

SB 380 - HB 421
FISCAL MEMORANDUM



Fiscal Review Committee
Tennessee General Assembly

February 18, 2025

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SUMMARY OF BILL AS AMENDED (003624): Creates a procedure by which a utility district commissioner who becomes ineligible to serve for failure to meet statutory training and continuing education requirements may file a petition for reinstatement of eligibility with the Tennessee Board of Utility Regulation (TBOUR). Requires the TBOUR to conduct an informal hearing on the petition and authorizes the TBOUR to issue an order establishing the terms and conditions for the reinstatement of eligibility. Requires that any such order require the petitioner, at minimum, to obtain 12 hours of training and continuing education within one year of the date of the order.

Reduces, from 12 to 6, the number of required hours of training and continuing education required of board members of certain utilities.

FISCAL IMPACT OF BILL AS AMENDED:

OTHER FISCAL IMPACT
The extent and timing of any decrease in mandatory local government expenditures, beginning in FY25-26, cannot be quantified.

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 7-82-307(b)(5)(A), a utility district commissioner who fails to timely meet statutory training and continuing education requirements is not eligible for reappointment or reelection to another term of office.
- The proposed legislation creates a process by which an ineligible utility district commissioner may become eligible to serve again by petitioning the TBOUR, which must conduct an informal hearing.
- The proposed legislation will not impact the total number of commissioners that may serve a utility district. Any fiscal impact to local government is considered not significant.
- The TBOUR is housed within the Comptroller of the Treasury (COT).
- The TBOUR will absorb any increase in informal hearings by utilizing existing staff and resources; any increase to expenditures of TBOUR is estimated to be not significant.
- Pursuant to Tenn. Code Ann. §§ 7-82-308(f) and 7-34-115(j):

- Utility district commissioners and municipal utility system commissioners are required to attend a minimum of 12 hours of training and continuing education within one year of appointment or election to the board; and
- Following the initial training and continuing education, a commissioner shall attend a minimum of 12 hours of training and continuing education every three years.
- The proposed legislation reduces, from 12 hours to 6 hours, the number of required hours a utility district commissioner and a municipal utility system commissioner must attend every three years for continuing education.
- Utility official training is provided by several entities, including, but not limited to:
 - The COT, which offers free online and some free in-person trainings;
 - The Tennessee Association of Utility Districts, which provides 12-hour courses at a total cost of \$360; and
 - The Municipal Technical Advisory Service, which offers trainings for \$85 per three-hour course.
- Additionally, some commissioners receive qualifying training at conferences in which the cost of the education credit is included within the overall registration fee.
- According to the COT, the proposed legislation affects approximately 450 utilities that are regulated by the TBOUR.
- Reducing the number of required training hours will result in a 50 percent decrease in local expenditures for certain utility trainings.
- The fiscal impact of the proposed legislation depends on a number of unknown variables, including: the total number of commissioners impacted, the module of training chosen by the utility, and the cost associated, if any.
- The extent and timing of any decrease in mandatory local government expenditures, beginning in FY25-26, cannot be quantified.

IMPACT TO COMMERCE OF BILL AS AMENDED:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- The proposed legislation applies to training requirements for commissioners of locally owned utility districts and utility systems.
- Any impact to jobs or commerce in this state is not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive style with a large, prominent 'B' and 'S'.

Bojan Savic, Executive Director