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**MINUTES OF THE  
 TENNESSEE ADVISORY COMMISSION  
 ON INTERGOVERNMENTAL RELATIONS  
 December 18, 2025**

**Meeting Called to Order**

The Tennessee Advisory Commission on Intergovernmental Relations met in House Hearing Room I of the Cordell Hull Building at 8:40 a.m., Vice Chairman Kevin BROOKS, presiding.

<b>Present 20</b>	<b>Absent 4</b>
Mayor Rogers Anderson	Commissioner Jim Bryson
Senator Richard Briggs	County Clerk Mary Gaither
Mayor Kevin Brooks	Senator Bo Watson
Mayor Paige Brown	Senator Ken Yager
Senator Heidi Campbell	
Councilman Chase Carlisle	
Mr. Calvin Clifton	
Representative John Crawford	
Mayor Terry Frank	
Representative Gary Hicks	
County Executive Jeff Huffman	
Representative Harold Love Jr.	
Comptroller Jason Mumpower <sup>1</sup>	
Representative Antonio Parkinson	
Mr. Jeff Peach	
Mayor Bob Rial	
Commissioner Deniece Thomas <sup>2</sup>	
Mayor Larry Waters	
Representative Ryan Williams	
Senator Jeff Yarbro	

<sup>1</sup> Laura Bond represented Comptroller Jason Mumpower.

<sup>2</sup> Stamatia Xixis represented Commissioner Deniece Thomas.

## **1. Call to Order and Approval of the Minutes**

Vice Chairman Kevin BROOKS called the meeting to order at 8:40 a.m. Vice Chairman BROOKS then requested and received approval without objection of the September 2025 meeting minutes.

## **2. Commission and Staff Update**

Executive Director Cliff LIPPARD presented the members an update on the Tennessee Investment in Student Achievement Review Committee, the entity that replaces the old Basic Education Committee Review Committee and that is responsible for making recommendations for improvements to the TISA funding formula. As the executive director of TACIR, Dr. Lippard is a statutory member of the committee.

Next, Dr. LIPPARD updated the members on two staff accomplishments, Research Manager Bob Moreo graduating from the Tennessee Government Management Institute—a two-week program for mid-level state government managers focused on academic study, practical management skills, and cross-agency networking—and Senior Research Associate Madison Thorn graduating from LEAD Tennessee, a 12-month program designed to develop eight core leadership competencies in emerging leaders.

## **3. Public Chapter 416, Acts of 2025 (Speech Therapy Services)—Panel**

Senior Research Associate Jennifer ARZATE gave an overview of the speech therapy services study and introduced panel participants knowledgeable about speech therapy services. They included

- Dr. Andrea Dowdy, Director of Clinical Services, Benefits Administration, Tennessee Department of Finance and Administration
- Jack Henderson, Speech Language Pathologist, Tennessee Association of Audiologists and Speech Language Pathologists (TAASLP)
- Laurie Lee, Executive Director, Benefits Administration, Tennessee Department of Finance and Administration
- Jamie Seek, Speech-Language and Related Services Coordinator, Tennessee Department of Education

Mr. Jack HENDERSON said he stutters, works as a speech language therapist, and serves on the TAASLP board. He said stuttering typically begins in early childhood, affecting about 5% of children. While many outgrow it, roughly 20% continue to stutter into later life. Stuttering can also result from brain injury, stroke, or other neurological events, though this is rare. Though stuttering often requires years of therapy for lasting improvement, it isn't always covered by insurance. He has seen clients denied coverage because they were over 18 or because their stuttering wasn't caused by stroke or another neurological event. He also said that, after COVID, teletherapy for stuttering ceased to be covered by insurance in certain clinical settings like hospitals. Meanwhile, the Kidd's Stuttering Act, recently introduced in Congress, would require stuttering screenings during Medicaid Well-Child visits. Mayor Terry FRANK asked whether early screenings and interventions affect long term therapy needs. Mr. HENDERSON said early intervention for stuttering can improve communication confidence and reduce negative social-emotional effects for children and families, though research does not guarantee it will cure

stuttering. He said early therapy helps families respond more effectively and may shorten the duration of stuttering.

Ms. Laurie LEE said that Benefits Administration provides, under the direction of the state, local education, and local government committees, insurance benefits to not just state and higher education employees, retirees, and dependents but also local education agencies that choose to participate in the state's plan, and local government municipalities and counties that choose to participate. Benefits Administration acts as an employer benefit sponsor and as an insurer for some of these other agencies. Benefits Administration has approximately 100 state and higher education entities; 130 local education agencies; and 370 local government/quasi-governmental entities that participate in the state's plan. The state is self-funded, which means the state doesn't pay an insurance company to insure the risk, but ensures its own risk and carries that financial risk. The state contracts with third-party administrators to administer networks, pay claims— but the state is the one holding the risk for the plans.

Dr. Andrea DOWDY said the program follows medical necessity criteria established by its third-party administrators, Blue Cross Blue Shield of Tennessee and Cigna. She said speech therapy is covered at the same benefit level as physical and occupational therapy, with no benefit limits, provided medical necessity criteria are met. Both developmental and acquired speech disorders, including stuttering, are covered under the program's benefits.

