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Intergovernmental Challenges and Achievements

Biennial Report of TACIR
FY 2009 and FY 2010



Commission Report
December 2010

Tennessee Advisory Commission
on Intergovernmental Relations

Intergovernmental Challenges and Achievements

Biennial Report of the Tennessee Advisory Commission on Intergovernmental Relations

Fiscal Years 2009 and 2010

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Chairman



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Vice Chairman

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TACIR Commission Report
December 2010

Biennial Report of TACIR

Table of Contents

Message from the Chairman and Executive Director.....	iii
Focus Issues.....	1
Tennessee’s Economic Recovery	1
K-12 Education Finance.....	2
Regional Jails.....	3
Tennessee’s Infrastructure Needs	3
Property Tax Issues in Tennessee.....	5
County Revenue Partnership Fund	7
PC 1101.....	8
Electric Generation and Transmission Cooperative Act.....	9
Appendices.....	11
Appendix A: TACIR Accomplishments by Research Area FY 2009 and FY 2010.....	13
Appendix B: TACIR Publications FY 2009 and FY 2010	17
Appendix C: Staff Presentations FY 2009 and FY 2010.....	19
Appendix D: Conference and Meeting Attendance FY 2009 and FY 2010.....	21
Appendix E: TACIR Organization, Mission, and Goals.....	23
Appendix F: What Does TACIR Do?	25
Appendix G: Legislation Affecting TACIR FY 2009 and FY 2010.....	27
Appendix H: Commission Meeting Minutes FY 2009 and FY 2010.....	29
Appendix I: Commission Members FY 2009 and FY 2010.....	39

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Message from the Chairman and Executive Director

This Biennial Report of the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) describes the accomplishments and primary activities of the Commission during fiscal years 2009 and 2010. The report outlines the hard work and effort of TACIR in aiding local governments, the General Assembly, and the State of Tennessee.

While it provides a focused overview of some key issues TACIR addressed during the period covered—Tennessee’s economy, K–12 education finance, regional jails, infrastructure needs, property tax issues, the county revenue partnership fund, Public Chapter 1101, and electric generation and transmission cooperatives—the full scope of the Commission’s work is evidenced in the lists of publications, presentations, relevant legislation, and meeting participation included in the appendices.

TACIR takes its mandate to provide a future-oriented perspective to public policy and intergovernmental relations seriously and employs any number of resources to see its mandate is fulfilled. The expertise and hard work of the individuals who serve on the Commission has been essential to TACIR’s success. TACIR Commission members for fiscal years 2009 and 2010 are listed in Appendix I.



Senator Mark Norris
Chairman, TACIR



Harry A. Green, PhD
Executive Director, TACIR

Focus Issues

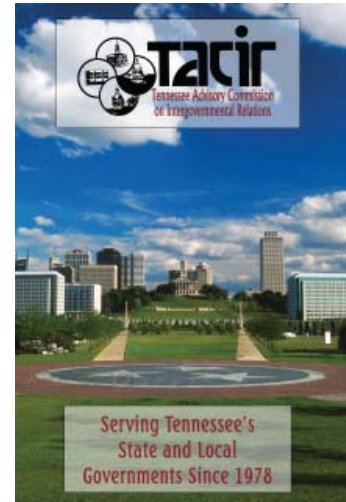
This report highlights a small number of the issues addressed by TACIR during fiscal years 2009 and 2010: Tennessee's economic recovery, education finance, regional jails, infrastructure, property tax issues, county revenue partnership fund, Public Chapter 1101, and electric generation and transmission cooperatives. This selection of issues demonstrates the wide range of topics that fall within the purview of TACIR's mission to

“Serve as a forum for the discussion and resolution of intergovernmental problems; provide high quality research support to state and local government officials to improve the overall quality of government in Tennessee; and to improve the effectiveness of the intergovernmental system to better serve the citizens of Tennessee.”

Tennessee's Economic Recovery

The recession that began in December 2007 had a severe negative impact on the state in fiscal years 2009 and 2010. Balancing the budget was problematic and required program reductions and the use of non-recurring state and federal funds. Recognizing the complexity of the American Recovery and Reinvestment Act (ARRA) of 2009, TACIR created a clearinghouse [<http://tn.gov/tacir/recoveryact.html>] to provide ease in accessing stimulus package information. Below is a list of other staff projects in response to the recession:

- *Tracking Tennessee's Economic Recovery*—TACIR partnered with the Middle Tennessee State University Business and Economic Research Center to provide an Internet site to track the state economy during the recovery. The site permits users to follow labor force indicators including employment and unemployment numbers; housing data including housing price index and construction activity; and sales tax collections. These data are available for Tennessee and for the 10 Metropolitan Statistical Areas across the state.
- *Provisions of the American Reinvestment and Recovery Act*—A presentation to the Tennessee General Assembly House State and Local Government Committee



providing information on ARRA provisions, stabilization fund requirements, and forecasts and predictions of the stimulus impact.

- *Fiscal Impacts of Economic Slowdown on Tennessee Local Governments*—A web publication that discusses how the recession has impacted local government finances. This publication details sales tax collections, property tax collections, and county-wide tax collections.

K-12 Education Finance

During fiscal year 2010, TACIR released its *Gains In Education Spending Equity* staff education brief. This publication reviews the progress made ten years after fully funding the Basic Education Program (BEP). It is an update of the 2003 report *Gains in Education Spending Equity Continue: Four Years After Fully Funding the BEP*; which updated the 1996 and 2000 reports on the same issue.

These stalled measures indicate that the equalizing effect of state revenue has been too small to offset differences at the local level.

Various statistics were calculated for measuring equity using Tennessee revenue and expenditure data over the implementation period of the BEP to demonstrate gains in equity. While all spending equity measures have improved significantly since both the initial phase-in of the BEP (fiscal year 1993) and full funding (fiscal year 1998), these measures have largely remained the same since TACIR's last education equity report in 2003.

These stalled measures indicate that the equalizing effect of state revenue has been too small to offset differences at the local level. It may be that some local governments have reduced their own education spending efforts and replaced some of their local spending with state funds, though maintenance of effort requirements would minimize this effect. Over time, local governments could nonetheless fail to increase local spending as much as they would have without additional state funds, reducing the equalization effect of the BEP. Another possibility is the concentration of wealth in certain systems.

The pursuit of equity in spending will always be important in education finance and TACIR will continue to examine this issue.

Regional Jails

Public Chapter 554 of 2009 directed TACIR to complete a regional jail feasibility study. TACIR staff wrote a Request for Proposals (RFP) and hired a contractor to complete the project, as feasibility studies require specific expertise. CRS Incorporated was hired as the contractor and the study was completed in July 2010.

