

2024 Legislative Update Comptroller of the Treasury CCFO/CMFO CPE Training

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Introduction

- ◆ Provide a general overview of the lawmaking process in Tennessee.
- ◆ Review legislation of interest for CCFOs and CMFOs from the second session of the 113th General Assembly.
- ◆ Due to time availability, will be limited to laws of general application.

113th General Assembly

- ◆ Second Session Convened on January 9, 2024
- ◆ Adjourned on April 25, 2024
- ◆ 90 days over two-years.
- ◆ At adjournment:
 - 3004 House Bills Filed
 - ◆ 15* Per Member Limit
 - 2987 Senate Bills Filed
 - 1137 Effective Public and Private Acts

The Process



The Process

99 House Members

33 Senate Members

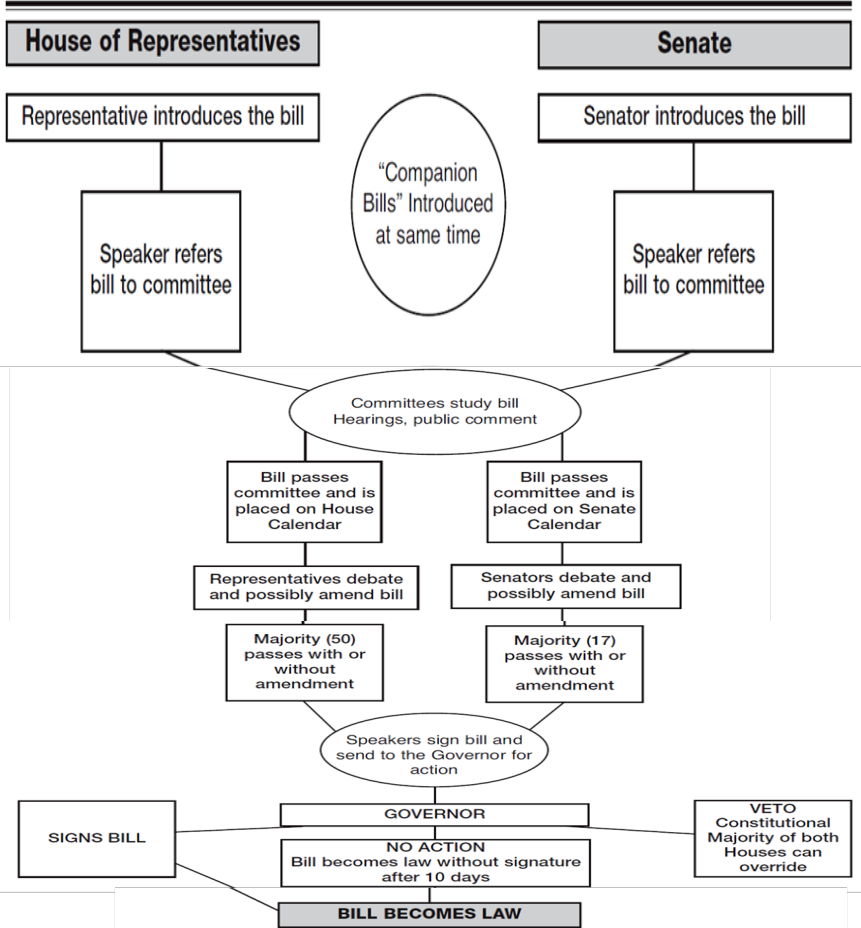
Rule of 50 and 17 - Passed by a majority of the members to which the body is entitled.

Ex., HB1554 establishes a program to allow state employees 6 weeks of paid leave upon becoming a foster parent. Failed to pass although it had a 44-42 vote in favor.