Ms. Jamie SEEK said she is responsible for ensuring that local school systems understand how to implement speech therapy and related services for students in public schools and public charter schools. Representative Ryan WILLIAMS asked what occurs when a child is deemed to need speech-language services in the school system and whether there is reimbursement for students with TennCare coverage, or whether the systems are separate. Ms. SEEK said some school systems choose to seek TennCare reimbursement for medically necessary school-based services, including speech therapy. Some don't seek TennCare reimbursement. Representative WILLIAMS asked whether there is a referral process if the school speech language pathologist doesn't have specialized training in stuttering. Ms. SEEK said referrals to outside providers may occur at the discretion of the assigned speech-language pathologist. Representative WILLIAMS asked whether there is a cap under TennCare or under the state government employee plan that would limit the number of services a child could receive. Ms. SEEK said that she works in conjunction with TennCare and would follow up with the requested information. (NOTE: According to staff research, there are no visit limits for speech therapy under TennCare or the Tennessee State Group Insurance Program.)

Councilman Chase CARLISLE said his son has mixed expressive-receptive disorder, severe attention deficit hyperactivity disorder, and autism spectrum disorder. He said that early access to therapy is critical, and while he has the resources to pay for therapy, many parents do not. He added that it can be difficult to navigate the insurance system. Speech language therapists are leaving private practice because it is so hard to navigate the insurance system. The individualized education plans for students receiving therapy at school can also be difficult for parents to understand. Mr. CARLISLE said it is important for kids to receive therapy at school so they can socialize with other kids and don't have to leave school for therapy. The system needs to be streamlined.

#### 4. Public Chapter 941, Acts of 2024 (Real Estate Fraud)—Final Report for Approval

Research Manager Bob MOREO presented the revised final report on real estate fraud for the commission's approval. The report was prepared in response to Public Chapter 941, Acts of 2024, which directed the commission to study the prevalence of real estate fraud in Tennessee, the schemes used to perpetrate real estate fraud, the methods used by other states to combat real estate fraud, the best practices for local government officials registering documents related to real estate transactions, and propose statutory changes to reduce real estate fraud. He said that the report's three original recommendations remained unchanged. He presented a new recommendation that called for the creation of an identity verification pilot program for county registers that would require people to present identification when recording real estate documents in person or by mail and a new recommendation to define specific felony offenses for deed theft and real property fraud within the state's criminal code and higher fines for these crimes.

Representative Ryan WILLIAMS said he had concerns about the recommendation to authorize a pilot program allowing registers to request identification when recording deeds. Recording someone's identification with the deed could enable fraudsters to access that information, create fake identification, and steal the property. He asked what is the benefit that outweighs the risk of recording personal identification with a deed as part of the public record when that information could be used to commit fraud. Mr. MOREO said that Lee County, Florida, and Texas dealt with this issue by storing identification in records that aren't publicly searchable. Representative WILLIAMS asked whether those other states allow deeds to be recorded without notarization, and that he is concerned that requiring identification could increase long-term fraud risk. Mr. MOREO said deeds in those other states must still be notarized.

Representative Antonio PARKINSON said he supported the recommendation. He said real estate fraud has become common and statistics from the National Association of Realtors show that one in four people in the United States face real estate fraud threats and one in 20 become actual victims. In response to Representative PARKINSON's question about whether the recommendation would require registers to validate the identification of the person recording the deed, Mr. MOREO said no. Registers would be required to get a copy of a person's identification and keep it in their records; they wouldn't need to validate its authenticity.

Mayor Terry FRANK said she liked all the recommendations and asked what type of identification would be required to be provided to registers. Mr. MOREO said government-issued identification could be required to be presented to registers when recording a deed. Mayor FRANK said the pilot program recommendation could specify which identification information should remain confidential.

In response to Mayor Paige BROWN's question about whether registers are required to notify owners when a deed is recorded on their property, Mr. MOREO said that they aren't required to notify owners, but optional email alert systems are available. Mayor BROWN asked whether registers' offices could use identity verification systems like ID.me. Mr. MOREO said the report recommends authorizing registers to use identity verification in the pilot program.

Senator Richard BRIGGS said he suggested taking a picture of the person who is recording the deed, which might deter criminals from filing fraudulent deeds.

Representative John CRAWFORD asked why registers' offices were keeping physical copies of the records if they have digital copies. Mr. MOREO said that in other states some offices keep paper copies specifically to keep certain information out of electronic records. Florida kept its records in digital format during its pilot program. The appropriate record format would have to be worked out through the pilot program. Representative CRAWFORD asked whether any other states no longer keep paper copies of their records. Mr. MOREO said he did not have that information but that in Tennessee and other states there seemed to be a move toward filing documents electronically. In Georgia, individuals who aren't attorneys or other real estate professionals must file deeds electronically and have their identities verified. There is also an increase in the use of online notaries who use identify verification software.

Councilman Chase CARLISLE said he liked all the recommendations, but he has concerns about requiring people to submit identification when recording deeds. He asked whether the recommendations would only apply to recording of residential property deeds or to all deed transfers. Mr. MOREO said they would apply to all deed transfers. In response to Councilman CARLISLE's question about whether the identification requirement in the pilot program would apply to large institutional investors and commercial institutions, Mr. MOREO said that he thought that these large institutions would be filing most of their documents electronically and would not be filing documents in person or by mail and not be subject to the identification requirement. Councilman CARLISLE asked whether registers' offices are prepared to cover costs of the pilot program and what the rollout timeline would be. Mr. MOREO said that the recommendation was for an optional pilot program and that the cost and rollout schedule would be determined by the registers' offices that choose to participate in the program.

