

**CITY CLERK MEMORANDUM**

**15-75**

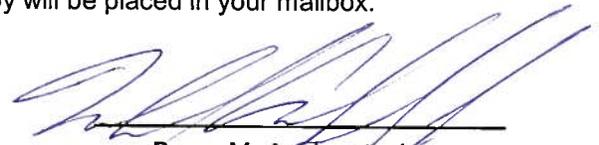
**DATE:** December 11, 2015  
**TO:** Honorable Mayor and Members of City Council  
**FROM:** Bruce M. Applegate, Acting City Clerk  
**SUBJECT:** ADDITION TO THE DECEMBER 14, 2015 CITY COUNCIL AGENDA

The following information is provided as an addition to the December 14, 2015 City Council Agenda Packet:

- Backup information is attached for the Placeholder item listed on the agenda under Resolutions, Item B, pertaining to the Adoption of the 2016 State and Federal Legislative Agenda.

City Council will need to consider an amendment to the agenda to formally include the aforementioned items.

The proposed addition will be added to the city's website and a copy will be placed in your mailbox.



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Bruce M. Applegate Jr.  
Acting-City Clerk

cc: Mark S. Watson, City Manager  
Kenneth R. Krushenski, City Attorney  
Department Directors  
Knoxville News Sentinel  
The Oak Ridger  
Oak Ridge Today  
BBB Communications Channel 12



# *City of Oak Ridge, Tennessee 2016 State and Federal Legislative Agenda*

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***This document describes the 2016 legislative and policy agenda adopted by the elected officials of the City of Oak Ridge. Described herein are key projects, policies, and priorities that the City urges the Tennessee General Assembly and the Tennessee Congressional Delegation to support. Other issues may arise that require separate action by City Council.***

## 2016 City of Oak Ridge, Tennessee State Legislative Agenda

### Legislative Priorities

Project/Issue	Responsible Agency/Organization	Issue/Action Needed
Adventure Tourism Legislation	General Assembly	<p><b>Background:</b> The Tennessee Adventure Tourism and Rural Development Act of 2011 established a program which allows cities and counties to designate geographic areas within their jurisdiction as Adventure Tourism Districts. Qualified businesses that locate or expand within such a district may be eligible for special tax credits based on the number of jobs created and amount of investment made. Oak Ridge’s application for an Adventure Tourism District was approved in 2014.</p> <p><b>Problem:</b> Many tourism-related businesses are small businesses that are owner-operated with fewer than ten employees. Under the current program, such businesses are not eligible to participate. <b>Action needed:</b> Urge the General Assembly to amend existing requirements in the legislation so that small tourism-related businesses would be able to take advantage of the tax credits.</p>
Hall Income Tax	General Assembly and Tennessee Department of Revenue	<p><b>Background:</b> The Hall income tax is a state tax that applies to individuals and other entities receiving interest from bonds and notes and dividends from stock. Enacted in 1929, this tax is called the Hall income tax for the senator who sponsored the legislation. Any person 65 years of age or older having a total annual income derived from any and all sources <i>below specific limits</i> is completely exempt from the tax. Since 2011 the General Assembly has three times raised the Hall Tax exemption level for taxpayers</p>