TACIR's regional jail feasibility study was the first study of this magnitude in Tennessee. The study included in-depth jail needs assessments for Clay, Fentress, Overton, and Pickett Counties. The information gleaned from the needs assessments was utilized to consider a range of potential jail scenarios for each county. The scenarios included options such as maintaining the status quo, renovating the county jail, building a new jail, and partnering with other counties. For each of the scenarios, the study evaluated both cost and non-cost factors. The report also highlighted recommended next steps for each of the counties. In addition to assessing the feasibility of a regional jail facility for the four counties, the study made several recommendations regarding corrections policies and jail certification procedures. This discussion is relevant to all county jails, making TACIR's regional jail feasibility study applicable on a statewide basis.

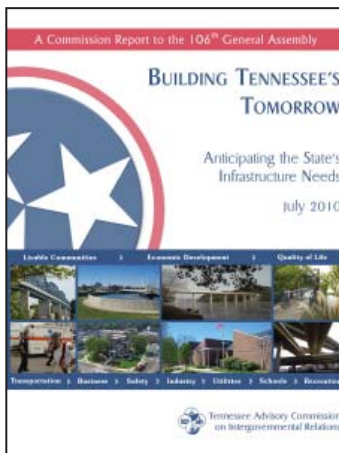
TACIR's regional jail feasibility study was the first study of this magnitude in Tennessee.

The regional jail report findings were presented to TACIR Commission members at the June/July 2010 Commission meeting. TACIR staff also made a presentation to the Select Oversight Committee on Corrections. TACIR Commissioners heard presentations from Commissioner Gayle Ray of the Tennessee Department of Corrections, Director Bob McKee of the Select Oversight Committee on Corrections, and feedback from the Tennessee Corrections Institute at the September 2010 Commission meeting. Commissioners requested no further action, deeming the study complete. Information from the TACIR regional jail feasibility study may be the basis of a future statewide study by the Select Oversight Committee on Corrections.

Tennessee's Infrastructure Needs

During fiscal year 2010, TACIR released the seventh in a series of reports on Tennessee's infrastructure needs, pursuant to Public Chapter 817 of 1996. The Act requires TACIR to

Intergovernmental Challenges and Achievements



compile and maintain an inventory of infrastructure needed in Tennessee and present these needs and associated costs to the General Assembly during its regular legislative session. The inventory, by law, is designed to support the development by state and local officials of goals, strategies, and programs to

- improve the quality of life of all Tennesseans,
- support livable communities, and
- enhance and encourage the overall economic development of the state through the provision of adequate and essential public infrastructure.

While this report was being produced, the American Recovery and Reinvestment Act of 2009 created a number of stimulus funding programs for public infrastructure. Estimates from the Office of the Tennessee Recovery Act Management put Tennessee's share of funds for infrastructure at around \$686 million. These programs were a response to continued concerns about funding infrastructure needs and were intended to help preserve and create jobs and promote economic recovery.

Tennessee was uniquely poised to identify 'shovel ready' projects. TACIR's public infrastructure needs inventory was used by local officials to help identify projects that might qualify for stimulus funds and to show lawmakers what the need is in Tennessee.

The report, which is based on information provided by state and local officials, showed an increase in needs of \$20.5 billion since the 1999 report was published and an increase of about \$5.9 billion (20.7%) from the September 2007 report. These needs fall into six general categories:

- Transportation and Utilities: \$17.7 billion
- Education: \$6.8 billion
- Health, Safety, and Welfare: \$6.8 billion
- Recreation and Culture: \$1.8 billion
- Economic Development: \$617 million
- General Government: \$563 million

The data collection process continues to improve and the current inventory is more complete and accurate than ever, particularly with respect to transportation needs. TACIR has tried to strike a balance between requiring sufficient information to satisfy the intent of the law and creating an impediment to local officials reporting their needs. By law, the inventory is required of TACIR, but it is not required of state or local officials; they may decline to participate without penalty. Similarly, they may provide only partial information, making comparisons across jurisdictions and across time difficult. But with each annual inventory, participants have become more familiar with the process and more supportive of the program.

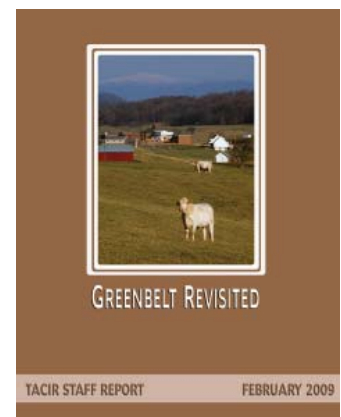
During fiscal year 2010, TACIR's statewide Public Infrastructure Needs Inventory program was recognized by the National Association of Development Organizations (NADO) as a 2009 Innovation Award winner. NADO serves as the voice for the nation's 520 regional development organizations. The association focuses on federal advocacy, research and analysis, and fostering peer exchanges and professional development. Additional information about the 2009 NADO awards can be found at www.nado.org/rf/09innovatebook.pdf.

The eighth infrastructure report was completed in July 2010 and can be viewed in its entirety on TACIR's website.

Property Tax Issues in Tennessee

During fiscal year 2009, TACIR staff began preparing a six-part series of special reports on the property tax in Tennessee. The first five reports covered significant concerns with the property tax in Tennessee, including greenbelt valuation, tax base disparity, local dependence on the property tax, utility taxes, and property tax circuit breakers:

- *Greenbelt Revisited* (February 2009). This report looks at the history of greenbelt legislation, the complex rules and evaluation methods required in its administration, the relative impact of greenbelt valuations among Tennessee counties, and an example of its dramatic impact on property assessments in a small area in Williamson County.



- *Property Tax Disparity among Tennessee Counties: An Analysis of Changes in Real Per Capita Property Tax Bases* (March 2009). This report analyzes the disparities that exist in inflation-adjusted per capita property tax bases among counties, and changes in this measure at different points in time (1986 versus 1996, 1996 versus 2006, and 1986 versus 2006).
- *The Importance of the Property Tax among Tennessee Counties* (May 2009). This brief updates a previous analysis of the importance of property taxes versus local option sales taxes. The data evaluated consisted of estimated combined county and city property tax collections (counties and cities are not currently required to submit such information to a single state agency) and local option sales taxes (as reported by the Department of Revenue for each county).
- *Taxing Utilities in Tennessee* (October 2009). This brief describes and discusses the history, importance, and taxation methodology of utility taxation in Tennessee and in other states. It also focuses on the telecommunications industry and the unique challenges faced in many states, including Tennessee, in applying traditional utility taxation methods to an industry that has undergone dramatic technological and structural changes over the last thirty years.
- *The Cost of a Property Tax Circuit Breaker Program in Tennessee* (March 2010). This research brief focuses on existing property tax relief programs in Tennessee, the limited assistance provided by these programs, and the potential cost of a broader circuit breaker type of property tax relief program.

The final installment from this series—a summary of TACIR reports on the property tax and property tax issues in Tennessee—was released in October, 2010.

TACIR began in-depth studies of the property tax as early as 1981 and will continue to study this issue as requested.

County Revenue Partnership Fund

Public Chapter 1057 of 2008 created the County Revenue Partnership Fund (CRPF) within the state general fund and required that the Tennessee Advisory Commission on Intergovernmental Relations study and evaluate this new law and report its findings and recommendations to the legislature by June 30, 2010.

