

# TENNESSEE GOVERNMENT

## *Update*

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

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A month ago, Memorial Day weekend appeared to be a reasonable estimate for adjournment of the 2007 session of the Tennessee General Assembly. Now, adjournment date estimates range from June 2 to June 15.

Little apparent progress has been made on the major issues standing in the way of adjournment: the Governor's proposal on BEP 2.0 (Basic Education Plan), a hike in cigarette taxes, and how to distribute \$300 million in over-collections in this year and another \$300 million in new money in FY08.

The school board of the Metropolitan Government of Nashville Davidson County led the way this week in questioning the long-term effect of BEP 2.0 funding for it and other school systems. The administration has not yet provided details of the proposed funding formula, and school administrators across the state are asking for the details before advising their legislators how to vote on the plan.

The Governor and Republican leadership in the Senate spoke to each other privately and through the news media about proposals to increase the cigarette tax. Governor Bredesen continues to insist on a full 40-cent increase, as he proposed earlier. He is willing to accept phasing in the plan over two years. Lieutenant Governor Ron Ramsey (R-Blountville) suggested a 30-cent increase, phased in over five years. "It is really tough, to where it hurts in your gut as a Republican, to raise taxes in a year when you've got a surplus," Ramsey said. "That just goes against our basic philosophy."

Meanwhile, House Majority Leader Gary Odom (D-Nashville) has proposed a plan whereby each legislator would be able to earmark community enhancement grants, local government or nonprofit projects in their districts. Each representative would have \$100,000 to earmark and each senator would have \$300,000. The total cost of the plan would be approximately \$20 million. Republicans in the Senate are skeptical and some have suggested that any money for special projects be pooled and distributed without credit being given to any individual lawmaker. Others suggest that what the House Democratic leadership is calling community enhancement is really time-honored pork barrel spending. House maverick Brian Kelsey (R-Memphis) refused to participate in the

doling-out of state tax dollars by turning in a package of bacon instead of a list of proposed projects.

Meanwhile, the education committees continued to deliberate lottery scholarship minimum GPA levels and scholarship amounts.

There is close to a \$400 million surplus accumulated in the lottery fund since the lottery program began in 2004. The Governor wants \$100 million of the surplus to help school districts fund construction of new schools. Lowering the GPA requirements for recipients in college a quarter point would cost about \$34 million. Increasing the amount of the scholarship from \$3,800 to \$4,000 would cost approximately \$9 million.

As expected, the attempt to create a Tennessee minimum wage was not successful in the Senate, and medical malpractice tort reform appears to be dead for this session.

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