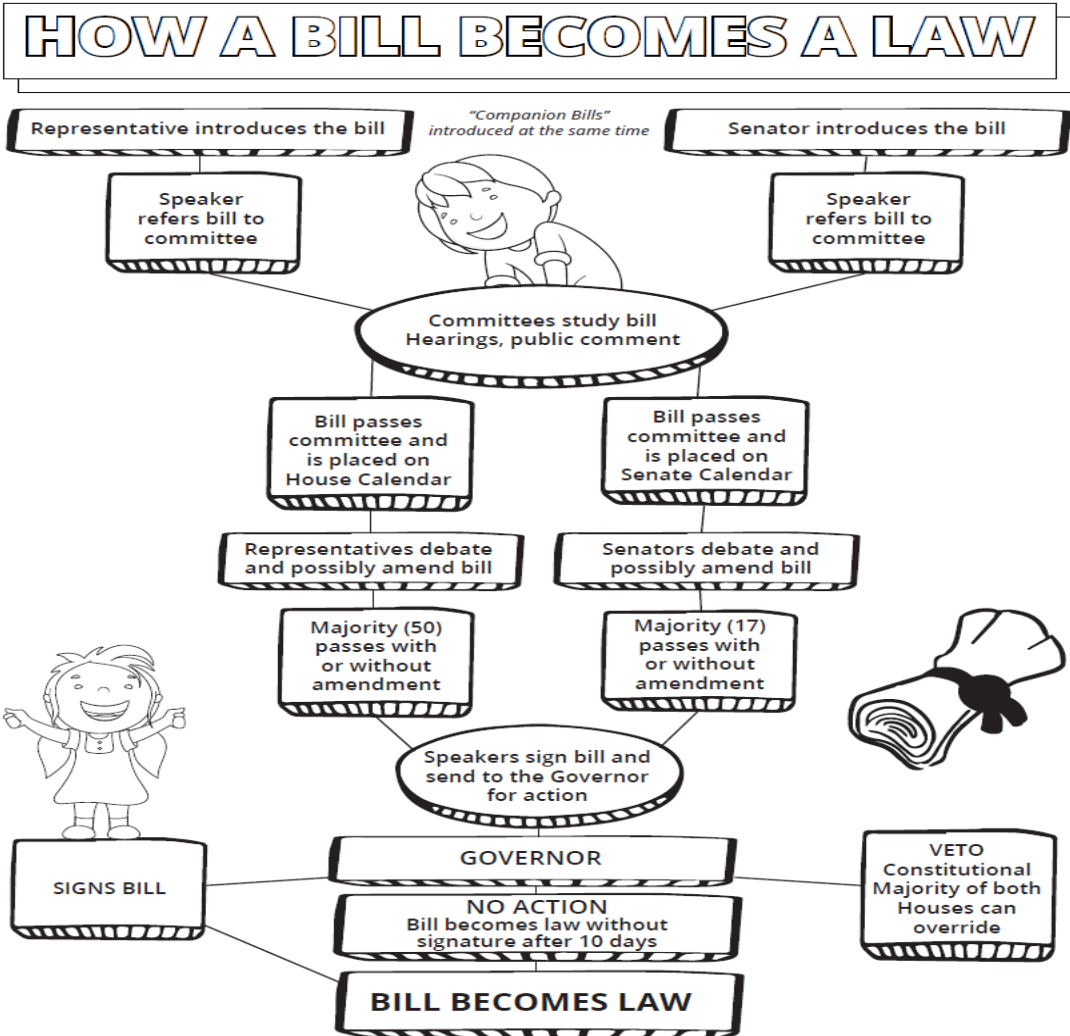


The Process

How a Bill Becomes a Law in Tennessee



The Process



Legislative Considerations for CCFOs and CMFOs

◆ Public Acts

- Passed by legislature and signed by governor after 3 readings on 3 days.
- If unsigned by the governor for more than 10 days, becomes law.
- Governor can veto, but can be overridden by simple majority.
- Create general statutory law, i.e. Tennessee Code Annotated.
- Become part of Tennessee Code Annotated.

◆ Private Acts

- Bills: Passed by legislature and signed by governor.
- Not general law.
- Affect only local government.
- Must be adopted by local governing body to be effective.
- Not part of Tennessee Code Annotated.

◆ Resolutions

- Passed either by House or Senate after one reading.
- Can be joint-passed by both House and Senate.
- Have the force and effect of law, but do not become part of T.C.A.

