State of Tennessee

PUBLIC CHAPTER NO. 855

SENATE BILL NO. 2232

By Johnson, Yager, Bailey, Bowling, Crowe, Hensley, Jackson, Pody, Roberts, Rose, Stevens, Walley

Substituted for: House Bill No. 2543

By Lamberth, Cochran, Tim Hicks, Crawford, Hill, Capley, Davis, Renea Jones, Hawk, Eldridge, McCalmon, Howell

AN ACT to amend Tennessee Code Annotated, Section 9-4-216, relative to the governor's response and recovery fund.

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

SECTION 1. Tennessee Code Annotated, Section 9-4-216(a), is amended by deleting "commissioner of finance and administration" and substituting instead "director of the Tennessee emergency management agency".

SECTION 2. Tennessee Code Annotated, Section 9-4-216, is amended by deleting subsections (c) and (d) and substituting:

(c)(1) In addition to subsection (b), the governor's response and recovery fund may be used to provide monies to eligible local governmental entities and to eligible individuals in qualifying counties following an emergency or disaster, subject to subsection (d).

(2) As used in this section:

(A) "Eligible individual in a qualifying county" means an individual who resides in a county where the county government or metropolitan government has declared a state of emergency and who demonstrates:

(i) Tennessee residency and lawful presence in the United States, as determined by the Tennessee emergency management agency's procedures; and

(ii) Proof of loss or need, as determined by the Tennessee emergency management agency's procedures; and

(B) "Eligible local governmental entity" means a county, city, municipality, metropolitan government, or local education agency.

(d)(1) Monies from this fund may be made available as a grant or a loan to an eligible local governmental entity only if the following conditions are met:

(A) The governor has declared a state of emergency or issued a disaster declaration, pursuant to § 58-2-107(b)(1)(A);

(B) The local jurisdiction where the eligible local governmental entity is located has declared a state of emergency;

(C) Federal assistance under the Stafford Act, 42 U.S.C. Section 5121 et seq., is unavailable or does not adequately meet the needs of the eligible local governmental entity;

(D) Eligible costs, as determined by the Tennessee emergency management agency, sustained within a county exceed the most recent countywide per capita impact indicator published by the Tennessee emergency management agency on its website; and

(E) The chief elected official of the local jurisdiction where the eligible local governmental entity is located submits a written request to the director of the Tennessee emergency management agency for the monies and shows that the other requirements under this subdivision (d)(1) are satisfied.

(2) Monies from this fund may be used to provide individual assistance to an eligible individual in a qualifying county only if the following conditions are met:

(A) The governor has declared a state of emergency or issued a disaster declaration, pursuant to § 58-2-107(b)(1)(A);

(B) State damage totals from the emergency or disaster are unlikely to meet the federal emergency management agency threshold for individual assistance through a major disaster declaration, as determined by the director of the Tennessee emergency management agency or the director's designee;

(C) Eligible costs, as determined by the Tennessee emergency management agency, sustained within a county exceed an amount to be determined by the Tennessee emergency management agency. Damage to public property is not an eligible cost; and

(D) The chief elected official of the local jurisdiction submits a written letter to the director of the Tennessee emergency management agency requesting that aid to eligible individuals be made available and shows that the requirements under this subdivision (d)(2) are satisfied.

(3) Monies from this fund may be expended to cover any portion of a loss or need consistent with this section; provided, that such portion is not otherwise eligible for coverage through an insurance provider or another federal, state, or local government entity; and provided, that assistance has not already been provided for such portion from any source.

(4) An eligible local governmental entity receiving monies under subdivision (d)(1) shall use procurement methods authorized under 2 CFR Part 200.

(5) Monies received by an eligible local governmental entity under subdivision (d)(1) may only be used on the following types of projects:

(A) The removal of debris, which includes clearing, removing, and disposing of debris. Debris may include damaged automobiles and aquatic vessels, as well as vegetative debris, construction and demolition debris, sand, dirt, gravel, pebbles, and boulders;

(B) The use of emergency protective measures to eliminate or reduce immediate threats to life, public health, or safety;

(C) The elimination or reduction of immediate threats of significant additional damage to improved public or private property;

(D) The repair or replacement of roads, bridges, and other transportation infrastructure;

(E) The repair or replacement of buildings, including structural and nonstructural components such as mechanical, electrical, and plumbing systems;

(F) The repair or replacement of equipment, including vehicles and construction machinery; and

(G) The repair or replacement of public utilities, including water storage facilities, sewage collection, and power and communication systems.

(6) Projects described in subdivision (d)(5) must be completed within eighteen (18) months of the date the Tennessee emergency management agency awarded the

monies, unless an extension has been granted by the agency. Otherwise, costs incurred after eighteen (18) months are not eligible for reimbursement.

(7) If monies are made available in the form of a grant for projects described in subdivision (d)(5), then such grant must have a local cost share that corresponds with the department of economic and community development's index of county economic status. The portion of the cost for which the eligible local governmental entity is responsible must be determined by the county's economic status on the date the emergency or disaster began, as follows:

(A) Attainment – fifty percent (50%);

(B) Competitive – forty percent (40%);

(C) Transitional – thirty percent (30%);

(D) At-Risk – twenty percent (20%); and

(E) Distressed – twelve and one-half percent (12.5%).

(8) Subdivision (d)(7) does not prohibit the governor from waiving all or part of the required local cost share.

(9) Loan repayments must become part of the fund and remain available for the purposes described in this section.

(10) Monies from this fund must not be used to cover any portion of an insurance deductible.

(11) Within one hundred twenty (120) days from the date of approval for monies under subdivision (d)(1), an eligible local governmental entity must have full coverage for all-risk property insurance and for flood insurance. The director of the Tennessee emergency management agency may extend this deadline upon a showing of reasonable need.

SECTION 3. This act takes effect on July 1, 2026, the public welfare requiring it.

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PASSED: April 13, 2026

RANDY McNALLY
SPEAKER OF THE SENATE

CAMERON SEXTON, *SPEAKER*
HOUSE OF REPRESENTATIVES

APPROVED this 27th **day of** April **2026**

BILL LEE, *GOVERNOR*