Beginning in fiscal year 2009, the Act allowed the General Assembly to make a specific dollar appropriation to the fund from the portion of the state sales tax earmarked and allocated specifically to the state general fund. Any such appropriation cannot exceed the amount shared with municipalities from the state sales tax in the previous year. Any funds appropriated to the fund are to be distributed on a population basis.

While prior TACIR reports have raised questions regarding the various existing state tax-sharing arrangements, no specific recommendations were made in this report in regard to the CRPF.

The report, *County Revenue Partnership Fund*, noted that any significant future appropriations to the CRPF will only occur as a result of some combination of the following:

- unexpected rapid growth in existing state sales tax collections
- an increase in state sales tax rate
- significant broadening of the sales tax base (that would increase both state and local sales tax collections)
- significant changes in existing statutory tax sharing arrangements some of which date back to the early 20th century

The report's findings were presented at the December 2009 Commission meeting. The final report was approved at the June 2010 Commission meeting.

Intergovernmental Challenges and Achievements

PC 1101

During fiscal years 2009 and 2010, TACIR continued to monitor Public Chapter 1101 (PC 1101). A number of county growth plans were amended and approved by the Local Government Planning Advisory Committee (LGPAC):

Eleven county growth plans were amended and approved by the LGPAC during fiscal years 2009 and 2010.

County	Approval
Anderson	April 2009
Bradley	January 2010
Carroll	April 2009
Claiborne	January 2010
Cocke	October 2008
Franklin	January 2010
Hamblen	October 2008
Henry	April 2009
Lauderdale	April 2009
McMinn	May 2010
Robertson	May 2010

There was also legislative activity during fiscal years 2009 and 2010 that amended different sections of the Act:

2009

Amendment of Growth Plans—Revised the manner of amending the comprehensive growth plan after the initial three-year period following the approval of the initial growth plan.

2010

Growth Boundaries—Allowed a municipality to expand its urban growth boundaries to include tracts of land that are 10 acres or smaller when certain criteria are met.

Annexation—Revised provisions governing a municipality annexing territory outside its urban growth boundary by ordinance.

Electric Generation and Transmission Cooperative Act

In fiscal year 2009, the Tennessee General Assembly referred SB 1089/HB 1518 to TACIR to study whether current wholesale power supply arrangements between the Tennessee Valley Authority (TVA) and municipal utilities and electric cooperatives were likely to change in the future in a way that could affect payments in lieu of taxes from TVA to the state and its local governments.

The report, *The Electric Generation and Transmission Cooperative Act of 2009 and Its Possible Impact on the Tennessee Valley Authority's Payments in Lieu of Taxes*, found that new cooperatives could produce and sell power that would not appear as sales on TVA accounts. The result would be that TVA's PILOTs would be reduced from what they otherwise might have been.

In an effort to address concerns raised in this report, SB 3333/HB 3504 was introduced in the 106th General Assembly. The original language of the bill authorized a Generation and Transmission (G&T) cooperative to enter into an agreement to make PILOTs to any state or local government. The bill was amended, however, and TACIR staff provided some assistance in drafting language for the amendment. Several versions of amendments were reviewed by staff, and additionally, the final version was reviewed by and amended by the Department of Revenue. The amended version of the bill was passed by the General Assembly and became Public Chapter 1035 of 2010. Several accomplishments were made by the Act:

- It expressed the intent of the General Assembly to establish an obligation to make in-lieu-of-tax payments to help keep Tennessee and its local governments whole from any diminution in the in-lieu-of-tax payments by the TVA on account of the provision of wholesale electric current by sources other than the TVA to municipal utilities, electric cooperatives and other similar entities for resale within the state.
- It authorized a G&T cooperative to enter into one or more agreements providing for the making of payments in lieu of taxation to any state or local taxing jurisdiction within or outside of the state to the extent that the G&T cooperative's wholesale sale of capacity and energy to

New cooperatives could produce and sell power that would not appear as sales on TVA accounts.

Intergovernmental Challenges and Achievements

a member or patron of the G&T cooperative results in a diminution in payments in lieu of taxes by the TVA to such state and local governments.

- It defined “payments in lieu of taxes” as payments made by the TVA to state and local governments on account of its gross proceeds under the federal Tennessee Valley Authority Act of 1933 and deemed all such payments to be ordinary operating expenses of the G&T cooperative.
- It added that “governmental electric system” may include, at the election of the G&T cooperative, for purposes of membership in the G&T cooperative, the TVA.
- It provided that each person, including each governmental and cooperatively organized person, engaged in the business of making covered wholesale sales of electric current to a municipality, electric cooperative or other similar customer shall, for the privilege of doing such business, remit to the state for state purposes a payment in lieu of tax in an amount to be calculated according to the bill.
- It provided that the payment in lieu of tax required shall equal 5% of the Tennessee apportioned gross receipts of the person making covered wholesale sales of electric current.
- It provided for a credit upon in-lieu-of-tax payments required by this bill for any taxes paid under parts 3, 4, 20 or 21 of Chapter 4 of Title 67 and a further credit for any ad valorem taxes or payments in lieu of ad valorem taxes paid to the state or local governments within the state by or on behalf of any person engaged in a covered wholesale sale of electric current.

The Act also directed TACIR to continue to monitor whether the current wholesale power supply arrangements between TVA and municipal utilities and electric cooperatives are likely to change in the future such that payments in lieu of taxes would be affected. TACIR will report no later than February 1, 2011 and annually thereafter written findings to the Commerce, Labor & Agriculture Committee of the Senate; the Commerce Committee of the House; the Finance, Ways and Means Committee of each chamber.

Appendices

Appendix A	
TACIR Accomplishments by Research Area FY 2009 and FY 2010	13
Appendix B	
TACIR Publications FY 2009 and FY 2010.....	17
Appendix C	
TACIR Staff Presentations FY 2009 and FY 2010.....	19
Appendix D	
Conference and Meeting Attendance FY 2009 and FY 2010	21
Appendix E	
TACIR Organization, Mission, and Goals	23
Appendix F	
What Does TACIR Do?	25
Appendix G	
Legislation Affecting TACIR FY 2009 and FY 2010	27
Appendix H	
Commission Meeting Minutes FY 2009 and FY 2010	29
Appendix I	
Commission Members FY 2009 and FY 2010	39

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Appendix A: TACIR Accomplishments by Research Area FY 2009 and FY 2010

Fiscal Year 2009

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.

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 Policy and Planning:

- Continued to monitor and report to the General Assembly on the implementation of PC 1101, Tennessee's growth policy law (Title 6, Chapter 58).
- Continued study by University of Memphis on 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.

Intergovernmental Challenges and Achievements

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 meeting for Forum on Tennessee's Future.
- Completed web publication of ARRA information and clearinghouse.
- Completed web publication tracking indicators of the 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 on Tennessee's Future
- › Tennessee State University—survey public administration student satisfaction and needs
- › University of Tennessee, Knoxville—water study planning study
- › University of Tennessee, Knoxville—update population projections for Tennessee counties and places

Using Technology for Public Information:

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

Fiscal Year 2010

Education Finance/Fiscal Capacity:

- Completed Fiscal Year 2011 Fiscal Capacity Model.
- Completed study on funding public schools facilities.

