



**State of Tennessee**  
**PUBLIC CHAPTER NO. 512**

**HOUSE BILL NO. 1092**

**By Mr. Speaker Sexton and Representatives Hulsey, Williams, Gary Hicks, Howell,  
Scarbrough, Fritts**

**Substituted for: Senate Bill No. 1366**

**By Senators Watson, Gardenhire**

AN ACT relative to government applications for federal financial assistance.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 3-7-110, is amended by deleting subsection (b).

SECTION 2. Tennessee Code Annotated, Section 3-14-201(b), is amended by deleting the language "3-7-110" and substituting instead the language "4-4-116".

SECTION 3. Tennessee Code Annotated, Section 3-14-201(b), is amended by deleting the last sentence and substituting instead:

The directors of the staff of the fiscal review committee and of the office of legislative budget analysis shall jointly make such reports as are appropriate to the joint committee on ways and means.

SECTION 4. Tennessee Code Annotated, Section 4-3-203, is amended by designating the existing language as subsection (a) and adding the following new subsection (b):

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 5. Tennessee Code Annotated, Section 4-3-403, is amended by designating the existing language as subsection (a) and adding the following new subsection (b):

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 6. Tennessee Code Annotated, Section 4-3-504, is amended by designating the existing language as subsection (a) and adding the following new subsection (b):

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 7. Tennessee Code Annotated, Section 4-3-515, is amended by deleting the section and substituting instead:

Any federal funds expended pursuant to §§ 4-3-510—4-3-514 must only be obligated or expended in accordance with the program, terms, conditions, and agreement under which such funds were received, unless specific authority to modify such program, terms, conditions, or agreement has been received in writing from the granting authority and the requirements of § 4-4-116 have been satisfied.

SECTION 8. Tennessee Code Annotated, Section 4-3-606, is amended by designating the existing language as subsection (a) and adding the following new subsection (b):

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

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SECTION 9. Tennessee Code Annotated, Section 4-3-703, is amended by designating the existing language as subsection (a) and adding the following new subsection (b):

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 10. Tennessee Code Annotated, Section 4-3-708(b), is amended by deleting the language "The commissioner of economic and community development" and substituting instead the language "Subject to the requirements of § 4-4-116, the commissioner of economic and community development".

SECTION 11. Tennessee Code Annotated, Section 4-3-1020, is amended by deleting the section and substituting:

Any federal funds expended pursuant to §§ 4-3-1017—4-3-1019, must only be obligated or expended in accordance with the program, terms, conditions, and agreement under which such funds were received, unless specific authority to modify such program, terms, conditions, or agreement has been received in writing from the granting authority and the requirements of § 4-4-116 have been satisfied.

SECTION 12. Tennessee Code Annotated, Title 4, Chapter 3, Part 10, is amended by adding the following new section:

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 13. Tennessee Code Annotated, Section 4-3-1105, is amended by designating the existing language as subsection (a) and adding the following new subsection (b):

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 14. Tennessee Code Annotated, Section 4-3-1203, is amended by designating the existing language as subsection (a) and adding the following new subsection (b):

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 15. Tennessee Code Annotated, Title 4, Chapter 3, Part 13, is amended by adding the following new section:

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 16. Tennessee Code Annotated, Title 4, Chapter 3, Part 14, is amended by adding the following new section:

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 17. Tennessee Code Annotated, Section 4-3-1603, is amended by adding the following new subsection:

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 18. Tennessee Code Annotated, Section 4-3-1703, is amended by designating the existing language as subsection (a) and adding the following new subsection (b):

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

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SECTION 19. Tennessee Code Annotated, Section 4-3-1803, is amended by designating the existing language as subsection (a) and adding the following new subsection (b):

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 20. Tennessee Code Annotated, Section 4-3-1903(b), is amended by designating the existing language as subdivision (b)(1) and adding the following new subdivision (b)(2):