		<p>age 65 and up, for both single and joint filers. <b>Problem:</b> The increase in exemptions (1) reduces revenue upon which Oak Ridge relies to help fund municipal services and K-12 education; and (2) places additional pressure on fixed-income local property taxpayers to make up the loss. The City of Oak Ridge faces major financial losses and service reductions if the current \$600,000 annual source is removed as a revenue stream. An estimated equivalent of \$42,000,000 in sales at 1.5% rate would be required to make up the difference. <b>Action needed:</b> Urge the General Assembly to avoid further reductions to the Hall Income tax unless the State holds local governments harmless by making payments equivalent to the loss in revenue.</p>
<p>Education</p>	<p>General Assembly and Tennessee Department of Education</p>	<p><b>Background:</b> The Oak Ridge educational system is a key asset to the State of Tennessee and to the Oak Ridge community. The City and School administrations are collaborating to achieve greater efficiency and effectiveness in the delivery of municipal services and K-12 education, while funding sources are at risk. <b>Problem:</b> Continued reductions in state-shared taxes, including the Halls tax, and fluctuations in sales tax collections, are placing enormous pressures on Oak Ridge property taxpayers to fund K-12 according to the current formula for school funding. The Basic Education Program (BEP) formula is complex and does not accommodate needed flexibility for communities like Oak Ridge, whose student population, local workforce, and economy may experience significant fluctuations based on an economy dependent on federal government programs. The existing maintenance of effort requirements unfairly subject the City to unfunded, mandated expenses in perpetuity.</p>

		<p>Further, the existing local capacity measure does not adequately represent the significant per pupil expenditure invested by communities like Oak Ridge. <b>Action needed:</b> Adjust maintenance of effort requirements to accommodate fluctuations in student populations. In conjunction with other Tennessee City-funded school systems, recognize and modify the existing local capacity model to recognize/reward communities that invest <b>above</b> the state average in education. Support school board efforts to oppose election of school superintendents.</p>
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Projects, Positions, Activities

Project/Issue	Responsible Agency/Organization	Issue/Action Needed
Oak Ridge General Aviation Airport	Tennessee Department of Transportation (TDOT) Aeronautics Division	<p><b>Background:</b> The Metropolitan Knoxville Airport Authority is completing preliminary planning for the development of a general aviation airport at the East Tennessee Technology Park in Oak Ridge. <b>Benefits include:</b> Enhanced aviation opportunity will support regional population growth, job creation, and economic and community development for “megaprojects” in Oak Ridge; increased access for business community and reduce congestion at general aviation airports in the region. <b>Action needed:</b> Urge inclusion of the Oak Ridge Airport in the FY17 budget by the Department of Transportation and the Department of Economic and Community Development. Support land transfer to the Metropolitan Knoxville Airport Authority.</p>
Manhattan Project National Historical Park	General Assembly, Tennessee Historical Commission, and Tennessee Department of Tourist Development	<p><b>Background:</b> Federal legislation to establish the Manhattan Project National Historical Park in Oak Ridge, TN, Los Alamos, NM, and Hanford, WA (three sites, one park concept) was passed by Congress in December 2014.</p>

Project/Issue	Responsible Agency/Organization	Issue/Action Needed
		<p>The Park was established in November 2015. <b>Benefits include:</b> Historical preservation and interpretation by the National Park Service of one of most significant events in Tennessee and American history. The new park will bolster the State’s heritage tourism sector. <b>Action needed:</b> Include funding for the Department of Tourism to promote the park; participate in the development of the management and interpretive plans for the national park.</p>
Oak Ridge Corridor Initiative	General Assembly and Tennessee Department of Economic and Community Development	<p><b>Background:</b> U.S. Senator Lamar Alexander has proposed designating the four-lane highway from the Knoxville airport to Oak Ridge to be the “Oak Ridge Corridor.” <b>Benefits include:</b> Such a designation would give the area a signature and identity not unlike the Research Triangle or Silicon Valley to represent excellence in science, research, technology, and supercomputing. <b>Action needed:</b> Participate in the study to be conducted by the City’s <i>Oak Ridge Corridor Initiative Committee</i>.</p>
Uranium Processing Facility (UPF)	General Assembly and Tennessee Department of Economic and Community Development	<p><b>Background:</b> The National Nuclear Security Administration (NNSA) is designing a new Uranium Processing Facility (UPF) at the Y-12 site in Oak Ridge. The UPF is slated to be one of the largest construction projects in state history, with hundreds of suppliers needed to procure building materials, specialized machinery, and customized parts. The City of Oak Ridge is working with NNSA and state officials on local planning, infrastructure, and logistical issues, and also recruitment of suppliers and manufacturers to Oak Ridge. <b>Benefits include:</b> Supports future mission of the Y-12 National Security Complex, one of the state’s largest employers; provides significant risk reduction to workforce and community; provides major long-term economic development opportunity for the</p>

