

TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations




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MEMORANDUM

TO: Commission Members

FROM: Lynnise Roehrich-Patrick
Executive Director 

DATE: 13 September 2012

SUBJECT: Intergovernmental Challenges and Achievements, Biennial Report of TACIR
Fiscal Years 2011 and 2012

The Tennessee General Assembly requires the Commission to issue a biennial report on its work. The report for fiscal years 2011 and 2012 follows the general framework established in previous reports and provides an overview of important program areas—infrastructure, emergency communication funding, underground utility protection, electric generation and transmission cooperatives, and regional water resource planning—addressed over the two-year period. The full scope of the Commission’s work is evidenced in the lists of publications, presentations, relevant legislation, and meeting participation included in the appendixes.

This biennial report is hereby submitted for your approval.

Intergovernmental Challenges and Achievements

Biennial Report Fiscal Years 2011 and 2012

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September 2012

Biennial Report Fiscal Year 2011-Fiscal Year 2012

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Message from the Chair and Executive Director, TACIR

This Biennial Report of the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) describes the accomplishments and primary activities of the Commission during fiscal years 2011 and 2012. The report outlines the hard work and effort of TACIR in aiding local governments, the General Assembly, and the State of Tennessee.

While it provides a focused overview of some key issues TACIR addressed during the period covered—infrastructure, emergency communication funding, underground utility protection, electric generation and transmission cooperatives, and regional water resource planning—the broader scope of the Commission’s work is seen in the lists of publications, presentations, relevant legislation, and meeting participation included in the appendixes.

TACIR takes its mandate to provide a future-oriented perspective to public policy and intergovernmental relations seriously and employs any number of resources to see that its mandate is fulfilled. The expertise and hard work of the talented individuals who serve on the Commission has been essential to TACIR’s success. TACIR Commission members for fiscal years 2011 and 2012 are listed in appendix I.

Executive Director Dr. Harry A. Green Retires After 39 Years of Service

Dr. Harry A. Green retired his post as executive director of the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) on April 13, 2012, after 39 years of service to the State of Tennessee. Dr. Green began his career with the State in 1978 as Chief of Research and Statistics for the Office of the Comptroller of the Treasury and was appointed executive director of TACIR in 1981.

Under Dr. Green's leadership, the Commission has played an important role in developing many of the key issues that have shaped state and local government in Tennessee over the last several decades. One of his key accomplishments was the development of the fiscal capacity formula adopted by the Tennessee State Board of Education to equalize local funding for public schools through the Basic Education Program (BEP) formula established as part of Tennessee's Education Improvement Act of 1992.

During Dr. Green's tenure as executive director, the Commission was recognized by the Governmental Research Association with an Award for Most Distinguished Research, an Award for Special Achievement, a Certificate of Merit for Most Distinguished Research, a Certificate of Merit for Special Achievement, a Certificate of Merit for Effective Education, and two Certificates of Merit for Effective Citizen Education; by the National Association of Development Organizations with an Innovation Award; and by the American Library Association with a Notable Document Award.

Dr. Green was born in Wilson County, Tennessee, and served honorably in the United States Army during the Korean Conflict. He received his B.S. in Economics from Middle Tennessee State University, his M.S. in Public Administration at Florida State University in 1958, and his Ph.D. in Public Administration at the University of Colorado in 1962. He has taught at Middle Tennessee State University, Florida State University, George Washington University, the University of Pittsburgh, and the University of Ife, Nigeria. He held the position of Associate Dean at Georgia State University and Dean and Department Head at Ahmadu Bello University, Nigeria.

A copy of Senate Joint Resolution 733 honoring Dr. Green for his service to the State of Tennessee and to the Tennessee Advisory Commission on Intergovernmental Relations can be viewed in appendix J.

TACIR Serves as a Forum for the Discussion and Resolution of Intergovernmental Problems

As part of its mission to promote thoughtful discussion of intergovernmental problems, TACIR continues to improve how it gets the word out on its research. Prior to fiscal year 2011, TACIR began what continues to be a successful collaboration with Middle Tennessee State University to produce the [Tracking Tennessee's Economic Recovery](#) website. The Commission has added to that success with two new initiatives, its social media page and its partnership with the Tennessee County Services Association (TCSA) to provide bimonthly articles for the *Tennessee County News*.

TACIR entered the world of social media in August 2011 with the launch of its official Facebook page. The Commission staff uses the page to notify the public of new reports, elaborate on topics of interest, and point out relevant research by other organizations. TACIR has been steadily increasing the number of followers for the page.

TACIR has also sought ways to better communicate using more traditional media. In the winter of 2012, TACIR began partnering with TCSA to publish an article every other month on a topic of mutual interest. To date, TACIR has provided articles on the Tracking Tennessee's Economic Recovery website, public school infrastructure needs, the effect of Tennessee Valley Authority lease-lease back deals on revenue to Tennessee cities and counties, and the state's economic development incentives.

Focus Issues

This report provides highlights of a small number of the issues addressed by the Commission and its staff during fiscal years 2011 and 2012: infrastructure, emergency communication funding, underground utility protection, electric generation and transmission cooperatives, and regional water resource planning. This selection of issues demonstrates the wide range of topics that fall within the purview of the Commission's mission to

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

Tennessee's Infrastructure Needs

During fiscal year 2011, the Commission released the eighth and ninth in a series of reports on Tennessee's infrastructure needs, ***Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs***, pursuant to Public Chapter 817, Acts of 1996. That Act requires TACIR to compile and maintain an inventory of public infrastructure needed in Tennessee and present these needs and associated costs to the General Assembly during its regular legislative session. The inventory, by law, is designed to support development by state and local officials of goals, strategies, and programs to

- improve the quality of life of all Tennesseans,
- support livable communities, and
- enhance and encourage the overall economic development of the state through the provision of adequate and essential public infrastructure.

The reports provide information about

- (1) needed infrastructure improvements and
- (2) the condition of elementary and secondary public school buildings.

July 2010

The eighth report in the series, covering the five-year period of July 2008 through June 2013, was completed during fiscal year 2010 and published at the beginning of fiscal year 2011 (July 2010). It indicated that Tennessee needs at least \$37.3 billion of public infrastructure improvements to be in some stage of development—an increase of \$23.6 billion since the inventory began in 1997 and an increase of about \$3.1 billion (9.0%) over the amount reported the previous year (September 2009). These needs fell into six general categories:

- ◆ Transportation and Utilities: \$18.9 billion
- ◆ Education: \$7.7 billion
- ◆ Health, Safety, and Welfare: \$7.1 billion
- ◆ Recreation and Culture: \$1.8 billion
- ◆ Economic Development: \$1.0 billion
- ◆ General Government: \$649 million

Transportation and Utilities category, the single largest overall, category increased from \$17.7 billion to \$18.9 billion. Transportation needs alone made up \$18.3 billion (49%) of the total. Most of the remaining increase in this inventory was in needs at the state's colleges and universities (\$1 billion) and in water and wastewater (\$307 million). Of the 22 specific types of public infrastructure needs, only eight decreased.

TACIR's inventory of public infrastructure needs is the only source of statewide information on the condition of public school buildings and what it would take to get them all in good or better condition. According to local school officials, 91% of local public schools were in good or excellent condition. However, they estimated the cost to put the remaining 9% in good or better condition at \$1.6 billion, a \$79 million increase from the cost reported in 2009.

June 2011

The ninth report in the series was published at the end of fiscal year 2011 (June 2011). TACIR's ability to produce these reports earlier each year is the result of a multi-year initiative to develop a web-based information system backed by a database with substantial business intelligence to improve data quality control. Staff of the state's nine development districts gather information from local officials, enter it into the database, and work with TACIR staff to ensure accuracy and consistency in reporting across the state.