Chairman Kevin BROOKS introduced four people who wanted to comment on the study's recommendations. They were

- Willie Brooks, Shelby County Register of Deeds
- Marc Gravitt, Hamilton County Register of Deeds, First Vice President and Chair of Legislative Committee, Tennessee Association of Registers
- Bryce Hobby, Director of Legislative Affairs, County Officials Association of Tennessee (COAT)
- Julie Runyon, Montgomery County Register of Deeds, COAT Board Member

Hamilton County Register of Deeds Marc GRAVITT said the registers are sensitive to Shelby Counties issues where Shelby County has approximately 40 cases of real estate fraud—Hamilton County has only had 5 cases. Four of those cases were perpetrated by the same individual, who was apprehended by the Secret Service, and the person is now serving time in federal prison.

Hamilton County Register of Deeds GRAVITT said that fraud is faced every day, and said when documents reach the register's office, fraud has already been committed. He said he supports any further training or auditing of notary books—a suggestion that has been made to legislators in the past. Tennessee doesn't even require background checks for notaries. Hamilton County Register of Deeds GRAVITT said he spoke with the members of the Legislative Committee for the Tennessee Association of Registers, and they are all opposed to these issues.

He said that, to his knowledge, every register's office in the state offers a free email alert system that notifies individuals when a document is filed under their name, and that notices of this

service are already provided on their websites. For the past 10 months, his office has been mailing notices to property owners when quit claim deeds are recorded on their property. Registers can do this provided they have sufficient money. Hamilton County Register of Deeds GRAVITT raised concerns about requiring identification to record documents, noting the difficulty in verifying identities. He said that attaching identification to public records could increase fraud by exposing sensitive personal information and warned that refusing to record documents based on identification requirements could create legal liability. A rejected document loses priority to a later filing.

Montgomery County Register of Deeds Julie RUNYON said that all registers in Tennessee take great pride in maintaining the integrity of their records and all want to play a role in preventing fraud. The question is what that role looks like. She said that there has been only one known incident of real estate fraud in Montgomery County, and it was caught by the title company before it was brought to her attention. Montgomery County also has a free email alert system that notifies owners when a document is filed under their names. The Montgomery County Register's Office is working on promoting this system by distributing brochures about it to the community, attorneys and land title companies. They are also working with the trustee to get information about the system included on tax bills.

Montgomery County Register of Deeds RUNYON said she has questions about what types of identification could be presented and how the information from them would be stored. Storing the information could be costly if it must be kept private. Smaller counties might not be able to afford the software changes necessary to keep the information private. She said that if the information is required to be made public it is unclear what information would be required to be redacted. Redacting addresses and personal identifying information could undermine law enforcement's ability to identify who filed documents. Montgomery County Register of Deeds RUNYON said that mailing notifications to people when deeds are filed on their property could be too costly for smaller counties and people often don't update their mailing addresses when they move.

She said she was concerned that allowing a pilot program to be instituted in one county could affect the uniformity of the system across the state. If one county sets up a pilot program and sets the parameters for that, the state loses the uniformity that currently exists across the state. She said they were not proponents of the pilot program.

Montgomery County Register of Deeds RUNYON said that using biometric cameras to take pictures of people who come into record documents could help police fight fraud, but it might be expensive. Requiring out-of-state limited liability companies to register to do business in the state might help fight real estate fraud. Tennessee law currently permits deeds to be witnessed by two people without notarization. This is something the state could look at changing to fight fraud.

Shelby County Register of Deeds Willie BROOKS said that fraud in Shelby County is rising. In 2024, the estimated real estate fraud amount was \$4.5 million, representing 33 cases. Five of the 33 cases were family related, 19 were forgery, and 5 of 29 cases were reported to law enforcement. In 2025 there were 40 cases totaling \$6.5 million dollars in 2025. Twelve of the 40 were family related, 20 were forgery, and 20 of the 40 were reported to law enforcement.

One property owner reported that their property was transferred four times over two years without their knowledge. To combat this, the office has established a task force including law

enforcement and other stakeholders. The office also has a free email alert system that owners can sign up for. He said that the problem in Shelby County involves people walking into his office to file fraudulent quitclaim deeds in person. He said he supports the recommendation for a pilot program for Shelby County.

In response to Representative WILLIAMS's question about whether the property owner whose property was transferred four times in two years was enrolled in the email alert system, Shelby County Register of Deeds BROOKS said no. Representative WILLIAMS asked if the owner had been enrolled in the email alert system, whether the fraud would've been caught sooner. Shelby County Register of Deeds BROOKS said yes and that his office's fraud alert program was promoted but emphasized that victims must go to chancery court to invalidate fraudulent deeds, which puts the financial burden on the victim rather than the person who committed the fraud.

Representative WILLIAMS asked how many of the documents to be recorded come from title companies and attorneys. Hamilton County Register of Deeds GRAVITT said 70-80%. Montgomery County Register of Deeds RUNYON said 85-90%.

