

# Intergovernmental Challenges and Achievements



Tennessee Advisory Commission  
on Intergovernmental Relations

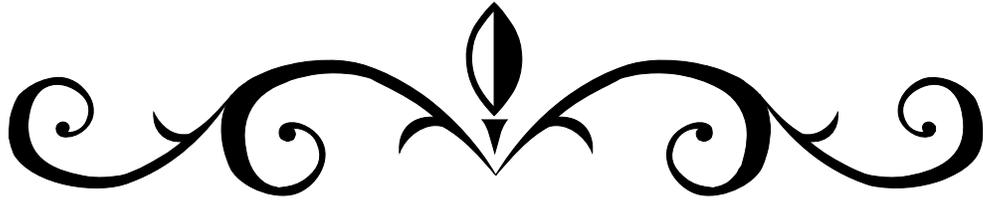


Representative Randy Rinks  
Chairman

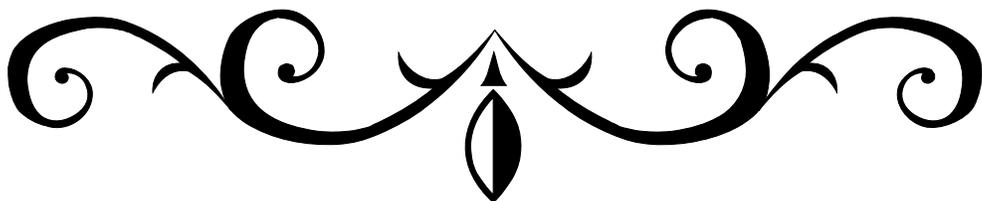
Mayor Tom Rowland  
Vice Chairman

Harry A. Green, Ph.D.  
Executive Director





This report is respectfully  
dedicated to all those remarkable  
men and women who have  
served on the TACIR. They have  
served without recognition,  
recompense, or reward.





“When I travel, the people I talk to indicate that the solutions to future public problems will be more likely found at the state and local level than in Washington. As I look at Tennessee, it occurs to me that this Commission is the only forum we have in the State of Tennessee that could be the source of information, the source of innovation, and the source of motivation to make state and local government better. In all sincerity, the State of Tennessee, cities and counties, desperately need the best judgment of this Commission and I hope we will rededicate ourselves to this endeavor.”



Representative John T. Bragg  
at the September 27, 1985 Commission Meeting



**The following staff were the primary contributors to this report:**

Harry A. Green, Ph.D.  
Executive Director

Cliff Lippard, M.P.A.  
Director of Fiscal Affairs

Elizabeth Swartz, Ph.D.  
Contributing Author

Teresa Gibson  
Publications Associate

**Other contributing staff members:**

Lynnise Roehrich-Patrick, J.D.  
Director of Special Projects

Ron Plumb, B.S.  
Director of Administration

Ken Belliveau, M.C.P., A.I.C.P.  
Senior Research Associate

David Lewis, M.A.  
Senior Research Associate



## Message from the Chairman and Executive Director



**Representative Randy Rinks**  
**Chairman, TACIR**



**Harry A. Green, Ph.D**  
**Executive Director, TACIR**

For over twenty-five years, the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) has helped shape state and local government in Tennessee. Over the course of those many years, TACIR initiatives have kept legislators, local government officials, and private citizens conversant on important issues such as taxation and fiscal matters, infrastructure, education, annexation, and population growth. The TACIR staff has professionally supported the Commission and the General Assembly, their contributions proving vital to the decision-making process, as well as to the success of the Commission.

As new challenges arise, the Commission will continue to endeavor to fulfill its mission to:

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

A handwritten signature in black ink, appearing to read 'Randy Rinks', positioned above a horizontal line.

Representative Randy Rinks  
Chairman, TACIR

A handwritten signature in black ink, appearing to read 'Harry A. Green', positioned above a horizontal line.

Harry A. Green, Ph.D  
Executive Director, TACIR



## **Preface**

This report serves two purposes. It celebrates twenty-five years of TACIR's accomplishments and, fulfilling the statutory requirement for a biennial report, summarizes the Commission's activities during the most recent two fiscal years, 2003 and 2004. It covers TACIR's history from fiscal year 1979 through fiscal year 2004 with some updates for fiscal year 2005. It is intended to provide a convenient resource for identifying the various publications and studies that the Commission has produced since it was created in July 1978, as well as information on legislation pertaining to the Commission and the many capable Tennesseans who have served on the Commission. This report also highlights key issues that the Commission has worked on over its history, discussing the evolution of these issues and how TACIR has helped shape their development.



## Table of Contents

Message from the Chairman and Executive Director .....	i
Preface .....	iii
Introduction .....	1
About TACIR .....	1
Mission .....	2
Goals .....	2
Objectives .....	3
Issues Studied .....	4
Organization .....	7
Issues in Focus .....	8
Education Financing and Accountability .....	8
Fiscal Affairs .....	13
New Federalism .....	14
State-Shared Taxes and Local Government Finances .....	15
Economic Climate .....	17
Comprehensive Review of Tennessee's Tax System .....	18
Budget Crisis .....	20
Property Taxes and Assessment .....	21
Public Infrastructure Needs .....	25
Growth Policy Under Public Chapter 1101 .....	29
Emergency Communications (E-911) .....	33
Appendices .....	37
Appendix 1: Chronology .....	38
Appendix 2: TACIR Commission Members by Years Served .....	73
Appendix 3: TACIR Commissioners by Longest Term .....	78
Appendix 4: Current TACIR Commission Members—Years Served and Tenure .....	79
Appendix 5: Summary of Minutes from Fiscal Years 2003 and 2004 Commission Meetings .....	80
FY 2003 Scheduled Commission Meetings .....	80
FY 2004 Scheduled Commission Meetings .....	98
Appendix 6: Ongoing and Recent Legislatively Mandated Projects .....	109
Ongoing Mandates .....	109
Recent Mandates .....	111
Appendix 7: TACIR Presentations, Fiscal Years 1989-2006 .....	114



## Introduction

### **About TACIR**

The Tennessee Advisory Commission on Intergovernmental Relations (TACIR) was created in July 1978 (fiscal year 1979) with the codification of Tennessee Code Annotated (TCA) Title 4, Chapter 10, Part 1, Section 1. TACIR was created in response to legislative findings in the late 1970's that indicated the need for a permanent intergovernmental body to study and take action on questions of organizational patterns, powers, functions, and relationships among federal, state, and local governments. TACIR is commonly pronounced "tasser."

The Commission's first meeting was held in June of 1979. That meeting was presided over by TACIR's first Chairman, Representative John Bragg, who would serve as Chairman from 1979-1981, and again from 1987-1996. Initially, the Office of the Comptroller of the Treasury, the State Planning Office, and the Office of Legal Services provided needed staff assistance to the Commission. Beginning with fiscal year 1982, the General Assembly allowed for a full-time staff and budget for TACIR. Dr. Harry A. Green was appointed Executive Director in September, 1981, a position he still holds today.

TACIR has played a key role in developing many of the key issues that have shaped state government in Tennessee over the last twenty-five years. This report provides highlights of several of these issues in its Issues in Focus section.

### ***The Intergovernmental Movement: The U.S. ACIR***

***With the creation of TACIR, the State of Tennessee replicated many of the characteristics of the U.S. Advisory Commission on Intergovernmental Relations (ACIR). The ACIR was established in 1959 in order to monitor issues arising from intergovernmental relations and make recommendations for change. The ACIR was built upon the philosophical foundation that federalism works best when all three levels of government – federal, state, and local – are strong.***

***Many states in addition to Tennessee created their own state level version of the ACIR. Some have gone out of existence, some continue on with their original mission, while still others have morphed into new roles. The ACIR itself ceased to exist as a federal agency in 1996. The spirit of the ACIR lives on in the American Council on Intergovernmental Relations, a nonprofit organization founded by former employees of the U.S. ACIR.***

## **A TACIR Predecessor:**

### ***The Commission on Intergovernmental Cooperation***

***In 1949, the General Assembly established the Commission on Intergovernmental Cooperation. The CIC was comprised of three standing committees of five members each, the Senate, the House, and the Governor's committees, respectively. The CIC's charge included the directive to "do all such acts as will, in the opinion of the commission, enable this state to do its part, or more than its part in forming a more perfect union among the various governments in the United States and in developing the Council of State Governments for that purpose." (TCA 4-1001)***

***Though the CIC had an intergovernmental mission such as that of TACIR, the CIC focused more on interstate relations. The CIC actively negotiated, sponsored or encouraged ratification of a number of interstate compacts, including the Southeastern Interstate Forest Fire Protection Compact and the Tennessee River Basin Water Pollution Control Compact.***

***The CIC became non-operational in 1959 when its support services, provided by the State Planning Commission, were discontinued.***

## **Mission**

TACIR's enabling act (TCA 4-10-104), established the core of the Commission's enduring mission:

*Serve as a forum for the discussion and resolution of intergovernmental problems.*

TACIR's mission statement was enhanced with the publication of the Commission's fiscal year 2001 Strategic Plan in order to more fully capture the essence of the Commission's role:

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

## **Goals**

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

- advance discussion and deliberation of critical and sensitive intergovernmental policy matters;
- promote action to resolve intergovernmental problems and improve the quality of government;

- forge common ground among competing but equally legitimate values, goals, and interests; and
- provide members of the General Assembly and other policymakers with accurate and timely information and analysis to facilitate reasoned decision-making.

## **Objectives**

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

- engage in activities, studies, and investigations necessary for the accomplishment of the Commission's mission and goals;
- consider, on its own initiative, ways of fostering better relations among local governments and state government;
- draft and disseminate legislative bills, constitutional amendments, and model ordinances necessary to implement the Commission's recommendations;
- encourage and, where appropriate, coordinate studies relating to intergovernmental relations conducted by universities, state, local, and federal agencies, and research and consulting organizations;
- review the recommendations of national commissions studying federal, state, and local

## **TACIR Chairmen:**

***Representative John T. Bragg  
1979-1981 & 1987-1996***

***Judge William O. Beach  
1981-1987***

***Senator Robert T. Rochelle  
1996-2002***

***Representative Randy Rinks  
2002-Current***

***Each fiscal year, the Commission adopts a work plan designed to ensure the completion of objectives set forth in the Commission's enabling act, as well as the achievement of the mission and goals.***

government relations and problems and assess their possible application to Tennessee;

- study the fiscal relationships between the federal government and Tennessee's state and local governments; and
- study tax equivalent payments by municipally-owned electric operations to the various taxing jurisdictions within the state; and study laws relating to the assessment and taxation of property (summarized from T.C.A. 4-10-104).

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

Given such a broad task environment, the Commission adopts an annual work plan to guide its meetings and research. The work plan is designed to ensure the completion of objectives set forth in the Commission's enabling act, as well as the achievement of the mission and goals. However, federal, state, or local exigencies often direct the attention of the Commission to critical policy matters not originally included in the work program.

### **Issues Studied**

TACIR has demonstrated a remarkable continuity from year-to-year with respect to the intergovernmental policy matters it has considered. The Commission discussed ten possible long-term research issues during its August 1981 meeting:

1. Reform and modernization of the Tennessee state-local revenue structure,

2. Impact of cuts in federal aid on state and local government service demands, budget increases, and tax systems,
3. Systems for administering state pass-through of federal funds for local governments assuring proper participation of state executive and legislative branches and of local government officials,
4. Allocation of service responsibilities among state and local governments,
5. Effective regionalism and the role of state, regional (development districts), local, and federal agencies,
6. Proper programs and powers to plan and serve new urban growth around existing municipalities and the urbanization of rural areas,
7. An adequate system of financial support for highways, roads, and streets by taxes on highway users,
8. Provision for adequate mass transit,
9. Efficient and effective vocational training and retraining to produce marketable skills for Tennessee citizens and a focus on training resources to foster sound economic development,
10. The development of a system of organizations, financing and facilities to produce, transmit and distribute the most adequate, feasible water supplies to the several areas of Tennessee.

Indeed, each of these issues has received some attention by the Commission over the course of its history. Several have emerged as ongoing research

***The Commission discussed ten possible long-term research issues during its August 1981 meeting.***

themes. Issues related to state, local and federal fiscal matters, and government modernization have been robust fields from which the Commission has harvested numerous initiatives. Additionally, two fertile fields of Commission research not mentioned in the 1981 list are education finance and accountability, and property assessment. The major focus of TACIR’s research over its twenty-five years is summarized in the chart below. Several of these issues are discussed in detail in the Issues in Focus section of this report.

**Figure 1. Major Issues Studied by TACIR  
FY 1980 - FY 2004**

Research Area	Issues Studied	Years Studied
Education Finance, Reform, and Accountability		FY 1980, FY 1982 - 1984, & FY 1986 - FY 2004
Fiscal Relations	State, local, and federal taxes and fiscal issues	FY 1980 - FY 2004
	State business climate	FY 1987 - 1988, FY 1990, FY 1997 - 1998, & FY 2001
	Property assessment	FY 1980 - FY 1984, FY 1986, FY 1989, FY 1991, FY 1994, & FY 2003
Government Modernization	Miscellaneous modernization issues	FY 1980, FY 1991 - FY 1996, FY 1999, & FY 2002
	Utility district issues	FY 1985 - FY 1987, FY 1991 - FY 1996, & FY 2002 - FY 2004
Public Infrastructure Needs		FY 1997 - FY 2004
Growth Policy and Planning	Population & Growth	FY 1987, FY 1989, FY 2002, & FY 2004
	Growth policy under Public Chapter 1101	FY 1998 - FY 2004
	Annexation and consolidation	FY 1994 - FY 1999 & FY 2004
Healthcare		FY 1984 & FY 1988
Emergency Communications (E-911)		FY 1989, FY 1995 - FY 1998, & FY 2004
Other Governmental Issues		FY 1980 - FY 2004

The parallels between the years are in no way coincidental. The complexity of issues before TACIR, and the diversity of perspectives with respect to these issues, necessitates extensive study and deliberation. Furthermore, when recommendations are adopted, it may take years to build sufficient consensus to pass legislation resolving the problem.

The Commission discusses current and new matters during its four annual meetings, and alters the work program and research efforts accordingly. New policy matters that capture the attention of the Commission have varying origins. Members sometimes generate new issues internally through their own initiative, while at other times issues are generated externally. External factors include citizen concern, intergovernmental conflict, and state or local agency requests; but most often the General Assembly places new matters before the Commission. Legislative requests typically come in the form of a directive that TACIR study a particular policy matter.

## **Organization**

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

The Speaker of each respective chamber of the Tennessee General Assembly has responsibility for the appointment of four state senators and four state representatives to the Commission. Other appointments to the Commission include four elected county officials, one official nominated by the County Officials Association of Tennessee, four elected city officials, one development district nominee, two private citizens, and two executive branch officials. Statutory members include the chairs of the House and Senate Finance, Ways and Means Committees; and the Comptroller of the Treasury. In total, ten members have local government as their primary affiliation; eleven represent the legislature; two are drawn from the executive branch; and two are private citizens.

***In 1981, Senate Joint Resolution 250 directed the Commission to conduct a study of local government revenue sources. This charge led to the publication of “Measuring Fiscal Capacity and Effort in Tennessee: Methodology and Issues” in May 1982, which included the first rendition of TACIR’s fiscal capacity model.***

## **Issues in Focus**

As evident in the chronology at Appendix 1, TACIR has studied and reviewed a myriad of topics over the course of the last twenty-five years. The breadth of the issues studied is discussed in the preceding section. This section goes into more depth about six key issues:

- education finance and accountability;
- fiscal affairs;
- property taxes and assessment;
- public infrastructure needs;
- growth policy under Public Chapter 1101; and
- emergency communications (E-911).

The detail provided in this section cannot hope to cover all of the work TACIR has done in even these few issue areas. However, this section should provide the reader with a better understanding of some of the major currents of TACIR’s work over the last twenty-five years.

### ***Education Financing and Accountability***

From the first fiscal year of TACIR’s inception in 1979, the Commission was charged to consider the funding of locally administered educational programs. In 1981, Senate Joint Resolution 250 directed the Commission to conduct a study of local government revenue sources. This charge led to the publication of *Measuring Fiscal Capacity and Effort in Tennessee: Methodology and Issues* in May 1982, which included the first rendition of TACIR’s fiscal capacity model.

Throughout FY 1983-85, the Commission continued its efforts to address the complex issue of school finance equity and fiscal capacity. This included consideration of per-pupil expenditure disparity and the question of measuring local effort versus state support. The Commission's work on these issues resulted in changing the ability-to-pay formula in the Tennessee Foundation Program for Local Education Authorities (1983) and the documentation of per-pupil expenditure disparity among school systems (1985).

From FY 1986 through 1988, the Commission continued to refine its fiscal capacity model so that it would adequately reflect the impact of economic growth and change that was occurring across Tennessee. By 1988, school finance equity was developing into a statewide issue. In September 1988, the State Board of Education announced its plan to adopt TACIR's fiscal capacity methodology.

Throughout FY 1989-90, TACIR continued to develop and expand its specialized database that was built around Tennessee's then 142 school systems. For each school system the database included: 1) revenue and expenditure data, 2) average daily attendance (ADA) data, 3) the number of schools in each system, and 4) the size of each school in each system. Such data would aid the legislature when considering funding equity issues.

The major educational policy issues facing the Commission in FY 1991-92 included education finance and reform, and the fiscal capacity of Tennessee's school systems. It is almost impossible to discuss education finance and reform without discussing fiscal capacity, for fiscal capacity represents the ability of local governments or school systems to

***In September 1988, the State Board of Education announced its plan to adopt TACIR's fiscal capacity methodology.***

***The TACIR fiscal capacity model not only contributes to the equity of education fund distribution, but may also contribute to the overall efficiency in the use of limited educational resources.***

raise revenue from their own sources to meet the costs of providing educational services. The essence of TACIR's fiscal capacity model was captured in the language of the Education Improvement Act of 1991 (Public Chapter 535). The General Assembly stated its intent to provide education funding "on a fair and equitable basis by recognizing the differences in the ability of local jurisdictions to raise local revenues." TACIR's fiscal capacity formula determined each local share used to fund the Basic Education Program.

From FY 1992 through FY 1994, the Commission worked on updating its fiscal capacity model to ensure fiscal equalization in the funding of the Basic Education Program. In FY 1995-96, considerable resources were devoted to TACIR's increasing role in determining equitable distribution of state education funds and in ensuring accountability of the education funding of elementary and secondary education in Tennessee. The TACIR fiscal capacity model not only contributes to the equity of education fund distribution, but may also contribute to the overall efficiency in the use of limited educational resources.

In October 1997, TACIR published a staff information report entitled *Education Finance Reform in Tennessee*. This report provided background on the Basic Education Program (BEP) and described the effort to promote both adequacy and equity in educational funding across the state. Among its major findings:

- By the end of FY 1996, school systems in the state at both ends of the spectrum, i.e. those closest to full funding and those farthest away at the start of the BEP, had made the most substantial progress toward the goal of attaining full funding;

- The state's relative contribution to local education funding had been increasing in terms of both the amounts provided (up 15% for 1992-96) and as a percentage of combined federal, state and local funds;
- This increased spending altered Tennessee's relative position on spending slightly by moving it from 45th to 43rd among all states;
- The state relies on the sales tax as a source of revenue for its share of overall education funding while local governments use both the property tax and the local option sales tax;
- The state's reliance on sales tax revenues introduces an element of instability; and
- The state's use of funding mechanisms succeeded in attaining greater degrees of equity on each of the measures commonly used to determine equity such as TACIR's local fiscal capacity model.

In January 1998, TACIR presented *Accountability for Funding Education in Tennessee: A Report to the 100th General Assembly*, pursuant to House Joint Resolution (HJR) 191. HJR 191 directed TACIR to provide assurances that all funds raised in the name of education are, in fact, used for education and spent in compliance with state and federal law. To accomplish this review, TACIR examined the system of budgeting, appropriation, collection, and disbursement of the half-cent state sales tax dedicated for education. By its study, TACIR determined that funds raised through the dedicated half-cent were expended for the intended educational purposes. Furthermore, it determined that the system of accountability established in the Education

***In October 1997, TACIR published a staff information report entitled "Education Finance Reform in Tennessee." This report provided background on the Basic Education Program (BEP) and described the effort to promote both adequacy and equity in educational funding across the state.***

## ***Fiscal Year 2005 Update***

### ***BEPRC Endorses Prototype System-Level Fiscal Capacity Model***

***TACIR presented a prototype system-level model to the Basic Education Program Review Committee (BEPRC) in September 2004. In October 2004, the BEPRC voted to endorse the system-level prototype and recommend in its November 2005 annual report that a system-level fiscal capacity model be adopted. The earliest such a change could be implemented would be school year 2006-07.***

***TACIR staff, working closely with other members of the education and policy research communities, has continued to evaluate and improve upon the prototype model. As a result of these efforts, a final report was completed in September 2005. In November 2005, the BEPRC recommended comprehensive changes to the BEP to include implementation of a system level fiscal capacity model along with other enhancements of the BEP formula.***

Improvement Act (EIA) provides all reasonable assurances that revenues earmarked for education are not used for other purposes.

From FY 1999 through FY 2004, TACIR continued to calculate fiscal capacity indices for each of Tennessee's ninety-five counties to ensure consistent and equitable allocations of education funds for education purposes. However, staff also continued to revisit the concept of developing a model for measuring the fiscal capacity of the state's individual school systems. TACIR staff began evaluating the challenges and the potential for a system-level fiscal capacity model nearly fifteen years ago. Preliminary work on a prototype model has been presented to the Commission on several occasions. Past system-level prototypes, unlike the current county-level model, have been based solely on tax-base data because, until recently, data measuring the ability of residents to pay taxes were not routinely available for school systems. That is no longer the case. As a result, a system-level prototype based on the same principles as the current county model is finally possible.

Interest in a system-level model heightened as the Teacher Pay Task Force appointed by the Governor in April 2003 began its work. This broad-based group of stakeholders was formed in response to the October 2002 decision by the Tennessee Supreme Court that held that the current method of equalizing teachers' salaries was unconstitutional. The Task Force's final report, delivered to the Governor in November 2003, recommended resolution of the salary equity issue within the Basic Education Program (BEP) formula and laid out ten principles to guide development of the Governor's teacher pay plan. Principle number four characterized a system

level model as “a fairer method of determining local contribution.” Public Chapter 670, Acts of 2004, required the BEP Review Committee (BEPRC) to prepare an annual report on the BEP on or before November 1 of each year, and to provide the report to the Governor, the State Board of Education, and the Select Oversight Committee on Education. The Act also requested the BEPRC “[i]n reviewing the basic education program for fiscal year 2005-2006, . . . to give special consideration to . . . the development and implementation of a system-level fiscal capacity model.”

### ***Fiscal Affairs***

True to its intergovernmental mission, TACIR has conducted fiscal research concerning every sphere of government, from the Commission’s early research on federal fiscal issues affecting Tennessee, to numerous studies of the state’s tax structure and economic climate, to the Commission’s recurring research regarding local government finances. TACIR has been a key player in developing the dialogue among the state’s policy framers on many vital fiscal issues. Key milestones in fiscal research over TACIR’s twenty-five year history include

- a comprehensive review (1981-1982) of the potential impact of the New Federalism on Tennessee;
- recurring reviews and studies of state-shared taxes and local government finances;
- recurring reviews of Tennessee’s economic climate;
- a comprehensive review of Tennessee’s tax system (1997-2000); and

***TACIR has done extensive fiscal research related to***

- ***education finance and fiscal capacity***
- ***property taxes and assessment***
- ***infrastructure needs***
- ***growth policy, and***
- ***emergency communications.***

- extensive research support to the legislature during the 2000-2002 budget crisis.

