



# TACIR

The Tennessee Advisory Commission  
on Intergovernmental Relations



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## ***MEMORANDUM***

**TO:** TACIR Commission Members

**FROM:** Harry A. Green *Harry*  
Executive Director

**DATE:** June 30, 2009

**SUBJECT:** TACIR's Challenges for 2010

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- 1) A copy of the tentative work program is attached for your approval.
- 2) The work program includes several new studies mandated by the General Assembly during the most recent session. Additional information on these studies is included in the tentative work program in this tab.
  - SB 1089/ HB 1518 directs TACIR to study whether the current wholesale power supply arrangements between the Tennessee Valley Authority (TVA) and municipal utilities and electric cooperatives are likely to change in the future in a way that could affect payments in lieu of taxes from TVA to the state and to its local governments. TACIR is to report written findings to the Senate Commerce, Labor and Agriculture Committee, the House Commerce Committee, and the Finance, Ways and Means Committees of the Senate and House by February 1, 2010.
  - The House State and Local Committee directed TACIR to study the provisions of SB 0208/ HB 0204, which revises funding to provide an additional share to 50 lowest population emergency communication districts, and report its findings and recommendations to the House State and Local Government Committee in 2010.
  - SB 1006/ HB 0999 directs TACIR to perform a study of the impact on public safety of non-emergency communications district affiliated public service answering points (PSAP's). The study is to include a review of emergency communications equipment capabilities of non-affiliated PSAP's. TACIR shall

report its findings and recommendations, including any proposed legislation by December 1, 2011.

- SB 0818/ HB 0852 requires TACIR to study the effectiveness of Tennessee's current underground utility damage prevention program. It also requires TACIR to determine whether any legislative action is needed to improve the effectiveness of the program. If a need for improvement is found, TACIR is to recommend to the legislature what entity or entities would be best suited to undertake further responsibilities to improve the effectiveness of the program and suggestions on funding. TACIR must report findings to the General Assembly by January 29, 2010.

3) TACIR will also be completing analyses mandated from prior legislative sessions:

- TACIR has been directed to study the provisions of SB 3934/ HB 3863 and related policy matters and report its findings and recommendations to the finance, ways, and means committee of each house of the general assembly by June 20, 2010. The bill establishes a separate account within the state general fund, to be known as the "county revenue partnership fund."
- SB 1780/HB 1267. Requires any purchase, lease, or lease-purchase by a water and waste water treatment authority to be preceded by competitive bidding or proposals if purchase, lease, or lease-purchase exceeds the amount established in the county purchasing law of 1983. Senate amendment 3 requires that water and waste water treatment authorities comply with the purchasing laws of the creating governmental entity, except in cases where two or more creating governmental entities form a water and waste water treatment authority in which case the authority would be subject to either the County Financial Management System of 1981 or the County Purchasing Law of 1983.
- SB 2006/HB 1946. Requires any city, metropolitan government, or county that creates a water and wastewater treatment authority to conduct a public hearing to review the efficiency and success of the authority and the rates imposed by such authority and the level of customer satisfaction. Directs the governmental entity to also review the financial and performance audits of the authority.

4) Tab 3 also includes a review of TACIR's major accomplishments for fiscal year 2009.

# Today and Tomorrow: TACIR Challenges

## Proposed New Projects for Fiscal Year 2009-10

<i>Proposed New Projects</i>	<b>General Assembly Mandates</b>	<b>Topic Area</b>
	<ul style="list-style-type: none"><li>• <b>Electric Generation and Transmission Cooperatives, Effect on TVA PILOTS*</b><ul style="list-style-type: none"><li>• Study whether the current wholesale power supply arrangements between the Tennessee Valley Authority (TVA) and municipal utilities and electric cooperatives are likely to change in the future in a way that could affect payments in lieu of taxes from TVA to the state and to its local governments.</li><li>• Report written findings to the senate commerce, labor and agriculture committee, the house commerce committee, and the finance, ways and means committees of the senate and house.</li><li>• Include recommendations, if any, on adjustments to the state tax system that would keep the state and local governments whole from such future changes.</li><li>▪ Source: General Assembly [SB 1089 by McNally, HB 1518 by Fitzhugh]</li><li>▪ Due date: February 1, 2010.</li></ul></li></ul> <p style="text-align: center;">~*~</p>	<p><i>Tax &amp; Fiscal Policy</i></p>
	<ul style="list-style-type: none"><li>• <b>Regional Jail</b><ul style="list-style-type: none"><li>• Study feasibility of a regional jail for Clay, Fentress, Overton, and Pickett Counties.</li><li>▪ Source: General Assembly (Appropriations Bill) [SB 2355 by Kyle, HB 2392 by Fitzhugh]</li><li>▪ Due date: none.</li></ul></li></ul> <p style="text-align: center;">~*~</p>	<p><i>Other Research</i></p>