Fiscal & Tax Policy Research:

- Completed study on the provisions of the law creating the County Revenue Partnership Fund.
- Completed study on the Electric Generation and Transmission Cooperatives.
- Completed comprehensive study on the property tax in Tennessee with separate reports on
 - utility taxation,
 - circuit breakers, and
 - 10-year recap.

Growth Policy and Planning:

- Continued to monitor and report to the General Assembly on the implementation of PC 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 on relationship between school siting and land-use planning.
- Continued to review water resource allocation in Tennessee as it relates to growth and scarcity.

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.
- Requested by the Tennessee Department of Environment and Conservation (TDEC): Acted 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.
- Provided 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.

Intergovernmental Challenges and Achievements

Other Research:

- Completed study on regional governance districts.
- Monitored intergovernmental tax, fiscal, and education legislation.
- Continued economic analysis of rural economies and their development to identify “emerging rural regions.”
- Completed planning for Forum on Tennessee’s Future.

Administration:

Administered sixteen contracts:

- › CRS Incorporated—regional jail study
- › Middle Tennessee State University—economic indicators website
- › Nine development districts—support for the public infrastructure needs inventory
- › Tennessee Department of Education—server support
- › Tennessee Department of Finance and Administration—shared administrative support services
- › University of Memphis—school siting and land use study
- › University of Tennessee, Knoxville—water supply planning study
- › University of Tennessee, Knoxville—population forecast for Tennessee counties and cities

Using Technology for Public Information:

Improved website to include three major public information enhancements:

- › TACIR Clearinghouse on American Recovery and Reinvestment Act
- › Tracking Tennessee’s Economic Recovery in partnership with Middle Tennessee State University
- › Updated and enhanced Tennessee county profiles to include commuter maps

Appendix B: TACIR Publications FY 2009 and FY 2010

County Revenue Partnership Fund

Commission Report
June 2010

The Electric Generation and Transmission Cooperative Act of 2009 and its Possible Impact on the Tennessee Valley Authority's Payments in Lieu of Taxes

Commission Report
June 2010

Statewide Water Resources Planning: A Nine State Study

Institute for a Secure and Sustainable Environment, University of Tennessee, Knoxville
April 2010

The Cost of a Property Tax Circuit Breaker Program in Tennessee

Staff Research Brief
March 2010

High Growth, Low Pressure Counties

Staff Report
March 2010

Regional Governance Districts

Staff Report
February 2010

Personal and Family Economic Well-Being: Status and Momentum of Tennessee Counties

Fast Facts (Volume 6, Issue 1)
February 2010

Intergovernmental Challenges and Achievements

Biennial Report FY 2007-2008
December 2009

Taxing Utilities in Tennessee: Ongoing Challenges in Providing a Level Playing Field for Telecommunication Businesses

Staff Research Brief
October 2009

Capital Expenditures for Public Schools

Staff Education Brief
October 2009

Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs

Commission Report
September 2009

Gains in Education Spending Equity—Ten Years After Fully Funding the BEP

Staff Education Brief
August 2009

Intergovernmental Challenges and Achievements

Population Projections for the State of Tennessee 2010-2030

Joint Publication of TACIR and UT CBER
June 2009

The Importance of the Property Tax Among Tennessee Counties

Staff Research Brief
May 2009

Economic and Fiscal Impact Analyses

Staff Research Brief
May 2009

Tracking the Tennessee Economy

Web Publication
May 2009

Property Tax Disparity Among Tennessee Counties

Staff Research Brief
March 2009

Greenbelt Revisited

Staff Report
February 2009

Fiscal Impact of Economic Slowdown on Local Governments in Tennessee

Web Publication
December 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

Telecommuting: Saving Energy and Promoting Progress

Staff Research Brief
September 2008

Fiscal Capacity and Fiscal Equity

Staff Research Brief
August 2008

Local Economic Activity: Status and Momentum of Tennessee Counties

Fast Facts (Volume 5, Issue 2)
August 2008

Appendix C: Staff Presentations FY 2009 and FY 2010

Where Do We Go From Here?

Presentation to the Tennessee Chapter of the American Water Resources Association
April 2010

Qualified School Construction Bond Program for 2010

Presentation to the Tennessee Development District Association
April 2010

Utility Taxation

Presentation for the Joint Select Committee on Business Taxes
December 2009

How the Change in Fiscal Capacity Affects Davidson County

Presentation to the Nashville Area Chamber of Commerce Report Card Committee
November 2009

Overview of Intergovernmental Relations in Tennessee

Presentation to Public Policy Class at Vanderbilt University
October 2009

The Powers and Function of a Planning Commission in Tennessee

Presentation to the Tennessee County Services Association Annual Conference
October 2009

Qualified School Construction Bonds

Presentation to the Tennessee State School Bond Authority
September 2009

Tax Increment Financing

Presentation to City of Portland Planning Commission
April 2009

American Recovery and Reinvestment Act of 2009

Presentation to the House, State and Local Government Committee
March 2009

Open Space and Farmland Preservation

Presentation to the Blount County Leadership Group
March 2009

Provisions of the American Recovery and Reinvestment Act of 2009

Presentation to Senate, State and Local Government Committee
February 2009

Intergovernmental Challenges and Achievements

2009 Public Issue Forum on K-12 Education and the BEP

Presentation by UT's IPS for the General Assembly

January 2009

Overview and Update of 2009 Legislative Session

Presentation at TAPA's Winter Retreat

January 2009

The Effect of Land Use Policy on the Environment

Presentation to the Environmental Summit Conference

November 2008

Perry County Peer Evaluation

Presentation for Senator Roy Herron

September 2008

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Appendix D: Conference and Meeting Attendance FY 2009 and FY 2010

American Society for Public Administration, Tennessee Chapter, Annual Symposium
Association of Government Accountants, Tennessee Chapter, Winter Seminar
County Officials Association of Tennessee Annual Convention
Cumberland Region Tomorrow Regional Summit
Environmental Summit Conference
Governor's Conference on Economic Development
Governmental Research Association Annual Conference
Middle Tennessee State University Economic Outlook Conference
Regional Economic Modeling Institute Conference
Southeast Conference on Public Administration Annual Conference
Summit for a Sustainable Tennessee
Tennessee American Planning Association Annual Conference
Tennessee American Planning Association Winter Retreat
Tennessee County Services Association Annual Fall Conference
Tennessee County Services Association Post Legislative Conference
Tennessee Development District Association Annual Meeting
Tennessee Development District Association Spring Conference and Meeting
Tennessee Economic Summit for Women
Tennessee Emergency Number Association Annual Conference
Tennessee Municipal League Annual Conference
Tennessee Municipal Attorney's Association Summer Seminar

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Appendix E: TACIR Organization, Mission, and Goals

Organization

Consisting of public officials from state and local government and private citizen members, the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) “serves as a forum for the discussion and resolution of intergovernmental problems.”