In addition to these highlights, TACIR has done extensive fiscal research related to education finance and fiscal capacity, property taxes and assessment, infrastructure needs, growth policy, and emergency communications; all are covered in their own focus section of this report. Like government policy in general, the issues studied by TACIR have considerable overlap with each other. The broad research highlights discussed in this section were augmented by many smaller, supporting or related research efforts.

### **New Federalism**

House Joint Resolution (HJR) 260, that became law in June 1981, directed TACIR to conduct a comprehensive study to determine

- the impact of federal budget cutbacks on the administration of federal orders, rules, and regulations;
- to define issues raised by said cutbacks;
- to resolve the problems arising from federal regulations; and
- to recommend alternative procedures for coordinating and allocating scarce resources at the state and local level, with due regard to funding the state adequately, from federal as well as state funds, to perform those functions and render those services which the state is obligated by law to perform or render.

TACIR was to report its findings to the General Assembly by January 1982. This study was the

catalyst for the development of the Commission's first core work program and the hiring of the first full-time staff member, Dr. Harry Green, who was appointed Executive Director on September 1, 1981. As work on the study progressed, it quickly became clear that the scope of the New Federalism study should be expanded to include research on the revenue needs of local governments and possible new revenue sources. This expansion of the study was formalized in April 1982, with the passage of Senate Joint Resolution (SJR) 250.

The Commission completed the initial phase of the study as directed by HJR 260 in March 1982, with the key finding that the Reagan administration's New Federalism proposals could result in a 38% reduction in grants to state and local governments from fiscal year 1981 to fiscal year 1983. The progress of the expanded study on local government finances is discussed in the next section.

### **State-Shared Taxes and Local Government Finances**

As directed by SJR 250, the Commission continued to study the local government fiscal situation for several more years, producing numerous reports, culminating with the presentation of *TACIR Reports to the Joint Legislative Task Force on State-Local Tax Structures* in August, 1984. That series of reports contained TACIR's first published analysis of state-shared taxes. The section on state-shared taxes provided a detailed accounting of the distribution of those taxes and their importance to Tennessee's local governments. The presentation also included research on the property tax, the local option sales tax, utility taxation, and an overview of local government revenue sources. TACIR produced

## **Fiscal Year 2005 Update**

### **State-Shared Taxes**

***In order to balance the budget for fiscal year 2004, the state retained a portion of the taxes normally shared with local governments. In December 2003, TACIR was asked by the Speaker of the House, Representative Naifeh, to conduct another comprehensive study of state-shared taxes in Tennessee. In response to this request, TACIR published "State Tax Sharing, Fairness, and Local Government Finance in Tennessee" in January 2004. This staff report examined the significance of state-shared taxes in Tennessee and their fiscal importance to city and county governments.***

***TACIR also published four supporting staff reports on state-shared taxes:***

- ***"Hall Income Tax Distributions and Local Government Finance," April 2004;***
- ***"State Tax Sharing with Cities: Premier Type Tourist Resort Cities as Models," September 2004;***
- ***"State-Shared Taxes and Cities without Property Taxes: A Source of Inequity," October 2004;***
- ***"State Highway Aid to Local Governments in Tennessee," February 2005***

***The Commission reported its findings to both Speakers in February 2005.***

numerous other reports leading up to the August 1984 presentation, including analyses of local fiscal flexibility, alternative revenue sources, local attitudes on taxes, and the fiscal health of Tennessee's local governments.

TACIR returned to the topic of state-shared taxes in fiscal year 2000 when the state faced a budget crisis and the General Assembly was required to make major decisions on taxing and spending in order to arrive at a balanced budget for fiscal year 2001. This crisis prompted some policy makers to suggest that part of the solution may lie in reducing the level of state-shared taxes provided to local governments. The Commission recognized that local governments could be affected dramatically and adversely by significant reductions in state-shared taxes and completed a major study on the subject. This study was published in FY 2000. Among other topics, this report discussed the potential impact the elimination of state tax sharing could have on local property taxes. This report received the Most Distinguished Research Award for 2000 from the Governmental Research Association.

Another major local government finance research effort by the Commission was the publication of a three-volume series of staff reports on local government finances. These reports, published in calendar year 2002, provided some of the most in-depth research ever compiled on this topic in Tennessee. The series included

- *The Local Government Finance Series Volume I, The Local Property Tax in Tennessee*, February 2002;

- *The Local Government Finance Series Volume II, The Local Option Sales Tax in Tennessee*, June 2002; and
- *The Local Government Finance Series Volume III, Miscellaneous Local Taxes and Fees*, August 2002.

## **Economic Climate**

TACIR has conducted numerous studies of Tennessee's economic climate. The largest of these studies culminated in a series of reports published in 1990 on the economic impact of the Saturn automobile manufacturing plant on the economy of Dickson, Giles, Hickman, Lawrence and Lewis counties. The Commission developed a computer model, Tennessee Industrial Location Impact (PC TILI), to estimate what new public services would be required and the projected costs of providing those services. A primary part of the study was the analysis of thousands of questionnaires completed by potential Saturn employees. The questionnaire was developed by TACIR staff and the tabulated results helped communities plan and prepare for the changes expected to take place as a result of the relocation of Saturn employees and their families.

Other economic climate studies have included studies of Tennessee's business climate and the state's tax burden on families. Examples of the resulting publications include *Competitive Edge: The Tax and Business Climate in Tennessee*, January 1998, which found that Tennessee had low corporate tax burdens and a favorable business climate, and *Research Brief Number 4, Family Tax Burden in Tennessee: A Comparative Analysis*, July 1996, which found that average families in Tennessee had low tax burdens

***In response to two mandates from the General Assembly during its 1997 session, TACIR undertook a comprehensive study of Tennessee's tax system.***

compared to families in other states. Another example of TACIR's research into Tennessee's economic climate is *Tennessee and the Knowledge Economy*, May 2001, which noted that in order to take advantage of the opportunities of shifts in the world's economy, Tennessee must focus its efforts on improving the quality of education in the state, maintaining its emphasis on developing worker skills, supporting research and development, and targeting economic development efforts to attract high quality economy jobs.

### **Comprehensive Review of Tennessee's Tax System**

In response to two mandates from the General Assembly during its 1997 session, TACIR undertook a comprehensive study of Tennessee's tax system. The mandates reflected growing frustration over the fact that the state's sluggish tax and revenue system was not producing revenues commensurate with what one would expect, given the state's robust economy, and concern over the loss of sales tax revenues to neighboring states due to their introduction of gambling and lotteries.

In March 1998, the TACIR published a Staff Information Report entitled *Understanding Tennessee's Tax System: Problems and Issues*. This report reflected the findings of its ongoing research on the state's tax system across the full range of issues. In this report, TACIR demonstrated that the characteristics of the state's tax system in fiscal year 1998 closely paralleled the characteristics of the system described by the Special Joint Task Force on State and Local Tax Structure in the last major tax system study conducted during the 1983-85 time frame. The study made it very clear that current

problems in the state arise from the nature of the tax system itself and are not due to temporary or cyclical variations in the economy of the state. Overall, TACIR's work during fiscal years 1997 and 1998 provided a medium through which complex tax information was made available to policy makers and governmental officials. TACIR's analysis of technical studies by various research bodies increased the intellectual capital available to the public policy process in Tennessee.

In FY 2000, the TACIR made a major contribution to the ongoing dialogue in the state on the adequacy of the state's tax system via the publication, *Financing Tennessee Government in the 21st Century*. This report was the capstone publication which summarized the findings from the Commission's multi-year examination of this vital topic. Key findings of this report included

- Tennessee remains dependent on sales tax revenues for most of its revenue;
- the sales tax is an inelastic revenue source in that the revenue raised does not increase at the same rate as personal income;
- reliance on an inelastic tax produces a structural budget deficit in which revenues to fund services do not equal revenues using established bases or rates;
- the existence of a structural deficit impacts adversely on local governments, especially upon efforts to maintain adequate levels of expenditure for education;

***“Financing Tennessee Government in the 21st Century” proved to be a valuable resource to the General Assembly as that body deliberated revenue options for the state. It received the Most Distinguished Research award from the Governmental Research Association.***

***The TACIR staff produced a number of Staff Information Reports that aided the General Assembly in making important decisions about tax reform and educated the public about Tennessee's budget.***

- local governments have few options for measures that will enable them to increase revenues; and
- the overall state tax system is regressive.

This study proved to be a valuable resource as the General Assembly developed the FY 2001 budget and considered various revenue measures to fund it.

### **Budget Crisis**

Due to a sluggish economy and the structural issues noted by TACIR, Tennessee continued to struggle with balancing its budget through 2003. The TACIR staff produced a number of Staff Information Reports during this period that aided the General Assembly in making important decisions about tax reform and educated the public about Tennessee's budget. These reports contained information about the various forms of local taxation within Tennessee. Examples included:

- *Taxation of Services in Tennessee*, January 2000;
- *An Analysis of the Fiscal Structure of Non-Income Tax States*, April 2002; and
- *The Structure of State Taxes in Tennessee: A Fiscal Primer*, February 2003.

Probably the most influential TACIR contribution to educating the public and the state's policy makers during this period was *The Citizens' Guide to the Tennessee Budget*, published in February 2002. This report provided insight to the public on the importance of understanding government budgets as well as explaining why governments prepare budgets. It also provided information on how budgets

are organized and how they work. *The Citizens Guide to the Tennessee Budget* received the Certificate of Merit for Effective Citizen Education from the Governmental Research Association.

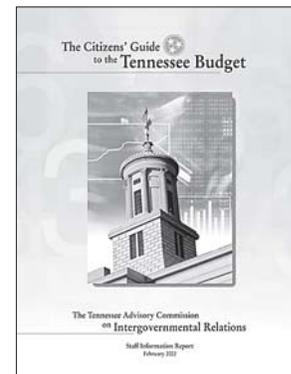
In addition to its numerous publications, TACIR supported the legislature during this period with numerous presentations, responses for specific technical information, and other staff support.

As this report goes to press, TACIR is embarking on another major fiscal research project. The Commission has been asked to study several bills related to development taxes in Tennessee. This study will serve as the core for a broader TACIR study of the fiscal flexibility of local governments in Tennessee.

### ***Property Taxes and Assessment***

As early as 1981, TACIR undertook a comprehensive study on the issue of property tax modernization in Tennessee. The Commission conducted public hearings and studies that resulted in a published Commission Report, *Property Tax Modernization*. This report included eighteen recommendations for changes in the way the state's property tax was being levied. During FY 1981-82, TACIR produced seven different reports and provided staff assistance to the Joint Legislative Task Force on State/Local Taxes. Two of the significant reports were *Property Tax in Tennessee, Issues of Reform*, January 1982, and *The Challenge of Property Tax Administration in Tennessee*, August 1982.

In FY 1983-84, the Commission published additional position papers on the issue of property tax assessment. The first was in January 1983, *Information Bulletin No. 3: Measuring Property Tax Inequity: The Coefficient of Dispersion*. It was



***“The Citizens Guide to the Tennessee Budget” received the Certificate of Merit for Effective Citizen Education from the Governmental Research Association.***

***During FY 1989-90, Commission work on property tax-related issues resulted in implementation of the Current Value Index and an analysis of the taxation of tangible personal property and leased personal property.***

followed by *Information Bulletin No. 8: Maintaining Full Value Property Assessment: The Need for a Current Value Index*, February 1984. That was followed by the report: *Property Tax Modernization in Tennessee: Recommendations of TACIR*, March 1984, and *Information Bulletin No. 10: Improvement in Property Tax Equity: Results of the 1983 Appraisal/Sales Ratio*, April 1984. From these reports came the recommendation for a uniform valuation approach to personal property assessment that would be managed by the State Division of Property Assessments and supervised by the State Board of Equalization. A second TACIR recommendation was for the creation and implementation of a current value index based on the statistical analyses of biennial assessment ratio studies. This recommendation was debated throughout fiscal years 1985 to 1988.

During FY 1989-90, Commission work on property tax-related issues resulted in implementation of the Current Value Index and an analysis of the taxation of tangible personal property and leased personal property. In FY 1991-92, TACIR continued to study property tax assessment issues, recognizing that the property tax is the most important “own-source” revenue to local governments. The Commission’s statistical studies showed that in 1989-90, the property tax made up 29.5% of all county revenue and 20% of all revenue for municipal governments from all sources. During FY 1993-94, TACIR continued to make property tax administration a high study priority. Among its publications for this fiscal year were: *Property Tax Equivalency to One-Half Cent Increase in State Sales Tax for Education Funding*, September 1992 and *Family Tax Burdens in Tennessee: A Comparative Analysis*, June 1993.

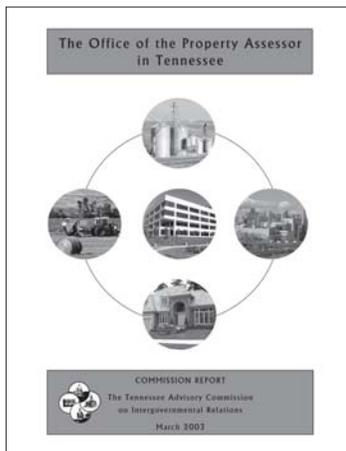
Also, in FY 1993 the State Board of Education adopted the TACIR fiscal capacity model to equalize the state's Basic Education Program funding. This meant TACIR had roles both in determining the equitable distribution of state education funds and determining an equitable local government funding contribution to the program. Because TACIR's five-factor economic model includes determining the per-pupil property tax base, the Commission has an on-going reason to study the local property tax assessment process in Tennessee.

TACIR continued to study property taxes in Tennessee over the course of the 1990s and into the new century, both as part of its research on Tennessee's overall tax structure, and as a unique topic. The Commission paid particular attention to the property tax's importance as the leading source of local government revenue in Tennessee. At the prompting of the General Assembly, the staff also explored the potential of the property tax as a state tax. Issues related to a state property tax were included in TACIR's influential January 1999 report, *Financing Tennessee Government in the 21<sup>st</sup> Century*.

A notable report from this period is Volume I of TACIR's Local Government Finance Series, *The Local Property Tax in Tennessee*, published in February 2002. This report highlighted several key points regarding the local property tax:

- Until 1963, the property tax was the only significant source of local government revenue.
- The property tax has been and continues to be the number one revenue source used to finance local governments in Tennessee.

***Because TACIR's fiscal capacity model includes determining the per-pupil property tax base, the Commission has an on-going reason to study the local property tax assessment process in Tennessee.***



***In fiscal year 2004, TACIR released its latest major study of property tax assessment in Tennessee, "The Office of the Property Assessor in Tennessee."***

- Despite several shortcomings, the property tax is likely to increase in importance in local government finance.
- While the local option sales tax took some pressure off property tax rates between the late 1960s and early 1980s, the property tax is again becoming the tax of last resort, especially in areas where local option sales tax rates are approaching their statutory maximum.
- Local property tax bases (per capita) vary extensively from county to county, creating a very uneven playing field for financing local government services.
- While the property tax produces fairly predictable and stable revenue flows over time, it fails to grow at a rate adequate to finance long-run local government expenditure requirements.
- As a result of constitutionally allowed property classification and preferential assessments, statutory exemptions and special evaluations, and administrative difficulties innate in property valuations, the tax fails to provide taxpayer equity across all properties.

In fiscal year 2004, TACIR released its latest major study of property tax assessment in Tennessee, *The Office of the Property Assessor in Tennessee*. Its recommendations included

- creating a more tiered or structured incentive system for all assessors, their deputies and staffs to begin, continue, and advance their professional education;

- adopting a staffing model for all assessors to use as a guide;
- establishing requirements for more standardized budgeting techniques by assessor offices across the state; and
- requiring specific additional training after an assessor has been elected to office.

### **Public Infrastructure Needs**

TACIR's role in monitoring infrastructure needs in Tennessee is the result of three different pieces of legislation, Public Chapters 817 (1996), 1101 (1999), and 672 (2000). Public Chapter 817 charged TACIR to conduct a statewide public infrastructure-needs inventory. It was the General Assembly's belief that the information obtained from such an inventory would

- improve the quality of life of the state's citizens;
- support livable communities; and
- enhance and encourage the overall economic development of the state.

Subsequently, Public Chapter 1101 was passed in January 1999, which directed all local governments, with the exception of Davidson and Moore counties, to work together to establish: 1) growth boundaries for incorporated areas, 2) planned growth areas outside those boundaries, and 3) rural areas. To be able to do so, local governments were required by Section 7 of the act to "determine and report the current costs and the projected costs of core infrastructure." Then in 2000, the General Assembly enacted Public Chapter 672 which specifies in Section 3 that implementation of city and county

### **Fiscal Year 2005 Update**

*During this period, TACIR staff further strengthened its quality control program to improve the information available from the Public Infrastructure Needs Inventory (PINI). TACIR and the nine development districts began working even more closely with the directors of school systems across the state in a special effort to improve consistency in reporting on public school needs.*

*Development of a new web-based information system continued. The system will improve the PINI in several ways: it will make the collection of data much more efficient as well as make information from the inventory more accessible and more useful to local officials. The new system should become operational in the next fiscal year.*

*The 2005 Building Tennessee's Tomorrow report, submitted for Commission approval in June includes a look back at earlier inventories and a new section on the funding of infrastructure projects.*

**Public Chapter 817 directed TACIR to implement the infrastructure needs inventory through contracts with the nine development districts across the state to determine infrastructure needs as determined by**

- **county executives,**
- **mayors,**
- **local planning commissioners,**
- **local education agencies,**
- **utility districts, and**
- **county road superintendents.**

growth plans for “infrastructure, urban service and public facility elements” were to be monitored by means of the Public Infrastructure Needs Inventory (PINI) required by Public Chapter 817 as passed in 1996.

Public Chapter 817 directed TACIR to implement the infrastructure needs inventory through contracts with the nine development districts across the state to determine infrastructure needs as determined by: county executives, mayors, local planning commissioners, local education agencies, utility districts and county road superintendents. Infrastructure inventory surveys were developed by TACIR staff and then distributed by development district personnel to the entities mentioned above. From the TACIR survey questions, information was collected on several aspects of each county’s infrastructure project status including: the project’s stage of development, its location, its funding status and its ownership. TACIR staff compiled the results from the survey responses and created a master inventory describing the statewide status of infrastructure projects.

The first TACIR report, *Tennessee Public Infrastructure Needs Inventory Assessment of FY 1998*, was published in FY 1999. Specifically, the report identified \$13.7 billion in needed infrastructure projects, composed of \$11.2 billion of general infrastructure needs and \$2.5 billion in education needs for K-12. The largest categories under general infrastructure needs were transportation at \$4.4 billion and water and wastewater at \$2.5 billion.

TACIR staff made major efforts to improve the quality and coverage of the needs assessment inventory that can be seen in a comparison of the 2001 report to

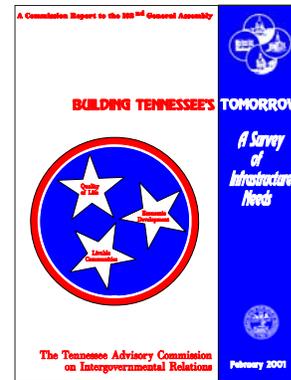
the 1999 report that follows. It should also be noted that needs increased \$4.5 billion or 33% over the two-year period. This increase may be due to better reporting by local school officials resulting from a joint effort by TACIR, the State Board and Department of Education, the Tennessee School Board Association, and the Tennessee Organization of School Superintendents.

Other improvements over the first inventory were that

- communication and partnership among stakeholders improved;
- standardized procedures were clarified to enhance reporting;
- survey forms were redesigned to facilitate data management; and
- quality control was implemented to cross-reference data.

The February 2001 Commission Report, *Building Tennessee's Tomorrow: A Survey of Infrastructure Needs*, was the first needs inventory report to include needs submitted by state agencies as part of their budget request to the Governor. It provided information regarding needed infrastructure improvements and the condition of existing elementary and secondary public schools. Based on the data gathered, the report also listed the following important conclusions:

- The total need for public infrastructure improvements for 2001-2006 is nearly \$20.5 billion; this includes upgrading existing schools to “good” condition.



***The February 2001 Commission Report, “Building Tennessee’s Tomorrow: A Survey of Infrastructure Needs,” was the first needs inventory report to include needs submitted by state agencies as part of their budget request to the Governor.***

***The TACIR infrastructure reports are a significant contribution to the functioning of state government because they delineate the magnitude of the scope and cost of public need based on requested public response.***

- Transportation and utilities remains the single largest need category and had the second largest increase in estimated costs.
- Education, the second largest need category, had the largest increase in estimated cost from \$3.8 billion to \$4.8 billion, more than 24% since previous reporting.
- All Tennessee schools met the required class-size standards for the 2001-2002 school year.
- The total estimated cost for infrastructure projects needed between FY 2001-2006 is approximately \$3.6 billion. This figure includes new school construction, system-wide needs, mandated compliance, facility upgrades, and technology infrastructure needs for K-12 education.
- The lower class sizes required by the Education Improvement Act (EIA) of 1992 may be responsible for about 38% of the infrastructure improvement costs reported by all local school officials, based on specific cost information for existing public schools gathered as part of the inventory and estimates by TACIR staff.

The TACIR infrastructure reports are a significant contribution to the functioning of state government because they delineate the magnitude of the scope and cost of public need based on requested public response. The Commission continues to improve upon the infrastructure inventory process, as evidenced in its initiation of a long-range improvement plan for the software assets used to conduct the inventory.

## ***Growth Policy Under Public Chapter 1101***

In fiscal year 1997, TACIR became a key player in the overall legislative effort that led to the passage of Public Chapter 1101. With this Chapter, the General Assembly established a comprehensive growth policy for Tennessee that

- eliminates annexation or incorporation out of fear;
- establishes incentives to annex or incorporate where appropriate;
- more closely matches the timing of development and the provision of public service;
- stabilizes each county's education funding base and establishes an incentive for each county legislative body to be more interested in education matters; and
- minimizes urban sprawl.

To achieve these goals the General Assembly appointed an Ad Hoc Study Committee on Annexation and charged it to examine all the issues surrounding annexation, local government consolidation, and growth planning for cities. With the leadership of the Ad Hoc Committee's co-chairs, Senator Robert Rochelle (then TACIR Chairman), and Representative Matt Kisber (then TACIR member), the Committee worked to provide a comprehensive solution to balance the growth needs of Tennessee's counties and cities. TACIR staff participated in the process by providing a history of annexations across Tennessee and suggesting that annexation proposals would not be addressed

***In fiscal year 1997, TACIR became a key player in the overall legislative effort that led to the passage of Public Chapter 1101.***

adequately without including a comprehensive approach to growth planning.

The Ad Hoc Committee developed a growth-planning framework that centered on the development of county-wide growth plans. Its specific proposals included

- municipal annexations within urban growth boundaries and the planning of services in annexed areas;
- incorporations within planned growth areas;
- allocation of situs-based taxes between municipalities and counties in areas annexed by municipalities;
- development of plans for the provision of urban-type services as a precondition for annexation; and
- establishment of Joint Economic and Community Development Boards (JECDBs) in each of the counties.

In recognition of the key role TACIR played in helping to develop the Act's comprehensive growth policy position, it was stipulated in the Act that: "Until December 31, 2002, the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) shall monitor implementation of this act and shall periodically report its findings and recommendations to the General Assembly".

In September 1998, TACIR and the University of Tennessee Institute of Public Service published *Growth Policy, Annexation and Incorporation Under Public Chapter 1101 of 1998: A Guide to Community Leaders*. This report provided local

community leaders a set of general guidelines for implementation of the Act that facilitated consistent statewide application of the Act's provisions.