* All can be found online at either www.legislature.state.tn.us or sos.tn.gov/division-publications/acts-and-resolutions.

Legislation of Interest – CCFO and CMFO

§ 6-56-404. Continuing education

Currentness

(a) To maintain certification, a certified municipal finance officer (CMFO) must earn at least sixteen (16) hours of continuing professional education (CPE) of financial education¹ each calendar year after receiving the designation. CPE hours in excess of sixteen (16) hours are not carried over to the next calendar year. CPE hours must be filed with and maintained by the comptroller of the treasury's office, which must keep individual records on CMFOs and CMFO candidates. The comptroller may allow exceptions to the continuing education requirement for good cause shown.

(b) A CMFO's certification may be revoked for either or both of the following:

- (1) Failure to obtain or maintain the required continuing education;
- (2) Failure to comply with the standards for CMFO candidates as set forth in [§ 6-56-403](#).

Credits

2007 Pub.Acts, c. 576, § 1, eff. June 27, 2007; 2013 Pub.Acts, c. 153, §§ 5, 6, eff. July 1, 2013; 2021 Pub.Acts, c. 533, § 1, eff. May 25, 2021.



Legislation of Interest – CCFO and CMFO

- ◆ SB1130-HB1458 Creates the Certified Municipal Finance Officer Endowment Fund. Requires the State Funding Board to establish an allocation policy to make disbursements over 20 years from the fund. Codifies one-time stipend of \$1,000 for a CMFO that has been certified for at least 3 years and employed full time by a municipal government. Fund terminates in 2043.
 - Senate State and Local Government Committee
 - House Cities and Counties Subcommittee
- ◆ PC0539 rewrites CMFO test subject matter law to broaden course curriculum and provide more subject matter flexibility. Makes CMFO and CCFO exam questions and answers confidential.

Legislation of Interest – Comptroller Bills

Bills filed by the Comptroller's Office-Enacted

- ◆ PC0537 streamlines the process for preparing the internal school funds manual by removing Finance and Administration's approval.
- ◆ PC0538 requires securities to be rated equal to or higher than U.S. debt securities and requires the rating be by at least two (2) recognized statistical rating organizations as identified by the US Securities and Exchange Commission.

Legislation of Interest – Comptroller Bills

- ◆ PC0552 clarifies procurement proposal confidentiality provisions apply to all solicitations for goods and services. (State)
- ◆ PC0576 codifies current practice by updating contractor-subcontractor record retention requirement from 3 years to 5 years. (State)

Legislation of Interest – Comptroller Bills

Bills filed by the Comptroller's Office – Not Enacted

- ◆ HB1834-SB1750 requires local governments experiencing a significant debt burden to receive Comptroller approval before issuing additional debt. Requires Comptroller approval for debt that has a heightened financial risk.
- ◆ HB2057-SB1947 revises the schedule of required property reappraisals from a 3- to 6-year cycle to a 1- to 4-year cycle.

Legislation of Interest – Comptroller, Not Comptroller Bills

- ◆ PC0813 requires the Comptroller to conduct a study of all insurers, including insurance pools, providing policies of workers' compensation coverage to local government entities.
- ◆ PC0923 authorizes a public charter school to petition the Comptroller for an audit of the list of all underutilized or vacant property submitted by an LEA.

Legislation of Interest – Comptroller, Not Comptroller Bills

- ◆ PC0956 authorizes industrial development corporations (IDC) and municipalities in a housing opportunity county to make loans and grants to private entities constructing and installing public infrastructure for qualified housing developments. Loan or grant by state to an IDC is subject to approval by the Comptroller and other state officials.
- ◆ PC1016 requires local government that imposes occupancy tax to annually report how spent to the Comptroller. If a Comptroller audit finds expenditures not related to promotion of tourism or tourism development, then municipality must appropriate amount in question from general funds for tourism or tourism development in following fiscal year.

