



OFFICE OF THE CITY MANAGER

City Manager Report

July 07, 2025

Activities:

- Met with director of Habitat for Humanity regarding programs and future funding requests
- Attended debrief meeting of onboarding and open enrollment with Mark III Benefits
- Attended dedication ceremony of three new Habitat homes off Manis Ridge Circle
- Attended meeting with County, ETHRA, and TN SMART Initiative regarding fixed bus routes
- Met with executive director of GoRail regarding railroad related grants and programs
- Hosted bid opening with McGill Associates for TDEC SWIG Sewer Project
- Attended Historic Zoning Commission featuring ETDD Historic Preservation Planner
- Attended Ribbon Cutting for Tennova with meet & greet with new CEO
- Attended meeting with TVA, TNECD, and Jefferson Alliance regarding future developments

Announcements/Events:

- 4 July – Administrative offices closed; 4th of July parade: 10AM activities, 11AM Parade Start
- 9 July – Joint LAMTPO Executive/TAC Meeting at 9AM
- 10 July – Bid deadline for RFB 26-01: On-Call Mowing & Property Cleanup at 2PM
- 17 July – Pre-Construction meeting for N. Hills Water Tank Project at 2PM
- 23/24 July – New Utility Bill collection SOP takes effect

Attachments:
















- Jefferson City Public Library July Calendar/Newsletter
- Jefferson City Senior Center June Calendar of Activities
- Tennessee Municipal League Legislative Report – June 2025



JEFFERSON CITY SENIOR CENTER

JULY 2025

ALL ARE WELCOME,
ALL ARE LOVED.

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
	1 9 - 12 CARDS 1:00 HEALTH TALK 	2 9:30 BREAKFAST 10-12 LINE DANCING 	3 9 - 12 CARDS 12 - 1 TECH LUNCH AND LEARN	4 CLOSED FOR INDEPENDENCE DAY 
7 CLOSED FOR INDEPENDENCE DAY 	8 9:00 ROOK 11:00 CANASTA	9 9:30 BREAKFAST 10-12 LINE DANCING 	10 9 - 12 CARDS 12 - 1 BUSINESS MEETING 2 - 3 VINE AND BRANCHES 	11 9:00 PINOCHLE 10:00 DOMINOES 12:00 VET TO VET 
14 10 - 11 BINGO 11 - 12 CHAIR YOGA	15 9:00 ROOK 11:00 CANASTA	16 9:30 BREAKFAST 10-12 LINE DANCING 	17 9 - 12 CARDS 12 - 1 LUNCH	18 9:00 PINOCHLE 10: 00 DOMINOES
21 10 - 11 BINGO 11 - 12 CHAIR YOGA	22 9 - 12 CARDS 1 - 2 PENNY AUCTION 	23 9:30 BREAKFAST 10-12 LINE DANCING 	24 9 - 12 CARDS 12 - 1 LUNCH 2 - 3 VINE AND BRANCHES 	25 CLOSED FOR COUNTY-WIDE SENIOR PICNIC 
28 10 - 11 BINGO 1:00 GUIDED CRAFTS  	29 9:00 ROOK 11:00 CANASTA	30 9:30 BREAKFAST 10-12 LINE DANCING 	31 9 - 12 CARDS 12 - 1 LUNCH	

865-475-4989

JEFFCITYSENIORS@GMAIL.COM

807 W. JEFFERSON ST.

JEFFERSON CITY, TN 37760

ALWAYS AVAILABLE

- WOOD WORKING
- WORKOUT ROOM
- SITTING/READING AREA
- PUZZLE TABLE

GUESTS

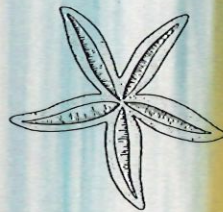
- 07/01 LAURA THACKER
- 07/22 NORMA HOLLIFIELD

SPECIAL EVENTS

- JULY 1, 15, 22 - FOOD TRUCK TUES
- JULY 1 - AUTHOR EVENT
- JULY 4-7 CLOSED
- JULY 23 - MOVIE NIGHT

JULY 2025

MONDAY TUESDAY WEDNESDAY THURSDAY FRIDAY SATURDAY SUNDAY



1 2PM Summer Reading 4:30 PM Book Club - Adults 4:30 PM English Class	2 10:30 AM STORYTIME GO! 4 PM WATER-COLOR CLUB	3 10:30 AM LITTLE LISTENERS	4 JCPL CLOSED	5 JCPL CLOSED	6
7 JCPL CLOSED	8 2PM Summer Reading 4:30 PM 13+ Craft Workshop 4:30 PM English Class	9 10:30 AM STORYTIME GO! 4 PM WATER-COLOR CLUB	10 10:30 AM LITTLE LISTENERS	11 3:30 PM SCRIBBLE SOCIETY	12
14 3:30 PM IMPROV SQUAD	15 2PM Summer Reading 4:30 PM Adult Craft Workshop 4:30 PM English Class	16 10:30 AM STORYTIME GO! 4 PM WATER-COLOR CLUB	17 10:30 AM LITTLE LISTENERS	18 3:30 PM SCRIBBLE SOCIETY	19
21 3:30 PM IMPROV SQUAD	22 2PM SUMMER READING 4:30 PM ENGLISH CLASS	23 10:30 AM STORYTIME GO! 4 PM WATER-COLOR CLUB	24 10:30 AM LITTLE LISTENERS	25 3:30 PM SCRIBBLE SOCIETY	26
28 3:30 PM IMPROV SQUAD	29 2PM SUMMER READING 4:30 PM ENGLISH CLASS	30 10:30 AM STORYTIME GO! 4 PM WATER-COLOR CLUB	31 10:30 AM LITTLE LISTENERS		27



Additional Events



Tuesday, July 1 3:30-5:00pm

Book signing and writer's workshop with author T. S. Kincaid, author of *I'm Timmy*.



Science Slam - Hands on Science: Wednesday, July 16 3:00-5:00pm

Join us and Kashina Hickson with the University of Tennessee Biology Department for hands on science activities! For kids ages 7-13.



Movie Night: Wednesday, July 23 3:00-5:00pm

Join us for popcorn and refreshments as we watch the 1992 film *Beethoven*. Everyone is welcome, and as always, it's FREE!



Food Truck Tuesdays: 10:00am-2:00pm

Join us each Tuesday for lunch! Check our Facebook and Instagram pages to see who will be here each week.

Summer Reading Program: Tuesdays at 2:00pm

July 1: Fizzy rockets with the US Air Force's Civil Air Patrol

July 8: Live music and coffee with Trevor and Lilli Roberts

July 15: Native American Dancing with Indian Creek Productions

July 22: Performance art by Fuzion School of Arts

July 29: Wizard of Oz performance by Bright Star Theatre



July at JCPL

What's happening at the library



SUMMER READING 2025
every Tuesday at 2:00pm

Closings/ Holidays

Jefferson City Public Library will be closed

Friday, July 4, Saturday, July 5, and Monday, July 7, 2025 in observance of Independence Day

ONGOING EVENTS

Children

Homeschool Academy: Tuesdays at 10:30am

Join us for special events and activities. For more information, visit our website. For more information, visit our website.

Postponed until August

Storytime, Go: Wednesdays at 10:30am

Join us for stories, songs, and crafts designed to promote children's early literacy skills. Geared towards children ages 3-5.

Little Listeners: Thursdays at 10:30am

A Storytime for babies and toddlers to enjoy songs, books, and rhymes with their caregiver. Geared towards children under 3 years old.

Lego Builders: Thursday, July 17 at 4:00pm

The third Thursday of every month bring your imagination and we'll bring the Legos!

Teens and Up

JCPL Improv Squad: Mondays at 3:30pm

Join us for our new program! Use your creativity and quick thinking to create scenes, characters and dialogue on the spot, with no script. Open for teens and adults, ages 13 and up.

The Scribble Society Writing Group: Fridays at 3:30pm

For teens and adults. Join us for writing, sprints, and fun with fellow writers. We meet every Friday and talk about how our writing is going before working on a prompt and then sharing our work. **Join as we celebrate our one year anniversary in July!**

Mon-Fri: 9:00AM-6:00PM Sat.: 9:00AM-2:00PM Sun: Closed

Adults

Mixed Media Arts & Crafts:

Tuesday, July 15 at 4:00pm

Join us the third Tuesday of every month. All supplies will be provided.

Class size is limited - registration is required! Sign up sheet is at the circulation desk.



Book Social: Tuesday, June 03 at 4:30pm

The first Tuesday of every month come to talk about your latest reads. Make friends, have snacks, and enjoy the company of other readers!

Watercolor Club: Wednesdays at 4:00pm

No talent required. Bring your own supplies and get creative!

Yoga: Fridays at 9:00am

Bring your own mat. Beginner friendly!

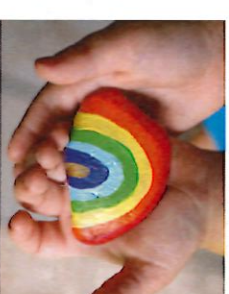
Teens and Up

Rock Painting Workshop:

Tuesday, July 8 at 4:00pm

For adults and teens 13 and up.

Join us the second Tuesday of every month. Bring a friend and paint some rocks!



Beginner English Classes: Tuesdays at 4:30pm

Join us for FREE English as a Second Language classes! These classes are suitable for teenagers and adults.

108 City Center Drive Jefferson City, TN 37760



From Your Community to the Capitol

LEGISLATIVE REPORT

First Session of 114th
Tennessee General Assembly
June 2025



Tennessee Towns and Cities
Working Together

Stay Informed



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EXECUTIVE SUMMARY

2025 Legislative Summary

The First Session of the 114th General Assembly was convened on January 14, 2025, and concluded on April 22, 2025. The Session began in earnest immediately following the conclusion of the third Extraordinary Session (Special Session) called by Governor Lee, which addressed the Education Freedom Act, immigration, disaster relief, and transportation. As the Special Session included consideration of several proposals with a potentially significant price tag, the final construction of the governor's proposed budget for Fiscal Year 2024-2025 depended on actions taken in the Special Session. Having finally secured victory on his signature policy initiative

during the Special Session, Governor Lee delivered the Annual State of the State Address and outlined his proposed budget and initiatives on February 3, 2025



Gov. Lee delivered the Annual State of the State Address in February and outlined his FY 25-26 proposed budget and initiatives.

Special Session

During a 2025 Special Session, the Tennessee General Assembly enacted a comprehensive slate of seven bills addressing education, immigration, disaster relief, and infrastructure financing.

The Education Freedom Act of 2025 (SB 6001 / HB 6004) established the Education Freedom Scholarship Program, offering state-funded scholarships of \$7,075 to eligible Tennessee students for private school tuition and related educational expenses. In its first year, the program will fund up to 20,000 scholarships, prioritizing 10,000 for households earning below \$176,000 annually. The law outlines student testing requirements and private school participation criteria and maintains independence for participating schools. It also includes public school funding protections for districts facing drops in enrollment.

The Session also saw the creation of the **Centralized Immigration Enforcement Division (SB6002 / HB6001)** within the Department of Safety, led by a Chief Immigration Enforcement Officer. This division coordinates enforcement efforts with federal programs like 287(g) and manages a new \$5 million grant fund to incentivize local law enforcement participation. The legislation further strengthens penalties by making it a criminal offense for state or local officials implementing "sanctuary" policies. This legislation also prohibits issuing driver licenses to non-U.S. citizens, with new restrictions on temporary licenses.

EXECUTIVE SUMMARY

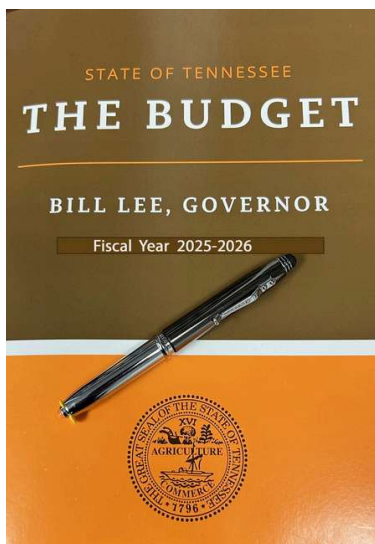


In response to Hurricane Helene, lawmakers passed several disaster-related bills:

- **SB6003 / HB6003** created two funds: one to assist localities with loan interest payments and another for broader response and recovery.
- **SB6004 / HB6004** updated emergency unemployment rules and expanded state assistance to localities.
- **SB6007 / HB6007** authorized one-time property tax relief for disaster-affected property owners and modernized mutual aid laws for emergency support across jurisdictions.
- **SB6005 / HB6005** appropriated over \$900 million for scholarships, teacher bonuses, disaster recovery, school construction, and legislative expenses to support implementation.

Finally, **SB6006 / HB6006** established the **Tennessee Transportation Financing Authority**, a new entity empowered to issue bonds and manage funds for infrastructure projects under the state's modernization plan, ensuring project financing remains insulated from general state obligations while expanding Tennessee's capacity to fund significant transportation developments.

- \$472 million nonrecurring in FY 2025 for several disaster recovery and assistance initiatives.
- \$146 million recurring in FY 2026 for the first year of the new Education Freedom Scholarship
- \$198 million nonrecurring in FY 2026 for one-time \$2,000 bonuses for public school teachers.
- \$23 million for grants to targeted school districts. These dollars are accounted for as both nonrecurring in FY 2025 and recurring beginning in FY 2026.
- \$6 million to implement a new law related to immigration enforcement, including \$5 million recurring and \$1 million nonrecurring.



Governor's Budget Proposal for Fiscal Year 2025-2026

Governor Bill Lee's proposed FY 2025–2026 budget totaled \$59.5 billion, reflecting a nearly 2% decrease from the previous year's budget, yet included a significant 10% increase in state funding. The proposal dedicated \$1 billion in new recurring spending, prioritizing TennCare cost increases, K-12 education (including teacher pay raises), and state employee compensation. Additionally, \$2.4 billion in nonrecurring expenditures targeted major infrastructure and public safety projects, including a \$1 billion General Fund transfer to the Highway Fund, and substantial capital investments.

EXECUTIVE SUMMARY

The governor's proposed budget for FY2026 included about \$1.0 billion in new recurring spending, including:

- \$281 million to fund inflationary cost increases, a routine change in the federal match rate, and other activities related to TennCare, the state's Medicaid program.
- \$207 million for public K-12 education, which includes funding for teacher pay increases, growth in the state's school funding formula, and other public-school initiatives.
- \$191 million for personnel-related costs for state employee salary and health insurance increases.

The governor's proposed budget also included \$2.4 billion in nonrecurring funds, including:

- \$1.0 billion General Fund transfer to the Highway Fund for transportation projects.
- \$221 million for activities and projects related to public safety.
- \$206 million for Capital Outlay and other smaller capital projects and maintenance within agency budgets.

Adopted Budget

The General Assembly adopted a final \$59.8 billion budget on April 16, 2025, incorporating the governor's core priorities while making notable adjustments. Lawmakers cut approximately \$179 million from proposed expenditures — such as eliminating funding for a starter home revolving fund and reducing allocations for various projects—to reallocate funds toward disaster relief, healthcare, and community support. Key additions included \$78 million for TennCare to aid rural hospitals, \$20 million in grants for volunteer fire departments, and \$20 million in additional relief for Hurricane Helene recovery.

The legislature also maintained the governor's priority investments, such as \$1 billion for transportation infrastructure, over \$440 million in education support (including teacher bonuses and facility funding), and \$145.9 million for the newly established Education Freedom Scholarship program. The budget also bolstered the state's Rainy-Day Fund to a historic \$2.2 billion, reinforcing Tennessee's financial stability while advancing public services, healthcare access, and educational choice.