Project/Issue	Responsible Agency/Organization	Issue/Action Needed
		<p>state, region, and community. <b>Action needed:</b> Urge the General Assembly to learn about the UPF project and its benefits, and to support incentives for private sector investment in areas such as workforce development, infrastructure programs, and brownfield reuse. Urge the Department of Economic and Community Development to continue to invest in and facilitate recruitment of industries and suppliers into Oak Ridge.</p>
<p>Land Bank Program</p>	<p>General Assembly and Tennessee Housing Development Agency</p>	<p><b>Background:</b> Legislation was approved by General Assembly in 2012 for a City of Oak Ridge pilot program, which was featured in a recent Tennessee Advisory Commission on Intergovernmental Relations report on blight. The City has developed guidelines for implementation, including obtaining 501 status for the Oak Ridge Land Bank Corporation (ORLBC), and defining housing goals. The ORLCB is collaborating with other cities that are working on land bank issues. <b>Benefits include:</b> Allows a process to assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging reuse or redevelopment of urban property. Such programs are used in several states as a progressive way for cities to reclaim unused, vacant, or undesirable land for potential housing opportunities or public use. <b>Action needed:</b> Urge the General Assembly to continue support for the pilot program and to fund programs within THDA and other agencies that reduce blight and enhance community revitalization. Examine tax and fiscal policies in other states that could enhance opportunities for private sector investment and redevelopment of brownfields and vacant, blighted properties for the benefit of Tennessee</p>

Project/Issue	Responsible Agency/Organization	Issue/Action Needed
Edgemoor Road (SR 170) Improvements—Phase 1	Tennessee Department of Transportation (TDOT)	<p>communities.</p> <p><b>Background:</b> With the cancellation of the Knoxville regional beltway project, congestion along this major thoroughfare continues to worsen with additional traffic load. TDOT Average Daily Traffic counts at the nexus of SR170, SR62, and SR162 are among the highest in the region. The project has been added as to the regional mobility plan. <b>Benefits include:</b> Phase 1 from Solway to the bridge would improve safety, mitigate congestion, improve access to major employment sectors, and enhance commercial development. <b>Action needed:</b> Urge TDOT to fully integrate the project into the regional planning funding profile; continue to work on interpretation of cost sharing rules and rights-of-way inventory.</p>
Recognize Local Decision Making Authority and Limited Financial Capacity	General Assembly	<p><b>Action needed:</b> Eliminate unfunded mandates and mandates that impose non-discretionary requirements on local governments.</p>

