



## 111<sup>TH</sup> TENNESSEE GENERAL ASSEMBLY ADJOURNS

Intense Negotiations Produce Little Consensus as Members Conclude Business



Tennessee State Capitol, March 16, 2020.  
Source: [tnjournal.net](http://tnjournal.net)

The 111<sup>th</sup> General Assembly adjourned early this morning after hours of deliberation on the state budget and several contentious bills. Large-scale initiatives such as telemedicine, Certificate-of-Need reform, and the “Safe Harbor Act” necessitated conference committees to reconcile the differences between the two chambers. While the House did overwhelmingly adopt and pass much of the final legislation, a consensus could not be reached in the Senate and thus the bills were never brought forth for a final vote.

### Budget ([SB2931/HB2922](#))

The state’s budget was an unexpected legislative item that required a conference committee after the bodies unveiled drastically different proposals this week. The Senate version largely aligned with suggestions outlined by Commissioner Butch Eley with the Department of Finance & Administration and included \$1.5 billion in cuts over a period of three years. The House version, however, planned to cut that same amount in just two years by leaving vacant government positions open and pausing the 2021 phase out of the Hall Income Tax, a tax on interest investments and dividends over \$1,250 annually.

After convening a joint 13-member panel to negotiate, the legislature ultimately adopted the [majority report](#) and passed the \$39.5 billion budget. In general, it does not fund any new programs or planned initiatives—including pay raises for teachers, state employees, and legislators. The budget does, however, honor the Senate’s commitment to eliminate the Hall Income Tax by 2021.

The House conceded on its proposed \$100 million earmarked for multiple tax-free weekends, 10 times the amount normally allocated. Instead, the legislature approved an additional \$15 million for two tax-free weekends — the final weekend of July and first weekend of August — bringing the total set aside for the event up to \$25 million.

Another dispute between the two chambers was the distribution of \$200 million in state grants set to go to cities and counties. House leadership had initially planned to drastically reduce previously allotted funding to Nashville and Memphis, arguing these cities were already receiving federal coronavirus relief funds directly. Funding, the Senate pointed out, has strings attached. Initial funding proposed under the House version reduced Nashville



The House of Representatives in session.  
Source: [The Tennessean](#)

funding from \$14.8 million to \$5 million; Memphis from \$14.4 million to \$5 million; and Shelby County from \$7.8 million to \$5 million. The Senate pushed back and secured \$10 million each for Metro Nashville and Memphis, as well as \$7 million for Shelby County.

### **Telemedicine ([SB1892/](#)[HB1699](#))**

Among the most anticipated conference committees scheduled was that of **HB1699** sponsored by Rep. Robin Smith, R-Hixson. The ongoing initiative would require health insurance entities to cover and reimburse healthcare services provided via telehealth as well as codify a fiscal mechanism allowing providers to be paid equal to in-person services.

As the only bill voted on before the General Assembly recessed back in March, **SB1892/**[HB1699](#) was debated very little in comparison with other legislation considered this week. When the 6-member joint panel convened yesterday evening, the House pushed to get its version approved but it was voted down by Senate members. After further negotiations, the bodies had compromised to allow payment parity to continue for 18 months to allow the market to adjust independently as well as broadening eligibility so that more providers under title 63 could utilize telehealth. The [majority report](#) passed the House unanimously on an 89-0 vote but the measure was never taken up in the Senate for a final vote, effectively killing it.

### **Safe Harbor Act ([SB2381/](#)[HB2623](#))**

Legislation aimed at protecting businesses and healthcare providers from lawsuits stemming from COVID-19 failed by lack of majority in the House despite significant debate lasting past 2 a.m. The measure, named the “Tennessee Recovery & Safe Harbor Act,” was widely considered by both parties to be the most important legislation to take up by the General Assembly in their short return to session. While both chambers agreed the legislation was needed, the main point of contention derived from the retrospective element of the Senate’s version which some members of the House argued was unconstitutional.

The bodies convened a 10-member conference committee to discuss the merits of retroactivity, ultimately adopting generating a report mirroring the Senate version. Despite rigorous debate, the measure failed in the House floor on a 46-36-6 vote.

### **Certificate-of-Need (CON) Reform ([SB2312/](#)[HB2350](#))**

The conference committee appointed to debate CON legislation was the only panel discussion not livestreamed to the public. The Senate and House could not come to a consensus on whether to include ambulatory surgical centers (ASCs), freestanding emergency rooms, and micro-hospitals on the list of facilities that will no longer be required to obtain a Certificate of Need. Ultimately, the body failed to reach a compromise and the measure died in committee.