The Tennessee Advisory Commission on Intergovernmental Relations

226 Anne Dallas Dudley Blvd., Suite 508
Nashville, Tennessee 37243-0760
Phone: (615) 741-3012
Fax: (615) 532-2443
www.tn.gov/tacir

MEMORANDUM

TO: Commission Members

FROM: Cliff Lippard
Executive Director

DATE: 18 June 2026

SUBJECT: Legislative Update

Each year at this time, the commission reviews legislative action on issues related to past studies. In its second session, the 114th General Assembly passed or considered legislation on several issues related to the commission's work, many dealing directly with findings and recommendations from past commission reports or ongoing studies.

Boat Titling

In 2018, prompted by a case of fraud involving a boat dealer who "sold" boats she did not actually own to unsuspecting customers, the commission considered the topic of boat titling as a means to avert such fraud. The report recommended the state develop a system for boat titling, at least for larger motorized and sail-powered vessels. Senate Bill 1808 by Senator Hatcher and House Bill 1754 by Representative Howell from this year, as amended, would have required boat owners whose vessels operate primarily in Tennessee to apply for a certificate of title in the state. The bill was taken off notice in the House Finance, Ways, and Means Subcommittee.

Child Care

Last year, the commission's report *Improving Policies and Addressing Regulatory Barriers to Grow and Support Tennessee's Child Care Industry* laid out the many obstacles to Tennessee families in finding and affording child care, such as zoning rules that limit where child care services can operate or challenges in recruiting and retaining child care workers because of low pay in the industry.

Public Chapter 980, Acts of 2026, sponsored by Senator Oliver and Representative Love, implements several recommendations from the report. It requires that local governments have a process to prioritize and expedite the review of child care permit applications; that initial fire safety inspections for child care agencies be conducted exclusively by the State Fire Marshal's Office; and it permits child care agencies as a use by right in various zoning districts, including those that permit office and commercial uses.

Several other bills this session also related to child care:

- Public Chapter 997, Acts of 2026, sponsored by Senator Watson and Representative White, establishes three pilot programs for child care assistance funded with revenues from vaping product taxes and fees.
- Public Chapter 1023, Acts of 2026, sponsored by Senator Massey and Representative Hawk, transfers reserve funds from the federal Temporary Assistance for Needy Families (TANF) block grant to the state's child care and development fund, up to $25 million per fiscal year.
- Public Chapter 747, Acts of 2026, sponsored by Senator Powers and Representative Maberry, exempts child care homes from the need for state licensure if it has a certificate to operate under the US Department of Defense.

Community Resilience in Natural Disasters

In its 2020 report *Collaborating to Improve Community Resiliency to Natural Disasters*, the commission observed the importance for the state of continuing to foster collaborative efforts among state agencies for disaster preparedness and resiliency, though it took no position on precisely how such efforts should be structured. Senate Bill 2686 by Senator Kyle and House Bill 2190 by Representative Jones would have created an Office of Resilience within the Governor's Office, with an interdepartmental task force responsible for crafting statewide plans for resilience. The bill did not pass.

Education Funding

Each year, the commission is involved in part of the calculations for determining local governments' educational fiscal capacity, which then contributes to determining how much each local government must contribute to education funding under the Tennessee Investment in Student Achievement (TISA) Act. Some bills that came under consideration this year would have made adjustments to the TISA formula.

- Senate Bill 637 by Senator Walley and House Bill 226 by Representative Haston would have created additional weighted allocations of between 3% and 6% for each student in certain small school districts, but the bill was taken off notice in the House Finance, Ways, and Means Subcommittee.

- Senate Bill 679 by Senator White and House Bill 401 by Representative White would have added pre-kindergarten students with special education needs to the list of those counted under the formula.

Emergency 911

The commission has examined emergency communication districts and their funding several times in the past, including most recently in 2017 with *Tennessee's 911 System: Functionality and Funding Adequacy*, and with a new study requested this year by Senate Bill 1898 by Senator Walley and House Bill 1702 by Representative Bricken. Of note, therefore, is Senate Joint Resolution 48 by Senator Massey, which would have ratified an increase in the 911 surcharge to $1.86. The joint resolution was passed by both chambers but was vetoed by the governor.

