



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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MINUTES OF THE TENNESSEE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

June 9, 2021

Meeting Called to Order

The Tennessee Advisory Commission on Intergovernmental Relations met virtually via GoToWebinar at 8:31 a.m., Vice Chairman Kevin Brooks presiding.

Present 23	Absent 1
Mayor Rogers Anderson	County Executive Jeff Huffman
Assistant Commissioner Sammie Arnold	
Mayor Tom Bickers	
Mayor Buddy Bradshaw	
Mayor Kevin D. Brooks	
Mr. Calvin Clifton	
Representative John Crawford	
Deputy Commissioner Paula Davis	
Mayor Terry Frank	
County Clerk Mary Gaither	
Representative Patsy Hazlewood	
Mayor Jill Holland	
Representative Harold Love Jr.	
Senator Jon Lundberg	
Mayor A. Keith McDonald	
Comptroller Jason Mumpower ¹	
Representative Antonio Parkinson	
Mr. Jeff Peach	
Senator Katrina Robinson	
Mayor Larry Waters	
Senator Bo Watson	
Senator Ken Yager	
Senator Jeff Yarbro	

¹ Dana Brimm represented Jason Mumpower.

1. Call to Order and Approval of the Minutes

Vice Chairman Kevin BROOKS called the meeting to order at 8:31 a.m. Before taking the role, he noted that the Commission had planned to present a proclamation honoring our late chairman, Representative Mike Carter, but because Chairman Carter's wife Joan was unable to attend, that presentation would take place at the next meeting. Vice Chairman BROOKS said that at the exact same time as our meeting, the Hamilton County Commission was meeting to appoint Joan Carter to fill Chairman Carter's seat until the special election. Vice Chairman BROOKS and other members shared their memories of Chairman Carter and held a moment of silence. Following that, the roll was called. Vice Chairman BROOKS then requested and received approval of the January 2021 meeting minutes. Executive Director Cliff LIPPARD read the statement of necessity for a remote meeting.

2. Commission and Staff Update

Executive Director Cliff LIPPARD provided the commission and staff update, informing the members that the commission's bylaws require the election of its officers, the chair and vice chair, every two years and the election would be held during this meeting. It was decided to hold the election during new business at the end, but because of concerns over possibly losing a quorum, it was held between the presentations of tab 5 and tab 6. During the election, Mayor Keith MCDONALD moved and Senator Jeff YARBRO seconded the nomination of Senator Ken YAGER for chair. Senator Bo WATSON moved and Senator Jon LUNDBERG seconded that all nominations cease. Senator WATSON then moved, and Representative Antonio PARKINSON seconded, that Senator YAGER be elected by acclamation.

Newly elected Chairman YAGER then thanked Vice Chairman Brooks for his outstanding service in Chairman Carter's stead and called for nominations for vice chair. Mr. Jeff PEACH moved and Mayor Tom BICKERS seconded the nomination of Mayor Kevin BROOKS to remain as vice chair. Chairman LUNDBERG moved and Representative John CRAWFORD seconded that nominations cease. Senator WATSON then moved and Representative PARKINSON seconded that Mayor Brooks be elected by acclamation. The election was approved by voice vote without objection. Without objection, Chairman YAGER asked Vice Chairman Brooks to retain the gavel for the remainder of the meeting. Representative PARKINSON, who was having technical difficulties, passed along in the chat function his thanks for Vice Chairman Brooks leadership during Chairman Carter's absence.

During the staff update, Dr. LIPPARD reported that two of TACIR's research staff, Senior Research Associate Rabia Chaudry and Senior Research Associate Emma Johnson, will be leaving during the summer as their families move out of state. He said that both have made significant contributions to our work and have been talented, valued members of our team, and both will be missed greatly.

Dr. LIPPARD also reported that Research Associate Kevin Vanzant, who joined the staff just over a year ago, is celebrating five years of service with the state. Kevin has overcome the many challenges of working remotely and has proven to be an excellent researcher and team member.

Finally, Dr. LIPPARD noted that the Commission is pleased to have two interns working with us this summer, Carley Bowers and Kaylee Sheppard. Carley is a student in the Master of TACIR

Public Policy and Administration program at the University of Tennessee, Knoxville, and Kaylee just graduated from the same program in May 2021.

3. Fiscal Year 2020-2021 Accomplishments

Deputy Executive Director Melissa BROWN summarized the Commission's major accomplishments for the past fiscal year, which will be incorporated into the commission's biennial report for fiscal years 2020-21 and 2021-22.

