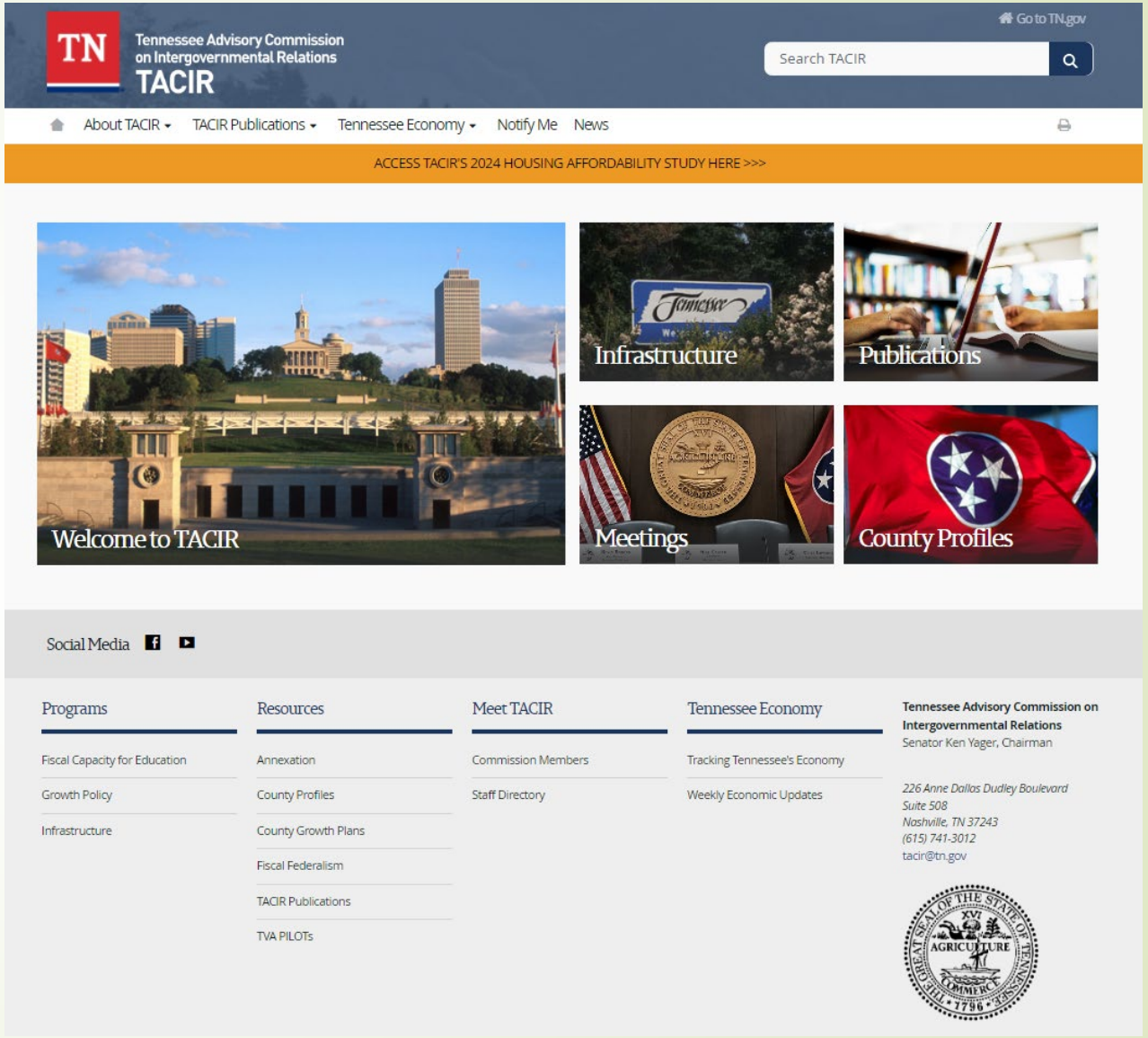
Recurring Projects

- TVA PILOTs
- Infrastructure Needs
- Fiscal Capacity
- Tangible Personal Property Tax

Policy Influence

Many recent recommendations have been enacted by either the legislature, the executive branch, or local governments:

- the return of local authority to use voluntary incentives for affordable housing
- the pursuit of passenger rail on prioritized routes
- the creation of a broadband internet availability map
- the development of targeted broadband internet grants for underserved area
- codification of the requirements for dedication of land along public rights-of-way
- paying stipends to county jails that provide recidivism reduction programs for state prisoners they house
- the exemption of coins, currency, and bullion made of precious metals from the state sales and use tax
- requiring that every voting machine used by a county election commission produce a voter-verifiable paper record

More Information

www.tn.gov/tacir
615-741-3012
cliff.Lippard@tn.gov