- **Underground Utility Damage Prevention Program Effectiveness\***

*Other Research*

study the effectiveness of Tennessee's current program and report to the general assembly:

- Review federal standards and other state initiatives to improve their programs and whether a reduction in underground damage has resulted.
  - Determine whether any legislative action is needed to improve the effectiveness of the program, including but not limited to, provisions related to program enforcement.
  - If a need for improvement is found, recommend to the legislature what entity or entities would be best suited to undertake further responsibilities.
- Source: General Assembly [HB 0852 by Odom, SB 0818 by Norris]
  - Due date: no later than January 29, 2010.



- **Non-emergency Public Service Answering Points (PSAPs)\***

*Other Research*

- Study the impact on public safety of non-emergency communications district affiliated PSAPs.
  - Review the emergency communications equipment capabilities of non-affiliated PSAP's.
  - Report findings and recommendations to House and Senate Government Operations Committees, including any proposed legislation or interim reports, upon conclusion of the study.
- Source: General Assembly [SB 1006 by Johnson, HB 0999 by Lynn]
  - Due date: December 1, 2011.



- **Emergency Communications District Funding\***  
(referred by committee for study, report findings) The bill imposes a minimum fee to increase revenue for 911 emergency telephone services, increases the percentage of funds that is to be distributed to emergency communications districts from 25% to 65%, and requires the Emergency Communications Board to distribute an additional 5% of the revenue generated by the fee to the 50 lowest population districts.
  - Source: House State and Local Committee of 106th General Assembly [HB 0204 by Matheny, SB 0208 by Stewart]
  - Due date: 2010 Legislative Session.



### **TACIR Initiated**

- Provide web-based public access to tables and data from the Public Infrastructure Needs Inventory.

### **Comptroller Initiated**

- Assist Comptroller's Division of Bond Finance in developing application and process for the ARRA Qualified School Construction Bond program; review and rate completed applications and submit recommendations to Tennessee State School Bond Authority.

*Other Research*

### **Topic Area**

*Infrastructure,  
Leveraging  
Technology*

*Education  
Finance*

## Continuing Projects

### **Mandates**

- **County Revenue Partnership Fund**  
study the provisions of the law creating the fund (a separate account within the state general fund) and related policy matters and report findings and recommendations to the finance, ways, and means committee of each house of the general assembly.\*
  - Source: General Assembly [Public Chapter 1057, Acts of 2008; SB 3934 by Norris, HB 3863 by Tindell]
  - Due date: June 20, 2010.



- **Purchases by Water And Waste Water Treatment Authorities\***  
(referred to TACIR for study) The bill would have required any purchase, lease, or lease-purchase by a water and waste water treatment authority to be preceded by competitive bidding or proposals if purchase, lease, or lease-purchase exceeds the amount established in the county purchasing law of 1983. Senate amendment 3 would have required that water and waste water treatment authorities comply with the purchasing laws of the creating governmental entity, except in cases where two or more creating governmental entities form a water and waste water treatment authority in which case the authority would be subject to either the County Financial Management System of 1981 or the County Purchasing Law of 1983.
  - Source: Local Government Committee of House State and Local Government, 105th General Assembly (2007) [HB 1267 by Lynn, SB 1780 by Beavers]
  - Due date: none.



### **Topic Area**

*Tax & Fiscal  
Policy*

*Other  
Research*

- **Efficiency of Water And Waste Water Treatment Authorities\*** (referred to TACIR for study) The bill would have required any city, metropolitan government, or county that creates a water and wastewater treatment authority to conduct a public hearing to review the efficiency and success of the authority and the rates imposed by such authority and the level of customer satisfaction. It would have directed the governmental entity to also review the financial and performance audits of the authority.
  - Source: State Government Committee of House State and Local Government, 105th General Assembly (2007) [HB 1946 by Lynn, SB 2006 by Beavers]
  - Due date: none.