TDEC Issues

Environmental Management Waste Management Facility Financial Assurance and Need for Additional Disposal Capacity	Tennessee Department of Environment and Conservation (TDEC)	<p><b>Background:</b> The U.S. Department of Energy, the U.S. Environmental Protection Agency (EPA) and TDEC signed a Record of Decision in 1999 to construct the Environmental Management Waste Management Facility (EMWMF) to dispose of materials related to the cleanup of the Oak Ridge Reservation, which is located in the City of Oak Ridge. Under a consent order between DOE and the State of TN, DOE is paying the State \$18 million to establish a permanent trust fund for long-term surveillance and</p>
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		<p>maintenance of the EMWMF after closure. It is unclear where funds would come from should a breach or other emergency arise that exceeds existing funding levels. Discussions are underway between DOE, EPA, and TDEC regarding the need for a second waste disposal facility. <b>Action needed:</b> Payments into the trust fund should be maintained at \$1 million per year until the fund reaches an amount of at least \$50 million. Include the City in ongoing discussions regarding additional disposal capacity in the city limits, and support compensation to the community to help offset adverse impacts.</p>
<p>Financial Assurance for Hazardous Materials</p>	<p>Tennessee Department of Environment and Conservation (TDEC)</p>	<p><b>Background:</b> Owners and operators of certain businesses, including solid and hazardous waste storage facilities and processors of radiological materials, are required by Tennessee law to provide proof that they have sufficient funds to pay for accidental releases, compensation of third parties for any damage to human health or property, and long-term maintenance and monitoring of closed sites. <b>Problem:</b> Local governments are concerned that the current basis for posting financial assurance is inadequate to protect host communities and local governments if a private business closes and leaves an environment/public health hazard. <b>Action needed:</b> Modify the current financial assurance requirements so that: (1) financial assurance bonds are determined based on the risk associated with the licensed hazardous materials instead of square footage of the facility; (2) coverage for costs incurred by the host local governments is included and documented; and (3) financial assurance bonds are reviewed on a regular basis and adjusted for inflation.</p>
<p>Natural Resources Damages Assessment (NRDA)</p>	<p>Tennessee Department of Environment and Conservation (TDEC)</p>	<p><b>Background:</b> The federal Superfund Law (CERLCA) requires State and Federal natural resource trustees to</p>

		<p>evaluate the monetary value of the environmental damages associated with contaminant releases from facilities at the Oak Ridge Reservation and to compensate “the public” for losses resulting from such injuries.  <b>Problem:</b> The ORR lies within the jurisdictions of the City of Oak Ridge, Roane and Anderson Counties. These jurisdictions are significantly impacted, yet not included in the past or current trustee council or in pre-decisional discussions. As a result, major decisions have been, and continue to be made without representation by the affected local jurisdictions. <b>Action needed:</b> CERCLA does not specifically require the appointment of local government representatives; however inclusion is not prohibited. The state and other trustees must include the City of Oak Ridge, Roane, and Anderson counties in the NRDA decision-making process currently underway.</p>
<p>Oak Ridge Reservation Communities Alliance (ORRCA)</p>	<p>Tennessee Department of Environment and Conservation (TDEC)</p>	<p><b>Background:</b> The City and area county governments adopted the Tennessee Oversight Interlocal Agreement and formed the Oak Ridge Reservation Communities Alliance (ORRCA) in 2012. <b>Benefits include:</b> ORRCA facilitates involvement of the affected local governments and public in decisions about DOE environmental management. <b>Action needed:</b> Funding by TDEC for a new five year grant in 2016. Continued cooperation and engagement to ensure local government involvement in federal and state cleanup decisions and emergency response planning.</p>

## 2016 City of Oak Ridge, Tennessee Federal Legislative Agenda

### Legislative Priorities

Project/Issue	Responsible Agency/Organization	Benefits/Action Needed
Manhattan Project National Historical Park	Congress, National Park Service, and the Department of Energy	<p><b>Background:</b> Federal legislation to establish the Manhattan Project National Historical Park in Oak Ridge, TN, Los Alamos, NM, and Hanford, WA (three sites, one park concept) was passed by Congress in December 2014. The Park was established in November 2015</p> <p><b>Benefits include:</b> Historical preservation and interpretation of one of most significant events in Tennessee and American history. <b>Action needed:</b> Urge Congress to appropriate funds to support implementation. Urge the federal agencies to continue to engage the City in the development of agreements and management plans for the Park.</p>
Uranium Processing Facility (UPF)	Congress and the National Nuclear Security Administration	<p><b>Background:</b> Modernization of uranium processing at Y-12 is vital to national security and to the Oak Ridge community. The Committee to Recommend Alternatives to the Uranium Processing Facility Plan in Meeting the Nation’s Enriched Uranium Strategy (the Red Team) issued a final report in April 2014 with recommendations for an approach to expedite modernization. <b>Benefits include:</b> supports future mission of the Y-12 National Security Complex, one of the state’s largest employers; significant risk reduction to workforce and community; enhances Y-12 efficiencies; and reduces long-term costs. <b>Action needed:</b> Urge congressional delegation to support funding</p>