Representative WILLIAMS asked who must present identification under the recommendation. Hamilton County Register of Deeds GRAVITT said the person submitting the document to be recorded. Montgomery County Register of Deeds RUNYON said it is unclear who would be exempt from the identification requirement, what identification would be required, and how the information would be stored. Shelby County Register of Deeds BROOKS said that, based on his experience, a pilot program is designed to evaluate an issue and make recommendations on it. His office has no problems with electronic filing and submissions from attorneys and real estate professionals. Representative WILLIAMS said that pilot programs, once passed, tend to become permanent, and he was reluctant to approve a program that could harm people while testing a solution that might not work better than current practices.

Representative PARKINSON said it was inconsistent to require a person to present identification to obtain low-value car titles but not for high-value home deeds. Montgomery County Register of Deeds RUNYON said memorandums of sale on property are problematic, as they can be recorded without the seller's signature, so people don't know they're there. She said she knew of one seller who paid to resolve issues with the property title before closing on the property, but an identification requirement would not have prevented it. Representative PARKINSON said that as elected officials they must protect Tennesseans and try to find solutions that will benefit the state. Representative Harold LOVE said he supported the pilot program recommendation and said that doing nothing is not an option for him.

Mayor Bob RIAL asked how much they budget each year for notifying property owners. Hamilton County Register of Deeds GRAVITT said that the costs for the email alert system were minimal. He said that the mailed notices he sent to owners who had quitclaim deeds filed on their property cost 60-70 cents each. Montgomery Register of Deeds RUNYON said that mailing notices would also involve additional staff costs.

Mayor Larry WATERS asked whether the Tennessee Registers Association has an official position on the recommendations. Hamilton County Register of Deeds GRAVITT said most association members oppose the recommendations, except those concerning notaries. No survey was taken, but he spoke with their president and legislative committee members. Mayor WATERS asked whether the county clerk would be responsible for ensuring notaries complete required training

and maintain records. Mr. MOREO said that proof of education would be submitted when a notary applies for their first commission or renews their commission and a notary's records would be checked only during misconduct investigations.

Executive Director Cliff LIPPARD asked whether, in other states, the training is handled by a centralized entity, like a secretary of state's office, or a third-party vendor. Mr. MOREO said that was correct.

Representative CRAWFORD asked how many fraud cases involving the registers' offices resulted in arrests and prosecutions. Hamilton County Register of Deeds GRAVITT said all five fraud cases in his office resulted in arrests and prosecutions. Shelby County Register of Deeds BROOKS said 20 fraud cases were referred to law enforcement, but his office doesn't track their status. Montgomery County Register of Deeds RUNYON said her office has experienced only one fraud incident and she was unaware of the status of the case.

In response to Mayor FRANK's questions about whether local governments participating in the pilot program would be required to report outcomes of the program to the commission, the state legislature, or both, Mr. MOREO said it would be up to the state legislature to determine the program's reporting requirements. Mayor FRANK asked whether the Tennessee Registers Association or COAT would be willing to analyze the pilot program, if it were authorized, and report their findings back to the commission. Director of Legislative Affairs Bryce HOBBY said he would have to see what the boards and legislative committees of the Tennessee Registers Association and COAT have to say about it. He said that recently passed legislation limits electronic deed filing to attorneys and real estate professionals to prevent fraud.

Senator Jeff YARBRO said that while the current register of deeds system was created to protect against forms of fraud from the 1800s, current practices must be updated to protect against modern threats. He said inaction was not an option.

Representative WILLIAMS asked whether the study would end if the commission votes not to approve the recommendations. Executive Director LIPPARD said the commission typically approves a report or amends it before approval. The only exception he recalled was a workplace bullying policy where the commission couldn't come to agreement on it. The commission is statutorily required to produce a report on real estate fraud.

Representative PARKINSON moved approval of the report, seconded by Representative LOVE. The voice vote on approval of the report was inconclusive. A roll call vote on the report was then held. The following commission members voted yes for approval of the report: Senator Richard BRIGGS, Chairman BROOKS, Senator Heidi CAMPBELL, Councilman CARLISLE, Mayor FRANK, Representative LOVE, Representative PARKINSON, Mayor RIAL, Mayor WATERS and Senator YARBRO. The following commission members voted no against approval of the report: Mayor Rogers ANDERSON, Mayor BROWN, Mr. Calvin CLIFTON, Representative CRAWFORD, Representative Gary HICKS, Mr. Jeff PEACH and Representative WILLIAMS. Following the first vote, Mayor BROWN moved to table the report until the January commission meeting, seconded by Mr. PEACH. The motion passed unanimously.

## **5. Public Chapter 438, Acts Of 2025 (Transportation Infrastructure Funding)—Panel**

Research Manager Bob MOREO gave a brief overview of the transportation infrastructure funding study and introduced the panel participants. They included

- Will Reid, Commissioner, Tennessee Department of Transportation (TDOT)
- Brett Howell, Executive Director, Tennessee County Highway Officials Association
- Kent Starwalt, Executive Vice President, Tennessee Road Builders Association
- RJ Gibson, Director of Government Affairs and Advocacy, Tennessee Chamber of Commerce and Industry