FY 2025–26 Adopted Budget Highlights:

Major Investments Maintained:

- \$1B for transportation infrastructure (Road Fund)
- \$62.7M for K-12 facilities and infrastructure
- \$244M for TISA education funding and teacher raises
- \$198.4M for teacher bonuses
- \$35.6M added to Rainy-Day Fund (total reserves: ~\$2.2B)
- \$25M for business recruitment and workforce development grants
- \$25M for Farmland Preservation
- \$2M recurring for a new local planning function at the Institute for Public Service

Expanding School Choice:

- \$145.9M for Education Freedom Scholarships (building on \$144.2M from 2024)
- \$77.2M for K-12 infrastructure funded by sports wagering revenue
- Disaster Relief for Hurricane Helene:
- \$26M for victims in Northeast Tennessee
- \$20M for local FEMA disaster match funds

Rural Hospital and Healthcare Support:

- \$78M from TennCare Shared Savings for uncompensated hospital care, especially in rural areas
- \$4M for capital projects at county health departments

Grant Pool for Critical Community Services

(\$42.5M, Nonrecurring):

- \$20M for volunteer fire departments
- \$5M for rescue squads
- \$5M for emergency medical services
- \$5M for senior centers
- \$5M for local museum capital improvements
- \$2M for courthouse restoration
- \$500K for Second Harvest Food Bank

EXECUTIVE SUMMARY

Session Overview

The convening of the 114th General Assembly marked a notable change to House policies and practices. In the name of a streamlined process and improved efficiency, the House reduced the total number of bills an individual member can file yearly from 15 to 12 in 2025 and 10 bills per member in 2026.

Following the conclusion of the productive Special Session, the General Assembly quickly went to work to approve a final budget and adopt other legislative priorities.



The House reduced the total number of bills an individual member can file yearly from 15 to 12 in 2025 and 10 bills per member in 2026.

Lawmakers focused their attention on several areas outside of the confines of the budget and Special Session. The General Assembly considered several additional bills related to immigration and conducted a comprehensive rewrite of laws governing the sale of hemp, cannabis-based products, and cannabinoids.

Legislators also redirected the sales tax on new and used tires to the state's Highway fund to help address urgently needed highway, street, and bridge projects.

A considerable focus was placed on public safety and criminal justice reform. Legislators advanced measures to hold offenders accountable, protect victims, and confront emerging threats. Key legislation included establishing a domestic violence offender registry (Savanna's Law), advancing Marsy's Law to expand victim rights, and creating new offenses related to human trafficking and smuggling. Additional bills addressed growing concerns around hate crimes, drive-by shootings, and deepfake technology misuse, notably through the Preventing Deepfake Images Act.

Health and family welfare remained high on the legislature's agenda. Several measures were enacted to protect vulnerable populations, particularly children, and to improve access to essential services.

These included bans on food dyes in schools, expanded prenatal screening, and protections for cancer patients and users of public health services. Legislators also strengthened protections for children and families by criminalizing AI-generated child exploitation materials, enhancing penalties for child abuse, strengthening penalties for exposing children to fentanyl, and increasing access to childcare and adoption services. The General Assembly also adopted new safeguards for mothers facing pregnancy complications and expanded safe haven laws and foster care protections.



Bree Smith, formerly with News Channel 5, provided emotional testimony requesting lawmakers to ban distribution of deep fake AI images with the intent to damage a person's reputation or cause them harm.

EXECUTIVE SUMMARY

Once again, the legislature contemplated closing political primaries but opted against it. However, legislation was adopted establishing primaries as the way party nominees are selected unless a local party has historically made such selections through a caucus process.

The General Assembly also prioritized the elimination of programs and practices related to diversity, equity, and inclusion (DEI), adopting bills to end race-based selection for membership on state boards and eliminating programs and departments in state and local government and higher education promoting DEI. Additional legislation prohibits colleges and universities from using race or national origin in determining admission or awarding of scholarships. It also prohibits local government and public universities from basing hiring decisions on DEI goals.



The General Assembly also prioritized the elimination of programs and practices related to diversity, equity, and inclusion (DEI).

Finally, two constitutional amendments received final approval to advance to the 2026 ballot: one banning a state property tax and another related to bail reform, setting the stage for significant policy decisions by Tennessee voters in the near future.

Immigration

Tennessee was among the states that sought to immediately establish a state infrastructure and posture following the election of President Trump, which enabled the state to coordinate, cooperate, and act in accordance with the Trump Administration's efforts to combat illegal immigration.

In addition to the establishment of the Centralized Immigration Enforcement Divisions within the Department of Safety and Homeland Security and the inclusion of incentives to encourage participation in the in



During the Special Session, legislators established the Centralized Immigration Enforcement Division and passed incentives to encourage participation in the federal 287(g) program.

the federal 287(g) program enacted during the Special Session, the General Assembly considered several bills concerning those individuals in the country illegally.

Among those adopted were bills addressing smuggling, trafficking, and housing of illegal immigrants. A few bills targeting illegal immigration directly affected local government. One sought to address the education financing for undocumented children, while others sought to expand local government obligations or impose additional requirements on local government. However, no bills affecting local government that were considered outside of the Special Session were adopted.

EXECUTIVE SUMMARY

Hemp-Derived Products and Cannabinoids

The General Assembly's Fiscal Review Committee estimates that more than 2,000 businesses are operating in Tennessee that are selling a myriad of cannabis-based products.

In 2023, the General Assembly adopted legislation that authorized the sale of certain hemp and cannabis-based products. However, questions regarding the proliferation of retailers and product offerings, the legality of many products



The General Assembly passed legislation that regulates hemp-derived products.

available across the state, and the potential harm these products posed to unsuspecting consumers led the General Assembly to revisit the 2023 legislation.

In the final days of the Session, the General Assembly adopted a comprehensive rewrite of the 2023 law. This comprehensive rewrite aims to protect consumer health and safety by regulating hemp-derived products, which are widely sold in forms such as gummies, patches, beverages, and flowers. The bill transfers regulatory oversight from the Department of Agriculture to the Tennessee Alcoholic Beverage Commission and establishes a hemp distributor license.

The bill also requires hemp brands to register with the Department of Revenue, subjects hemp sales to regulations, and imposes a new tax regime on related products. In response to concerns over the intoxicating potential of these products, this legislation establishes a legal limit for potential intoxicants, bans certain products, and imposes strict measures on who may sell such products and when and where such sales may occur.

Other legislation contemplating enhanced local regulation and enforcement of hemp and cannabinoid products advanced throughout the Session but was still pending when the General Assembly adjourned.



EXECUTIVE SUMMARY

Legislation Affecting Municipalities

644

Bills Monitored & Worked by Legislative Team

Our team's efforts to partner with city officials throughout the Legislative Session were instrumental in achieving significant success. Together, we effectively prevented the passage of harmful legislation that would have negatively impacted our communities, protecting critical interests through strategic advocacy and coalition-building. At the same time, we worked diligently to improve upon the bills introduced, shaping policies to better reflect the needs and interests of municipalities and the residents they serve.

Of the 644 bills that had the potential of affecting municipalities, TML's Legislative Team actively engaged with leadership, committee chairs, and legislators on approximately 150 of these bills.

Our proactive engagement also helped to secure the passage of several beneficial measures. Thanks to our team's dedication and collaboration, we could navigate a challenging environment and deliver meaningful outcomes across a wide range of issues. The legislative team determined that just under half of the bills filed this year either directly affected or had the potential to affect municipalities directly. During this Session, the team actively engaged with leadership, committee chairs, and legislators on approximately 150 of these bills.

Many of the bills affecting municipalities addressed the same issues targeted in previous sessions, with some bills being identical to those offered in prior years. Other bills introduced represented new approaches to familiar issues or the opening of new fronts. Among those bills breaking new ground, three denoted a concerning trend as each designated specific processes and outlined penalties for actions or measures enacted by a municipality that are alleged to be illegal or unconstitutional.

Revenues

One bright spot was the progress made on the administrative fee the Tennessee Department of Revenue withholds from local option sales tax collections – a long-time TML legislative priority. In addition, the legislature finally corrected an illogical quirk in applying the local lodging tax to overnight stays of more than 30 days.

However, the results of legislation addressing the hotel-motel tax were mixed as the hospitality industry's efforts to adopt a cap succeeded, but not before TML and the counties could secure passage of an amendment that exempted all current local levies from the cap.

Unfortunately, efforts to secure a restoration of the historical sharing of state sales tax collections attributable to the 1% increase in the state's rate adopted in 2002 remain elusive. The Lee Administration's initiative to secure authorization for a local surcharge on certain local privilege taxes to fund local transportation priorities was not adopted.



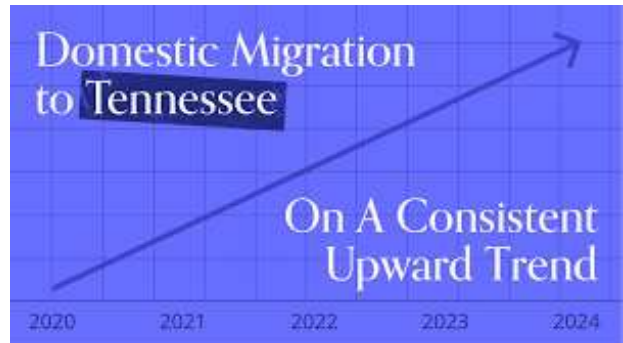
TML secured passage of an amendment to the Hotel-Motel Tax that exempted all current local levies from a cap pursued by the hospitality industry.

EXECUTIVE SUMMARY

Unprecedented growth

The Session brought a continuation of legislation responding to the various interests and constituencies affected by the unprecedented growth experienced in regions of the state. This response was chiefly evidenced in legislation related to municipal utilities, land use, and development regulations. Most sought to alter municipal authority or to impose mandates pertaining to municipal services in the name of slowing growth, creating

more affordable housing, preserving property rights, or streamlining municipal permitting, planning, and other development processes. A few initiatives that legitimately sought to address housing costs by reducing the cost of development were considered, including a necessary adjustment to legislation TML helped to shepherd through the General Assembly last year.



Property Taxes

While the initiative to cap local property tax rates and limit the growth in property tax collections did not return this year, it is certainly possible that next year—an election year—may prompt legislators to revisit a cap. Nonetheless, the General Assembly entertained several bills related to the property tax, including proposed changes to property tax relief programs, changes to the classification of rental properties, and clarifications related to transfer of Greenbelt status among certain qualifying individuals.

Governmental Tort Liability Act

This Session our team joined forces with our municipal partners at Public Entity Partners and other municipal entities as well as counties to successfully resist initiatives to increase the governmental liability thresholds under the Governmental Tort Liability Act. TML also supported legislation that was adopted that provided enhanced liability protection for law enforcement under certain conditions.

Public Safety Benefits

Several pieces of legislation relating to benefits for public safety employees were adopted this year, including expansion of the cancer presumption for firefighters and extending the Post-Traumatic Stress Disorder presumption to police officers and EMTs.

Public Meetings

This legislative session also brought a return to issues and legislation frequently revisited. These included bills concerning public meetings, meeting agendas, public comment, and electronic participation. Similarly, legislation inviting consideration of the recall of elected municipal officials returned.



Legislation was adopted this year that expanded the cancer presumption for firefighters and extended the Post-Traumatic Stress Disorder presumption to police officers and EMTs.

EXECUTIVE SUMMARY

Adopted FY '25-'26 Budget Funds Local Planning Initiative Championed by TML

The final budget preserved an initiative proposed by Governor Lee to establish an office within the University of Tennessee's Institute for Public Service to assist local government with planning needs. TML championed this initiative, which emanated from conversations convened by Agriculture Commissioner Charlie Hatcher, that included the League, the Farm Bureau, and county representatives.

This new unit will specifically focus on assisting local governments with technical assistance, training, and coordinating services among existing planning operations within a county, region, and statewide. This endeavor promises an infusion of additional expertise that, while available to all, should be particularly valuable to smaller, rural communities that lack professional staff or the capacity to secure such services privately.

To this end, the funds will be instrumental in standing up operations and staffing the new planning entity. Current plans contemplate placing a pair of planners in each grand division of the state. Each of these teams will be under the oversight of an executive director and share centralized support and services, such as GIS, graphic design, grant writing, and report writing.

UT-IPS is uniquely suited to oversee this new local government asset. As the institutional parent of the Municipal Technical Advisory

Service and the County Technical Assistance Service, UT-IPS knows how to leverage university and institute resources and expertise to assist local government. Additionally, UT-IPS possesses a proven track record of providing technical assistance to communities and has experience operating and coordinating delivery statewide to be positioned to foster more long-range planning and facilitate greater consistency across the state.



Appropriated funds were included in this year's budget to establish an office within the University of Tennessee's Institute for Public Service to assist local government with planning needs.



This endeavor promises an infusion of additional expertise that, while available to all, should be particularly valuable to smaller, rural communities that lack professional staff or the capacity to secure such services privately.

SPECIAL SESSION

A Deeper Dive into the Special Session

Education Freedom Act

After several attempts, Governor Lee secured his signature policy priority, The Education Freedom Act of 2025, which creates the Education Freedom Scholarship Program and provides state-funded scholarships of \$7,075 to qualifying Tennessee students to cover private school tuition and associated educational costs. In its initial year, the program will award scholarships with some preserved for students from households who meet annual income limits. The legislation sets requirements for student assessments and eligibility standards for private schools accepting scholarships. Additionally, it includes provisions addressing districts experiencing student enrollment declines.

Senate Bill 6001 / House Bill 6004

The landmark Education Freedom Act of 2025 is intended to significantly broaden educational options for families by establishing the Education Freedom Scholarship Program. This state-funded initiative offers eligible K–12 students publicly funded scholarships—each valued at \$7,075, equal to the base TISA (Tennessee Investment in Student Achievement) funding—to attend private schools of their choice. The program is designed to provide greater flexibility in educational decision-making and supports a broad range of educational expenses beyond tuition, including textbooks, uniforms, transportation, tutoring, technology, and summer or after-school academic programs.

For the 2025–2026 school year, the Department of Education will award up to 20,000 scholarships, with half reserved for students from households earning less than \$176,000 annually (300% of the federal threshold for free or reduced-price lunch eligibility). Eligible students must be Tennessee residents lawfully present in the U.S., entitled to



This state-funded initiative offers eligible K–12 students publicly funded scholarships —each valued at \$7,075, equal to the base TISA funding — to attend private schools of their choice.

attend public school, and not enrolled in homeschool or church-related education. Future years may see an increase in available scholarships—up to 5,000 annually—if demand exceeds 75% of the available number. Priority is given to returning students, those with the lowest household income, and those attending or zoned to attend low-performing schools or having disabilities.

Private schools participating in the program must be Tennessee-based and approved as Category I, II, or III schools by the state. While they maintain autonomy over curriculum and operations, participating schools must administer either the TCAP or a nationally standardized achievement test annually to students in grades 3–11. Results must be shared with families and the state comptroller for oversight and performance analysis. This ensures accountability while preserving private school independence.

SPECIAL SESSION

To address the potential impact on public school funding, the Act includes a Public-School Funding Adjustment provision. LEAs experiencing year-over-year enrollment declines will receive supplemental, state-funded hold-harmless payments to maintain funding levels equivalent to the previous year. This safeguard is extended into subsequent years with proportional adjustments and is designed to prevent destabilization of public-school budgets as students transition into the scholarship program.