		<p>through National Nuclear Security Administration (NNSA) to proceed with construction of the UPF, including funding for needed road improvements and infrastructure in the City.</p>
<p>Complete Cleanup of the Oak Ridge Reservation and Transfer of Properties to Active Reindustrialized Use</p>	<p>Congress and NNSA/Environmental Management office, with support from Office of Science, OMB</p>	<p>Significant progress has been made in addressing environmental problems associated with the ORR environmental legacy. However, the trend over the past several years to reduce funding has resulted in a longer time horizon to complete environmental management projects, many times with negative results. The postponement of projects at the ETP site has been detrimental to the reindustrialization and economic diversification goals of the City and region. The City has invested significant resources in reindustrialization, with the anticipated return diminished because of a reduction in cleanup funds has stalled economic development efforts. "Mortgage" costs absorb resources that should be applied to additional cleanup. Benefits of increased funding include: risk reduction to nearby population, reduction in life cycle costs, enhanced safety for workers, retention of environmental professionals; supports regional economic diversification, facilitates Y-12 and ORNL modernization, reduces stigma associated with environmental legacy. <b>Action needed:</b> Urge DOE and OMB to request funding at levels needed to complete timely cleanup of the Oak Ridge Reservation. Urge congressional delegation to support appropriations at the level needed to complete site cleanup. Cleanup solutions should minimize risk to Oak Ridge and avoid long-term institutional controls that stigmatize community.</p>

<p>Marketplace Fairness Act</p>	<p>Congress</p>	<p><b>Background:</b> The Supreme Court’s decision in <i>Quill Corp. v. North Dakota</i>, 504 U.S. 298 (1992) ruled that states could not require out-of-state catalog merchants to collect sales tax because it was too complicated to calculate sales taxes in each state and in individual communities. As a result, state and local governments across the nation have been unable to collect sales taxes on catalog and Internet purchases made by citizens in their states and in cities and towns. <b>Problem:</b> The National League of Cities estimates that the State of Tennessee and its local governments lost a combined \$748 million in sales tax on e-commerce in 2012. In addition, small businesses, Main Street and local retailers in Oak Ridge and throughout Tennessee have operated at nearly a 10 percent competitive price disadvantage to remote sellers. Meanwhile, computer technology has eliminated the complications cited in the 1992 court decision. <b>Action needed:</b> Urge the congressional delegation to pass the Marketplace Fairness Act, which will benefit Oak Ridge businesses by putting Main Street retailers on an equal footing with Internet sellers, and granting individual states the authority to streamline their sales tax laws and collect sales taxes directly from online retailers.</p>
<p>Preservation of the Tax-Exempt Status of Municipal Bonds</p>	<p>Congress</p>	<p><b>Background:</b> Tax-exempt municipal bonds are the primary means by which state and local governments finance critical infrastructure across the nation, including roads, bridges, hospitals, schools, and utility systems. Under current law, the owners of municipal bonds are not required to pay federal income tax on the interest income they receive from the bonds. Municipalities, including the City of Oak Ridge, benefit from this tax exemption through substantial savings on the interest cost of borrowed</p>