The twenty-five members of TACIR capture the richness and diversity of perspectives of private citizens and officials representing different branches and levels of government. Of the twenty-five member Commission, twenty-two members are appointed to four-year terms, while three are statutory members holding membership by virtue of their position.

Responsibility for the appointment of four state senators and four state representatives rests with the Speaker of each respective chamber of the Tennessee General Assembly. Other appointments to the Commission include four elected county officials, one official nominated by the County Officials Association of Tennessee, four elected city officials, one development district nominee, two private citizens, and two executive branch officials.

Statutory members include the chairs of the House and Senate Finance, Ways and Means Committees and the Comptroller of the Treasury. In total, ten members have local government as their primary affiliation; eleven represent the legislature; two are drawn from the executive branch; and two are private citizens.

Mission

In the late 1970’s, legislative findings indicated the need for a permanent intergovernmental body to study and take action on questions of organizational patterns, powers, functions, and relationships among federal, state, and local governments. In pursuit of this goal, TACIR was created in 1978 (T.C.A. § 4-10-101). TACIR’s enabling act established what has remained the Commission’s enduring mission (T.C.A. § 4-10-104), to

“Serve as a forum for the discussion and resolution of intergovernmental problems; provide high quality research support to state and local government officials to improve the overall quality of government in Tennessee; and to improve the effectiveness of the intergovernmental system to better serve the citizens of Tennessee.”

Intergovernmental Challenges and Achievements

Goals

Many specific duties and functions are required of TACIR in its enabling act, and additional duties are often assigned by the General Assembly through legislation. From its broad set of statutory obligations and special charges, the purpose for TACIR's existence can be summarized in four concise yet encompassing goals:

1. Advance discussion and deliberation of critical and sensitive intergovernmental policy matters
2. Promote action to resolve intergovernmental problems and improve the quality of government
3. Forge common ground between competing but equally legitimate values, goals, and interests
4. Provide members of the General Assembly and other policymakers with accurate and timely information and analysis to facilitate reasoned decision-making

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Appendix F: What Does TACIR Do?

Objectives

TACIR provides a future-oriented perspective to public policy and intergovernmental relations, constantly attempting early identification and diagnosis of policy problems that loom on the horizon. To facilitate the achievement of its mission and goals, TACIR is directed by statute to

- engage in activities, studies, and investigations necessary for the accomplishment of the Commission's mission and goals;
- consider, on its own initiative, ways of fostering better relations among local governments and state government;
- draft and disseminate legislative bills, constitutional amendments, and model ordinances necessary to implement the Commission's recommendations;
- encourage and, where appropriate, coordinate studies relating to intergovernmental relations conducted by universities, state, local, and federal agencies, and research and consulting organizations;
- review the recommendations of national commissions studying federal, state, and local government relations and problems and assess their possible application to Tennessee;
- study the fiscal relationships between the federal government and Tennessee's state and local governments; and
- study tax equivalent payments by municipally-owned electric operations to the various taxing jurisdictions within the state; and study laws relating to the assessment and taxation of property (summarized from T.C.A. 4-10-104).

Additionally, the Commission is directed by statute to hold four meetings per year and issue reports of its research and findings. Commission meetings, with invited guests and experts, and lively and thoughtful debate, form the core around which virtually all Commission activities are centered.

Given such a broad task environment, the Commission adopts an annual work plan to guide its meetings and research. The work plan is designed to ensure the completion of objectives set forth in the Commission's enabling act, as well as the achievement of the mission and goals.

From time to time throughout the year, the Commissioners address problems that were not anticipated in the work plan. Generally such matters are addressed at the direction of the General Assembly.

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Appendix G: Legislation Affecting TACIR FY 2009 and FY 2010

Fiscal Year 2009

- TACIR completed analyses and published a brief analyzing the issues surrounding the final two election bills of the nine that were referred for study in FY 2008:
 - SB 1040/HB 1929. 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. Would create a joint legislative committee to study offsite early voting locations (EVLs), including scheduling, hours of operation, making requests and funding.
- TACIR was directed to study SB 1089/HB 1518 to determine whether the current wholesale power supply arrangements between the Tennessee Valley Authority (TVA) and municipal utilities and electric cooperatives were 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.
- The House State and Local Government Committee directed TACIR to study the provisions of SB 0208/HB 0204, which revises funding to provide an additional share to the 50 lowest population emergency communication districts, and report findings and recommendations to the House State and Local Government Committee in 2010.
- SB 1006/HB 0999 directed TACIR to perform a study of the impact on public safety of non-emergency communications district affiliated public service answering points (PSAP's). Findings and recommendations will be reported to the House and Senate Government Operations Committees, including any proposed legislation or interim reports, by December 1, 2011.
- SB 0818/HB 0852 required TACIR to study the effectiveness of Tennessee's current underground utility damage prevention program. It also required TACIR to determine whether any legislative action is needed to improve the effectiveness of the program.

Fiscal Year 2010

- TACIR completed study on the provisions of SB 3934/HB 3863 and related policy matters and reported findings and recommendations to the finance, ways, and means committee of each house of the General Assembly. The bill established a separate account within the state general fund, to be known as the "county revenue partnership fund."

Intergovernmental Challenges and Achievements

- TACIR completed a research brief analyzing SB 1780/HB 1267, which required any purchase, lease, or lease purchase by a water and wastewater treatment authority to be preceded by competitive bidding or proposals if purchase, lease, or lease purchase exceeds the amount in the county purchasing law of 1983.
- TACIR completed an analysis of SB 1089/HB 1518, determining whether the current wholesale power supply arrangements between the Tennessee Valley Authority (TVA) and municipal utilities and electric cooperatives were 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. A Commission report was published in June 2010.
- Public Chapter 825 amended SB 0818/HB 0852 from fiscal year 2009 extending the deadline of the underground utility damage prevention program study from January 29, 2010, to January 17, 2011.
- TACIR was directed to study the provisions of SB 1336/HB 0895 and report findings and recommendations to the House State and Local Government Committee. The bill establishes minimum compensation and benefits for county and municipal veterans' service officers.

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Appendix H: Commission Meeting Minutes FY 2009 and FY 2010

FY 2009 SCHEDULED COMMISSION MEETINGS

September 16-17, 2008

TACIR Staffing Issues

Dr. GREEN updated the Commission on the impact of budget restraints on the work program and TACIR's recent sunset hearing. Due to the hiring freeze TACIR has been unable to fill its four vacant positions. Dr. GREEN noted that the vacancies could have a serious impact on the completion of one of TACIR's mandated projects, the Public Infrastructure Needs Inventory (PINI).

Forum on Tennessee's Future

Ms. ROEHRICH-PATRICK gave the Commission an overview of the project emphasizing its multiple purposes: to publish a set of ten opinion pieces around the first of the year on the greatest challenges facing Tennessee policy makers, bringing attention to those issues, identifying issues in need of further research, and ultimately to host a conference where the issues could be raised and the research presented.

