

TENNESSEE GOVERNMENT

Update

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

Telecommunications Realignment

Telecommunications is a hot topic in the General Assembly this session. As cable companies offer telephone service, historical telephone companies, AT&T chief among them, seek an ability to offer video services. Likewise, municipal electric departments and electric cooperatives see a role for their poles and lines in the delivery of broadband services to their customers. Finally, the question of how much and what kind of traditional telephone utility regulation is appropriate in the 21st century is on the table.

The first of these bills to be considered in the legislative process this year was heard this week. A wide-reaching telecommunications deregulation bill was discussed by the House Utilities and Banking Subcommittee. The bill would effectively deregulate a large portion of telecommunications products and services. The bill would strip the Tennessee Regulatory Authority of regulatory jurisdiction in areas where some level of competition now exists. It also revises price regulation for local telephone companies, including interconnection services, revises provisions regarding price discrimination and removes regulation of retail service bundle offerings, among other provisions. The subcommittee deferred action for two weeks.

Meanwhile, the Speaker of the House continued to meet with representatives of AT&T, the cable industry and municipal officials trying to find common ground on AT&T's statewide video franchising proposal.

The Bredezen Push for Administrative License Revocation

The blue ribbon panel that was formed in 2006 by Governor Bredezen to study ways to fight drunken driving came up with 26 recommendations. Thus far there have been no changes to Tennessee's DUI laws. That will change this year, according to Governor Bredezen. He favors allowing law enforcement to revoke a license while the alleged drunken driver waits for his or her court date. Refusing an intoxication test would also result in revocation. All but nine states grant law enforcement such power. It is expected to cost \$2.8 million, but would qualify Tennessee to get \$4 million in federal money to be spent on deterring drunk driving.

Sales Tax Holiday to be Moved

This spring's sales tax holiday was originally scheduled for the weekend of March 21-23, Easter weekend. The Senate Finance Committee and the House Budget Subcommittee approved a change to push it back one month, to April 25-27. The sales tax holiday is applied to purchases of clothing, school supplies and computers.

Switchgrass

The Tennessee Biofuels Initiative accepted applications of farmers to take part in a pilot program to grow switchgrass. The plan is to have 800 acres planted this spring and 6,000 acres two years from now. Farmers will get seed, research and technical support, valued at just over \$8 million, an amount that was included in last year's budget. The Tennessee Biofuels Initiative is a five-year program that works through the University of Tennessee and was funded with \$70 million from last year's budget. About \$41 million will go toward the construction of a biofuels refinery in Vonore, Tennessee. The bio-refinery is expected to begin producing cellulosic ethanol by 2010 with a capacity of five million gallons annually, requiring 170 tons of biomass per day. The U.S. Department of Energy announced this month that it is spending \$385 million to build cellulosic ethanol refineries in six other states.

Cellulosic ethanol is ethyl alcohol, identical to the ethanol produced with corn or sugar. Cellulose is contained in nearly every natural, free-growing plant, and switchgrass is the most popular source of biomass currently being considered. The conversion process from biomass to fuel using cellulose is less efficient but the material is abundant and easier to grow than corn or sugar cane.

Georgia and the Tennessee River

Georgia needs more water. If the Georgia/Tennessee border were to be moved one mile to the north, the Tennessee River at Nickajack Lake, just downriver from Chattanooga, would be in Georgia. A large part of Chattanooga would be in Georgia, too. Though legislators in the Volunteer state are dismissive of a resolution passed in Georgia that challenges the state border, House Majority Leader Gary Odom (D-Nashville) indicated that the legislature here in Tennessee needs to take an official stand. Republican Senate Speaker Ron Ramsey sounded less enthusiastic but perhaps resigned to the idea that some kind of resolution would be passed. Ramsey told the press, "We can have a resolution war if we want – they pass resolutions, we'll pass resolutions." He went on to say that nothing would change. Without Tennessee's consent, the state boundary will not change.

Legislator Retires

Representative Frank Buck (D-Dowelltown) was first elected to the legislature in 1972; he announced this week that he will not put his name on the ballot for re-election in District 40 (DeKalb, Macon and Smith counties).

Buck currently serves as Conservation and Environment Chairman, but he will more likely be remembered as the fiery, opinionated chairman of the House Judiciary Committee who demanded simple explanations for complex matters. "I get my cookies off the low shelf" has been a common Frank Buck expression.

Retiring Legislator Count to Date

- Senator Tommy Kilby (D-Wartburg) representing Campbell, Fentress, Morgan, Rhea, Roane and Scott counties;
- Representative Chris Crider (R-Milan) representing Gibson and part of Carroll counties;

- Representative Dolores Gresham (R-Somerville) representing Fayette and parts of Hardeman and Tipton counties – has announced that she will run for state Senate against former Lieutenant Governor John Wilder;
- Representative John Hood (D-Murfreesboro) representing part of Rutherford County; and
- Representative Doug Overbey (R-Maryville) representing part of Blount County – has announced he will run for state Senate against Senator Raymond Finney.

The filing deadline for the 2008 elections is April 12.

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