In March 1999, TACIR published *Implementation of Tennessee's Growth Policy Act*. This report summarized the major provisions of the Act and highlighted the early implementation steps. Throughout 1999, TACIR staff provided technical assistance and advice to numerous local officials concerning various provisions of the Act.

In April 2000, TACIR published its second implementation report, *Tennessee's Growth Policy Act: A Vision for the Future*. This report described a number of key issues including: 1) the adoption of growth plans, 2) the methodology for establishing Joint Economic and Community Development Boards, and 3) a review of the various Attorney General opinions relating to key provisions of Public Act 1101. A major report finding was that seventy-five county-wide plans had been approved by Local Government Planning Advisory Committees.

In June 2001, TACIR published *Tennessee's Growth Policy in 2001: Promises and Progress*. This Commission report verified that ninety of Tennessee's ninety-five counties had received approval of their plans by their Local Government Planning Advisory Committees and explained the implementation plan problems of Blount, Fayette, Polk, Shelby and Sullivan counties. The report also noted that four state agencies announced policies for the imposition of sanctions against counties and cities without approved growth plans beginning in fiscal year 2002; they are the Department of Transportation, the Department of Tourism, the Department of Economic and Community Development, and the Tennessee Housing Development Agency.

## **Fiscal Year 2005 Update**

### **Endorsement and Introduction of Bills**

***During fiscal year 2004, TACIR's PC 1101 monitoring activities shifted focus somewhat. Once all of the counties required to develop growth plans had done so, a number of bills proposing various amendments to the original statute were introduced during the 103<sup>rd</sup> legislative session. Since this marked the first significant attempt at changing the original statute, the General Assembly referred a group of ten of these bills to TACIR for study and recommendation. The focus of these bills ranged from strengthening the planning and consistency requirements of the growth plans, altering the burden of proof standards of annexation appeals, and establishing the meeting requirements for the joint Economic and Community Development Boards (JECDBs). TACIR endorsed six of the bills in this group with some changes and recommended them for passage by the General Assembly. Of these six bills, four have been passed by the General Assembly and have been signed into law. The remaining two bills are still being considered. In addition to these bills, the General Assembly also referred twelve additional PC 1101 related pieces of legislation and legislative issues during the latter half of FY 2005 to be studied by TACIR. TACIR is to report its findings and recommendations by February 2006.***

During the summer and fall of 2002, the National Governors Association Center for Best Practices conducted a Policy Academy for State Officials under the topic heading of “Integrating State Transportation and Land Use Goals to Promote Economic Development.” Tennessee was one of six states chosen on a competitive basis from across the country to participate in this academy. A project team containing representatives from the Governor’s office, the Nashville Area Metropolitan Planning Organization (MPO), the Department of Environment and Conservation (TDEC), Department of Transportation (TDOT), Cumberland Region Tomorrow (CRT), and TACIR participated in this academy. The team worked to identify the means for

- measuring or evaluating techniques for assessing the quality of integration between transportation plans and land use and growth plans, and
- developing analytical systems for assessing alternative transportation and land use scenarios, including modeling software options that may be available.

In 2003, TACIR once again enlisted the services of the University of Tennessee’s Center for Business and Economic Research (CBER) to prepare an updated set of 20-year population projections for local governments across the state to use in their growth planning activities. In December 2003, these twenty-year population projections were published on the TACIR website making them readily available to local governments and interested organizations. These population projections were also selected by TDOT as part of its planning process in preparing

the state's first twenty-five year Long Range Transportation Plan in 2004.

### **Emergency Communications (E-911)**

TACIR first examined issues related to emergency communications (E-911) during fiscal year 1989, at its January 9-10 Commission meeting. Mr. Joel Plummer, Montgomery County Executive, spoke to the Commission on the topic. Although Emergency Communications Districts (ECD) lack the power to levy taxes, they operate as public corporations. Mr. Plummer stated that many ECDs were experiencing fiscal problems. He recommended that the state improve funding for ECDs. The Commission adopted a recommendation to increase E-911 funding. E-911 funding, however, continued to be a difficult issue; one which TACIR returned to six years later.

TACIR returned to the E-911 issue in fiscal year 1995 as a result of House Joint Resolution 499, passed by the 98th General Assembly in 1994. HJR 499 directed TACIR to study the funding, creation, and management of ECDs in Tennessee. A case of embezzlement of ECD funds in Madison County, as well as a vote by Kingsport and Bristol cities to withdraw from their county ECD and create their own ECDs, had brought E-911 to the attention of the public and the General Assembly.

At the time of the TACIR study, the ECDs received funding from service charges added to wire-line telephone bills. The actual emergency call taking is done at a Public Safety Answering Point (PSAP), also referred to as a call center. The ECDs were beginning to experience even greater funding pressure due to the increasing popularity of cellular phones. An increasing number of emergency calls

### **Fiscal Year 2005 Update**

#### **PC 810 Mandates New Study of E-911 in Tennessee**

*As this report goes to press, TACIR is well into this latest study of E-911 issues in Tennessee. The study, mandated by PC 810 of 2004, will include several products:*

- *this interim report discussing initial observations (presented to Commission, September, 2004);*
- *an interim report discussing survey results; and*
- *a final report.*

*The final report will include sections on technology issues, funding, and ECD structure. It is likely that the Commission will continue to play a role in the development of this issue for years to come.*

were coming from users of these phones. They were not subject to service charges to help pay for E-911 provision, even though their use was requiring extensive enhancement of call center technology.

TACIR's study of E-911 systems included surveys, interviews, a public hearing, and extensive analysis of other states' E-911 policies. The Commission made six formal recommendations as a result of the study:

1. The ECD law should be amended to eliminate the referral response option (a then fairly common practice where the worker at the PSAP merely provided callers with the phone number for the appropriate emergency agency rather than dispatching the emergency response or routing the call to a dispatcher).
2. The ECD law should be amended to ensure that each emergency service provider has the right to dispatch its own services, unless an alternative voluntary agreement is reached between such provider and the ECD.
3. The existing moratorium on creation of new ECDs within existing ECDs should be extended for two years (the moratorium then in effect expired on April 14, 1995).
4. The service charge for E-911 should be extended to cellular and wireless phones.
5. The ECD law should be amended to update references to collateralization of deposits.
6. The ECD law should be amended to create an Emergency Communications District Management Review Board to provide state

***TACIR's study of E-911 systems included***

- *surveys,*
- *interviews,*
- *a public hearing, and*
- *extensive analysis of other states' E-911 policies.*

oversight and provide a forum for the resolution of E-911 problems.

TACIR assisted in drafting legislation regarding each of these issues which sponsors introduced in January 1995. Only the collateralization bill passed during that session. However, the Commission's work paid major dividends in fiscal year 1998, with the passage of Public Chapter 1108. This legislation

- established the Tennessee Emergency Communications Board (TECB) to
  - ♦ implement statewide wireless, enhanced 911 service;
  - ♦ establish standards for landline and wireless E-911 systems;
  - ♦ provide technical assistance to ECDs; and
  - ♦ provide financial oversight to financially distressed ECDs;
- directed the Comptroller of the Treasury to develop a uniform financial accounting system to be used by each ECD; and
- imposed a charge on all commercial radio stations in order to generate revenue sufficient to fund the TECB and statewide wireless enhanced service.

The creation of the TECB made Tennessee a leader in providing E-911 and wireless E-911 services. The state far outpaced most other states in updating and enhancing its E-911 coverage. However, funding pressures continued to increase as many consumers replaced traditional wired phones with wireless phones or other technologies, such as voice-over-

internet-protocol (VOIP). In fiscal year 2004, the General Assembly passed Public Chapter 810 directing TACIR to conduct a “Study of E-911 Technology and Funding Structure” and report findings, recommendations, and any necessary legislation to the General Assembly no later than February 1, 2006. PC 810 directs TACIR to study “all aspects of Tennessee’s emergency telephone service (911) statutes, including, but not limited to, local emergency communications districts and their respective boards, the state emergency communications board, the provision of enhanced 911 service, and the assessment of emergency telephone service charges upon telecommunications service providers and customers.”

## Appendices

<b>Appendix 1</b>	
Chronology.....	38
<b>Appendix 2</b>	
TACIR Commission Members by Years Served through Fiscal Year 2004 .....	73
<b>Appendix 3</b>	
TACIR Commissioners by Longest Term .....	78
<b>Appendix 4</b>	
Current TACIR Commission Members–Years Served and Tenure through Fiscal Year 2005 .....	79
<b>Appendix 5</b>	
Summary of Minutes from Fiscal Years 2003 and 2004 Commission Meetings .....	80
<b>Appendix 6</b>	
Ongoing and Recent Legislatively Mandated Projects .....	109
<b>Appendix 7</b>	
TACIR Presentations, Fiscal Years 1989-2005 .....	114

## Appendix 1: Chronology

The Tennessee Advisory Commission on Intergovernmental Relations (TACIR) was created by the General Assembly in July 1978 to monitor the operation of federal-state-local relations in Tennessee and make recommendations for their improvement. The TACIR is a permanent state bipartisan body representing the executive and legislative branches of the state, county and municipal governments, and the public. The following chronology highlights major accomplishments of TACIR over the course of its history. It includes vignettes on a few select, unique TACIR research projects over the years. More detailed narratives on recurring research issues are included in the Issues in Focus section. This chronology is prepared using calendar years, rather than fiscal years, for ease of reference.

### 1978

July 1978      Creation of the TACIR.

### 1979

June 1979      First meeting of the TACIR – Representative John Bragg elected Chairman, Senator Victor Ashe-Vice Chairman, Mr. Stephen Norris-Secretary.

July 1979      Second meeting of the TACIR – Presentations by representatives of Tennessee’s local and state government agencies.

August 1979    Third meeting of the TACIR – Presentations by Director of the National ACIR and four state ACIR representatives.

October 1979    Fourth meeting of the TACIR – Resolution in support of the general revenue sharing program passes to be sent to the Tennessee Congressional delegation.

#### 1979

- Representative Bragg elected chairman
- Resolution supporting general revenue sharing sent to Tennessee Congressional delegation

1970s

## 1980

July 1980                      Legislation passes increasing Commission membership to twenty-five and assigning the Commission additional duties.

**1980**  
Commission membership increased to twenty-five

September 1980      Fifth meeting of the TACIR – Governor Lamar Alexander presents opening remarks.

## 1981

March 1981                      Funding is approved for a core staff for the TACIR, effective July 1, 1981.

May 1981                      Sixth meeting of the TACIR – emphasis on the impact of proposed federal budget cuts.

June 1981                      Seventh meeting of the TACIR – Judge William O. Beach elected Chairman, Representative John Bragg-Vice Chairman, Mr. Stephen Norris-Secretary.

June 1981                      House Joint Resolution 260 becomes law, charging the TACIR to determine the impact and define the issues created by proposed federal funding cutbacks.

August 1981                      Eighth meeting of the TACIR – plans made in anticipation of core staff to work for the Commission.

September 1981      Dr. Harry Green appointed Executive Director for the Commission.

**1981**

- HJR 260 directs TACIR to determine impact of federal funding cuts
- Dr. Harry Green appointed Executive Director

1980s

December 1981 Ninth meeting of the TACIR – Governor Lamar Alexander presents opening remarks; comprehensive study mandated by House Joint Resolution 260 is presented for Commission approval.

**Publications/Reports:**

- *Background Information of the Impact of Federal Policy Changes in Tennessee*, November 1981
- *Analysis of Existing and Alternative Methods of Funding State/Local Governments*, December 1981
- *Attitudes of Local Government Officials on Revenue Sources*, December 1981
- *General Summary and Analysis of the New Block Grants and Federal Administrative Changes in Tennessee*, December 1981
- *Preliminary Analysis of Projected Changes in Intergovernmental Finance*, December 1981
- *Tax Equivalent Payments by Municipal Electric Systems in Tennessee: A Review of the Issues*, December 1981

**1982**

January 1982 Tenth meeting of the TACIR – Commission adopts resolution supporting proposed legislation to improve local government fiscal flexibility.

**1982**  
TACIR provides an in-depth review of property tax issues in Tennessee

February 1982 Legislation passed increasing Commission membership to twenty-eight members.

April 1982 Senate Joint Resolution 250 passes directing TACIR to evaluate not only the effect of New Federalism on

Tennessee, but also the current revenue of its local governments in conjunction with existing and possible expanded revenue sources.

May 1982 Eleventh meeting of the TACIR – provides an in-depth review of property tax issues in Tennessee.

December 1982 Twelfth meeting of the TACIR – Commission adopts revised version of its resolution urging the General Assembly to enact legislation to improve local government fiscal flexibility. Judge Beach elected Chairman, Representative Bragg-Vice Chairman, Mr. Norris-Secretary.

**Publications/Reports:**

- *Local Government Fiscal Flexibility: Some Existing and Alternative Sources*, January 1982
- *Property Tax in Tennessee: Issues of Reform*, January 1982
- *Comprehensive Study of the Impact of Federal Policy Changes on State and Local Government in Tennessee: Summary Report*, February 1982
- *Preliminary Analysis of the Impact of Federal Budget Cuts: 1980-81, 1982-83*, March 1982
- *Measuring Fiscal Capacity and Effort in Tennessee: Methodology and Issues*, May 1982
- *The Challenge of Property Tax Administration in Tennessee*, August 1982
- *Local Government Finance in Tennessee*, December 1982
- *Fiscal Situation in Tennessee*, November 1982
- *Information Bulletin No. 1: Snapshot of Current Local Government*, November 1982

1980s

- *Information Bulletin No. 2: Local Option Sales Tax FY 1983, December 1982*

## **1983**

February 1983	Thirteenth meeting of the TACIR – further discussion of property tax issues.	<b>1983</b> Adoption of specific recommendations designed to modernize the property tax in Tennessee
March 1983	Fourteenth meeting of the TACIR – public hearings on property tax issues.	
June 1983	Fifteenth meeting of the TACIR – consideration of a variety of recommendations and adoption of specific recommendations designed to modernize the property tax in Tennessee.	
August 1983	Sixteenth meeting of the TACIR – local fiscal resources; local government fiscal flexibility; and property assessment issues.	
September 1983	Seventeenth meeting of the TACIR – property appraisal issues; utilities and tax equivalent payments; education; water and sewer services; and healthcare.	
November 1983	Eighteenth meeting of the TACIR – tax equivalent payments; healthcare; report on joint legislative taskforce on state revenue system; constitutionality of greenbelt law; and property tax modernization.	

### **Publications/Reports:**

- *Information Bulletin No. 3: Measuring Property Tax Inequity: The Coefficient of Dispersion, January 1983*
- *Information Bulletin No. 4: Referenda on Local Option Taxes, February 1983*

- *Centrally Assessed and Locally Assessed Property: Valuation and Assessment*, July 1983
- *Information Bulletin No. 5: Mass Reappraisal in Tennessee: 1967 to Present*, August 1983
- *Information Bulletin No. 6: Evaluating Assessment Quality: Appraisal Ratio Studies and Assessment Standards*, August 1983
- *Information Bulletin No. 7: Financing the Tennessee Foundation Program: Measures of Local Taxpaying Ability*, September 1983

## 1984

February 1984	Nineteenth meeting of the TACIR – rationalization of government functions; healthcare; report on joint legislative task force on state revenue system; and property tax modernization.	<div style="border: 1px solid black; padding: 5px;"><p style="text-align: center;"><b>1984</b></p><ul style="list-style-type: none"><li>• Report on joint legislative task force on the state's revenue system</li><li>• Property tax modernization</li></ul></div>
May 1984	Twentieth meeting of the TACIR – the Tennessee Foundation Program; school finance equity; alternative approaches to providing government services; health care; report on joint legislative task force on state revenue system; and property tax modernization.	
August 1984	Twenty-first meeting of the TACIR – indigent healthcare; education finance; local fiscal crisis; and tax equivalent payments.	

1980s

### **Publications/Reports:**

- *Property Tax Modernization in Tennessee: Recommendations of the TACIR*, March 1984
- *Information Bulletin No. 8: Maintaining Full Value Property Assessment: The Need for a Current Value Index*, February 1984

1980s

- *Information Bulletin No. 9: A Comparison of Effective Property Tax Rates for Investor-Owned Utilities and Cooperatives with Municipally-Owned Electric Systems*, March 1984
- *Information Bulletin No. 10: Improvement in Property Tax Equity: Results of the 1983 Appraisal/Sales Ratio Study*, April 1984
- *TACIR Reports to the Joint Legislative Task Force on State-Local Tax Structure*, August 1984
  - ♦ *The Property Tax in Tennessee: Trends, Patterns and Recommendations*
  - ♦ *State-Local Shared Taxes*
  - ♦ *Local Option Sales Tax*
  - ♦ *Overview of Local Government Revenue Sources*
  - ♦ *Utility Taxation in Tennessee*

**1985**

January 1985 Twenty-second meeting of the TACIR – healthcare and a report by the joint legislative task force on state/local tax structure.

June 1985 Twenty-third meeting of the TACIR – intergovernmental aspects of healthcare; tax equivalent payments; street and road finance; school finance equity; and measuring fiscal capacity and fiscal effort.

<p><b>1985</b></p> <ul style="list-style-type: none"> <li>• Healthcare issues</li> <li>• Joint legislative task force report on the state/local tax structure</li> </ul>
--

**Publications/Reports:**

- *Intergovernmental Health Care Issues and Findings*, September 1985
- *Major Issues in Health/Medical Care*, September 1985

**TACIR conducted a study of Indigent Health Care in 1986. Major findings included:**

- **Hospitals charge more to paying patients to make up for care given to the uncompensated.**
  - **Many hospitals will not treat the medically indigent.**
  - **The burden of caring for the medically indigent appears to fall heavily on local government-owned hospitals.**
  - **Cutbacks in federal assistance to state and local governments plus the reliance on an inelastic tax system may hinder the ability of local governments to continue to increase their local subsidy.**
  - **The concentration of indigent hospital care services is in a relatively small number of Tennessee counties.**
- *Financing Indigent Health Care: The Role of Local Government Medicaid Expenditures in Tennessee 1982-83: Functions and Distributions, September 1985*
  - *The CPI and the “Medical Care” Component, September 1985*
  - *An Analysis of the Distribution of Motor Fuel Taxes to City and County Governments, September 1985*
  - *Gasoline Tax Allocations to City and County Governments: Totals and Per-Mile Amounts, September 1985*
  - *Cash and Revenue Components of Municipal Transit Systems in Tennessee, September 1985*
  - *Geographic Distribution of State Expenditures and State-Shared Taxes by County Area, September 1985*
  - *Disparity in Education Funding, September 1985*
  - *The Measurement of Local Government Fiscal Capacity, September 1985*
  - *Possessory Interest Taxation, September 1985*
  - *Information Bulletin No. 11: Simplifying Business Taxes in Tennessee: The Value-Added Approach, April 1985*

1980s

- *Information Bulletin No. 12: Revenues and Expenditures of Local Governments in Tennessee: Trends and Projections, April 1985*
- *Information Bulletin No. 13: Gasoline Tax Apportionment Between State & Local Governments and Distribution to City and County Governments 1985 Amendments Three-Cent Increase, June 1985*
- *Information Bulletin No. 14: The Case for the Weighted Mean (Aggregate) Ratio in Assessment Equalization, June 1985*
- *Information Bulletin No. 15: Changes in State-Local Tax Burdens 1973-83,84, July 1985*
- *Information Bulletin No. 16: Analysis of the Distribution of Motor Fuel Taxes to City and County Governments, September 1985*

**1986**

1980s

January 1986

Twenty-fourth meeting of the TACIR – principles for the development of an indigent health care program in Tennessee and property tax issues.

May 1986

Twenty-fifth meeting of the TACIR – opinions of health authorities on indigent health care; financial data issues; tax equivalent payments by municipal electric systems; current value index; possessory interest taxation; and impact of economic development.

September 1986

Twenty-sixth meeting of the TACIR – report on the high cost of health care; impact of economic development on local governments: a study proposal; growth characteristics in Tennessee: some preliminary data; Tennessee’s business climate: is it important?; development impact fees: the Florida experience; impact fees: are they needed in Tennessee?

<p><b><u>1986</u></b></p> <ul style="list-style-type: none"> <li>• Economic restructuring of Tennessee</li> <li>• Economic and community development</li> <li>• Indigent healthcare</li> </ul>
--

November 1986 Twenty-seventh meeting of the TACIR – births and deaths of business: economic restructuring in Tennessee; the dual economy of Tennessee and the implication for state and local policy; changing demographics in Tennessee: what kind of data base do we need?; data/information requirements for economic and community development; and public preparedness for economic change: the role of technical assistance.

### **Publications/Reports:**

- *Update on Property Tax Equity: An Analysis of the Coefficient of Dispersion for 1983 and 1985*, January 1986
- *Recommendations for a Current Value Index*, January 1986
- *The Taxation of Tangible Personal Property*, January 1986
- *Proposed Revision of Formula for Tax Equivalent Payments by Municipal Electric Utilities*, January 1986
- *Analysis of Indigent Health Care Issues in Tennessee*, January 1986
- *Indigent Health Care in Tennessee: TACIR Findings and Recommendations*, January 1986
- *Information Bulletin No. 17: Local Tax Burdens in Tennessee*, January 1986
- *Information Bulletin No. 18: The Local Sales Tax in Tennessee*, April 1986
- *A Tabular Analysis of Reported Financial Data and Selected Hospital Characteristics for All General Acute-Care Hospitals in Tennessee 1984*, May 1986
- *State/Local Fiscal Relations: Does Tennessee Face a Crisis?*, June 1986

1980s

1980s

- *Information Bulletin No. 19: A Distribution Analysis of the Gasoline/Gasohol Tax for City and County Governments by County Area*, June 1986
- *Information Bulletin No. 20: A Tabular Analysis of Reported Financial Data and Selected Hospital Characteristics for all Acute Care Hospitals in Tennessee in 1984*, July 1986
- *Information Bulletin No. 21: Property Tax Inequality in Tennessee: Analysis of Appraisal Ratio Studies*, October 1986

**1987**

- January 1987      Twenty-eighth meeting of the TACIR – summary and major findings of indigent care and the financial conditions of local government hospitals; adoption of changes in municipal electric tax equivalent payments; report on NCSL Task Force on state/local relations; elimination of sales tax deductibility; report on the future of the south: major findings; economic growth and decline: report to the General Assembly; and economic development in Tennessee.
- February 1987      Twenty-ninth meeting of the TACIR – economic growth and change: interim report to the General Assembly.
- August 1987      Thirtieth meeting of the TACIR – Commission resolutions; legislative changes; business climate and business locations; and Tennessee Industrial Location Impact model.

**1987**  
Consideration of a number of tax issues including changing the public attitude regarding government and taxes

November 1987 Thirty-first meeting of the TACIR – supporting mail order sales, health care costs, economic impact, changing public attitude on government and taxes, local government concerns, property tax issues.

### **Publications/Reports:**

- *Information Bulletin No. 22: The Measurement of Local Government Fiscal Capacity*, February 1987
- *Economic Growth and Change in Tennessee: A Report to the General Assembly*, April 1987
- *Education Policy Educational Attainment and Income Growth*, June 1987
- *The Tennessee Municipal Health Plan*, July 1987
- *Estimates of the Number of Tennesseans Uninsured and Those Living in Poverty*, August 1987
- *The CPI and the Medical Care Component*, November 1987
- *Chronology of the Saturn Corporation Site Selection in Tennessee 1985-87*, August 1987
- *Tennessee's Business and Economic Climate: A Review of Factors Considered*, August 1987
- *Possible Local Sales Tax Bases*, November 1987
- *Tennessee Tax Trivia*, November 1987

### **1988**

January 1988 Thirty-second meeting of the TACIR – local sales tax; update on economic development studies; state corrections costs; local jail costs: a study of Hamilton County; and should municipal gas rates be regulated?

