



The 113th Tennessee General Assembly adjourned sine die on Thursday, April 25th. During the final days of session, members debated and passed the FY24-25 budget. Governor Lee proposed his budget in his State of the State address in early February. During his address, Governor Lee presented a \$53 billion budget that included a \$20 million investment in Tennessee's Rainy-Day Fund, \$410 million recurring funding and \$1.2 billion non-recurring funding to simplify the franchise tax in Tennessee, \$141.5 million to establish Education Freedom Scholarships, and funding for capital improvements across the state. The Governor released his appropriations amendment in late March to adjust his proposed budget. 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. The amendment included a \$410 million franchise tax cut and \$33 million for the General Assembly to use at its discretion to fund various other pieces of legislation and appropriations.

The General Assembly finalized the state budget and made some adjustments to the Governor's proposed budget and amendment. The General Assembly passed a \$52.8 billion balanced budget for the 2024-25 fiscal year. Total legislative initiatives make up nearly \$21 million in recurring investments and \$141.5 million in nonrecurring expenditures. While revenues have slowed considerably, Tennessee continues to be among the most fiscally stable states in the nation. The budget also makes a \$100 million deposit in the state's Rainy-Day Fund rather than the original \$150 proposed by the Governor. The Rainy-Day Fund now has a balance of more than \$2.15 billion.

Governor Lee's main legislative priority failed to receive legislative support this session for passage. [House Bill 1183](#) sought to establish the Education Freedom Scholarships Act (EFSA). This legislation would have provided a total of 20,000 scholarships for students to attend the school of their choice for the 2024-25 school year. The House and Senate had two different versions of the legislation and were unable to come to an agreement that could advance in both chambers. The \$141.5 million that was allocated to fund the initiative will carry over to the next budget year. It is anticipated that the General Assembly also addressed legislation that redefined how our state's franchise tax is calculated. The legislation aims to cut over \$400 million in taxes by modernizing the way the tax is calculated and managing newly discovered legal risks. It restructures Tennessee's franchise tax to remove the property measure and authorize the Department of Revenue to issue refunds to taxpayers who have paid the franchise tax based on property located in the state. The two chambers took different approaches as to how to refund these companies, but after lengthy negotiations between the House, Senate, and Administration, an agreement was reached. The legislation allows refunds to businesses that paid under the old calculation for the past three years. It also includes transparency requirements that would publish which companies receive a refund, and how much they receive. Now that the second half of the 113th General Assembly has concluded, members will return to their districts. Some members will continue the work of the state through summer study hearings and other committees throughout the rest of 2024. Currently, there are no anticipated special sessions. Most of the members will now focus on fundraising and campaigning in their districts. All House seats and half of the Senate will be up for election in November. Members will convene in Nashville for the first half of the 114th General Assembly on January 7th, 2025.