Housing and Land Use

The commission's 2024 report on housing affordability, *Reducing the Burden: Increasing Housing Supply to Reduce Housing Costs,* investigated the driving factors behind rising home prices and made several recommendations for ways in which the state and local governments could improve affordability, including various methods for increasing the supply of new housing. Among those recommendations, the commission proposed earmarking revenues from the realty transfer and mortgage tax to support a trust fund under the Tennessee Housing Development Agency to make low- or zero-interest construction loans for affordable housing. Public Chapter 1037, Acts of 2026, sponsored by Senator Powers and Representative Sexton, established a pilot program for such a trust fund, which will provide zero-interest loans for housing development projects in which at least 80% of the units are intended for households earning between 80% and 150% of the area median income. The pilot program is to be appropriated a one-time infusion of $20,000,000.

The same commission report also echoed a recommendation that the commission had made before, namely, to grant local governments the ability to create land banks. Although no bill was considered for that exact purpose this session, Public Chapter 1130, Acts of 2026, sponsored by Senator Rose and Representative Lankford, grants Tipton and Montgomery Counties the authority to create land banks, expanding the list of local governments that have that as an option.

A variety of other housing-related bills were also filed that entailed one of the many concepts discussed in the report.

- Public Chapter 1044, Acts of 2026, sponsored by Senator Johnson and Representative Lamberth, effectively creates what is sometimes referred to as a "permitting shot clock," requiring municipal and county governments to provide feedback on a development application within 30 days and either approve or schedule a hearing for the application within 60 days.

- Senate Bill 2516 by Senator Yarbro and House Bill 2340 by Representative Behn, as introduced, would have encouraged municipalities to adopt pattern books, though it was subsequently amended to another purpose.
- Senate Bill 242 by Senator Oliver and House Bill 298 by Representative Behn would have prohibited certain businesses from buying more than 100 single-family homes in some counties.

Low-Income Housing Tax Credits

The commission's 2015 report, *Valuing Low-Income Housing Tax Credit Properties in Tennessee*, outlined the issues around making property assessments for multifamily rental housing that receives federal Low-Income Housing Tax Credits (LIHTC). Case law in Tennessee had previously established that the tax credits must be included when assessing property taxes on LIHTC housing; in light of this and the fairness and equity considerations underlying the court decisions, the commission did not recommend excluding the value of the tax credits from appraisals. Nevertheless, housing developers have said that including the tax credits results in higher property taxes, undermining the incentive for building low-income housing.

Public Chapter 1053, Acts of 2026, sponsored by Senator Stevens and Representative Faison, allows the value of federal Low-Income Housing Tax Credits to be excluded from property assessments. The law is permissive, and the option to exclude the tax credits from property assessments must be adopted by a local government's legislative body.

Annexation

Annexation is a topic that the commission has studied multiple times over the years, including most recently with a commission report in 2015, *Municipal Boundaries in Tennessee: Annexation and Growth Planning Policies after Public Chapter 707*, which considered the law that eliminated annexation without the consent of residents.

- Senate Bill 997 by Senator Bailey and House Bill 1176 by Representative Williams would have allowed annexations to take place without a referendum if the proposed annexation involved no more than nine parcels, two-thirds of the property owners consented to annexation in writing, and the property that they owned between them constituted more than half of the territory to be annexed. The bill passed in the Senate but did not advance to a final vote in the House.

- Senate Bill 2311 by Senator Hensley and House Bill 2419 by Representative Fritts would have required that a proposed annexation be approved by the county legislative body. The bill failed in the House State and Local Government Committee.
- Senate Bill 2600 by Senator Southerland would have allowed a municipality to annex non-contiguous pieces of land that did not fall within its urban growth boundary.

Greenbelt

The commission previously considered tax policy related to greenbelt properties in 2009 with its report *Greenbelt Revisited.* Greenbelt properties receive reduced valuations for the sake of property taxes, resulting in a tax advantage to the property owners and some forgone tax revenue for local governments. Rollback taxes, as the report noted, are levied when greenbelt property is sold to recoup some of those earlier forgone taxes, and the report outlined options for how such taxes could be modified. This year, Senate Bill 1824 by Senator Lowe and House Bill 1846 by Representative Butler would have eliminated any liability for rollback taxes on greenbelt property if it were sold. The bill further stipulated that such property would lose its greenbelt status when sold, and a new owner would need to apply to have it reestablished. The bill failed in the Senate State and Local Government Committee.

Judicial Redistricting

Two years ago, and at the request of former Senator Lundberg, the commission carried out an analysis of several proposals for judicial redistricting—in this instance, the proposals were for merging several existing districts—though the analysis did not constitute a full and formal study. This year, Senate Bill 2328 by Senator Haile and House Bill 2501 by Representative Farmer would instead have split Tennessee's 15th judicial district to create a new one in Wilson County, but the bill failed in Senate Judiciary.