May 1988 Thirty-third meeting of the TACIR – progress report on the Saturn project and progress report on facets of the economic development study.

September 1988 Thirty-fourth meeting of the TACIR – training of law enforcement and corrections personnel; Corrections Oversight Committee report on state/local jail costs; South Carolina v. Baker: implications for federalism; school finance equity issues; the Basic Education Program: dilemmas and disparities; and TACIR document “Education Policy, Educational Attainment and Income Growth” selected by the Tennessee Library Association as a notable state document.

<b>1988</b>
<ul style="list-style-type: none"><li>• The Basic Education Program: dilemmas and disparities</li><li>• Appointed vs. elected school superintendents</li></ul>

December 1988 Thirty-fifth meeting of the TACIR – “Reflection of Federalism” presentation by Dr. John Shannon, former Executive Director of the ACIR; education policy issues; change in development district representation; local option sales tax: increasing the base; and appointed v. elected school superintendents.

**Publications/Reports:**

- *Problems of Economic Growth: Saturn Secondary Impact Area Study Objectives*, January 1988
- *Information Bulletin No. 24: Fiscal Effort, Fiscal Capacity and Fiscal Disparity Among Local Governments in Tennessee*, March 1988
- *Brief Analysis of the Local Contributions for Indigent Health Care*, May 1988

***As part of TACIR's mandate to study the impact of the development of the Saturn automobile plant on Dickson, Giles, Hickman, Lawrence and Lewis counties, the Commission developed a computer model, Tennessee Industrial Location Impact (PC TILI), to estimate what new public services would be required and to help estimate the projected costs of providing those services.***

***A primary part of the study was the analysis of thousands of questionnaires completed by potential Saturn employees. The questionnaire was developed by TACIR staff and the tabulated results helped communities plan and prepare for the changes expected to take place as a result of the relocation of Saturn employees and their families.***

- *Selected Hospital Data for 1983-86, June 1988*
- *Local Public Policy and the Location of Business Activity: A Report to the General Assembly, October 1988*

## **1989**

January 1989

Thirty-sixth meeting of the TACIR – fiscal effort/capacity index; hypothetical local income tax rates required to produce comparable sales tax; local issues–county perspective; local issues–municipal perspective; education funding issues; funding 911 emergency telephone service; property tax issues: review and update; and proposed changes in telecommunications taxation.

May 1989

Thirty-seventh meeting of the TACIR – introduction of new members; administrative report by the Executive Director; summary of TACIR Saturn related impact studies; Tennessee 2000: leading the south into the 21<sup>st</sup> Century; and Tennessee's state/local revenue system.

August 1989

Thirty-eighth meeting of the TACIR – review of the TACIR work program for FY 1989-90; appointment of a TACIR Budget Committee; Saturn impact update; Tennessee's revenue structure:

1980s

the next 20 years; business tax information; current value index legislation; taxation of leased personal property; state-shared taxes: should the formulas be changed?; and fiscal year 1990-91 budget process.

December 1989 Thirty-ninth meeting of the TACIR – public forum—education in Tennessee: governance, performance and jobs; education: the challenge of a quality work force; education: the challenge of performance; and education: the challenge of governance.

**Publications/Reports:**

- *Information Bulletin No. 25: Population Growth in Tennessee*, March 1989
- *Tennessee County Data Book: A Profile of Socioeconomic, Fiscal and Infrastructure Data*, June 1989
- *Tax Competitiveness: Tennessee Compared with Other States*, November 1989

1990s

**1990**

January 1990 Fortieth meeting of the TACIR – introduction of new members; annual report; proposal to restructure intra-county disparity in local per pupil revenues; appointment of school superintendents; overview of Lawrence County impact study; challenge of tax reform: a video, report on current value index; and profile of Saturn workers.

<p style="text-align: center;"><b><u>1990</u></b></p> <ul style="list-style-type: none"><li>• The challenges of tax reform</li><li>• Fiscal capacity models for educational funding reform</li></ul>
--

May 1990 Forty-first meeting of the TACIR – results of Project Star; appointment of school superintendents; performance audit findings: education; reforming

education in Tennessee; apportionment of county school funds; capital outlay notes for education; and fiscal capacity of school systems in Tennessee.

August 1990 Forty-second meeting of the TACIR – Executive Director’s report; Lawrence County responds to education needs; fiscal capacity of school systems in Tennessee; education reform; fiscal capacity models compared; education reform: refinements and update; and fiscal capacity models compared.

November 1990 Forty-third meeting of the TACIR – new regulations governing solid waste processing and disposal in Tennessee; public versus private operation of solid waste disposal facilities; development and implementation of the comprehensive solid waste plan: discussion by the solid waste roundtable; and implications of the new regulations and the solid waste plan: where do we go from here?

**Publications/Reports:**

- *Triennial Report for Fiscal Years 1986-1988*, March 1990
- *Fiscal Capacity of Public School Systems in Tennessee*, August 1990
- *Saturn Impact Studies:*
  - ♦ *Economic Change in Hickman County*, March 1990
  - ♦ *Economic Change in Lawrence County*, July 1990
  - ♦ *Economic Change in Giles County*, August 1990
  - ♦ *Economic Change in Lewis County*, September 1990
  - ♦ *Economic Change in Dickson County*, October 1990
- *Education Brief: The Effect of School Finance Litigation on Controlling Future Disparity in Educational Spending*, November 1990

1990s

## 1991

January 1991 Forty-fourth meeting of the TACIR - The Governor's education program, measuring fiscal capacity, cost of living differentials, municipal incorporation.

May 1991 Forty-fifth meeting of the TACIR – impact of FY 1992 budget cuts on TACIR; resolution on amending the 10<sup>th</sup> Amendment to the U.S. Constitution; fiscal crisis in Tennessee; and update on mail-order sales taxation and related issues.

### 1991

- Modernization of local government
- Disparity in educational funding
- Current property tax issues

August 1991 Forty-sixth meeting of the TACIR – modernization of local government; criteria for new municipalities; property tax issues and local tax capacity; Executive Director's report; disparity in education funding: the small schools court decision; fiscal capacity; and Saturn project update.

December 1991 Forty-seventh meeting of the TACIR – results of government modernization survey; modernization subcommittee presentations; forms of county government: county constitutional offices; analysis of alternative service delivery agencies; and obstacles to privatization and intergovernmental agreements.

### Publications/Reports:

- *Cost of Living Differentials in Tennessee*, February 1991
- *Biennial Report for Fiscal Years 1989-1990*, June 1991
- *Saturn Impact Study: Economic Change for Marshall County*, August 1991

## 1992

May 1992

Forty-eighth meeting of the TACIR – the Children’s Fund: implications for governmental modernization; governmental modernization: a national perspective; Preemption Clarification and Information Act of 1992; TACIR modernization priorities; review of issues referred by the General Assembly; TVA’s approach to total quality management; utility districts in Tennessee: accountability and urbanization issues; and local government in Tennessee.

### 1992

- Utility district issues in Tennessee
- Government modernization from a national perspective
- Saturn impact

September 1992

Forty-ninth meeting of the TACIR – administrative report and work program; modernization study priorities; update on modernization issues; impact of Saturn: Maury County report; update on personalty lawsuits; property tax fairness and community school fiscal stability act; committee to study the County Financial Management System of Act of 1981; issues referred to TACIR by the General Assembly; and discussion and action by the Commission.

December 1992

Fiftieth meeting of the TACIR – utility districts in Tennessee; update on measuring fiscal capacity for education; modernization recommendations by TACIR staff; testimony on proposed county government legislation: *Local Public Records Preservation and Destruction Act (SB 745)*, *Appointment of Deputies and Assistants (HB 2139/SB 1840) & (HB 1698/SB 2283)*, *Mandated Salary Increases for County Officials (HB1697/SB1724)*; *Local Option Budgeting Law (HB2178/ SB1742)*; and fiscal characteristics of county fee offices.

1990s

### **Publications/Reports:**

- *Money Magazine Compares State and Local Tax Burdens on “Typical” Family: Tennessee and the Southeastern States*, March 1992
- *Saturn Impact Study: Economic Change for Maury County*, June 1992
- *Utility Personalty Taxation: Parity or Privilege? Review and Evaluation of Methodology and Data Sources Used by Railroads and Other Centrally Assessed Companies to Dispute Personal Property Assessment*, June 1992
- *Property Tax Equivalency to One-Half Cent Increase in State Sales Tax for Education Funding*, September 1992

1990s

### **1993**

January 1993

Fifty-first meeting of the TACIR – modernization recommendations; issues referred to the TACIR by the General Assembly (see 12/92 for a list of the proposed county government legislation); and impact of mandates on local government.

#### **1993**

- Review of government modernization issues
- TACIR’s fiscal capacity model

May 1993

Fifty-second meeting of the TACIR – introduction of new members; TACIR modernization study referred by the 97<sup>th</sup> General Assembly; TACIR studies mandated by the 98<sup>th</sup> General Assembly; other legislation dealing with modernization issues; and determinants of local education spending; state-shared taxes: distribution analysis.

- August 1993 Fifty-third meeting of the TACIR – verification of education dedicated trust fund spending (House Joint Resolution 191); review and approval of TACIR *Biennial Report (1991-1992)*; review and approval of TACIR updated by-laws; modernization of government: the National Commission on State and Local Public Service; modernization of government: a business perspective; TACIR fiscal capacity model: review and update; and a resolution on the amendment of the U.S. Constitution.
- November 1993 Fifty-fourth meeting of the TACIR – a report on the Texas performance review and the national performance review; review of major reports on modernization and reform; TACIR’s government modernization staff activities and survey results; and moratorium resolutions on unfunded mandates.
- December 1993 Fifty-fifth meeting of the TACIR – annexation presentation and testimony from affected county officials.

**Publications/Reports:**

- *A Study of State Mandates to Local Government: Issues to be Considered*, January 1993
- *Family Tax Burdens in Tennessee: A Comparative Analysis*, June 1993
- *Biennial Report for Fiscal Years 1991-1992*, October 1993

**1994**

- January 1994 Fifty-sixth meeting of the TACIR – review and discuss modernization findings from November meeting; report on the public hearing on annexation held in Knoxville, December 6-7,1993; local fiscal capacity for funding education, FY 1995; concentration and change in economic activity: an analysis based on fiscal capacity

1990s

1990s

data base; report of the Government Reorganization Commission; by-laws amendments; collection and spending of new tax revenue for education funding; a progress report (House Joint Resolution 191); telecommunications and government; and property tax modernization issues.

June 1994

Fifty-seventh meeting of the TACIR – report from the Executive Director: work program for FY 1995; modernization issues for FY 1995; local government modernization: what can technical assistance do?; current intergovernmental tax and fiscal issues; and fiscal distress in Tennessee’s local governments: a need for action?

<p><b>1994</b></p> <ul style="list-style-type: none"> <li>• Local government modernization</li> <li>• Allocation of state-shared taxes</li> <li>• Tennessee’s annexation policy</li> </ul>
--

September 1994

Fifty-eighth meeting of the TACIR – early warning of fiscal distress: oversight by the State of Tennessee; credit rating of local governments in Tennessee; allocation of state-shared taxes: are the formulas “fair and equitable?”; review of annexation testimony and research finding; and annexation policy in Tennessee.

December 1994

Fifty-ninth meeting of the TACIR – 911 emergency communications districts and annexation policy in Tennessee.

**Publications/Reports:**

- *Tourism Travel and Taxes in Tennessee*, February 1994
- *Fiscal Equalization of the Basic Education Program*, April 1994
- *Accountability for Funding Education in Tennessee*, April 1994
- *Local Fiscal Capacity of Funding Education in Tennessee*, July 1994
- *State-Shared Taxes*, September 1994

***TACIR's mandate in 1995 was to study the usefulness and efficacy of twenty-five community-based agencies throughout the state. These included seventeen Community Action Agencies, five Human Resource Agencies, two River Basin Agencies, and a Head Start program.***

***After conducting surveys of these agencies and the public officials they serve, the TACIR determined that the agencies under examination were part of a larger picture of needed economic growth and development to shape the future of Tennessee.***

***It became apparent that there was a need for a statewide, comprehensive, integrated strategy for the delivery of the human services to improve the standard of living and quality of life for all Tennesseans.***

## **1995**

January 1995

Sixtieth meeting of the TACIR – Federal mandate relief; balanced budget amendment; E-911 emergency communications districts recommendations; staff considerations and financial information; fiscal distress recommendations; annexation recommendations; Utility District Revitalization Fund; utility district notification process; fiscal capacity index; and “economic concentration” and “economic activity” indices.

June 1995

Sixty-first meeting of the TACIR – education; funding accountability (House Joint Resolution 191); discussion on TACIR fiscal capacity model; discussion on report of Conference of the States; Tennessee information infrastructure; Government Information Services Task Force; state mandates on local government; federal unfunded mandates; and directions in federal and state relations.

August 1995

Sixty-second meeting of the TACIR – fiscal capacity model; TACIR's state mandates study; E-911 issues; annexation issues; federal preemption; privatization; unfunded mandates; potential impact of block grants; TACIR study of Community Action Agencies and Human Resource Agencies; county government reform; and city-county consolidation.

October 1995      Sixty-third meeting of the TACIR – privatization issues; school system consolidation; local government fiscal flexibility; local government reform in Georgia; state limitations on local government reform; revenue issues of county fee offices; Commission on the Future of the Tennessee Judicial System; E-911; and TACIR study on Human Resource Agencies.

**Publications/Reports:**

- *Funding, Creation, and Management of E-911 Districts*, January 1995
- *Annexation Issues in Tennessee*, February 1995
- *Fiscal Capacity for Funding K-12 Education: Fiscal Year 1996*, March 1995
- *Post-Annexation Dispute Resolution*, March 1995
- *How Intrusive is Government in Tennessee?*, April 1995
- *Mandates of the 98th General Assembly*, June 1995

**1996**

January 1996      Sixty-fourth meeting of the TACIR – privatization; county fee offices; constitutional issues in county government; county modernization; E-911; local fiscal flexibility; impediments to school consolidation; fiscal capacity model; federal budget issues; and report on study of select anti-poverty and economic development agencies.

<p style="text-align: center;"><b><u>1996</u></b></p> <ul style="list-style-type: none"><li>• Local fire service and reform</li><li>• Tennessee infrastructure needs</li><li>• Consolidation of local governments</li><li>• 10<sup>th</sup> Amendment</li><li>• E-911</li></ul>
---

- June 1996 Sixty-fifth meeting of the TACIR – 10<sup>th</sup> Amendment Enforcement Act; local fire service consolidation and reform; fiscal capacity and fiscal equalization; House Joint Resolution 191 (education funding accountability); government modernization; Tennessee infrastructure; and federal mandates affecting Tennessee state and local governments.
- August 1996 Sixty-sixth meeting of the TACIR – education; coordination of community action agencies; local government consolidation; drug funds; private school enrollment; infrastructure; and unfunded mandates.
- November 1996 Sixty-seventh meeting of the TACIR – consolidation of local governments; drug funds; home schooling; E-911; Tennessee information infrastructure inventory; and local government issues.

**Publications/Reports:**

- *Federal Budget Issues FY 1996-FY 2002*, January 1996
- *Usefulness and Efficacy of Selected Anti-Poverty and Community Development Programs and Agencies in Tennessee*, February 1996
- *Federal Budget Issues FY 1996-FY 2002, updated*, March 1996
- *Accountability for Funding Education in Tennessee*, April 1996
- *Overview on Intergovernmental Relations*, June 1996
- *Federal and Tennessee Local Government Operating Expenditures and Revenues*, June 1996

**1997**

- January 1997 Sixty-eighth meeting of the TACIR – consolidation of local governments; Telecommunications Act; unfunded mandates; family tax burdens; education finance; and local sales tax option.

- June 1997      Sixty-ninth meeting of the TACIR – education finance; legislative developments; E-911; infrastructure inventory; TVA mission; and telecommunications.
- September 1997      Seventieth meeting of the TACIR – education finance; Tennessee economy; and tax system.
- December 1997      Seventy-first meeting of the TACIR – tax system.

**1997**

- Unfunded mandates
- Education finance
- Tennessee economy and tax system
- E-911
- Infrastructure

**Publications/Reports:**

- *Corporate Taxes and the Business Climate in Tennessee*, March 1997
- *School Facilities’ Needs in Tennessee*, April 1997
- *Biennial Report for Fiscal Years 1995-96*, July 1997
- *Fiscal Capacity for Funding K-12 Education: FY 1998*, September 1997
- *Education Finance Reform in Tennessee*, October 1997
- *Measuring Fiscal Capacity: Tennessee Compared to the Southeastern States*, December 1997

**1998**

- June 1998      Seventy-second meeting of the TACIR – infrastructure inventory; tax system; E-911; growth management; state-shared taxes; and education finance.
- August 1998      Seventy-third meeting of the TACIR – stakeholder perspectives on tax reform.

1990s

December 1998 Seventy-fourth meeting of the TACIR – tax reform; tort liability; infrastructure needs; and PC 1101.

**Publications/Reports:**

- *Accountability for Funding Education in Tennessee*, January 1998
- *Competitive Edge: The Tax and Business Climate in Tennessee*, January 1998
- *Understanding Tennessee’s Tax System: Problems and Issues*, March 1998
- *Growth Policy, Annexation and Incorporation Under Public Chapter 1101 of 1998: A Guide for Community Leaders*, September 1998

**1999**

June 1999 Seventy-fifth meeting of the TACIR – budget agreement for FY 2000; tort liability issues; county issues of tax reform; TACIR work program; teacher salary disparity and teacher cost differences.

August 1999 Seventy-sixth meeting of the TACIR – accountability for funding education in Tennessee; education research and accountability

perspectives; accountability and implementation issues; the school performance model; school system efficiency: results of the research; teacher migration; Shelby County Report; technical assistance provider reports and stakeholder perspectives.

<p><b>1999</b></p> <ul style="list-style-type: none"> <li>• PC 1101 and growth planning</li> <li>• Teacher salary disparity</li> <li>• Sales tax</li> <li>• TACIR publishes <i>Financing Tennessee Government in the 21<sup>st</sup> Century</i></li> </ul>
---

1990s

December 1999 Seventy-seventh meeting of the TACIR – report from PC 1101 ad hoc implementation committee; PC 1101: report to the General Assembly; infrastructure needs: report to the General Assembly; tort liability; regionalism and public policy issues; the challenge of regionalism in Tennessee; and traffic congestion and transportation planning.

**Publications/Reports:**

- *Financing Tennessee Government in the 21st Century*, January 1999
- *Tennessee Public Infrastructure Needs Inventory Assessment for 1998*, January 1999
- *Local Government Tort Liability Issues in Tennessee*, January 1999
- *Implementation of Tennessee’s Growth Policy Act: The History of Public Chapter 1101 and the Early Stages of its Implementation*, March 1999
- *The True Cost of Education in Tennessee: Alternative Geographic Cost Adjustment Measures*, March 1999
- *Classroom Teacher Salary Disparity Among Tennessee’s School Systems*, April 1999
- *Sales Tax on Food: Targeting Relief to the Working Poor and Elderly Poor*, May 1999
- *Income Elasticity of Tennessee’s Tax System*, July 1999
- *Comparative Analysis of the 1990 Connecticut Income Tax Movement and the Current Tennessee Fiscal Environment*, September 1999
- *Forming a Metropolitan Government: The Hows and Whys of Local Government Consolidation in Tennessee*, October 1999

1990s

## 2000

June 2000

Seventy-eighth meeting of the TACIR – General Assembly mandated study of the staffing and duties of the Office of Property Assessor as part of the Uniform Community Development District Act (UCDDA) of 2000; TACIR work program; financing growth in Tennessee; infrastructure needs survey; problems and issues; growth planning: update and future issues; tort liability; and fiscal capacity for education: FY 2001 formula.

### 2000

- Tort liability
- Growth planning
- Teacher mobility
- Service taxes
- State shared taxes
- Legislature mandates study of Property Assessor offices and the UCDDA

September 2000

Seventy-ninth meeting of the TACIR – report of the Committee on the Uniform Community Development District Act of 2000; the sales tax and e-commerce; debt service and fiscal capacity; proposed TACIR bylaw amendments; growth policy update; local government bonded indebtedness; equity gains in school financing; and infrastructure project update.

December 2000

Eightieth meeting of the TACIR – conclusions and staff recommendations regarding the Uniform Community Development District Act of 2000; ring roads: implications for growth; growth planning (PC 1101) report for the General Assembly; draft report on property tax in Tennessee; education and competitiveness in the 21<sup>st</sup> century; and Rand Report on education test scores.

2000s

2000s

**Publications/Reports:**

- *Taxation of Services: Tennessee Compared to the Contiguous States*, January 2000
- *Joint Economic and Community Development Boards: A Guide for Future Action*, February 2000
- *Teacher Mobility Among Tennessee School Districts: A Survey of Causes*, February 2000
- *State-Shared Taxes in Tennessee*, March 2000
- *Is There a Fiscal Crisis in Tennessee? TACIR Responds*, March 2000
- *Tennessee’s Growth Policy Act: A Vision for the Future*, April 2000
- *Gains in Education Finance Equity: How has the BEP Changed Things?*, October 2000
- *An Analysis of the Chattanooga Free Press Sales and Service Tax Scenarios*, November 2000

**2001**

- January 2001      Eighty-first meeting of the TACIR – utility deregulation implications for local governments; infrastructure inventory report; and local option sales tax.
- June 2001        Eighty-second meeting of the TACIR – local fiscal flexibility; PC 1101; tort liability; BEP fiscal capacity estimates for FY 2002; and improving property tax assessment in Tennessee.

<p><b><u>2001</u></b></p> <ul style="list-style-type: none"> <li>• Utility deregulation</li> <li>• System level fiscal capacity</li> <li>• Growth planning</li> <li>• Cross-border tax leakage</li> <li>• Pre-K education</li> </ul>
--

- September 2001 Eighty-third meeting of the TACIR – TACIR twenty years ago; fiscal comparison of non-income tax states; and measuring fiscal capacity for the BEP: a prototype model for 138 school systems.
- December 2001 Eighty-fourth meeting of the TACIR – structural deficits and spending patterns among non-income tax states; PC 1101; growth patterns in Tennessee; status of wireless E-911 in Tennessee; and improving property assessment in Tennessee.

**Publications/Reports:**

- *Implementation of Tennessee’s Growth Policy Act in CY 2000: A Year of Planning for Rural Areas in Tennessee Under PC 1101*, January 2001
- *TACIR Biennial Report for FY 1997-98*, January 2001
- *Planning for Rural Areas in Tennessee Under PC 1101*, January 2001
- *Building Tennessee’s Tomorrow: A Survey of Infrastructure Needs*, February 2001
- *Considerations Regarding Sunsetting Tennessee’s Tax Structure*, February 2001
- *Why Pre-K? A Legislative Staff Briefing Paper by the Office of Education Accountability, Comptroller of the Treasury and TACIR*, March 2001
- *RAND Report-Money Matters in Education: Depending on How it’s Spent*, May 2001
- *Tennessee and the Knowledge Economy*, May 2001
- *Tennessee’s Cross-Border Tax Leakage Problem: A Summary of Findings*, September 2001

2000s

- *Potential Impacts of Electric Utility Restructuring on Local Governments in Tennessee*, October 2001

## 2002

2000s	January 2002	Eighty-fifth meeting of the TACIR – PC 1101; public infrastructure needs inventory; and highway finance.	<p><b>2002</b></p> <ul style="list-style-type: none"> <li>• Tax reform</li> <li>• Water policy</li> <li>• Growth planning</li> <li>• Homeland security</li> <li>• Property Assessor offices</li> <li>• Utility district boards</li> <li>• Payments in lieu of taxes</li> <li>• TACIR publishes <i>The Citizen's Guide to the Tennessee Budget</i></li> </ul>
	August 2002	Eighty-sixth meeting of the TACIR – priority and mandated studies for FY 2002-03; homeland security issues; fiscal capacity index results for the current fiscal year; water policy in Tennessee; and long-term water policy in Tennessee.	
	December 2002	Eighty-seventh meeting of the TACIR – report on the Office of the Property Assessor for Commission approval; Utility District Board of Commissioners study; impact of PC 856; study on payments in lieu of taxes; and PC 1101.	