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 21. Tennessee Code Annotated, Section 4-3-2009, is amended by designating the existing language as subsection (a) and adding the following new subsection (b):

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 22. Tennessee Code Annotated, Section 4-3-2206, is amended by adding the following new subsection:

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 23. Tennessee Code Annotated, Section 4-3-2303, is amended by designating the existing language as subsection (a) and adding the following new subsection (b):

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 24. Tennessee Code Annotated, Section 4-3-2503, is amended by designating the existing language as subsection (a) and adding the following new subsection (b):

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 25. Tennessee Code Annotated, Section 4-3-2704, is amended by designating the existing language as subsection (a) and adding the following new subsection (b):

All federal aid as defined by § 4-4-116(a) received or used by the department shall be acquired and used subject to the requirements of § 4-4-116.

SECTION 26. Tennessee Code Annotated, Section 4-4-113(a), is amended by deleting the subsection and substituting instead the following:

(1) Any department of state government may accept and use federal aid, as defined in § 4-4-116, from any agency or instrumentality of the federal government for purposes of carrying on programs in which such department may be authorized to engage if:

(A) The acceptance of federal aid is with the express approval of the governor; and

(B) The requirements of § 4-4-116 are satisfied prior to the acceptance of federal aid.

(2) The department, acting through its commissioner, is authorized to enter into any and all requisite agreements and contracts with a federal agency or instrumentality for the purpose of accepting and using federal aid if the requirements of subdivision

(a)(1) are satisfied and the agreement or contract does not involve the expenditure of funds beyond those available to the department by appropriation, gift, or otherwise.

SECTION 27. Tennessee Code Annotated, Section 4-4-113(b), is amended by deleting "federal financial assistance" wherever it may appear and substituting instead "federal aid".

SECTION 28. Tennessee Code Annotated, Section 4-4-113(b), is amended by deleting the language "and the commissioner of finance and administration" and substituting the language "the commissioner of finance and administration, and the joint committee on ways and means".

SECTION 29. Tennessee Code Annotated, Section 4-4-116, is amended by deleting the section and substituting:

(a) For purposes of this section:

(1) "Federal aid" means financial assistance from the United States government, whether by grant, loan, cooperative agreement, or other means, offered or available to this state through executive order of the United States president or any act of the United States congress;

(2) "Joint committee on ways and means" means the appropriations subcommittee of the senate finance, ways and means and the subcommittee of the house of representatives with jurisdiction over appropriations;

(3) "Local government" means any county, municipality, city, or other political subdivision of this state, including a utility or school district; and

(4) "Recipient" means any executive department or agency or other body of the executive branch of state government.

(b) Notwithstanding another law to the contrary and except as otherwise provided in subsection (d), the governor, acting on behalf of the state, is authorized to apply for, or accept, federal aid through any recipient only if the governor, acting through any recipient, complies with this section.

(c)

(1) Except as otherwise provided in subdivision (c)(3), prior to the submission of any application for federal aid or, if there is no application required, prior to the acceptance of federal aid in an amount that is less than twenty-five million dollars (\$25,000,000):

(A) The recipient must notify the joint committee on ways and means of the application or acceptance; and

(B) If the federal aid would be in the form of a loan or other indebtedness requiring repayment by the state, the application or acceptance of such federal aid must be submitted for review and approval by the funding board.

(2) Prior to the submission of any application for federal aid or, if there is no application required, prior to the acceptance of federal aid in an amount that is equal to or exceeds twenty-five million dollars (\$25,000,000):

(A) The recipient must notify the joint committee on ways and means of such proposed acceptance. The committee may hold a hearing to review and approve or disapprove the proposed acceptance of the federal aid. Once the committee approves the proposed acceptance of the federal aid, then the recipient may accept the federal aid. If the committee fails to disapprove the proposed acceptance within thirty (30) days of receiving notice from the recipient, then the recipient may accept the federal aid; and

(B) If the federal aid would be in the form of a loan or other indebtedness requiring repayment by the state, the application or acceptance of such federal aid must be submitted for review and approval by the funding board.

