

Table 1. Apportionment of State-Shared Taxes to the State, Cities, and Counties, Fiscal Year 2016-17.

Tax	State	Percent	Counties	Percent	Cities	Percent	Total
Sales and Use ¹	\$ 8,137,180,400	96.5%	\$ -	0.0%	\$ 299,376,428	3.549%	\$ 8,436,556,828
Tourism Development Zones	-	0.0%	-	0.0%	57,796,093	100.0%	57,796,093
Other Local Distributions	-	0.0%	4,485,258	9.3%	43,850,565	90.7%	48,335,823
Telecommunications	-	0.0%	752,064	71.2%	304,933	28.8%	1,056,996
Franchise and Excise	2,557,609,023	98.5%	29,637,638	1.1%	10,181,351	0.4%	2,597,428,012
Gasoline ²	414,298,347	61.8%	170,531,972	25.4%	85,265,986	12.7%	670,096,305
TVA PILOTs ³	202,370,241	59.0%	99,201,346	28.9%	41,237,328	12.0%	342,808,915
Business Tax	174,802,370	44.0%	116,408,684	29.3%	106,237,386	26.7%	397,448,440
Hall Income ⁴	164,586,446	65.8%	16,048,759	6.4%	69,341,762	27.7%	249,976,967
Motor Fuel ⁵	130,992,549	73.8%	30,987,850	17.5%	15,500,176	8.7%	177,480,575
Mixed Drink ⁶	52,110,802	50.0%	1,861,246	1.8%	50,250,124	48.2%	104,222,172
Gasoline Inspection (Special Petroleum)	56,264,315	82.4%	4,699,000	6.9%	7,318,000	10.7%	68,281,315
Alcoholic Beverage	55,400,606	83.0%	11,316,118	17.0%	-	0.0%	66,716,724
Beer Wholesale ⁷	2,416,845	3.5%	9,480,333	13.7%	57,155,536	82.8%	69,052,714
Tire and Used Oil Tax	15,871,421	76.7%	4,820,806	23.3%	-	0.0%	20,692,227
Beer Excise	14,469,448	80.8%	1,724,036	9.6%	1,724,036	9.6%	17,917,520
Mineral Severance	173,218	3.2%	5,317,231	96.8%	-	0.0%	5,490,448
Oil & Natural Gas Severance	437,157	66.7%	218,579	33.3%	-	0.0%	655,736
Coal Severance	6,986	1.2%	597,720	98.8%	-	0.0%	604,706
Fantasy Sports ⁸	192,985	80.0%	48,246	20.0%	-	0.0%	241,231
Total	\$ 11,979,183,159	89.8%	\$ 508,136,885	3.8%	\$ 845,539,704	6.3%	\$ 13,332,859,747

Sources: Tennessee Department of Revenue (Fiscal Year 2017 Annual Report), Tennessee Malt Beverage Association, and Budget of the State of Tennessee, Fiscal Year 2018-19.

¹The state's Sales and Use Tax revenue includes the \$4,923,312,200 that was distributed to the State's Education Fund.

²The IMPROVE Act of 2017 is phasing in gasoline tax rate increases, from 20 cents in fiscal year 2016-17 per gallon to 26 cents in fiscal year 2019-20. Given current gasoline sales, this rate increases counties' revenue by \$51.2 million and cities revenue by \$25.6 million by the end of fiscal year 2019-20. See Table 1a for Gasoline and Motor Fuel Tax revenue projections.

³TVA PILOTs include fiscal year 1977-78 base payments of \$51,030,011 to the state, \$3,816,477 to counties, and \$358,098 to cities.

⁴The Hall income tax is being phased out through December 31, 2020. The tax will be fully repealed beginning January 1, 2021. See Table 1c.

⁵The Motor Fuel tax includes diesel, liquefied gas, compressed natural gas, and liquefied petroleum.

⁶All \$52,110,802 of the state's Mixed Drink Tax revenue for fiscal year 2016-17 was distributed to the state's Education Fund. Beginning July 1, 2019, half of cities' sales tax revenue shall be distributed "in the same manner as the county property tax for schools." (Tennessee Code Annotated, Section 57-4-306(c)). Counties and cities without a municipal school system shall pay half of their mixed drink sales tax revenue to the county's school fund.

⁷The wholesale beer tax is not collected or distributed by the Department of Revenue; however the department received \$2,416,845 in fiscal year 2016-17 to help counties and cities administer the tax. Although this tax is collected and remitted by the beer wholesalers, it is a state tax, with the Department of Revenue responsible for its administration.