The Act also includes a one-time, state-funded \$2,000 bonus for all public K–12 teachers in the 2024–2025 school year, contingent upon local school board participation. This bonus is not considered salary and is separate from TISA funding. Additionally, the legislation reallocates 80% of sports wagering tax revenues, previously directed to the lottery scholarship funding, into a new state-managed account for public school building construction and maintenance. Funds will be prioritized for LEAs in economically distressed or high-performing districts, or those experiencing fast growth. The remaining funds may support emergency repair needs or other qualified infrastructure improvements, based on applications administered by the state treasurer.

Immigration

Following the election of President Trump, Tennessee was among the states that promptly moved to establish a state-level infrastructure and operational posture aligned with the new administration's priorities on illegal immigration. This allowed the state to coordinate, cooperate, and engage with federal efforts effectively. During the Special Session, the General Assembly not only established the Centralized Immigration Enforcement Division within the Department of Safety and Homeland Security but also enacted incentives to promote local participation in the federal 287(g) program. In addition, lawmakers considered a range of immigration-related bills, including measures targeting smuggling, trafficking, and the harboring of individuals in the country illegally. Some of these proposals directly impacted local governments—such as a bill addressing education funding for undocumented children and others imposing expanded responsibilities or new



In addition to legislation passed during the Special Session, lawmakers considered a range of immigration-related bills, including measures targeting smuggling, trafficking, and the harboring of individuals in the country illegally.

compliance requirements. However, no immigration-related bills affecting local government introduced outside the Special Session were enacted.

Senate Bill 6002 / House Bill 6001

Legislators passed SB6002 / HB6001 to create a more centralized and strategic approach to immigration enforcement at the state level. By creating enforcement mechanisms and financial incentives, this legislation aims to ensure Tennessee's full cooperation with federal immigration initiatives while discouraging municipalities from enacting policies that diverge from state and federal law. The bill also introduces new ID requirements to ensure that state-issued documents reflect legal immigration status.

SPECIAL SESSION

The legislation establishes the Centralized Immigration Enforcement Division within the Department of Safety, led by a Chief Immigration Enforcement Officer (CIEO) appointed by the governor. The CIEO is tasked with overseeing statewide collaboration on immigration enforcement, managing communication between state, local and federal agencies, and allocating resources through the newly established Immigration Enforcement Grant Fund. Additional responsibilities include developing strategic plans, coordinating state participation in federal programs such as 287(g), ensuring legal compliance, and issuing annual reports to state leadership. To support this work, the Department of Safety is authorized to hire staff and engage directly with federal authorities.

A key element of the bill is the creation of a \$5 million Immigration Enforcement Grant Program to incentivize local government participation in immigration enforcement activities, particularly the 287(g) program. This federal program allows U.S. Immigration and Customs Enforcement (ICE) to delegate certain immigration enforcement duties to state and local law enforcement through formal agreements. Tennessee's grant program encourages jurisdictions to join by offering financial support for training, equipment, and operational costs. Local governments that receive grants are required to submit quarterly reports, and failure to comply with conditions can result in clawbacks. Participation in the 287(g) program remains voluntary, underscoring the need for incentives to boost local engagement.

The federal 287(g) program was established under the Immigration Reform and Immigrant Responsibility Act of 1996. Under the program, ICE, may delegate specific immigration enforcement duties to trained and certified state and local law enforcement officers. Program participants are offered two enforcement models: the Jail

Enforcement Model and the Warrant Service Officer (WSO) Model. Under the Jail Enforcement Model, deputized officers have broader authority to interrogate individuals, issue detainers, and initiate removal proceedings. These officers must complete a rigorous training program at a federal training center. In contrast, the WSO Model is limited to serving and executing administrative warrants on individuals in custody and requires only minimal training. Both models depend on close collaboration with ICE, though the scope and responsibilities differ. ICE covers the training and technology costs, but local agencies must cover staffing and operational expenses. Tennessee currently has six jurisdictions—Greene, Hamilton, Knox, and Putnam counties participate in the 287(g) program through the Jail Enforcement Model, and Sumner and Giles participate through the Warrant Service Officer Model

In addition to establishing centralized enforcement structures and incentives, the legislation expands enforcement mechanisms around “sanctuary policies.” The new law strengthens penalties originally enacted in 2018 by making it a Class E felony for public officials to enact or enforce policies that interfere with immigration enforcement. It also requires the Attorney General to pursue removal proceedings against officials convicted under these provisions. TML and its local government partners raised concerns about this element of the bill.

The 2018, law related to sanctuary policies broadly defines such policies as those limiting cooperation with federal immigration authorities or granting rights contrary to federal immigration laws. While we are unaware of any local governments in Tennessee that have sought to establish a sanctuary city or that have knowingly and willfully adopted laws or policies to circumvent the law, the vagueness of the state law enacted in 2018 coupled with criminalizing

SPECIAL SESSION

official actions, raises constitutional issues. In addition to the constitutional concerns, TML questioned whether this provision should apply only to elected and appointed officials and no other employees.

TML also queried whether declining to participate in the “voluntary” 287(g) program for budgetary or personnel reasons would subject local officials and employees to criminal penalties. Moreover, there were initial concerns regarding the application of the law given the federal preemption and what expectation, if any, this might create of local law enforcement. On a related matter, TML inquired as to whether the authority granted the newly created (CIEO) preempted local command and operational control. Most of our questions and concerns were favorably resolved prior to adoption. For example,

lawmakers clarified that declining to participate in the voluntary 287(g) program does not constitute a violation of these anti-sanctuary provisions and would not subject officials or employees to criminal charges. However, concerns regarding the constitutionality of this provision remain.

Lastly, the legislation amends driver license eligibility rules. It prohibits the issuance of licenses to non-citizens and requires proof of U.S. citizenship for all new or renewed licenses and photo IDs. Applicants from states that issue licenses to undocumented immigrants must show proof of lawful presence. Temporary licenses may be issued only to individuals with authorized stays and must be visually distinct, valid only for the length of the stay (or up to eight years), and cannot be used for voting or other citizen-exclusive rights.

Disaster Relief

In the aftermath of Hurricane Helene, the General Assembly enacted multiple disaster-related measures. SB6003 / HB6003 established two dedicated funds: one to help local governments cover interest payments on disaster recovery loans and another to support comprehensive emergency response and recovery efforts. SB6004 / HB6004 revised unemployment insurance provisions during declared emergencies and expanded the ability of state agencies to assist local governments. SB6007 / HB6007 provided one-time property tax relief for property owners impacted by the disaster and updated mutual aid laws to facilitate emergency assistance

across jurisdictions. Additionally, SB6005 / HB6005 allocated over \$900 million for a various of priorities, including scholarships, teacher bonuses, disaster recovery efforts, school facility improvements, and legislative implementation costs.



TN. Gov. Bill Lee, members of Tennessee's Congressional Delegation, members of the Tennessee General Assembly and local leaders toured the massive destruction left behind from Hurricane Helene.

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Senate Bill 6003 / House Bill 6003

In response to increasing needs for rapid and flexible disaster recovery resources, the Tennessee General Assembly enacted SB6003 / HB6003 to establish two dedicated disaster relief funds within the state treasury. These funds aim to strengthen the state's financial preparedness and recovery capabilities in the wake of natural disasters. The first, the Hurricane Helene Interest Payment Fund, is specifically designed to assist local governments with interest payments on loans taken out for disaster recovery following Hurricane Helene.

Hurricane Helene Interest Payment Fund

- \$110 Million to establish a new fund to help local governments manage loan recovery costs by covering interest cost at 5% for three years

This fund provides interest payment support for up to three years, capped at either 5% or the prime interest rate—whichever is lower. It is funded through a combination of state appropriations, grants, and federal funds, and is administered by the Tennessee Emergency Management Agency (TEMA). Notably, the funds are reserved exclusively for their intended purpose and remain available until expended.

The second fund, the Governor's Response and Recovery Fund, provides more flexible financial support for a wide range of emergency recovery efforts. These include agricultural relief, business recovery, and unemployment assistance in the event of both current and future disasters. Funds from this account are restricted to use in situations where the governor has formally declared a state of emergency. Support can be distributed in the form of either grants or loans, and any loan repayments are reinvested into the fund to ensure sustainability and readiness for future events.

Senate Bill 6004 / House Bill 6004

Complementing these financial measures, SB6004 / HB6004 amends existing law to improve the state's ability to respond swiftly and effectively during declared emergencies. One key change grants the Commissioner of Labor the authority to modify unemployment insurance reporting requirements for claimants affected by disasters, specifically in counties where the state has requested a federal disaster declaration. This change is designed to ease the administrative burden on affected workers and streamline access to unemployment benefits during crisis situations.

Additionally, the legislation expands the authority of state agencies by permitting them to assist local governments and emergency management agencies in recovery efforts on public property. This provision enables faster, coordinated recovery operations and reflects a more integrated approach to disaster response, allowing local jurisdictions to access state resources upon request.

Together, these two bills enhance Tennessee's legislative framework for disaster preparedness, providing financial mechanisms and expanded operational authority to support swift, coordinated, and effective disaster response and recovery across the state.

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A Deeper Dive into the 2025 Legislative Session

Hemp-Derived Cannabinoid Products

In response to growing concerns over the safety and legality of cannabis-based products, the Tennessee General Assembly passed a comprehensive overhaul of its 2023 hemp law. The revised legislation transfers regulatory authority to the Alcoholic Beverage Commission, establishes licensing and brand registration requirements, imposes taxes, sets legal limits on intoxicants, bans certain products, and tightens rules on sales and distribution. Aimed at protecting consumers, the law addresses the rapid expansion of hemp-derived products in Tennessee. Additional local regulation proposals were still pending at adjournment.

Senate Bill 1413 / House Bill 1376

The legislation transfers the regulatory oversight of hemp-derived cannabinoid products (HDCPs) from the Tennessee Department of Agriculture to the Alcoholic Beverage Commission (ABC), signaling a shift to a stricter and more enforcement-focused regulatory framework. Alongside this transfer, all revenue generated from fees and taxes on HDCPs will now also be allocated to ABC. ABC is tasked with publishing an annual report on its compliance and enforcement actions related to HDCP regulation. Furthermore, the law establishes concurrent jurisdiction for ABC and both state and local law enforcement to enforce HDCP-related offenses, expanding enforcement authority across multiple layers of government.

A new fee structure is created for individuals and entities engaged in the manufacturing, distributing, and selling of HDCPs. Licenses for suppliers, wholesalers, and retailers are required, and applicants must provide detailed information, including criminal background checks, business plans, proof of warehousing capabilities (for wholesalers), and consent to inspections. Fees collected from licensing are earmarked for ABC, and businesses holding multiple licenses must maintain operations for each license on separate premises. Additionally, the legislation prohibits direct shipping and delivery of HDCPs to consumers or retailers, requiring instead that all sales occur through face-to-face transactions. Civil penalties are established for violations of these shipping and delivery restrictions.

The legislation also details conditions under which HDCPs may be sold at retail. Retail sales are limited to establishments that restrict entry to individuals 21 and older, possess valid ABC licenses for alcoholic beverage sales, or meet other licensing criteria. Moreover, the law prohibits HDCPs and smoking hemp from being sold through vending machines or self-checkout systems, ensuring that sales are directly monitored by retailers. Retailers must maintain HDCP products behind barriers, and additional packaging, labeling, serving size, and display requirements are established to promote consumer safety and prevent misuse.



The legislation transfers the regulatory oversight of hemp-derived cannabinoid products from the TN Department of Agriculture to the Alcoholic Beverage Commission.

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A wholesale tax on HDCPs is imposed at a rate of \$0.01 per milligram of hemp-derived cannabinoids. Wholesalers are responsible for paying this tax monthly, with revenues split evenly between local governments, which are specifically earmarked for local road infrastructure projects, and ABC for administrative and regulatory purposes. In addition to this tax, HDCP suppliers must pay an annual \$300 brand registration fee per brand, to be administered by the Department of Revenue (DOR), which will also oversee wholesale brand registration processes and reporting requirements for county-level retail sales. Finally, the legislation imposes important product safety and content restrictions. It bans the manufacture, cultivation, and sale of hemp products with THCa concentrations exceeding 0.10% (dry weight) or any products with total THC exceeding 0.30%, as well as synthetic cannabinoids. Importantly, any license issued by the Department of Agriculture prior to this transition will remain valid until its expiration, with those licenses still subject to prior regulatory requirements.

Senate Bill 770 / House Bill 962

Legislation providing local governments the authority to permit, oversee and enforce state law for the sale of hemp-derived cannabinoid products within their jurisdiction advanced through Senate and House Committees but was pending consideration by the Senate and House Finance Committees when the session concluded. As amended, this legislation introduces a new framework that permits local governments to regulate the sale of hemp-derived cannabinoid products (HDCPs) by establishing local oversight boards. Section 1 broadens the applicability of existing definitions in Tennessee Code to include both the current regulatory section and a newly created part specifically focused on local regulation. This expansion lays the groundwork for greater local involvement in monitoring HDCP retail activity while maintaining the Department of Agriculture's existing enforcement authority.

The proposed legislation also creates a new part in Tennessee Code Annotated, Chapter 27, establishing the structure for how local governments may regulate HDCP retailers. It allows a local governing body to vote to form an HDCP board tasked with overseeing HDCP sales within their jurisdiction. These boards may implement permit systems, set rules for issuing or revoking permits, and impose an annual \$250 fee per retail location. The Department of Agriculture supports this process by issuing notices of good standing to assist boards in evaluating permit applications. The new framework allows for a tailored approach to local oversight while ensuring consistency with state-level regulations. Enforcement powers are granted to local law enforcement under this framework, including the ability to conduct random inspections and enforce both local board ordinances and state rules. Retailers that operate without a permit or violate applicable laws face penalties such as \$1,000 fines per violation, permit denial or revocation, and temporary ineligibility for permit renewal. HDCP boards are required to report violations to the Department of Agriculture, and affected retailers are granted the right to appeal decisions in court. This enforcement structure aims to balance consumer protection with due process for businesses.

Finally, the bill addresses the fiscal side of regulation by directing that all fees and penalties collected from HDCP retailers be deposited into the local government's general fund and earmarked specifically for enforcement purposes. This ensures that the regulatory program is self-sustaining and that local governments have the resources needed for effective oversight. While this legislation was not enacted this year, it remains alive and may be considered by the full Senate and House next year. Given the General Assembly's adoption of the comprehensive rewrite of the laws regulating hemp-derived products this session, this legislation must be amended to ensure alignment and consistency with the new law and regime. For example, the bill must be modified to accommodate the transfer of regulatory authority from the Tennessee Department of Agriculture to the Tennessee Alcoholic Beverage Commission.

