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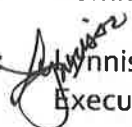
The Tennessee Advisory Commission
on Intergovernmental Relations



226 Capitol Boulevard Bldg., Suite 508
Nashville, Tennessee 37243-0760
Phone: (615) 741-3012
Fax: (615) 532-2443
www.tn.gov/tacir

MEMORANDUM

TO: Commission Members

FROM:  Wynnis Roehrich-Patrick
Executive Director

DATE: 10 June 2015

SUBJECT: Major Accomplishments, Fiscal Year 2014-15

The following list of the Commission's major accomplishments for fiscal year 2014-15 is provided for your information. It will be incorporated into the Commission's biennial report for fiscal years 2014-15 and 2015-16.

Responded to Studies Referred by the General Assembly:

- Completed final report on municipal boundary changes and growth planning in Tennessee.
 - The report discussed Public Chapter 707, Acts of 2014, which eliminated unilateral, nonconsensual annexation, and found that while Public Chapter 707 settled many important issues surrounding annexation, its passage raised a few new questions and left others unresolved. The report made several recommendations to address those concerns.
 - A copy of the report was sent to both Speakers.
- Completed a report dealing with the rights of homeowners in planned developments.
 - The report discussed issues and concerns related to planned developments and the homeowners associations that often govern them and made a number of recommendations related to insuring and maintaining common areas, regulating political signs and parking, imposing and collecting fines, and related issues.
 - A copy of the final report was sent to the House Local Government Subcommittee.

- Completed a report on civil remedies for invasion of privacy.
 - The report evaluated a proposal to expand current common law rights to sue for invasions of privacy. The proposal would have created a new civil cause of action for capturing or attempting to capture an image, recording, or impression by using a visual or auditory enhancing device, regardless of whether the image or recording were published. The report explains how the bill proposing the new cause of action could be changed to address constitutional concerns and to explicitly cover the use of drones.
 - A copy of the final report was sent to the House Civil Justice Committee.
- Completed a report on how to consider the value of low-income housing tax credits for property tax purposes.
 - The report compared methods for valuing properties receiving federal low-income housing tax credits, the largest federal program for providing affordable housing for low-income Americans. There is wide disagreement about the most appropriate approach to valuing these properties for property tax purposes, particularly whether to consider the value of the federal tax credits that help fund them. Legislation that would have prohibited consideration of the tax credits by assessors when valuing low-income housing for property tax purposes was sent to the Commission for study. The report makes note of statutory authorization for payments in lieu of taxes that would avoid the issue and describes alternatives to the current assessment method that would result in relatively uniform annual tax payments that are easier for property owners to budget for while still recognizing that the credits are an indicator of fair-market-value that are properly considered when valuing LIHTC properties.
 - A copy of the final report was sent to the Senate Finance, Ways and Means Committee and the House Finance, Ways and Means Subcommittee.
- Completed a report on school system budget authority and accountability.
 - The General Assembly has placed a heavy burden of accountability for school performance on local school boards and by statute and rule exerts considerable control over them. Local legislative bodies cannot alter or revise specific budget line items, but have complete control over budget totals and several ways to learn about and question proposed school expenditures before approving their budgets and through those means have considerable influence on the budgets' contents. Giving local legislative bodies more control over specific budget items would leave school boards with all of the accountability the state has imposed and less authority to allocate resources to meet those burdens and fulfill their other statutory responsibilities. The report recommended not changing the present approval processes for school system budgets.
 - A copy of the final report was sent to the Senate State and Local Government Committee.

- Completed a report on fire sprinkler requirements for places of worship.
 - The report analyzed a proposal to change the state building code to exempt single-story places of worship that meet specific size, occupancy, and exit requirements and that are located in unincorporated areas without a water supply from the requirement to install automatic fire protection sprinkler systems. Few states make similar exceptions because of the risk they pose to the health, safety, and welfare of the public, firefighters, and property, and because reasonable means are available to support sprinkler systems where public water supplies cannot. The report recommended not changing the building code.
 - A copy of the final report was sent to the House Local Government Subcommittee.
- 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.
 - The 2015 report concluded that the Commission sees no immediate need for further legislative changes; however, future concerns are noted. The report reiterated the past observation that the lease-and-lease-back technique used so far to finance expansion of power production in Tennessee does not affect the amount of the PILOT paid directly to Tennessee, but noted that the sale-and-lease-back technique used at one of TVA's plants in Mississippi reduced the amount paid directly to that state, and the potential for the same exists throughout the region. The difference is in who owns the property and whether it is subject to state and local taxes.. The report also reiterated the past observation that the management strategy laid out in TVA's Integrated Resource Plan could also affect the balance of PILOTs across the region and that demand management strategies in the plan, if successful, could actually reduce TVA revenues and ultimately the PILOT for all recipients.
 - A copy of the final report was sent to the chairs of the Senate Finance, Ways and Means Committee, the Senate Commerce and Labor Committee, the House Finance, Ways and Means Committee, and the House Business and Utilities Committee.
- Considered a draft model abusive conduct prevention policy due March 1, 2015, pursuant to the Healthy Workplace Act (Public Chapter 997, Acts of 2014) at its January 2015 meeting. The law allows state and local government employers to adopt policies to address abusive conduct in the workplace, and if their policies conform to the requirements set out in Tennessee Code Annotated, Section 50-1-503(b), makes them immune from suit for any employee's abusive conduct that results in negligent or intentional infliction of mental anguish. Commission staff convened a workgroup representing state, county, and city governments, as well as public sector employees to

comply with the law's requirement that the Commission consult with the Tennessee Department of Human Resources and various interested municipal and county organizations to develop the model policy. Unable to reach a consensus on the policy, the Commission voted to request additional time from the General Assembly to create it.