⁸The fantasy sports tax, passed in 2016 (Public Chapter 978, Acts 2016), was first collected in fiscal year 2016-17. See Tennessee Code Annotated, Section 67-4-901 et seq.

Table 1a. Gasoline and Motor Fuel Taxes, Revenue Projections for Counties and Cities in Tennessee, Fiscal Years 2017-18 to 2019-20, Compared with 2016-17 Actual Revenues.

Fiscal Year	Gasoline		Motor Fuel	
	Tax (cents per gallon)	Revenue Projection	Tax ¹ (cents per gallon)	Revenue Projection
Counties				
2016-17 ²	20	\$ 170,531,972	17	\$ 30,987,850
2017-18	24	\$ 204,638,366	21	\$ 38,270,736
2018-19	25	\$ 213,164,965	24	\$ 43,704,246
2019-20	26	\$ 221,691,564	27	\$ 49,252,376
Cities				
2016-17 ²	20	\$ 85,265,986	17	\$ 15,500,176
2017-18	24	\$ 102,319,183	21	\$ 19,138,904
2018-19	25	\$ 106,582,483	24	\$ 21,839,294
2019-20	26	\$ 110,845,782	27	\$ 24,654,305

Sources: Tennessee Department of Revenue (Fiscal Year 2017 Annual Report) and 2017 Tennessee Comptroller of the Treasury, "The IMPROVE Act."

http://www.comptroller.tn.gov/Repository/RE/OREA%20IMPROVE%20Act_July%202017.pdf

Note: Revenue projections are TACIR staff calculations based on current gasoline and motor fuel sales.

¹Tax shown is for diesel, which was 95.2% of motor fuel tax revenue in fiscal year 2016-17.

Other fuels comprising the motor fuel tax are scheduled to increase as follows: Liquefied gas is scheduled to increase from 14 cents in fiscal year 2016-17, to 17 cents in fiscal year 2017-18, 19 cents in fiscal year 2018-19, and 22 cents in fiscal year 2019-20. Compressed natural gas is scheduled to increase from 13 cents in fiscal year 2016-17 to 16 cents in fiscal year 2017-18, 18 cents in fiscal year 2018-19, and 21 cents in fiscal year 2019-20.

²Actual revenues for fiscal year 2016-17.

Table 1b. Tennessee Gasoline and Diesel Tax Rate History.

Gasoline		Diesel	
Tax (cents per gallon)	Effective Date	Tax (cents per gallon)	Effective Date
2	1923	7	1941
3	1925	8	1963
5	1929	12	6/1/1981
7	1931	14	6/1/1986
9	6/1/1981	15	6/1/1987
12	7/1/1985	16	4/1/1989
16	6/1/1986	17	4/1/1990
19	4/1/1989	21	7/1/2017
20	7/1/1989	24	7/1/2018
24	7/1/2017	27	7/1/2019
25	7/1/2018		
26	7/1/2019		

Sources: Tennessee Department of Revenue and Tennessee Comptroller of the Treasury.
http://www.comptroller.tn.gov/Repository/RE/OREA%20IMPROVE%20Act_July%202017.pdf

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**Table 1c. Hall Income Tax Revenue for
Counties and Cities in Tennessee, Fiscal Years
2017-18 to 2021-22, Compared with 2016-17
Actual Revenues.**

Fiscal Year	Tax Rate	Revenue Projection
Counties		
2016-17	5%	\$ 16,048,759
2017-18	4%	\$ 12,839,007
2018-19	3%	\$ 9,629,255
2019-20	2%	\$ 6,419,504
2020-21	1%	\$ 3,209,752
2021-22	0%	\$ -
Cities		
2016-17	5%	\$ 69,341,762
2017-18	4%	\$ 55,473,410
2018-19	3%	\$ 41,605,057
2019-20	2%	\$ 27,736,705
2020-21	1%	\$ 13,868,352
2021-22	0%	\$ -

Sources: Tennessee Department of Revenue (Fiscal Year 2017 Annual Report) and 2017 Tennessee Comptroller of the Treasury, "The IMPROVE Act."

http://www.comptroller.tn.gov/Repository/RE/OREA%20IMPROVE%20Act_July%202017.pdf

Note: Revenue projections are TACIR staff calculations based on current interest and dividend income tax base.

