



# TACIR

The Tennessee Advisory Commission  
on Intergovernmental Relations



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## MEMORANDUM

TO: Commission Members

FROM: Cliff Lippard *Cliff*  
Executive Director

DATE: 17 January 2020

SUBJECT: House Bill 971/Senate Bill 1075 (Local Revenue and Services)—Second  
Interim Report for Review, Comment, and Approval

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The attached interim Commission report is submitted for your review, comment, and approval. On February 1, 2019, the Commission, responding to a request from its local members, approved an amended research plan for its study on local government revenue and services. The new plan includes a second interim report focusing on K-12 education services and funding as part of the Commission's comprehensive study of the duties of cities and counties under state law and the funds the state provides to comply, which was requested by the House Finance, Ways and Means Committee during its discussion of House Bill 971 by Representative Sargent in the 110<sup>th</sup> General Assembly. The first interim report dealt with online sales tax collection and distribution.

The attached report explains that meeting local needs and the requirements imposed by the state and federal governments often requires more resources than the Basic Education Program (BEP) funding formula alone provides. Consequently, state and local funding in fiscal year 2017-18 totaled \$2.1 billion over and above what was required by the BEP formula, including a total of \$1.7 billion in local revenue. Given the ever evolving needs of communities in Tennessee and the likelihood that the (BEP) funding formula could better account for these needs, **the Commission recommends a comprehensive review of the components be made by the BEP Review Committee or other designated state and local officials and other stakeholders to ensure that the BEP funding formula supports a commonly accepted basic level of education for Tennessee students.**