### Publications/Reports:

- *The Local Government Finance Series Volume I, The Local Property Tax in Tennessee*, February 2002
- *The Citizen's Guide to the Tennessee Budget*, February 2002
- *Minimizing Risk Factors Key to Kindergarten Success, Volume 1, Issue 1 (Fast Facts)*, March 2002

- *How Does Tennessee’s Budget Work?, Volume 1, Issue 2 (Fast Facts), March 2002*
- *Understanding Budget Growth, Volume 1, Issue 3 (Fast Facts), March 2002*
- *Tennessee Should Close the Education Gap—Everyone’s Financial Well-Being Depends On It!, Volume 1, Issue 4 (Fast Facts), March 2002*
- *Building Tennessee’s Tomorrow: Anticipating the State’s Infrastructure Needs, March 2002*
- *The Sales Tax “Bite” in Tennessee Approaches One and One-half Time the Nations Average, Volume 1, Issue 5 (Fast Facts), April 2002*
- *An Analysis of the Fiscal Structure of Non-Income Tax States, April 2002*
- *Paying for Growth: General Assembly Authorizations for Development Taxes and Impact Fees, April 2002*
- *The Local Government Finance Services Volume II, The Local Option Sales Tax in Tennessee, June 2002*
- *Tennessee’s Growth Policy in 2001: Promises and Progress, June 2002*
- *Infrastructure Finance Brief: Local Financing Techniques for Capital Projects, August 2002*
- *The Local Government Finance Series Volume III, Miscellaneous Local Taxes and Fees, August 2002*
- *Highway Finance in Tennessee, October 2002*

2000s

2000s

**2003**

- January 2003 Eighty-eighth meeting of the TACIR – Utility District Board of Commissioners study; payments in lieu of taxes study; and Tennessee’s infrastructure needs.
- February 2003 Eighty-ninth meeting of the TACIR – presentation on Utility District Boards; PC 1101; growth policy update; TACIR work plan and budget issues; annual fiscal capacity model report; and sub-county fiscal capacity model.
- August 2003 Ninetieth meeting of the TACIR – state-shared taxes study: preliminary analysis and update and overview and update on utility district study: proposed changes to TCA § 7-28-307.
- December 2003 Ninety-first meeting of the TACIR – interim utility district report; payments in lieu of taxes report; update on PC 1101; and infrastructure report.

<b>2003</b>
<ul style="list-style-type: none"> <li>• Utility districts</li> <li>• System-level fiscal capacity</li> <li>• Growth planning</li> <li>• State-shared taxes</li> <li>• School facilities</li> </ul>

**Publications/Reports:**

- *Do K-12 School Facilities Affect Education Outcomes?*, January 2003
- *The Structure of State Taxes in Tennessee: A Fiscal Primer*, February 2003
- *Directory of Select Reports and Studies on Tennessee’s Tax System*, March 2003
- *The Funding of Higher Education in Tennessee*, April 2003

- *TACIR’s Fiscal Capacity Model Helps Determine Funding for Education, Volume 2, Issue 1 (Fast Facts), June 2003*
- *Forming a Metropolitan Government: The Hows and Whys of Local Government Consolidation, September 2003*
- *Gains in Education Spending Equity Continue Four Years After Fully Funding the Basic Education Program, September 2003*
- *Three Interrelated and Frequently Confused Concepts that Affect Local Funding Requirements for Education, Volume 2 , Issue 2 (Fast Facts), October 2003*
- *Intergovernmental Challenges and Achievements: Biennial Report for TACIR FY 2001 and FY 2002, December 2003*
- *Population Projections for the State of Tennessee, 2005-2050, December 2003*

**2004**

- January 2004      Ninety-second meeting of the TACIR – state-shared taxes report; utility district report update; and PC 1101 report.
- June 2004        Ninety-third meeting of the TACIR – issues of state-shared taxes follow-up meeting.
- September 2004    Ninety-fourth meeting of the TACIR – state-shared taxes: residual issues; utility district study conclusion; fiscal capacity and the basic education program; progress report on PC 1101; joint economic and community development boards (JECDBs); consolidation issues: local government

<p><b><u>2004</u></b></p> <ul style="list-style-type: none"> <li>• State-shared taxes</li> <li>• Utility districts</li> <li>• Growth planning</li> <li>• JECDBs</li> <li>• Consolidation</li> <li>• Legislature mandates multiple studies related to PC 1101 and growth planning and study of E-911</li> </ul>
--

2000s

consolidation issues and issues of school consolidation and finance; and progress report on E-911.

December 2004 Ninety-fifth meeting of the TACIR—state shared taxes; staff findings; tax restoration scenarios; Hall income tax, and gas and motor fuel taxes; veto authority of county mayors; fiscal capacity; local government reform in Georgia; E-911 project update; PC 1101 update; JECDB update; and economic development regions.

### **Publications/Reports:**

- *State Tax Sharing, Fairness and Local Government Finance in Tennessee*, January 2004
- *Property Tax Abatements and Payments in Lieu of Taxes: Impact on Public Education*, March 2004
- *Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs*, March 2004
- *Hall Income Tax Distributions and Local Government Finances*, April 2004
- *TACIR's Fiscal Capacity Model: Equalizing Funding for Education, Volume 3, Issue 1 (Fast Facts)*, May 2004
- *Financing Growth in Tennessee: Local Development Taxes and Impact Fees*, August 2004
- *State Tax Sharing with Cities: Premier Type Tourist Resort Cities as Models*, September 2004
- *State-Shared Taxes and Cities Without Property Taxes: A Source of Inequity*, October 2004
- *A Users' Guide to Fiscal Capacity in the Basic Education Program*, November 2004

2000s

## **Appendix 2: TACIR Commission Members by Years Served through Fiscal Year 2004**

### ***City Representatives***

Alissandratos, A.D., Councilman, Memphis, 1982  
Anderson, Aubrey, Mayor, Fayetteville, 1981-1985  
Ashe, Victor, Mayor, Knoxville, 1994-2003  
Bissel, A.K., Mayor, Oak Ridge, 1979-1983  
Bragg, Tommy, Mayor, Murfreesboro, 2004  
Davis, Herb, Mayor, Milan, 1989-1991  
Dozier, Mary Jo, Councilwoman, Clarksville, 1991-2002  
Goldsworthy, Sharon, Mayor, Germantown, 1995-2004  
Griffith, William, Red Bank City Commissioner, 1983-1985  
Haley, Ed, Alderman, Millington, 1985-1990  
Hall, Tom, Mayor, Millington, 1980-1984  
Johnson, John, Mayor, Morristown, 1987-1995  
Kirk, Bob, Alderman, Dyersburg, 2002  
Love, G. Thomas, Mayor, Greeneville, 1979-1989  
Roberts, Gene, Mayor, Chattanooga, 1985-1989  
Rowland, Tom, Mayor, Cleveland, 1995-2004  
Salvaggio, Charles, Mayor, Germantown, 1991-1994  
Scarborough, H.B., Mayor, McKenzie, 1979-1980  
Shields, Stanley, Mayor, Maryville, 1980-1982  
Steber, Bill, Mayor, Centerville, 1985-1989  
Wright, Hunter, Mayor, Kingsport, 1989-1995

### ***County Representatives***

Allen, Nancy, Rutherford County Mayor, 1997-2004  
Bevels, Peggy, Lincoln County Commissioner, 1993-1997  
Chesteen, Richard, Obion County Commissioner, 1989-1993  
Clark, Truman, Carter County Executive, 1987-2003  
England, James, Sumner County Court Clerk, 1979-1981  
Field, William D., Dickson County Executive, 1981-1985

Gentry, John, Putman County Executive, 1985-1988  
Goddard, Doug, Jefferson County Executive, 1980-1985  
Good, Robert J., Washington County Executive, 1979-1980  
Huffman, Jeff, Tipton County Executive, 1994-2004  
Kessel, Wallace D., Knox County Executive, 1985-1987  
McMahan, Clyde, Blount County Executive, 1979-1984  
Morris, Bill, Shelby County Mayor, 1980-1984, 1989-1994  
Patrick, Harold, Cannon County Executive, 1987-1989  
Plummer, Joel, Montgomery County Executive, 1986-1994  
Rout, Jim, Shelby County Mayor, 1995-2002  
Venable, Richard, Sullivan County Mayor, 2003-2004  
Yager, Ken, Roane County Mayor, 2002-2004

### ***Executive Branch***

Ball, Lana Bowman, Governor's Office, 1997-2003  
Cardwell, Charles, Department of Revenue, 1989  
Chaffin, Robert, Department of Personnel, 1979-1980  
Davis, Paula, Assistant Commissioner, Department of Economic & Community Development, 2003-2004  
Elkins, James "Buzz", Senator, 1985-1986  
Harpe, Kim, Governor's Office, 1995-1997  
Hawkins, James, Governor's Office, 1980-1981  
Hayes, Johnny, Commissioner of Economic & Community Development, 1991-1995  
Huddleston, Joe, Commissioner of Revenue, 1989-1995  
Johnson, Ruth, Commissioner of Revenue, 1995-2003  
Kim, Drew, Governor's Office, 2003-2004  
McGuire, Mike, Assistant Commissioner of Economic & Community Development, 1983-1985 & 1988-1991  
Norris, Steve, Tennessee State Planning Office, 1979-1986  
Reid, Lyle, Deputy Commissioner, Commerce & Insurance, 1987  
Reynolds, Jeff, Executive Director, Tennessee Housing Development Agency, 1994-1995  
Taylor, Dudley, Commissioner of Revenue, 1987-1988  
Walker, Cassandra, Governor's Office, 1981-1983

## **Legislative Representatives**

Ashe, Victor, Senator, 1979-1983  
Beavers, Mae, Senator, 2003  
Bittle, H.E., Representative, 1993-1997  
Bragg, John T., Representative, 1978-1996  
Copeland, David, Representative, 1981-1982  
Crain, Floyd, Representative, 1981-1985  
Crutchfield, Ward, Senator, 1995-2004  
Davis, Lincoln, Representative, 1982-1984  
Dixon, Roscoe, Representative, 1986-1991  
Dunavant, Leonard, Senator, 1981-1992  
Gilbert, Bud, Senator, 1993-1995  
Gillock, Edgar H., Senator, 1979-1980  
Graves, JoAnn, Senator, 2003  
Hargett, Tre, Representative, 2003-2004  
Hargrove, Jere, Representative, 1997-1999  
Haun, Tommy, Senator, 1997-2002  
Kisber, Matthew, Representative, 1986-2002  
Longley, Ben, Senator, 1981-1983  
Martin, R. Brad, Representative, 1979-1981  
McDaniel, Steve, Representative, 1997-1999  
McMillan, Kim, Representative, 2003-2004  
McNally, Randy, Senator, 1987-1993  
Miller, Jeff, Senator, 1979-1989  
Norris, Mark, Senator, 2001-2004  
O'Brien, Anna-Belle, Senator, 1979-1996  
Purcell, Bill, Representative, 1991-1996  
Rice, Carol, Senator, 1993-1996  
Rinks, Randy, Representative, 1997-2004  
Rochelle, Robert, Senator, 1983-2002  
Starnes, Paul, Representative, 1989-1990  
Turner, Larry, Representative, 1993-2004  
Windle, John Mark, Representative, 1991-1993

## ***Other Local Government Officials***

### **Tennessee Development District Association**

Beach, William O., Tennessee Development District Association, 1980-1982  
Cantrell, James, Tennessee Development District Association, 1982-1984  
Darden, Don, Tennessee Development District Association, 1985-1987  
Greer, Brent, Henry County Mayor, 2002-2004  
Kirk, William, Tennessee Development District Association, 1984-1985  
Pate, Maynard, Greater Nashville Regional Council, 1989-2001  
Tipps, Roy, Tennessee Development District Association, 1982

### **County Officials Association of Tennessee**

Cardwell, Charles, Metropolitan Trustee, 2003-2004  
Medearis, Judy, Hamilton County Court Clerk, 1989-2002  
Simerly, Enoch, Maryville Court Clerk, 1985-1989

### ***Private Citizens***

Baker, Chaddy, 1995-1999  
Beach, William O., 1982-1987  
Browning, U.S. Grant, 1979-1980  
Burks, Charles, 1979-1981  
Coffey, David, 1996-2003  
Crosslin, Frank, 1993-1995  
Ford, Nathan, 1985-1989  
Frady, Margie, 1989-1993  
Gibbons, William, 1983-1985  
Hinson, Dr. Wayne, 1991-1995  
Holloway, Bobby, 1987-1989  
Hooper, Linda, 1993-1996  
Johnson, John, 2003-2004  
Kesterson, Thomas, 1988-1994  
Kimbrough, Charles, 1980-1983  
Lobertini, Luci, 1987-1992

Magill, Joe, 1979-1987  
Newman, Leslie Shechter, 2004  
Norwood, Colonel James, 1980-1987  
Overton, Dale 1994-1998  
Phillips, Frank, 1979-1980  
Settles, Thomas, 1980-1987  
Smotherman, Cromer, 1989-1997  
Varlan, Thomas, 1995-2003

### ***Statutory (ex-officio) Members***

Bragg, John T., Representative, 1978-1996  
Corker, Bob, Commissioner of Finance & Administration, 1994-1996  
Donelson, Lewis, Commissioner of Finance & Administration, 1980-1982  
Ferguson, John, Commissioner of Finance & Administration, 1996-1997  
Head, Tommy, Representative, 2003  
Henry, Douglas, Senator, 1981-2004  
Jackson, Don, Commissioner of Finance & Administration, 1985-1987  
Manning, David, Commissioner of Finance & Administration, 1987-1994  
McCullough, Hubert, Commissioner of Finance & Administration, 1983-1985  
Morgan, John, Comptroller, 1999-2004  
Sansom, William, Commissioner of Finance & Administration, 1982-1983  
Snodgrass, William, Comptroller, 1979-1999

### **Appendix 3: TACIR Commissioners by Longest Term**

Senator Douglas Henry	1981-2005	24 years *
Comptroller William Snodgrass	1979-1999	20 years
Senator Robert Rochelle	1983-2002	19 years
Representative John T. Bragg	1978-1996	18 years
Senator Anna-Belle O'Brien	1979-1996	17 years
Representative Matthew Kisber	1986-2002	16 years
County Executive Truman Clark	1987-2003	16 years
Judy Medearis, COAT	1989-2002	13 years
Maynard Pate, TDDA	1989-2001	12 years
Representative Larry Turner	1993-2005	12 years *
Senator Leonard Dunavant	1981-1992	11 years
Councilwoman Mary Jo Dozier	1991-2002	11 years
County Executive Jeff Huffman	1994-2005	11 years *

\* *Currently serves on the Commission*

## **Appendix 4: Current TACIR Commission Members—Years Served and Tenure through Fiscal Year 2005**

Senator Douglas Henry	1981-2005	24 years
Representative Larry Turner	1993-2005	12 years
County Executive Jeff Huffman	1994-2005	11 years
Senator Ward Crutchfield	1995-2005	10 years
Mayor Sharon Goldsworthy	1995-2005	10 years
Mayor Tom Rowland	1995-2005	10 years
John Johnson	1987-1995 & 2003-2005	10 years
Mayor Nancy Allen	1997-2005	8 years
Representative Randy Rinks	1997-2005	8 years
Comptroller John Morgan	1999-2005	6 years
Senator Mark Norris	2001-2005	4 years
Mayor Brent Greer	2002-2005	3 years
Mayor Ken Yager	2002-2005	3 years
Alderman Bob Kirk	2002-2005	3 years
Mayor Richard Venable	2003-2005	2 years
Representative Tre Hargett	2003-2005	2 years
Representative Kim McMillan	2003-2005	2 years
Trustee Charles Cardwell	2003-2005	2 years
Paula Davis, ECD	2003-2005	2 years
Drew Kim, Governor's Office	2003-2005	2 years
Mayor Tommy Bragg	2004-2005	1 year
Leslie Shechter Newman	2004-2005	1 year
Representative Craig Fitzhugh	2005	
Senator Stephen Cohen	2005	
Senator Bill Ketron	2005	

## **Appendix 5: Summary of Minutes from Fiscal Years 2003 and 2004 Commission Meetings**

### ***FY 2003 Scheduled Commission Meetings***

**August 19-20, 2002**

#### **Priority and Mandated Studies for FY 2002-2003**

Dr. GREEN informed the Commission that two new legislative studies have been proposed for the Commission by the General Assembly: 1) TACIR is to study and report on the impact on local public education when property taxes or in lieu of tax payments that are normally earmarked for education are abated and/or reduced; 2) TACIR is to study and report on the size, composition and selection of boards of commissioners of the state's utility districts.

In addition, the list of on-going priority Commission studies include the Commission meetings themselves, as well as the annual education finance and fiscal capacity study, the growth planning study required by Public Chapter 1101, and the on-going state infrastructure survey.

#### **Homeland Security Issues**

Brigadier General Wendell H. Gilbert (retired), Deputy to the Governor, Director of Tennessee Homeland Security, explained that there has been a complete paradigm shift from the concept of the cold war. The reality is that homeland security will be with us from now on. He said that the Tennessee Homeland Security Council is composed of senior cabinet members who have a part to play in this mission. He explained that at issue now is whether or not to become engaged in Iraq. He described four possible scenarios that could develop and stated the most likely would be a military action similar to Desert Storm.

#### **Fiscal Capacity Index Results for the Current Fiscal Year**

Dr. GREEN explained the variables used in the formula that generate the per pupil fiscal capacity. They are: per pupil revenue (the dependent variable), per pupil property (equalized property assessment), per pupil sales, per capita income, the relation of residential and farm to total assessment, and the ratio of average membership to

population. Total fiscal capacity for each county is tallied and the index number is calculated based on the share of each county of the total. The formula is influenced by several factors, such as changes to the tax base, increases in the sales tax rate, and the number of students in a system. Dr. GREEN also explained that school systems are held accountable not for their effort but for what the formula indicates is their capacity and that local effort will differ among systems due to the differing ability to pay and the number of students in a school system.

### **Water Policy in Tennessee**

Mr. Dodd GALBREATH, Director of the Environmental Policy Office of the Tennessee Department of Environment and Conservation was asked to address the water policy issues in Tennessee. He stated that Tennessee is the ninth fastest growing state in the nation and that means our state is facing a growing demand for water. He addressed the potential for “water wars” among Georgia, Mississippi, Arkansas and Tennessee. All these states have growing populations and, therefore, an increasing need for both ground and surface water.

He stated that the basic building blocks of Tennessee’s water policy are: 1) the Water Information Act which requires documentation of use; 2) the Inter Basin Water Transfer Act of 2000 which controls movement of water within the state and protects down stream water usage; and 3) a long history of state protection policy.

### **Long-Term Water Policy in Tennessee**

Mr. Greg SPRADLEY, Senior Research Associate, Office of Research, Comptroller of the Treasury discussed water policy issues important to Tennessee. He explained that there is a need for a long-term water supply policy. He then described the legislative recommendations made by the Comptroller’s Office regarding how a more comprehensive long-term water use policy could be put into place that would last from one administration to the next. The recommendations included: 1) provide a statutory framework so the Tennessee Department of Environment and Conservation (TDEC) could regulate impacts of land use and development; 2) appropriate funds to the Utility District Revitalization Fund, or some other mechanism, to promote broader regional water supply planning; 3) grant appropriate division within TDEC for registration, permitting, fees and civil penalties, and provide fiscal resources to carry out statutory responsibility to collect and analyze water use data.

He also presented administrative recommendations to be carried out by the TDEC including: 1) develop formal institutional arrangements in rule of law to facilitate water policy and explicitly define roles; 2) continue to use media and educational outlets to heighten public awareness; 3) seek funding for database and data analysis tools to assist with water policy, and develop a regional approach to managing water resources using natural rather than political boundaries; 4) investigate and propose a comprehensive approach to land and water use including broader registration, more comprehensive permitting, expanding statutory and regulatory requirements and providing financial incentives, 5) continue to evaluate the need for additional interstate compacts or other agreements to protect shared water resources, including information sharing and monitoring, allocations of supplies and linkages to land use, consideration of population growth, and other non-water issues.

## **December 16-17, 2002**

### **Report on Office of the Property Assessor for Commission Approval**

Mr. Cliff LIPPARD, TACIR Director of Fiscal Affairs, began his presentation by reminding the Commission that the study was directed by House Joint Resolution 575 that requested the TACIR to study the duties and responsibilities of the Offices of the Assessor of Property and the resources necessary to support those offices. To properly study those roles, responsibilities, and resources, the staff studied the roles of the state assessor offices (the Board of Equalization, the Division of Property Assessment, and the Division of State Assessed Property) and their relationship with the local offices. In addition, TACIR

- reviewed the constitutional and statutory requirements related to property assessment in Tennessee;
- used operational standards from a professional assessor organization to develop a list of desirable traits for state and local assessment offices;
- compared Tennessee's property assessment structure to those operational standards using information from the review of the statutory roles of assessment officials, confidential interviews with local and state assessor officials, and a survey of local assessment officials;
- reviewed initiatives from other states, and compared Tennessee's organization of its assessment offices to the organization in other southeastern states.

Mr. LIPPARD presented the report's findings and suggested the following recommendations:

- Tennessee should:
  1. Create a more tiered or structured incentive system for all assessors, their deputies and staffs to begin, continue, and advance their professional education. This could be done within the current certification structure by making compliance with training requirements mandatory or increasing financial incentives for the completion of each step of certification.
  2. Continue to target state support for additional computers, training, staff and office resources to the fastest growing counties and those counties with limited resources.
  3. Adopt a staffing model, such as the Colorado model, for all assessors to use as a guide. Such a guide could provide valuable analysis of current staffing needs. The guide must take into account economies of scale and different levels of complexity in appraising different types of property.
  4. Establish requirements for more standardized budgeting techniques by assessor offices across the state. Funding standardization could assist budget standardization. One scenario for funding standardization would be earmarking a portion of the current transfer tax to fund the appraisal process.
  5. Require minimum qualifications in order to run for assessor, or, at a minimum, require specific additional training after an assessor has been elected. The state could withhold a portion of the assessor's salary if he failed to comply with post-election training requirements.
  6. Participate in the ongoing benchmarking study being conducted by the International Property Tax Institute (IPTI).
  7. Require local assessors to increase public understanding of their role in appraising property. This could be done using several approaches, including luncheon speeches and other public presentations, the distribution of brochures, or the use of well-designed Internet sites. The Division of Property Assessment can assist in these efforts.

Additionally, the following areas were recommended for further study:

- The State Board of Equalization and the Division of Property Assessment should evaluate the possibility of extending the period of time between the distributions of various tax schedules and the mailing out and receipt of forms to businesses.
- The TACIR, working with the Division of Property Assessment, could conduct a separate study to analyze the potential advantages of increasing the role of Tennessee's Appraisal Districts. This study would review such options as shifting responsibility for a greater number of special properties to the state, consolidating the roles of county offices, and making constitutional changes to the Office of the Property Assessor. It should be noted that such changes would be a reversal in Tennessee's policy trend, since 1989, of shifting responsibility for appraisal functions from the state to the local offices.

Recommendation 4 was amended to read that the legislature should consider legislation requiring that cities and counties be notified when property in their jurisdiction is being considered for appeal. Recommendation 5 was amended to reflect only post-election training requirements. The report was approved as amended.