Table 1d. Distributions of State-Shared Taxes to Local Governments in Tennessee,
Fiscal Years 2002-03 and 2016-17.

State-Shared Revenues By Source	Total Amount Distributed, Fiscal Year 2002-03	Percent	Total Amount Distributed, Fiscal Year 2016-17	Percent
Alcoholic Beverage	\$ 5,450,000	0.72%	\$ 11,316,118	0.84%
Beer Excise	3,333,000	0.44%	3,448,072	0.26%
Business Tax	-	0.00%	222,646,070	16.51%
Franchise and Excise	17,263,000	2.29%	39,818,989	2.95%
Fantasy Sports	-	0.00%	48,246	0.00%
Gasoline & Motor Fuel	268,782,000	35.64%	302,285,984	22.41%
Hall Income	50,516,000	6.70%	85,390,521	6.33%
Mixed Drink	18,293,000	2.43%	52,111,370	3.86%
Sales and Use	202,176,000	26.81%	406,565,340	30.14%
Severance Taxes	745,000	0.10%	6,133,530	0.45%
Gasoline Inspection (Special Petroleum)	11,897,000	1.58%	12,017,000	0.89%
TVA PILOTS ¹	74,130,000	9.83%	140,438,674	10.41%
Subtotal	\$ 652,585,000	86.54%	\$ 1,282,219,914	95.06%
Beer Wholesale	101,500,000	13.46%	66,635,869	4.94%
Total	\$ 754,085,000	100.00%	\$ 1,348,855,783	100.00%

Sources: Tennessee Department of Revenue (Fiscal Year 2016-17 Annual Report) and Tennessee Malt Beverage Association.

Note: This table does not include the Tire and Used Oil Tax because collections for fiscal year 2002-03 are unknown.

¹Includes fiscal year 1977-78 base payments to cities and counties in Tennessee.

Table 1e. Apportionment of State-Shared Taxes to the State, Cities, and Counties, Fiscal Year 2016-17, with Fiscal Year 2021-22 Revenue Projections of Gasoline, Motor Fuel, and Hall Income Taxes.

Tax	State	Percent	Counties	Percent	Cities	Percent	Total
Sales and Use	\$ 8,137,180,400	96.5%	\$ -	0.0%	\$ 299,376,428	3.549%	\$ 8,436,556,828
Tourism Development Zones ¹	-	0.0%	-	0.0%	57,796,093	100.0%	57,796,093
Other Local Distributions	-	0.0%	4,485,258	9.3%	43,850,565	90.7%	48,335,823
Telecommunications	-	0.0%	752,064	71.2%	304,933	28.8%	1,056,996
Franchise and Excise	2,557,609,023	98.5%	29,637,638	1.1%	10,181,351	0.4%	2,597,428,012
Gasoline²	538,587,851	61.8%	221,691,564	25.4%	110,845,782	12.7%	871,125,197
TVA PILOTs	202,370,241	59.0%	99,201,346	28.9%	41,237,328	12.0%	342,808,915
Business Tax	174,802,370	44.0%	116,408,684	29.3%	106,237,386	26.7%	397,448,440
Hall Income³	-		-		-		-
Motor Fuel²	170,721,802	69.8%	49,252,376	20.1%	24,654,305	10.1%	244,628,483
Mixed Drink	52,110,802	50.0%	1,861,246	1.8%	50,250,124	48.2%	104,222,172
Gasoline Inspection (Special Petroleum)	56,264,315	82.4%	4,699,000	6.9%	7,318,000	10.7%	68,281,315
Alcoholic Beverage	55,400,606	83.0%	11,316,118	17.0%	-	0.0%	66,716,724
Beer Wholesale ⁴	2,416,845	3.5%	9,480,333	13.7%	57,155,536	82.8%	69,052,714
Tire and Used Oil Tax	15,871,421	76.7%	4,820,806	23.3%	-	0.0%	20,692,227
Beer Excise	14,469,448	80.8%	1,724,036	9.6%	1,724,036	9.6%	17,917,520
Mineral Severance	173,218	3.2%	5,317,231	96.8%	-	0.0%	5,490,448
Oil & Natural Gas Severance	437,157	66.7%	218,579	33.3%	-	0.0%	655,736
Coal Severance	6,986	1.2%	597,720	98.8%	-	0.0%	604,706
Fantasy Sports	192,985	80.0%	48,246	20.0%	-	0.0%	241,231
Total	\$ 11,978,615,470	89.7%	\$ 561,512,244	4.2%	\$ 810,931,867	6.1%	\$ 13,351,059,580

Sources: Tennessee Department of Revenue (Fiscal Year 2017 Annual Report), Tennessee Malt Beverage Association, and Budget of the State of Tennessee, Fiscal Year 2018-19.