Bridge Conditions and Needs

Ms. CORLEY said that the 2002 bridge need was nearly \$788 million and the 2006 need was \$851 million. There were \$495 million in needs reported in 2002 that were still a need in 2006. She said that the inventory does collect information on the availability of funding and the staff will be looking at the available funding reported in the next infrastructure report. State and federal funds combined account for 83% of the available funding for bridge needs reported in 2006.

Infrastructure Challenges

Senator NORRIS discussed the study of the federal group, Intergovernmental Forum on Transportation Financing, of which he was a member. The group published a report, "Financing Transportation in the 21st Century," in January 2008. He stated that the group he was a part of was one of two created by Congress to study transportation finance. He stated that there are possible solutions to the challenges of transportation financing but there is a need for a national solution.

Senator NORRIS said the group was divided but the majority called for a continued strong federal role and a federal gas tax hike. He said others recommended innovations such as public-private partnerships and tolling. Senator NORRIS stated that there is a major transition in financing and we are suffering in Tennessee. He noted that the federal government has rescinded funds in the amount of nearly \$288 million. He said there is a difference between funding and financing. He said that Tennessee, historically, does not borrow to build roads, and this limits Tennessee's ability to fund projects.

Intergovernmental Challenges and Achievements

Education Crossroads

Dr. MURRAY gave a PowerPoint presentation describing the report and focusing on the forces of change surrounding his look at the state's educational status and needs. The forces he identified include outsourcing and globalization; income disparities—concentration at the top, rural-urban differences, and Tennessee versus the U.S.; structural changes and the decline of manufacturing; perceptions of the work force; demographic changes, particularly the aging of the Baby Boomer generation; skill requirements of the future; and the promise of productivity changes. An assessment of Tennessee's assets indicates that we lag the nation in most measures of investment and attainment.

Discussion on Public Chapter 1101

Dr. GREEN noted to the Commission that he had appointed a working group on PC 1101 last summer and the group had been meeting over the last year to analyze the Act. The product of the working group is a draft report that includes recommendations for changes and possible legislation.

Mr. TERRY stated that he believed that the members of the working group had the most intimate knowledge of the details of the Act, its implementation and its problems. The group examined all aspects of PC 1101 and the experiences of local government participation and implementation, reached a number of conclusions, made recommendations for changes, and summarized possible legislation.

Mr. JENKINS said that with regards to the conclusions that were presented, there is broad concurrence from the cities. He said some of the recommendations pertaining to Joint Economic and Community Development Boards (JECDBs) and planning requirements relating to updating or amending plans may generate some opposition or concern. He stated that there were a number of things that were not included in the report.

Mr. CONNOR said that the counties had some concerns about the proposals in the PC 1101 working group's report relating to the loosening up of the standards on quo warranto suits and the proposed changes relating to the county's involvement in approval of extraterritorial planning and zoning. He said that making large changes to PC 1101 might undo some of the goodwill that has been built up over the years. He said that a lot of places in the state might not have done all the planning they should have.

Mr. EMMETT stated that the working group recommended that the coordinating committee reconvene automatically after a set amount of time. He said he agreed with that. He said he thought the coordinating committees should reconvene and file a report with Local Government Planning Advisory Committee (LGPAC) on the status of its growth plan every ten years to coincide with the decennial census. He said that this provision would come into play in counties with growth rates above a determined level. He said although there could be a long debate about what the term "growth rates" actually means he was in favor of that idea as well.

Mayor BRAGG made a motion that the PC 1101 working group's report be accepted provided that it constitute and bring to an end the work of TACIR on PC 1101 unless and until such time the General Assembly shall deem it appropriate that TACIR provide further instruction. He said he thought that copies of the report should be provided to representatives of the counties and municipalities and all local governments in the state. He said their representatives are encouraged to consider this report to be a foundation for discussions for any future bills. He said they should design among themselves to identify modifications for which they are able to garner the support of a majority of the local governments. Any changes to PC 1101 should only occur as a result of this thoughtful and deliberative process that constitutes a consensus of opinion and enjoys the support of a vast number of local governments collectively. The motion was seconded by County Executive HUFFMAN and adopted.

January 27, 2009

Election of Officers

Vice Chairman ROWLAND opened the floor for nominations for Chairman. Senator TRACY nominated Senator Mark NORRIS for Chairman. Representative MUMPOWER seconded the motion. Senator NORRIS was elected by unanimous voice-vote, with his office taking effect immediately.

Chairman NORRIS opened the floor for nominations for Vice Chairman. Alderman KIRK nominated Mayor Tom ROWLAND for Vice Chairman. Senator TRACY seconded the motion. Mayor ROWLAND was reelected by unanimous voice-vote.

The Recession and its Impact on State and Local Revenue

Dr. CHERVIN stated that Tennessee had double-digit unemployment in the early 1980's, but the current rate is still under 8%. It is not yet as bad as it may get. The credit crunch that has accompanied the banks' troubles has also crippled the auto market, which affects both sales tax revenues and jobs in Tennessee. Continued declines in revenues from all state taxes are expected. The state can use some of its Rainy Day funds, but there is some resistance to using too much as we may not have experienced the worst of the problems yet. It is unclear what aid may be in the federal spending package currently under debate in Congress.

The Proposed Federal Stimulus Plan

Dr. KYLE stated that bills have been introduced in the U.S. House and Senate dealing with the economic stimulus package. He stated that the bill calls for a combination of tax cuts and expenditures over two years, totaling \$850 billion. This is about 3% of annual U.S. GDP. Of the \$850 billion, \$550 billion would be in the form of new expenditures and \$275 billion would be in the form of tax cuts.

Infrastructure Needs in Tennessee

Ms. ROEHRICH-PATRICK stated that she would not be presenting the entire report at this time, instead focusing on only those needs designated in planning and design. She

Intergovernmental Challenges and Achievements

stated that the data in the first table is an overview of the needs by project type in the planning and design stage. She also noted that this data, as of July 2008, is preliminary and still being updated by the development district staff. The total is a little over \$10 billion. Transportation needs account for 60% and water and wastewater needs make up the next largest amount. Chairman NORRIS asked about the transportation needs and how they compare to previous inventories. Ms. ROEHRICH-PATRICK said that this is comparable to previous inventories and that in fact transportation has been the largest category of needs every year.

Impact of Economic Crisis on Local Government

Mr. CONNOR made a presentation on revenue sources for county government and the effects of the recession on local governments. Loss of revenue impacts education funding and usually increases property tax rates. Mr. CONNOR explained that counties have mandatory spending requirements for education and the highway and sheriff departments, which typically results in property tax increases to fund these areas when revenue declines.

Challenges to Local Government

Mr. JENKINS stated that cities, counties, and the state are dealing with the same issues, same resources, and same constituents. Cities have experienced similar problems with revenue collections, the same as the state and counties. Cities have a statutory cap and a de facto cap, which applies to property and local option sales tax. Several cities have tried to increase the cap, but have been told they cannot. Mortgage and utility delinquencies are up significantly so escrow is not being made. This is important for city governments because they allocate funds based on what is projected to come in, and when they do not, it creates a problem. Cities are dealing with this as best they can. A number of cities have made adjustments in their budgets in the first five months to reflect decreased revenues.