According to the June 2011 report, at least \$37.6 billion worth of public infrastructure improvements needed to be in some stage of development during the five-year period of July 2009 through June 2014. The increase since the July 2010 report, at \$269 million (0.7%), was the smallest since the infrastructure inventory began in 1997. The needs were again reported by category:

- ◆ Transportation and Utilities: \$19.5 billion
- ◆ Education: \$7.7 billion
- ◆ Health, Safety, and Welfare: \$6.9 billion
- ◆ Recreation and Culture: \$1.8 billion
- ◆ Economic Development: \$1.1 billion
- ◆ General Government: \$473 million

The largest one-year increase was in the Transportation and Utilities category, which increased \$612 million, from \$18.9 billion to \$19.5 billion. Transportation needs alone make up \$18.9 billion (50%) of the total reported for all types of infrastructure. Even with this significant increase in transportation needs, total needs increased only slightly because four types of infrastructure needs—water and wastewater, new schools, law enforcement facilities, and public buildings—decreased by more than \$100 million each. The report also included information about the availability of funding to meet those needs. Of the \$29.3 billion reported for local infrastructure improvements, only \$10.9 billion had been identified at the time of the inventory. Officials are asked to report only those funding dollars that are available and not to speculate about how a project could be funded.

According to local school officials, 91% of local public schools were in good or excellent condition at the time of the 2011 report. They estimate the cost to put the remaining 9%

in good or better condition at \$1.5 billion, a \$38 million decrease from the cost reported in the 2010 report.

During fiscal year 2012, TACIR completed collection and analysis of the data for the tenth report in the series, which will be published early in fiscal year 2013.

Emergency Communication Funding

TACIR has continued to play an important role in assessing and improving the state's E-911 services. In 2009, in response to fiscal concerns voiced by some emergency communications districts (ECDs), the Tennessee General Assembly directed TACIR to study Tennessee's 911 emergency communications funding system and report back to the House State and Local Government Committee the following year. The study was requested in response to the changes proposed in House Bill 204 (Senate Bill 208):

- an increase in the monthly cell phone service charge from \$1 to \$1.50
- reallocation of the distribution of this service charge from the Tennessee Emergency Communications Board (TECB) to local ECDs from 25% to 65%
- distribution of an additional 5% of the revenue generated to the fifty lowest populated ECDs

In the final report, ***E-911: Emergency Communications Funding in Tennessee***, several findings were reported that dealt with funding or the effect of changes in technology on funding:

- The number of Tennessee wireline subscribers decreased every year since 2001. In contrast, the number of wireless subscribers increased each year since 1999.
- From 2005 onward, wireless subscribers outnumbered wireline subscribers in Tennessee.
- With advances in technology, the emergency communication networks built four decades ago are less efficient, less technologically advanced and, as a result, less able to provide the public with 911 services on newer technologies and devices.
- There was no consistent statewide reporting of taxable landline counts by type, residential versus business, for each ECD.
- Landline surcharges in Tennessee were some of the highest in the United States, while the state's wireless charge was also relatively high.
- There were wide variations in wireline collections among counties with similar demographics.
- The 911 Emergency Communications Fund is protected under a federal law, the New and Emerging Technology 911 Improvement Act, which prohibits states from diverting funds designated for 911.
- Tennessee's longstanding policy of full cost recovery may be a reason for Tennessee's achievement as the third state in the U.S. to be fully wireless E-911 Phase II compliant. Phase II service allows the person answering the call to see both the caller's wireless phone number and their location information.
- The law requires the TECB to distribute 25% of the revenue generated by the monthly service charge on users and subscribers of non-wireline telecommunications service to the ECDs, but the TECB distributes substantially more funding to the ECDs than the law requires.

- The TECB's \$14 million operational support fund, put into place partly in response to a recommendation in TACIR's 2006 report on E-911, had a clear effect on ECD solvency as the number of financially distressed districts subsequently declined to two, the lowest since 1998.

Among the recommendations in the report were that telephone service providers be required to file a standard line count return with each ECD and that the ECDs be required to file monthly or quarterly statistics with the TECB based on those returns, and that no changes be made to the current rate structure or distribution scheme until sufficient line count data is available to fully analyze the impact of any changes.

Public Safety Answering Points

During fiscal year 2012, TACIR responded to a mandate by the Tennessee General Assembly that grew out of a 2009 performance audit of the Department of Commerce and Insurance by the Office of the Comptroller. The Comptroller's staff found weaknesses in emergency communication services in Tennessee that could put residents in some areas of the state at risk. Public Chapter 473, Acts of 2009, directed TACIR to

- study the impact on public safety of Public Safety Answering Points (PSAPs) not affiliated with an Emergency Communication District (ECD);
- review the emergency communications equipment capabilities of non-affiliated PSAPs;
- report its findings and recommendations, including any proposed legislation or interim reports, upon conclusion of its study.

The findings and recommendations from the final report, ***The Public Safety Impact of Public Safety Answering Points Not Affiliated with an Emergency Communications District***, were delivered to each member of the House and Senate Government Operations Committees in October 2011. TACIR staff found that there was no adverse impact to public safety from non-affiliated PSAPs that would require changing current law to require consolidation.

Recommendations included providing a statutory definition for PSAPs; classifying entities not affiliated with their local ECD that do not meet the definition of a PSAP as public safety emergency service providers (PSEPs); amending Tennessee Code Annotated § 7-86-107 to include language indicating that any call made by dialing 911 in Tennessee must be delivered to a public safety answering point equipped with at least Phase II compliant technology, if not Next Generation 911 technology; continuing to encourage consolidation; and requiring non-affiliated PSAPs and PSEPs that receive 911 calls (relayed, transferred, or otherwise) to submit an annual report to their local ECD, which the ECD will in turn submit to the TECB. This annual report would include contact information, notification of any interlocal agreements, and a contingency plan in case of network, equipment, or facility failures, fashioned after TECB policies.

Underground Utility Protection

In response to then anticipated new federal requirements for states to strengthen their underground utility protection laws, primarily to protect natural gas and hazardous liquid pipelines, Public Chapter 470, Acts of 2009, directed TACIR to study the effectiveness of Tennessee's current underground utility damage prevention program.

The Commission heard testimony from several stakeholder groups. That testimony, coupled with work by the TACIR staff, raised several issues that may need to be addressed if the General Assembly decides to amend the present law:

- *More Effective Damage-Incident Reporting*—Presently, damage reporting is voluntary in Tennessee. Better data collection and analysis could help target methods for improvement.
- *Civil Penalties in Place of Criminal Ones*—Tennessee is one of a handful of states lacking a process to levy civil penalties against operators who violate the utility damage prevention laws.
- *A State Agency to Oversee the Program and Enforce Penalties*—Tennessee presently lacks a state-level comprehensive underground utility damage prevention program.
- *Governance of the One-Call System*—Tennessee's One-Call System operates as a private, non-profit corporation. Although most other states have similar structures, some have reporting requirements or allow broader representation of stakeholders among the voting membership and board of directors.
- *Funding Utility Damage Prevention*—If Tennessee wants to strengthen its utility damage prevention efforts, policymakers will need to address several issues related to enforcement, including how such efforts might be funded.

The report, ***Safe Digging! Working Together to Prevent Damage to Underground Utilities***, highlighted some "next steps:"

- Until the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) completes its rulemaking processes, comprehensive legislation revising Tennessee's utility damage prevention program may be premature. Several issues, however, seem likely to emerge, and Tennessee would be prudent to work on these in anticipation of federal action.
- In the meantime, the Tennessee Regulatory Authority and the Tennessee One-Call System should convene representatives of all stakeholder groups and discuss ways to enhance utility damage prevention. The Common Ground Alliance arrived at its "best practices" through a series of meetings with all stakeholders. A similar group could be convened in Tennessee to work out a set of recommendations.

Since the release of this publication in October 2010, PHMSA has indeed proposed new procedures to strengthen pipeline excavation damage prevention programs and

increase penalties for violators. On April 2, 2012, PHMSA posted a Notice of Rulemaking in the Federal Register seeking to revise the Pipeline Safety Regulations. The proposed rules will encourage states to strengthen their excavation damage prevention enforcement programs, provide more protection for underground pipelines, and allow for federal enforcement against violators in cases where state enforcement may not occur. The comment period for stakeholders on the proposed rules expired July 9, 2012.

TACIR staff will continue to monitor the proposed rules and provide updates to the Commission as needed.

Electric Generation and Transmission Cooperatives

Section 4 of Public Chapter 475, Acts of 2009, required TACIR to study whether current wholesale power supply arrangements between the Tennessee Valley Authority (TVA) and municipal utilities and electric cooperatives were likely to change in the future in a way that could affect payments in lieu of taxes from TVA to the state and its local governments.

