

# TENNESSEE GOVERNMENT

## Update

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

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#### State of the State

On Monday, February 5, Governor Bredesen delivered his State of the State address and focused, almost exclusively, on education. The administration seeks a tripling of the tax on cigarettes – from 20 cents to 60 cents per pack. The projected revenue, \$220 million, would help fund his myriad education proposals. The state would:

- Provide 100 percent funding for the education of all “at-risk” children in each school district (cost: \$120 million annually);
- Provide money to school districts that are experiencing rapid population growth – roughly 72 districts (cost: \$27 million annually);
- Provide increased subsidy to help limit tuition increases at state colleges and universities to between 5 percent to 6 percent (cost: \$48 million annually);
- Increase higher education grants (cost: \$3.8 million);
- Provide free community college for high school students with a C average or who earn a minimum score of 19 on the ACT (cost: \$10 million from surplus lottery funds);
- Create a school construction loan fund so that local districts can borrow money more cheaply for building projects (cost: \$100 million from the lottery reserves);
- Increase lottery scholarships from \$3,800 to \$4,000 per year (cost: \$9.3 million from surplus lottery funds); and
- Fund more pre-kindergarten programs (cost: \$25 million out of the general fund).

Note: Roughly 75 percent of students in Memphis and 40 percent of Knoxville’s students are categorized as “at-risk.”

The Governor mentioned his shock at the Tennessee Education Lottery Scholarship data, which concluded only one in four of the original recipients would maintain their scholarships through graduation in 2007-2008. He proposed easing eligibility requirements as well as the standard that must be kept to maintain the scholarship.

Lieutenant Governor Ron Ramsey liked the emphasis on education but noted, “As always, the devil’s in the details in how you pay for it and should we actually have to have a [cigarette] tax increase.”

#### The Legislature

House and Senate Committees continued to register fairly light activity this week. The Education Committees were the exception. The House held a joint meeting of the Finance and Education Committees to discuss Governor Bredesen’s proposals to increase state education funding. Commissioner of Finance and Administration Dave Goetz presented details of the proposal, which will be a balanced plan that relies on a cigarette tax as a new source of funding.

Commissioner of the Department of Education Lana Seviens next reported that state funding of at-risk students would increase from 38.5 percent to 100 percent. She maintained that this influx of dollars would be spent only on direct instruction, although schools will have wide latitude in choosing specifically how to apply the funds.

Despite the increase in funding for virtually all districts (except Williamson County), representatives from Hamilton and Knox Counties expressed strong dissatisfaction, stating that the proposal short-changed urban areas without an extremely high at-risk population.

On another front, the House Commerce Committee confirmed Governor Bredesen's appointment of Eddie Roberson as a director of the Tennessee Regulatory Authority. He has worked for the TRA since 1975 and will replace former TRA director and current FCC Commissioner Deborah Taylor Tate.

James Neeley, commissioner of the Department of Labor and Workforce Development, updated the House Consumer and Employees Affairs Committee on workforce issues. He reported a large upsurge in claims made to the Workers' Compensation Program since 2004, due to reform package implementation. Especially striking is the 112 percent increase in temporary benefits approvals, which require no permanent injury.

Senator Jerry Cooper (D – Morrison) was involved in a car accident on Wednesday. Reported in critical condition when he was life-flighted to Vanderbilt University Medical Center, Cooper was upgraded to stable condition as early as Thursday morning. State Troopers on the scene credited Cooper's seat belt for saving his life.

The Senate ended unlimited bill filing for legislation of general application yesterday at 4 p.m. Per Senate rules, each senator is now restricted to nine bills a piece – all having to be filed by February 22. This morning's tally of bills in the hopper was 1,930. If all 33 members take advantage of their remaining 9 bills, the grand total of bills for consideration for the 105<sup>th</sup> General Assembly would be 2,227. This number represents a hefty sum of measures to consider but is still 200 less than in the previous session.

The House will cut off its bill filing on February 15.

#### **Data from the National Association of Realtors**

First time homebuyers in the Middle Tennessee region are a bit younger than the national average (30 vs. 32 years old) and spend a bit less for their first home (median price of \$184,000 vs. \$214,000). First time buyers earn \$54,700 on average, \$3,600 less than the national average. Also, twice as many single women as single men bought homes in Middle Tennessee in 2006; one in five homebuyers were single women.

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#### **J. Richard Lodge, Jr.**

PHONE: (615) 742-6254

FAX: (615) 742-2754

E-MAIL: [dlodge@bassberry.com](mailto:dlodge@bassberry.com)



#### **Leslie K. Hafner**

PHONE: (615) 259-6342

FAX: (615) 742-2801

E-MAIL: [lhafner@bassberry.com](mailto:lhafner@bassberry.com)