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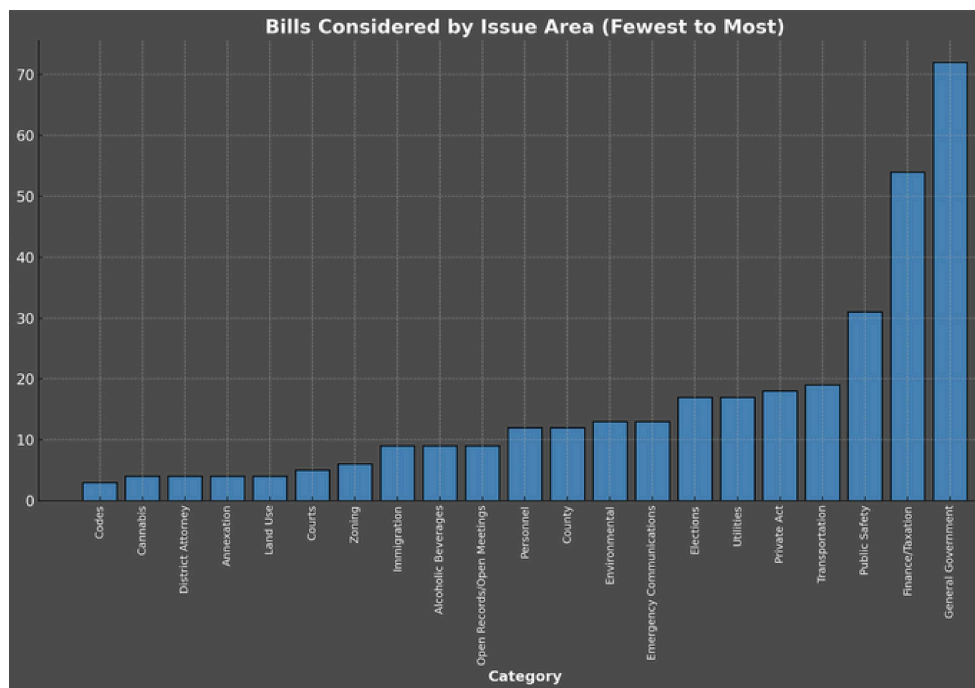
Legislation Affecting Municipalities

Our team's collaborative efforts with city officials throughout the legislative session were crucial in delivering strong results. Through coordinated advocacy and coalition-building, we successfully blocked harmful legislation that would have negatively impacted municipalities and safeguarded essential local interests. At the same time, we worked to improve numerous bills, shaping legislation to reflect the priorities of cities and their residents more accurately. Our active involvement also contributed to the advancement of several positive initiatives. The combination of strategic engagement and collective determination allowed us to navigate a complex legislative landscape and achieve meaningful, wide-ranging outcomes.

Nearly half of all bills introduced this session (633) directly impacted or had the potential to impact municipalities. Of these 633 bills identified by our team, 68 related to crime, and another 149 related to education, did not alter municipal authority or revenues. As such, these 211 bills were excluded from our end-of-session analysis. Of the remaining 416 bills affecting or potentially affecting cities and towns, 319 were considered by one or more committees. Many of these proposals revisited themes presented in previous sessions, including several reintroductions of bills or derivatives of bills from past years. Others brought new angles to longstanding issues or introduced entirely new legislative challenges.

When reviewing the 319 bills considered in this session, it is enlightening to group these bills by issue area as it provides insight into legislative focus areas, enabling one to identify where policy development was most active and where less legislative change was pursued. Policy areas such as Codes and Cannabis saw the fewest bills, suggesting a somewhat limited but concentrated legislative effort. Moderate legislative activity was observed in areas like Courts, Personnel, and Environmental, while General Government experience the highest levels of legislative attention, with General Government leading at 72

bills. This distribution suggests that lawmakers prioritized broader administrative and fiscal issues, and matters related to public safety, over more niche or specialized topics.



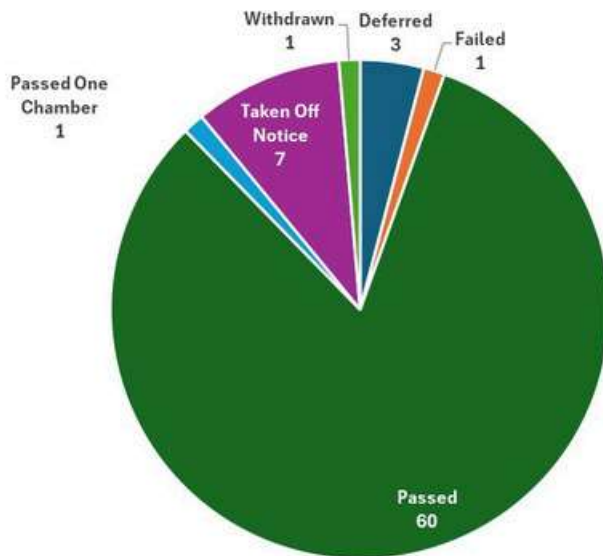
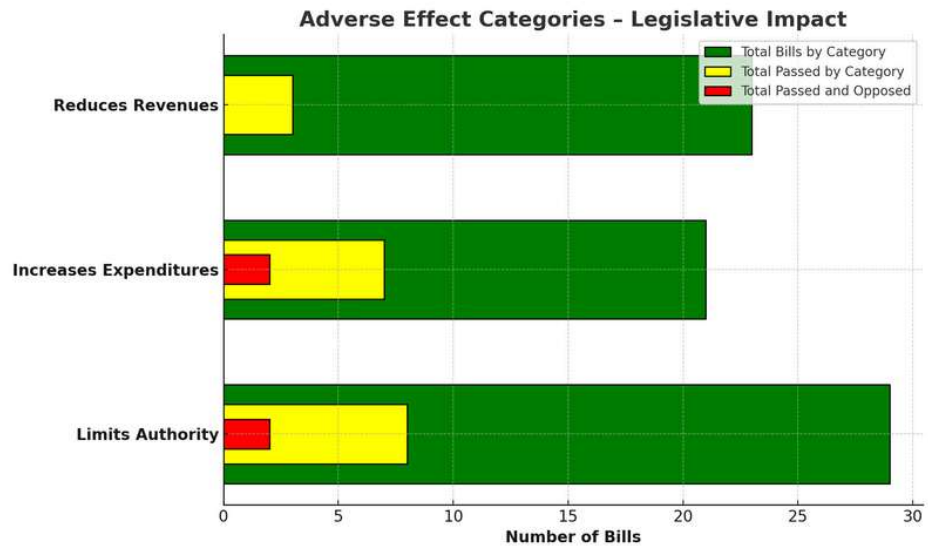
Policy areas such as Codes and Cannabis saw the fewest number of bills, suggesting a rather limited but concentrated legislative effort. Moderate legislative activity was observed in areas like Courts, Personnel, and Environmental, while General Government experienced the highest levels of legislative attention.

2025 LEGISLATIVE SESSION

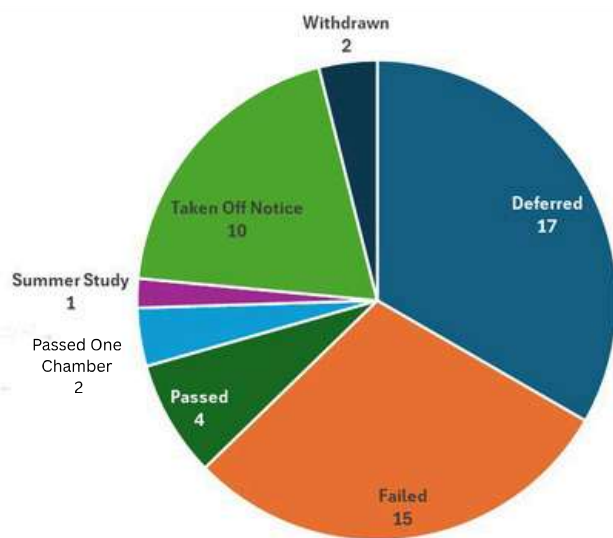
The team's analysis also includes the identification of bills that either eliminate or limit local authority, increase municipal expenditures, or reduce municipal revenues.

This review revealed numerous bills that created one or more of these adverse effects. Most of these bills were either defeated, deferred or amended to satisfactorily mitigate any adverse effect.

In fact, of the bills initially determined to have one or more of these adverse conditions present only 14 became law, only 2 of which passed despite the League's opposition. The team determined 128 of the bills considered this year warranted the League take a position either in support or opposition. In 73 of these instances, the League declared support for legislation that was under consideration. TML declared its opposition to another 55 bills considered by the General Assembly this session. Eighty-two percent of the bills TML supported in 2025 became law. Moreover, only 2 of the 73 bills the League supported cannot be considered next year. With regards to the 55 bills TML opposed in 2025, only 4 such bills became law.



The team determined 128 of the bills considered this year warranted the League take a position either in support or opposition. Eighty-two percent of the bills TML supported in 2025 became law.



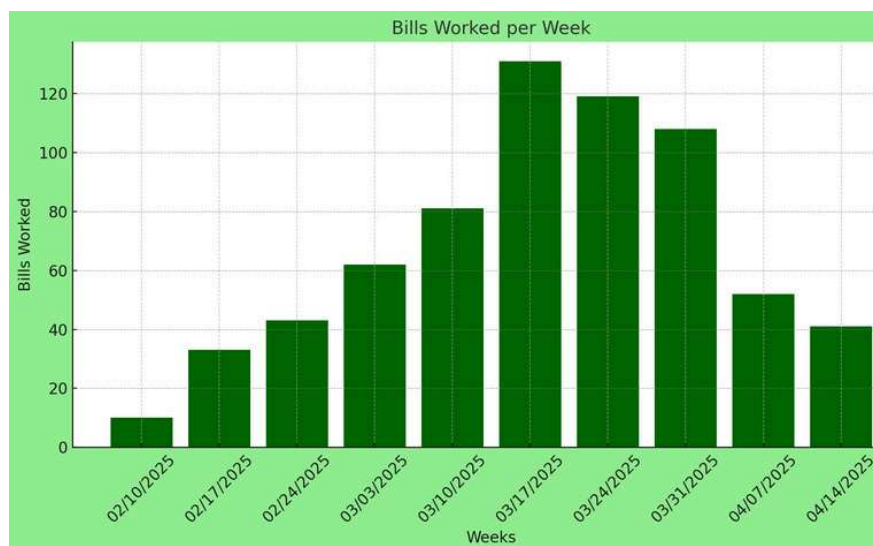
The 55 bills TML opposed in 2025, only 4 such bills became law.

2025 LEGISLATIVE SESSION

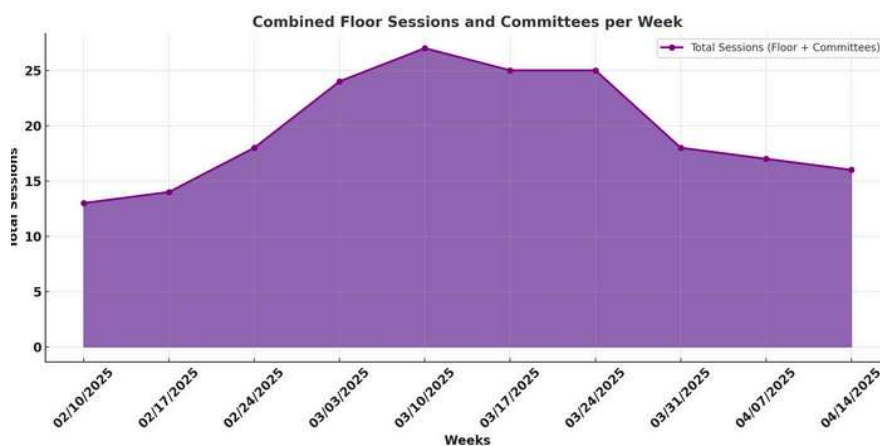
Throughout the session, the team closely monitored committee and floor activity related to the 128 bills on which TML took a position as well as the other bills initially identified as affecting or potentially affecting municipalities to ensure that these bills were not amended to adversely impact cities and towns.

Over the course of the 2025 session, our legislative team engaged with leadership, committee chairs, and lawmakers on more than 150 initiatives. Committee meetings and floor sessions took place each week from February 10 to April 14, 2025. During each of these weeks the legislative team attended numerous committee meetings, monitoring legislation and actively engaging with committee members and other interested parties on bills of interest to cities and towns. March was the most active month of the session with the team participating in an average of 24 committee meetings and sessions while working on an average of 100 bills of interest each week. The high-water mark for legislation occurred the week of March 17 when 131 bills of interest were considered.

As bills moved through the committee process, TML developed or assisted in developing more than 30 amendments to bills of interest. In 22 of these instances, the amendments were adopted, and the legislation improved to such a degree that the League changed its position to reflect either support or neutrality for the amended bill.



Over the course of the 2025 session, our legislative team engaged with leadership, committee chairs, and lawmakers on more than 150 initiatives. Committee meetings and floor sessions took place each week beginning the week of February 10 to April 14, 2025.



The month of March was the most active month of the session with the team participating in an average of 24 committee meetings and sessions while working on an average of 100 bills of interest each week. The high-water mark for legislation occurred the week of March 17 when 131 bills of interest were considered.

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Legislators enact oversight processes and penalties for local ordinances, policies and charter amendments

During the latest legislative session, lawmakers advanced two bills that establish mechanisms for scrutinizing local government decisions and codify processes and penalties targeting municipalities that enact ordinances or regulations deemed illegal or unconstitutional. These new bills do more than provide a pathway for oversight. As such, these represent a significant departure from previous norms, where conflicts between state and local governments were typically resolved through courts without extraordinary processes or pre-determined penalties embedded in state law. Proponents of the legislation assert that such consequences are necessary to signal that the General Assembly intends to closely monitor and curtail local laws and policies that one alleges may conflict with state laws or constitutional rights.

However, some have cautioned that this approach could diminish autonomy, erode the principle of local control, and undermine the traditional balance between state oversight and municipal self-governance. While no local government has demonstrated a pattern of willfully violating the law or the Constitution, municipalities often craft tailored solutions to ordinances or charters to address unique local issues or to be responsive to the residents' will. Thus, such laws could have unintended consequences.

Senate Bill 845 / House Bill 1097

Legislators introduced legislation that establishes a formal process by which a member of the General Assembly may request that the Tennessee Attorney General investigate ordinances, regulations, orders, or written policies adopted by local governments that are alleged to violate state law or the Constitution. However, before making such a request, the legislator must first notify the local governing body of the alleged violation and await the local government's response. Upon receipt of such a notification, a local government would have 60 days to resolve the issue voluntarily. Only after 60 days have passed without the local government taking steps to voluntarily correct the alleged violation, may the legislator formally request the Attorney General investigate.

When such a request is made, the Attorney General must investigate and reach a conclusion on the matter within 30 days. If after concluding the investigation, the Attorney General is unclear as to

whether a violation of either the law or the Constitution exists, then the Attorney General may submit the matter to the Tennessee Supreme Court for expedited consideration. If either the Attorney General or Supreme Court finds that a violation exists, then a report of the findings is to be made to the governor, legislative leaders, and the requesting legislator within 30 days. Additionally, if either the Attorney General or Supreme Court determines a violation has occurred, written notice must be given to the local government within this same 30-day period. The notice must identify the specific statutory or constitutional provision associated with the alleged violation.

As initially proposed, local government had 30 days receipt of such a notice from the Attorney General to either repeal or otherwise resolve the issue or to challenge the determine court. If the issue is unresolved and the local government does not take corrective action or pursue legal recourse

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within 30 days, the Attorney General was authorized to notify state officials to begin withholding state funds from the local government until compliance was achieved.

However, questions regarding due process and the constitutionality of a process designed to permit the Attorney General to function as both prosecutor and judge led the Senate State and Local Government Committee to amend the bill. The adopted amendment made four key changes: First, the amendment limits broad legislative-triggered reviews and grants the Attorney General more discretionary investigative power. Second, a local government would have 60 days – not 30 days as initially proposed – to either repeal or revise its actions or to file a legal challenge if the Attorney General determined a violation exists. Third, if a local government elected to challenge the Attorney General's determination that a violation exists, then that challenge would be heard by a three-judge panel. Fourth, if a local government fails to respond within 60 days or loses its legal challenge, then the Attorney General may not simply order the withholding of state funds. Rather, the amendment requires the Attorney General to seek a declaratory judgment from the three-judge panel, and only the panel of judges may order state funds withheld until the local government resolves the violation. Funds withheld will be held in reserve and distributed to the local government once compliance is achieved.

Notably, the law includes exceptions to protect against unintended consequences. Withholding of state funds is prohibited if doing so would interfere with state contracts, federal mandates, binding court judgments, or obligations under the Tennessee Constitution. This ensures that penalties imposed under the law do not create legal conflicts or disrupt critical funding linked to



Legislators adopted legislation that establishes a formal process by which a member of the General Assembly may request that the TN Attorney General investigate ordinances, regulations, orders, or written policies adopted by local governments that are alleged to violate state law or the Constitution.

higher legal authorities. Effective July 1, 2025, this law applies to local government actions taken after that date and to state funds allocated in or after the 2026-2027 fiscal year.