Commissioner Will REID said transportation infrastructure issues affect everyone, and his vision is to pursue excellence in the delivery of programs and projects, development of TDOT's workforce, and modernization of Tennessee's transportation system. He said TDOT is delivering 90% of its programs compared to the national average of about 50%. TDOT developed a 10-year fiscally constrained plan in 2023, which is updated every year and provides transparency, predictability, and accountability. Commissioner REID said transportation revenue is flat and not keeping pace with the state's needs—federal, state, and local funding have no recurring growth, and fuel taxes have not been indexed to inflation, while the cost of building roads and infrastructure has tripled since the early 2000s. In 2024, the Transportation Modernization Act (TMA) infused \$3.3 billion and an additional \$1 billion, enabling TDOT to accelerate, innovate, and modernize project delivery. He said that TDOT is on track to deliver 90% of the TMA-funded projects by 2029, but after 2029, without new sustainable revenue sources, TDOT will face a cliff as spending falls back to 2018 levels, and the state continues to grow. The Commissioner said maintaining existing infrastructure is the state's priority, but there's also a need to widen rural interstates, reduce urban congestion, and complete IMPROVE Act projects. Tennessee is considered a national leader when it comes to transportation, and that is where we want to remain. Tennessee needs to modernize how it funds transportation.

Mr. Brett HOWELL said that counties do much of the same work as TDOT but with a more limited budget—local governments continue to look for ways to mitigate some of the losses being experienced in traditional fuel tax collections, which are stagnating in spite of the state's population growth. He said that a sustainable ongoing funding source for county transportation infrastructure projects remains the association's priority. Counties plan for growing demands on education, emergency services, and transportation, which are closely tied to infrastructure needs. County highway departments struggle to maintain more than 60,000 miles of county roads and more than 9,700 bridges under the state and federal inspection program; of these about 7,900 bridges are rated as fair or poor. Mr. HOWELL said that counties face the same inflationary and workforce challenges as TDOT, and there is a need for implementation of a restructured revenue system. Fuel tax revenue is the major source of revenue for all county highway departments. For the four fiscal years since 2022, county highway departments have operated on roughly \$279 to \$282 million in annual fuel revenues, roughly a one percent increase, while the inflationary factor over the last five years has increased by 220%.

Mr. HOWELL said the funding provided through the TMA was a major benefit for counties and having a substantial revenue stream allows counties to plan effectively and execute projects efficiently. With \$300 million in one-time funding, counties resurfaced more than 2,000 miles of roads and made safety improvements on an additional 84 miles in less than 30 months. Approximately 80% of the \$300 million has either been spent on completed projects or committed to projects under construction. Mr. HOWELL said TDOT supports counties through state aid, grant programs, bridge programs, and the recent \$50 million appropriation for a revolving loan

fund, which can help counties provide local matches for federal grants or leverage funds for local TDOT projects. County needs are over \$4 billion, not including regular maintenance.

Mr. Kent STARWALT said transportation funding revenues must be long-term and sustainable. Current revenue programs supporting transportation include gas and diesel taxes, vehicle registration fees, sales tax on tires, and general fund transfers. He said approximately 70% of state revenue and 85% of federal revenue comes from gas and diesel taxes, and roughly 40% of Tennessee's fuel tax revenues are collected from out-of-state motorists. Declining gas tax revenue is not limited to states but will also need to be addressed at the federal level. Mr. STARWALT said that increasing vehicle fuel efficiency has affected revenues and is partially offset by increased vehicle miles traveled (VMT). Although likely to slow because of reducing demand, electric and hybrid vehicles have had some effect on revenues, and the General Assembly addressed this issue by imposing extra registration fees on these vehicles.

Mr. STARWALT said gas and diesel tax collections have flattened, while inflation has increased transportation costs. He compared these revenues with the general fund, which has grown because about two-thirds of it is indexed to inflation—the tire tax and electric and hybrid vehicle registration fees are indexed, and program fees are frequently adjusted for inflation and labor costs. However, the primary user fee supporting the road fund—the gas and diesel tax—is not indexed. If Tennessee's gas and diesel taxes had been indexed to the Consumer Price Index (CPI) in the beginning of 2020, those current rates would be approximately \$0.32 and \$0.33 respectively, and TDOT and local governments would have received an additional \$240 million annually and approximately \$840 million over the last six years. Seven of the eight states around Tennessee already index their fuel taxes; a total of 26 states have adopted indexing. He said that indexing is relatively easy to implement because the administrative structure already exists, and Tennessee should index its transportation funding sources to inflation.

Mr. STARWALT said that other sources of revenue include increasing direct gas or diesel taxes; taxing retail package deliveries, as Colorado and Minnesota currently do; taxing transportation ride share trip services like Uber and Lyft, which 18 states do, including Kentucky, North Carolina, South Carolina, Georgia, and Alabama; and taxing electric vehicle charging stations, which eight states do, including Kentucky and Georgia. He also said that additional revenue could be generated by requiring vehicle registration tags for all trailers and VMT or road user charges, but those charges would need to be addressed at the national level.

Mr. RJ GIBSON said the Chamber serves as the unified voice of businesses in Tennessee, representing members across the state and spanning a wide range of industries. He said because transportation infrastructure and adequate funding is a top priority for economic development, the Chamber established an infrastructure advisory council as its first industry advisory council. Tennessee is leading in economic growth because of deliberate policy decisions by the state and General Assembly, but that growth has made it increasingly difficult to keep pace with infrastructure demand. He said that the current funding model faces challenges, with revenues flattening, inflation driving up costs, and population growth and freight demand placing additional pressure on the system. The business community is appreciative of the one-time infusions from the general fund for transportation infrastructure improvements, but long-term funding sustainability needs recurring solutions. He commended the fiscal discipline of the state and the General Assembly, saying that Tennessee is a model for fiscal responsibility. Tennessee currently has the second lowest per capita state tax burden, giving the state a competitive

advantage, and the state has the second lowest state debt per capita, creating an opportunity to discuss smart, well-structured debt financing for infrastructure projects.