Fiscal Proposals: Let's Reverse "Fend for Yourself" Federalism

Dr. GREEN referred to a map of the solvency of the unemployment trust funds across the country. There are a lot of states that are already in trouble. He mentioned that supplementing unemployment compensation funds should be added to the stimulus package in addition to some kind of unrestricted revenue sharing for the short term. He proposed that as an organization and state, we should communicate this to our Congressmen and encourage that it be added to the stimulus package.

June 30, 2009

TACIR's Sunset Review

Ms. ROEHRICH-PATRICK said that TACIR goes through a sunset review process that involves responding to a list of standard questions and then TACIR goes before the Joint Government Operations Committee to present the information and respond to any questions. There was one issue that was raised which was not related to the quality of TACIR's work. TACIR consistently gets great feedback on the quality of its work. TACIR

staff was able to deal with the one issue related to staff diversity to the satisfaction of both the House and Senate Government Operations Committees. She said that TACIR staff was able to get a longer extension than what was in the original bill. TACIR was extended through June 30, 2013.

TACIR's Work Program for FY 2010

Dr. GREEN presented TACIR's 2010 work program for Commission approval. Mayor BRAGG made a motion to adopt the work program. The motion was seconded by Representative TODD. The work program was approved.

Building Tennessee's Tomorrow: TACIR's Infrastructure Report

Ms. CORLEY stated that the cost for the five-year period from July 2007 to June 30, 2012 totaled \$34.2 billion, an increase of \$5.9 billion since the last report. She said that the last report was based on inventory two years older than the one on which this report is based. She also said that the current report includes additional bridge improvement needs not captured by the last inventory. Needs at Tennessee public schools including new school construction totaled \$3.7 billion, an increase of \$225 million from the last report. She stated that this increase is attributable to the increase in new school construction.

Fiscal Capacity for 2010

Dr. GREEN stated that TACIR had developed a model a few years before the BEP program began, which is the main reason it was adopted for use in the BEP. It has worked well, but not perfectly (data and estimation problems will keep any model from working perfectly) for the past 15 years. The TACIR model relies on a statistical model. In the past few years the Center for Business and Economic Research (CBER) at UT Knoxville has also produced a model that is being used for the BEP. The CBER model uses just the property and sales tax bases in an algebraic model. Dr. GREEN referred to the map included in the packet that compares the differences for counties between the two models. He also briefly discussed the map that was handed out that showed changes in the fiscal capacity index over time. The growth has mostly been in the metropolitan and tourist-heavy areas.

FY 2010 SCHEDULED COMMISSION MEETINGS

July 1, 2009

The Federal Stimulus and Tennessee

Mr. MORROW stated that his office provides oversight and guidance to state agencies receiving funds through the American Recovery and Reinvestment Act (ARRA). Fund disbursement will be implemented through tax changes, individual assistance, formula grants, and discretionary competitive grants. Funds will be distributed via federal, state, and local governments, some funds will be distributed to nonprofit and community organizations.

Intergovernmental Challenges and Achievements

Mr. MORROW reviewed the tax changes implemented by the ARRA including impact on take home pay, first-time homebuyer tax credits, money back for new vehicle purchases, the Earned Income Tax Credit, additional child tax credits, and the American Opportunity Credit. In terms of individual assistance, impacts include a 13% increase in monthly food stamps, a \$250 one-time payment to social security and supplemental security income (SSI), a \$25 per week increase in unemployment benefits, an increase in COBRA subsidies, and higher education financial assistance.

Tennessee's Economic and Population Outlook: 2010 and Beyond

Dr. MURRAY described current economic conditions for both the nation and Tennessee, focusing on the short- and long-term forecast. He pointed out that it would be the longest recession since the Great Depression. He stated that the level of economic activity will take several years to recover, which has important impacts on revenues.

September 16-17, 2009

Qualified School Construction Bonds (QSCB)

Comptroller WILSON introduced the QSCB program by informing the Commission that Tennessee received \$181 million from the Recovery Act, of which \$41 million was allocated for Memphis and \$21 million to Davidson County. He noted that the rest was to be allocated by the state for use on school construction or renovation, and that the bonds had very low, if any, interest. The School Bond Authority asked TACIR to help develop an application process, do a study, and rank the applications.

Building Tennessee's Tomorrow: TACIR's Infrastructure Report

Ms. CORLEY stated that the total estimated cost of infrastructure needs reported for the five-year period of July 1, 2007 to June 30, 2012 was \$34.2 billion, an increase of \$5.9 billion since the last report. She said that the last report was based on inventory two years older than the one on which this report is based. The current report includes additional bridge improvement needs not captured by the last inventory. Needs at Tennessee public schools including new school construction totaled \$3.7 billion, an increase of \$225 million from the last report. She stated that this increase is attributable to the increase in new school construction. Mayor MCDONALD made a motion to adopt the report. The motion was seconded by Mayor MCBRIDE. The report was approved.

TACIR's Work Program

Dr. GREEN reviewed the legislative mandates that were referred to TACIR for study in FY 2010 and requested guidance from the Commission.

Tennessee's Economic Recovery

Dr. PENN discussed the economic indicator tracking information that his organization is putting together and compiling on a public website for TACIR. He said that the project was just beginning and had four major goals: determining the information content, writing the programs to make the data as automated as possible, designating target dates for

Biennial Report of TACIR

updates, and maintaining and updating the site for 12 months. He said the data they were currently tracking was employment and workforce data, unemployment claims in the short and long terms, Nashville MSA indicators and unemployment by county. He said he would be happy to give another report at the next meeting after the project gets underway.

December 9-10, 2009

Award Presentation by the Tennessee Development District Association

TACIR's statewide Public Infrastructure Needs Inventory program was recognized by the National Association of Development Organizations (NADO) as a 2009 Innovation Award winner.

Biennial Report for Fiscal Years 2007 and 2008

Dr. GREEN stated that TACIR is required by statute to prepare a biennial report, and the report, currently in draft form, accurately reflects TACIR's work over the last two fiscal years. The report contains detailed information about major issues—K-12 education finance, infrastructure inventory, jails, elections, and fiscal federalism—addressed by TACIR during fiscal years 2007 and 2008. Vice Chairman ROWLAND made a motion to approve this report; Alderman KIRK seconded the motion. The report was approved for publication.

Emergency Communication District Funding

Mr. LIPPARD presented on the preliminary findings and recommendations for the Commission's report on Emergency Communication Districts (ECDs) funding and more specifically SB 0208/HB 0204 (S: Stewart; H: Matheny). He emphasized that he would not be seeking approval from the Commission on these preliminary findings and recommendations but would be seeking feedback to incorporate into TACIR's final findings and recommendations.