Senate Bill 525 / House Bill 913

The General Assembly approved legislation enhancing oversight and imposing legal procedures related to local ballot measures and charter amendments. This law states that legal challenges to proposed charter amendments — specifically ordinances submitted to voters — must be heard and decided by a three-judge panel. This mirrors existing requirements for challenges to the constitutionality of state statutes, executive orders, and administrative rules or regulations. The law further specifies that any civil action claiming a proposed charter amendment violates constitutional or statutory provisions must follow this process, ensuring that such claims receive expedited and consistent judicial review.

Additionally, the legislation addresses Home Rule municipalities by prohibiting an amendment to a municipal charter from being placed on the ballot if it violates the Tennessee Constitution or state law.

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REVENUES

Progress was made on key local revenue issues, including reducing the administrative fee the Department of Revenue withholds from local sales tax—a long-standing TML priority—and fixing an inconsistency in the lodging tax for stays over 30 days. Hotel-motel tax legislation had mixed outcomes: while the hospitality industry secured a cap, TML and counties successfully exempted existing local lodging taxes from the cap. However, efforts to restore the state sales tax sharing from the 2002 rate hike fell short, and the Lee Administration's proposal to allow local surcharges for transportation funding was not approved.

Senate Bill 1315 / House Bill 1329

The Tennessee General Assembly passed legislation aimed at reducing the administrative fees charged by the state for collecting and distributing various local taxes. Under existing law, when the Tennessee Department of Revenue collects certain taxes on behalf of local governments — such as business taxes, local sales taxes, and severance taxes — a portion of the tax revenue is retained by the state as a fee to cover administrative costs.

This legislation lowers the state's collection fee across several tax statutes from 1.125% to 0.75%. The reduced rate applies to various taxes, including local business taxes, the mixed drink tax, the local option sales tax, and severance taxes. By decreasing this percentage, the law allows local governments to retain a larger share of tax revenues collected on their behalf, increasing funds available for local use and public services.

The bill also makes a technical change by removing subsection (h) of Tennessee Code Annotated Section 67-6-710, which is related to the local option sales tax, thereby simplifying the administration of this provision in line with the revised fee structure. Furthermore, the legislation ensures consistency across all applicable tax statutes by applying the same reduced collection fee rate.

Set to take effect on July 1, 2025, this law will apply to all tax collections received on or after that date. The legislation reflects a commitment to reducing state-imposed administrative costs on local governments and empowering municipalities and counties to retain more of their locally generated revenue.

Senate Bill 384 / House Bill 405

The Tennessee General Assembly approved legislation that modifies the rules for collecting local occupancy taxes by hotels and similar lodging establishments. Specifically, the bill amends Tennessee Code Annotated Section 67-4-1404(b) to clarify when operators must stop charging local occupancy taxes to long-term guests. Under the new law, once a guest has maintained continuous occupancy in a hotel for 30 consecutive days, the hotel operator is required to remit the applicable occupancy tax for that initial 30



Gov. Bill Lee signs into law a new measure that will deliver nearly \$19 million in annual savings to local governments by reducing administrative fees on locally collected taxes. Pictured are: Sen. Ken Yager, TML Deputy Director Chad Jenkins, Gov. Lee, TCSA Executive Director David Connor, and Sen. Jack Johnson.

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day period to the municipality but must cease collecting the occupancy tax from the guest for the remainder of their stay. This provision offers relief for long-term guests by exempting them from continued tax charges after meeting the 30-day threshold.

This legislation ensures greater consistency and fairness in applying local hotel occupancy taxes, aligning tax collection practices with the realities of extended-stay arrangements. It took effect immediately upon becoming law, signaling its priority to both ease administrative burdens for operators and provide financial relief to long-term guests. Amendment: This act takes effect upon becoming a law, the public welfare requiring it, and applies to rental agreements entered, renewed, or amended on or after July 1, 2025.

Senate Bill 629 / House Bill 627

The Tennessee General Assembly advanced legislation amending laws related to local occupancy taxes and their use for tourism-related purposes. The legislation, which refines how municipalities may collect and spend local hotel/motel tax revenues, offers more precise and restrictions to ensure that the funds are focused on enhancing and promoting tourism. The measure updates definitions in Tennessee Code Annotated Section 67-4-1401 to clarify that "tourism development" refers to the creation or expansion of physical attractions, facilities, and events designed to attract tourists, while "tourism promotion" includes marketing, advertising, and other activities to increase tourist visitation. Additionally, "tourist" is defined as an individual traveling more than 50 miles for business or leisure.



The legislation refines how municipalities may collect and spend local hotel/motel tax revenues to ensure that the funds are focused on enhancing and promoting tourism.

A significant provision of the legislation mandates that, with some exceptions, all occupancy tax revenue received by municipalities must be used strictly for tourism promotion and development, including debt service and contractual obligations. Municipalities are barred from using the funds for general government expenses unless specifically approved in a memorandum of understanding. Municipalities levying occupancy taxes prior to May 1, 2025, may continue to use revenues as prescribed under existing private acts, ordinances, or resolutions. Furthermore, municipalities must now file annual reports with the Department of Tourist Development detailing their tourism-related expenditures.

The bill also updates how taxes on short-term rental units secured through online marketplaces are handled. Starting July 1, 2025, taxes on such rentals must be collected and remitted according to statewide procedures unless a municipality dedicates those funds to tourism promotion and development through a local ordinance. This helps streamline tax collection for online rental platforms while preserving local control over how those revenues are spent. Finally, the legislation modifies the occupancy tax rates municipalities may impose. Generally, the tax rate on hotel stays may not exceed 4%, and total combined local taxes may not exceed 8% in incorporated areas. However, higher rates already in effect prior to May 1, 2025, are grandfathered in and will remain valid. Effective immediately upon becoming law, this measure is designed to balance local revenue generation with safeguards to ensure funds are used transparently and strictly for advancing tourism-related economic activity.

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Senate Bill 1307/ House Bill 127

The Tennessee General Assembly passed legislation modernizing and clarifying laws related to local tax surcharges used for transportation improvements. The legislation updates terminology, eligibility criteria, and funding requirements to reflect the broader scope of transportation needs better and ensure local governments maintain their financial commitment to road projects when leveraging new surcharge revenue.

Key changes made by this legislation include replacing references to “transit improvement” throughout Tennessee law with the broader term “transportation improvement.” This change reflects the expanded focus of local transportation programs, which may now include not only public transit systems but also highway, road, and bridge projects.

Additionally, the legislation clarifies that a “transportation improvement program” consists of a variety of transportation projects and services and defines an “implementing agency” as the entity responsible for planning or carrying out the program.

The legislation also introduces new fiscal accountability measures for local governments. To be eligible to collect and use proceeds from a transportation surcharge, local government must continue to allocate a baseline level of funding to road projects from its own local revenue sources. Specifically, the local government must appropriate funds for road purposes at least equal to the average of the previous five fiscal years (excluding bond proceeds, federal revenue sharing, and surcharges under this program). If the local government fails to meet this requirement after July 1, 2025, its share of surcharge revenues will be reduced accordingly, and those funds will be redirected to the state highway fund for use by the Tennessee Department of Transportation to improve state highways within the local jurisdiction.



Local transportation projects may now include not only public transit systems but also highway, road, and bridge projects.



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GROWTH AND DEVELOPMENT

This session continued the trend of legislation addressing the effects of rapid population growth in parts of the state, particularly through bills focused on municipal utilities, land use, and development regulations. Many proposals aimed to limit municipal authority or impose new mandates on cities—often under the banner of managing growth, protecting property rights, encouraging affordable housing, or improving permitting and planning processes. A smaller number of proposals, including a key revision to a TML-supported law from last year, genuinely sought to lower housing costs by easing development expenses.

Senate Bill 207 / House Bill 1325

The Tennessee General Assembly approved legislation establishing the Farmland Preservation Fund, a new initiative aimed at protecting the state's agricultural and forest lands while preserving the economic, environmental, and cultural benefits they provide. The measure reflects a strong legislative intent to safeguard farmland and forestland for future generations without impeding the ability of landowners to engage in farming and forestry activities.

The law creates a special agency account within the state's general fund, with funds dedicated exclusively to the development and implementation of programs that preserve farmland and forestland. These funds, which will not revert to the general fund if unspent, may be allocated annually through appropriations. The Tennessee Department of Agriculture will manage the funds which may support various initiatives, including a grant program to facilitate conservation easements.

A core component of the legislation is the establishing a grant program designed to assist landowners who choose to preserve their property through permanently conservation easements. Eligible grants may be awarded to either the landowners directly or to qualified easement holders, which are defined as nonprofit organizations exempt from federal taxes under § 501(c)(3) and authorized to hold conservation easements. Easements supported through this program must include protective provisions, ensuring that agricultural and forestry operations can continue and that any future amendments or transfers of the easement occur only with landowner consent.

Additionally, the bill prohibits governmental entities from participating in the grant program, reserving it solely for private landowners and qualified nonprofit organizations. Conservation easements established under this program will be subject to the terms of the Conservation Easement Act of 1981, ensuring consistency with existing laws governing easements in Tennessee.



The law creates a special account within the state's general fund dedicated exclusively to the development and implementation of programs that preserve farmland and forestland.

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Senate Bill 1139 / House Bill 542

Third-Party Utility Infrastructure Installation and Plans Review

The Tennessee General Assembly approved a substantially amended form of legislation supporters said was necessary to improve efficiency and flexibility in installing utility infrastructure in new developments. TML joined municipal utilities in opposing the original legislation. Our opposition was based on concerns related to ensuring strict compliance with accepted standards to maintain system integrity and reliability. The amended version maintains utility oversight of standards, protecting systems and the public.

The amended bill establishes a new framework for allowing utility customers or developers to hire private, approved contractors to install utility infrastructure—such as water, wastewater, electric, gas, or stormwater systems—in new developments. The bill creates specific definitions for key terms such as "approved contractor," "third-party plans examiner," and "utility," and sets eligibility standards for participating contractors. Under the amended version, utilities are required to allow customers the option to use approved contractors and must maintain a public list of such contractors along with the process for gaining approval. Once a customer provides the necessary project and contractor information, the utility must confirm or deny contractor approval within 10 business days. If the utility fails to respond promptly, the contractor is automatically deemed approved. The utility remains responsible for inspecting the work and can withhold acceptance of the infrastructure until it meets required standards.



The law requires utilities to allow customers to select from a list of approved contractors for the installation of utility infrastructure.

Utilities may also issue standard construction and material specifications but are prohibited from mandating the use of specific vendors or manufacturers unless doing so is necessary for system integrity or reliability. This provision ensures utilities can maintain oversight and ensure compliance with quality standards. Utilities may charge reasonable fees for inspections and materials testing if those fees are publicly available.

The amended legislation also sets standards for reviewing utility infrastructure plans. When utilities require customers to submit their own plans, they must review them within 60 business days, or the customer may employ a certified third-party engineer to review and approve the plans. If a utility fails to respond within 10 business days after the submission of certified third-party plans, the plans are automatically deemed approved, and any review fees must be refunded. The amendment also provides that utilities retain the right to inspect work built under such third-party approved plans.

Finally, the legislation contains additional provisions to ensure regulatory compliance and account for emergencies. For example, if any part of the law conflicts with state or federal regulations, those higher standards take precedence. Additionally, the bill provides that deadlines and response timelines are suspended during force majeure events such as natural disasters.

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Senate Bill 1138 / House Bill 543

Sewer and Wastewater Service Continuity and Connection Requirements Act

The bill's sponsors contend this legislation is necessary to prohibit the termination of sewer services in long-standing service areas and to ensure individual property owners can access utility connections where feasible. In addition, the bill creates procedural rights for individuals appealing utility service denials. TML remains concerned that the enacted legislation may restrict flexibility and impair a city's or town's ability to make decisions regarding the management and deployment of municipal systems in the interests of its residents.

Under the bill, a city, town, or utility district is prohibited from discontinuing sewer service to areas outside its corporate boundaries if it has provided such service for at least 25 years and has sufficient capacity to continue doing so. The determination of sufficient capacity must be supported by relevant evidence and reviewed by the Tennessee Board of Utility Regulation. The section also clarifies that it does not interfere with existing or future contracts related to water or wastewater service rates.

The legislation also requires utility systems to provide wastewater service to property owners when a gravity sewer line already exists on the property and the owner requests a connection. If the utility refuses, the owner must first appeal to the utility's governing board. If no resolution is reached within 60 days, the owner may escalate the complaint to the Tennessee Board of Utility Regulation for review and hearing. Lastly, the bill protects the integrity of existing and future rate agreements.

Senate Bill 564 / House Bill 803

Developer Installing Self-Contained Sewer System

TML had several concerns regarding this bill and successfully worked to preclude its adoption this year. The bill allows a developer who constructs a closed sewage system that meets state standards to request a water utility serving the area in which the developer's system is located to assume operational responsibility and ownership of the developer's system.

If the utility refuses to operate and own the developer's system, then it must provide written notice of the refusal within 30 days and may not restrict the availability of other water services offered by the utility to the property.

A developer whose request is denied may contract with another utility to own and operate the developer's system. However, the utility to which the request was initially submitted may negotiate to allow any third-party utility to contract with the developer to assume operational responsibilities and ownership rights to the system.

Lastly, the bill permits a local government where the developer's system will be installed to require the developer to file a performance bond.

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Senate Bill 785 / House Bill 652

Subdivision Access Requirements Reform Act

TML opposed legislation prohibiting regional and municipal planning commissions, county legislative bodies, and municipal governing bodies from requiring more than one ingress and egress point (i.e., entry and exit roadways) for a subdivision unless the proposed subdivision includes at least 70 residential dwellings. If a subdivision does not meet or exceed this number, any requirement for more than one access point is declared void and unenforceable. Proponents argued this legislation was necessary to standardize requirements across all local jurisdictions, ensuring smaller subdivisions are not subject to costly and potentially unnecessary infrastructure demands related to road access.

Supporters further contended the bill was needed to provide regulatory clarity and predictability for developers while still allowing local governments to impose additional access requirements for larger developments of 70 homes or more, where public safety or traffic concerns may warrant multiple entry and exit points.

The legislative team worked with cities to educate the bill's sponsors and other legislators about such a prohibition's potential peril and consequences. Ultimately, the sponsors elected not to move forward with the legislation.

Senate Bill 988 / House Bill 375

Development Fee Transparency and Accountability Act

The Tennessee Association of Home Builders initiated a bill enacted in 2025, requiring counties, municipalities, and metropolitan governments to justify and document the rationale behind certain fees. Existing law requires that a fee be reasonably based on the cost incurred by the local government to perform the action and/or to deliver the service. The home builders contended local government fees imposed on development projects were excessive and being assessed arbitrarily in some communities. They argued these fees directly affected the costs of homes and harmed developers and prospective home buyers. Home builders advocated for greater transparency and accountability related to such fees.

TML initially opposed this legislation for four reasons. First, as initially drafted, local government would be required to produce and maintain documentation for each instance in which such a fee was assessed exceeded \$250, unnecessarily requiring the generation and maintenance of copious paperwork and files. Second, the bill proposed definitions inconsistent with existing law and court decisions and would have created new, burdensome requirements. Third, the bill did not simply apply to any new fees that may be approved by the local government after the effective date but also applied to existing fees. Given the retroactive nature of the bill, the time allotted for local government to satisfy the bill's requirements was grossly insufficient. The legislative team worked with House committee leadership, the bill's sponsor and the home builders to develop an amendment that satisfactorily addressed our concerns. It was this amendment that was ultimately enacted. Fourth, the bill imposed requirements on municipal utilities that were inconsistent with current law specifically governing utilities.