Littering

In 2023, the commission published its *Comprehensive Litter Review: Strengthening and Coordinating Efforts to Reduce Litter and Illegal Dumping*, which, among other things, examined the trend towards "extended producer responsibility" laws in other states, which place at least some responsibility on producers of goods for managing the waste that can result along with their products. The report recommended the state create a permanent litter task force of diverse stakeholders to develop and implement strategies for dealing with litter.

Senate Bill 269 by Senator Southerland and House Bill 600 by Representative Hale would have created the Tennessee Waste to Jobs Act, which would have required producers of goods to participate in a "producer responsibility organization" for recycling, reuse, and composting of certain packaging material. The bill would have established an advisory board comprising various stakeholders, including representatives of local governments, different private industries, and the Department of Environment and Conservation. The bill was taken off notice in both chambers.

Local Government

As to local government elections, there has been a recurring question over the years as to whether municipal governments should synchronize their elections with those for state and federal offices. The commission's 2019 report, *Timing of Municipal Elections in Tennessee*, considered this issue and offered as its sole recommendation that the state continue to authorize but not require municipalities with private act or general law charters to change their election dates. This year, Senate Bill 1630 by Senator Hensley and House Bill 1497 by Representative Cepicky would have required municipalities to align the date of their elections to coincide with either August primary elections or November general elections. The bill passed in the House but was taken off notice in the Senate.

Senate Bill 2591 by Senator Briggs and House Bill 2319 by Representative Wright would have prohibited county employees from serving on a county commission. A similar piece of legislation led to the commission's 2016 report *County Employees Serving on their County Commissions: Managing Conflict of Interest to Maintain Integrity and Trust,* which identified several other means for managing conflicts of interest for elected county officials, including better defining conflicts of interest in law and restricting those with conflicts from serving on certain committees.

Precious Metal Depositories

The commission's 2021 report *Exploring the Feasibility of a Gold Depository in Tennessee* recommended against the formation of a state-backed precious metals depository, finding that, because of limited demand from institutional investors and the costs and logistical challenges of operation, such a depository likely would not be viable.

Three years ago, however, legislation amended Tennessee Code Annotated, Section 9-4-802, giving the state treasurer the authority to purchase and sell precious metal bullion and specie. This year then saw the introduction of Senate Bill 1812 by Senator Bailey and House Bill 2361 by Representative Hawk, dubbed "The Mint Act," which would have created an enterprise fund within the state treasury and appropriated $50 million to said fund for the purchase and storage of bullion or specie, as well as converting bullion into specie. The bill was taken off notice in the House Finance, Ways, and Means Subcommittee.

Senate Bill 1813 by Senator Bailey and House Bill 2427 by Representative Williams would have enacted the "Transactional Gold and Silver Act" and made specie legal tender in Tennessee. The bill was referred for summer study in the Senate Commerce and Labor Committee.

Professional Privilege Tax

The professional privilege tax in Tennessee, which the commission last examined in 2016 in its report *Professional Privilege Tax in Tennessee: Taxing Professionals Fairly*, has continued to receive the attention of the General Assembly. In its report the commission did not make a specific recommendation on eliminating the privilege tax, though it did note that various stakeholders have argued the tax is not equitable.

- Senate Bill 1842 by Senator Briggs and House Bill 2363 by Representative Hawk from this year would have reduced the professional privilege tax on attorneys from $400 to $200. The bill was taken off notice in the House Finance, Ways, and Means Subcommittee.
- Senate Bill 397 by Senator Briggs and House Bill 189 by Representative Gant would have gradually reduced and eliminated the tax, but it was also taken off notice in the House Finance, Ways, and Means Subcommittee.
- Senate Bill 1963 by Senator Walley and House Bill 1880 by Representative Tim Hicks would have exempted attorneys who have practiced for more than 20 years from the tax.

Real Estate Fraud

Over the past year, the commission has weighed questions around real estate fraud and how it can be prevented. Recommendations discussed by the commission have included enhanced requirements for notaries and their recordkeeping as well as possible fraud review processes for registers of deeds. Senate Bill 1707 by Senator Taylor and House Bill 1762 by Representative Gant would have required that any deed for the conveyance of real property be prepared by a licensed attorney, title insurance company or agent, the owner of the property, or a person legally authorized to act on the owner's behalf. It also would have required that registers of deeds verify that an affidavit on a deed was properly signed. Each chamber passed an amended version of the bill, but they were unable to concur on a final version.

