

## TENNESSEE GOVERNMENT UPDATE

NEWS FOR THE CLIENTS AND FRIENDS OF BASS, BERRY & SIMS PLC

May 6, 2011

Governor Haslam's long-anticipated budget amendment, based on new revenue estimates for FY 2012, was presented to the finance committees last Tuesday. The proposal increases funding to TennCare, to behavioral health clinics, to needs of the intellectually disabled and to Nashville's Meharry Medical College. It also proposes the purchase by the University of Memphis of the now-defunct Lambuth College in Jackson, Tennessee. The latter item has produced some public discussion about balancing current higher education needs against a new campus. Tom Humphrey has the [budget story in the Knoxville News Sentinel](#), and Rick Locker with the [Memphis Commercial Appeal discusses the proposed Lambuth College purchase](#).

The proposal to remove the authority for local teachers' associations to bargain collectively with local school boards ran into unexpected difficulty in the House Finance subcommittee. On the motion of Representative Jimmy Eldridge (R-Jackson) the bill was returned to the House Education Committee so that committee could study and make a recommendation on a substantive amendment that would ban collective bargaining. The bill, as amended, passed the Senate on Monday night. [The Tennessee Report summarizes the actions and reactions to the House Finance Committee activity](#).

The House Education Committee had closed for the year but the chairman has called a meeting for Tuesday afternoon for the sole purpose of considering again the collective bargaining bill.

The rules of each house of the Tennessee General Assembly provide that any measure that, if enacted, would require the expenditure of state funds, is referred to the respective finance committees. These measures are generally taken up by those committees "behind the budget." That is, each finance committee first considers the budget proposed by the governor and amended by the committee. The committee then approves the budget before considering the bills that are "behind the budget." If the adopted budget does not include an appropriation for a measure "behind the budget," the likelihood of its enactment drops precipitously. Chas Sisk in *The Tennessean* has a [thorough discussion of what this process means to bills aimed at slowing illegal immigration](#). The three principal bills, if enacted, would each cost the state money, each is "behind the budget," and no provision has been made in the governor's amended budget proposal for any of the three bills.

In the House next week, in addition to the Finance Committee and its subcommittee and the Calendar Committee, only the agriculture, government operations and education committees will meet. In the Senate, in addition to the Finance Committee and its subcommittee, only the

state and local government, judiciary, and government operations committees will meet. All other committees in both houses are adjourned for the session subject to the call of the chair.

The next three weeks will be dedicated principally to the budget process in the finance committees and to action on bills on the floor of each house. For example, the tort reform bill will be debated by the House of Representatives on Monday evening and will likely be on the Senate floor next Thursday morning, May 13. Without major hitches, the legislature is still on schedule to adjourn by Memorial Day.

However, one such hitch may be an amendment to a bill sponsored by the chair of each finance committee to ensure that two distribution centers that Amazon is building in East Tennessee will be considered "nexus" for taxation purposes. Passage of this legislation would, therefore, result in Amazon being required to collect sales tax on sales to Tennessee residents. In South Carolina, a bill to approve incentives to Amazon for two South Carolina projects failed by a vote of 71 to 47. The South Carolina debate centered on the sales tax issue, too. Amazon immediately announced it would cease its development plans in that state. In response to the Tennessee effort, Amazon's spokesperson said that Amazon will abandon its plans in Tennessee if the bill as amended becomes law. [Andy Sher at the Chattanooga Times Free Press has the latest on the issue.](#)



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