The report, *The Electric Generation and Transmission Cooperative Act of 2009 and Its Possible Impact on the Tennessee Valley Authority's Payments in Lieu of Taxes*, found that new cooperatives could produce and sell power that would not appear as sales on TVA accounts. The result would be that TVA's payments in lieu of taxes would be reduced from what they otherwise might have been. The following year, the General Assembly passed Public Chapter 1035, Acts of 2010, based partly on TACIR's report. Public Chapter 1035 made the study an annual requirement.

To fulfill this requirement, TACIR produced a report, ***Potential for Changes in Tennessee Valley Authority Payments in Lieu of Taxes to Tennessee and Its Local Governments***, in December 2011. That report discussed how so far only one cooperative has been formed: the Seven States Power Corporation (Seven States), a nonprofit formed by the Tennessee Valley Public Power Association.

Because all revenue from sales of electricity produced by the Southaven plant flows through TVA, its ownership structure has no effect on TVA's total payments in lieu of taxes to the seven states in its operating region. The total PILOT would remain the same even if Seven States were sole owner of the Southaven plant. The effect on the share of those payments received by each state is more complicated. Because TVA's payments in lieu of taxes to each state in the region depend in part on the value of the property it owns in each state, as TVA buys, sells, or builds power plants in each state, the share of the total PILOT coming to Tennessee may increase or decrease. This will happen regardless of who owns the plants that generate the power.

The report noted that the formation of cooperatives is only one factor that can affect TVA's PILOT to Tennessee or equivalent payments under Public Chapter 1035. Other factors play a role, including energy conservation and the weather, as well as economic conditions and TVA's rate structure.

The findings were submitted to the House and Senate, Finance Ways & Means Committees; Senate Commerce, Labor & Agriculture Committee; and the House Commerce Committee.

Regional Water Resource Planning

TACIR's work on regional water resource planning is an excellent example of the Commission's collaborative work with other government agencies. Prompted in part by the 2007 drought, the Tennessee Department of Environment and Conservation (TDEC) established the Water Resources Technical Advisory Committee (WRTAC) authorized by the Tennessee Water Resources Information Act in 2008. TACIR is among the agencies represented on the committee and has been actively involved in its work.

WRTAC identified two major tasks to improve the state's ability to manage drought and other water supply challenges. The first task was to update the state's drought management plan, last issued in 1987. The committee completed the update, and TDEC reissued the plan in February 2010. The second task was to develop a framework for regional water supply planning. The committee decided that the best way to develop a workable planning framework was to "put a patient on the table." Two areas were chosen for pilots:

- the north central area of Middle Tennessee centered on Portland in Sumner County and
- the southern end of the Cumberland Plateau, mainly Grundy County.

The objective of the study was to identify the most cost-effective, sustainable way to meet the water supply needs of the study area through 2030. Utilities in both areas had difficulty meeting their residents' water needs in 2007 and 2008. The North Central pilot region has been one of the fastest growing areas in the state. The South Cumberland pilot area is one of the slowest growing areas, in part, because of its limited water supply sources. Each study area lies on a watershed divide, which generally have small streams and limited water supply sources that constrain growth and development.

The first pilot, ***South Cumberland Regional Water Resources Planning Study***, produced by TDEC's WRTAC and co-written by TACIR staff, was published in June 2011. All of the public water systems in the study area rely on reservoirs that are barely adequate to support current raw water withdrawals. After evaluating a number of alternatives that would supply additional water to the area, the study team chose to recommend raising the Big Fiery Gizzard Dam with modification of the release requirement along with a regional system of drought planning and management. This option was chosen primarily because its cost was estimated to be roughly one third or less of the other alternatives and it could be implemented most quickly. In parallel with this regional pilot, all of the utilities in the South Cumberland planning region adopted a joint drought management plan on April 26, 2011.

The second pilot, ***North Central Tennessee Regional Water Resources Planning Study***, was published in December 2011. Most of the water utilities in the North Central study area rely on Old Hickory Lake as their source and were able to weather the 2007-08 drought without too much difficulty. Portland, on the other hand, relies on smaller,

local sources, and thus was hit harder by the drought. Even though Portland was able to manage by using existing interconnections with systems that draw their water from Old Hickory Lake, those interconnections will not be sufficient in the future as the Portland area grows.

After evaluating a number of alternatives to supply additional water to the Portland area, the study team recommended contracting with White House Utility District to purchase finished water as needed and on a schedule amenable to both parties. This alternative was the least expensive by a significant margin and could be accomplished relatively quickly. Although the preferred alternative for this regional pilot study centered on Portland and White House, all of the utilities in the region would benefit from increased efforts to conserve water and manage water supply demands.

The pilot studies made clear the complexity of regional water issues; the need for broad collaboration among local, state, and federal partners; and the need to include with regional water plans the tools necessary to make adjustments as circumstances change. The studies provided an effective approach to regional water supply planning for use in all areas of the state facing water supply challenges.

Appendix A: TACIR Accomplishments by Research Area Fiscal Years 2011 and 2012

Fiscal Year 2011

Education Finance/Fiscal Capacity:

- Completed Fiscal Year 2012 Fiscal Capacity Model.

Fiscal & Tax Policy Research:

- Completed summary of TACIR reports on property tax issues in Tennessee from 1999 through 2010.
- Updated web publication on the impact of the economic slowdown on local governments.
- Continued to monitor whether the current wholesale power supply arrangements between TVA and municipal utilities and electric cooperatives are likely to change in the future such that payments in lieu of taxes would be affected.
- Completed study of the residual impact of the recession on local government taxes.

Growth Planning:

- Continued to monitor and report to the General Assembly on the implementation of Public Chapter 1101, Acts of 1998, Tennessee's growth policy law (Tennessee Code Annotated § 6-58).
- Continued study by University of Memphis on relationship between school siting and land-use planning.
- Assisted Columbia and Maury County with consolidation commission research.
- Completed study of water resource allocation in Tennessee as it relates to growth and scarcity.
- Completed three of the four parts of a series on land-use and transportation planning.
- Requested by the Tennessee Department of Environment and Conservation (TDEC): Continued to act as lead agency for designated chapters of two water resource planning pilots and for compilation of overall pilot reports. Related to recurring project of serving on TDEC's Water Resources Technical Advisory Committee.

Infrastructure:

- Continued annual public infrastructure needs inventory pursuant to Tennessee Code Annotated § 4-10-109. Collected infrastructure data provided by 136 school systems, 95 counties, 318 municipalities, and 195 other entities.

- Completed annual report to General Assembly on public infrastructure needs.

Other Research:

- Completed study on effectiveness of Tennessee’s underground utility damage prevention program.
- Completed comprehensive study of Tennessee’s 911 emergency communications funding system.
- Completed the regional jail feasibility study for Clay, Fentress, Overton, and Pickett counties.
- Monitored intergovernmental tax, fiscal, and education legislation.
- Continued economic analysis of rural economies and their development to identify fiscal challenges and achievements specific to rural areas and regions.

Administration:

Administered thirteen contracts:

- The state’s nine development districts—support the public infrastructure needs inventory project
- Tennessee Department of Finance and Administration—shared administrative support services
- University of Memphis—study school siting and land use
- Middle Tennessee State University—economic indicators website
- Cumberland Region Tomorrow—2011 Power of Ten Regional Summit

Using Technology for Public Information:

- Continued to focus on maximizing electronic report dissemination while providing detailed focus sections on ongoing research.
- Implemented enhancements to the public infrastructure needs inventory information system.
- Continued to update the major public information enhancement, Tracking Tennessee’s Economic Recovery, in partnership with Middle Tennessee State University.
- Updated and enhanced Tennessee county profiles to include commuter maps.

Fiscal Year 2012

Education Finance/Fiscal Capacity:

- Completed Fiscal Year 2013 Fiscal Capacity Model.

Fiscal & Tax Policy Research:

- Continued to monitor and published a report on Tennessee Valley Authority payments in lieu of taxes and the effect of the Electric Generation and Transmission Cooperative Act of 2009 as amended in 2010 (Public Chapter 1035, Acts of 2010).

- Prepared a web publication on evidence from the current county reappraisals and the impact of recent property value declines on future reappraisals and taxable assessments.