*Other Research*



**TACIR Initiated**

**Topic Area**

- Complete study by University of Memphis of the relationship between school siting and land-use planning.
- Study capital outlay funding in the state’s formula for schools.
- Continue to review water resource allocation in Tennessee as it relates to growth and scarcity.
- Work with universities and other partners to research topics identified during the *Forum on Tennessee’s Future* collaborative analysis of potential government innovations and improvements.\*
- Requested by Tennessee Department of Environment and Conservation (TDEC): Act as lead agency for designated chapters of two water resource planning pilots and for compilation of overall pilot reports. Related to recurring project of serving on TDEC’s Water Resources Technical Advisory Committee.
- Update the guide to metropolitan governments.
- Study transportation issues related to growth, development, and infrastructure, a four-part series.
- Study fiscal challenges facing rural governments in Tennessee.

*Growth Policy*

*Education Finance*

*Infrastructure, Growth Policy*

*Research Consortium*

*Infrastructure*

*Other Research*

*Growth Policy, Infrastructure*

*Tax & Fiscal Policy*

- Collaborate with the Department of Transportation, Department of Economic and Community Development, and the University of Tennessee on a study to determine whether the lack of a four-lane highway to the county seat significantly limits economic development in the 19 counties without one.
- Update Internet feature reports concerning the current economic crisis:
  - Information Clearinghouse on the American Recovery and Reinvestment Act.
  - Fiscal Impact of Economic Slowdown on Local Governments in Tennessee.
  - Tracking the Recession.

**Conclude any other work in progress.**

*Other  
Research,  
Infrastructure,  
Research  
Consortium*

*Tax & Fiscal  
Policy,  
Leveraging  
Technology*

## Recurring Projects

<b>Recurring Projects</b>	<b>Mandates</b>	<b>Topic Area</b>
	<ul style="list-style-type: none"><li>• <b>Commission Meetings</b> Hold meetings quarterly and at such other times as the Commission deems necessary.<ul style="list-style-type: none"><li>▪ Source: T.C.A. § 4-10-105.</li><li>▪ <i>Note: Some work program items do not necessarily require a formal presentation to the Commission at a called meeting. Items that will definitely be discussed at a Commission meeting are marked with an asterisk (*). The progress of all other items will, at a minimum, be reported on in next fiscal year's work program.</i></li></ul></li></ul>	<i>Commission Meetings</i>
	❧	
	<ul style="list-style-type: none"><li>• <b>Education Fiscal Capacity*</b> Annually study the fiscal capacity of local governments to fund education; produce the Fiscal Year 2011 Fiscal Capacity Model.<ul style="list-style-type: none"><li>▪ Source: T.C.A. § 4-10-104.</li></ul></li></ul>	<i>Education Finance</i>
	❧	
	<ul style="list-style-type: none"><li>• <b>Public Infrastructure Needs Inventory*</b> Annually compile and maintain an inventory of needed infrastructure within this state; present inventory of statewide public infrastructure needs and costs for provision of adequate and essential public infrastructure to the General Assembly at its next regular annual session following completion of the inventory each year.<ul style="list-style-type: none"><li>▪ Source: T.C.A. § 4-10-109.</li></ul></li></ul>	<i>Infrastructure</i>
	❧	
	<ul style="list-style-type: none"><li>• <b>Public Chapter No. 1101, Acts of 1998*</b> Monitor implementation of Tennessee's Growth Policy Act and periodically report findings and recommendations to the general assembly.<ul style="list-style-type: none"><li>▪ Source: T.C.A. § 6-58-113.</li></ul></li></ul>	<i>Growth Policy</i>
	❧	

