



CAPITOL & 5TH
PUBLIC STRATEGIES

Legislative Update

May 7, 2024

On April 25th, the 113th TN General Assembly officially adjourned sine die for the 2023-2024 legislative session. We would like to take this opportunity to thank all of our amazing clients and friends on Capitol Hill. The work we do would not be possible without all of your support. Here, we have summarized some of the key legislative highlights from this year. The C5 team wishes everyone a happy summer! The 114th General Assembly will convene on January 14, 2025 at 12:00pm.



JA, Cindy, Melanie, Courtney, Kathleen, Dustin
not pictured: Nick and Leigh Ann

Budget Highlights:

The 2024-25 budget is \$52.8 billion with \$27.2 billion in federal dollars and \$25.6 billion in state dollars. It is a decrease of \$10 billion from 2023-24 due to fewer federal dollars.

- 9.6 million dollars to fund the TennCare for Working Individuals with Disabilities Act
- 10 million dollars allocated to TN Department of Economic and Community Development for the SBIR Grant Program
- 250,000 dollars for the Special Olympics Tennessee
- 4.45 million dollars dedicated to Youth Villages, Memphis Allies, and other various pilot programs for gun violence intervention
- 302.7 million dollars allocated to programs addressing rural and behavioral healthcare issues
- 172 million dollars allocated to TN Department of Environment and Conservation for improving TN recreational waterways and state parks

Franchise and Excise Tax Changes

After several months of negotiations, Governor Lee's announced plans to overhaul Tennessee's franchise tax passed on the final days of the legislative session. The proposed tax package is projected to cost \$400 million in tax cuts annually and approximately \$1.6 billion in non-recurring funding set aside for one time refunds.

Companies may apply for a franchise tax refund based on a three year look back period. If a company accepts a refund, they must sign a waiver relinquishing their right to sue the State of Tennessee regarding the franchise tax matter. The window for a company to apply for a franchise tax refund is May 15- November 30, 2024.

The name of a company that has accepted a refund will be published on the Tennessee Department of Revenue's website for a thirty day period running from May 31- June 30, 2025, after which all information will be removed. Ranges of the company's refund amount will also be disclosed in accordance with the following categories: \$0-\$750; \$750- \$10,000; \$10,000 and up.

Cost of Funeral Planning Decreases

The Tennessee General Assembly overwhelmingly approved legislation this year which would decrease the cost of funeral planning by decreasing a state mandated consumer fee to \$10 for all pre-need funeral purchases. The legislation also preserved the account which allows the state to assist should a funeral home trust or insurance company go into receivership to help protect the pre-need funds which are entrusted to funeral directors across the state.



Voucher Legislation

As much reported in the news, the Governor's voucher program, named the Education Freedom Scholarship Act of 2024, did not receive enough support in either chamber of the legislature to be brought to a floor vote. The contentious issues included various factions of groups opposing the legislation due to ideological and political reasons. Additionally, the funding for the program was expected to greatly increase in the near future which very much concerned local legislative bodies responsible for school board budgets. It is expected that the legislation will be resurrected in 2025 by the Lee Administration with the seating of the new General Assembly in January.

Additional Education Funding

While the statewide voucher bill didn't pass, the annual state budget adds \$261 million in new recurring dollars for K-12 education, bringing the total base Tennessee Investment in Achievement (TISA) budget to \$6.8 billion and the overall budget for public education to \$8.55 billion. The new dollars will cover medical insurance premiums, retirement for teachers, and funding for teacher raises to bring the annual starting base salary up to \$50,000 by 2026.

Dental Insurance Reform

There have been ongoing issues for years with confusion and lack of transparency in dental insurance billing. Insurance companies downcode and bundle services which leaves the dentists with inaccurate reimbursement amounts and limits care to patients. This bill cleans up areas of code where dental insurance carriers and dentists alike have conflicting implementation of the law and ensures patients get the care they and their dentist want provided.

Certificate of Need Changes

This is the compromise bill by the General Assembly to lessen certificate of need in Tennessee allowing for more healthcare facilities in predominantly rural areas. This is an ongoing process and the reform bill is implemented over several years beginning this July. The highlight of the bill is it eliminates CON for most facilities and services in counties without a hospital and CON no longer applies for satellite EDs within 10 miles of such a hospital's main campus. Several facilities will remain under CON including home health, nursing homes, and organ transplantation.

Criminal Justice Legislation

This year the General Assembly passed a number of bills dealing with the criminal justice system. These bills included legislation that will limit sentencing reduction credits for violent offenders, offering a blended sentence for serious or repeat juvenile offenders that extends beyond their 18th birthday, increasing penalties for domestic violence, removing income and ability to pay as a provision of bail and making capital punishment an option for those convicted of rape.

Arming of Teachers

The very contentious legislation which passed this year authorizes public school faculty and staff to carry concealed handguns on school grounds. The compromise position which was included in the final version of the bill requires local law enforcement, the local school system and the principal of the school to all agree on allowing the teachers to go armed. As of today, numerous school districts have already opted out of the legislation.



Upcoming Elections

16 Senate seats (even-numbered districts) will be up for election this November. With the retirement of Sen. Art Swann, there is only one open seat. However, there will be 9 senate primary elections, and all but 2 districts will have several candidates on the general election ballot.

All 99 House Seats are up for election this fall. There are seven open seats up for grabs, but 78 districts will have multiple candidates on the ballot. There will also be 19 Republican and 13 Democratic primary elections in August.