Growth Policy:

- Continued to monitor and report to the General Assembly on the implementation of Public Chapter 1101, Tennessee's growth policy law (Tennessee Code Annotated § 6-58).
- Continued to work with other state agencies in developing programs designed to implement the goals and objectives of PC 1101.
- Continued involvement with the technical working group established by TDEC's Water Resources Technical Advisory Committee to develop a regional water supply planning process for Tennessee.
- Continued study by University of Memphis on relationship between school siting and land-use planning.

Infrastructure:

- Continued annual public infrastructure needs inventory pursuant to Tennessee Code Annotated § 4-10-109. Collected infrastructure data provided by 136 school systems, 95 counties, 318 municipalities, and 195 other entities.
- Completed annual report to General Assembly on public infrastructure needs.

Other Research:

- Completed study on public safety answering points not affiliated with an emergency communications district.
- Completed study on voter canvassing.
- Completed the final report in the land-use and transportation planning series.
- Completed a web publication on the impact of property value declines on future reappraisals and taxable assessments.
- Completed a fast fact on transportation's share of state GDP.
- Completed the study of House Bill 895 (Senate Bill 1336) on county veterans service officer compensation.
- Continued economic analysis of rural economies and their development to identify fiscal challenges and achievements specific to rural areas and regions.
- Monitored intergovernmental tax, fiscal, and education legislation.

Administration:

Administered twelve contracts:

- Nine development districts—support for the public infrastructure needs inventory
- Tennessee Department of Finance and Administration—shared administrative support services
- Middle Tennessee State University—economic indicators website
- Atkins North America, Inc.—travel demand for Tennessee's interstates

Using Technology for Public Information:

- Continued implementing enhancements to website to increase functionality.
- Continued to focus on maximizing electronic report dissemination while providing detailed focus sections on ongoing research.
- Continued to update the major public information enhancement, Tracking Tennessee's Economic Recovery, in partnership with Middle Tennessee State University.
- Created a Facebook page to serve as a tool to engage state and local governments, the citizens of Tennessee, and others in TACIR's research.

Appendix B: TACIR Publications Fiscal Year 2011 and Fiscal Year 2012

Canvassing for Votes: Safety on the Campaign Trail—Commission Report, June 2012

Appointment v. Election of Utility District Commissioners —Staff Report, January 2012

County Veterans Service Officer Compensation Study: A Study of SB 1336/HB 895—Staff Report, January 2012

North Central Tennessee Regional Water Resources Planning Study—Prepared by TDEC's Water Resources Technical Advisory Committee, December 2011

Potential for Changes in Tennessee Valley Authority Payments in Lieu of Taxes to Tennessee and Its Local Governments—Commission Report, December 2011

Transportation's Share of Tennessee's GDP Matches Transportation's Share of the US Economy—Fast Facts Volume 7 Issue 1, December 2011

Evidence from Current County Reappraisals of the Impact of Recent Property Value Declines on Future Reappraisals and Taxable Assessments—Web Publication, December 2011

Getting There: Increasing Access to Destinations—Part IV: Land Use and Transportation Planning Staff Report, December 2011

The Public Safety Impact of Public Safety Answering Points Not Affiliated with an Emergency Communications District—Commission Report, September 2011

Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs—Commission Report, June 2011

South Cumberland Region Water Resources Planning Study—Prepared by TDEC's Water Resources Technical Advisory Committee, June 2011

The Residual Impact of the Recession on Local Government Taxes—Web Publication, June 2011

Are We There Yet?—Part III: Land Use and Transportation Planning Staff Report, March 2011

Land Use and Planning in Tennessee—Part II: Land Use and Transportation Planning Staff Report, February 2011

Intergovernmental Challenges and Achievements: Biennial Report for fiscal year 2009 and fiscal year 2010—Commission Report, February 2011

Moving Forward: Public Transportation in Tennessee—Part I: Land Use and Transportation Planning Staff Report, January 2011

Regional Jail Feasibility Study—Prepared by CRS, Inc., November 2010

Safe Digging! Working Together to Prevent Damage to Underground Utilities—Commission Report, October 2010

The Property Tax in Tennessee—A Summary of TACIR Reports on the Property Tax Issues: 1999-2010—Staff Research Brief, October 2010

E-911: Emergency Communications Funding in Tennessee—Staff Report, September 2010

Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs—Commission Report, July 2010

Appendix C: Staff Presentations

Cumberland Watershed Study and Planning

Presentation to the Conservation Commission (October 2011)

TACIR's Fiscal Capacity Model

Presentation to the Ad Hoc Committee on Education Finance (March 2011)

How a Bill Becomes a Law

Presentation to the Tennessee Chapter of the American Planning Association (January 2011)

Streamlined Sales Tax Issue

Presentation to the Greater Nashville Regional Council (January 2011)

Creating Solutions: A State Budget Forecast and Policy Forum

Presentation to the Tennessee Budget Working Group (September 2010)

Summary of TACIR's Regional Jail Feasibility Study

Presentation to the Select Oversight Committee on Corrections (August 2010)

Appendix D: Conference and Meeting Attendance Fiscal Year 2011 through Fiscal Year 2012

American Society for Public Administration, Tennessee Chapter, Annual Symposium

Cumberland Region Tomorrow Regional Summit

Environmental Summit Conference

Governor's Conference on Economic Development

Governmental Research Association Annual Conference

Middle Tennessee State University Economic Outlook Conference

Regional Economic Modeling Institute Conference

Southeast Conference on Public Administration Annual Conference

Summit for a Sustainable Tennessee

Tennessee American Planning Association Annual Conference

Tennessee American Planning Association Winter Retreat

Tennessee County Services Association Annual Fall Conference

Tennessee County Services Association Post Legislative Conference

Tennessee Development District Association Annual Meeting

Tennessee Development District Association Spring Conference and Meeting

Tennessee Digital Government Summit

Tennessee Municipal League Annual Conference

Tennessee Municipal Attorneys Association Summer Seminar

Appendix E: TACIR Organization, Mission, and Goals

Organization

Consisting of public officials from state and local government and private citizen members, the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) “serves as a forum for the discussion and resolution of intergovernmental problems.”

The 25 members of the Commission capture the richness and diversity of perspectives of private citizens and officials representing different branches and levels of government. Of the 25 member commission, 22 members are appointed to 4-year terms, while three are statutory members hold membership by virtue of their positions.

Responsibility for the appointment of four state senators and four state representatives rests with the speaker of each respective chamber of the Tennessee General Assembly. Other appointments to the Commission include four elected county officials, one official nominated by the County Officials Association of Tennessee, four elected city officials, one development district nominee, two private citizens, and two executive branch officials.

Statutory members include the chairs of the House and Senate Finance, Ways and Means Committees and the Comptroller of the Treasury. In total, ten members have local government as their primary affiliation; eleven represent the legislature; two are drawn from the executive branch; and two are private citizens.

Mission

In the late 1970's, legislative findings indicated the need for a permanent intergovernmental body to study and take action on questions of organizational patterns, powers, functions, and relationships among federal, state, and local governments. In pursuit of this goal, TACIR was created in 1978 (Tennessee Code Annotated § 4-10-101). TACIR's enabling act established what has remained the Commission's enduring mission (Tennessee Code Annotated § 4-10-104), to

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

Goals

Many specific duties and functions are required of TACIR in its enabling act, and additional duties are often assigned by the General Assembly through legislation. From

its broad set of statutory obligations and special charges, the purpose for TACIR's existence can be summarized in four concise yet encompassing goals. The Commission strives to

1. advance discussion and deliberation of critical and sensitive intergovernmental policy matters;
2. promote action to resolve intergovernmental problems and improve the quality of government;
3. forge common ground between competing but equally legitimate values, goals, and interests; and
4. provide members of the General Assembly and other policymakers with accurate and timely information and analysis to facilitate reasoned decision-making.

Appendix F: What Does TACIR Do?

Objectives

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

- ◆ engage in activities, studies, and investigations necessary for the accomplishment of the Commission's mission and goals;
- ◆ consider, on its own initiative, ways of fostering better relations among local governments and state government;
- ◆ draft and disseminate legislative bills, constitutional amendments, and model ordinances necessary to implement the Commission's recommendations;
- ◆ encourage and, where appropriate, coordinate studies relating to intergovernmental relations conducted by universities, state, local, and federal agencies, and research and consulting organizations;
- ◆ review the recommendations of national commissions studying federal, state, and local governmental relations and problems and assess their possible application to Tennessee;
- ◆ study the fiscal relationships between the federal government and Tennessee's state and local governments; and
- ◆ study tax equivalent payments by municipally-owned electric operations to the various taxing jurisdictions within the state; and study laws relating to the assessment and taxation of property (summarized from Tennessee Code Annotated § 4-10-104).