- Provided the House Transportation Subcommittee with a memorandum that summarized testimony before the Commission by two panels on a bill that would have made proof of compliance with the state's Financial Responsibility Law a requirement for vehicle registration and renewal and created an uninsured motorist identification database, maintained by a third-party contractor, for verifying compliance. One panel represented the insurance industry and experts on insurance verification systems and the other represented the state and local governments. The memorandum also included a summary of the Commission's discussion with the panels and detailed information about uninsured motorist rates in other states, the effects of poverty, household income, and verification systems on insurance rates, and material from the Senate Commerce and Labor Committee's summer study on the companion bill.

Published eight commission reports:

- 📖 *Intergovernmental Challenges and Achievements: Biennial Report Fiscal Years 2012-13 and 2013-14*—Commission Report, September 2014
- 📖 *Fire Sprinkler Requirements for Places of Worship: Protecting People and Property*—Commission Report, November 2014
- 📖 *Municipal Boundaries in Tennessee: Annexation and Growth Planning Policies after Public Chapter 707*—Commission Report, January 2015
- 📖 *Tennessee School Budgets: Authority and Accountability for Funding Education and Operating Schools*—Commission Report, January 2015
- 📖 *Protecting the Interests of Homeowners in Planned Developments: Insuring and Maintaining Common Property, Completing Infrastructure, and Providing Fair and Adequate Regulation*—Commission Report, January 2015
- 📖 *Civil Remedies for Invasion of Privacy: Updating the Law to Reach New Technology*—Commission Report, January 2015
- 📖 *Assessing the Value of Low-Income Housing for Property Tax Purposes: Whether and How to Consider the Value of Low-Income Housing Tax Credits*—Commission Report, January 2015
- 📖 *Tennessee Valley Authority's Payments in Lieu of Taxes: Annual Report to the Tennessee General Assembly*—Commission Report, January 2015

Published one staff report requested by the Commission:

Dealing with Blight: Impediments Caused by Foreclosure—Staff Report April 2015 Provided one presentation:

“Intergovernmental Finance in Tennessee Part I: The BEP and the Financing of K-12 Education” to the Tennessee Legislative Leaders Academy: Newly-elected Legislators Workshop for the University of Tennessee (January 21, 2015)

Responded to Requests for Information:

- Responded to requests for information and assistance from members of the General Assembly and legislative committees.
- Responded to requests for information and assistance from local government officials, state agencies, lobbyists, the public, and the media.

Administered 12 contracts:

- Nine development districts—support the public infrastructure needs inventory
- Middle Tennessee State University—economic indicators website
- Tennessee State University—sustainable competitiveness for Tennessee’s counties
- University of Tennessee—community-based best practices

Accomplishments by Policy Area

Fiscal and Tax Policy Research:

- Continued to monitor and published a report on the Tennessee Valley Authority’s 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).
- Completed Commission report to the legislature on Senate Bill 1671 and House Bill 1390 considering how best to assess the value for property tax purposes of low-income housing that is paid for partially with federal tax credits.

Education Finance:

- Completed the fiscal year 2015-16 fiscal capacity model.
- Completed a report to the legislature of Senate Bill 1935 (House Bill 2250), on school budget authority and accountability.
- Executive Director served on the Governor’s Basic Education Program Task Force.

Land Use, Transportation, and Growth Policy:

- Completed Commission report on municipal boundary changes and growth planning in Tennessee pursuant to *Public Chapter 707, Acts of 2014*.

- Continued to monitor implementation of Public Chapter 1101, Acts of 1998, Tennessee's growth policy law.
- Completed study on the cost involved in foreclosing on blighted property and how that affects the sale and reuse of the property.

Infrastructure:

- Continued the annual public infrastructure needs inventory. Collected information from 136 school systems, 95 counties, 347 municipalities, and 255 other entities.
- Completed annual report to the legislature on Tennessee's public infrastructure needs.

Other Research:

- Completed a report to the legislature on House Bill 1649 (Senate Bill 1749), which would have exempted some places of worship located in unincorporated areas without a water supply from the requirement to install automatic fire protection sprinkler systems.
- Completed a report to the legislature on House Bill 1855 (Senate Bill 1840), which would have created a new cause of action for capturing or attempting to capture an image, recording, or impression by using a visual or auditory enhancing device, regardless of whether the image or recording were published.
- Monitored intergovernmental tax, fiscal, and education legislation.

Using Technology for Public Information

- Disseminated all reports electronically and maintained detailed focus sections about continuing research on TACIR's web page (<http://www.tn.gov/tacir/pubs.html>).
- Further disseminated information from the public infrastructure needs inventory through a partnership with the University of Tennessee to include the data on their state data explorer website (<http://ctasdata.utk.tennessee.edu/statedashboard2/>).
- Continued to update and enhance the profiles of Tennessee's counties, providing easy public access to detailed demographic, financial, and other information for each (http://www.tn.gov/tacir/county_profiles.html).
- Published timely information *Tracking Tennessee's Economy* in partnership with Middle Tennessee State University (<http://capone.mtsu.edu/berc/tacir/tacir.html>).
- Posted timely information to the agency's Facebook page notifying the public of new reports, elaborating on topics of interest, and pointing out relevant research by other organizations (<https://www.facebook.com/TN.ACIR>).
- Increased functionality of the agency's website (<http://www.tn.gov/tacir>).