Legislation of Interest – Governor's Bills

- ◆ Approximately 35 Bills Filed
- ◆ PC0966 The APPROPRIATIONS BILL.
 - \$52.8 Billion (\$56.2 Billion Prior FY)
 - ◆ \$261 Million TISA improvement, including teacher raises
 - ◆ \$100 Million to the Rainy-Day Fund (\$2.15 Billion Balance)
 - ◆ \$63 Million to create 8 new state parks
 - ◆ \$20 Million to improve lake, river, and stream water quality
 - Bill Dance Signature Lakes Fishing Trail
 - ◆ \$15 Million grant pool for volunteer fire departments

Legislation of Interest – Governor's Bills

- ◆ PC0950 franchise tax refunds and law rewrite resulting in \$1.5 Billion nonrecurring, \$400 Million recurring. Establishes refund application deadline (11/30/2024), eligible refund period (filed after 1/1/2021), public disclosure period (5/31/2025-6/30/2025), and public disclosure thresholds (< \$750, > \$750 but < \$10K, and > \$10K).

Legislation of Interest – Governor's Bills

Did not pass:

- ◆ HB1183-SB0503 Education Freedom Scholarship Act. Authorizes up to 20,000 scholarships to eligible students. Approximately \$7,000 per scholarship.
- ◆ HB1890-SB2099 authorizes farmland and forest preservation through acquisition of agricultural real estate and easements.

Legislation of Interest – General Government

- ◆ PC0534 prohibits a state entity from submitting ransomware payment and requires immediate notification of ransom request to TBI.
- ◆ PC0554 requires certain court clerks to notify TBI of final dispositions in criminal proceedings within 3 business days.
- ◆ PC0614 authorizes a county to use proceeds from tire tax to remove illegally disposed waste tires from public or private property. Addresses other waste tire issues facing local governments.
- ◆ PC0686 establishes Resilient Tennessee Revolving Loan Fund to provide low interest loans to local governments to mitigate impacts of natural hazards.

Legislation of Interest – General Government

- ◆ PC0690 authorizes use of general obligation refunding bonds to repay an interim financing loan from a public building authority.
- ◆ PC0694 redefines “money” and “deposit account” to exclude central bank digital currency.
- ◆ PC0702 authorizes a county that has entered into a mutual aid agreement with each municipality in the county for fire services to fund up to 50% of the cost to provide fire services to unincorporated portions of the county using county general funds.

Legislation of Interest – General Government

- ◆ PC0763 prohibits a member of a county governing body from simultaneously serving as a member of a municipal governing body within the same county.
- ◆ PC0798 requires the chair of the county legislative body to ask members if they voted on a matter which would increase the pay or benefits of that member or that member's spouse. If found in violation, then vote is void.

Legislation of Interest – General Government

- ◆ PC0804 Approximately 30 new specialty earmarked license plates.
- ◆ PC0877 requires a political subdivision to provide a written attestation with the entity's annual audit certifying that the entity has not sought or received a grant in pursuit of policy recommendations originating in, or traceable to United Nations policies.
- ◆ PC0968 authorizes creation of industrial development corporations to assist locally owned and small businesses.

Legislation of Interest – General Government

- ◆ PC0997 increases number of annual continuing education hours for county commissioners from 7 to 8. Authorizes \$600 supplement to commissioners for completion.
- ◆ PC1004 for purposes of determining financial distress of a utility, prohibits consideration of straight-line depreciation of an asset acquired or completed in the 12 calendar months preceding the audit. Requires asset's depreciation to be calculated in accordance with GAAP.

Legislation of Interest – Budgeting

- ◆ PC0572 requires requests for amendments to a county budget by a department after adoption of the budget to be first approved by governing body of the department prior to being submitted to the county legislative body.
- ◆ PC0933 prohibits a county legislative body from adopting a budget that reduces the budget for the county mayor's office below the budgeted amount for the previous fiscal year unless approved by the county mayor.

