

TENNESSEE GOVERNMENT

Update

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

State of the State

Governor Bredesen will deliver the annual State of the State address at 6:00 p.m. CST on Monday, January 28. The address may be seen on streaming video at <http://www.tennesseeanyttime.org/govoffice/stateofstate.html>.

Bill Filing Deadline

Thursday, January 31, is the final bill-filing deadline in both Houses of the Tennessee General Assembly. It is expected that the Governor's legislative proposals will be introduced at the deadline.

Senate Commerce Committee

Senate Commerce recommended two bills this week. The metal theft bill requires that dealers who buy and sell scrap metal be registered. It also prohibits immediate payment for the purchase of scrap metals likely to have been stolen, such as catalytic converters and air conditioner evaporator coils and provides criminal penalties and civil forfeitures for violations.

The second bill addresses motor vehicle insurance policies, increasing the minimum amount of required property damage liability insurance from \$10,000 to \$15,000. Industry experts expect this change will raise premiums "by a few dollars a year," with a minimal increase in the number of uninsured drivers as a result of this increased cost.

How We Vote: "Trust but Verify"

Election procedures were the subject of a report to the House State and Local Government Committee by Dr. Harry Green of the Tennessee Advisory Committee on Inter-Governmental Relations. The crux of his report, entitled "Trust but Verify," is a recommendation to implement verified voter paper audit trails (VVPAT) statewide within the next few years. With such a system, ballots can be counted by hand as well as by machine. "If the banks can do it, the election system can do it," said Dr. Green. It will be necessary to adopt a standard for VVPAT that will meet federal guidelines that are currently under consideration. The expectation is that only optical scan machines will meet those guidelines, necessitating the widespread replacement of current Tennessee voting machines.

The State Treasury

In the House Finance Committee, State Treasurer Dale Sims provided an update on the assets being managed by the treasury on behalf of the state of Tennessee, including the state pooled investment fund and the Tennessee Consolidated Retirement System pension fund. Returns for the fiscal year ended June 30, 2007, compare favorably with actuarial expectations. Earnings for the investment fund were about \$352 million, and for the pension fund, \$3.8 billion. These figures are expected to fall considerably over the course of the current fiscal year due to the recent aggressive interest rate cuts by the Federal Reserve Bank and the "turbulence" in the stock market.

Workers' Compensation

Dan Pohlgeers, administrator for Trinity Hand Specialists, addressed the Senate General Welfare, Health & Human Resources Committee regarding the effect lease/sell networks have on workers' compensation reimbursements. While Mr. Pohlgeers' presentation cited examples that broached a myriad of issues currently seen nationally, his objective was to push HJR 554 in the Senate. HJR 554 would create a workers' compensation joint study committee to determine the impact of the 2004 reform measures and gauge the state's current workers' compensation environment. Senator Diane Black (R-Gallatin), however, made an excellent point; namely, that a Workers' Compensation Oversight Committee already exists, and that this matter should be referred to them.

In addition to the Senate General Welfare, Health & Human Resources Committee's hearing by Mr. Pohlgeers, several bills were recently introduced that seek to further regulate workers' compensation utilization review, by mandating that the physician performing the review be licensed in Tennessee and is board certified in the same specialty as the treating physician, as well as provider contracting. The bills have since been referred to the Senate Commerce, Labor and Agriculture Committee but are not on the Committee's calendar for next week.

Lottery Scholarship

The Tennessee Higher Education Commission released its annual report. Based on data beginning in 2004, the first year students became eligible for the lottery scholarship, only half of all students earning the HOPE lottery scholarship retained it past their freshman year. Less than a third, 32 percent, still have it by senior year. College freshmen must earn a 2.75 GPA to keep the scholarship. Upper classmen must maintain a 3.0 GPA.

Two thirds of students who lost the scholarship last year remained enrolled in college and one's likelihood of remaining enrolled is positively correlated with family income. Governor Bredesen favors maintaining the criteria with respect to earning the \$4,000 per year scholarship – a 3.0 GPA in high school or a score of 21 on the ACT – but thinks the college GPA requirement ought to fall to 2.75, making it easier to retain the award. Chairman of the House Education Committee, Les Winningham (D-Huntsville), agrees. Remaining to be seen is what position the Senate Education Committee takes.

House Judiciary Committee

Representative Rob Briley (D-Nashville) apologized to his colleagues in the House on Thursday for his drunken driving arrest a few months back (he has since pled guilty) and was replaced as Chairman of the Judiciary Committee by Kent Coleman (D-Murfreesboro). Briley remains a member of the committee, but not of the Criminal Practice Subcommittee.

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