

**Omnibus Budget Bill  
SB 2357 / HB 2389\*  
Amendment Summary (3rd Draft)**

**Subject Matter:**

Environment and Conservation – 3 Dedicated Taxes – Portion Goes to General Fund  
Environment and Conservation – Environmental Protection Fund – Ratios and Fees  
Agriculture – Tobacco Tax - \$4.7 M of Ag.'s \$21 M Goes to Education Fund  
HMO Tax – Increase from 2 % to 5.5 %  
Heritage Conservation Trust Fund – Payback of Supplemental Appropriation  
Reserve Transfer Authority – Extend to 6-30-10; Additional Reserves Included  
Reserve Transfers at 6-30-09 – Some Reserves Excluded from 6-30-09 Transfers  
Reserves - Correction Dept. Work Release Fees – No Longer To Be Reserved  
Reserves - Tenn. Regulatory Authority – TRA Balancing at 6-30-09 – Use within TRA  
Statutory Pay Raises – Suspend in 2009-2010  
Children's Services – Youth Development Centers – Budget reduction  
Children's Services – County Commitments – Budget reduction  
Mental Health – Budget reductions  
TSAC – Budget Reductions – Administrative Consolidation with THEC

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**I. Environment and Conservation (Sections 1 – 10)**

Section 1 – Environmental Protection Fund – Puts certain fees set by the commissioner of Environment and Conservation in the EPF. Current services revenue, such as copying fees and room rental at Fleming Training Center.

Section 2 –Statutory Fee Cap - Water quality and pollution discharge elimination fees cap increase. Fees are set by the board.

Section 3 – Environmental Fees – Allows fee increases until July 1, 2012, without regard to a reduction in general fund appropriations to environmental regulatory programs.

Section 4 – EPF Ratios – Changes groundwater and water pollution fee ratios between general fund and EPF from 1994-95 ratio to 71 % EPF (groundwater) and 50 % (water pollution). 1994-95 ratios: 66.5 % (groundwater) and 48.3 %(water pollution).

Section 5 – Solid Waste Assistance Fund – Diverts not more than \$2.6 M annually to general fund from EPF for 3 years beginning in 2009-1010 from the municipal solid waste tipping fee. Subject to appropriation bill so providing.

Section 6 – Used Oil Collection Fee - – Diverts not more than \$400,000 annually to general fund from EPF for 3 years beginning in 2009-1010. Subject to appropriation bill so providing.

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Section 7 – Definition of Hazardous Secondary Material. Necessitated by U.S. EPA rule changes. See below.

Section 8 – Hazardous Secondary Material Fee Authority – Necessitated by U.S. EPA rule changes. Keeps state statutory authority at status quo. Division of Solid Waste Management.

Section 9 – Underground Storage Tank Fee – Diverts not more than \$3 M annually to general fund from EPF for 3 years beginning in 2009-2010. Subject to appropriations bill so providing.

Section 10 – Rules on Fee-Setting – Allows effective date of July 1, 2009, or as close to that date as possible, relative to rules under sections 3 and 4 of this bill.

## **II. Department of Agriculture**

Section 11 – Agricultural Enhancement Program – Diverts not more than \$4.7 M annually to the education fund from the \$21 M tobacco tax earmark for agricultural enhancement program, for two years beginning in 2009-2010.

## **III. Health Maintenance Organizations Tax**

Section 12 – Increases health maintenance organization gross receipts tax from 2 % to 5.5 %, effective July 1, 2009.

## **IV. Heritage Conservation Trust Fund Payment to General Fund**

Section 13 – Requires payment of \$4 M to general fund in amounts not less than \$937,500 annually beginning in 2010-2011 from annual timber lease revenue in North Cumberland project. This repays to the general fund a supplemental appropriation recommended in 2008-2009.

## **V. Reserve Transfer Authority**

Section 14 – (a) Extends reserve transfer authority to June 30, 2010. (b) Deletes from the reserve-taking law the following, which cannot be transferred: Dairy promotion board fund, fraud and economic crime funds, indigent defense fund.

Section 15 – Adds the following reserves to the list of reserve that can be taken: Dept. of Correction confiscated cash fund, E&CD biofuels manufacturers incentive fund, diabetes prevention and health improvement account, natural resources trust fund.

Prohibits transfers at June 30, 2009, from the following reserves: Department of transportation, E-911 emergency communications fund, state board of accountancy, Commerce and Insurance regulatory boards, health-related boards.

Sections 16 – 18 – Correction Dept. Work Release Fees – Deletes reserve authority for work release fees and requires treatment of these fees as departmental revenue of the institution.

Section 19 – Tennessee Regulatory Authority – Authorizes use of all reserves of the TRA for closing the TRA books at June 30, 2009. Includes telecommunications device distribution program reserve and other agency reserves.

## **VI. Statutory Salary Increases Suspended in 2009-2010**

Sections 20 – 29 – In 2009-2010, suspends statutory salary increases of Highway Patrol Troopers and electronic alarms technicians; C&I TLETA commissioned officers; assistant district attorneys and criminal investigators; assistant public defenders and investigators; assistant post-conviction defenders; and TWRA wildlife officers, biologists, and unique positions.

## **VII. Children’s Services Department**

Section 30 – Youth Development Centers – Allows termination of services to children over age 18. Currently must provide services to age 19.

Section 31 – County Over-Commitment – Allows state to recoup costs from counties committing children to state custody at level exceeding 200 % of state average.

## **VIII. Mental Health and Developmental Disabilities**

Section 32 – 52 – Mental health law changes necessary to implement budget reduction and manage population levels at regional mental health institutes (RMHIs). Admissions to RMHIs are subject to available suitable accommodations. Person remains in sheriff’s custody until sheriff determines that state has space available. Counties to pay cost of court-ordered evaluations and treatment in misdemeanor cases. Defendants found not guilty by reason of insanity to be diagnosed and evaluated on out-patient basis.

## **IX. TSAC and THEC**

Section 53 – Designates executive director of Tennessee Higher Education Commission as executive director also of Tennessee Student Assistance Corporation.

## **X. Other Sections**

Section 54 – Severability Clause.

Section 55 – Effective Date Clause. Effective immediately, except that section 12, relative to the HMO tax, is effective July 1, 2009.