TML opposed legislation that would prohibit local governments from requiring more than one entry or exit into subdivisions unless it included 70 or more homes .

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Under the new law, all local government departments, agencies, or officials assessing and collecting development-related fees exceeding \$250 must maintain detailed records explaining each fee's justification and cost basis. The amendment modified the proposed definition of "cost basis" to require compliance with the current standard that aims to ensure fees reasonably reflect the actual costs of services rendered by local governments without creating new and expansive obligations that do not serve the public interest.

This requirement applies to existing fees, new fees, and any modifications to current fees. Still, the documentation only needs to be produced once per fee unless the fee is subsequently changed. The documentation prepared to support the amount of such fees must be:

- Maintained on file and kept readily available.
- Classified as public records, accessible for inspection upon request under Tennessee's public records law.
- Audited annually by the Comptroller of the Treasury. The Comptroller may incorporate this audit into broader financial audits already conducted for counties, municipalities, or metropolitan governments.

The amended legislation also altered proposed provisions regarding utility connection costs, permitting utility providers to continue to maintain and provide documentation as required under existing utility regulations under Tennessee Code Title 65, Chapter 5, Part 4.

Lastly, the amended version also extended the effective date to July 1, 2026, to provide local government with sufficient time to develop written justifications for all applicable fees in existence.

Senate Bill 731 / House Bill 795

Development Contracts Reform and Local Government Accountability Act

Some home builders and commercial developers supported a proposal they insisted was necessary to standardize and improve the contractual process between local governments and private developers or contractors related to real estate development projects. They further believed the proposed legislation was necessary to clarify the obligations of local governments when interacting with developers and to enhance protections against burdensome and unfair requirements. TML opposed this legislation and successfully secured in the opposition of a majority of Senate State and Local Government Committee members and prevented its passage.

The League's principal concern was the proposed limits on the ability of local governments to require developers to fund or construct nonessential infrastructure unless it was specifically included in the original contract and agreed to by the developer. Under the bill, "nonessential infrastructure" includes roads, bridges, utility poles, traffic signals, and other elements not included on or directly connected to the property being developed. Under the bill, developers and contractors may voluntarily agree to such obligations through contract negotiation, but local governments are otherwise prohibited from imposing such requirements. This proposed provision directly contradicts current practices developed under a framework established by the United States Supreme Court. The Court established the framework, otherwise known as the Nollen-Dolan Doctrine, which permits local governments to require developers to pay or contribute to the costs of public projects related to development if there is an essential nexus and the requirements are roughly proportional to the project impact. This doctrine and the associated practices

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ensure fairness to taxpayers and guards the public's interest. Additionally, TML was concerned about the proposed limitation on change orders. Under the bill, local governments would have 30 business days to review, approve, or issue a written report of deficiencies for development plans or site inspections. Any change requests from the government must be consolidated into a single document to simplify the process. If deficiencies are corrected, the government must approve the permit application. Furthermore, after two deficiency reports, local governments would be restricted from issuing additional reports. If a local government issued a third, it must refund 50% of all fees paid by the applicant during the process. Deficiency reports are necessary to ensure the public's safety and welfare. As such, local government should be free to continue to issue such reports until all deficiencies are corrected and the project complies with standards. Arbitrarily limiting the number of deficiency reports as proposed in the name of efficiency and expediency only discourages timely corrections, increases the likelihood of cost overruns, and recklessly exposes the public to harm.

Senate Bill 1313 / House Bill 1326

Property Owner's Rights Vest upon Submission of Substantially Compliant Application

The Lee Administration proposed that legislators adopt a bill revising various provisions of Tennessee's planning statutes to strengthen and clarify property owners' vested rights once development processes are initiated.

This legislation represents a shift from when an owner's rights vest from approval of an application to the submission of a substantially compliant application. This represents a change in the triggering event that protects developers from subsequent regulatory changes that could affect their project. However, these rights only vest if the submitted plans substantially comply with local development ordinances. Once vested, the development standards in place at submission will apply to the property throughout the project's vesting period. TML took a position of neutrality on this legislation largely because the determination of whether an application is substantially compliant remains with the local government. The spirit of the legislation is consistent with the best practices observed today.

The bill defines the vesting periods applicable to development projects. For submitted plans, the vesting period is three years, beginning on the sub-

mission date. For construction projects with issued building permits, the vesting period corresponds with the life of the permit and any approved renewals, so long as the developer continues construction and site preparation with reasonable diligence. These changes provide predictability for developers and protect them against shifting local regulations during the life of a project. The act also clarifies that local ordinances must define what constitutes "substantial compliance" to properly trigger vested rights.

In addition to streamlining the vesting process, the legislation grants local governments new authority to delegate certain zoning and land-use decisions. Specifically, local governing bodies may pass ordinances that assign initial jurisdiction over special exceptions, map interpretations, and other zoning questions to a local building commissioner or administrative official. This delegation makes the Board of Zoning Appeals' role appellate only for such matters. The ordinance must identify which exceptions may be delegated and set clear, objective standards for decision-making. Importantly, requests for special exceptions cannot be denied on vague grounds such as health or safety unless specifically defined in the ordinance.

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The legislation also imposes strict timelines for decision-making on special exceptions and map interpretations. Local officials must make initial rulings within 120 days of a complete application, and boards of zoning appeals must decide appeals within another 120 days. If these deadlines are not met and no extension has been agreed to, the application will automatically be deemed approved. This provision aims to prevent unnecessary delays and provide certainty to developers and property owners navigating zoning and development processes.

Senate Bill 773 / House Bill 735

Tolling of Vested Property Rights and Authority of Local Appeals Boards

Legislation was enacted to strengthen the legal protections for property developers by establishing firm timelines for vested property rights. The bill intended to clarify the vesting period if project approvals were appealed or delayed.

This legislation provides that once a complete application for either a development plan or a building permit is submitted to a local government, the submission date must be officially recorded and ensures that no vesting period can expire less than three years from either the date the appeal period for the approval or permit ends, or final resolution of all appeals, whichever occurs later. The bill's proponents aimed to guarantee developers a clear, three-year window of regulatory stability once the legal process surrounding their project concludes, allowing time to begin or continue work without the fear of standards changing midstream. Additionally, the act clarifies the authority of local boards of appeals. In cases where

there is a question about whether a board has the power to hear and decide on development plan approvals, or on other matters authorized by ordinance, the law states that such questions must be resolved in favor of the board—provided that the county or municipal legislative body has properly granted the board's authority.



The intent of the bill was to clarify the vesting period if project approvals were appealed or delayed. The act also clarifies the authority of local boards of appeals.

Senate Bill 327 / House Bill 319

Some housing developers and real estate investors joined to propose legislation to significantly alter how residential property is defined for the purposes of property classification and assessment under state law. The changes focus on clarifying and broadening what qualifies as residential property, particularly in relation to ownership and property use. TML opposed this legislation and partnered with other local government interests to prevent its adoption.

Currently, Tennessee law generally defines residential property as real property used as the owner's primary residence (owner-occupied). However, the bill proposed to expand the scope of properties that may be classified as residential to include any property used for residential purposes and that can be sold and purchased as a single unit in fee simple title.

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If this bill had passed, the requirement that a home be utilized as a primary residence to maintain the residential designation would have been eliminated. Thus, any property, whether under a long-term lease, utilized for short-term rentals, owner-occupied, detached, or attached, including single-family homes as well as duplexes, condos and apartments would be reclassified as residential rather than commercial. As such, all rental properties would be taxed based on 25% of valuation as opposed to 40% of valuation.

Not only would this change reduce property tax collections, but, most importantly, would run afoul of the constitution by taxing one type of income-producing endeavor differently than other income-producing endeavors. In Tennessee, property is classified based on its use. While rental properties may provide dwellings to the tenant, the primary purpose and use of the property is to produce income for the property's owner. Therefore, such properties use is consistent with a business located on Main Street – to produce income for the owner.

Senate Bill 771 / House Bill 733

Disputes Concerning Valuation of Industrial and Commercial Property

The League joined with Tennessee Appraiser's and the Tennessee County Services Association to successfully oppose legislation that revises procedures related to property tax appeals for industrial and commercial properties. This bill would significantly undermine legislation enacted in 2020 with the support of local government, by altering the process for property owners who wish to challenge property valuations and changing how disputed tax payments are handled during the appeals process. Both changes would have served benefited owners of industrial and commercial properties, including large corporations located outside of Tennessee, at the expense of local taxpayers.



TML was successful in opposing legislation that would have significantly changed the process for disputing tax payments.

Under current law, property owners first appeal property valuations to the local assessor where most disputes are fairly settled. If an industrial or commercial property owner is not satisfied with the proposed settlement offered, then that owner may file an appeal with the state board of equalization. Under the bill, a property owner could bypass the local assessor and appeal directly to the state board of equalization.

Additionally, the proposed bill alters how disputed tax amounts are managed while an appeal is pending. Currently, a property owner wanting to contest a valuation must pay the undisputed portion of the tax due. The owner is afforded two options regarding the payment of the amount of tax being disputed. First, if the owner offers to pay the disputed portion and the County accepts, the county owes interest to the owner in addition to the reduction in value. Second, if the county does not accept the owner's offer for the disputed portion, the owner pays interest on the amount determined above the undisputed portion. Under the bill, a county must accept the owner's offer of payment of the disputed portion and pay interest to the owner or reject the offer and free the owner from paying any interest.

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The possibility that an owner may have to pay interest encourages the owner to make a more accurate determination of the amount of tax to dispute because overstating could subject the owner to significant interest should the appeal be decided in the favor of the original valuation. Second, the possibility of future interests cost works to expedite a timely settlement. However, eliminating the accrual of interest on the disputed portion of tax during the appeal period effectively results in a zero percent loan financed by other taxpayers, creating a can't lose scenario for the owners of industrial or commercial property.

GOVERNMENT LIABILITY

During this legislative session, our team collaborated closely with municipal partners at Public Entity Partners, other municipal organizations, and county governments to successfully oppose efforts aimed at raising the liability limits under the Governmental Tort Liability Act. Additionally, TML supported and helped advance legislation that was enacted to strengthen liability protections for law enforcement in specific circumstances.

Senate Bill 418 / House Bill 4

Increasing Local Government Minimum Liability Limits

Each session, a bill or two simply won't go away. Week after week, consideration is delayed and/or amendments presented that seem to keep the bill alive in perpetuity. Such bills require weekly communications with committee members and other interested parties to clarify our position on the latest argument or wrinkle and ensure no one legislator has changed their position. This session, HB4 was that bill. Thankfully, working with our local government partners, we sustained the fight until the final days of session, prevented the bill's passage in the House, and secured its defeat in the Senate Judiciary Committee.

Initially, this legislation proposed increasing the minimum liability limits for local governmental entities under the Governmental Tort Liability Act (GTLA). In the instance of bodily injury or death of one person in a single event, the bill proposed increasing the minimum limits from \$300,000 to \$750,000 and from \$700,000 to \$1,500,000 for all persons in a single event. Similarly, the minimum limits for injury or destruction of property in a single event were increased from \$100,000 to \$250,000. Proponents of the bill argued that it had been 20 years since the limits had been adjusted, and this legislation was necessary to modernize the protection available to claimants, ensuring that the public is fairly compensated for injuries or property damage resulting from government-related incidents.

As the session advanced, the sponsors remained uncertain about the bill's prospects and elected to amend the bill. Under the amended version, the increase in the minimum limits would be phased in and based on the date of the qualifying incident. For claims arising from incidents on or after July 1, 2025, but before July 1, 2027, the new minimum limits would be \$400,000 for bodily injury or death of a single person, \$850,000 for all persons, and \$150,000 for property damage. The sponsors contended this initial step up in limits allows local governments and insurers time to adjust to the higher coverage amounts. Beginning with claims arising from incidents on or after July 1, 2027, the minimum limits will rise again to



TML supported and helped advance legislation that was enacted to strengthen liability protections for law enforcement in specific circumstances.

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\$500,000 for bodily injury or death of a single person, \$1,000,000 for all persons in a single incident, and \$200,000 for property damage. The bill's sponsors suggested this change to the original version would preserve governmental fiscal integrity and allow governmental entities to manage their risk through insurance policies.

Despite the change, TML remained in opposition to the bill. Fundamentally, the increase was unwarranted and would increase governmental expenses without cause. Additionally, the sponsors never provided a rationale for increasing the limits only with respect to local government but not the state. As it stands, local liability limits have been increased three times since the last increase experienced by the state

Senate Bill 280 / House Bill 1020

Qualified Immunity for Law Enforcement

The legislature adopted a new provision under Tennessee law providing qualified immunity to law enforcement officers from civil liability in certain circumstances where property damage or personal injury occurs during the officer's official duties. The measure aims to provide enhanced protection for officers acting in the line of duty when responding to dangerous and unlawful behavior, while balancing accountability by excluding egregious conduct or harm to uninvolved third parties. TML supported this legislation.

Specifically, the bill targets incidents involving individuals who evade arrest and create risk or harm while actively engaged in illegal conduct that results in a conviction. Under the law, if a law enforcement officer causes property damage or inflicts personal injury on such an individual while performing official duties, the officer will be immune from civil lawsuits and liability for monetary damages arising from those actions. Again, this immunity applies

only if , at the time of the injury or damage, the affected individual was engaged in conduct that ultimately resulted in their conviction under the specific statute mentioned.



The measure aims to provide enhanced protection for officers acting in the line of duty when responding to dangerous and unlawful behavior.

However, the legislation carefully outlines important exceptions to this immunity. It does not apply if the law enforcement officer acted with gross negligence or willful misconduct—meaning that particularly reckless or intentional wrongful actions are not shielded. Additionally, the immunity does not protect the officer in cases where innocent bystanders or other non-offending individuals are injured or suffer property damage during the incident. These persons retain the right to pursue civil claims.

This act is effective immediately upon becoming law, signaling the legislature's priority in addressing liability concerns and supporting law enforcement operations while maintaining safeguards for the public.

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PUBLIC MEETINGS / PUBLIC RECORDS

This legislative session also saw the reemergence of familiar issues and recurring legislative proposals. Among them were bills addressing public meetings, meeting agendas, public comment procedures, and electronic participation.

Senate Bill 212 / House Bill 885

Public Meeting Agenda Requirement Expanded to Include Additional Local Bodies

Lawmakers approved an amended version of legislation related to meeting agendas under Tennessee's public meetings law. Under a law adopted in 2023, agendas for meetings of local government legislative bodies must be made available to the public at least 48 hours prior to the meeting. The 2023 law resulted from a compromise reached between TML, county representatives, and the Tennessee Coalition for Open Government (TCOG).

In 2024, TCOG again pursued legislation seeking to address meeting agendas. The 2024 effort sought to accomplish two objectives: First, TCOG wanted to expand the agenda requirement to include state boards and commissions. Second, TCOG sought to revisit the compromise struck in 2023 and to apply the agenda requirement to all local governmental boards and committees – not just meetings of the legislative body. Ultimately, the General Assembly approved inclusion of state boards and commissions but elected not to alter the provisions effect on local government.

In this session, TCOG launched its third attempt in as many years to require all local government boards and committees to post or publish meeting agendas before meetings. Local government has

always maintained that there is no justification for applying the agenda requirement to all local committees and boards. Many cities and towns have citizen advisory boards or committees that advise and help coordinate activities on community events and activities. For example, towns and cities have committees for festivals, trees, beautification, trails and parks, tree lighting, neighborhood preservation, and Main Street. Local governments also have advisory boards on traffic, public safety, downtowns, libraries, the arts, and parks. In such cases, these boards and committees are often comprised solely of volunteers who meet irregularly, typically without the involvement of city staff or personnel, and possess no binding authority or ability to appropriate funds. As such, imposing this requirement on these committees and boards would serve no public interest while creating an unnecessary and burdensome complication.