- Senate Bill 2389 by Senator Akbari and House Bill 2478 by Representative Parkinson would have created a two-year pilot program in Shelby County in which the register of deeds would verify and record the government-issued identification of any person making a transfer of real property, but the bill failed in the House Cities and Counties Subcommittee.
- Senate Bill 1946 by Senator Bailey and House Bill 1923 by Representative Carringer would have allowed qualified persons to apply for and be appointed by the secretary of state as notaries public, while also requiring that they undergo training and pass an exam. The bill would further have required that they keep their records for at least five years. The bill was taken off notice in the House Civil Justice Subcommittee.

Reference-Based Pricing

The commission considered the subject of reference-based pricing for healthcare in 2023, a method in which healthcare payments are indexed to some reference point, such as Medicare's payment rates for given procedures. The resulting report, *Savings and Challenges with Reference-Based Pricing in Healthcare*, made some findings on the likely effects of using reference-based pricing and its ability to control costs, but ultimately the report made no recommendation on its adoption. Senate Bill 185 by Senator Jackson and House Bill 173 by Representative Brock Martin would have established minimum and maximum reimbursement rates paid by TennCare for routine, nonspecialized inpatient services at rural hospitals at 100% and 120% of Medicare rates, respectively. The bill was deferred in the Senate and placed behind the budget in the House.

Sales Taxes on Food

In its 1999 report *Sales Tax on Food: Targeting Relief to the Working Poor and Elderly Poor,* the commission proposed targeting a sales tax rebate on food to those most in need of the assistance. Senate Bill 1837 by Senator Hensley and House Bill 1792 by Representative Fritts of this year would have exempted food and grocery sales eligible for vouchers under the federal Special Supplemental Food Program for Women, Infants, and Children from the state sales tax. It was taken off notice in the House Finance, Ways, and Means Subcommittee. In addition, Senate Bill 1785 by Senator Reeves and House Bill 1486 by Representative Hale would have created a sales tax holiday on food from July 1 to September 30, 2026, but was taken off notice.

Transportation

The commission has conducted several studies in recent years on matters related to transportation and transportation funding, with one study currently ongoing. Among these, the commission's 2022 report *Electric Vehicles and Other Issues Affecting Road and Highway Funding* dealt with the subject of registration fees for plug-in hybrid and electric vehicles, which are used in part as a substitute for the gas taxes that are forgone on electric vehicles. Senate Bill 1839 by Senator Hensley and House Bill 1782 by Representative Fritts would have made slight changes to the vehicle registration law for plug-in hybrid electric vehicles, in particular moving up the date at which the $100 fee would begin to be indexed to inflation by one year to January 1, 2027. The bill failed in the House Transportation Subcommittee.

- Senate Bill 1572 by Senator Lowe and House Bill 1519 by Representative McCalmon, as amended, would have imposed additional fines for a moving traffic violation under the rules of the Driver Improvement Program, with the fees to be deposited in the State Highway Fund to be used for maintenance and infrastructure improvements. The bill was deferred to summer study in Senate.
- Senate Bill 1642 by Senator Walley and House Bill 1683 by Representative Hawk would have diverted 4.6030% of the sales tax revenue from the sale of new or used tires from the State Highway Fund to municipalities, yet with 2.75% of revenue from the single article tax on motor vehicles and tires to be sent to the Highway Fund. The bill was taken off notice in the House Finance, Ways, and Means Subcommittee.

Study Bills That Did Not Pass

Four bills for potential commission studies this year were passed in the Senate but not in the House.

- Senate Bill 434 by Senator Reeves and House Bill 67 by Representative Sparks, as amended, would have requested a study of whether early high school graduation programs serve to reduce school overcrowding in fast-growing counties, as well as what early high school graduation programs and incentives other states might offer and what results they yield.
- Senate Bill 2122 by Senator Bowling and House Bill 2076 by Representative Reeves, as amended, sought a commission study of ultra-processed foods and their possible health effects on schoolchildren.
- Senate Bill 1984 by Senator Taylor and House Bill 1933 by Representative Vaughan, as amended, would have requested the commission study and report on pay equity and caseloads for assistant district attorneys.
- Senate Bill 1401 by Senator Roberts and House Bill 1245 by Representative Reedy, as amended, would have requested a study of licensing and oversight for juvenile detention centers.