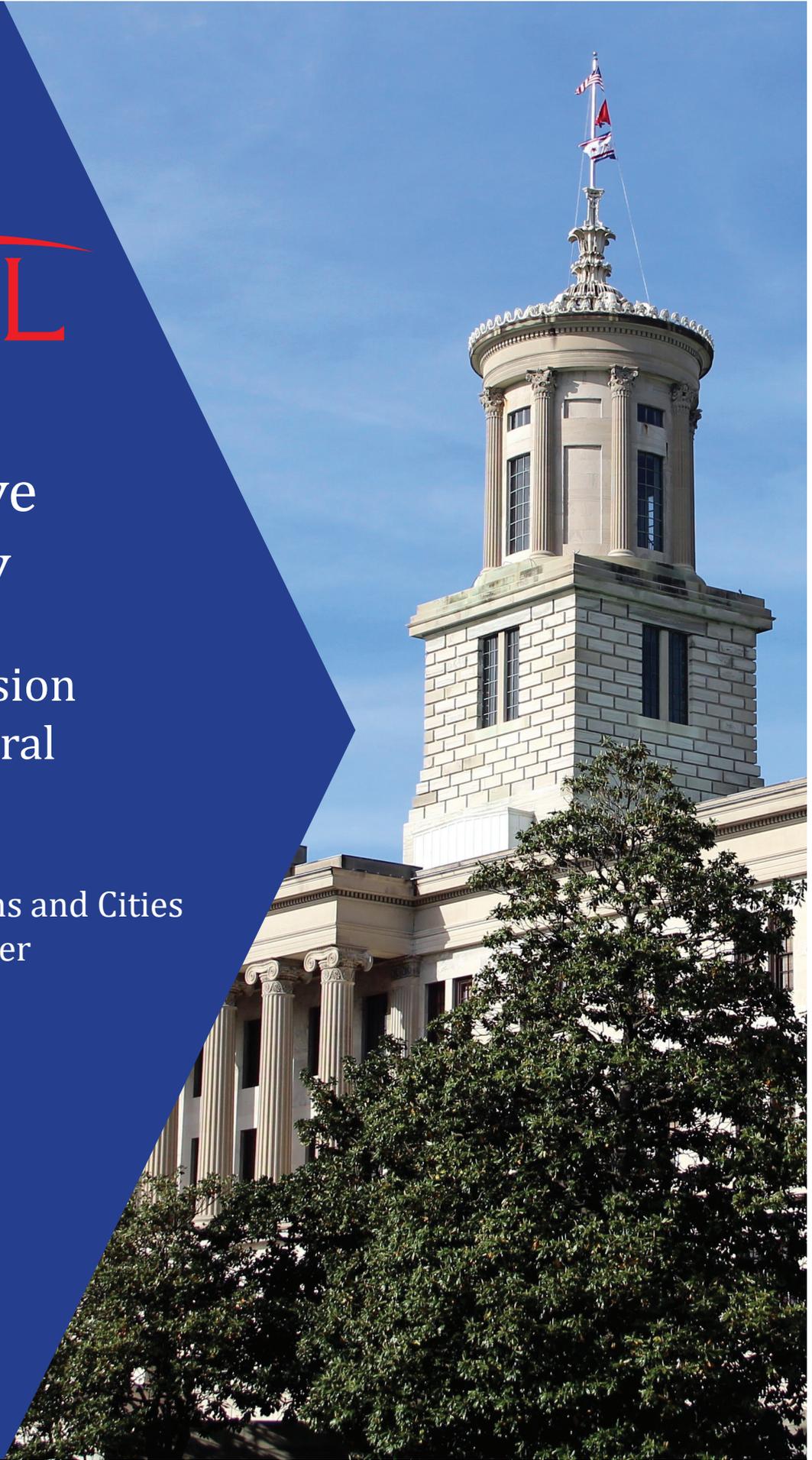


Legislative Summary

Second Session
112th General
Assembly

Tennessee Towns and Cities
Working Together

May 2022



2022 Legislative Summary

The Second Session of 112th Tennessee General Assembly convened on Jan. 11, 2022, and concluded its business on April 28. The relatively abbreviated four-month long session was facilitated in part by a healthy budget surplus and legislators' recognition of the need to campaign in newly-drawn districts. A total of 1,278 bills were filed this session, which is fewer than recent trends would suggest. Of these, TML identified 522 bills that either directly affected or had the potential to directly affect municipalities.