(3)

(A) If the joint committee on ways and means determines that a recipient failed to satisfy the requirements of subdivision (c)(1)(A), then the committee may require that the recipient comply with the requirements of subdivision (c)(2)(A) for federal aid in an amount that is less than twenty-five million dollars (\$25,000,000) for one (1) year, beginning on the date that the committee makes the determination of noncompliance.

(B) Upon written request by a recipient and recommendation from the staff of the office of legislative budget analysis and the fiscal review committee, the joint committee on ways and means may exempt any recipient from the requirements of subdivisions (c)(2)(A) and (c)(3).

(4) If the joint committee on ways and means requests, then the recipient shall provide the following information to the committee when providing notice of acceptance or seeking approval of acceptance pursuant to this subsection (c):

(A) A summary description of the proposed federal aid to be received that includes:

(i) The purpose of the federal aid;

(ii) The requirements or responsibilities placed on the state in order to receive the federal aid;

(iii) The amount of federal aid, or the estimated amount if the amount is unknown, to be received and the amount of state matching funds, if any, to be required in connection with obtaining the federal aid; and

(iv) The period of time to be covered by the federal aid;

(B) An analysis of the short-term and long-term impact the federal aid would have on state budgetary and fiscal matters if the federal aid were approved and received;

(C) The aggregate amount of federal aid appropriated or approved by the general assembly to the recipient for the preceding fiscal year; and

(D) The percentage of the executive department, bureau, agency, or other instrumentality of the state's total budget for the preceding fiscal year that constitutes federal aid that the recipient received for the preceding fiscal year.

(d)

(1) Except as otherwise provided in subdivision (d)(2), the following are exempt from the requirements of subdivisions (c)(1)(A) and (c)(2)(A), and for which the governor, acting on behalf of the state, is authorized to accept federal aid through any recipient:

(A) Any reimbursement account or compensation fund, including §§ 40-24-107 and 37-1-161;

(B) Tennessee transportation financing authority funds;

(C) Any federal aid received as a result of a declared state of emergency pursuant to § 58-2-107;

(D) Any recurring federal aid that is awarded on an annual basis but is distributed in multiple installments; provided, that the annual award complied with the requirements of subdivisions (c)(1)(A) and (c)(2)(A);

(E) Any federal program that the state is required to administer under federal law, including medicaid, and any federal aid received to administer the TennCare and CoverKids or successor programs;

(F) Any federal entitlement program that provides benefits to any individual meeting determined eligibility criteria;

(G) The women, infants, and children program administered by the United States department of agriculture; and

(H) The Elementary and Secondary Education Act (20 U.S.C. § 6301 et seq.), the Individuals with Disabilities Education Act (20 U.S.C. § 1471 et seq.), the United States department of agriculture national school lunch program, and the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. § 2301 et seq.).

(2) Each recipient shall report to the joint ways and means committee when the recipient applies for federal financial aid in the form of a grant in an amount that is more than one hundred thousand dollars (\$100,000).

(e) If the requirements of subsection (c) are satisfied, the governor or the governor's designee is authorized to enter into contracts, in accordance with all applicable laws and procedures regarding the contracts and perform all things necessary in the governor's discretion to secure to this state and citizens of this state the benefits of the federal aid.

(f) The review and approval requirements of this section are in addition to any other requirement under state or federal law for the receipt of any federal aid.

(g) In addition to the requirements of this section, on or before February 1 of each year, each recipient shall submit a written report to the joint committee on ways and means, summarizing the amount of funds allocated from federal block grants or other federal funds in the preceding fiscal year. The report must also summarize the purposes for which the funds were expended in such fiscal year, the amount of such funds that was unexpended, and any amount that was returned to the federal agency that supplied the original federal block grant or funds.

(h)

(1) In addition to appropriate staff of the senate and the house of representatives, the office of legislative budget analysis, the fiscal review committee staff, and the office of legal services shall jointly staff and provide administrative support to the joint committee on ways and means.

