



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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MEMORANDUM

TO: Commission Members

FROM: Cliff Lippard
Executive Director

DATE: 29 May 2024

SUBJECT: Work Program Amendment and New Research Plans

The amendments to the Commission's work program listed below would add studies directed by legislation passed or referred by the 113th General Assembly and requests by members of the Commission. A research plan for each study is attached and includes a copy of the legislation. Existing projects are recapped below.

Status of Existing Work Program Projects

Annual Public Infrastructure Needs Inventory Report (PINI). Approved at your January 2024 meeting. We are simultaneously gathering and checking survey data for next year's report.

TVA PILOT Annual Report. The 2024 update was approved at your January 2024 meeting. We will present the annual update for your approval at the January 2025 meeting to meet the legislature's reporting deadline of February 28, 2025.

Fiscal Capacity Index. We have submitted this year's index to the Department of Education, State Board of Education, and Comptroller of the Treasury and will provide a recap of this year's results at this meeting. The next index will be due to the department by May 1, 2025.

Tangible Personal Property Status Report. Public Chapter 341, Acts of 2023, passed during the 113th General Assembly and taking effect July 1, 2024, added additional certification tiers that would allow smaller businesses to file and pay their personal property tax without the need for a time-consuming itemization of all of their property.

The Act also requires the Commission to monitor and periodically report on the effect of the Act to the General Assembly. The first report will be provided in 2025.

Housing Affordability. Study requested by House Joint Resolution 139 by Representative Sparks in the 113th General Assembly, which requested a study of impact fees and their relationship to housing affordability. After discussion with the sponsor, legislative leadership, and stakeholders, the scope of the study was broadened to explore factors affecting housing affordability beyond impact fees. The resolution passed in the House and was referred to the Senate State and Local Government Committee, but no further action was taken. The final report is being presented at this meeting for your approval.

Water/Wastewater Study. Study requested at the Commission's January 2023 meeting. Staff are directed to study the operations and financing of Tennessee's wastewater systems. TACIR staff has been asked to examine

- the condition of wastewater sewer systems in Tennessee, while determining how many wastewater sewer systems have enforcement letter pending as of a specific date;
- best practices from other states;
- new technologies that are currently available that local governments could consider and would be permissible under Tennessee Department of Environment and Conservations rules;
- types of wastewater systems that have not worked and should be avoided;
- better ways to provide capital funding to build lines and treatment centers;
- ways to offset the cost of operating wastewater sewer systems.

The draft report is being presented at this meeting for your review and comment.

Rolling Stock: Study requested at the Commission's January 2024 meeting. Staff were directed to study issues and concerns about the purchase and extended delivery times of government vehicles, particularly ambulances, fire trucks, and other emergency vehicles. The research plan is being presented for approval at this meeting, and a panel of experts with knowledge of this topic will be presenting as well.

Three amendments are submitted for your consideration.

The first amendment includes study requests passed in both chambers; the second includes two bills, with each passing only one chamber; and the third includes a study requested in a letter from Senator Lundberg and Representative Sherrell.

Amendment One:

Adds four studies directed by legislation passed by the 113th General Assembly.

Adds a study requested by Senate Bill 1140 by Lundberg and House Bill 886 by Hawk to study the collection and remittance of state and local taxes, including sales and use taxes, collected at the point of sale by businesses in Tennessee. The study must include examinations of:

1. the cost to businesses of collecting and remitting state and local taxes;
2. the cost to the State of Tennessee for reasonable remuneration for sales tax collection, including vendor compensation, to businesses as compared to other states; and
3. the cost to businesses of payment card fees on the tax portion of transactions, including interchange fees and other fees associated with payment processing, as well as the cost to businesses of handling cash.

Due Date: January 31, 2025.

Public Chapter 937, Acts of 2024, directs the Commission to study the effects of vaping and the use of all vapor products by persons under twenty-one years of age. TACIR shall include in the study, but is not limited to, initiation of vapor product usage, health outcomes, enforcement of underage sales, best practices to address usage on school grounds, taxation, and access to cessation products and services. The study must identify the prevalence of vaping among such persons, including demographic information and usage trends.

Due Date: January 31, 2025.

Adds a study related to child care, requested by two separate pieces of legislation, that are being combined into one study. First, Public Chapter 938, Acts of 2024, directs the Commission to study state and local laws, regulations, and rules that govern the start-up, operation, and expansion of child care businesses in Tennessee.

The study must:

1. analyze Tennessee’s four largest urban cities; six suburban towns or cities, which must include two towns or cities from each grand division; and six rural towns or counties, which must include two rural towns or counties from each grand division.
2. conduct focus groups and interviews of child care business owners and directors to identify problems and document examples that illustrate trends among child care businesses in Tennessee; and
3. identify laws, regulations, and rules that:
 - a. impose costs, financial burdens or operating delays on child care business owners or prospective owners;
 - b. are not necessary for the health, safety, and welfare of children served or to be served by the child care businesses; and
 - c. are not necessary for the health, safety, and welfare of residents of the neighborhoods where the child care businesses are located.

Secondly, Public Chapter 934, Acts of 2024, directs the Commission to study a series of questions and issues, which are included in the research plan with Tab 5, about child care workers. The study is to describe the current landscape and demographics of child care workers in Tennessee and study the feasibility and effects of implementing a program to cover the cost of child care for child care workers, as well as other ways to expand financial supports for child care workers to incentivize them to remain employed in the early education industry.

Due Date: January 31, 2025.

Public Chapter 941, Acts of 2024, directs the Commission to study real estate fraud.

Due Date: No due date specified.

Amendment Two:

Adds two studies, with each only passing one chamber of the legislature.

Adds a study requested by Senate Bill 2877 by Kyle and House Bill 2961 by Hardaway. The bill passed in the Senate but not the House. The bill requests a study of the feasibility of a Shelby County crime lab and the impact the lab would have on public health, safety, education, housing, and the economy for citizens and visitors of Shelby

County, the city of Memphis, this state, and the tri-state region of Tennessee, Arkansas, and Mississippi.

Due Date: No due date specified.

Adds a study of Senate Bill 2054 by Jackson and House Bill 2205 by Barrett. The bill passed the House but was referred to TACIR for study by the Senate Finance, Ways and Means Committee. The bill would allow the district attorney general (DA) to only prosecute cases in municipal court where the municipality provides sufficient additional prosecutorial personnel and empowers the DA with the sole and exclusive discretion in determining the necessity and sufficiency of additional personnel. The bill also specifies that the DA has absolute discretion to use in the performance of their duties and responsibilities.

Due Date: No due date specified.

Amendment Three:

Adds a study requested via letter to Chairman Yager, and is related to Senate Bill 2487 by Lundberg and House Bill 2616 by Sherrell, which asks for a study of school-based services for TennCare.

Due Date: No due date specified.