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

Given such a broad task environment, the Commission adopts an annual work plan to guide its meetings and research. The work plan is designed to ensure the completion of objectives set forth in the Commission's enabling act, as well as the achievement of the mission and goals.

From time to time throughout the year, the commissioners address problems that were not anticipated in the work plan. Generally such matters are addressed at the direction of the General Assembly.

Appendix G: Legislation Affecting TACIR Fiscal Year 2011 and Fiscal Year 2012

Fiscal Year 2011

- Five bills were referred to TACIR during the 2011 legislative session:
 - House Bill 125 (Sargent) [Senate Bill 347 (Haynes)]: Deletes a provision in Tennessee Code Annotated § 6-58-106 that requires the approval of a county legislative body prior to a municipality adopting and enforcing subdivision regulations and a zoning ordinance within a planning region if that municipality has a planning region outside of the corporate limits. Before the adoption of Public Chapter 1101, the approval of the county legislative body was not required; only proper notice and public hearing.
 - House Bill 779 (Brown) [Senate Bill 2035 (Ford)]: Requires local law enforcement officials to make a reasonable effort to have a visible presence during the time a door to door campaign is scheduled in an area upon the written request of the public official conducting such a campaign.
 - House Bill 472 (Pitts) [Senate Bill 1872 (Kyle)]: Requires the state election coordinator to study the feasibility of permitting registered voters who reside outside the precinct listed as their permanent residence to vote only for candidates running for statewide office at the precinct where they reside.
 - Senate Bill 830 (Summerville) [House Bill 1295 (Hensley)]: Requires commissioners of certain water utility districts in Lawrence County to be elected by the customers of the utility district.
 - Senate Bill 500 (Burks) [House Bill 479 (Curtiss)]: Authorizes a water utility district in the eastern portion of White County with over 1,000 customers to change the manner in which vacancies are filled and commissioners selected.
- Two joint resolutions were filed to require a study by TACIR, but neither passed both houses. The Commission decided to study Senate Joint Resolution 103 (McNally) and House Joint Resolution 204 (Haynes and others). Senate Joint Resolution 103 directed TACIR to study problems local governments are experiencing with vacant, blighted properties and recommend solutions to ameliorate such problems by returning such properties to beneficial use. House Joint Resolution 204 addressed the funding of paid and volunteer fire services, but only in areas of the state with volunteer fire service, subscription fire service, or no fire service.
- As directed by Public Chapter 1035, Acts of 2010, TACIR continued to monitor whether the current wholesale power supply arrangements between the Tennessee Valley Authority (TVA) and municipal utilities and electric

cooperatives were likely to change in the future in a way that could affect payments in lieu of taxes from TVA to the state and to its local governments.

- TACIR continued the study of House Bill 895 (Winningham) [SB 1336 (Yager)]. The bill established minimum compensation and benefits for county and municipal veterans' service officers. A draft report was presented at the June 2011 Commission meeting.
- TACIR provided a research plan and a progress report on the study of Public Chapter 473, Acts of 2009. The Act directed a study of the impact on public safety of non-emergency communications district affiliated public service answering points (PSAPs).
- TACIR completed the study of Public Chapter 825, Acts of 2009, which required a study of the effectiveness of Tennessee's current underground utility damage prevention program. That study required TACIR to determine whether any legislative action was needed to improve the effectiveness of the program.
- TACIR completed a comprehensive study of the provisions of House Bill 204 (Matheny) [Senate Bill 208 (Stewart)] on Tennessee's 911 emergency communications funding system and reported findings and recommendations to the House State and Local Government Committee.

Fiscal Year 2012

- Twelve bills were referred to TACIR during the 2012 legislative session:
 - Two bills related to eminent domain
 - Senate Bill 1566 (Ketrone) [House Bill 1576 (Carr, Faison, Womick, Gatto)]: Revises present law regarding eminent domain of counties and municipalities and details the procedure by which counties and municipalities may take property by eminent domain.
 - House Bill 2877 (Gatto) [Senate Bill 2745 (Johnson)]: Eliminates the power of eminent domain for housing authorities and permits governing bodies to institute eminent domain proceedings on behalf of housing authorities.
 - Six bills related to subdivision regulation and zoning
 - House Bill 3041 (Elam) [Senate Bill 3119 (Yager)]: Allows municipal regional planning commissions, in counties that have not adopted zoning, to exercise subdivision approval within the planning commission's region without the approval of the county legislative body.
 - House Bill 2818 (Faison) [Senate Bill 2878 (Southerland)]: Creates different requirements for subdivisions and development in counties in which county-wide zoning has not been enacted.
 - House Bill 3042 (Elam) [Senate Bill 3167 (Haynes)]: Redefines subdivision in municipal county and regional regulations by

expanding the maximum size allowed for the subdivided parcels from less than five to less than 25 acres.

- House Bill 3105 (Faison) [Senate Bill 2876 (Southerland)]: Prohibits local or regional planning commissions from prohibiting private road maintenance agreements in residential developments.
- House Bill 3040 (Elam) [Senate Bill 3171 (Haynes)]: Revises authority or responsibility with respect to street construction and acceptance of public streets located within a subdivision in certain circumstances.
- House Bill 3043 (Elam) [SB 3118 (Yager)]: Specifies evidence of abandonment of non-conforming use, directs the governmental entity with jurisdiction to establish beginning and ending dates for the prescriptive period, and creates a rebuttable presumption of abandonment upon a governmental finding of credible evidence establishing a non-conforming use for the prescribed period.
- o Two bills related to governmental transparency
 - Senate Bill 2831 (Ketrone) [House Bill 3327 (Carr)]: Enacts the "Taxpayer Transparency Act"; requires the commissioner of finance and administration to create and maintain a searchable budget database web site detailing certain state budgetary information.
 - House Bill 3328 (Carr) [Senate Bill 2832 (Ketrone)]: Creates the Local Government Transparency Act requiring each county, city, and school district to post certain information on their website by July 1, 2014.
- o One bill related to blight
- o House Bill 2996 (Parkinson) [Senate Bill 2933 (Norris)]: Requires municipalities to report owner and address of unfit, blighted and deteriorated properties to the secretary of state for publication on secretary's web site until such condition is cured. One bill related to homeowners associations
 - House Resolution 170 (Moore): Directs TACIR to study the responsibility of homeowners associations to insure their obligations and homeowners associations' rules and regulations.
- TACIR completed its study of Public Chapter 473, Acts of 2009. The act directed a study of the impact on public safety of non-emergency communications district affiliated public service answering points (PSAPs). A copy of the findings and recommendations were submitted to the House and Senate Government Operations Committees.
- TACIR completed its study of House Bill 895 (Winningham) [Senate Bill 1336 (Yager)]. The bill establishes minimum compensation and benefits for county and municipal veterans' service officers. The findings and recommendations were submitted to the House State and Local Government Committee.

- TACIR completed a report on Tennessee Valley Authority payments in lieu of taxes and the effect of the Electric Generation and Transmission Cooperative Act of 2009, as amended in 2010, and reported findings to the chairs of the Senate Finance, Ways and Means Committee; Senate Commerce, Labor & Agriculture Committee; House Finance, Ways and Means Committee; and House Commerce Committee.
- TACIR completed a report on Senate Bill 500 (Burks) [House Bill 479 (Curtiss)] and Senate Bill 830 (Summerville) [House Bill 1295 (Hensley)]. These two bills would have changed the commissioner selection method from appointment by county mayor to customer elections in the Bon De Croft Utility District in White County and in all of the utility districts in Lawrence County. The findings and recommendations were submitted to the Senate State and Local Government Committee.
- TACIR presented a research plan and update on House Joint Resolution 204 (Haynes and others), the fire service study, at the December 2011 Commission meeting. This study addresses the funding of paid and volunteer fire services, but only in areas of the state with volunteer fire service, subscription fire service, or no fire service.
- TACIR completed a report on House Bill 779 (Brown) [Senate Bill 2035 (Ford)] related to door-to-door canvassing safety and reported findings and recommendations to the General Subcommittee of House State and Local Government Committee.

