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## The Key Three: Budget and State of the State, Influx of Tech Bills, and "Right to Repair" Bills

### Governor Lee's Budget and State of the State:

On Monday, Governor Bill Lee delivered his sixth State of the State address. His FY24-25 budget proposal of \$52.6 billion that the legislature will now consider for approval is lower than last year due to expiring federal funds discontinued after FY24. Governor Lee emphasized several major initiatives including expanded school choice, state government permitting reform, rural health initiatives, social media and technology regulation focused on protecting minors and songwriters and, perhaps most notably to the business community, franchise tax reductions. The Tennessee Chamber will engage on many of the issues mentioned to ensure the voice of business is heard on Capitol Hill.

[TN Chamber's Special Report on the State of the State Address](#)

[Tennessee FY2024-2025 Proposed Budget](#)

### Influx of Tech-related Bills to be Considered this Session:

At least 15 bills of note related to technology have been introduced in the 2024 legislative session, a significant uptick from last year. Over half of those bills are related to artificial intelligence (AI). One particular bill that the Chamber is monitoring is [SB2431\(Powers\)/HB2707\(Garret\)](#) which mandates disclosures on any material with content generated by AI. As drafted, the bill is extremely broad - so much so that even an email written with the assistance of AI could require a disclosure. Even more concerning, the bill contains a private right of action and a damages section, which could expose businesses to a cascade of lawsuits. The Chamber and business community agree that AI needs to be regulated in some capacity but AI is a largely new area that every single person across the nation is still trying to properly understand.

To that note, Senator Dawn White (R-Murfreesboro) and Representative Kevin Vaughan (R-Collierville) have introduced legislation that will help Tennessee and the business community better understand AI and determine how it should be regulated. [SB2678/HB2747](#) creates the Tennessee Artificial Intelligence Advisory Council. The council, whose members would be appointed by the Governor, Senate Speaker, and House Speaker, would be required to submit an action plan to the governor to address how to position Tennessee competitively to ensure its citizens capture the full economic benefit from artificial intelligence opportunities and to address how to responsibly leverage artificial intelligence to improve the efficiency of state and local government services. Two representatives in the business community would be appointed to the council by the Governor. The Chamber is supportive of creating a council

to study AI before determining how to regulate it.

### Legislature Considers Multiple “Right-to-Repair” Bills:

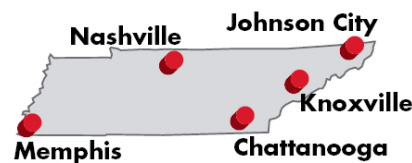
This week, multiple committees in the General Assembly considered legislation that would force the manufacturers of certain types of equipment to risk their intellectual property by providing independent repair shops with access to software, data, and parts. Additionally, these so-called “right-to-repair” laws risk the product that is being “repaired” would not be compliant with federal environmental and safety laws because of their underlying software being altered.

On Tuesday, the House Banking and Consumer Affairs Subcommittee chose to not advance a “right-to-repair” bill by adding it to a special calendar to potentially be considered at a later date. The bill, sponsored by Representative Joe Towns Jr. (D-Memphis), would require wheelchair manufacturers to provide their parts and intellectual property to consumers. While the bill, [HB1470/SB1252](#), is not likely to become law, Commerce Committee Chairman Kevin Vaughan has indicated that a related bill will be considered by the full committee in the future. On Wednesday, the Senate Energy, Agriculture, and Natural Resources Committee heard testimony in support of Representative Sara Kyle’s (D-Memphis) [SB2035/HB2029](#), which would create similar requirements for manufacturers of agricultural equipment. This bill is also unlikely to advance, however during the testimony, Senator Frank Niceley (R-Strawberry Plains) announced that he would cosponsor the legislation, giving it bipartisan support.

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### Chamber-backed Wetlands Legislation Advances Out of Ag Subcommittee:

On Tuesday, the House Agriculture Subcommittee advanced Representative Kevin Vaughan’s (R-Collierville) legislation that would narrow the definition of wetlands regulated by the state of Tennessee. After rolling the bill for two consecutive weeks, the subcommittee was finally able to move [HB1054](#) to the full Agriculture and Natural Resources Committee for consideration. The amended version of the bill would grant regulatory relief to property owners by removing the need for a permit for developing low-quality wetlands and lowering the regulatory burden for mid-quality wetlands smaller than four acres. Representative Vaughan plans to hold the bill in full committee to allow for additional discussions with stakeholders to take place.

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## Social From the Capitol



**Speaker Cameron Sexton**  
@CSexton25

What an honor to hear @GovBillLee's State of the State Address. He laid out a bold vision for TN's future, highlighting our commitment to economic growth, job creation and education. Freedom and Opportunity is on the road ahead!



8:40 PM · 2/5/24 From Earth · 457 Views

### News and Notes....

--EPA Finalizes **Extreme Particulate Matter Rule**. [\[MORE\]](#)

--2024 State of the State Address. [\[MORE\]](#)

--Tennessee Department of Human Services Launches **Grant Opportunity** Investing Funds to **Expand Employer Partnerships for Child Care** in Tennessee. [\[MORE\]](#)

--Lee proposes **\$47.3 billion budget, school voucher expansion, business tax cut**. [\[MORE\]](#)

--Gov. Lee Names Tennessee **Supreme Court Appointee**. [\[MORE\]](#)

--Tennessee Celebrates **National CTE Month** During February. [\[MORE\]](#)

--Nashville mayor's office seeks to create **East Bank authority** to oversee **development**. [\[MORE\]](#)

--Gov. Lee's budget calls for **\$1.6B business tax cut**: What to know about the proposal. [\[MORE\]](#)