### **Utility District Board of Commissioners Study**

Dr. GREEN stated that there were two bills passed last year that directed TACIR to undertake a study of the size, composition and selection of the Utility District Boards. The main issue had to do with how boards are formed, how the commissioners get on boards and are perpetuated on the boards. Dr. GREEN noted that they took advantage of the Tennessee County Services Association meeting to interview many county executives. A motion to expand the scope of the study was adopted.

### **RAND Proposal *Education Funding: What Matters?* for Commission Approval**

Ms. Lynnis ROEHRICH-PATRICK, TACIR Director of Special Projects, explained that the RAND proposal offers a unique opportunity to evaluate the success of alternative education policies—such as smaller classes, pre-kindergarten, higher salaries, etc.—specifically in relation to what works in Tennessee and how money might be spent differently to improve student success. The national data provided can be used to evaluate the effect of different policies on different groups of students, such as those in urban, suburban and rural schools or various gender, race or ethnicity, or socioeconomic status groupings. The national data also includes information about what is actually

happening in the classroom—whether teachers use additional material or rely entirely on textbooks, whether they do more “hands on” teaching or rely on lectures, etc.

The project will require about twenty-one months and result in three products, including two legislative briefings. One briefing will be given when evaluation of the national data is completed and another when the entire project is completed. A final report with both a technical section and an executive summary of key points will also be provided. Ms. ROEHRICH-PATRICK concluded her presentation by recapping the benefits of the study in terms of applying well-regarded, high quality methods of analysis to Tennessee-specific data to produce a wealth of information for use in determining how we can spend our money most effectively.

Dr. GREEN noted that this study might very well be useful in evaluating the policies the Commission needs to pursue after these first ten years of the Basic Education Program (BEP). He pointed out that the BEP has been very successful, but we know that Tennessee has not increased education spending much more than other states. The proposal was unanimously approved by a voice vote.

### **The Impact of PC 856**

Dr. Stan CHERVIN of TACIR began by noting that PC 856 of 2002 was passed as an emergency measure to balance the state budget for fiscal year 2003. It represents a single-year, short-term fix to a lingering, structural budget problem. The various bond-rating agencies are well aware of this limitation. He went on to observe that Tennessee’s inability to resolve its long-run budget problem has not gone unnoticed by national credit rating agencies. All three major agencies have downgraded Tennessee’s bond rating over the last three years. All three rating agencies remain concerned that Tennessee has not adequately addressed its structural deficit problem and has used non-recurring revenue to help balance its budget over the last few years. Clearly, Tennessee’s low cushion of reserves and continued dependence on the sales tax has not deeply impressed the rating agencies.

Dr. CHERVIN also noted that as a result of the tax changes included in Public Chapter 856, future tax reform would be even more difficult than last year. While exempting food will remain a costly decision, reducing the combined state and local sales tax to a more competitive rate (*vis-à-vis* rates in neighboring states) will be more expensive in terms of revenue losses. The alternative, whether adding services to the sales tax base or an income tax, will have to generate more than needed in prior years when tax

restructuring was considered. Since part of the expected additional sales tax revenue increase (from the rate increase) will be paid by businesses and tourists, making up for any future sales tax rate reductions will be more difficult “to sell” since likely alternative taxes will be paid by households, and not easily exported to parties outside the state.

### **The Study on Payments in Lieu of Taxes**

Dr. GREEN stated that this has probably been the most difficult of all the studies that have come to the Advisory Commission. TACIR staff is looking at the study in two parts. One part is Public Chapter 815. This directs TACIR to perform a study on the overall impact on local public education in the state of Tennessee when property taxes or in lieu of tax payments that were earmarked for education are abated or changed. Phase II of the study raises the question about how much of the impact on local education is mitigated or offset by enhanced economic development. Dr. GREEN stated that he does not recall any comprehensive study that has been done on this issue.

The language in the bill directs the project to be extremely comprehensive. The first phase depends on the process of data collection that is currently going on. Kelsey JONES, Executive Director of the State Board of Equalization, explained the process. Mr. JONES stated that this is a very important piece of legislation even though it does not have much “police” power behind it. Mr. JONES’ office collects payment in lieu of taxes information from across the state. His office now has three years worth of reports and several hundred reports are filed each year. His work is supported by local tax assessors who are supposed to inventory every piece of property in each of the ninety-five counties. He explained that there is no statutory formula for determining payments in lieu of taxes so cities and counties with their own economic boards have developed their own plans.

Dr. GREEN commented that preliminary analysis by staff indicated that it might be very difficult to get a representative sample for inferential purposes. This means getting a sample that would allow staff to make assumptions about the universe. Inference is a statistical term meaning determining the reliability of your findings as if you are going to make those statements about the entire universe. This will be a huge study. There will be recommendations made in January regarding whether or not this study will dominate staff resources. The Commission agreed to consider this issue again at its next meeting.

## **Public Chapter 1101**

Mr. Ken BELLIVEAU of TACIR presented his report on the impact to date of Public Chapter 1101. He reminded the Commission that PC 1101 was passed in 1998. TACIR was given the responsibility in that statute to monitor its implementation and report back to the General Assembly on a periodic basis. PC 1101 requires all counties and their city governments (those that have metropolitan governments are exempt) to develop a countywide growth plan that would guide the future growth and development for each county over a twenty-year period. These plans are to be developed by coordinating committees, which have broad-based representation. The plans are to be approved by the legislative bodies of those local governments, and are then submitted to the Local Governmental Planning Advisory Committee (LGPAC) for approval.

Over the past few years, there has been a major increase in activity as plans have come in from across the state. When the year (CY 2002) began, there were only three counties that did not have approved growth plans. Therefore, the amount of activity, in terms of growth plan approval, has been much less than in previous years. Warren County, Polk County, and Fayette County were the three counties without plans when the year began. Warren and Polk Counties are now in compliance with the Act. Fayette County has not reached a growth plan agreement yet.

Mr. BELLIVEAU reviewed a list of some of the issues of concern with the Act dealing mostly with controversial or unclear issues. One of the issues has to do with extra-territorial planning and zoning authority. The concept of extra-territorial planning and zoning authority did not originate with PC 1101; it existed previously under Title 13 of the state's planning and zoning enabling legislation. PC 1101 limited the area within which a municipal government could have planning authority beyond its borders. Essentially, extra-territorial planning authority says that if a municipal planning commission has been designated as a regional planning commission, it can be granted the power to plan for an area outside of its municipal city limits. Prior to PC 1101, the maximum was five miles from the existing city limits. Under PC 1101, the maximum limitation for extra-territorial planning authority is the limits of the urban growth boundary of the municipality. In the last two years, a number of cities have come forward to LGPAC asking for extra-territorial planning authority to cover the area within its urban growth boundary. The question of what extra-territorial planning authority means might also arise in the following situation. Extra-territorial planning authority gives the municipality the power to grant subdivisions. It does not, however, give it the power to zone. Zoning authority is a separate category. A city that has extra-territorial planning

authority could have extra-territorial zoning authority if there is no county zoning authority present or if the county agrees to grant it.

A few areas that have not been addressed in the Act, which are particularly important, are issues dealing with cross-county boundary growth issues. In the 2000 U.S. Census, one of the things observed was that Tennessee had a growth rate of around 16% across the state, but the rate of growth was not evenly dispersed. Ten counties out of the ninety-five counties in the state account for approximately 50% of the population. And ten counties in Tennessee, not necessarily the same ten counties mentioned above, account for approximately 50% of the growth. So most of the growth occurring in Tennessee is occurring in a fairly small number of counties. And most of those counties are in the major metropolitan areas of the state. The Nashville area experienced a large share of the growth, but the Memphis area, the Knoxville area and, to some extent, the Chattanooga area did as well. In those major metropolitan areas, issues related to growth include determining where the population growth and the commercial growth are. Traffic congestion and issues related to it such as air pollution are all issues that cross county boundaries. PC 1101 does not really give the separate counties and municipalities in a region a way to deal with those issues.

Mr. BELLIVEAU commented on the plan approval process. Growth plans adopted under PC 1101 may be amended after being in effect for a minimum of three years. Consequently, there is the potential for many counties across the state to begin revising their growth plans. Most of the seventy-five growth plans adopted were approved in 2000, making them eligible for amendment in 2003. PC 1101 is silent on whether a county would ever have to amend its growth plan once it had one approved. The statute does say that plan must have a twenty-year time horizon; so one might assume that after twenty years a plan must be amended. Because circumstances affecting local growth patterns and pressures can vary considerably over time, leaving a plan static for twenty years may not be desirable.

Density is an important concept in any discussion of growth policy and land use planning issues. In PC 1101, it is used to delineate areas of “high,” “moderate,” and “low” density within each county. It also forms the basis for deciding which areas of a county are best suited for designation within a city’s urban growth boundary (high density), a county’s planned growth area (moderate), or within areas of a county designated as rural (low). Within PC 1101, the concept of density is not defined, nor are there any guidelines for determining how the coordinating committees or legislative bodies charged with formulating county-wide growth plans should create operational definitions of density. The lack of any standards or parameters pertaining to density also makes it

difficult to understand what intensity of development may be allowed in each area after growth plans are adopted.

Mr. Sam EDWARDS addressed the Commission by explaining that PC 1101 is a tool, and was always meant to be a tool. Section 7 discusses developing urban growth boundaries, planned growth, and rural areas. Section 8 of the law is a comprehensive plan. If the county and the municipalities developed their segment of the plan with land use elements in it, then the consistency provision would require the county to follow suit to the city's plan. When an applicant asks for rezoning in a given urban growth boundary, and it is consistent with what the municipality asked for under their urban growth boundary, then the county could rezone it. If it is not consistent, then there is a basis to challenge it and the county has to follow the recommendation that it cannot rezone. When cities and counties start to look at revising their growth plan, many of them will start dealing with land use issues. In Tennessee, a general plan adopted by a county or a city, is not enforceable under the law. The plans are advisory only. But under PC 1101, a comprehensive plan that is adopted for a municipality or a county under a Section 8 provision is enforceable.

Mr. BELLIVEAU stated that in land use planning in Tennessee, land use decisions have largely been the province of local government. With only a few exceptions, the state government does not really get involved in the making of the land use decisions. The state, however, makes major decisions about the location, the timing, and the expenditure of money for infrastructure. This is not exclusively roads, but certainly roads are the most visible. If a group of planners were assembled and asked if transportation or the infrastructure drive the growth, or if the growth drives the infrastructure, there will be different responses because they influence each other. So if there is a certain amount of growth in an area then that creates a demand for infrastructure such as the construction of roads to relieve traffic congestion, for example.

Mr. BELLIVEAU observed that, under PC 1101 thus far, the state has not really taken a very active role in defining priorities or policies related to how it locates a facility or supports an infrastructure or how such choices would impact local growth plans. One could imagine a scenario where a major highway was created and it was in an area that was designated by the local government as a rural area. With numerous interchanges along that highway, one could make the case that the state mandate was inconsistent with the intent of the local plan.

The Commission approved this report unanimously by voice vote.

## **January 27-28, 2003**

### **Utility District Board of Commissioners Study**

Ms. Leah ELDRIDGE presented the draft report of the study on the procedures for making changes to the utility districts' boards of commissioners. She explained the General Assembly passed two acts last year, Public Chapter 838 and Public Chapter 848, that directed the TACIR to conduct a study regarding the size, composition and selection of boards of commissioners of utility districts. It also required TACIR to study the current provisions of TCA § 7-82-307 and consider whether a new mechanism should be created which would permit changes concerning such boards to be handled locally rather than employing the present legislative method that requires amending the general bill by introducing general bills of local application directly affecting only one utility district. TACIR was also to consider whether alternative legislative methods should be developed and placed in the general bill as options for local action as well as incorporating a petition method to allow utility customers to trigger an election for a change to the board.

Ms. ELDRIDGE stated that presently, in order to change the size of a board or the method used to select its commissioners, TCA § 7-82-307 must be amended by a general bill of local application. The TACIR staff considered three ways the changes could be handled: at the local level, by the Utility Management Review Board (UMRB) or by restricting changes.

Ms. ELDRIDGE explained that after exploring the advantages and disadvantages of the three alternatives to the present situation, TACIR staff offer the following recommendations:

- The General Assembly should consider amending TCA § 7-82-307 to require that all utility district commissioners be appointed by the County Executive.
- The General Assembly should consider amending TCA § 7-82-307 to limit boards to three members with the caveat that once a utility district reaches a certain size its number of board members will be increased from three to five members.
- The General Assembly should consider amending TCA § 7-82-307 so that the petition method to trigger a referendum to oust board members outlined in subsections (c) and (p) of the statute is made applicable to all water utility districts.

- The General Assembly may also want to consider amending TCA § 7-82-307 by reducing the number of customers required to sign the petition to trigger a referendum to oust board members and reducing the percentage of votes required to approve the ouster.

In response to the discussion that ensued Dr. GREEN stated that the TACIR staff interpreted the legislative directive as being a directive to look at the process used to select the commissioners and not a directive to look at how the districts are managed. He suggested that the staff could go back and consider the larger issue of utility district management in greater detail.

It was suggested that Mr. Bill DOBBINS, Executive Director of the Tennessee Association of Utility Districts (TAUD), and others come to discuss suggestions they may have regarding changing the law. A motion was adopted to defer the issue until the next meeting, scheduled for February 10, 2003.

### **Payments in Lieu of Taxes Study**

Dr. Ed YOUNG of TACIR explained that in 2000, each private company that leased public property and was exempt from paying property taxes was supposed to file that information with the state Board of Equalization. The filing would report what property the private company is leasing, what the term of the lease is, what payments in lieu of taxes, if any, are being made, and when the property was due to come back on the property tax roll. However, not all entities that enter into tax-exempt leases have to report to the state. Examples of these types of entities include public building authorities and sports authorities. In addition, only the low-income housing tax credit properties have to be reported by housing authorities. Some of the data that do exist are not reliable because of the inadequacies of the filing form.

Procedural corrections will definitely help in obtaining the proper data. Considering the current data limitations, TACIR staff is working with the staffs of the State Board of Equalization and the Division of Property Assessments.

Dr. GREEN suggested that this is a massive study that requires much attention and recommended that the portion that has already been presented by Dr. YOUNG be adopted as Phase I of the report. The focus and approach to Phase II of the report have yet to be determined. The Commission agreed.

## **State-Shared Taxes**

Dr. GREEN suggested that this intergovernmental system does exist as a function for providing services and should be addressed in that context. Both state governments and local governments benefit from state-shared taxes. He suggested issues for consideration regarding state-shared taxes:

- Are there inequities in the present formula used in determining state-shared taxes that should be addressed?
- Are distributions that favor premier resort areas in the best interest of state government and fair to other areas?
- Which state-shared taxes would most likely have the least impact?
- Should “toy” city governments or those that refuse to adopt the local property tax continue to receive state-shared taxes?

Dr. GREEN also suggested that if state-shared taxes are reduced, there should be some consideration for the local services that will be impacted.

## **Tennessee’s Infrastructure Needs - Building Tennessee’s Tomorrow: 2003**

Ms. Lynnis ROEHRICH-PATRICK of TACIR stated that the focus of the infrastructure inventory is to support the development of goals and strategies that would improve the quality of life of Tennessee’s citizens, support livable communities, and enhance and encourage the overall economic development of the state. The reported infrastructure needs for the five-year period of July 2002 through June 2007 totaled \$21.6 billion. This is an increase of about \$1 billion since the report last year, which is about five percent. The total since 1999 has increased by about \$7.8 billion, which is about a fifty-seven percent increase. This reflects, more than anything else, the improvements that have been made to the project over the years.

The biggest increase made this year is the inclusion of lists of projects from the Tennessee Department of Transportation. There were about 602 projects that fell into four general categories: bridge replacement and rehabilitation, surface transportation, local traffic safety projects, like traffic signals and turn lanes, and enhancement projects like sidewalks and greenways. Those totaled about \$600 million or about a third of the increase. The other two-thirds of the increase in the

transportation category was from new projects reported by local officials. These continue to grow every year.

The second largest increase was educational needs, which includes both K-12 and the state's post-secondary institutions. One of the most significant things to report this year is that eighty-three percent of Tennessee schools were reported to be in good or excellent condition, which is a vast improvement over the life of this project. The estimated cost of putting the remainder in good condition actually fell by \$350 million. We attribute that to two things. First, we credit the funding increases provided by the General Assembly through the Education Improvement Act. There is about a \$380 million component in the Basic Education Program that funds capital outlay; half of this is state and half is local. Second, we credit school system officials that have used their discretion in using that funding to improve their schools. The total estimated costs for public school needs is still about \$3.7 billion, which is seventeen percent of the total infrastructure costs. Much of this is for new school construction, and there will be additional information on that in the final report. School systems are continuing to make substantial progress toward adequately housing the new teachers that were required to meet the lower class size standards of the Education Improvement Act. The estimated cost of building the additional classrooms still needed to house those teachers is about \$800 million, which is about \$500 million less than last year. This figure is based on reports by school systems on the new classrooms needed for existing schools and our own staff analysis of the reported need for new school construction.

Ms. ROEHRICH-PATRICK reiterated that state or federal mandates affect only about eight percent of all projects in the current inventory. Because the specific breakdowns of projects are not requested, the cost for all of the projects in the inventory is unknown. However, information can be provided regarding school systems. In the case of existing schools, information is requested if the school system has to retrofit because of the ADA or some other mandate. The mandates for school systems are still primarily the Education Improvement Act. Federal mandates represent only about one percent of the total.

TACIR staff is gathering information about the availability of funding for projects. This information shows us that about forty-four percent of the funding necessary for all of these projects is expected to be available by the time the projects are needed. Sixty-one percent of that funding is expected to come from local sources, about twenty-seven percent is expected to come from state sources, and about nine percent from federal sources. Approximately three percent is expected to come from various types of public-private partnerships.

Over the coming months, this information will be analyzed more specifically. There will be additions made to the executive summary and the overview. Included will be a statewide examination of all the different types of projects, a county-by-county examination, and a school system by school system examination. It is the plan to have the report available for approval by the Commission in June. TACIR staff has the responsibility for using the information in this inventory to help monitor progress in implementing PC 1101 plans.

There are innumerable areas of policy in which this information is relevant. The essence of growth involves this infrastructure, and the essence of a high quality education system is geared toward having a good infrastructure and good school facilities. So there is an inter-relationship between this information and almost all the important things we want to see happen for Tennessee in this century.

### **Overview of Teacher Salary Equity Issue**

Deputy Attorney General, Ms. Kathleen EYLER explained that from the Supreme Court decision in the *Small Schools I, II, and III* cases, it is clear that there must be some sort of annual review of teacher's salaries and a cost determination mechanism. In addition, the court found the wide disparities to be a significant problem. Somehow, that gap has to be narrowed, but not necessarily closed. The courts understand why some teachers are paid differently county-to-county. Taking into account geographic and market factors, all teachers across the state of Tennessee do not have to have equal salaries. The Supreme Court did not specify a level of funding for teacher's salaries. The Legislature and the Executive Branch make that decision. They recognized that many local governments supplement the basic BEP salary and they found nothing wrong with that. They also did not set a specific time frame regarding this issue. It is expected that this will be dealt with in an expeditious manner.

### **February 10, 2003**

#### **Presentation on Utility District Boards**

In response to the Commission members' request, this meeting was called to have Mr. Bill DOBBINS, Executive Director of the Tennessee Association of Utility Districts (TAUD), provide information on the current status of statewide utility districts, especially since the creation of the Utility Management Review Board in 1987. Also addressing the Commission on this issue was Mr. Dennis DYCUS, Director of the Division of Municipal Audit, Mr. Edward NORTON, Chairman of the Utility Management Review

Board, and Ms. Ann BUTTERWORTH, Executive Assistant to the Comptroller of the Treasury. There was consensus among the presenters that a simplified statute from what TCA § 7-82-307 had become would enable utility districts to function more efficiently. Other issues included appropriate training for board members and managers, and procedures to provide customers with on-going utility district information including meeting times and places. The Commission members took the recommendations under advisement to be considered at their next meeting in June 2003.

## **June 16-17, 2003**

### **Public Chapter 1101, Growth Policy Update**

Mr. Ken BELLIVEAU of TACIR reported on the statewide progress of implementing Public Chapter 1101 of 1998 (PC 1101). He explained that there is a tremendous amount of variation in the approved growth plans across the state. In some counties there are either no or very modest urban growth boundaries (UGBs) proposed. The same can be said for proposed planned growth areas (PGAs). However, especially in the southeastern quadrant of the state, there are vast planned growth areas indicating great development potential.

He noted that seventy-five of the ninety-two counties with approved plans are now eligible to revisit those plans. Yet there is no requirement that they have to do so. The statute says they can revisit the plan after it has been in place three years, but it does not state that a county has to revisit it every ten or fifteen years. This is an issue that needs consideration.

Also, there are issues surrounding growth and development of cross county boundaries that tend to be regional in nature. One of the limitations of the statute is that it deals with growth policy and growth planning with individual discrete counties with no obligation to look beyond those county borders. At some point it seems that it would be in the interest of the state to grapple with those regional issues, especially since in the past decade the lion's share of Tennessee's growth has been within the major metropolitan areas.

Mr. BELLIVEAU pointed out that Section 8 of the statute requires that once a growth plan is approved, all land use decisions made by local legislatures and municipal or county planning commissions shall be consistent with the growth plan. One of the concerns TACIR has is the way the plans are now developed. There really is no land use component that is required. The plans focus on the limits of the cities, the urban

growth boundaries, and the planned growth areas, but they do not project a future land use plan.

He also pointed out that an important component of PC 1101 is the requirement for counties and their municipalities to form Joint Economic and Community Development Boards (JECDBs). Currently, all of the counties that have approved plans also have JECDBs. There are two types of plan approval: (1) counties with existing boards can submit to the Local Government Planning Committee (LGPAC) to have their existing boards certified as sufficient to meet the requirements of the statute or (2) a county without a board already in place can form a new board. New boards would not go through the same review process but instead pass some form of inter-local agreement. They are required to meet a minimum of four times a year and their executive committee is required to meet a minimum of eight times per year. The local government is required to certify that it has a JECDB in place when it applies for any state grant. The issue here is that no organized mechanism for monitoring the activities of the JECDBs exists. Until now it has largely been a self-reporting measure. In some cases, some counties have submitted copies of their inter-local agreements, but this has not been evenly applied. In addition, there has been no requirement for any of those counties to document that they have been meeting the minimum number of times as specified by the statute. The requirement for the JECDBs was placed in the legislation specifically to create a mechanism for the city and county governments to be engaged on an ongoing basis in cooperative planning and communication.

Cheatham County is recognized as making a strong effort to fulfill PC 1101, both in terms of the growth planning process and the JECDB provision. It has a newly created JECDB and is working on developing a combined county and municipal comprehensive growth plan for the county. Cheatham County is an example of a county trying to fulfill the spirit of PC 1101. It is a county with high growth pressure, and it has not had a great deal of previous experience with these kinds of activities until now.

### **TACIR Work Plan and Budget Issues**

Dr. GREEN outlined the yearly priority projects the Commission supports. These include the education finance/fiscal capacity model used to equalize the Basic Education Program (BEP). TACIR has produced this model from the beginning of the BEP program. One of the issues the staff is now looking at in this relationship is a sub-county model. We have never had a sub-county model, only a model of ninety-five counties. There is relatively more interest in a sub-county model now and it is one of the main issues of the Governor's Task Force on Teacher Salary Equity.

TACIR is also charged with surveying infrastructure needs. TACIR staff does this every year and will present a report later for Commission approval before taking it to the General Assembly in January or February.