Note: Revenue projections of the gasoline and motor fuel taxes are TACIR staff calculations based on current sales. Highlighted rows show projected revenue for fiscal year 2021-22. The other rows show actual revenue for fiscal year 2016-17 (as in Table 1).

¹Tourism Development Zones are used to finance tourism-related facilities in Bristol, Chattanooga, East Ridge, Kingsport, Knoxville, Memphis, Nashville, Pigeon Forge, and Sevierville.

²See Table 1a for the revenue projections of the gasoline and motor fuel taxes.

³See Table 1b for revenue projections of the Hall income tax.

Table 1f. Apportionment of State-Shared Taxes to the State, Cities, and Counties, Fiscal Year 2021-22 Revenue Projections.

Tax	Annual Rate of Growth	State	Percent	Counties	Percent	Cities	Percent	Total
Sales and Use	2.3%	\$ 9,125,718,852	96.5%	\$ -	0.0%	\$ 335,745,919	3.55%	\$ 9,461,464,772
Tourism Development Zones	2.3%	-	0.0%	-	0.0%	64,817,402	100.00%	64,817,402
Other Local Distributions	2.3%	-	0.0%	5,030,146	9.3%	49,177,714	90.72%	54,207,859
Telecommunications	2.3%	-	0.0%	843,428	71.2%	341,977	28.85%	1,185,404
Franchise and Excise	4.0%	3,111,106,975	98.4%	36,787,585	1.2%	12,637,556	0.40%	3,160,532,116
Gasoline	0.9%	564,467,618	61.8%	232,344,099	25.4%	116,172,049	12.72%	912,983,766
TVA PILOTs	2.5%	221,867,211	58.5%	110,937,308	29.3%	46,267,026	12.21%	379,071,544
Business Tax	2.6%	198,350,547	44.0%	132,090,464	29.3%	120,548,959	26.73%	450,989,970
Hall Income								-
Motor Fuel	-0.4%	167,400,532	77.6%	48,294,206	22.4%	-	0.00%	215,694,738
Mixed Drink	7.0%	73,073,100	50.0%	2,609,958	1.8%	70,463,938	48.21%	146,146,996
Gasoline Inspection (Special Petroleum)	0.5%	57,627,151	82.4%	4,812,819	6.9%	7,495,257	10.72%	69,935,227
Alcoholic Beverage	4.8%	70,106,990	83.0%	14,320,041	17.0%	-	0.00%	84,427,031
Beer Wholesale	-2.7%	2,106,222	3.5%	8,261,879	13.7%	49,809,658	82.77%	60,177,758
Tire and Used Oil Tax	2.4%	17,869,675	76.7%	5,427,758	23.3%	-	0.00%	23,297,433
Beer Excise	-0.3%	14,243,806	80.8%	1,697,151	9.6%	1,697,151	9.62%	17,638,107
Mineral Severance	2.4%	195,027	3.2%	5,986,684	96.8%	-	0.00%	6,181,711
Oil & Natural Gas Severance	-4.5%	346,881	66.7%	173,441	33.3%	-	0.00%	520,321
Coal Severance	0.7%	7,240	1.2%	619,491	98.8%	-	0.00%	626,732
Fantasy Sports	2.4%	217,282	80.0%	54,320	20.0%	-	0.00%	271,603
Total	2.5%	\$ 13,624,705,108	90.2%	\$ 610,290,779	4.0%	\$ 875,174,606	5.8%	\$ 15,110,170,492

Sources: Tennessee Department of Revenue (Fiscal Year 2017 Annual Report), Tennessee Malt Beverage Association, and Budget of the State of Tennessee, Fiscal Year 2018-19.

Note: Revenue projections are staff calculations based on 10-year annual growth rates and scheduled changes in tax rates.

Table 2. Basis of Apportionment of State Shared Taxes, Fiscal Year 2016-17.

