



The Tennessee General Assembly has introduced 1,400 bills for consideration during the 114<sup>th</sup> Tennessee General Assembly. Despite the snow fall in Nashville, the legislature continued their work with only a few hours delay to business on Wednesday morning. This is indicative of the expedited timeline for this legislative session which has been speculated to conclude as soon as the last week of April. Of note, the Tennessee Supreme Court has yet to rule on a challenge to state legislative maps, nearly five months after hearing arguments. If rejected, lawmakers must redraw districts by April.

The newly appointed committees are starting to see substantive legislation on their calendars. The House has implemented a new electronic voting system, and some structure changes to their committees. The House Finance Committee now has 29 members, while other larger committees include State and Local (23 members), Judiciary (22), and Education (19). Conversely, subcommittees were downsized, some to as few as 6 members.

The House and Senate committees met this week to review budget proposals for Departments and Agencies across state government, reviewing key financial reports, department funding requests, and long-term fiscal challenges. Financial discussions centered on the state's trauma care system, pension liabilities, tax policies, and the sustainability of critical programs. With federal funding declining and costs rising, legislators emphasized the need for responsible budgeting and strategic planning to ensure Tennessee's continued financial stability.

The Annual Comprehensive Financial Report (ACFR) showed a state net position of \$62.4 billion, a \$2.1 billion increase from last year but lower than the prior year's \$6 billion rise due to reduced federal funding. Concerns were raised over pension liabilities and the sustainability of funding programs as federal support decreases. Notably, Tennessee received an Award of Excellence for its ACFR, recognizing the state's commitment to financial transparency and strong fiscal management.

The Comptroller's budget was approved, with focus on tax reserves funding low-income elderly assistance, which is projected to run out by FY27 without increased allocations or benefit adjustments. Legislators also questioned the reliance on non-recurring funds for ongoing expenses.

The Department of Revenue discussed franchise tax adjustments, rising administrative costs, and enforcement funding for the hemp-derived cannabinoid tax. Data gaps in the state's tax repository raised concerns about judicial and fiscal accuracy.

The State Museum's budget included funding increases for the National Civil Rights Museum and a 2027 military museum but saw cuts to artifact acquisitions. Legislators stressed cautious budgeting amid federal funding uncertainties and rising program costs.