		<p>money. <b>Problem:</b> Congress continues to consider a number of options to reduce the federal deficit. One option Congress is evaluating would reduce, eliminate, or phase out the exemption on municipal bond interest. <b>Action needed:</b> Urge Congress to strongly oppose any efforts by Congress or the Administration to reduce or eliminate the tax exemption on municipal bond interest.</p>
<p>Preservation of Individual Tax Deductions</p>	<p>Congress</p>	<p><b>Deductions for state and local taxes.</b> Allowing taxpayers to deduct state and local taxes from their federal taxable income is a fundamental statement of the long-standing historical right of state and local governments to raise revenues and prevent taxpayers from being double taxed. It has been the law since the Revenue Act of 1862. In addition to being the most-established, the deduction for state and local taxes paid is also the most widely used benefit in the tax code. For corporations and business filers, taxes paid to state and local governments are regarded as a cost of doing business and reduced from income. And virtually all among the approximately 47 million individuals filing itemized returns nationally claimed a deduction for state and local taxes paid. Eliminating this deduction will result in a significant tax increase to American taxpayers.</p> <p><b>Home Mortgage Interest Deduction (HMID) and State/Local Sales Tax Deductions.</b> The repeal of the HMID would affect the finances of nearly every American and would have uncertain, potentially dangerous, impacts on an already volatile housing market. Deductions for mortgage interest have been in place for more than a century as a means of encouraging home ownership. Local communities directly benefit from homeownership, as</p>

		<p>homeowners are active in the civic and political organizations of the community and more likely to work with local officials to solve problems facing the community. Homeownership also promotes stability in the community, which creates positive social benefits and more desirable communities that retain and attract businesses and residents. In addition, preserving the option to deduct state/local sales taxes is important for Tennesseans since the State Constitution prevents the establishment of a general income tax.</p> <p><b>Action needed:</b> As Congress works toward a more simplified tax code, it is imperative to preserve the tax incentives that support our nation’s state and local governments, as well as the sales tax deduction.</p>
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Administrative Priorities

Project/Issue	Agency/ Program Office	Benefits/Action Needed
Oak Ridge General Aviation Airport	Federal Aviation Administration	<b>Action needed:</b> The City urges the FAA to move forward with a timely review of the airport’s Master Plan and completion of the Environmental Assessment needed to begin construction.
Small Modular Reactor	DOE Office of Nuclear Energy, TVA and Nuclear Regulatory Commission	<b>Action needed:</b> Coordination among DOE, City of Oak Ridge, the Tennessee Valley Authority, and Nuclear Regulatory Commission to ensure effective communication regarding project development, emergency planning and other licensing issues, and mitigation of potential impacts. Consult with the City regarding the possible development of a visitor’s center associated with the project.
Partnership with Oak Ridge Library	DOE and National Park Service	<b>Action needed:</b> Secure support for joint project with Oak Ridge Library. Project would include mutual support,

Project/Issue	Agency/ Program Office	Benefits/Action Needed
		mutual benefits, and shared responsibilities with the National Park Service.
ETTP Site Interpretation	DOE EM, NNSA	<b>Action needed:</b> Continue implementation of Section 106 commitment from DOE for dual use of Oak Ridge Fire Station #4, with building use for normal Fire Department operations and needs and space dedicated for site historical interpretation.
Timely, Cost Effective Land Transfers	DOE EM, Science, NNSA, and OMB	The Economic Development process requires fast response at the local level to transfer and acquire real property. In some cases, transfer of DOE property has taken in excess of 400 days or has not occurred. <b>Action needed:</b> Continue to work on process in order to expedite transfer of surplus land and brownfields to the City for the purposes of economic development, at no, or extremely low cost, and with necessary indemnification.
Technology Transfer	DOE, NNSA	<b>Action needed:</b> Provide incentives and facilitate the timely transfer of technology to enhance economic development and private sector investment in Oak Ridge.
Contract Renewals and Rebids	DOE and NNSA, Small Business Administration	<b>Action needed:</b> Incentivize contractors to invest in Oak Ridge community. Benefits include live where you work, expansion of local tax base to support municipal services, quality of life, and enhance economic diversification. Work with SBA to identify resources for training and support for local workforce needed for UPF and other DOE projects.
DOE Reorganization	Headquarters and OR Site Office	DOE's Reorganization of the Oak Ridge site has caused communication challenges for the City of Oak Ridge with the loss of the DOE Manger position. <b>Action needed:</b> Ensure access and accountability of Oak Ridge Office to protect investment and missions. Continue to enhance communications among DOE offices and with Oak Ridge community.