Legislation of Interest – Taxes, Fines, and Fees

- ◆ PC0604 amends base amount of funding to emergency communications districts.
- ◆ PC0913 expands authority of collecting partial payments of delinquent property taxes to the municipal tax collector. Establishes pro-rata formula to account for the tax, interest, statutory fees, and court costs. Requires Comptroller to develop guidelines for plans of collection.
- ◆ PC0917 authorizes municipality to levy tax on groceries at a lower rate than other goods and services.
- ◆ PC0978 increases from 1,500 acres to 3,000 acres of land eligible for reduced property tax valuation under greenbelt law.
- ◆ PC1013 requires TACIR to perform a study on the collection and remittance of state and local taxes.

Legislation of Interest – Procurement

- ◆ PC0513 amends numerous local government procurement statutes to reflect new sealed competitive solicitation thresholds established for those with, or without, a full-time purchasing agent. Added local education agencies.
- ◆ PC0661 authorizes a local government entity to purchase fuel in bulk without public advertising or competitive bidding.
- ◆ PC0817 authorizes county election commission to enter into contracts, leases, and option agreements for voting machines under certain conditions.

Legislation of Interest – Schools

- ◆ PC0729 allows local law enforcement to assign an officer to serve as a school resource officer at schools that do not have an MOU with school system.
- ◆ PC0801 authorizes faculty or staff to carry a concealed handgun if certain requirements are met.
- ◆ PC0839 allows all public or public charter school employees to receive their full salary and benefits in the event they sustain a personal injury as the result of a physical assault or violent criminal act while they are acting in the course of their employment. Previously only teachers were eligible.
- ◆ PC0841 prevents any LEA from participating in a public-school athletic activity in which students cannot purchase a ticket to the event with cash.

Legislation of Interest – Open Meetings/Open Records

- ◆ PC0580 specifies that the County Mayor is not a member of the county commission for purposes of compliance with the Open Meetings Act.
- ◆ PC0710 requires state and local governing bodies to make agendas available at least 48 hours prior to a regular meeting.
- ◆ PC0818 authorizes local government body members to meet with state legislators to exchange information without violating the Open Meetings Act.
- ◆ PC1030 excludes on-site inspection of any project or program by a governing body from the definition of a “meeting” for Open Meetings Act. Removes reference to “quorum” as being required to constitute a meeting. Provides safe harbor for guidance provided by OORC. Authorizes cost recovery for willful violations.

Legislation of Interest - Growth is Good?

- ◆ PC0860 authorizes procedure to establish Infrastructure Development Districts as a method to fund capital infrastructure through collection of special assessments on properties located within the district. Makes each district subject to annual audit by the Comptroller or Comptroller's designee.
- ◆ PC0990 amends the County Powers Relief Act to allow certain high growth counties to increase the residential development tax from \$1/sq. ft. to \$1.50/sq. ft. and makes applicable for commercial development up to 150,000 sq. ft. Eligibility based on 20% growth between decennial censuses, or 9% growth over 4-year period according to special census. Requires Comptroller to verify accuracy of growth.

Legislation of Interest - Growth is Good?

- ◆ PC0971 authorizes THDA to allocate to the owner of a qualified low-income building project a credit against taxpayer liability for any tax imposed relevant to insurance, excise taxes, or franchise taxes.
- ◆ PC1012 authorizes a local government to provide financial contributions to an industrial development corporation for projects involving low income, elderly, or handicapped multifamily housing. Requires Comptroller to determine whether the contribution is in the best interest of the state.
- ◆ PC1051 authorizes a municipality to create a voluntary attainable housing incentive program for property owners who build multi-family attainable housing.

Legislation of Interest – Judicial Matters

- ◆ PC0600 Creates one additional trial court in the 18th judicial district.
- ◆ PC0880 Creates one additional circuit court in the 23rd judicial district.
- ◆ PC0947 Requires AOC to develop a centralized system of case management capable of collection and reporting of all state and local court public case level data.
- ◆ PC0977 Creates one additional circuit court in the 4th judicial district, creates one additional trial court in the 19th judicial district; eliminates part VII of the circuit court in the 13th judicial district; and eliminates part IX of the criminal court in the 13th judicial district.

