

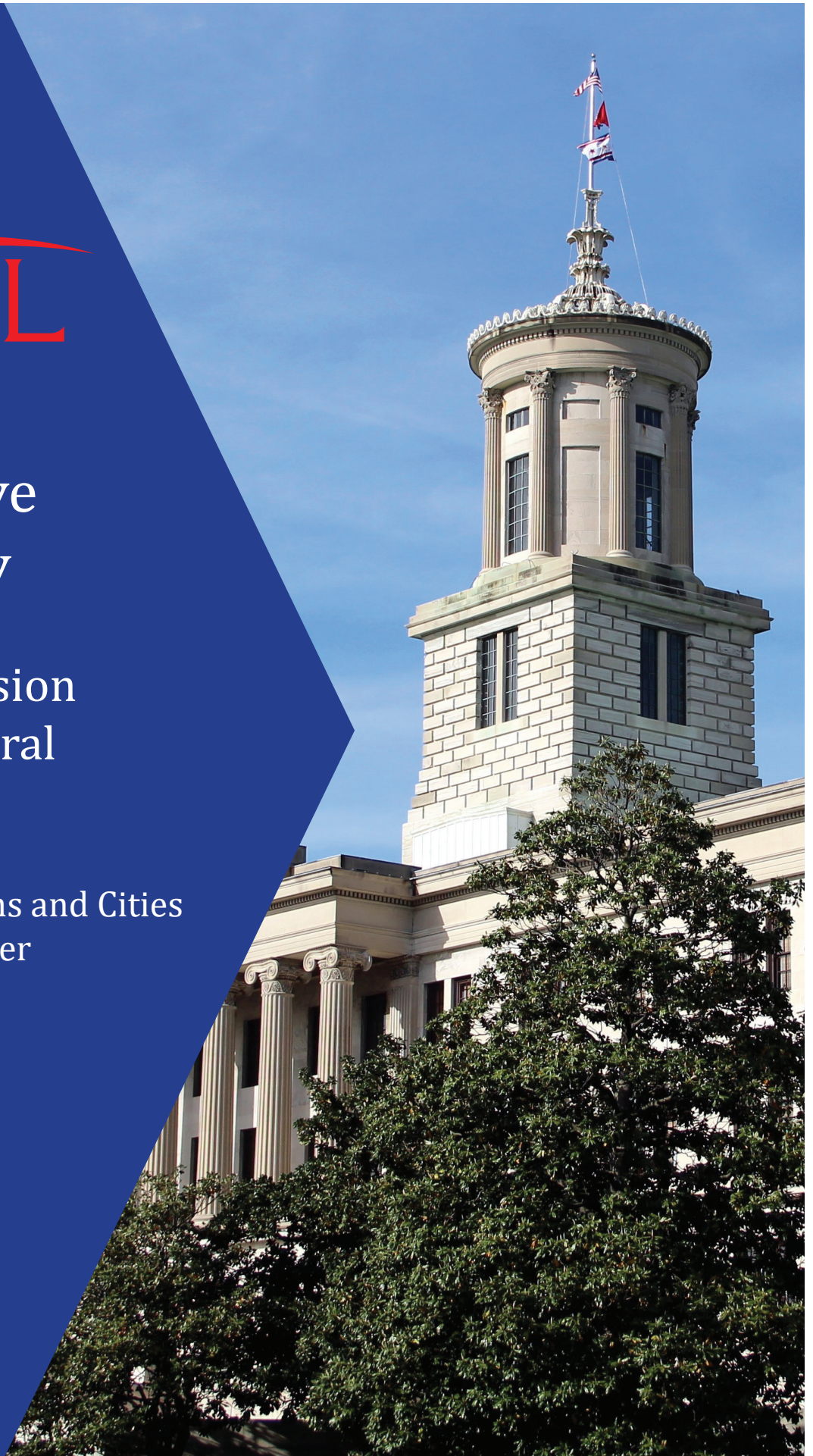


# Legislative Summary

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.

The TML Board directed our team to pursue adoption of legislation restoring the historical sharing of state sales tax with municipalities that was altered in 2002. The Board also directed the team to attempt to secure authorization for local governments to receive the portion of sales tax collected on purchases between \$1,600 and \$3,200 that is normally reserved for the local option sales tax. To that end, Senator Briggs (SB2076) and Representative Carr (HB2012) introduced legislation related to the restoration of the sharing of state sales tax and Senator Powers (SB2469) and Representative Hicks (HB2562) sponsored a bill to allow local governments to retain the local option sales tax on the first \$3,200 of a purchase. Following introduction, the TML officers and Executive Director Anthony Haynes met with Butch Eley, Deputy to the Governor and Commissioner of Finance and Administration, to advocate for both initiatives. Throughout the session, the team met with officials in the Lee Administration, the leadership of the General Assembly, finance committee chairs and individual legislators to advocate for passage of these two bills. In addition to our team's advocacy efforts, TML engaged municipalities in a grassroots campaign as well as a statewide media campaign to inform state and local officials and local residents about the relevant issues and of the benefits afforded under the two bills.