4. Legislative Update

Senior Research Associate Emma JOHNSON reviewed legislative action during the first session of the 112th General Assembly on issues related to Commission studies. The legislature passed or considered legislation on several issues related to the Commission's work, some dealing directly with findings and recommendations from Commission reports. Ms. JOHNSON noted the laws that were passed consistent with the Commission's recommendations from its reports regarding internet sales tax and county jails.

Ms. JOHNSON said the General Assembly enacted three pieces of legislation requiring studies by the Commission pertaining to the feasibility of creating a state gold depository, non-fish and game recreational activities, and childhood obesity. A fourth study was requested by the Speakers of the House of Representatives and the Senate on issues pertaining to right-of-way reservations. The House of Representatives additionally passed a bill requesting a Commission study regarding disparities in the issuance or award of state contracts to businesses owned and operated by African Americans.

5. Work Program Amendment and New Research Plans

Deputy Executive Director Melissa BROWN presented seven amendments to the fiscal year work program for the Commission's consideration, and all passed unanimously. An eighth amendment was added during the meeting and passed unanimously. The first study required by Public Chapter 585, Acts of 2021, directs the Commission to study the feasibility of creating a state gold depository. Public Chapter 503, Acts of 2021, directs the Commission to conduct a comprehensive evaluation on the socioeconomic impact childhood obesity has in Tennessee and its short and long-term effects. Public Chapter 497, Acts of 2021, directs the Commission to study funding for all non-fish and game recreational activities, particularly the use of non-motorized vessels. The Speakers of the Senate and House requested a study of Senate Bill 1604 by Bailey and House Bill 366 by Williams related to right-of-way. The bill would require local governments to pay property owners if they take possession of rights-of-way. House Bill 1593 by Miller, which passed the House but not the Senate, requests the Commission study disparities in the issuance of state contracts to businesses owned and operated by African Americans. Regarding studies requested by the Commission, at its January 2021 Commission meeting, several members raised concerns about the increased adoption of electric vehicles (EV) as replacements for gas- or diesel-powered vehicles and the potential for reduced state-shared tax revenue—specifically from state fuel taxes—that the state and local governments use to build and maintain roads; the possibility that any decrease in revenue from one state-shared tax might be at least partially offset by increases from another; and members noted the growing

demand from residents for more EV charging infrastructure and asked staff to study these issues.

Chairman YAGER, on behalf of the city of Oak Ridge, requested a study related to the Tennessee Department of Environment and Conservation's (TDEC) post-award grant implementation process. During discussion of the request, members said there were similar issues with grants awarded by other state agencies including the Tennessee Department of Transportation and the Department of Economic and Community Development—issues with grants seem to stretch across all state departments and staff was asked to include grants that are awarded to non-profit organizations as part of their research. Commission members also said there are issues with changing rules and requirements once grants have been awarded and asked staff to clarify the source of grant requirements—state or federal—and whether requirements are established by the state or federal government or whether it is part of administrative rule making. The Commission directed staff to offer recommendations on how the grant system can work more efficiently and be less burdensome. Mayor BICKERS moved to expand the scope of the study to include a more systematic review of the grant implementation and enforcement process in Tennessee utilizing the experience of Oak Ridge with the TDEC grant. Senator YAGER seconded the motion, which was adopted without objection.

Prompted by what began as an issue of illegally dumped tires in Cleveland, Tennessee, Vice Chairman BROOKS requested that the Commission study the issue of litter in Tennessee—what is the problem and why are we not solving the problem. He said that Tennessee currently ranks 47th in trash, litter, and the recovery of these items in the state. In response to a question from Senator LUNDBERG about the specific focus of the study, Vice Chairman BROOKS said he wants Commission staff to focus on why litter, and the enforcement of litter ordinances, are not working. He agreed that it is a broad issue, but it is not one regarding bottles or deposits. In response to Senator LUNDBERG's question as to whether commission staff had enough direction for the research, Executive Director LIPPARD said it will be a large study and the first steps will be to determine the extent of the problem and what is the available data on the issue. Senator LUNDBERG said litter had been a focus of the General Assembly for several years, with a couple of issues being defeated and those issues don't need to come into this study—the “so called bottle bill” and mandating alternatives to plastic grocery bags. Mayor BRADSHAW said he wants the report to include language that would make it simpler to offer rewards to catch individuals who illegally dump. Mr. PEACH requested staff review the convenience and costs of trash disposal for citizens and how it affects illegal dumping. Staff was directed to provide information on funding of litter programs and how the money is distributed.