Recurring Projects	<ul style="list-style-type: none"> <li>• <b>Basic Education Program Review Committee (BEPRC)</b> Serve on the State Board of Education’s BEPRC.</li> <li style="margin-left: 20px;">▪ Source: T.C.A. § 49-1-302(a)(4)(B).</li> </ul>	<p><i>Education Finance</i></p>
	❧	
	<ul style="list-style-type: none"> <li>• <b>Strategic Planning &amp; Performance-based Budgeting</b> Maintain strategic plan and report performance in compliance with state requirements.</li> <li style="margin-left: 20px;">▪ Source: T.C.A. § 9-4-5609.</li> </ul>	<p><i>Administrative</i></p>
	❧	
	<b>TACIR Initiated</b>	<b>Topic Area</b>
	<ul style="list-style-type: none"> <li>• Provide Research Support Based on TACIR Initiative or Requests from the General Assembly, the Executive Branch, and Local Government: <ul style="list-style-type: none"> <li>▪ <i>Note: It is difficult to anticipate the amount of research support that will be requested in any given fiscal year. TACIR normally receives numerous such requests each year, primarily from the General Assembly and other state agencies. Most of these requests require relatively small amounts of staff work, though some require the commitment of extensive staff work and research resources. It is the intent of the staff to record as many of these requests as practicable in the Summary of Major TACIR Achievements section of each fiscal year’s work program.</i></li> </ul> </li> </ul>	<p><i>Other Research</i></p>
	<ul style="list-style-type: none"> <li>• Provide information about the condition of public school facilities to the Comptroller’s Office of Education Accountability for their work assessing schools on notice or probation.</li> </ul>	<p><i>Infrastructure; Education Finance</i></p>
	<ul style="list-style-type: none"> <li>• Serve on TDEC’s Water Resources Technical Advisory Committee authorized by T.C.A. § 69-7-309.</li> </ul>	<p><i>Infrastructure, Research Consortium</i></p>
	<ul style="list-style-type: none"> <li>• Assist the General Assembly and other policy makers in analyzing current and potential fiscal policies and initiatives in Tennessee.</li> </ul>	<p><i>Tax and Fiscal Policy</i></p>
	<ul style="list-style-type: none"> <li>• Expand analysis of county profiles to better understand the policy implications of local fiscal and economic conditions across the state.</li> </ul>	<p><i>Other Research, Leveraging Technology</i></p>
<ul style="list-style-type: none"> <li>• Study regional initiatives and approaches to government modernization.</li> </ul>	<p><i>Other Research</i></p>	

- Study and provide information reports and briefs on issues related to the fiscal challenges faced by local governments, including such topics as
  - difficulties posed by mandates at the state and local levels;
  - effects on local governments of differential growth in population, tax bases, and the economy in general across the state;
  - effects of national trends on the ability of local governments to provide meet the needs of their constituents;
  - problems associated with measuring tax capacities and effort for dissimilar fiscal entities; and
  - tax equity dynamics at the local level, including the relationship between residents' financial well being and varying levels of taxation and services.
- Expand and enhance profiles and coordination with other state agencies and higher education institutions. *Tax and Fiscal Policy*
- Continue to refine plan to maximize use of GIS in TACIR analyses. *Leveraging Technology*
- Expand use of internet feature reports on pertinent topics. *Leveraging Technology*
- Efficiently manage all contracts. *Administrative*
- Effectively utilize staff training opportunities. *Professional Development*
- Attend Tennessee Municipal League and Tennessee County Services Association conferences and staff booths promoting TACIR's work. *Professional Development*

## **MAJOR TACIR ACHIEVEMENTS in Fiscal Year 2008-09**

As shown below, the Commission completed a wide range of activities during fiscal year 2008-09.

**Performance Standard Achieved:** Received a 93% favorable rating for our performance from our legislative, local government, and other customers.

**Commission Meetings Held:** Conducted three Commission meetings.

### **Mandated Studies from the General Assembly Completed:**

- Completed analysis and issued a brief analyzing the issues surrounding the final two election bills of the nine that were referred to TACIR for study in fiscal year 2008:
  - SB 1040 by Kyle, HB 1929 by Rinks. Municipal Government—Would require all municipal elections, except in any county having a metropolitan form of government, to be held in conjunction with either the regular November or regular August election.
  - HJR 41 by Lynn. Would create a joint legislative committee to study offsite early voting locations (EVLs), including scheduling, hours of operation, making requests and funding.

### **Requests for Information:**

- Responded to requests for information and assistance from members of the General Assembly and legislative committees.
- Responded to requests for information and assistance from local government officials, the public, and the media.

### **Provided the following presentations:**

- ▶ “Perry County Peer Evaluation” for Senator Roy Herron (September 2008)
- ▶ "2009 Public Issue Forum" on K-12 Education and the BEP, put on by UT's IPS for the General Assembly at their request (January 22, 2009)
- ▶ “Tax Increment Financing” to City of Portland (April 6, 2009)

### **Published seventeen reports, briefs, or web publications:**

- ▶ Fiscal Capacity and Fiscal Equity—Brief, August 2008
- ▶ Local Economic Activity: Status and Momentum of Tennessee Counties (Vol. 5, Issue 2)—Fast Facts, August 2008
- ▶ Telecommuting: Saving Energy and Promoting Progress—Brief, September 2008
- ▶ The Local Government Response to the Basic Education Program: Equity, Spending, and Local Tax Effort—Joint Publication of TACIR and UT CBER, September 2008
- ▶ Growth Concentration in Tennessee Regions—Staff Report, September 2008
- ▶ Keeping the List: Voter Registration and Eligibility—Staff Report, September 2008