	Recipient	Amount	Population	Situs	Acreage	Equal Share	Other	Tennessee Code Annotated (TCA)
Alcoholic Beverage	Counties	\$ 11,316,118	75%		25%			TCA 57-3-306(b)(1) and 57-3-306(c)
Bank Excise	Counties	29,637,638		100%				TCA 67-4-2017 (a)(1)(A)
	Cities	10,181,351		100%				
Beer Excise	Counties	1,724,036				100%		TCA 57-5-205(1)
	Cities	1,724,036	100%					
Beer Wholesale	Counties	9,480,333		100%				57-6-103(c)
	Cities	57,155,536		100%				
Coal Severance	Counties	597,720		100%				TCA 67-7-110
Crude Oil & Natural Gas Severance	Counties	218,579		100%				TCA 60-1-301(b)
Fantasy Sports	Counties	48,246	100%					TCA 67-4-905(2)
Gasoline	Counties	170,531,972	25%		25%	50%		67-3-901(l)(1)
	Cities	85,265,986	100%					67-3-901 (l)(2)
Gasoline Inspection	Counties	4,699,000	100%					TCA 67-3-906(b)(3)
	Cities	7,318,000	100%					
Business Tax	Counties	116,408,684		100%				TCA 67-4-724(a)(1)-(2)
	Cities	106,237,386		100%				TCA 67-4-724(b)(1)-(2)
Hall Income Tax	Counties	16,048,759		100%				TCA 67-2-119(b)-(c)
	Cities	69,341,762		100%				
Mineral Severance	Counties	5,317,231		100%				TCA 67-7-201(a); TCA 67-7-207
Mixed Drink ¹	Counties	1,861,246		100%				TCA 57-4-306(a)(2)-(i)
	Cities	50,250,124		100%				
Motor Fuel (Diesel)	Counties	30,987,850	25%		25%	50%		TCA 67-3-905(a)(2)(A)-(C)
	Cities	15,500,176	100%					TCA 67-3-905 (a)(3); TCA 54-4-203(a)
Sales and Use	Counties	-	\$1,000,000	3,485,258			\$ 752,064 ²	TCA 67-6-103(a)(3)(F) and 67-6-221
	Cities	299,376,428	100%, except Telecommunications				\$ 304,933 ²	TCA 67-6-103(a)(3)(A); 67-6-221
TVA PILOTs	Counties	99,201,346	3/7		3/7 County Acres; 1/7 TVA Acres		\$ 3,816,477 ³	TCA 67-9-101(a)(2)-(3), 67-9-102(a)(1)(A) and (B), and 67-9-102(a)(1)(C)
	Cities	41,237,328	100%				\$ 358,098 ³	TCA 67-9-102(a)(1)(D)
Counties Total		\$ 498,078,758	\$ 105,493,520	\$ 183,055,448	\$ 107,714,625	\$ 102,483,947	\$ 4,568,540	
Counties Percent		40.1%	19.0%	38.4%	100.0%	100.0%	87.3%	
Cities Total		\$ 743,588,113	\$ 449,758,923	\$ 293,166,159	\$ -	\$ -	\$ 663,031	
Cities Percent		59.9%	81.0%	61.6%	0.0%	0.0%	12.7%	
Total		\$ 1,241,666,871	\$ 555,252,443	\$ 476,221,607	\$ 107,714,625	\$ 102,483,947	\$ 5,231,571	
Basis Of Apportionment Percent		100%	44.7%	38.4%	8.7%	8.3%	0.4%	

Sources: Tennessee Department of Revenue, Tennessee Code Annotated, and Budget of the State of Tennessee, Fiscal Year 2018-19, A-72 to A-101.

¹Cities with a population of more than 250,000 (based on the last federal census) are required to pay 30 percent of their mixed drink tax revenue to cities in the county with a population of more than 150,000. Tennessee Code Annotated, Section 57-3-306.

²The telecommunication sales tax, for tax year 2017, and for each local government levying a property tax, is apportioned based on its percentage share of the difference in property tax and in lieu of tax revenue. Tennessee Code Annotated, Section 67-6-221(c).

³The base year payments to cities and counties are equal to their fiscal year 1977-78 distributions.

Table 3. Restrictions on Use of State-Shared Tax Revenue, Fiscal Year 2016-17.