Regarding research plans for the potential studies, Mayor FRANK asked that the litter study address obstacles of enforcing litter laws; that the childhood obesity study address food banks and the quality and types of foods that are made available to people in distressed areas or those in need and that staff look at the effect of access to food on obesity; and asked for clarification on the fees mentioned in the water resources research plan—are the fees for managing or policing.

Representative PARKINSON moved for the adoption of the five work program amendments related to legislatively requested studies with Senator LUNDBERG seconding the motion. The motion passed unanimously—20 ayes.

Mayor BICKERS moved for the adoption of the three amendments to the work program requested by commission members with Mayor ANDERSON seconding the motion. The motion passed unanimously—20 ayes.

6. Fiscal Capacity for Fiscal Year 2021-2022

Senior Research Associate Michael MOUNT presented the annual update on TACIR's fiscal capacity index and background information about the index and education funding in Tennessee. He provided an update of Tennessee's 95 counties' 15-year fiscal capacity trends. Mr. MOUNT said that almost all the data used for TACIR's fiscal capacity calculation predates the COVID-19 pandemic.

Mayor Keith MCDONALD asked whether the fiscal capacity calculation takes the cost of living into account. Mr. MOUNT said that it does not, but the cost of living may be reflected in per capita income or sales tax base, for instance. [Staff note: the cost of living is reflected in the state's Basic Education Program (BEP) model.]

Mayor Terry FRANK asked whether the fiscal capacity calculation takes tax increment financing (TIF) agreements into account. Mr. MOUNT said that it does not and that, in general, local decisions are not meant to affect the fiscal capacity calculations. He referred to TACIR's 2018 report *Encouraging More Cooperation and Accountability in Payment in Lieu of Tax Agreements*, which includes information about TIFs. Executive Director LIPPARD said that in that report, the Commission recommended that the fiscal capacity calculation should be updated to include current Industrial Development Board assessment amounts rather than the 1993-1995 PILOT payments data currently used. He added that the Commission does not have the autonomous authority to do this. Rather, it would have to be approved by the commissioners of the departments of finance and education. He said the issue will be discussed later this year with the Basic Education Program Review Committee, and that he'd keep the Commission informed of any changes that come out of that. [Staff note: After the meeting, Mayor FRANK was emailed contact information for experts knowledgeable about the TIF issue: Greg LeRoy (goodjobs@goodjobsfirst.org; 202-232-4258) and J. Thomas Trend, Jr. (ttrent@bradley.com; 615-252-2327).]

7. Electronic Vehicles And Other Issues Affecting Road and Highway Funding-Update

Senior Research Associate Bob MOREO presented an update to the Commission on the topic of electric vehicles (EVs) and other issues affecting road and highway funding, which was requested at the Commission's January 2021 meeting. Mr. MOREO said that increased EV adoption could reduce state-shared revenue, but the effect would be small compared with the reduction in that revenue related to inflation and increased fuel efficiency in general. He explained that the existing \$100 annual registration fee paid by EV owners should make up for the loss of state fuel tax revenue, but because that fee currently goes entirely to the state highway fund, local governments would receive less shared revenue from the state.

Mr. MOREO compared Tennessee's vehicle-related taxes and fees to those in other states, noting how some states distribute revenue from their EV-registration fees to local governments, or use a portion to help expand their EV-charging networks. Even as EVs become more common, Mr. MOREO said the amount of electricity used to charge them is such a small fraction of total consumption that any resulting increases in the payments in lieu of taxes (PILOTs) the state receives from the Tennessee Valley Authority (TVA) will be minimal. However, he said some of the potential increase would go to local governments, helping to offset their reduced fuel tax revenue. Mr. MOREO concluded by saying the forthcoming report will include the latest initiatives the state, TVA, and other stakeholders are using to increase EV adoption and develop the state's charging infrastructure.

Mayor Tom BICKERS suggested that the tipping point for rapid growth of the electric vehicle market is coming sooner than some estimates predict, and that he doesn't want the state to underestimate the speed at which EVs will take over. He also asked staff to stress the point that EV-registration fees are not shared with local governments and do not make up for decreases in shared fuel tax revenue.

Following a determination that staff would survey members to determine the dates for the next meeting and whether the meeting should remain a one-day meeting or revert to a two-day format, Vice Chairman Kevin BROOKS adjourned the meeting at 11:12 a.m.