Although fewer bills were filed and the session was somewhat shortened, it was still a busy and productive session. The General Assembly addressed a number of issues, including recalculating the K-12 school education funding formula, approving once-in-a-decade redistricting maps for congressional and state legislative seats, and agreeing on a \$52.8 billion spending plan for the 2022-23 fiscal year. The two-year 112th General Assembly was historic in that it included three special sessions to address education, COVID-19 regulations, and to approve major tax incentives for the Ford Motor Company to establish a facility on the West Tennessee Megasite, which may have also contributed to a slightly abbreviated 2022 session.

FY22-23 State Budget Highlights

In January, Gov. Bill Lee rolled out his legislative priorities and spending plan during his fourth State of the State Address. Much of his proposed budget, including allocations later added in his budget amendment, was approved by the Legislature. However, the General Assembly and the Lee Administration disagreed on several issues, including the "Truth in Sentencing Act," funding for the new Titans stadium, and various other grant initiatives favored by the Governor.

Highlights of the final budget include:

- \$750 million for K-12 funding (placeholder for TISA, the replacement for BEP, which will take effect next fiscal year);
- \$250 million to "Rainy Day Fund" – an increase of the governor's initial \$50 million by redirecting \$200 million initially proposed by the governor to address 14 schools located in a flood plain;
- \$111 million for vendor compensation (businesses collecting and remitting sales tax);
- \$300 million for tax relief, including a one-month moratorium on the state's 4% sales tax on groceries – local option to be held harmless (\$80 million);
- \$25 million to fund increased incarceration costs associated with "Truth in Sentencing Act;"
- \$55 million for principal and debt service to support authorization for issuing up to \$500 million in bonds for new Titans stadium;
- \$90 million for airport/general aviation support;
- \$84.1 million recurring and \$570.8 million in non-recurring expenditures; and
- \$1.3 billion of Tennessee's \$3 billion revenue surplus was set aside for future use.



Gov. Bill Lee outlined his legislative priorities and spending plan in his fourth State of the State address.

Bills Affecting Municipalities



In the 2022 legislative session, our legislative team identified 522 new bills that either directly affected or had the potential to directly affect municipal authority or operations. Consideration of legislation by the various Senate and House Committees began in earnest the week of Jan. 31 and continued through the final week of April. During that three-month period, about 40 percent of these bills were considered by the various committees. Our team either directly engaged legislators or closely monitored an average of 79 bills in 21 different committees in each of the five most active weeks of the session; peaking at 112 bills during the week of March 7. The legislative and communications team coordinated on 37

legislative alerts sent in support of municipal positions on various bills of importance and mobilized members of the Municipal Advocacy Committee (MAC) as warranted.

Included among the bills our team closely monitored this session were more than a dozen bills that sought to either limit or eliminate local authority, including legislation addressing AirBnb, deannexation, zoning and land use decisions among other subjects. The team engaged in protracted and multi-faceted battles on many of these preemption bills as final consideration was deferred for various reasons. Some deferments were granted at the request of either the bill's sponsor or committee members. In addition, the late introduction of various amendments led to additional delays. Finally, the referral of several of these bills to multiple committees of jurisdiction combined with deferrals and amendments to prolong these battles. As a consequence of these various delays, six preemption bills were considered for six or more consecutive weeks, or roughly half of the session. Moreover, as a result of this consecutive string, many of these preemption bills were considered by various Senate and House committees at the same time, along with other legislation of importance to municipalities. In the end, the efforts of our team, working in coordination with the Municipal Advocacy Committee and assisted by the emails and calls of responsive individual municipal officials, not a single preemption bill became law.

Not all bills considered by the General Assembly this year sought to restrict local authority. There were a number of bills adopted that were favorable to local government. For example, legislators approved legislation granting local governments the ability to prohibit or otherwise regulate smoking and the use of vapor products in age-restricted venues. The General Assembly also adopted legislation extending the current authority to treat certain video captured by police officer's body-worn video cameras as confidential and not subject to public inspection through July 1, 2027. New authority was also granted local government to regulate "entertainment transportation services," allowing municipalities to regulate the activities of trucks, buses, trailers and other transportation vehicles that are used primarily for entertainment on city streets.

TML Legislative Initiatives

Last summer, TML invited any elected or appointed municipal official to submit a proposed policy initiative that was signed by at least three eligible local officials to be considered for inclusion in the League's annual legislative priorities. Qualifying submissions were reviewed and ranked by the TML Policy Committee, which is comprised of the TML Second Vice President and each of the eight district directors. Next, these proposals and accompanying rankings were considered by the TML Legislative Committee and its recommendations were presented to the TML Board for consideration. The TML Board reviewed each submission, the Policy Committee's rankings and the recommendations of the Legislative Committee, prior to voting to establish the League's legislative priorities for the upcoming session. At the conclusion of this process, the Board directed the TML team to pursue six initiatives in the 2022 legislative session.