Appendix H: Commission Meeting Minutes

Fiscal Year 2011 Scheduled Commission Meetings

July 1, 2010

Utility Damage Prevention

The federal Pipeline and Hazardous Materials Safety Administration (PHMSA) is actively encouraging all states to strengthen their utility damage prevention statutes to reduce damage to gas and hazardous liquid pipelines. Congress has authorized PHMSA to take direct enforcement action against excavators if the Secretary of Transportation deems a state's enforcement program is inadequate. The Commission had been asked to study what to do in response to changes in federal law. Rules implementing the law had been issued for comment but were not expected to be finalized for at least another year. The Commission recommended waiting to see what the final rules required.

Update on Public Chapter 1101

The Commission received a periodic update on the status of PC 1101. Twenty-three counties had amended their growth plans, and some had filed more than one amendment. All were approved by the Local Government Planning Advisory Committee.

Fiscal Capacity for Fiscal Year 2011

Legislators authorized implementation of a new formula produced by the Center for Business and Economic Research (CBER) at the University of Tennessee at Knoxville four years ago. Transition to the new model began but has never been completed, so the results of each model are now averaged to produce the final fiscal capacity percentages used in the Basic Education Program (BEP) funding formula.

Regional Water Supply Pilot Studies

The overall goal of the studies was to match the water resources in the pilot regions with the current and future needs of the people in the regions. The specific objectives of the studies, which included developing a model for the state based on the process used to produce recommendations for each of these regions, were discussed.

September 8-9, 2010

TACIR's Work Program for Fiscal Year 2011

Projects included, but were not limited to, the veterans service officers' compensation study, the underground utility damage prevention program study, the non-affiliated public service answering points study, the regional jail feasibility study, and the E-911 study.

Regional Jail Feasibility Study

The regional jail study mentioned several corrections policy issues, and for this reason, Commissioners requested feedback from stakeholders including the Tennessee Corrections Institute (TCI), the Select Oversight Committee on Corrections, the Tennessee Department of Correction (TDOC), and the four counties included in the study.

E-911 Emergency Communications Funding in Tennessee

The Commission had concerns that possible actions from the December 2009 meeting were still open and that not all the stakeholder input had been fully integrated into the report. The staff reviewed the transcripts and minutes from the December 2009 meeting and did not identify any open questions that had not been addressed at the meeting.

Regional Water Supply Planning

The regional water supply projects provided an important model for the state. There were 16 partners participating and developing plans for two regions: North Central (predominately Sumner County) and the South Cumberland Plateau. The idea arose in response to the drought of 2007. The studies focused on source water development, particularly establishing a regional source available to satisfy the needs of pilot areas.

The Commission heard an assessment of the current status of the two pilot studies, including existing water sources and future demand projections (20-year projections). The goal was to sustainably match water sources with current and future needs through a regional approach and multi-utility district focus.

A presentation was made to the Commission on a report authored by Dr. Mary English and her colleague, Roy Arthur, under a grant to the University of Tennessee's Institute for a Secure and Sustainable Environment. The Commission decided to publish the report on TACIR's website to make it widely available.

Utility Damage Prevention Program Effectiveness

The final report on the Utility Damage Prevention Project was presented to the Commission. The federal government's next step will be a "notice of proposed rulemaking." The report, which recommended no action until new federal rules were issued, was adopted by the Commission.

February 7, 2011

Biennial Report for Fiscal Year 2009 and Fiscal Year 2010

The Commission adopted its biennial report for fiscal years 2009 and 2010.

Regional Water Supply Planning: Final Update

The inter-agency study team reported that it had identified the study areas, developed possible alternatives, completed Tier 1 and Tier 2 evaluations of those alternatives, and selected preferred alternatives for each of the pilot study areas. A contract between

Portland and White House Utility District to supply at least part of Portland's needs was the preferred alternative for the North Central study area. The preferred alternative for the South Cumberland study areas was raising the Big Fiery Gizzard Dam and modifying the water release requirement.

Streamlined Sales Tax Project (SSTP)

The Commission heard an update of the SSTP, including a review of the constitutional issues that gave rise to the problem of states being unable to force collection of sales taxes by remote sellers, the impracticalities of successfully collecting the tax from buyers when remote sellers do not collect the tax, and the reasons for Tennessee's early and continued active involvement in the SSTP and the development of the Streamlined Sales and Use Tax Agreement (SSUTA).

Research Plan for Non-affiliated Public Safety Answering Points (PSAPs) Study

The research plan for the study consisted of interviews with pertinent parties and experts, a literature review, a review of the Comptroller's 2009 performance audit, data collection and analysis, and other information as necessary. The plan indicated that the final report would contain two main sections: the non-affiliated PSAPs' impact on public safety and additional factors such as Next Generation 911 and structural issues.

Veterans Service Officer Compensation Study

House Bill 895 (Winningham) [Senate Bill 1336 (Yager)] would have required counties to raise the pay for a county veterans service officer to the average pay received by department heads of the county which employs that county veterans service officer. According to the bill's fiscal note, this legislation would increase local expenditures in excess of \$980,000. The Commission heard background information on the number of veterans served, the benefit claims process, and service officer workload, salary, and working conditions. They also were informed that a major issue of the study would be how to balance providing adequate service with containing county costs.

Regional Jail Feasibility Study: Remaining Funds

The Commission voted to return the remaining funds from TACIR's 2010 regional jail feasibility study to the general fund.

Tennessee's Economy: Fiscal Implications for 2011

The Commission was advised that the state's economy was recovering though not as fast as hoped. The Commission was provided a spending summary as of December 31, 2010, for the ARRA (federal stimulus legislation) from the TNRecovery.gov website. There was a discussion of the impact of the recession on all state governments, noting the delayed impact of the recession on state finances in most states.

June 29-30, 2011

Election of Officers

The Chair and Vice Chair were reelected by unanimous voice-vote.

New Legislation Referred to TACIR

The Commission heard explanations of the five bills referred by the legislature to TACIR for study, including one dealing with extraterritorial zoning, one related to door to door political canvassing, one related to absentee voting, and two related to the governing boards of water utility districts. The Commission also heard explanations of two resolutions directing TACIR studies, one on blight and one on fire service funding. Though neither resolution passed both houses, The Commission chose to pursue both studies.

TACIR's Work Program for Fiscal Year 2012

The Commission approved "Today and Tomorrow: TACIR's Fiscal Year 2012 Work Program" for fiscal year 2012.

Building Tennessee's Tomorrow: TACIR's Infrastructure Report

The infrastructure needs reported in July 2009 through June 2014 inventory amounted to a total estimated cost of \$37.6 billion, a \$269 million increase since the previous inventory. That increase was the smallest since the inventory began in 1997. The Commission approved the report for publication.

Fiscal Capacity for Fiscal Year 2012

TACIR's model makes up 50% of the fiscal capacity measure used in the BEP formula, and a model calculated by the Center for Business and Economic Research (CBER) at UT Knoxville makes up the other 50%. Legislation adopted in 2007 requires that the BEP formula to transition to using only CBER's calculation for fiscal capacity, but additional funding would be needed to make that change, and that funding is not currently available.

Non-affiliated Public Safety Answering Points

Preliminary findings from the report were presented, including one PSAP previously categorized as non-affiliated (the Etowah Police Department) had since consolidated with its county ECD, most non-affiliated PSAPs were using regular ten-digit phone lines for emergency calls, most PSAPs believed they offered sufficient service and felt consolidation would not meet their community's needs, two of the main concerns were callers repeating information and dropped calls, and there was no statutory definition of PSAP in the Tennessee Code.

County Veterans Service Officer (CVSO) Compensation Study

The Commission was presented with a summary of the research on how veterans service officer positions were funded in other states. The results of the October and November 2010 survey of CVSOs were reviewed.

Fiscal Year 2012 Scheduled Commission Meetings

September 7-8, 2011

Utility District Board Selection Methods

Legislation referred to TACIR for study would have changed the utility district board of commissioners selection method from appointment by county mayor to election by customers in the Bon De Croft Utility District and six utility districts in Lawrence County. Stakeholders were invited to give testimony before the Commission. The Commission requested to hear additional testimony from the Comptroller's Office before finalizing the report.