Senator BRIGGS said transportation funding is a critical statewide need that affects quality of life. He said that Tennessee has a very good credit rating and low debt levels, creating an opportunity to explore options beyond increasing taxes like bonding or other financing mechanisms. Senator CAMPBELL said the state is reluctant to incur debt but has good relationships with private companies that incur debt—the state could also benefit from that opportunity. In response to her question about TDOT’s plans for alternative transportation to reduce demand on roadways, Commissioner REID said that TDOT views itself as a multimodal transportation agency and invests significantly in transit each year. For example, it is working with Nashville WeGo to locate transit facilities that complement the managed lanes planned for interstate 24, and transit vehicles will be able to use those lanes to address travel time reliability challenges, making transit more attractive and feasible. Mr. STARWALT said his members would only support bonding if a revenue source was created to pay the debt service so that revenue isn’t pulled from projects in the future. Mayor BROWN said that there have been periods when the use of debt could have saved residents money compared to the long-term effects of inflation. Representative WILLIAMS said the study should compare Tennessee’s tax rates with surrounding states.

Mayor FRANK said she would like the study to include historical inflation—20 years if possible—of infrastructure components such as cost per mile for guardrails, and as part of the economic model estimating the effects of congestion include the cost savings for businesses shipping goods through Tennessee. She also asked whether incentivizing local production and sourcing of construction materials could help lower costs. Commissioner REID said anything the department can do to reduce costs of any of the materials they put on Tennessee roadways, they do without risking safety—he said a large share of transportation materials are sourced locally because the state has good geology and abundant natural resources and material costs are only one component of rising expenses; labor costs are another. In response to a question from Mayor FRANK about the 40% of revenue from out-of-state motorists—is that divided up between freight and visitors. Mr. STARWALT said 40% is from cars, and another 50% is the portion of the diesel tax trucks pay based on miles driven in the state. In response to a question from Mayor FRANK about potentially using a state or local occupancy tax to help with litter, Commissioner REID said TDOT has increased funding for litter and mowing, and it is a consistent challenge.

Senator YARBRO said the IMPROVE Act originally proposed 962 projects alongside a large gas tax increase that would have been indexed to inflation, but the legislature reduced the size of the increase and removed indexing while retaining the full list of projects. He asked whether \$38 billion is the correct estimate for the projects and whether that accounts for inflation. Commissioner REID said the heavy construction program in any given year averages \$1.3 billion in lettings statewide. The cost of the remaining IMPROVE Act projects is approximately \$15 billion. Widening more than 600 miles of rural interstates would cost more than \$20 billion if done today, while planned urban congestion improvements across major metropolitan areas total approximately \$24 billion. These figures do not include ongoing and future maintenance costs. He is working to respond to the governor’s request that TDOT evaluate its 10-year funding forecast to both maintain the system and address congestion while accounting for inflation.

In response to Senator YARBRO’s question about how we get out of the hole we are digging, Mr. STARWALT said more money requires action that might not be popular, and legislation might

be introduced next year that would index the gas tax to CPI with a 3% cap. Commissioner REID said Tennessee has chosen to be fiscally sound and not borrow from the general fund.

Representative WILLIAMS asked whether federal transportation funding formulas consider the number of interstate miles in a state or are primarily population based. Mr. Preston ELLIOTT, TDOT Deputy Commissioner of Planning, said the formula accounts for lane miles as well as traffic volumes, using data reported annually by TDOT through the Highway Performance Monitoring System. Commissioner REID said the last time the federal gas tax was increased was in 1993, and it was not indexed to inflation. This is an issue because federal funding represents roughly half of the state's transportation program. He said the federal government has attempted to address the funding gap by expanding competitive discretionary grants, but these grants are not reliable, sustainable funding sources.

In response to Mayor WATERS' question about whether the state evaluates highway projects through an economic approach, Commissioner REID said that economic vitality is a part of TDOT's mission, alongside safety, and is always a consideration in project prioritization. He said the challenge lies in balancing economic benefits with other factors, particularly when resources are limited and projects compete for funding. TDOT has addressed this challenge through a statewide partnership program designed to leverage local funding and incentivize participation.

County Executive HUFFMAN asked about large transportation projects such as interstate 69 and state route 840 that have been pending for some time and the current condition and safety of bridges across the state. Commissioner REID said that the status of major projects is available online in TDOT's 10-year plan that serves as a transparent cash-flow model for how all funds are programmed. The state has more than 20,000 bridges—approximately 8,400 owned by the state and many others owned by counties. Tennessee ranks highly for good bridge conditions, but since 2014, overall conditions have gradually declined and will continue to do so without changes in funding. TDOT requested additional recurring funding for bridges in the current budget. In response to a question from Representative Parkinson about the return on investment for interstate 69, Commissioner REID said they could generate that number, and approximately every dollar invested generates \$3 to \$4 in economic activity.