The growth planning/policy is another priority project. A related issue with Public Chapter 1101 is that of current population estimates. When implementation was under way, TACIR worked with the University of Tennessee to produce current estimates. The Advisory Commission is currently working with the University of Tennessee to update those estimates with a twenty-year perspective of population growth.

Dr. GREEN briefly touched on other continuing priority projects. Tax policy research is an ongoing priority project because tax issues always come up in relationship to many public policies. Promoting the use of technology for public information and data sharing is an additional priority as well as issues involving state and local taxes. He anticipates that state and local tax issues will be the focus of our efforts during the next year.

The Commission has also received a request from Speaker NAIFEH to examine the fairness and equity issues relating to state-shared taxes and their distribution overall. Commission members agreed the Speaker's request should be honored.

In addition, TACIR is working on two mandated studies from the prior legislative year that are viewed as top priorities: Payment In Lieu Of Taxes study and the Utility District study. The Commission approved all of these on-going study efforts.

### **Annual Fiscal Capacity Model Report**

The Commission produces the Fiscal Capacity Model that the Department of Education uses in the Basic Education Program (BEP) each year. The department uses the model in estimating the revenues that will be sent to each school district.

Dr. GREEN explained that part of the model includes a continuous time series analysis that looks at the average of eleven years and the last five years. The goal is to determine whether the index is stabilizing, rising, or even falling in particular counties. Twenty-two counties have been identified as trending up in terms of their growth of fiscal capacity. There are approximately twenty counties that are steady and fifty-three counties where the direction in growth of fiscal capacity is down. There is a slow shifting in the concentration of relative wealth in the state. More commercial and industrial growth is taking place in the twenty-two counties that are trending up. Counties trending down are fairly slow growth counties.

## **Sub-County Fiscal Capacity Model**

Dr. GREEN stated the Commission has worked on a different model to reflect the 138\* school systems since the early 1990s. TACIR continues to acquire data on a sub-county basis. This project is still a prototypical situation looking for an alternative way to measure income at sub-county level. TACIR is currently working on this with the Comptroller's office and the Department of Revenue. An update on the capacity to recommend a 138 school system model is planned for in the near future.

\*NOTE: As of publication date there are 136 school systems in Tennessee resulting from two school system mergers.

## ***FY 2004 Scheduled Commission Meetings***

### **August 28–29, 2003**

#### **State-Shared Taxes Study: Preliminary Analysis and Update**

The original intent of state-shared taxes was to use the state's wealth to level out the high degree of difference between one county or one city in one area and a neighboring county or city and their ability to raise local revenue.

Dr. GREEN stated that the staff would have a report looking at the fundamental parts of fairness in the distribution by January. Included in that would be what services are offered by cities and counties, whether or not the efforts to support those services are above or below average, and whether or not that conforms with some kind of a standard of fairness. All of the formulas will be looked at to determine that.

The larger question is, "Why does the State of Tennessee share revenues with local governments?" Based on staff research there are some standard reasons. Primarily, there is the need for the delivery of certain services that require a state and local partnership; for example, compensation to local governments for performance mandated by state government. Also there is a need for a fiscal strategy to preserve the decentralization of public authority in functions between the state and local governments. Another need is to help extend aid to local governments whose size, administrative capacity and small tax base may prevent the adequate provision of public services. Dr. GREEN pointed out that the goal is for local governments to be self-sufficient, meaning each local situation should be considered.

Dr. Stan CHERVIN of TACIR explained that there are two major components of state aid to local governments: 1) categorical grants like the Basic Education Program, and 2) unrestricted aid given back to cities as a share of the state's sales tax, which is over \$200 million dollars a year. This amount is distributed back on a per capita basis to cities as well as Hall income tax distributions and TVA in lieu of tax payments. Local governments can use these monies however they want, except for the highway funds that must be used for highways and streets. These unrestricted funds represent only 7-8% of what states give back to local governments. Most of the money returned to local governments from the state is restricted, categorical and basically used for education. At least eight states give nothing back to local governments in the form of unrestricted aid. Unrestricted aid varies in other states from a high of 30% to zero as in the State of Georgia.

Dr. GREEN said the issue is this: if the State of Tennessee is going to distribute revenues to communities, the state will have to establish a standard for measuring local fiscal effort. If a community decides to make a below average fiscal effort, the state must decide if that is the standard it expects of communities who in turn expect to receive a share of state-shared taxes.

Another issue is payment in lieu of taxes that affects school systems; the question raised is that when communities go out and promote economic development and grant payment in lieu of taxes, presumably less than market value, should that transaction be added back into the community's tax base? Another issue is the inability of communities to provide a full range of services to their residents.

Dr. CHERVIN introduced TACIR's March 2000 study on the importance of state-shared taxes. It includes extensive detail due to the interest of the readers who wanted specifics on their own counties and cities. Contributors included CTAS, MTAS, the Department of Revenue and other state agencies. The study covered five main areas: 1) the importance of state-shared taxes; 2) their importance to the state; 3) their importance to local government; 4) the volatility of underlying taxes that generated tax sharing; and 5) the distribution methods used to distribute the monies, which he explained were in large part compromises between rural and urban interests.

Dr. CHERVIN stressed that most Tennessee counties and cities do not depend heavily on state-shared taxes. That does not mean local governments do not want the money. Every penny received from the state is used for some purpose, providing services of one kind or another. State-shared taxes amounted to less than 3% of county revenues

in 1999 and more than 10% for cities. In general, one could say that these taxes are more important to cities as a group than counties as a group.

Dr. CHERVIN also explained that the less dependent a community was on state-shared taxes, the smaller the property tax rate increase that would be needed. This situation demonstrates how important state-shared taxes are.

### **Overview and Update on the Utility District Study, Proposed Changes in Tennessee Code Annotated, Section 7-28-307**

Mr. Bill DOBBINS, Executive Director, Tennessee Association of Utility Districts (TAUD) summarized the TACIR staff report published last winter that focused on the appointment, reappointment, and proper removal of commissioners from utility districts. TAUD seeks to be a partner in this effort to improve the legislation and the operation of utility districts. Specifically, Mr. DOBBINS referred to the draft legislation before the Commission. This legislation reduces the sections of the Code Section 7-82-307 from thirty-six to four. It grandfathers in current utility district commissioner appointments and establishes that the county mayor will make all future commissioner appointments for new utility districts. The draft bill also deals with appointments by allowing the replacement to be either appointed by the county mayor or allowing replacement by methods currently in place. A third aspect of the bill provides for an ouster procedure. The ouster would be triggered by a petition of 20% of the customers to the UMRB. The Board would verify the signatures and hold a hearing in the service area of the district allowing those customers input to the hearing. Fourth, the bill allows the county mayor to make interim appointments whenever vacancies occur. Fifth, utility districts would be required to send each customer, or publish in the local paper, a consumer confidence report including a description of the ouster process.

It was decided that time be set aside at the December meeting to discuss the merits of moving with the proposed legislation.

### **December 1-2, 2003**

#### **Interim Utility District Report**

Ms. Leah ELDRIDGE, Senior Research Associate, updated the Utility District Report by incorporating Commission member recommendations. The final report summary will be presented at the January 6, 2004 meeting.

## **Progress on the State-Shared Taxes Report**

Dr. GREEN gave an overview of the different distribution methods and formulas used for state-shared taxes. One factor is population. Most of the taxes that go to cities (and in some cases counties) from the various state-shared taxes are based on population. Area is also used, most notably in the gasoline tax or those revenues that go to county governments. Equal shares is a distribution method also used for the gasoline tax. A final distribution method, situs, is used for the Hall Income tax, and possibly the wholesale beer tax (pending clarification).

TACIR staff looked at similar studies in other states and discovered that Michigan had a reform a few years ago. Michigan bases its state-shared taxes almost entirely on population. The work of the Tennessee Tax Modernization and Reform Commission (TTMRC) was also studied and three main principles for achieving equity in the distribution of most taxes were: 1) population; 2) fiscal effort; 3) fiscal ability. In addition, Public Chapter 1101 establishes the current state policy on the creation of new cities by requiring that all new cities must levy a property tax that raises revenue at least equal to the annual revenue the cities receive from state-shared taxes. There are approximately 84 cities that currently do not levy a property tax. The standard, set by Public Chapter 1101, also requires that cities must be able to offer a set of services in order to be incorporated in the future. The delivery of these seven services will also be used to evaluate the current cities.

Dr. GREEN concluded by listing some policy issues that the staff deems important to be considered for this study:

- 1) What should be the equity basis for state-shared taxes? Who should get state-shared taxes and how should they be distributed?
- 2) Do local governmental efficiency and effectiveness matter?
- 3) Are some local governments too small to be effective and should this be a consideration?
- 4) Do size and structural inefficiencies cause taxes to be too high?
- 5) Should state-shared taxes be used as incentives for meeting PC 1101 objectives?

The staff's goal is to provide findings and recommendations to these questions that will be included in the report to be presented at the January 6, 2004 meeting.

## **Payments in Lieu of Taxes Report**

Dr. GREEN informed Commissioners that the Payments in Lieu of Taxes (PILOT) Report is substantially the report the Commission approved in January 2003. After the report was approved, staff looked at the process of how economic agreements were made and distributed, what happened at the local level, and what role, if any, assessors had officially or unofficially in the process. This further inquiry resulted in additional information for clarification purposes and led to one of our recommendations that assessors be notified in the counties when there are economic development agreements. The primary reason for this recommendation is that assessors know more about the properties than anyone else.

The only exception to the earlier report is that staff no longer recommend conducting Phase II, the cost benefit analysis, of the study. Instead, staff recommend that the process be improved through assessor notification and hopefully an increase in the State Board of Equalization's budget, whose lack of funding is one of the problems for the process at the present time. If at some point in the future the process of collecting the data is more substantial, we could conduct Phase II of the study.

Dr. Green then asked Mr. Kelsey JONES, Executive Secretary of the State Board of Equalization, to speak with the Commission. Mr. JONES said the board has a responsibility in the area of economic development agreements to collect information prepared by businesses that lease properties from Industrial Development Boards (IDBs). This has been an area of relatively increased legislative activity over the last two or three years. The legislative attention to the issue goes back to the work of the Joint Tax Study Committee twelve or thirteen years ago. At that time, the Committee considered whether it was necessary to impose some sort of controls or restraints on the abilities of the cities and counties to negotiate PILOTs under these arrangements. The notion of any control or any restriction at that time was rejected. However, the current disclosure process was put in place at that time. The statute still says that copies of any agreements involving private use of public property in the name of economic development must be supplied to the state, city mayors, and county mayors.

There is an absence of complete information about who is in this business and who is leasing property from an IDB. Although we probably have a good number of counties in which information is compiled, there are significant indicators that in other counties no arrangements exist. Examples include the absence of IDBs or leases with local businesses to promote economic development. Each year we continue to send

reminders to assessors, county mayors, and city mayors that businesses using these properties are under an obligation to report the fiscal impact of such agreements.

We have maintained a summary of that information, which is indicated in our report and available on our website. Our report indicates that compared to the property taxes that would otherwise be due compared to actual PILOT, the shortfall in property taxes is about \$180 million statewide when cities and counties are combined.

### **Update on PC 1101**

Dr. GREEN stated that most of what is in the PC 1101 report is similar to previous reports to the Commission. There are nine recommendations and/or suggestions that we think would be useful to pursue. These have been generated primarily by staff after some discussions with other outside parties. Staff would like to have an opportunity to talk to other groups and individuals who were involved in this process and then come back in January (2004) with a definitive set of recommendations.

### **The Infrastructure Report**

Ms. Lynnis ROEHRICH-PATRICK presented the Commissioners with TACIR's fourth report on infrastructure needs in the state. It covers the five-year period of July 2002-June 2007 and includes needs reported by local officials that should be in some state of development during that period and the estimated cost for those. In addition, it includes capital projects that have come to light through the administration's state government budget process. For the first time, a project listing has been obtained from the Department of Transportation and provided to those on our development district staff who actually do the inventory that is incorporated into the infrastructure project.

The inventory includes anything based on the need perceived by local officials, except normal or routine maintenance and projects that cost less than \$50,000. The needs reported for this five-year period were about \$21.6 billion. Based on our analysis of what is expected, and given what has been reported across the state in relation to population, that need should actually be as much as \$24 billion, so the reported need is pretty close.

Once again, transportation and utilities represent the largest share of all the projects and also the largest increase. Also this year about 2/3 of the increase in the transportation and utilities category was from local officials and about 1/3 of that was from the inclusion of the TDOT listings.

Education is the second biggest category and the second biggest increase. Most of that increase, almost \$300 million, is from the state's higher education institutions and not from the needs reported for public schools. In fact, the needs reported for public schools only increased about \$47 million if a particular technology initiative for the Memphis city schools is netted out. Memphis' initiative, along with the fact that 85% of the schools are reported as being in good or better condition, is an indication that school systems are using the money provided by state and local officials very wisely to bring schools into much better shape. Also, the cost of meeting the class size reduction required by the Education Improvement Act of 1992 actually declined 40% from the last report. Although educational mandates affect only about 8% of the projects, only 24% of the cost reported for schools are mandate-related which goes back primarily to the Education Improvement Act and includes/covers about 96% of the mandate needs reported for schools.

Economic development was the category with the largest percentage change and that was actually a decline. Most of the decline was because of the restructuring of a project in Knox County, but there still would have been about a 6% decline in that category without that particular change.

Based on information we have received, many decision makers have found that in times of tight budgets and fiscal constraints this is the main planning process they go through. While they may not be able to afford the needs they identify, at least they have gone through the process and they know what they are facing. In rural areas and in smaller cities, the inventory may be the closest thing they have to a capital improvement plan. Part of this process actually helps local officials match needs with funding. We do ask that they report to us how a project is funded, is expected to be funded, and how much of the money needed for the project is unavailable. The basic information feeds into the comprehensive economic development strategy documents provided by development districts, which help local officials get grants and loans from the federal government. If a project is not listed in that comprehensive economic development strategy, it will not be eligible for funding.

More recently the joint legislative study committee on rural water needs has used the information about water supply and wastewater projects from this inventory in its evaluation of unmet needs. The Comptroller's office has used the information about the conditions and needs at local public schools in its process of analyzing those schools placed on notice by the Department of Education. The process, in general, is said to have fostered better communication in decision making among the development districts,

local and state officials, and—particularly this year—Department of Transportation officials.

As far as plans for the future, we have a proposal to look at the location of projects in relation to PC 1101 boundaries, which is consistent with Public Chapter 862. Public Chapter 672 that was passed in 2000 states that we should include the inventory as part of our process of monitoring implementation of PC 1101.

**January 6, 2004**

### **State-Shared Taxes Report**

Dr. GREEN explained that local effort is one of the equity issues that has been raised in terms of state-shared taxes. That is one reason why reform in Michigan was examined. The prime issue the state was addressing was: “Is the distribution fair? Are we sending the money to the right people?” Michigan makes a clear distinction between cities and towns and one of the things that came out of the Michigan reform was to send relatively more money to towns and relatively less to cities.

Tennessee is a state of small cities. In 2002, the Department of Revenue identified 348 Tennessee cities. Of this number, 61% or 212 of our cities and towns are below a population of 2,500. Of these cities, 24% or 160 could not qualify today as cities under the requirements of Public Chapter 1101 in terms of population size and service. There are seven services, stipulated in Public Chapter 1101, necessary to create a new city. We have used that as a way to evaluate the cities that do exist. Small cities, especially those with a population of 1,500 or less (the 160 cities) rely heavily on state-shared taxes for much of what they spend. Twenty-eight of these 160 cities have ratios of state-shared taxes to expenditures that exceed one. This means they probably had reserves for this particular year and spent their state-shared taxes and whatever was banked from the past. This is the first time we have been able to put a value on what cities did in terms of expenditures in Tennessee. If this is updated using a state and local government inflation factor, that number would be \$8.3 billion for 2003.

County governments are quite different. They were not created to provide urban services or higher levels of services like cities. County governments have various things they do as a standard set of services. This grows out of historical context as a vastly unpopulated state with very remote opportunities to achieve or to provide certain kinds of government needs. However, there are a large number of urban services that are offered by the larger counties: water and sewer, fire services, parks and recreation, and

health services. Total spending in all service categories for the 95 counties from COG 97 data was \$5 billion. If this figure is inflated the same way, it would be \$6.2 billion for 2003.

It is not known what the General Assembly intended to accomplish or what they expected from local governments in return for state-shared funds. It is a possibility that one of the reasons the state has helped local governments over the years was a deliberate attempt to keep property taxes low. Whether that was the intent or not, property tax rates and property tax burdens in Tennessee are always relatively low in comparison to the Southeastern states. One of the difficulties is that we lack this tool of evaluation about why we are where we are, other than political convenience.

We have identified some areas that seem to stand out when evaluating state-shared taxes in terms of fairness. There were eighty-four cities in 2002 that do not have a property tax. That seems inequitable because the very idea of a city is to create an entity that is going to provide a higher level of service than a county by taxing the city residents. In one sense of the word, these eighty-four cities make no or minimal fiscal effort. Gasoline and motor fuel sharing formulas in county governments is another inequity. The most egregious is the 50% sharing of the gasoline tax by equal shares among the ninety-five counties. That means that Hancock County gets exactly the same amount as Shelby County, irrespective of population, interstates going through, and the size of the community. Situs-sharing for the Hall income tax appears to be another inequity because we have not found principles that would normally justify situs for sharing.

Dr. GREEN continued that the TVA Payments in Lieu of Taxes General Revenue Sharing Act of 1978 provided that 43% of it be shared based on population. The two areas of that formula that are deemed unfair or inequitable are the 43% based on acreage and the 14% of land owned by TVA. One of the reasons for that is we find no statistical relationship between any measure of need and that distribution, and no statistical relationship with population.

There are only two Premier Type resort areas in Tennessee, both in Sevier County. These two cities, Gatlinburg and Pigeon Forge, are greatly impacted by tourism. By statutory definition and by empirical analysis, a large proportion of their total property assessment is connected to areas that are identifiably related to the tourism industry. As a result of that particular definition, these two cities can opt for one of two formulas. They can take a regular amount that would be distributed or a pro forma amount that would be distributed to every city based on population. Or they might take the adjusted

amount that is four or five times as large. According to our information, they have always accepted the adjusted amount. These two cities historically are at the bottom when their tax burden is measured. They rank next to last and last among cities with property taxes. Their sales tax is below the state average. Their hotel/motel tax rate is lower than the average. The county also has a very low tax rate as compared with other counties. It seems clear that the reason they are able to maintain those low tax rates is because they get a huge insurgence of money through state-shared taxes. Their effort is low; this seems to be an apparent inequity.

Dr. GREEN continued discussing city versus county distributions. When the project plan was first drawn up in August, this area was not included because staff was conditioned to look at the formulas in the narrow way of distribution to cities on the one hand and counties on the other. The amount of money that the state was giving to cities and counties in 1970 was more or less equal but that has changed significantly in the last twenty-five years without any apparent articulation of policy by the state government of the need for that shift. This also presents itself as an apparent inequity to be studied. There will be additional staff reporting.

### **Utility District Report Update**

Ms. Leah ELDRIDGE, Senior Research Associate, stated that at the December TACIR meeting a number of changes to the Utility District Study recommendations were approved by the Commission including:

- Petition for the removal of a commissioner can only be filed once every twelve months.
- Utility district customers would be allowed to nominate candidates for a vacant position at the utility district meeting. A utility district board would consider these names but would not be required to choose its nominees for the vacant position from the list of names submitted by customers. The utility district board would choose three names to submit to the county mayor, who could then choose a name from the list or reject the names and ask for additional nominees from the utility district board.
- Notice of vacancies on the Board of Commissioners would be included with each customer's bill.

- Deletion of the recommendation that the General Assembly may want to consider issuing a resolution urging utility districts to charge special utility rates for governments.

Full adoption of the Utility District Report was held until the June 2004 meeting.

### **PC 1101 Report**

Dr. Green reported that staff is trying to engage a number of other people in PC 1101 discussions in a more significant way, especially specific parts of the Executive Branch. He proposed staff continue to work on this through the summer and address it again in the fall.

## **Appendix 6: Ongoing and Recent Legislatively Mandated Projects**

TACIR's workload remains high due mainly to a combination of statutorily-mandated duties and directives from the General Assembly, and from responding to legislative requests for analysis and information.

TACIR has three ongoing projects based on General Assembly directives:

1. Public Infrastructure Needs Inventory and Report, SB2097, PC 817 (1996);
2. Growth Policy Under Public Chapter 1101, SB3278/HB 3295, PC 1101 (1998), PC 672 (2000) and SB 2795/HB 2564, PC 594 (2002); and
3. PC 1101 Pending Legislation Referred to TACIR for Study.

TACIR's other projects based on General Assembly directives in the most recent legislative sessions are as follows:

1. State-Shared Taxes, based on a letter received from the Speaker of the Tennessee House of Representatives (2003);
2. Effect of Tax Abatements on Education Funding SB2282/HB2672 PC815 (2002);
3. Utility District Study SB2364/HB3003 PC 838 and SB 3112/HB 2996 PC 848 (2002); and
4. E-911 SB 3115/HB 3039 (2004).

### **Ongoing Mandates**

#### Public Infrastructure Needs Inventory and Report

SB 2097 PC 817 (1996)

Public Chapter 817 requires TACIR to inventory the state's public infrastructure needs and report to the General Assembly every year. The purpose of the inventory is well stated in the law: to support the development by state and local officials of goals strategies and programs to (1) improve the quality of life of all Tennesseans, (2) support livable communities, and (3) enhance and encourage the overall

economic development of the state through the provision of adequate and essential public infrastructure. This responsibility requires more staff and budgetary resources than any other single item in the TACIR work program, but the information gained is being widely used across the state.

TACIR's Public Infrastructure Needs Inventory provides the state's nine development districts with the information they need to assist local governments in applying for state and federal grants and loans. The information is used to complete the districts' annual Comprehensive Economic Development Strategy documents, which are essentially regional capital improvement programs. The inventory process, which is carried out by the development districts under the direction of TACIR staff, has resulted in more local governments in Tennessee adopting more formal capital improvement planning processes. In some cases, the inventory itself becomes the capital improvement program. But the inventory does more than that because it includes not only projects that are likely to be funded, but also projects for which the local government or state agency does not have sufficient funds to complete. The value of this information lies in bringing to the attention of elected officials and the general public a comprehensive view of true public infrastructure needs.

TACIR staff work each year to make the inventory more comprehensive. From the beginning, the inventory has included information about the condition of local public school buildings, the cost to put them all in good or better condition, as well as facilities' needs associated with the class-size reduction provision of the Education Improvement Act of 1992. The inventory is the only source of statewide information about public school facilities. Three years ago, staff began to include state agencies' infrastructure needs by tapping into the annual capital budget request process. Two years ago, staff began to coordinate with the Department of Transportation to ensure that all projects on their lists were included in the inventory. The March 2004 report is the first to include them.

In addition to formal reports and presentations to standing committees, TACIR has provided information from the inventory to other state agencies and, most recently, has presented information on water and wastewater needs to a special legislative committee investigating rural water supply needs. Current plans to enhance the program within existing resources include placing more detailed information from the inventory on the state's web site and providing local governments and other interested individuals and organizations the ability to download reports to meet their planning and research needs.

### Growth Policy Under Public Chapter 1101

Senate Bill 3278/House Bill 3295 Public Chapter 1101 (1998) and Senate Bill 2795/HB 2564 Public Chapter 594 (2002)

Public Chapter 1101 required TACIR to monitor the implementation of the comprehensive growth plans and to report periodically to the General Assembly on its findings and recommendations until December 31, 2002. Another amendment, Public Chapter 594, removed the date restriction. It amended the law to require TACIR to continue its monitoring efforts and to report periodically to the General Assembly on its findings and recommendations indefinitely. TACIR annually publishes a report documenting its monitoring efforts.