- ▶ Fiscal Impact of Economic Slowdown on Local Governments in Tennessee—Web Publication, December 2008
- ▶ Greenbelt Revisited—Staff Report, February 2009
- ▶ TACIR Clearinghouse for American Recovery and Reinvestment Act of 2009—Web Publication, February 2009
- ▶ Property Tax Disparity Among Tennessee Counties—Staff Research Brief, March 2009
- ▶ Tracking the Recession—Web Publication, April 2009
- ▶ Economic and Fiscal Impact Analyses: A Primer for Local Governments in Tennessee—Staff Report, May 2009
- ▶ The Importance of the Property Tax among Tennessee Counties—Staff Brief, May 2009
- ▶ Personal and Family Economic Well-being: Status and Momentum of Tennessee Counties (Vol. 5, Issue 1)—Fast Facts, May 2008 revised May 2009
- ▶ The Forum on Tennessee's Future—Web Publication, June 2009
- ▶ Building Tennessee's Tomorrow—Commission Report, June 2009
- ▶ School Capital Outlay—Staff Brief, June 2009
- ▶ Utility Valuation in Tennessee—Staff Brief, June 2009
- ▶ Consolidated and Offsite Local Elections—Staff Brief, June 2009

### **Accomplishments by Research Category**

#### **Fiscal & Tax Policy Research**

- Completed comprehensive study on the property tax in Tennessee with separate reports on
  - greenbelt valuations,
  - property tax disparities,
  - the importance of the property tax, and
  - utility valuation.
- Completed study of issues and concerns regarding economic impact analysis models.
- Completed web publication on the impact of the economic slowdown on local governments.
- Completed web publication tracking the recession.

#### **Growth Planning**

- Continued to monitor and report to the General Assembly on the implementation of

(P.C. No. 1101), Tennessee's growth policy law (T.C.A. § 6-58).

- Continued to work with other state agencies in developing programs designed to implement the goals and objectives of PC 1101.
- Continued study by University of Memphis of relationship between school-siting and land-use planning.

**Infrastructure**

- Continued annual Public Infrastructure Needs Inventory pursuant to T.C.A. § 4-10-109. Collected infrastructure data provided by 136 school systems, 95 counties, 318 municipalities, and 195 other entities.
- Completed study on bridge conditions and needs in Tennessee.
- Completed annual report to General Assembly on public infrastructure needs.
- Completed study of school capital outlay focusing on period surrounding fulfillment of Education Improvement Act reduced class-size requirements.
- Initiated University of Tennessee study of water resource planning strategies for Tennessee.
- As part of Commissioner of Environment and Conservation's Water Resource Technical Advisory Committee, initiated study of water supply needs and strategies in two pilot areas with TACIR staff acting as lead on two chapters, support on several chapters, lead on compiling overall pilot reports, and support for general report on water supply resource planning.

**Education Finance/Fiscal Capacity**

- Completed Fiscal Year 2010 Fiscal Capacity Model
- Published University of Tennessee study of the response of local governments to the phase in of the Basic Education Program formula.

**Other Research**

- Completed study of electronic voting concerns, issues, and opportunities.
- Completed study of regional concentration of growth.
- Completed study of local economic activity.
- Completed study of telecommuting.
- Monitored intergovernmental tax, fiscal, and education legislation.
- Continued economic analysis of rural economies and their development to identify fiscal challenges and achievements specific to rural areas and regions.
- Completed first Forum on Tennessee's Future.
- Completed web publication of ARRA information clearinghouse.
- Completed web publication tracking indicators of the current recession.

**Administration**

Administered sixteen contracts:

- The state's nine development districts—support the public infrastructure needs inventory project

- Tennessee Department of Education—server support
- Department of Finance and Administration—shared administrative support services
- University of Memphis—study school siting and land use
- Management Solutions Group LLC—facilitate the Forum for Tennessee's Future.
- Tennessee State University—survey public administration student satisfaction and needs
- University of Tennessee, Knoxville—water supply planning study
- University of Tennessee, Knoxville—update population projections for Tennessee counties and places

**Using Technology for Public Information**

The TACIR website has been totally redesigned and TACIR continues to focus on maximizing electronic report dissemination while providing detailed focus sections on ongoing research.