Upon final consideration, the proposed bill was amended to limit the expansion of the agenda requirement to include only a meeting of a regional or municipal planning commission, a board of zoning appeals, a public utility board, an industrial development corporation board of directors, a housing authority, a regional or municipal airport authority, a county election commission, and the budget committee of a legislative body of a municipality or county.



TCOG pursued legislation to require ALL local government boards and committees to post or publish meeting agendas prior to meetings.

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Senate Bill 178 / House Bill 22

Expansion of Public Comment Law

TML worked to secure the defeat of legislation aimed at expanding the law, adopted in 2024, that requires a local governing body to provide a period in which the public may comment on matters directly related to items on the meeting agenda.

Under the proposed legislation, the requirement would have been expanded to also permit public comment on any issue that falls within the jurisdiction of the governing body, regardless of whether the issue is included on the meeting agenda. Notably, this expansion would only apply to meetings of local governing bodies and not meetings of the General Assembly or state departments and agencies.



Local officials expressed concern that by allowing public comments unrelated to agenda items would create confusion and impede the efficient conduct of the public's business.

Local government argued such an expansion would be complex to administer as the ambiguity of the proposed language meant any judgment concerning the appropriateness of any comments offered during the public comment period would be subjective. Moreover, this subjectivity would inevitably lead to a choice between angering a resident by cutting off comments believed to be beyond the town's domain or granting broad latitude to discuss any topic if the speaker felt there was some tangential tie to the city or town.

Additionally, it has become common for many meetings of local legislative bodies to last for several hours. Some local officials expressed concern that allowing comments unrelated to the items under consideration would create confusion and impede the efficient conduct of the public's business. While the bill was adopted by a House committee, it failed to secure the necessary votes for passage in the Senate State and Local Government Committee.

Senate Bill 1037 / House Bill 845

Proposal to Establish Constitutional Right to Rebut

TML worked with its county partners to defeat legislation that would have created a statutorily recognized right for the public to rebut any statement made during a meeting of any local governing body and severely weakened existing flexibility afforded local government to administer required public comment periods.

The proposed bill would have established that under Tennessee law, the constitutional right of citizens to petition their government for redress of grievances entitled citizens to not only speak on scheduled agenda items but also to offer rebuttal to statements made during public meetings. However, unlike public comments on agenda items, which may be reserved for a period as designated by the local government, public rebuttals would not be limited to a specific period. Instead, the proposed legislation provided that the public must be permitted to rebut statements as they are made. Also, the proposal does not restrict the right to rebut only those statements made by an elected official during a meeting but also to any statement made. As such, a citizen could elect to rebut a statement made by another citizen. Thus, the proposal would create a constitutionally protected right for an individual(s) to engage in a running debate with an official or other citizen throughout a public meeting.

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Moreover, current law authorizes governing bodies to place reasonable restrictions on public comment to ensure orderly and fair proceedings, such as imposing time limits or limiting the number of speakers. This authority reflects decisions the United States Supreme Court rendered on the subject. While the bill's sponsors contended the intent was for a local government to have a similar ability to restrict rebuttals, the bills' language did not convey such authority.

Additionally, the bill included a provision clearly intended to defeat a local government's efforts to adopt reasonable restrictions on either public comments or rebuttals by instructing the courts to consider the number of individuals present that support a position or express a desire to speak on an issue when considering the reasonableness of such a restriction. In short, the bill creates the opportunity to defeat the intent of the law and impair the ability to conduct the public's business efficiently and orderly by flooding the room with sympathizers. The Senate committee narrowly adopted the bill on a 5-4 vote, but the bill failed in the House State and Local Government Committee.

Senate Bill 136 / House Bill 152

Limited Authority for Elected Local Officials to Participate Electronically

TML supported legislation adopted in 2025 to temporarily authorize limited electronic participation in meetings by county and municipal legislative body members. The new provisions allow such participation while protecting public access and transparency.

Under the new law, a member of a municipal or county legislative body is permitted to attend and participate in scheduled meetings by electronic means, such as videoconferencing or web-based platforms, under specific circumstances. This option is only available if the legislative body formally adopts a written policy governing the conduct of such meetings by a two-thirds majority vote. In addition, such participation is limited to those instances where a member of the legislative body is facing a family or medical emergency, is called into military service, or is unable to attend due to inclement weather. The new law also requires members participating remotely to be visually identifiable by the chairperson during the meeting.



A member of a municipal legislative body is permitted to attend and participate in scheduled meetings by electronic means, such as videoconferencing or web-based platforms, under specific circumstances.

Members of a local legislative body that has authorized electronic participation for the specific circumstances allowed may not participate electronically more than two times per year. Furthermore, no more than 20% of members, up to three, may participate remotely in any given meeting. Importantly, a physical quorum must still be present at the meeting location.

Local legislative bodies that authorize remote participation must also ensure that meetings remain open and accessible to the public. This includes providing real-time, live audio or video access to the public, recording meetings and making them available within two business days, and including clear instructions in public notices about accessing the meetings and related materials.

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Senate Bill 425 / House Bill 66

Information Regarding Local Government Employees' Residence

Lawmakers also adopted legislation supported by TML that provides additional protection for certain information related to public employees operating in the state.

Presently, the street address of any municipal or county employee in the possession of the local government employing such individuals must be treated as confidential and is not open for public inspection. This bill expands this provision to mirror protections afforded state employees by adding city, state and zip code of the employee's residence to the list of information that must be kept confidential.

Senate Bill 1114 / House Bill 1293

Deleting Sunset on Disruptive Requestor Provision

TML supported legislation removing the provision ending the authority for local government to seek injunctive relief to stop certain individuals from continuing to request public records. By removing the sunset, the authority remains in place beyond July 1, 2025.

Under current law, a records custodian may seek a court order to stop individuals from making public records requests if the custodian believed the requests are intended to disrupt government operations. However, before petitioning the court, the custodian must first issue a written warning after the fifth disruptive request, specifying the problematic behavior. If the individual continues the conduct despite this notice, the custodian may proceed with legal action. During the legal process, the custodian is still obligated to fulfill public records requests but may be reimbursed for labor costs if the court rules in their favor.

If the court determines, by clear and convincing evidence, that the person's intent was to disrupt operations, it may issue an injunction preventing them from making further public records requests for up to one year. The enjoined individual may still petition the court to make a request, which the court can approve if it's not disruptive. Additionally, any records custodian who files such a petition must report the filing and outcome to the Office of Open Records Counsel, which will compile and summarize this information for inclusion in its annual report to the Advisory Committee on Open Government.



TML supported legislation that provides a means to stop certain individuals from continuing to request public records to intentionally disrupt government operations. After the fifth disruptive request, records custodians may proceed with legal action.

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PUBLIC SAFETY BENEFITS

This year, multiple legislative measures were enacted to enhance public safety personnel benefits, including expanding the presumptive benefits for firefighters and extending the Post-Traumatic Stress Disorder (PTSD) presumption to include police officers and EMTs.

Senate Bill 288 / House Bill 482

Presumption for Certain Cancers Expanded for Firefighters

Lawmakers expanded the existing presumption related to firefighters diagnosed with certain cancers. Currently, whenever any condition or impairment to health of a firefighter related to all forms of Non-Hodgkin's Lymphoma cancer, colon cancer, skin cancer, leukemia, testicular cancer, or multiple myeloma cancer resulting in hospitalization, medical treatment, or any disability, there is a statutory presumption that such condition has arisen out of employment, unless the contrary is shown by competent medical evidence.

Any such condition or impairment of health that results in death is presumed to be a loss of life in the line of duty, to

have arisen out of employment, and to have been in the actual discharge of the duties of the firefighter's position, unless the contrary is shown by a physician board certified in oncology. Secondary employment or lifestyle habits may be considered when determining whether the presumption established applies.

This legislation passed this session expands the list of cancers to be covered under the fire fighter presumption to include prostate cancer, breast cancer and pancreatic cancer. TML and other local governmental entities questioned whether it was practical to add prostate cancer and breast cancer – two of the most commonly occurring cancers – under the presumption that occurrences of these two cancers are found in large numbers among the public and are not limited to exposure to chemicals and other byproducts of fire. While some legislators expressed relative agreement with this argument, the legislation became law.

Senate Bill 289 / House Bill 310

PTSD Presumption Extended to Law Enforcement and Emergency Medical Responders

The General Assembly opted to extend the current statutory presumption afforded fire fighters diagnosed with post-traumatic stress disorder (PTSD) to law enforcement officers and emergency medical responders, under the "James 'Dustin' Samples Act.

Under the amended Act, if a fire fighter, law enforcement officer, or emergency medical responder is diagnosed with post-traumatic stress disorder (PTSD) by a licensed mental health professional within one year of their final date of employment, and the diagnosis is linked to their response to one or more traumatic incidents involving specific qualifying circumstances, the PTSD is presumed to be a line-of-duty



Legislation passed that expands the list of cancers to be covered under the firefighter presumption to include prostate cancer, breast cancer and pancreatic cancer.

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injury. This presumption allows the injury to be compensable under the Workers' Compensation Law, unless preponderant evidence proves the condition was caused by non-service-related risk factors or exposures.

Under the Act, there are four qualifying incidents for the presumption. A covered person must be involved in one or more of the following: witness the death of a minor or provide treatment to an injured minor who dies before or upon arrival at an emergency department; directly witness a death involving a serious bodily injury so severe it shocks the conscience; respond to events involving victims who have suffered severe bodily injuries of a shocking nature; or, respond to incidents where a responder, co-worker, or family member sustains a serious bodily injury or dies.

The Act defines law enforcement officers as individuals employed by the state or local governments whose primary responsibilities include the prevention and detection of crime and the apprehension of offenders. Emergency medical responders are defined as emergency medical technicians (EMTs), technician-paramedics, or paramedics

HOUSING

Tennessee continues to rank among the states with the highest increases in home prices. While this trend benefits current homeowners, it presents significant obstacles for individuals looking to buy a first home or move into a larger one to accommodate a growing family. The rising cost of homes, coupled with a limited housing supply, heightened competition from out-of-state buyers, ongoing supply chain disruptions, and broader economic uncertainty, has made affordable homeownership increasingly out of reach for many Tennesseans. As a result, attainable housing remains a pressing issue and a central focus of ongoing policy debates and legislative efforts to tackle different facets of the housing crisis.

Senate Bill 26 / House Bill 636

Tennessee Infrastructure Development Districts Act

Legislators approved legislation providing a comprehensive framework for the creating and administering Infrastructure Development Districts (IDDs) within Tennessee municipalities. These districts are designed to facilitate infrastructure projects such as roads, utilities, and public facilities that directly benefit properties within the district. A municipality, or “host municipality,” may establish an IDD through a formal resolution following a petition initiated by developers and property owners. The petition must include details like the proposed district boundaries, estimated infrastructure costs, and a proposed assessment levy. The process also mandates a public hearing and the adoption of a consistent establishment resolution by each involved host municipality.

The legislation outlines the powers of municipalities in establishing these districts, including the authority to levy special assessments on properties within the district to finance infrastructure costs. These costs can include construction expenses, utility fees, public land donations, and administrative charges. Special assessments are to be proportionate to the benefit received by each parcel and may be based on various valuation methods, such as acreage or frontage. Municipalities can issue bonds backed by these assessments to fund infrastructure improvements and may contract industrial development corporations or public building authorities to manage bond issuance and related financing.

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The bill also establishes an administrative framework for managing these districts. Municipalities must maintain assessment rolls, enforce collection similarly to property taxes, and offer policies for the prepayment and adjustment of assessments. Assessments become liens on properties, superior to most other encumbrances, and may not be levied on government-owned properties without consent. All districts are subject to annual audits by the state comptroller to ensure financial accountability, and municipalities may employ third-party administrators to manage district affairs, with such costs recoverable through the assessments.

Finally, the act includes provisions for the automatic dissolution of an IDD after 30 years, upon earlier satisfaction of all outstanding debt, or by petition from property owners. The law is intended as an alternative to other methods of municipal improvements without limiting existing authorities, and it prevails in case of legal conflict with other state laws.

Senate Bill 1193 / House Bill 863

Modification of Voluntary Attainable Housing Incentive Program

TML developed and supported legislation adopted in 2024 that authorizes municipalities to adopt, through local ordinance, a voluntary attainable housing incentive program to encourage the construction of attainable rental units. The legislation is permissive in nature, meaning cities are not required to implement such programs but may do so at their discretion. Furthermore, participation is entirely optional for property owners as the law explicitly forbids municipalities from mandating owner involvement. The central goal is to create a policy environment in which developers are enticed—rather than compelled—to build housing that is affordable to a broader range of tenants, particularly in multi-family developments. Under the 2024 law, all multi-family facilities, buildings, and structures constructed under a voluntary attainable housing incentive program must be deed-restricted to ensure that such properties continue to be utilized as attainable housing in perpetuity.



Legislation initiated by TML and adopted in 2024 was established to create a policy environment in which developers are enticed to build housing that is affordable. In 2025, the legislation was modified to require such properties to be deed-restricted to ensure they continue to be used to provide attainable housing for “at least 30 years.”

This requirement created a significant obstruction, precluding interested developers from obtaining financing for projects under the program. Therefore, legislation was introduced and adopted in 2025 that modified this requirement by requiring such properties to be deed-restricted to ensure they continue to be used to provide attainable housing for “at least 30 years” rather than “in perpetuity.” It is believed that this change will facilitate financing for such projects.

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OTHER BILLS OF INTEREST

There are other bills affecting municipalities that were considered this year that have not been detailed in this report. If we had included each bill, this report would have been unwieldy. The legislative team has done its best to identify the most significant bills in those areas that were the subject of most legislative activity. However, there are a handful of bills that don't fit neatly into one of the identified categories but merit inclusion in this report – these bills are detailed below.

Senate Bill 160 / House Bill 83

Proposed Reimbursement of Counties for Ambulance Service

TML strongly opposed an initiative to require a city or town that does not provide ambulance service to contribute funding to the county for such service based on the percentage of the overall county population residing within the incorporated limits. As a result of our efforts, the original bill was amended to direct the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) to conduct a study. TML fully supports the amendment and looks forward to contributing to and reviewing the TACIR report.



As a result of TML efforts, the original bill that would require municipalities that do not provide ambulance service to contribute funding to the county was amended to direct TACIR to conduct a study.

The amended bill directs TACIR to determine the number of counties that provide ambulance services versus those counties that contract for such services. The study is also to

determine the economic impact of the mandated service on counties as well as identify the number of counties operating at a deficit. TACIR is further directed to analyze the emergency and non-emergency transport reimbursement from commercial payors, Medicare and Medicaid. Finally, TACIR is to recommend any policy changes that may benefit the overall health and delivery of ambulance services.

Our reasons for opposing the initial bill were related to the municipal property owners' unfair and inequitable treatment under the proposed legislation. Ambulance service was mandated by the state and declared an essential county service. As such, it is the county's responsibility to provide the service, and the funding of such service is a matter for the counties and the state to resolve. Counties can generate revenues for services offered countywide through the county property tax levy. County property taxes are paid by every property owner in the county, including those county residents who reside within a municipality in the county. Requiring municipal residents to contribute to funding countywide ambulance service through county taxes and municipal taxes constitutes double taxation and raises constitutional questions regarding equitable treatment. While cities and towns appreciate the consequences of unfunded mandates and sympathize with counties, municipalities are not a piggy bank that counties can break open whenever they need funds. If county property taxes are inadequate to fund ambulance service, the county should consider increasing its tax rate or addressing the matter with the state, which imposed the mandate.