(2) The staffs of the fiscal review committee and the office of legislative budget analysis shall also be responsible for monitoring and managing information relative to all federal grants. The monitoring and information management responsibility pursuant to this subdivision (i)(2) must be administered by one (1) staff person in the office of legislative budget analysis and one (1) staff person from the staff of the fiscal review committee. The staff of the fiscal review committee and the office of legislative budget analysis shall jointly monitor, analyze, and manage information concerning federal grants programs, including, but not limited to, social services grant funds, in order to inform members of the general assembly concerning such grants. The directors of the staff of the fiscal review committee and of the office of legislative budget analysis shall jointly make such reports as are appropriate to the speakers of the house of representatives and of the senate and to the joint committee on ways and means.

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SECTION 30. Tennessee Code Annotated, Section 9-4-5406, is amended by deleting the section.

SECTION 31. Tennessee Code Annotated, Section 11-9-108, is amended by designating the existing language as subsection (a) and adding the following new subsection (b):

All federal aid as defined by § 4-4-116(a) received or used by the department must be acquired and used subject to the requirements of § 4-4-116.

SECTION 32. Tennessee Code Annotated, Section 37-3-406, is amended by deleting the section and substituting instead:

The director is authorized pursuant to the requirements of § 4-4-116 to make application for and to receive federal funds and funds from any public or private source.

SECTION 33. Tennessee Code Annotated, Section 37-5-106(a)(6), is amended by deleting the subdivision and substituting instead:

(6) Seek, apply for, receive, and administer federal funds pursuant to the requirements of § 4-4-116 as well as any other grants or funds that can be used for children being served by the department of children's services;

SECTION 34. Tennessee Code Annotated, Section 41-8-115, is amended by deleting the section and substituting instead:

The commissioner is authorized and empowered pursuant to the requirements of § 4-4-116 to seek and receive funds from the federal government that will augment the funds appropriated by the state to implement this chapter.

SECTION 35. Tennessee Code Annotated, Section 49-3-201(a), is amended by deleting the period and substituting instead "consistent with the requirements of § 4-4-116".

SECTION 36. Tennessee Code Annotated, Section 49-3-201(c), is amended by deleting the period and substituting instead "and consistent with the requirements of § 4-4-116".

SECTION 37. Tennessee Code Annotated, Section 50-3-917, is amended by deleting the language "subject to the direction and designation of the governor under § 4-4-116" and substituting the language "subject to the requirements of § 4-4-116".

SECTION 38. Tennessee Code Annotated, Section 52-1-104(b)(5), is amended by deleting the last sentence and substituting the following:

Subject to the requirements of § 4-4-116, the department is authorized to accept funds from the federal government and private sources and to administer such funds to achieve its purposes under this title;

SECTION 39. Tennessee Code Annotated, Section 65-15-106(e), is amended by deleting the subsection and substituting instead:

The department is authorized to apply for federal funds that may be available, subject to the requirements of § 4-4-116, and to conduct any new entrant audits and review and compliance inspections that may be required by regulations promulgated by the United States department of transportation.

SECTION 40. Tennessee Code Annotated, Section 71-1-105, is amended by adding the following new subsection:

All federal aid as defined by § 4-4-116(a) received or used by the department shall be acquired and used subject to the requirements of § 4-4-116.

SECTION 41. This act takes effect July 1, 2025, the public welfare requiring it, and applies to federal aid applied for on or after July 1, 2025, and if no application occurred before July 1, 2025, applies to federal aid accepted on or after July 1, 2026.

HOUSE BILL NO. 1092

PASSED: April 22, 2025



CAMERON SEXTON, SPEAKER  
HOUSE OF REPRESENTATIVES



RANDY MCNALLY  
SPEAKER OF THE SENATE

APPROVED this 21<sup>st</sup> day of May 2025



BILL LEE, GOVERNOR