



Capitol Update: Week of March 30, 2026

Education Freedom Scholarship Expansion Moves Forward

The House Finance Subcommittee and Senate Finance Committee both moved forward with 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. In his [State of the State address](#), Governor Lee announced his desire to double the number of scholarships to 40,000 in year two. This confirmed the fears of many critics of the program last year who cited the fact that these programs tend to expand rapidly in other states. At roughly \$7,500 per student, another 20,000 scholarships would cost the state \$150 million. The Senate Committee approved the bill in its original form to authorize the additional 20,000 scholarships. The House Subcommittee shaved 5,000 off that number, approving the bill with 15,000 additional scholarships.

The House version of the original legislation last year also included an amendment to the so-called "funding floor" that was included in the bill to protect funding for public schools. Many former opponents of private school vouchers changed their position and voted for the bill last year because it included a provision that local schools would not lose funding due to enrollment decline. Under the language of the amendment added to the current bill in the House, LEAs would only be eligible for that hold harmless payment if the school system could verify that students leaving their system were U.S. citizens or were in the country legally. It remains to be seen whether the Senate will go along with these provisions. Both the number of scholarships and any changes to the funding floor for public schools will likely be a part of final budget negotiations, expected to be finalized over the next two weeks.

Senate State and Local Government Committee Closes

Last week, the Senate State and Local Committee worked through the bulk of its final calendar, but it entered this week with 22 remaining bills. Several of these items were of concern to county governments.

- A bill ([SB1824](#)) that would have eliminated the rollback penalty for properties converted out of greenbelt was narrowly defeated in the committee. It would have cost county governments an indeterminate amount of revenue.
- Another proposal ([SB1045](#)) that placed additional restrictions on what a local government can require of a developer was sent to summer study for additional review. This topic was the subject of a TACIR study and legislation just a few years ago.
- A third bill ([SB1685](#)) that would have allowed non-conforming uses to be completely reconstructed without conforming to current regulations ended up not being presented after appearing on the calendar for weeks. It appeared the bill was inspired by a specific situation in one city, but the bill had statewide application.
- Finally, the committee approved a bill ([SB2587](#)) that creates a training incentive program for correctional officers in local jails. It would mirror the training supplement paid to POST officers and be paid for by the state.

County Employees Serving on the County Commission

One of the last items heard in the State and Local Committee before it closed was a bill brought by its chairman ([SB2591/HB2319](#)) that prohibits county employees from serving on the county commission. It narrowly passed out of the committee, with five (5) votes in favor after an amendment was added to push back the effective date of the bill to January 1, 2027.

The sponsor acknowledged that county elections are underway this year and the bill could complicate matters if it took effect in the midst of that process. Under the bill, a county employee serving on the county commission when it takes effect could continue to serve until the conclusion of their term. So, with the amendment, a county employee elected to the county commission this fall *could* serve for four (4) years, but would then be disqualified from serving after that term. The bill is scheduled to be heard in the House State and Local Committee on its final calendar next week, on April 8th.

Land Use Regulations

There were a large number of proposals this year related to cities and counties' ability to enact and enforce land-use regulations and manage growth.

- An administration bill that sets time limits for approving development applications, plans, and site inspections, [SB2237/HB2552](#), raised serious concerns for counties as it was initially filed. Individual counties and the associations have been working back and forth with the administration on amendments to address concerns. A recent proposed

amendment has fixed a number of these problems. The bill is ready to go to the Senate floor for a final vote. In the House, the bill was placed behind the budget due to a small associated cost.

- A separate bill, [SB2053/HB1827](#), which grants local governments the ability to approve the location of any quarry or digital asset mining facilities in a public meeting, is ready for a floor vote in both chambers, but it has been delayed multiple times. It is expected to be voted on in the House on April 6th.

Limitations on Local 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 approved by the House State and Local Government Committee. Many cities and counties used these types of agreements with law firms when they filed opioid lawsuits. The bill was being promoted by the Tennessee Chamber of Commerce as a way to protect businesses from “nuisance” lawsuits. It would require any political subdivision wanting to enter a contract for legal services under a contingency fee agreement to hold a public hearing and make written determinations of the need for the agreement and 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. Once the political subdivision decides to move forward, the attorney general would then have 90 days to approve the agreement or refuse to approve the agreement. If the AG takes no action, the contract is deemed approved. The bill, as amended, also applies to contingent fee agreements in effect prior to the date of the bill, requiring local governments to submit the information to the attorney general for approval by July 1, 2026.

*Due to the upcoming holiday, this **Capitol Update** is being sent earlier this week and may not have the latest information on developments that were still underway on Thursday morning.*