



Capitol Update: Week of February 13, 2026

Rep. Zachary Holds Press Conference to Announce He's Capping Property Taxes

After the legislative session on Thursday of this week, Rep. Jason Zachary of Knox County held a press conference to announce his intent to pass legislation to cap local property taxes. Flanked by House Republican leadership, Rep. Zachary cited what he called “egregious increases” in some jurisdictions as the motivation for the proposal. His bill ([HB1873](#)) is co-sponsored in the Senate ([SB2064](#)) by Finance Chair Bo Watson of Hamilton County.

The bill prevents local governments from levying a property tax rate in any year that would generate revenue that exceeds the prior year's revenue by inflation plus 2% or would result in an increase of inflation plus 6% over a three-year period. These limits may only be exceeded for certain specified needs or if approved by the voters in a referendum. Under the bill, such a referendum is required to be held in a regular November election, meaning it could only be held once every two years and a county commission would have to know the property tax rate it needed long before the budgetary process typically begins. The bill has been assigned to the State and Local Committees in both the House and Senate, but is not yet scheduled to be heard.

It is only one of several proposals that have been filed this year to limit local governments' ability to raise property taxes. As property taxes are the largest source of revenue for 94 of 95 counties, these proposals are the most serious concern for county associations this year. Most counties in the state have maxed out the allowed local option sales tax rate. That means the property tax is essentially the only place counties can turn to when they need funds to meet state mandates like teacher pay increases, address inflationary costs, comply with maintenance

of effort requirements if there is a decline in other revenues, or finance infrastructure and capital needs in their communities. Even if counties never exceed these limits, simply putting these restrictions into law could negatively affect the bond rating of every city and county in the state, potentially driving up the cost of borrowing funds for community needs.

Committees Get Busy Reviewing Legislation and Holding Budget Hearings

Now that bills have been filed and Governor Lee unveiled his budget proposal, committees of the House and Senate started delving into departmental budgets and hearing legislation. Several proposals of note to counties were heard this week:

- In the Departments and Agencies Subcommittee, Rep. Carringer presented SJR48 which would ratify a proposed increase in 911 fees. There was testimony from experts who answered questions about revenue needs and reserves of emergency communication districts before the bill was deferred. The sponsor intends to bring the bill back later in the session, once concerns raised by legislators have been alleviated.
- SB 178, which would require local governments to allow speakers to discuss any topic during a public comment period, regardless of whether it is on the agenda for the meeting, was deferred for two weeks in the Senate State and Local Government Committee. This bill is a holdover from last year. It failed to get the required majority to pass out of the committee and the sponsor has brought it back up this year.
- HB1849, which would allow communities to vote to return to electing school superintendents, narrowly passed out of the House Education Administration Subcommittee. It will be heard by the full House Education Committee next week.
- HB1837, that would require city and county governments to compensate land owners if any local land use regulation reduced the value of their land, was scheduled to be heard in the Civil Justice Subcommittee but was deferred for two weeks by the sponsor. Under the bill, the landowner or their heir would have up to three years to make a claim for compensation after the county enacted some resolution or regulation that impacted the market value of the property.
- The Agriculture Subcommittee approved HB1846 that would eliminate rollback taxes when greenbelt property is transferred to a new owner who does not intend to keep the property in a qualifying use. County associations argued that this would impact local revenues and a number of state Representatives raised concerns before the bill was sent forward to the full Ag Committee. It will be heard next week by that committee.
- A bill requiring county commissions to adopt rules of procedure was approved by the full House State and Local Government Committee this week. The bill makes any existing county commission rules “temporary” for the first 90 days following an election. The newly constituted commission has that time to ratify those rules, amend them or adopt new rules by a majority vote. After that period, the rules would require a $\frac{2}{3}$ vote to change.

- HB1720, which allows a county commission to prohibit extraterritorial zoning by cities within that county, was approved by the Cities and Counties Subcommittee. It moves to the full committee next week. The proposed language does not apply in counties with a metropolitan form of government or with a population in excess of 341,500 according to the 2020 census. For it to take effect, the county commission would have to pass a resolution by a majority vote. This would then have the effect of voiding any existing municipal zoning provisions in the unincorporated area and prohibit cities from enacting zoning rules outside of city limits in the future.

County Government Day Fast Approaching

With the many important issues impacting county governments being considered by the General Assembly, it is more critical than ever for county officials to be in communication with their Senators and Representatives. The County Government Day conference February 23 and 24 in Nashville is a great opportunity to be briefed about all of these proposals, attend committee and floor sessions of the legislature and meet face to face with your legislators. For more information about the event, go [HERE](#).