Senator Briggs updated city officials during the TML Legislative Conference on the bill he sponsored related to the restoration of the sharing of state sales tax.

*"When TML came to me with the bill I figured we had about a two-percent chance. We gained so much ground, I really believe we can pass it next year," said Sen. Richard Briggs.*

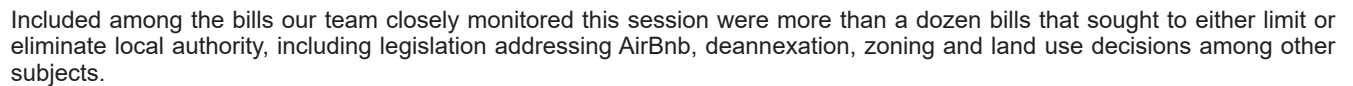
Our team conducted 14 online kickoff events across the state, which afforded an opportunity for every city official to learn more about the legislation and the purpose of the campaign and its components. In conjunction with these kickoff events, our team released an online tool kit that included talking points; video clips; one-page summaries; and estimated revenue gains statewide, by grand division, and by both House and Senate district to use when communicating with different audiences. In addition to the tool kit, a sample resolution was distributed to each city. Ultimately, 77 municipalities adopted resolutions urging their legislators to support the two bills. Lastly, the campaign included the distribution of a mayors' letter signed by 236 Tennessee mayors that was sent to Gov. Lee, Lt. Gov. McNally, Speaker Sexton, and members of the General Assembly supporting passage of our state share and single arti



Covington Mayor Justin Hanson and Bartlett Mayor Keith McDonald went live on Memphis' Channel 3 to discuss what the additional revenues would mean for their communities.

In addition to these efforts to engage and mobilize municipalities, the team developed and launched a media campaign in each of the state's five regional media markets. This campaign involved the distribution of an Op-Ed article, penned by TML President and Franklin Mayor Dr. Ken Moore. President Moore's article was published in a Sunday edition of The Tennessean and reprinted in the Bristol Herald. The media campaign also resulted in local network news coverage in Middle and West Tennessee, featuring broadcast interviews with TML Board Members, including Mayors Paige Brown, Jim Strickland, Jill Holland, Keith McDonald and Justin Hanson. Locally-tailored information and statistics were distributed to the state's weekly papers, which resulted in favorable stories in print and online news publications across the state. Finally, the team utilized our social media presence to enhance our traditional media outreach posting seven different campaign-related items that received more than 2,200 unique views.

In addition to the SSST and Single Article initiatives, the Board directed the TML team to pursue four other initiatives. Three of these four initiatives are now law, while a fourth is positioned for quick action next year.



The first of these four additional initiatives was sponsored by the Town of Farragut and relates to the state's small cells law that was initially adopted in 2018. The team was successful in negotiating an agreement with cellular providers in Tennessee, which brings the provisions of state law into alignment with the more expansive authority afforded under federal law. This agreement was represented in legislation sponsored by Senator Briggs (SB149) and Representative Zachary (HB170). The bill was adopted by the Senate and House and signed into law by the governor on April 8.

A second initiative was initially proposed by several West Tennessee cities and has narrowly escaped enactment in each of the last two legislative sessions. Since 2020, TML has pursued legislation championed by Senator Jackson (SB1985) and Representative Carr (HB2039) to fund a stipend and the reimbursement of expenses. In addition, Comptroller Mumpower remains a vocal and active proponent for this funding. This year, our persistence was rewarded as the final budget agreement includes the Comptroller's requested funds.

A third initiative sought to bring uniformity to the manner in which the compensation of members of a municipal governing body is established. Senator Crowe (SB2564) and Representative Darby (HB1949) filed legislation to harmonize the establishment of compensation. This legislation was adopted by the General Assembly and signed into law by the governor on April 26.

The last of these four additional initiatives did not become law; however, the League expects to be positioned to push for quick adoption next year. This year, the legislative team sought to fulfill the Board's directive by building upon last year's agreement with the Tennessee Coalition on Open Government (TCOG) to allow any local government to conduct meetings electronically in times of a declared emergency and to allow local citizen advisory committees to meet electronically. This initiative was incorporated into an amendment that Senator Walley (SB971) and Representative Moon (HB1029) were prepared to offer to their bill. Prior to consideration of the amendment, TCOG expressed concerns about the provisions related to citizen committees. Rather than rush through a revision or risk jeopardizing the agreement, we consulted with the bill's sponsors and agreed to work to arrive at a definition of citizen advisory committee that satisfies local government and TCOG.

With the increasing efforts to preempt local citizens and officials from determining what is best for their communities, the need for cities and towns to speak with a unified voice is more important now than ever before. As state revenue collections reach historic, billion-dollar surplus levels, returning to the historic sharing of ALL sales taxes collected is needed to maintain livable communities, public safety and economic growth.

TML is where our state's towns and cities come together, share best practices and help chart our future. Your involvement in TML will be what makes the difference in Tennessee's future. Get involved today and help make your community and our state ready for the challenges that lie ahead.