Mayor RIAL asked how TDOT coordinates with the Department of Economic and Community Development (ECD) and whether TDOT has considered earlier purchases of right-of-way, because once land is developed, acquisition becomes expensive. Commissioner REID said that TDOT has a strong working relationship with ECD and other state agencies, and the state industrial access program helps support economic development. TDOT often receives advance notice when potential economic development projects are being considered and is involved in developing solutions that could support business location or expansion. Regarding right-of-way acquisition, the Commissioner said acquiring property for public transportation use with public dollars is sacred, and taking private property must be closely tied to a funded and deliverable project. Acquiring right-of-way without a clear path to construction can create problems. Mayor FRANK asked about the idea of creating an endowment for infrastructure. Commissioner REID said there is a state infrastructure fund that the General Assembly funded last year that is available to local entities at a low interest rate. This idea could be further explored by policy makers.

## **6. Public Chapter 418, Acts of 2025 (Housing Juvenile Offenders)—Draft Report for Review and Comment**

Senior Research Associate Hannah NEWCOMB presented the draft report on housing juvenile offenders for review and comment. The report was prepared in response to Public Chapter 418, Acts of 2025, which directed the commission to study (1) the availability of facilities for housing juveniles who have been adjudicated delinquent and placed in custody of the Tennessee Department of Children's Services (DCS) or who have been detained by juvenile courts prior to an adjudicatory hearing, and (2) whether there is a need for additional housing, detention, and treatment facilities in Tennessee. Ms. NEWCOMB said that for post-adjudication capacity, the draft report finds that planned construction of new facilities will likely address capacity needs for juvenile offenders in DCS custody. She said DCS has clarified that the new facilities are expected to be completed in early 2029, which will be reflected in the final report.

Ms. NEWCOMB said that for pre-adjudication capacity there is a need for a new facility in West Tennessee. Madison County has plans for a \$70 million, 40-bed juvenile detention center (JDC) to replace the county's existing facility, but local officials say it is unlikely they will be able to fund it on their own. She said TACIR staff are unaware of any instance where Tennessee has provided state funding directly for the construction of JDCs, but it is something a handful of other states have done. Conditioning state funding on the facility reserving a portion of its beds for children in state custody, like Louisiana, would provide a placement alternative for DCS, if needed, and help alleviate the need for pre-adjudication capacity. The draft report recommends the state help fund a new juvenile detention center for West Tennessee, provided that a share of beds in the facility is reserved for temporary placements for juvenile offenders in DCS custody.

Regarding Madison County's plan for a new JDC, County Executive Jeff HUFFMAN said \$70 million for a 40-bed facility seems high, and he asked whether the plans include more than juvenile detention. Ms. NEWCOMB said Madison County shared that the planned facility would include more than just detention and that local officials said they envision additional mental health programming and support services being available to youth in custody. She said the final report will include more information on what is planned for the facility. [NOTE: The preliminary site plan for the facility also includes space for a new juvenile court and clerks' offices.]

Senator Jeff YARBRO said he thinks the trend in other states has been to focus on smaller facilities, and there can be an advantage to these facilities because they are more cost-effective and offer more tailored programming to youth. He asked what common and best practices exist regarding the size of detention centers. Ms. NEWCOMB said larger facilities can be more difficult to maintain, can cost more, and can be more difficult to staff. But operating a facility at 80% to 85% capacity can allow for more flexibility and ease of operation. Senator YARBRO said he would like to see more information on best practices regarding facility size and trends from other states in the final report.

Ms. NEWCOMB said the draft makes two recommendations for improving oversight of secure facilities for housing juvenile offenders. She said that DCS does not currently have the authority to license government-operated JDCs, which complicates DCS's ability to hold these facilities accountable for violating state and federal requirements. She also said staff with DCS's Office of Child Welfare Licensing noted that authorizing DCS to levy financial penalties is an alternative that could encourage facility operators to comply with state and federal requirements. Ms.

NEWCOMB said the draft report recommends that the General Assembly (1) require JDCs operated by local governments to be licensed by DCS and (2) authorize the Tennessee Commission on Children and Youth (TCCY) and/or DCS to levy financial penalties on pre- and post-adjudication facilities that violate state or federal requirements. In response to Senator Heidi CAMPBELL's question about whether staff considered an independent agency as the party responsible for oversight of juvenile detention in the state, Ms. NEWCOMB said that staff considered an independent agency, but the draft's recommendation includes TCCY because it already has an ombudsman responsible for assessing facilities that detain youth, and the recommendation includes DCS because of its current role in licensing privately operated facilities.

Ms. NEWCOMB said the draft also makes recommendations for alternatives to detention. The General Assembly currently funds Juvenile Justice Reform (JJR) grants to support evidence-based programs across Tennessee that provide treatment options for juvenile offenders outside of secure residential facilities. JJR-funded programs have promising recidivism rates and are cost-effective compared to placing children in JDCs or DCS custody, and recurring funding for the grants was increased to \$5.8 million per year for fiscal year 2024-25. Ms. NEWCOMB said that the draft recommends the General Assembly further increase recurring funding for the Juvenile Justice Reform grant program. Senator CAMPBELL said she appreciated the thoughtfulness of the JJR funding recommendation.

Ms. NEWCOMB said that whether a juvenile offender is incarcerated or diverted to community-based treatment is largely at the discretion of the juvenile court. Data show that formal risk assessments have been effective in lessening subjective or inappropriate decisions to place children in locked facilities without negating judges' expertise. Ms. NEWCOMB said the draft recommends juvenile courts that don't already use formal detention risk assessments, consider using them to guide their decisions about detaining children prior to adjudication.

