



Capitol Update: Week of April 6, 2026

State Budget Expected Next Week

A series of bills related to the state budget are scheduled to be heard next Tuesday in both the House and Senate Finance Committees. This sets the stage for the budget to pass in the two chambers before the end of next week. There are still some outstanding issues to be resolved between the House and Senate, like the expansion of Governor Lee's Education Freedom Scholarship (more about that below). Once the budget passes, there will likely only be one or two weeks until the General Assembly adjourns. There are a surprising number of committees still trying to finish deliberations on their remaining bills. But at this point, if legislation requires funding that is not included in the budget, it is unlikely to cross the finish line.

Education Freedom Scholarship Expansion Moves Forward

The House is scheduled for a floor debate Monday night on legislation ([SB2247/HB2532](#)) to expand the Governor's Education Freedom Scholarship (EFS) program that provides state funds to offset the cost of private school tuition. When the bill passed last year in a special session, it authorized 20,000 private school scholarships with an automatic provision to provide 5,000 more in year two if all 20,000 are used. Governor Lee is pushing for legislators to instead double the number of scholarships to 40,000 in year two. The Senate version currently includes the full 20,000 the Governor requested. As the bill is moving in the House, it would authorize 15,000 additional scholarships. The amended version in the House also includes changes to the priority of which students qualify for a scholarship and changes to the so-called "funding floor" that was included in the bill last year to protect funding for public schools. There have been multiple versions of this language. In the most recent amendment, an LEA would only receive funding to offset students who left because they took an EFS scholarship to go to private school.

Currently, the law protects districts against losing funds due to disenrollment for any reason. Requiring districts to prove the student left because of a private school scholarship will be difficult when the State Department of Education has refused to collect that information on scholarship recipients. It will also mean that rural districts with few or no private schools will most likely not be protected against funding loss. It is unclear whether the Senate is willing to go along with the House changes.

County Employees on the County Commission

The House State and Local Government Committee worked through the bulk of its remaining bills on Wednesday, April 8th. It meets again on Monday, April 13th to take up its last 15 bills. Most of the controversial items, like the property tax cap, were disposed of this week in a motion to take all bills off notice that had failed or were not moving in the Senate.

One of the bills that was heard and approved in the State and Local Committee this week was ([SB2591/HB2319](#)), which prohibits county employees from serving on the county commission. It passed out of the committee with two amendments. One moves the effective date of the bill to January 1, 2027. The second states that any county employees serving on the commission on that date would be eligible to continue serving on the county commission. In that form, the bill heads to the House floor for a vote Monday night. The bill came out of the Senate committee last week. It has not yet been scheduled for a floor vote in the Senate.

Limitations on Nuisance Lawsuits

A bill ([SB2418/HB2069](#)) that would require cities and counties to get the approval of the attorney general before bringing a lawsuit through a contingency fee agreement was scheduled for a floor vote in the House on Thursday, but failed to pass. The bill was being promoted by the Tennessee Chamber of Commerce as a way to protect businesses from lawsuits brought by class action law firms that were promising local governments a big payday. It would require any political subdivision wanting to enter into a contract for legal services under a contingency fee agreement to hold a public hearing, make written determinations of the need for the agreement, and give the reasons why the legal staff of the political subdivision could not bring the action or fund the action through a traditional hourly fee arrangement. Before the local government could move forward, the state attorney general would review, then approve or reject the agreement. Local governments objected to the bill, especially a provision that showed up in an amendment to allow the AG to review and retroactively approve or reject existing contingent fee agreements. When presented on the floor, the bill sponsor offered a new amendment to take the retroactive provision out. However, the bill fell well short of passing as it faced bi-partisan opposition. It received 36 yes votes, 32 no votes with 22 representatives passing.

Since the bill did not receive 50 votes for or against, it was referred back to committee. It is now scheduled to be heard in the House Judiciary Committee next Tuesday. The bill also makes significant changes to law on public nuisance actions in general, making it harder to use legal action to stop bad actors. While these types of suits have been used to hold pharmaceutical

firms accountable for improperly marketing opioids in the past, several school districts are currently involved in litigation suing social media companies for harm done to the mental health of children and youths. On a smaller scale, nuisance actions have been used in cases where a landfill was not properly operating, an industry polluted land or water with discharged chemicals, convenience stores were selling dangerous “bath salt” drugs, and to stop other bad actors who were harming local communities through unethical and dangerous business practices. Counties and cities in Tennessee have generally not been highly litigious, but they need to keep this tool in the toolbox to defend citizens against bad actors.

911 Funding

[SJR 48](#) is moving forward after facing some opposition in House Finance. Representatives raised a number of questions about the resolution, which simply ratifies a rate increase recommended by the state Emergency Communications Board. The resolution passed the Senate last year, but also has to pass the House for the new rate to be ratified. The resolution is scheduled for a floor vote Monday night. New funding from an increased 911 fee would help distressed districts with the operational funding they need to address rising costs and retain employees without having to come back to the county for additional property tax funding.

Suspended Rules and Last Minute Amendments

Some procedural rules have already been waived and more are expected next week to allow bills to move more quickly from one committee hearing to the next. Late-filed amendments are also popping up with little or no notice to add new, unrelated provisions into broadly-captioned bills. We will continue to monitor the remaining legislation as it moves through the General Assembly to keep an eye out for measures harmful to county government.