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Senate Bill 875 / House Bill 780

Requiring Annual Adjustments to each Municipality's Certified Population

Lawmakers adopted legislation requiring annual adjustments to each municipality's certified population to be utilized to determine per capita allocations of shared taxes as well as in determining eligibility and the amount of funds disbursed under any state grants and programs that are based on population and per capita distribution.

Currently, the certified population of each municipality is established once a decade under the federal decennial census. By law, a municipality that feels its current certification does not accurately reflect its current population may conduct a special census. Once the results of a special census have been reviewed and certified, the new certified population is substituted for the prior certification. While the special census process can produce meaningful benefits to growing communities, the time, resources, and expense involved in conducting a recount that may not produce the anticipated benefits serve to discourage some cities and towns from pursuing this option at all or engaging the process less frequently than might be warranted. Under the bill, the current reliance on the decennial certifications and special censuses will be replaced by annual determinations. The University of Tennessee's Boyd Center will provide annual population estimates to the Tennessee Department of Economic and Community Development for certification. These annual certifications will be used to determine per capita allocations and eligibility for state grants and programs based on population. The new law takes effect on January 1, 2026, and will impact certifications and allocations beginning with the 2026-2027 fiscal year.

While cities and towns experiencing growth will appreciate the greater likelihood that population growth will be realized without the expense and burden of a special census, those towns and cities with stable or declining populations are likely to feel the effects more immediately because of the annual population adjustments. TML was neutral on the bill. While the team recognizes the costs and burdens associated with a cumbersome system of determining populations and that produces allocations that fail to provide for growth adequately, there are also adverse consequences for communities – some of which are already experiencing fiscal difficulties associated with a diminishing tax base. The League will closely monitor the implementation of this law and its impact on cities and towns.

Senate Bill 1141 / House Bill 897

Residency Requirement for Municipal Judges

The General Assembly adopted legislation to codify a recent court decision regarding the residency of municipal judges. The legislation requires municipal judges to maintain permanent residence in the city or town in which they preside. The bill also establishes that municipal judges must satisfy this requirement prior to the next regular election, thereby creating a grace period for any sitting judge that is not currently in compliance with the new requirement. On March 7, 2025, the Tennessee Supreme Court issued its opinion in *Robin M. McNabb v. Gregory H. Harrison*, establishing the residency requirement. In the 2022 election for Lenoir City Municipal Court judge, three candidates, including Robin McNabb and Gregory Harrison, competed, with Mr. Harrison winning. After the Loudon County Election Commission certified the results, Ms. McNabb contested the outcome, asserting Mr. Harrison failed to meet the constitutional residency requirement under Article VI, Section 4 of the Tennessee Constitution. While both agreed the municipal judge must comply with this provision, they disputed the interpretation of "district." Ms. McNabb

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argued it referred specifically to Lenoir City, whereas Mr. Harrison claimed it applied to the broader Ninth Judicial District. Though he admitted he did not live within the city's limits during the year prior to the election, a trial court sided with Mr. Harrison, interpreting "district" as the larger Ninth Judicial District. The Court of Appeals affirmed his eligibility but defined the "district" as Loudon County, prompting Ms. McNabb to appeal to the Tennessee Supreme Court.

The Tennessee Supreme Court upheld that the Lenoir City Municipal Judge must meet the residency requirement under Article VI, Section 4, and concluded that "district" refers to the area in which a judge exercises jurisdiction. Since the jurisdiction of the Lenoir City Municipal Court is confined strictly to the city's corporate limits, the Court ruled that candidates must have resided in Lenoir City for at least one year prior to the election. Because Mr. Harrison did not meet this requirement, the Court held that he was constitutionally ineligible to serve as judge, reversing the prior decisions.

As the Court's opinion was issued in the middle of the legislative session, the bill's sponsors wanted to ensure clarity by codifying the opinion in law. However, the sponsors also recognized the disruption that may be caused by potentially disqualifying any judge not in compliance with the residency requirement. Thus, they established an effective date ensuring the requirement applies prospectively and not to current terms.

Senate Bill 592 / House Bill 648

Residential Rental Property Registry

In 2025, the TML Board of Directors directed the League to pursue legislation granting municipalities the authority to establish a residential rental property registry by ordinance. TML was pleased to secure the support of the Tennessee County Services Association and the Tennessee Municipal Power Association in this effort. Unfortunately, the bill failed in the Senate Commerce Committee.

This legislation offers a commonsense approach to improving communication between local governments and residential rental property owners. This measure is intended to address

situations where prompt and direct notification to property owners is crucial, for instance, to protect the physical integrity and value of a home, ensure legal compliance, or convey important updates. By providing accurate contact information, property owners can receive timely alerts about events or circumstances that may impact their investment. The Tennessee Association of Realtors opposed the bill on the grounds that it violated property rights. On its face, this argument is baseless. The limited requirements do not alter one's ability to enjoy his or her property or infringe on one's use of property. In fact, the bill's intent is to provide communication with an owner when a property has been harmed, is at risk of being harmed, or has been impacted in some other manner that could affect its use. Moreover, the legislative team offered its assurances and proposed an amendment making the submitted information confidential and only available for official use consistent with the stated purpose. Perhaps the opposition was not based on a fear of degradation of property rights, but rather more indicative of the fact that many realtors own and/or manage rental properties.



Legislation supported by TML to establish a residential rental property registry by ordinance failed in committee. The legislation was opposed by the Tennessee Association of Realtors on baseless grounds that it violated property rights.

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A registry would prove invaluable in the event of emergencies like fires or storm damage, utility work that affects access or service, changes in land use or zoning policies, or problematic tenant behavior that endangers the property or surrounding area. Historically, local governments have struggled to locate and notify owners efficiently, a problem made worse by the rise in out-of-state real estate investment in Tennessee. The registry provides a simple yet effective solution by requiring owners to submit their property address along with contact details—either their own or those of a designated representative.

The legislation also authorizes local governments to charge a nominal fee not exceeding \$10 per registration form and may fine owners up to \$50 for failing to submit the required information—though only after a hearing and a chance to correct the omission. The bill is designed to be mutually beneficial, offering property owners a means of safeguarding their investments while equipping local authorities with the tools needed to respond effectively to urgent or significant property-related events.

While the fate of this legislation was disappointing, the legislative team continues to talk to supporters, educate opponents, and to discuss possibilities for next session with our local partners and legislators should the Board elect to pursue this legislation again.

Senate Bill 1083 / House Bill 622

“Dismantle DEI Act”

In keeping with a national trend, the General Assembly passed legislation to prohibit local governmental entities from basing hiring decisions on any metric that considers an applicant's or employee's race, ethnicity, sex, age, or any other demographic characteristic, rather than on an individual's merit, qualifications, veteran status, or lawful eligibility criteria.

The legislation includes a limited exemption for local government employment decisions. An “employment decision” is defined as any action or determination relating to the hiring, firing, retention, promotion, demotion, discipline, evaluation, compensation, training, reassignment, or any other term, condition, or privilege of employment. If an employment decision deriving from the prohibition would result in a loss of federal funding, then a municipal government must submit a written notice to the comptroller and request an exemption for the employment decision so that it may conform to a condition of federally awarded or amended contracts.

Senate Bill 1084 / House Bill 923

“Dismantling DEI Departments Act”

The General Assembly also adopted legislation prohibiting any state or local governmental entities from establishing, maintaining, or funding offices, departments, or initiatives that promote diversity, equity, or inclusion (DEI). Specifically, the bill nullifies existing DEI offices and DEI-oriented programs, unless such programs are federally protected. The bill also bars the state, city, and county entities from maintaining any policy or practice that grants or withholds benefits based on race, ethnicity, sex, age or other non-merit-based criteria.

However, the bill creates two exceptions. The first relates to public health or medical outreach programs targeting specific populations for medically substantiated reasons. The second relates to outreach programs that seek to ensure equal access to services or contracts that utilize objective eligibility criteria, provided they do not mandate quotas or give preferential treatment based on demographics. In addition to these two exceptions, the bill permits a state or local entity to request an exemption from the Comptroller, if complying with the law would result in a loss of federal funds.

Status Select Bills of Interest

SB#	Short Description of Legislation	Final
SB6006	Immigration (Special Session)	PC5 Effective 02-12-25
SB6	Require local law enforcement transfer detained illegally in country to sanctuary city	Failed
SB13	State 911 Board from 9 to 11 members	Pending in Committee
SB26	Allows local government option to issue bonds on behalf of commercial developer to finance infrastructure	PC357 Effective 05-05-25
SB109	CMFO in certain cities serving fewer than 16 hours per month	PC44 Effective 03-20-25
SB115	Require audits of municipal departments, boards and agencies within six months of end of fiscal year	PC18 Effective 07-01-25
SB136	Electronic participation by members of local governing body	PC411 Effective 05-09-25
SB140	Recall process for municipal elected officials	Pending in Committee
SB144	State sales tax on cars and tires to Highway Fund and infrastructure study	PC508 Effective 05-21-25
SB145	Courthouse square revitalization	Pending in Committee
SB160	Cities reimburse counties for ambulance to TACIR	PC413 Effective 05-09-25
SB177	TML SSST	Pending in Committee
SB178	Mandatory public comment include non-germane to agenda	Failed
SB179	Defines district for purposes of municipal elections	PC187 Effective 04-11-25
SB207	Governor Lee's farmland preservation proposal	PC470 Effective 07-01-25
SB209	Police employees information made confidential	Pending in Committee
SB212	Expand requirement for posting of meeting agendas	PC360 Effective 05-05-25
SB214	Naming for local official	Failed
SB236	Require report of crimes at rental properties	Pending in Committee
SB247	Greenbelt and survivorship upon death or divorce	PC138 Effective 04-03-25
SB255	Municipal judge residency requirement	PC487 Effective 05-21-25
SB280	Law enforcement immunity for damage or injury if convicted	PC160 Effective 04-11-25

Status Select Bills of Interest

SB288	Firefighter presumption prostate, breast and pancreatic	PC422 Effective 07-01-25
SB289	PTSD presumption for police and EMT	PC480 Effective 07-01-25
SB294	Exempt \$15,000 NG vehicle purchase from sales tax	Pending in Committee
SB301	Firefighter shift commander or higher to continue beyond mandatory retirement	Pending in Committee
SB327	Rental property from commercial to residential	Summer Study
SB360	No correctional facility, hospital or nursing homes in flood plain	Failed
SB365	Requires rules, keep record and complete certain training for BZA	PC363 Effective 07-01-25
SB383	Relief for legal or constitutional challenge to state law only in state court	Pending in Committee
SB384	Hotel-Motel first 30 days	Governor Signed
SB387	Authorize local recall	Pending in Committee
SB418	GTLA increase	Failed
SB425	Local government employees address confidential	PC280 Effective 04-24-25
SB438	Solid Waste Advisory Task Force	PC429 Effective 05-09-25
SB480	ED for housing authority	PC114 Effective 04-03-25
SB495	City Manager-Commission charter contract for sports facility	PC279 Effective 04-24-25
SB509	Cooperative purchasing other locals and TVA	PC98 Effective 03-28-25
SB518	Municipal water/wastewater issue revenue anticipation notes	PC170 Effective 07-01-25
SB525	Three judge panel to hear alleged charter amendment violates Constitution	PC249 Effective 04-24-25
SB539	Valuation of LIHTC properties	Pending in Committee
SB564	Require connection and assume operation independent wastewater facilities	Pending in Committee
SB592	TML residential rental property registry	Failed
SB624	Elected local official not hold another elected office	Pending in Committee
SB629	Hotel-Motel tax cap	PC372 Effective 05-05-25
SB643	Exempt non-profit religious from property tax	Clerk's Desk
SB646	Establish Hurricane Helene disaster recovery fund	PC521 Effective 05-21-25

Status Select Bills of Interest

SB649	Recall for local school boards	Withdrawn
SB670	TDEC only call wetland if feds call wetland	PC437 Effective 07-01-25
SB674	GA preempts and occupies entire field of employment	Clerk's Desk
SB717	Allow developers to hire third party for utility installation	Pending in Committee
SB728	Allow ATV on city streets unless prohibit	PC255 Effective 04-24-25
SB731	Utility change orders, non-essential infrastructure, and deficiency reports	Failed
SB735	Require compenation above FMV for removal of billboards	Pending in Committee
SB750	Require report of interaction with illegals	PC323 Effective 05-02-25
SB754	Courthouse square revitalization	Pending in Committee
SB770	Authorize crealtion of local hemp and cannabinoid boards	Pending in Committee
SB771	Automatic appeal of property tax assessment to SBOE and payment of interest	Pending in Committee
SB773	Vesting rights toll during litigation	PC440 Effective 07-01-25
SB785	Municipalities only require 1 entrance and no stubbing of streets in subdivision with less than 70 homes	Pending in Committee
SB795	Locals piggyback on GSA contracts	Clerk's Desk
SB842	Locals purchase authorized insurance without public bidding	PC260 Effective 04-24-25
SB845	AG investigate locals for alleged illegal or unconstitutional actions and loss of shared taxes	PC514 Effective 07-01-25
SB875	Boyd Center generate annual population estimates for certification	PC501 Effective 01-01-26
SB997	Exception to referendum for annexation	Pending in Committee
SB988	Documentation of justification for development fees	PC140 Effective 07-01-25
SB1037	Mandatory public comment include non-germane to agenda and constitutional right to rebut.	Failed
SB1068	Prohibits booting of vehicles	PC457 Effective 05-09-25
SB1080	Awarding counties half of recordation tax revenues	Pending in Committee
SB1083	Dismantle DEI Act	PC494 Effective 05-21-25
SB1087	Creates offense for those unlawfully present in country to enter the state	Pending in Committee

Status Select Bills of Interest

SB1089	Increase amount of muni court fees going to state	PC459 Effective 07-01-25
SB1096	Allows place of worship to be used for education w/out reclassification	Pending in Committee
SB1098	2/3 vote county moratorium on development of apartments in certain municipalities	Pending in Committee
SB1101	Tree canopy exempt property tax	Pending in Committee
SB1114	Remove sunset for frequent requestor injunction	PC392 Effective 05-05-25
SB1138	Sewer outside city limits 25 years have to continue if sufficient capacity	PC461 Effective 05-09-25
SB1139	Allow developers to contract with a third-party contractor to install utilities and conduct inspections	PC490 Effective 07-01-25
SB1141	Decreases threshold for fluoride in public water system	Failed
SB1193	Voluntary housing incentives in perpetuity to 30 years	PC348 Effective 05-02-25
SB1263	Allow county government to prohibit use of biosolids/sludge	Pending in Committee
SB1271	Clarifies industrial development corporations law and authority relative to affordable housing	PC353 Effective 05-02-25
SB1276	Reduce local match for park land acquisition in distressed counties	PC336 Effective 10-01-25
SB1307	Local option levy privilege tax surcharge for transportation	Pending in Committee
SB1313	Property rights vest with submission of substantially complete application	PC465 Effective 07-01-25
SB1315	Reduce DOR admin fee from 1.125 to .075	PC355 Effective 07-01-25
SB1367	Eliminates sales tax on food	Pending in Committee
SB1381	Allows local to regulate distance for sober living homes	PC503 Effective 05-21-25
SB1404	Municipalities may not levy tax, impose fee, or take any action that increases cost to unincorporated residents	Failed
SB1413	Sale and distribution of hemp-derived and cannabinoid products	PC526 Effective 01-01-26
SJR48	Increases 911 surcharge rate to \$1.86	Pending in Committee