Electric Generation and Transmission Cooperatives

Dr. KYLE stated that TACIR was asked to study whether the current wholesale power supply arrangements between the Tennessee Valley Authority (TVA) and its purchasers are likely to change in the future in a way that could affect payments in lieu of taxes from the TVA to the state and local governments. He said that the motivation for the bill comes from a long standing desire on the part of TVA distributors to have some ownership and generation capacity of their own.

County Revenue Partnership Fund

Dr. CHERVIN presented a summary of a draft report on the "County Revenue Partnership Fund (CRPF)" and Public Chapter No. 1057 of 2008 that created a new account within the state general fund and authorized the Legislature, with several restrictions, to appropriate funds from the currently unearmarked portion of state sales taxes to the fund for the benefit of counties and metropolitan governments. Public Chapter No. 1057 also required the Tennessee Advisory Commission on Intergovernmental Relations to

Intergovernmental Challenges and Achievements

study and evaluate the new law and report its findings and recommendations by June 30, 2010.

Dr. CHERVIN noted that it appears that the intent of the new legislation was to facilitate future appropriations to counties with a source of revenue similar to funds now shared with municipalities, namely unrestricted funds. Unfortunately, the timing of the legislation during an economic recession will likely prevent any significant appropriations to the CRPF until some unknown period in the future.

Regional Jail Feasibility Study

Ms. THURMAN stated that in preparation for this project, TACIR staff met with CTAS staff, as CTAS has many staff members with corrections and criminal justice expertise. TACIR staff also met with the four county executives/mayors and sheriffs. She said that though this study stems from a legislative directive, the end product will be a document that the counties can use to determine a course of action regarding their jail facilities. She stated that feasibility studies require specific expertise and for this reason, TACIR is hiring a contractor, CRS Incorporated, to complete the project by the April 2010, due date.

Underground Utility Damage Prevention Program Effectiveness: Testimony on One Call Study

Commission members heard testimony from representatives of eight stakeholder groups on the One Call Study:

- Mr. Rodney CARMICAL, Executive Director, Tennessee County Highway Officials Association
- Mr. Chad JENKINS, Deputy Director, Tennessee Municipal League
- Mr. Walter HAYNES, Lobbyist/Legislative Affairs, Tennessee Municipal Electric Power Association
- Mr. Bob FREUDENTHAL, Executive Director, Tennessee Association of Utility Districts
- Mr. Bob PITTS, Senior Policy Advisor, Associated Builders and Contractors, Inc., Middle Tennessee Chapter
- Ms. Rhedona ROSE, Director of Public Affairs, Tennessee Farm Bureau Federation
- Mr. Bill JEANS, Tennessee Railroads, Inc. and Mr. Dave ELDER, CSX Railroad
- Mr. David HARRELL, Vaughn & Melton, representing the American Council of Engineering Companies of Tennessee

June 30, 2010

TACIR's FY 2011 Work Program

Dr. GREEN presented TACIR's FY 2011 work program for Commission approval. He reviewed the General Assembly requests sent to TACIR for study during the legislative session, including the veterans service officers' compensation study, the underground utility damage prevention program study, and the non-emergency public service answering points study. He reviewed TACIR's recurring projects, which include conducting four Commission meetings each year, producing the fiscal capacity model for the Basic Education Program (BEP), compiling and maintaining the public infrastructure needs inventory (PINI), and monitoring the implementation of PC 1101, Tennessee's Growth Policy Act.

Regional Jail Feasibility Study

Mr. MILLER stated that the study considers regional jail partnerships, as well as other jail scenarios. He said that his team completed 30-year life cycle cost analyses for each county. Mr. MILLER noted that regional jail partnerships offer cost savings under the right circumstances. He stated that regional jails are very complex to put together, and they require perfect timing among participants. This study concludes that the counties involved are not coordinated, in terms of timing. He said that many issues affect whether or not a regional partnership is a good deal for participants; the study has outlined those issues for counties.

Water and Wastewater Authorities

Ms. ELDRIDGE stated that SB 1780/HB 1267 had been referred to the TACIR for study by the House Local Government Subcommittee. She said that this bill would put specific language in the law requiring that a purchase, lease, or lease-purchase by a water and wastewater treatment authority that was over \$10,000 be preceded by competitive bidding or competitive proposals following the procedure for competitive bidding in accordance with the county purchasing law of 1983, codified at TCA § 5-14-204. She stated that currently the water and wastewater treatment authority statutes do not include specific language that require an authority to use competitive bidding.

Infrastructure Needs in Tennessee

Ms. ROEHRICH-PATRICK stated that the big news from the 2010 report is that the infrastructure needs are now \$37.3 billion in total—a \$3.1 billion increase since the last report. She said that this increase is not out of line with past increases. Ms. ROEHRICH-PATRICK stated that compared to 2007, which was the last year funding was reported, roughly the same amount of funding is currently available for projects. About \$9.1 billion is known to be available in this report compared to \$9 billion in the 2007 report. However, the total need has grown so the percentage of what is funded has actually declined.

Intergovernmental Challenges and Achievements

Previously Reviewed Mandates

Dr. GREEN presented the following three studies for the Commission's approval:

- E-911 Emergency Communications Funding report,
- County Revenue Partnership Fund (CRPF) report, and
- Electric Generation and Transmission (G&T) Cooperative Act report.

There was a motion to adopt the previously reviewed mandates, minus the E-911 report; the motion was seconded and adopted.

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Appendix I: Commission Members FY 2009 and FY 2010

Legislative

- Senator Douglas Henry
- Senator Rosalind Kurita
- Senator James Kyle
- Senator Mark Norris
- Senator Jim Tracy
- Representative Jason Mumpower
- Speaker Emeritus Jimmy Naifeh
- Representative Gary Odom
- Representative Randy Rinks
- Representative Curry Todd
- Representative Larry Turner

Statutory

- Senator Randy McNally, Chairman, Senate Finance, Ways & Means
- Representative Craig Fitzhugh, Chairman, House Finance, Ways & Means
- John Morgan, Comptroller of the Treasury
- Justin Wilson, Comptroller of the Treasury

Executive Branch

- Paula Davis, Deputy Commissioner, Department of Economic & Community Development
- Leslie Newman, Commissioner, Department of Commerce & Insurance

County

- Rogers Anderson, Mayor, Williamson County
- Jeff Huffman, County Executive, Tipton County
- Kenny McBride, Mayor, Carroll County
- Hank Thompson, County Executive, Sumner County
- Larry Waters, Mayor, Sevier County

Intergovernmental Challenges and Achievements

Municipal

- Tommy Bragg, Mayor, City of Murfreesboro
- Bob Kirk, Alderman, City of Dyersburg
- Keith McDonald, Mayor, City of Bartlett
- Tom Rowland, Mayor, City of Cleveland

Other Local Government

- County Officials Association of Tennessee
Charles Cardwell, Metropolitan Trustee
- Tennessee Development District Association
Brent Greer, Mayor, Henry County

Private Citizens

- Rozelle Criner, Sr., Ripley
- John Johnson, Morristown
- Tommy Schumpert, Knoxville

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