**New Requirement for ECD’s Three Star Program**

Recently, the Tennessee Department of Economic and Community Development updated some aspects and requirements of its Three Star Program. One of these updates includes a new requirement: the creation of an audit committee. There are specific criteria and requirements to be met by the audit committee, including:

- The audit committee must be established by **December 1, 2013**.
- The first meeting of the audit committee may take place between July 1 and December 1, 2014 and then meet annually thereafter.
- The audit committee must consist of at least three members from the County Commission or county citizens (or both) and the existing county auditor may not serve on the committee.
- The county budget committee or county internal auditor may not serve in place of the audit committee.

More information about how to form an audit committee to meet this new requirement is available from the CTAS website under Financial Information on the Reference Materials page. Information is also available from the Tennessee Comptroller of the Treasury Division of Local Government Audit website. Please contact your field consultant or CTAS directly at 615-532-3555 if you have any questions.

**Affordable Care Act: Transition Relief for 2014**

On Tuesday, July 2, President Obama announced two changes to the implementation of the Affordable Care Act. The first change involves simplifying the reporting process and as a result of that process streamlining, reporting for 2014 has been suspended. The second change allows more time for businesses (including local governments) to comply with the new law. This additional time means that employer responsibility payments will not be collected for 2014.

For more information, please read the official news release from the IRS about Transition Relief. If you have any questions, please contact your field consultant or CTAS at 615-532-3555.
New Laws Specific to Counties Effective July 1

The most recent legislative session produced many new laws of interest to county government and several of those laws became effective July 1. Of these new public chapters effective July 1, CTAS notes the following that may be of particular interest to counties:

Public Chapter 157: Seizure of Animals
Amends 39-14-210 to revise the agencies with whom victimized animals shall be placed after seizure by law enforcement. Under revised subsection (f), such animals shall be placed with any governmental animal control agency, law enforcement agency or their designee. Also amends subsection (g) to revise the provisions on abandonment.

Public Chapter 301: School Nepotism
Amends 49-2-202 to require school board members with a relative employed by the board to declare the relationship before voting on anything affecting the relative’s employment. Director of Schools must notify the board when there is intent to employ a relative of a board member or of an elected county official, certifying that the person is qualified for the position. If two or more relatives are within the same direct line of supervision, the director of schools shall attempt to resolve the issue by transfer or with an alternative evaluation plan.

Public Chapter 358: School Resource Officers - No Sharing Requirement
Enacts 49-6-815(e) to provide that nothing in 49-3-315 requires an LEA or a law enforcement agency of the county to assign or provide funding for a school resource officer to any city school system within that county on the basis of WFTEADA, and that the providing of security or school resource officers will be considered a law enforcement function and not a school operation or maintenance purpose requiring apportionment of funds under 49-3-315.

Public Chapter 432: Reservists’ Leave of Absence
Amends 8-33-109. Provides that after the twenty (20) working days of full compensation, members of any reserve component of the armed forces of the United States, including members of the Tennessee army and air national guard, may use up to five (5) days of sick leave in lieu of annual leave for the purposes of not having to take leave without pay.

Public Chapter 445: Manufacturing of Alcoholic Beverages (Distilleries)
Amends 57-2-103(d) and (f) and 57-3-202 to clarify where intoxicating liquors may be manufactured without approval by referendum, authorizes the manufacture of high alcohol content beer where a referendum approved the manufacture of intoxicating liquor, and revises present law regarding retail licenses for manufacturers. The county legislative body may adopt a resolution to prohibit the manufacture of intoxicating liquors in the unincorporated areas of the county, but only until the county receives written notice that a person intends to manufacture intoxicating liquors in the county. For more detailed information, please visit the new page in e-Li on Distilleries.

Public Chapter 449: Elections Ending in a Tie
Amends 2-8-111 to provide that the county legislative body shall cast the deciding vote for offices filled by the votes of a single county or civil district, or, in the alternative, the legislative body may by resolution call for a run-off election between the tied candidates.

Public Chapter 454: BEP Capital Outlay Component
Repeals 49-3-351(a)(4), which contained a reduction in the cost per square foot calculation in the capital outlay component of the BEP formula in the amount of $14 per square foot for K-4 classrooms and $12 per square foot for other classrooms in 2010-11 and subsequent years.

Public Chapter 472: Highway Vandalism
Enacts a new section as part of the County Uniform Highway Law at Title 54, Chapter 7, Part 2 to create a Class A misdemeanor for vandalizing county highway structures. Also creates a civil cause of action for such damage. Establishes a county fund for rewards for reporting vandalism. Deletes 54-7-201(d), which created a Class C misdemeanor for damage to highway structures.

For more information on these acts, please visit the CTAS website OR the Secretary of State’s website.
Annexation Moratorium

The General Assembly has imposed a moratorium on certain annexations done by ordinance from April 15, 2013 to May 15, 2014. The moratorium was created by Public Chapter 441, effective May 16, 2013, and is codified at T.C.A. § 6-51-122. The moratorium applies only to annexations of residential and agricultural property done by ordinance upon a municipality’s own initiative. It does not apply to other methods of annexation, such as annexation by ordinance upon petition by a majority of affected residents and property owners or annexation by referendum, nor does it apply to annexations of commercial property.

The new law allows a municipality that had formally initiated an annexation ordinance prior to April 15, 2013 to petition the county legislative body to waive the moratorium restrictions by a majority vote if the municipality would suffer substantial and demonstrable financial injury if the ordinance did not go into effect prior to May 15, 2014.

In addition to the annexation moratorium, Public Chapter 441 directs the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) to complete a comprehensive review of the state’s growth laws and submit a report, including any proposed legislation, by January 14, 2014. At its meetings over the summer, TACIR will be discussing these issues and gathering information from a series of panels. At its June meeting the commission began the process by reviewing prior TACIR studies on annexation in Tennessee. The first panel will be heard at the July meeting and will represent non-governmental points of view. Speakers will also review the history of annexation and growth policy in Tennessee. For those who may want to attend, this meeting is on July 25 at 10 am in Room 30 of Legislative Plaza in Nashville. Local government panels will address the commission at its meeting on August 21-22.

For more information on these meetings, including a video of the June meeting and the agenda for the July meeting, please visit the TACIR website.

New in e-Li! Disposition of Unclaimed Dead Bodies

A new page has been added to e-Li, the CTAS electronic library, to cover the disposition of unclaimed dead bodies. The new page is located under Medical Services in the County Operations section.

Click here to view the new page. For more information, please contact your field consultant or CTAS at 615-532-3555.