In addition, Public Chapter 672, Acts of 2000, requires TACIR to incorporate information from the Public Infrastructure Needs Inventory into its process for monitoring “implementation of the cities and counties growth plans’ infrastructure, urban services and public facility elements.” The inventory has been modified to allow reporting of inventory needs for the various growth boundaries established under the act. TACIR began collecting this information three years ago.

### Public Chapter 1101 Referred Legislation

During the 2004 session of the General Assembly, there were ten bills introduced that amended various sections of Public Chapter 1101, also known as the Tennessee Growth Planning, Annexation and Incorporation Act of 1998. All of these bills were referred to TACIR for study and a report to the next General Assembly session.

## **Recent Mandates**

### State-Shared Taxes

In 2003, the Speaker of the Tennessee House of Representatives directed TACIR to study fairness in the distribution of state-shared taxes. The resulting study examined each of the taxes that are shared and addressed the fairness of existing formulas used to distribute funds among city and county governments.

The study produced five reports:

1. *State Tax Sharing, Fairness, and Local Government Finance in Tennessee*, January 2004;
2. *Hall Income Tax Distributions and Local Government Finance*, April 2004;

3. *The Case of Premier Type Tourist Resort Cities*, September 2004;
4. *State-Shared Taxes and Cities without Property Taxes*, October 2004; and
5. *State Highway Aid to Local Governments in Tennessee*, February 2005.

#### Effect of Tax Abatements on Education Funding

Senate Bill 2282/House Bill 2672 Public Chapter 815 (2002)

TACIR was required to study “the overall effect on local public education when property taxes or in lieu of tax payments earmarked for education are abated or reduced and whether the effect on local public education is offset by enhanced economic development.”

The study determined, at the present time, because of inadequate and incomplete reporting, the data are not available to determine the costs and benefits of tax abatements and the specific impact on education. Therefore, it is impossible to fulfill the charge of determining the “overall effect on local public education”.

The study recommended that TCA § 4-17-303 be amended to specify which party is responsible for filing economic development agreements, and to impose a penalty for failure to file.

#### Utility District Study

Senate Bill 2364/House Bill 3003 Public Chapter 838 and Senate Bill 3112/  
House Bill 2996 Public Chapter 848 (2002)

These acts directed the TACIR study of the size, composition and selection of boards of commissioners of utility districts. TACIR was to study the current provisions of Tennessee Code Annotated, Section 7-82-307, and consider whether a new mechanism should be created that would permit changes concerning such boards to be handled locally rather than employing the present legislative method, which requires amending the general bill by introducing general bills of local application directly affecting only one utility district. As part of its study, TACIR was to consider whether alternative legislative methods should be developed and placed in the general law as options for local action, as well as incorporating a petition method to allow the subscribers to trigger an election for a change to the board. TACIR staff presented their findings to the full Commission in September 2004. Two recommendations were adopted by the Commission.

## E-911

Senate Bill 3115/House Bill 3039 Public Chapter 810 (2004)

TACIR was directed to conduct a “Study of E-911 Technology and Funding Structure” and report findings, recommendations, and any necessary legislation to the General Assembly no later than February 1, 2006. Public Chapter 810 directs the TACIR to study “all aspects of Tennessee’s emergency telephone service (911) statutes, including, but not limited to, local emergency communications districts and their respective boards, the state emergency communications board, the provision of enhanced 911 service, and the assessment of emergency telephone service charges upon telecommunications service providers and customers.”

## Local Offices of Property Assessors Study

House Joint Resolution 575 (2000)

TACIR was directed to study the duties and responsibilities of the Office of Assessor of Property and the resources necessary to the office, particularly in regard to the provision of minimum staffing. The final report, *The Office of the Property Assessor in Tennessee*, was released in March 2003. Its recommendations included:

- creating a more tiered or structured incentive system for all assessors, their deputies and staffs to begin, continue, and advance their professional education,
- adopting a staffing model for all assessors to use as a guide,
- establishing requirements for more standardized budgeting techniques by assessor offices across the state, and
- requiring specific additional training after an assessor has been elected to office.

## **Appendix 7: TACIR Presentations and Limited Distributions, Fiscal Years 1989-2005**

### **FY 88-89**

School Finance Issues and Selected Fiscal Data, September 1988  
TACIR Commission Meeting

Tennessee Selected Tax and Fiscal Indicators: Comparative Rankings, September 1988

Tennessee Antiquated Tax System: When will the Crunch Come?, December 1988

Personalty Tax vs. Local Business Tax: Revenue Tradeoff Joint Legislative Business  
Tax Committee, January 26, 1989

Selected Fiscal Data for Tennessee  
Comparative Economic Data for Rutherford County  
Leadership Rutherford, February 1, 1989

Tennessee Selected Tax & Fiscal Indicators: Comparative Ranking  
Tennessee Railroad Tax Committee, February 28, 1989

Tennessee Selected Tax and Fiscal Indicators: Comparative Ranking  
Economic and Community Development, March 14, 1989

Tennessee Selected Tax and Fiscal Indicators  
American Society for Public Administration, March 22, 1989

Tennessee Selected Tax and Fiscal Indicators  
Tennessee State University, April 27, 1989

### **FY 89-90**

Tax Exemption of Leased Personal Property (Fiscal Impact on Local Governments)  
Joint Legislative Business Tax Committee, July 7, 1989

Tennessee Selected Tax and Fiscal Indicators  
South Campbell County Rotary Club, August 1989

Selected Demographic, Economic and Fiscal Indicators  
Rutherford County, August 1989

Tennessee Selected Tax and Fiscal Indicators  
American Society for Public Administration, September 1989

Potential Yield from the Taxation of Leased Personal Property  
Joint Business Tax Committee, October 30, 1989

Local Revenue Sources and the Decline of Federal Aid  
Tax Study Committee, November 1989

Preparing for Economic Change in Lawrence County  
21st Century Council, November 20, 1989

Tax Competitiveness: Tennessee Compared with Other States  
East Tennessee Industrial Council, November 29, 1989

Measuring Fiscal Capacity in Tennessee  
Tax Study Committee (Farm Bureau), November 1989

Measuring Fiscal Capacity for Education  
Superintendents Study Council, December 1989

Illustration of Local Tax Base and Revenue Resource Differences  
Superintendent's Study Committee, January 1990

Measuring Fiscal Capacity for Education  
Department of Education, January 1990

Tennessee's Obsolete Tax System: Significant and Fiscal Indicators  
Tennessee Federal for the Aging, January 1990

Economic and Fiscal Data for Rutherford County  
Leadership Rutherford, February 1990

Selected Fiscal Data on Public Education in Tennessee  
TML: Education and Cities, February 1990

State of Tennessee Revenue and Financial System  
Riverdale High School, March 16, 1990

Economic and Fiscal Data for Clarksville and Montgomery County  
Tennessee's Obsolete Tax System: Significant Tax & Fiscal Indicators  
Leadership Clarksville, March 1990

Protecting and Enhancing Local Revenues  
Facing the Future, May 18, 1990

Tennessee's Obsolete Tax System: Significant Tax and Fiscal Indicators  
Superintendent's Study Committee, June 1990

### **FY 90-91**

Education: Selected Articles and News Stories, August 1990  
Commission Meeting, August 13-14, 1990

Presentations by Don Thomas (Education Consultant to the Governor)  
TACIR Members, October 4, 1990

Tennessee's Obsolete Tax System: Present Status and Options for Change  
South Central Tennessee Council on Children & Youth, October 5, 1990

Measuring Fiscal Capacity of School Systems  
Superintendents Study Council, October 8, 1990

Recent Hearing and Testimony on CVI  
Memorandum to Senator Dunavant, October 12, 1990

Education Funding and Taxes in Tennessee  
TN County Services Association, October 18, 1990

Education Funding and Taxes in Tennessee  
Tennessee School Board Association, November 6, 1990

Southern Railway Company et al vs. Patsy Stair  
Memo to Kelsie Jones and Jim Creasy, November 6, 1990

Solid Waste Management: Selected Articles and News Stories, November 1990  
Commission Meeting, November 26-27, 1990

Estimated Tax Bases for 139 School Systems Using Property Sales, Inc.  
Letter to Brent Poulton, January 9, 1991

Early Warnings Indicators of Local Budget Crises  
National Conference of State Legislatures, November 8, 1990

Education Funding and Taxes in Tennessee: Present Status and Options for Change  
Junior League of Nashville Public Affairs, December 1, 1990

Tennessee's Obsolete Tax System: Present Status and Options for Change  
Economic & Fiscal Data for Clarksville and Montgomery County  
Leadership Clarksville, December 12-13, 1990

Tennessee's Obsolete Tax System: Present Status and Options for Change  
Tennessee Commission on Children and Youth, December 14, 1990

Tax Options for Funding Education Reform  
Lebanon Rotary Club, January 3, 1991

Tax Reform: Do We Need It, Will We Get It?  
Women's Political Caucus, January 9, 1991

Funding Options for Funding Education Reform  
Mid-Cumberland Council on Children and Youth, January 11, 1991

Analytical Tables Relative to School Personnel by System  
Letter to Carter Witt, January 18, 1991

Tax Options for Funding Education Reform  
Chattanooga, January 22, 1991

Education Funding and Taxes in TN  
Municipal Officials Orientation, February 10, 1991

Funding Education Reform: The Fiscal Challenge  
February 1991

Measuring Fiscal Capacity of School Systems  
American Education Finance Association Conference, March 12, 1991

Fiscal Capacity of Rural Local Governments  
American Education Finance Association Conference, March 12, 1991

An Overview of Governor McWherter's Proposals  
Robertson County Retired Teachers Association, March 18, 1991

An Overview of Governor McWherter's Proposal  
Rutherford County Lions Club, March 20, 1991

Saturn Impact Research & Findings (Fall Creek Falls)  
Tennessee Political Science Association, March 29, 1991

Fiscal Distress in Tennessee: Challenges for the Future  
Tennessee Speech and Hearing Association, April 5, 1991

All Proposed Tax Reform to Date  
TACIR Members, May 1991

Tennessee's Beleaguered Tax System  
CABLE, May 8, 1991

Education Funding and Tax Reform Act of 1991  
Greater Nashville Development District, May 15, 1991

Charts for TML Conference  
Tennessee Municipal League Conference, June 1991

Overview of the Basic Education Program  
Tennessee County Services Association (Gatlinburg), June 10-12, 1991

TACIR's Role in Both the Use for Education and Tax Reform  
TML Conference, June 23, 1991

## **FY 91-92**

Greenbelt: Consequence for Local Tax Bases  
Legislative Business Tax Study, July 19, 1991

Measuring Fiscal Capacity of School Systems  
National Center for Education Statistics, July 1991

Consolidation of Nashville and Davidson County: An Innovation in Urban Governance  
National Conference of State Legislatures - Orlando, August 13, 1991

The Crises of Governance: Innovation and the Challenge of Change  
Michigan Commission on Intergovernmental Relations, September 1991

Intergovernmental Cooperation  
Kingsport Chamber of Commerce, September 12, 1991

The Case for Taxing Food Sales  
Tennesseans for Fair Taxation, September 16, 1991

Tennessee's Beleaguered Tax System: Issues, Challenges, and Options  
October 1991

Education Funding and Fiscal Capacity Issues  
Tennessee School Board Association, November 18, 1991

Local Government Service Delivery Alternative: Trends and Obstacles in the Use of  
Privatization & Interlocal Agreements, December 6, 1991

The Basic Education Program: Tennessee and Hamblen County  
December 11, 1991

Education and Tax Reform in Tennessee  
National Conference of State Legislatures, January 10, 1992

BEP Equalization and the TACIR Fiscal Capacity Method  
January 1992

Taxes, Education and Fiscal Instability  
February 19, 1992

Property Tax and School Funding: A Crisis Pending  
March 11, 1992

Budget Process

Tennessee Conference of Social Welfare, April 27, 1992

Personalty Taxation and the Utility Dispute

May 1992

Tennessee's Beleaguered Tax System

May 1992

### **FY 92-93**

Population, ADM, State-Shared Taxes and State K-12 Revenue: A Comparison of Distribution Among the 95 Counties, July 24, 1992

Erosion of the Property Tax Base

National Conference of State Legislatures, July 28, 1992

TACIR Creation and Overview and a Profile of Dickson County

Dickson County Chamber of Commerce, October 1992

Revenue Neutral Income Tax Scenarios

Tennesseans for Fair Taxation, November 1992

The Federal Government: Friend or Foe?

February 1993

Infrastructure Needs in Tennessee

March 1993

Methodology Used to Estimate Value of Construction in Process

March 1993

Instability in Education Funding: The Threat of Public Utility Lawsuits

AEFA, March 19, 1993

Fundamental Determinants of Local Public School Spending

AEFA, March 19, 1993

Tennessee's Inadequate and Unfair Tax System  
AFL-CIO, June 7, 1993

**FY 93-94**

Family Tax Burdens in Tennessee: A Comparative Analysis  
July 1993

The Logic of Health Care Reform  
July 1993

Fiscal Capacity for Education: Fiscal Year 1994  
Knox County Education Finance, December 1993

Education Funding Reform in Tennessee: Issues, Conflicts and Status  
American Education Finance Association, March 17-19, 1994

Education Finance Reform and Spending Disparity in Tennessee: How Did They  
Spend the New Money?  
AEFA, March 17-19, 1994

Implementation of the 21st Century Schools Program, 1993-94: Four Areas of  
Reform, 1994

**FY 94-95**

Significant Recent Intergovernmental Developments in Tennessee  
MTSU, July 12, 1994

Measuring Fiscal Capacity for Education in Tennessee  
TEA, October 22, 1994

Measuring Fiscal Capacity for Education in Tennessee  
Metropolitan Area School Systems (MASS), November 16, 1994

Local Governments in Tennessee: Where Are We and Where Do We Need to Go?,  
Leadership Wilson, April 5, 1995

Measuring Fiscal Capacity for Education in Tennessee  
Sullivan County Meeting, June 15, 1995

**FY 95-96**

How Intrusive is Government in Tennessee?  
Media, August 1995

Measuring Fiscal Capacity for Education in Tennessee  
Education Oversight Committee, August 3, 1995

Local Fiscal Effort as a Component of the TACIR Fiscal Capacity Model  
Education Oversight Committee, August 1995

Federal Budget Issues: FY 1996-FY2002  
Commission Meeting, October 1995

Intergovernmental Relations Orientation  
Leadership Cheatham County, November 30, 1995

Intergovernmental Relations  
TNII, January 1996

Overview of Tennessee State Government  
Careers Now Program, January 1996

An Introduction to Tennessee State Government  
Careers Now Program, January 1996

Intergovernmental Finance: Federal, State and Rutherford  
Leadership Rutherford, February 7, 1996

Overview of Tennessee State Government  
Leadership Rutherford, February 7, 1996

Efforts to Relieve Unfunded Mandates in Tennessee  
U.S. ACIR, March 6-7, 1996

Federal Budget Issues: FY 1996-FY 2002  
Tennessee Development District Association, March 27, 1996

Local Education Finance and Full Funding of the BEP  
Tennessee County Commissioners Association, May 15, 1996

**FY 96-97**

E-911/Cellular Telephones Issues  
Special Committee, October 17, 1996

Tennessee's Infrastructure Needs Inventory  
Tennessee County Services Association, November 1996

Estimates of Infrastructure Needs in Tennessee  
Tennessee Development District Assn., January 1997

The Public Infrastructure Needs Inventory Act of 1996  
February 1997

Economic and Fiscal Analysis of a Lottery-Funded College Scholarship Program in  
Tennessee  
February 1997

Rutherford County Population, Income, and Fiscal Indicators  
Leadership Rutherford, February 1997

Overview of Tennessee State Government  
February 5, 1997

Twelve Major 21st Century Challenges to Tennessee and State and Local Government  
February 1997

Revenues and Expenditures of Selected Cities and Counties  
Mr. Don Smith, February 1997

Understanding Tennessee's Tax and Revenue System  
Tennesseans for Fair Taxation, March 11, 1997

Education Finance Reform in Tennessee  
May 1997

Current Issues in Tennessee Education Finance  
Tennessee County Services Association, June 25, 1997

**FY 97-98**

TACIR-TENA Legislative Committee Draft Proposal  
September 1997

Urbanization and Urban Policy in Tennessee  
October 14, 1997

Understanding Tennessee's Tax and Revenue System  
TACIR Tax Study Committee, October 23, 1997

Breaking the Social Contract: The Fiscal Crisis in Higher Education  
October 1997

A Summary Report on Fiscal Capacity Issues  
October 28, 1997

Understanding Tennessee's Tax and Revenue System  
Association of Government Accountants, January 1998

Annexation and Consolidation Issues  
Leadership Franklin County, March 18, 1998

Brief Summary: Amended SB 308  
Tennessee County Services Association, May 12-14, 1998

The New Framework for Annexation, Incorporation, and Growth Plans in Tennessee  
June 1998

**FY 98-99**

Issues Involving the Basic Education Program Formulas  
Select Oversight Committee on Education, August 13-14, 1998

Measuring Fiscal Capacity for K-12 Education  
Select Oversight Committee on Education, August 13-14, 1998

Tennessee's Wireless Enhanced 911 Legislation  
TN Emergency Communications Board, September 9, 1998

Selected Characteristics of Tennessee's Fiscal Environment  
Republican Caucus, September 9, 1998

Local Governmental Tort Liability  
House/Senate Judiciary Committee, November 13, 1998

Financing Tennessee Government in the 21st Century  
Tennessee Tomorrow, January 1999

Public Chapter 1101 Implementation Developments  
Senate State and Local Government Committee, February 9, 1999

Tennessee Public Infrastructure Needs Inventory Assessment for FY 1998  
Senate Education Committee, February 10, 1999

Governor Sundquist Tax Proposal Summary Evaluation and Comments  
February 1999

Current List of Legislative Bills that Affect PC 1101  
February 24, 1999

Public Chapter 1101 Implementation Developments  
Leadership Franklin, March 17, 1999

Spending Equity in Tennessee: The Fiscal Capacity Model  
American Education Finance Association, March 20, 1999

Class Size Policies and Educational Facilities  
American Education Finance Association, March 1999

Fiscal Year 2000 Fiscal Capacity Index  
Tennessee School Superintendents, April 1999

Financing Tennessee Government in the 21st Century  
League of Women Voters, April 1999

Financing Tennessee Government in the 21st Century  
Chattanooga Public Hearing, April 1999

Education Spending Equity in Tennessee  
April 1999

Sales Tax on Food: Targeting Relief to the Working Poor  
May 1999

If the Economy Is So Hot: What is Wrong With the State Budget?  
Reprint from Tennessee Town and City, May 1999

Financing Tennessee Government in the 21st Century  
ASPA Tennessee Chapter, May 1999

Financing Tennessee Government in the 21st Century  
Tennessee County Services Association, June 1999

### **FY 99-00**

Income Elasticity of Tennessee's Tax System  
July 1999

Financing Tennessee Government in the 21st Century  
Tennessee State Employees, August 1999

Comparative Analysis of the 1990 Connecticut Income-Tax Movement and the Current  
Tennessee Fiscal Environment, August 1999

The Connecticut Tax Reform Experience  
September 1999

Comparative Analysis of the 1990 Connecticut Income-Tax Movement and the Current  
Tennessee Fiscal Environment, September 1999

Tennessee Family Institute Asks, "Is There a Fiscal Crisis in Tennessee"? TACIR  
Responds, March 2000

State-Shared Taxes in Tennessee: Critical Issues  
Association of Government Accountants, March 2000

Report Shows Importance of State Shared Taxes, Tennessee Town and City News  
Article, March 2000

State-Shared Taxes in Tennessee: Critical Issues  
American Society for Public Administration, East Tennessee Chapter, April 2000

### **FY 00-01**

Middle Tennessee "Update"  
Leadership Middle Tennessee, August 2000

Competitiveness: Is Tennessee Ready for its Future?  
Tennessee Business Roundtable, August 2000

What Does the TACIR Do?  
Leadership Middle Tennessee, August 2000

Financing Tennessee Government in the 21st Century: Revenue Options Update  
Tennessee Tomorrow, Inc., November 2000

Implementation of Tennessee's Growth Policy Act in CY 2000: A Year of Progress  
Tennessee Chapter of the American Planning Association, January 2001

Building Tennessee's Tomorrow  
Senate State and Local Committee, February 2001

Better Accountability through Performance-Based Budgeting  
March 2001

Middle Tennessee Update  
Leadership Rutherford County, March 2001

Forming a Metro Government  
Montgomery County Community Meeting, March 2001

What is TACIR: Major Responsibilities  
Leadership Rutherford, March 2001

A Survey of Infrastructure Needs: Building Tennessee's Tomorrow  
Rebuild Tennessee Coalition, April 2001

Participation in Panel Discussion of Governor's Education Initiative for Tennessee  
Commission on Education Quality, April 2001

Tax Simulation and Analysis  
Tennessee General Assembly, June 2001

Impact of a Half Cent State Sales Tax Increase on Tennessee Households  
House Finance, Ways and Means Committee, June 2001

## **FY 01-02**

Tennessee Lottery Update  
Tennessee Commission on Children and Youth, July 26, 2001

State-Shared Taxes in Tennessee  
House Finance, Ways and Means Committee, June 14 & June 20, 2002

Equalizing Teachers' Salaries  
Tennessee County Services Association, October 2002

Estimates of Tennessee Lottery Sales and Proceeds  
Information and Recommendation Committee for the Education Lottery Task Force,  
November 26, 2002

Financing Tennessee Government in the 21st Century  
Tennessee Tax Structure Study Commission, March 14, 2003

Infrastructure and School Facilities Needs  
Tennessee School Board Association, May 16, 2003

What is TACIR?  
Legislative Interns, May 23, 2003

### **FY 03-04**

Leadership Middle Tennessee  
September 2003

PC 1101  
Tennessee Chapter of the American Planning Association, February 2004

System-Level Fiscal Capacity for Funding Education in Tennessee  
Senate Education Meeting, February 18, 2004

System-Level Fiscal Capacity for Funding Education in Tennessee  
Department of Education Fiscal Workshops, 2004

### **FY 04-05**

Local Fiscal Capacity for Funding Education in Tennessee  
BEP Review Committee, August 2004

System-Level Fiscal Capacity for Funding Education in Tennessee  
BEP Review Committee, September 2004

Tennessee Development District Funding Partners  
Kentucky Development Districts and the Tennessee Development District meeting,  
October 2004

Local Fiscal Capacity for Funding Education in Tennessee  
Tennessee School Board Association, November 2004

Presentation on Fiscal Capacity  
Association of Independent and Municipal Schools, December 2004

How to Form a Metropolitan Government  
Planing Commission and Board of Zoning Appeals Training and Continuing  
Education MTSU, December 3, 2004

Fiscal Capacity County and System Prototype Models  
Funding Task Force of the Metropolitan Nashville Public Schools Board of  
Education, December 7, 2004

Fiscal Capacity Presentation

Oneida SSD School Board, School Director, Representative Winningham, and City Mayor, December 2004

System-Level Fiscal Capacity for Funding Education in Tennessee

TEA Staff, January 21, 2005

Fiscal Capacity County and System Prototype Models

School Superintendents/Directors of Anderson, Clinton, and Oak Ridge, and Representative Hackberry, January 6, 2005

Leadership Franklin County

March 16, 2005

System-Level Fiscal Capacity for Funding Education in Tennessee

Metropolitan Area School Systems, March 16, 2005

System-Level Fiscal Capacity Summary

Sullivan County Schools Systems, April 28, 2005

A Comparative Analysis and Profile of Lincoln County, Tennessee

May 2005