Legislation of Interest-Dodged Bullets or Opportunities Lost?

- ◆ HB1067-SB1424 requires utilities with a charitable round-up program to report expenditures to the Comptroller who then must publish the report on the Comptroller's website.
- ◆ HB1879-SB1895 authorized the Comptroller to impose sanctions if utility provider fails to send a written notice of termination to a customer.
- ◆ HB1927-SB1901 authorizes local reimbursement of 66% (33% match from the state) for public school employee's childcare expenses. Made reimbursement program subject to Comptroller audit.

Legislation of Interest-Dodged Bullets or Opportunities Lost?

- ◆ HB2212-SB2170 requires Comptroller to investigate the operations of rural hospitals at risk of failure or abandonment. Authorizes Comptroller to transfer operations or ownership to a new operator or organization.

Summer Study

- ◆ HB2217-SB2111 tax relief formula on real property owned by disabled veterans.
- ◆ HB2647-SB2860 Ombudsman for Children and Families.
- ◆ HB2754-SB2603 cell-cultured protein offered for sale as “meat”.
- ◆ HB2383-SB2181 operation of motorcycles on shoulders of highways
- ◆ HB1850-SB1761 counties/cities prohibiting raising or keeping six (6) or fewer chickens or adult rabbits on a residential lot.

Legislation of Interest – The Land of Hot Slaw, (Memphis) Barbecue, and Warm Beer

- ◆ PC0546 designates hot slaw as *an* official state food.
- ◆ PC0547 designates Cleveland as the hot slaw capital of the state.
- ◆ PC0873 designates Memphis barbecue as an official state food.
- ◆ PC0961 Prohibits a beer permittee from selling refrigerated or cold beer at retail.

Legislation of Interest – Officially Official

- ◆ PC0601 designates June 6 as day of special observance for D-Day.
- ◆ PC0603 designates “Tennessee, Tennessee” as an official state song.
- ◆ PC0646 designates “Under a Tennessee Moon” as an official state song.
- ◆ PC0719 designates “Rockin’ Around the Christmas Tree” as the official state holiday song.
- ◆ PC0720 designates 10 official state books.

Legislation of Interest – Officially Official

- ◆ PC0724 designates “Tennessee, In My Dreams” as an official state song.
- ◆ SJR0924 designates March 2024 as Certified Government Financial Manager Month (passed on March 28, 2024).

Legislation of Interest-Wow Your Friends

- ◆ PC0541 outlaws squatted vehicles.
- ◆ PC0551 requires development of policies governing use of AI in public institutions of higher education, K-12 public schools, and public charter schools.
- ◆ PC0696 removes requirement for State Building Commission to set a ratio for water closets in public gathering facilities.
- ◆ PC0726 requires Department of Revenue to annually verify the owner of a disabled parking placard has not died.
- ◆ PC0758 establishes knowingly spoofing a telephone number with the intent to defraud as a consumer protection violation.

Legislation of Interest-Wow Your Friends

- ◆ PC0794 establishes SWATTING as a Class C Felony.
- ◆ PC0823 NIL rewrite.
- ◆ PC0870 creates offense for possessing or distributing a license plate flipper.
- ◆ PC0899 Social Media vs PC1021 Protect Tennessee Minors Act
- ◆ PC0954 establishes a one-year pilot project to place a therapy dog in 5 public schools.

Legislation of Interest-Wow Your Friends

- ◆ PC0850 removes criminal punishment and license suspension/revocation for failing to card a person who reasonably appears to be over 50 years of age.
- ◆ PC0806 prohibits marriage between first cousins.

AND

- ◆ PC0588 enacts the Ensuring Likeness, Voice, and Image Security Act of 2024 (E.L.V.I.S. Act). Prohibits the use of AI or other device to produce an identifiable individual's photograph, voice, or likeness when not authorized by the individual. Contains fair use provisions.

THE KING IS DEAD, LONG LIVE THE KING!!!

- ◆ Only 68 days until 1st Session of the 114th General Assembly.
- ◆ Questions?