Mayor Larry WATERS said there are a number of JDCs in East Tennessee that do not contract with DCS to house children in state custody. He asked whether there is a reason why facilities do not contract with DCS and whether it had to do with reimbursement rates. Ms. NEWCOMB said there is no single reason why facilities choose not to contract with DCS. She said some local governments told TACIR staff they would rather prioritize children from their own communities instead of providing beds to children in state custody.

## **7. Public Chapter 445, Acts of 2025 (Continuum of Care)—Draft Report for Review and Comment**

Research Manager Michael STRICKLAND presented the draft report of the Continuum of Care (CoC) study for review and comment. The study was prepared in response to Public Chapter 445, Acts of 2025, which requested a study of the CoCs in Tennessee, how they might be improved, and how they compare to CoCs in other states. Dr. STRICKLAND said the draft report makes six recommendations: that the General Assembly appropriate funding to CoCs for expenses that conventional CoC grants do not cover; that the General Assembly appropriate funding to cover end user license fees for homelessness service providers to use CoCs' Homeless Management Information Systems (HMIS); that the General Assembly appropriate funding for the University of Tennessee's Social Work Office of Research and Public Service to aggregate HMIS data from all 10 CoCs in the state; that the University of Tennessee's Social Work Office of Research and Public Service then use that aggregated data to produce dashboards that make data

on homelessness more accessible, including a dashboard on aggregated service needs; that the state reestablish an interagency council on homelessness; and that the interagency council, once established, work with CoCs to develop an agreed-upon set of measures for CoCs' Coordinated Entry systems and then use that information to continually improve procedures.

#### **8. Public Chapter 341, Acts of 2023 (Collections and Administration of Business Personal Property Tax)—Update**

Research Director Michael MOUNT presented an update on Tennessee's personal property tax. Public Chapter 341, Acts of 2023, authorizes taxpayers to certify personal property of less than \$2,000 or \$10,000 in lieu of detailing acquisition costs on the reporting schedule—previously, there was one threshold at \$1,000. The Act also requires TACIR to monitor its implementation and periodically report its findings on the effect of the Act on collections and administration of the business personal property tax to the General Assembly.

Mr. MOUNT said staff of the Tennessee Comptroller of the Treasury expect to provide personal property assessments data to TACIR staff in January or February 2026, and, once TACIR staff analysis is complete, an update will be provided to the commission in 2026. He said after the \$2,000/\$10,000 tiers went into effect during the first half of 2025, TACIR staff surveyed Tennessee assessors of property, and based on the survey responses, the \$2,000/\$10,000 tiers do not seem to have much effect on assessments, or, by extension, collections.

#### **9. Factors Affecting Fiscal Capacity—Update**

Research Director Michael MOUNT presented a memo regarding factors affecting fiscal capacity, which was prompted following questions at the commission's June 2025 meeting where several members expressed concerns with distortions in TACIR's fiscal capacity calculation caused by virtual school student counts, the effect of Greenbelt property assessments on fiscal capacity, and the fiscal capacity of counties with large tourism industries. Subsequently, an ad hoc committee was formed and met where further concerns were raised about whether out-of-state students are enrolled in virtual schools in Tennessee, whether other states allow out-of-state students to enroll in their virtual schools, the difference in costs between serving virtual school students and brick and mortar students in Tennessee and other states, and whether other states account for tourism in some way in the education funding formulas.

Mr. MOUNT said TACIR staff found that out-of-state students are not enrolled in Tennessee Virtual Academy or Tennessee Connections Academy, though some other states do allow out-of-state students to enroll in their virtual schools; because of data limitations, staff could not determine definitively whether per-student costs are greater for virtual or brick-and-mortar schools but did find differences in the types of costs that each incurs; according to the Tennessee Department of Education annual report card, per pupil expenditures tend to be greater for in-district virtual schools than for statewide virtual schools; and regarding whether other states account for tourism in their education funding formulas, TACIR staff found that no other state adjusts their K-12 education funding formula to account for tourism.

Senator Heidi CAMPBELL asked whether the virtual school students participate with an in-person classroom. Mr. MOUNT said in Tennessee there is a distinction between a virtual school and a virtual program, and TACIR staff analysis focused on statewide virtual schools whose students would normally participate in classes remotely and not in the same classes with students that attend in-person at brick-and-mortar schools.

Senator CAMPBELL asked whether virtual schools are overcharging for students not in the area. Senator Jeff YARBRO said there are cost reports for brick-and-mortar schools that detail the costs of food, transportation, buildings, air conditioning, operation, and capital debt service. He said virtual schools do not have these costs, and we should be able to account for costs that virtual schools do have. Mr. MOUNT said there is a lack of available data on the costs of virtual schools in Tennessee, and other states were also unable to obtain detailed cost data for virtual schools. He said TDOE does not ask the virtual schools to report how they spend their contract revenue, and, as a result, the data reported in TDOE's annual report card does not include all school-level expenditures for statewide virtual schools.

### **Other Business**

Executive Director Cliff LIPPARD told the members that the next meeting is scheduled for January 30, 2026, and that staff would poll the members to see whether they would prefer to start the meeting at 8:30 a.m., or 10:00 a.m. Vice Chairman Kevin BROOKS adjourned the meeting at 1:37 p.m.