The Residual Impact of the Recession on Local Government Taxes

The Commission heard a report on the ongoing effect of the recession on local tax receipts. Local sales tax revenues had begun to increase overall in fiscal year 2010, though were still declining in 21 counties. More than half of Tennessee counties were collecting less than they had in fiscal year 2007, including the four most populous counties. Property appraisals for tax purposes lag because they are based on previous year sales. Few counties had reappraised since the peak, so total assessments were still expected to possibly decline for most counties, causing a decline in property tax revenues without tax rate increases.

Electric Generation and Transmission Cooperative Act

The Commission heard an update on changes that had occurred since the release of the report, *The Electric Generation and Transmission Cooperative Act of 2009 and Its Possible Impact on The Tennessee Valley Authority's Payments in Lieu of Taxes*, in June 2012. It was noted that TVA forecasters expected a 1% to 2% revenue increase annually. Over the history of TVA, the PILOT has generally increased and rarely decreased.

Online Access to the Public Infrastructure Needs Inventory

Staff presented a plan to provide data to researchers and other people with an interest in the inventory via the Internet. The first step was to provide direct access by local officials to the system already in use by staff of the state's nine development districts, including the ability to add and update their infrastructure needs. The second step in was to provide online access by the general public to the information already available in hard copy. Step three would allow anyone to select and compare the infrastructure needs of peer cities and counties.

December 7-8, 2011

Utility District Board Selection Methods

Comptroller Wilson addressed the Commission, speaking to issues raised by Senate Bill 500 (Burks) [House Bill 479 (Curtiss)] and Senate Bill 830 (Summerville) [House Bill 1295 (Hensley)]. He commented that, anecdotally and based on staff opinions, better commissioners tended to be those appointed by the chief executive officer of the county rather than by direct election. The Commission voted to receive the report prepared by staff recommending no change in the the method of selection of commissioners for the utility districts named in the bills.

Electric Generation and Transmission Cooperative Act

The Commission was reminded of the importance of TVA PILOTs. The Commission heard a discussion of whether TVA's power supply arrangements affected the PILOTs. In 2011, TVA agreed to close a number of coal-fired steam plants. When this happened, more power was produced somewhere else. The most important consideration was where property is owned. If TVA operations shifted from Tennessee to another state, then the allocation of the PILOT between states would have changed. The report was approved by the Commission.

Election Legislation

Staff analysis of two election-related bills sent to the Commission for study was presented to the Commission. Staff made no firm recommendations. The Chair moved the report to the next meeting so that the issues could be further clarified.

Planning and Zoning Legislation

Draft reports on two bills related to land use were discussed. No recommendations were offered on House Bill 125 (Sargent) [Senate Bill 347 (Haynes)], concerning extraterritorial zoning and the adoption of subdivision regulations in the municipality's planning region. The report on Senate Joint Resolution 103 (McNally), a resolution proposing an investigation into solutions to help local governments solve the problem of blight, included a description of current laws used to combat blight: aggressive code enforcement, an administrative hearing officer, housing authorities, and land banks. The Commission deferred action on the reports.

Fire Service Funding

The fire study research plan was presented to the Commission for comment. Vice Chairman Rowland confirmed that the report would have a statewide inventory of the types of departments. Chairman Norris requested that the Commission think about any input they would like to provide staff for this study.

School Infrastructure Needs

The Commission received a report focusing on public school building improvement needs. School facilities needs are driven primarily by enrollment growth and wear and tear on existing facilities. In the 2009 inventory, needs for school infrastructure improvements, including new schools and improvements or additions to existing schools, had declined by more than \$100 million for the third inventory in a row but were still estimated to cost nearly \$3.5 billion. In order to accommodate enrollment growth, local officials either build a new school or add on to existing schools. The estimated cost for new schools has fluctuated while addition costs have steadily increased. There were 66 projects for new schools totaling \$1.2 billion, while additions totaled \$376 million. Additionally, there were \$1.6 billion in facility component upgrades and other existing school needs and \$26 million in systemwide needs.

Veteran Service Officer Compensation Report

The Commission heard testimony from Commissioner Grinder of the Tennessee Department of Veteran Affairs. The agency serves over half a million veterans and one and a half million dependents. They are mandated by state law to train the county service officers but do not supervise, hire, fire, or control them. Last year, in partnership with the county service officers and in conjunction with the veterans' service organizations that come under their support umbrella, they generated \$820 million in tax free federal dollars for veterans and their families.

The Commission received an update on the findings and recommendation in the report. The law does not require counties to employ a county veteran service officer. If the legislation referred to TACIR passed, then some counties would likely do away with

county veteran service officers altogether, which could be detrimental to veterans. The Commission voted and the report was unanimously received.

Succession Planning Update

Dr. Green reported on succession planning for commission staff. The proposed progression was for Dr. Green to move into an emeritus status and Lynnisse Roehrich-Patrick to succeed him as TACIR's executive director.

June 12-13, 2012

Major Achievements, Fiscal Year 2012

The Commission heard a brief overview of the major achievements for fiscal year 2012.

Legislative Updates

A summary of the bills sent by the legislature to TACIR for study was presented to the Commission. The bills cover eminent domain, land use regulation, blight, government transparency, and homeowners' association regulations.

Work Program Amendment and Research Plans

The Commission adopted a work program amendment adding the bills sent by the legislature for study. The research plans for the new projects were presented.

Update on TVA PILOTS

The Commission heard an update on the TVA PILOTS and related information from the Association of Tennessee Valley Governments' January meeting. The update raised concerns about the future effects of TVA's move to lease/lease-back arrangements for a number of existing power production facilities in Tennessee. Commission members noted that TVA has been working closely with valley utilities and local governments to keep them apprised of changes and effects.

Charting a Course to Tennessee's Future

Highlights from the staff report, *Charting a Course to Tennessee's Future*, were provided for informational purposes. The report provided an overview of many of the state's challenges and calls for a broad-based effort to identify and plan for them. The report was well-received by the Commission.

Fiscal Capacity for Fiscal Year 2013

The fiscal year 2013 fiscal capacity results were presented. The TACIR index continues to be averaged with the one produced by the Center for Economic and Business Research (CBER) at the University of Tennessee for use in the state's Basic Education Program (BEP) formula.

Voting/Campaign Legislation

The Commission heard the findings on House Bill 472 (Pitts) [Senate Bill 1872 (Kyle)], which was sent to the Commission for study. The report concluded that there was currently no way to prevent voting in multiple counties if one allowed people to vote in a county of temporary residence. The members accepted the report with the

understanding that further study should be done by the election coordinator's office before any legislative action was taken.

The Commission also heard report on House Bill 779 (Brown) [Senate Bill 2035 (Ford)], which would require local law enforcement make reasonable efforts to provide a visible presence where requested during election campaign canvassing. The report recommended no legislative action. The report was accepted by the Commission.

Report on Public Infrastructure Needs Inventory

The Commission's tenth report on public infrastructure needs, *Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs*, summarized the \$38 billion in projects reported by state and local officials and presented information on funding to meet those needs, the condition of the state's public schools, and how needs vary across Tennessee's 95 counties. The Commission approved the report, , was approved.

Appendix I: Commission Members Fiscal Year 2011 through Fiscal Year 2012

Legislative

Senator Douglas Henry
Senator Jim Kyle
Senator Mark Norris
Senator Jim Tracy
Representative Vince Dean
Representative Curtis Halford
Representative Jason Mumpower*
Speaker Emeritus Jimmy Naifeh
Representative Gary Odom
Representative Curry Todd*

Statutory

Senator Randy McNally, Chair, Senate Finance, Ways & Means
Representative Craig Fitzhugh*, Chair, House Finance, Ways & Means
Representative Charles Sargent, Chair, House Finance, Ways & Means
Justin Wilson, Comptroller of the Treasury

Executive Branch

Paula Davis, Assistant Commissioner of Administration, Department of Economic & Community Development
Iloff McMahan, Jr., Regional Director, Department of Economic & Community Development
Leslie Newman*, Commissioner, Department of Commerce & Insurance

County

Rogers Anderson*, Mayor, Williamson County
Ernest Burgess, Mayor, Rutherford County
Jeff Huffman, County Executive, Tipton County
Kenny McBride, Mayor, Carroll County
Larry Waters, Mayor, Sevier County

Municipal

Tommy Bragg, Mayor, City of Murfreesboro
Bob Kirk*, Alderman, City of Dyersburg
Keith McDonald*, Mayor, City of Bartlett
Tom Rowland, Mayor, City of Cleveland
Kay Senter, Mayor Pro Tem/Council Member, City of Morristown

Other Local Government

Charles Cardwell, Metropolitan Trustee
County Officials Association of Tennessee
Brent Greer, Mayor, Henry County

Tennessee Development District Association
Private Citizens
Rozelle Criner, Sr., Ripley
Tommy Schumpert, Knoxville

*Now a former commission member.

