



The Governor released his appropriations amendment to the budget on Tuesday of this week. The amendment kept the original funding for his initiatives released at the State of the State while including additional investments. The State's Rainy Day Fund received an additional \$130 million investment, bringing its total to \$2.2 billion. In total, the amendment included a \$400 million franchise tax cut to support Tennessee's economy. Additionally, there would be \$33 million for the General Assembly to use at its discretion to fund various other pieces of legislation and appropriations. The General Assembly will evaluate the Governor's appropriations amendment in the coming weeks while developing the final version of the State's budget.

This week, the Senate approved legislation to cut taxes by simplifying the state's franchise tax. This adjustment will offer relief to taxpayers, modernize the way the tax is calculated and manage newly discovered legal risks. The legislation will align Tennessee's franchise tax with surrounding states. It is also a proactive measure to mitigate the legal risks of the current franchise tax policy. The current property measure of the nearly century-old franchise tax is an alternative minimum tax on property used in Tennessee. The property measure disincentivizes investment in the state and has recently created additional legal challenges.

Governor Lee's main legislative priority will be considered by the Senate Finance Committee this week. Senate Bill 503, would establish the Education Freedom Scholarships Act (EFSA). This legislation would provide scholarships for students to attend private schools. A total of 20,000 scholarships would be available to families for the 2024-25 school year. Priority would be given to students who are currently eligible for an Education Savings Account followed by those from households at or below 400 percent and 500 percent of the federal poverty level respectively. The House and Senate versions of the bill are in very different forms. The House and Senate must come to an agreement on final language for the bill to become law. The legislation will continue to be on the forefront of this legislative session.

The Tennessee Department of Labor and Workforce Development this week reported the seasonally adjusted unemployment rate for the state decreased to 3.3% in February. The unemployment rate decreased in all 95 counties last month. Moore County reported the lowest unemployment rate at 1.9%. Cocke County had the highest rate at 4.7%. The seasonally adjusted unemployment rate for the U.S. increased from 3.7% to 3.9% during the same time period. Tennessee's Labor Force Estimates report for February can be found [here](#).