



On February 10, 2025, Governor Bill Lee delivered his seventh State of the State address, outlining his priorities for education, workforce development, infrastructure, energy, economic growth, housing, conservation, and fiscal responsibility.

Emphasizing fiscal responsibility, Governor Lee pledged to grow the Rainy-Day Fund to \$2.2 billion, streamline state boards and licensing requirements, and generally reduce government costs while increasing state revenue. Lee addressed the \$1.2 billion in hurricane damage in East Tennessee, praising local leaders and emphasizing long-term recovery efforts. He reaffirmed Tennessee's commitment to public safety, announcing continued crime prevention grants and efforts to combat illegal immigration. He also highlighted the Medicaid block grant savings, pledging to reinvest the savings in healthcare initiatives.

Education remained a top priority, with \$580 million proposed for K-12 education, including teacher pay raises. Lee introduced the Tennessee Works Scholarship, covering 100% of tuition, fees, and equipment costs for students at Tennessee Colleges of Applied Technology (TCATs). He announced the expansion of youth employment programs and proposed a limited occupational teaching license to allow skilled tradespeople to teach without excessive credentialing barriers.

Infrastructure and economic growth were also key focuses, with \$1 billion allocated to TDOT for road and bridge improvements. Lee announced \$10 million for the Nuclear Energy Fund and \$50 million for TVA's Clinch River project to advance energy innovation. He also highlighted \$40 billion in capital investments over six years and proposed \$80 million in economic development grants to attract high-tech industries.

To address housing challenges, Lee proposed a \$60 million Starter Home Loan Fund and a new housing tax credit to increase affordability. He also committed \$100 million to a regional water conservation strategy to protect the Duck River. Additionally, he supported the Farmland Conservation Act, aimed at preserving Tennessee's agricultural lands, and endorsed the creation of the Alexander Institute for Environmental Education.

The Tennessee General Assembly will be observing Presidents Day and will not be in session on Monday, February 17th. Legislative activities will resume as scheduled following the holiday focusing on a series of budget presentations.