Appendix J: Senate Joint Resolution 733

SENATE JOINT RESOLUTION 733

By Norris

A RESOLUTION to honor and commend Dr. Harry A. Green for his meritorious service as the Executive Director of the Tennessee Advisory Commission on Intergovernmental Relations.

WHEREAS, it is fitting that the elected representatives of the state of Tennessee should pause to pay tribute to those exemplary citizens who have given unselfishly of themselves, their time, and their talents to perpetuate the public good; and

WHEREAS, Dr. Harry A. Green, Executive Director of the Tennessee Advisory Commission on Intergovernmental Relations, is one such commendable public servant and a source of knowledge and expertise in state government who is respected nationally by his peers; and

WHEREAS, Dr. Green was born March 24, 1933, in Wilson County, Tennessee. He served honorably in the United States Army from 1953 through 1955, received a Bachelor of Science degree in Economics from Middle Tennessee State University in 1957, and subsequently earned a Master of Science degree in Public Administration at Florida State University in 1958 and a Doctor of Philosophy degree in Public Administration at the University of Colorado in 1962; and

WHEREAS, Dr. Harry Green has served in numerous academic positions, including professorships at Middle Tennessee State University, Florida State University, George Washington University, the University of Pittsburgh, and the University of Ife, Nigeria; Associate Dean at Georgia State University; and Dean and Department Head at Ahmadu Bello University, Nigeria; and

WHEREAS, Dr. Green was appointed Deputy Director of the Division of Economic Opportunity, Office of the Governor of the State of Florida, in 1966; Director, Federal Relations and Neighborhood Centers and Special Assistant for Model Cities, U.S. Department of Housing

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and Urban Development, in 1966; and Chief, Research and Statistics, Office of the Comptroller of the Treasury, State of Tennessee, in 1978; and

WHEREAS, Dr. Harry Green was appointed the first Executive Director of the Tennessee Advisory Commission on Intergovernmental Relations in 1981 and has served admirably in that capacity ever since. The esteemed Representative John T. Bragg, first Chairman of the Tennessee Advisory Commission on Intergovernmental Relations, referred to the Advisory Commission as a unique forum and as a source of information, innovation, and motivation for making government better in Tennessee; and

WHEREAS, under Dr. Green's leadership, the Advisory Commission has played an important role in developing many of the key issues that have shaped state government in Tennessee over the last thirty years. Among a multitude of other achievements, the Advisory Commission has served as a source of expertise to state and local officials and has been instrumental in improving education funding, local planning, industrial development, emergency communications, and the administration of the property tax; and

WHEREAS, Dr. Harry A. Green has greatly enhanced the ability of elected officials to improve the government performance and the quality of life for Tennesseans by providing expert testimony to and on behalf of the State on critical aspects of education finance, utility regulation, and state and local tax systems, among others; and

WHEREAS, Dr. Green has been active in numerous professional organizations and state government associations, holding membership and positions of leadership in the American Economic Association, National Tax Association, American Society for Public Administration, Society for International Development, World Future Society, and American Education Finance Association; and

WHEREAS, the Advisory Commission, under Dr. Green's leadership, has been recognized by the Governmental Research Association with an Award for Most Distinguished Research, an Award for Special Achievement, a Certificate of Merit for Most Distinguished Research, a Certificate of Merit for Special Achievement, a Certificate of Merit for Effective Education, and two Certificates of Merit for Effective Citizen Education; by the National

Association of Development Organizations with an Innovation Award; and by the American Library Association with a Notable Document Award; and

WHEREAS, the complexity of the issues addressed by Dr. Green and the Advisory Commission was recognized with the tongue-in-cheek award of the Boris Karloff Award by the equally tongue-in-cheek Academy of Politicos, Pundits, and Influence Peddlers upon the occasion of Governor Phil Bredesen's description of the fiscal capacity formula developed by the Advisory Commission as "the work of a mad scientist"; and

WHEREAS, Tommy Bragg, who, as mayor of Murfreesboro, represents Tennessee municipalities on the Advisory Commission, commended Dr. Green, noting that his integrity and resourcefulness have perpetuated cooperation and open problem-solving across Tennessee governments, making our state stronger and resilient for years to come. Mayor Bragg, reflecting on his father, former Representative John Bragg, who served in the Tennessee General Assembly representing Cannon and Rutherford counties for thirty years and chaired the Commission for its first eighteen years, said, "My dad loved Harry Green, and Harry had a great love and reverence for the legislature that Dad shared. They were like-minded when it came to solving the administrative issues facing local and state government. Their respect for the institution of the Assembly and those who served there was and has been a benefit and a gift to Tennesseans that cannot be exaggerated or repaid. Dad was honored to have been placed on the Commission and even more appreciative to serve as chair. Without their willingness together to study issues from all sides, the Tennessee Commission may have had a shortened life"; and

WHEREAS, former Senator Robert Rochelle, who served in the Tennessee General Assembly for twenty years and chaired the Commission for six years, commented on Dr. Green's legacy, noting that "lives are being saved today because of TACIR's efforts in improving E-911, citizens' tax dollars are being better spent, and water supplies are being better conserved, all because of Dr. Green and TACIR," and adding that "Harry is now Tennessee's principal institutional historian"; and

WHEREAS, former Representative Randy Rinks, who served in the Tennessee General Assembly for eighteen years and chaired the Commission for six years, referred to Dr. Green as

one of the brightest people that he had the privilege of serving with, adding "Dr. Green really loved public policy and had a very deep compassion and commitment to the many issues that we worked on through the years"; and

WHEREAS, Judge Tom Varlan, United States District Court for the Eastern District of Tennessee, who served on the Commission for eight years, said that Dr. Green embodies the goals of TACIR itself, including to "serve as a forum for the discussion and resolution of intergovernmental problems," and that Dr. Green's "work ethic, personality, and service to the State of Tennessee have enabled TACIR to fulfill in exemplary fashion its statutory goals relating to a wide range of public policy and intergovernmental issues." Judge Varlan asserts, "the State of Tennessee, as well as multitudes of local governments, has been well served by Dr. Green's able leadership at TACIR. His leadership and skills will be missed, but his contributions will always be greatly appreciated"; and

WHEREAS, Senator Mark Norris, Senate Majority Leader and TACIR Chair, has said, "During my eleven years of service on the Commission, Dr. Green has been instrumental in giving guidance as history was made. Our policies in education, finance, municipal planning, water resources, TVA, and illegal immigration have all been shaped in some respect by Harry Green"; and

WHEREAS, Dr. Green has decided to retire from service to the State of Tennessee after more than thirty-nine years of service, occasioning regret among his many friends in the General Assembly who have benefitted from his expertise and knowledge over the last several decades; now, therefore,

BE IT RESOLVED BY THE SENATE OF THE ONE HUNDRED SEVENTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE HOUSE OF REPRESENTATIVES CONCURRING, that we hereby honor and commend Dr. Harry A. Green for meritorious service as Executive Director of the Tennessee Advisory Commission and salute his commitment during his many years of outstanding service to the government and the citizens of Tennessee.

BE IT FURTHER RESOLVED, that we join his beloved wife, the former Carolyn Jennings of Nashville, his two children, and his four grandchildren in wishing him all the best in his upcoming retirement and offer our heartfelt thanks as members of the General Assembly, on

behalf of the citizens of Tennessee, for his dedication to serving the people of this state and advancing the cause of good government.

BE IT FURTHER RESOLVED, that an appropriate copy of this resolution be prepared for presentation with this final clause omitted from such copy.