Tax	Recipient	Restriction	Percent Restricted	Amount Restricted	Tennessee Code Annotated (TCA)
Coal Severance	Counties	Education	100%	\$ 298,860	TCA 67-7-110(b)
		Highway/Stream Cleaning		298,860	
Gasoline	Counties	Roads, Bridges, and Mass	100%	170,192,972	TCA 54-4-101 and 54-4-103
	Cities	Transit		85,265,986	TCA 54-4-203
Gasoline Inspection	Counties	Roads and Streets	100%	4,578,996	TCA 67-3-906(b)(3)
	Cities			7,437,996	
Mineral Severance	Counties	Roads	100%	5,317,231	TCA 67-7-207
Mixed Drink	Local Education Agencies	Education	50%	930,623	TCA 57-4-306
				25,125,062	
Motor Fuel Diesel	Counties	Roads, Bridges, and Mass	100%	30,987,850	TCA 67-3-905
	Cities	Transit		15,500,176	
Tire Tax	Counties	Waste Tires	100%	4,820,806	TCA 67-4-1610
	Counties			\$ 216,495,575	
	Cities			\$ 108,204,158	
	Local Education Agencies			\$ 26,055,685	
Total				\$ 350,755,418	

Source: Tennessee Code Annotated.

Note: The \$276,044,373 in restricted state-shared revenue is included in the \$1.3 billion in state-shared revenues distributed to counties and cities from Tables 1 and 2.

Table 4. Local Taxes: Maximum Authorized Rate and Number of Local Governments Authorized in Tennessee.

Tax	Level of Government	How Authorized	Maximum Authorized Rate	Number of Local Governments Authorized	
Property Tax	County	TCA 67-5-102(a)(2); 67-5-510	No Maximum	All	
	City	TCA 67-5-103(a) and (b)	No Maximum	All	
Local Option Sales Tax	County	TCA 67-6-702(a)(1)	2.75%	All	
	City		2.75%	All	
Hotel-Motel	County	Private Act	7.5%	2	
			7%	7	
			5%	50	
			4%	7	
			3%	7	
			2.5%	2	
			2%	2	
	Metro	TCA 7-4-102, 7-4-110, 7-4-202	6% + \$2.50	1	
		TCA 7-4-102(a)	3%	2	
	City	TCA 7-4-102(c)	10%	1	
		Private Act	7%	4	
			6%	1	
			5%	19	
			3%	4	
			2%	1	
			1%	1	
			TCA 67-4-1402 and 67-4-1425	7%	1
			5%	4	
			TCA 67-4-1402	5%	9
			TCA 67-4-1425	No Maximum	1
5%			18		
4%			2		
Private Act and TCA 67-4-1425	2.50%		3		
2%	1				
Litigation	City	TCA 16-18-305(a)	\$13.75	All	
		TCA 16-18-305(b)	\$1.00		
	County	TCA 16-15-5008	\$2.00		
		TCA 39-13-709(b)	Up to \$3,000		
		TCA 40-24-107(a)(1)(A)	\$26.50		
		TCA 40-24-107(a)(1)(B)	\$500.00		
		TCA 40-24-107(a)(2)	\$26.50/\$50.00		
		TCA 64-4-602(a)	\$29.50		
		TCA 64-4-602(b)	\$23.75 + \$1.00		
		TCA 64-4-602(c)	\$17.75		
		TCA 64-4-602(d)	\$13.75		
		TCA 67-4-602(g)	\$1.00		
		TCA 67-4-602(h)	\$3.00		
		TCA 67-4-602(k)	\$2.00		
		Knox County	TCA 67-4-602(f)		\$3.00

Table 4. Local Taxes: Maximum Authorized Rate and Number of Local Governments Authorized in Tennessee.

Tax	Level of Government	How Authorized	Maximum Authorized Rate	Number of Local Governments Authorized
Marriage License	County	TCA 67-4-502; TCA 67-4-505	\$5.00	All
Motor Vehicle (Wheel) Tax	County	TCA 5-8-102	No Maximum	All
Cable TV Franchise Fees	Counties and Cities	TCA 7-59-304 and 47 USC 542(b)	5% of gross revenue from subscriptions, advertisements, and home shopping network commissions.	All
IMPROVE Act Surcharges				
Local Option Sales and Use Tax Surcharge	County	TCA 67-4-3202(g)(2)(A)	An additional 2.75% is authorized for transit purposes.	Counties with populations greater than 112,000, currently 12
	City	TCA 67-4-3202(g)(2)(A)	An additional 2.75% is authorized for transit purposes.	Cities with populations greater than 165,000, currently 4
Tourist Accommodation (Metro-Nashville), Hotel-Motel, TDZs, and Sales Taxes and Surcharges	County	TCA 67-4-3202(g)(2)(B)	20% (combined taxes and surcharges)	Counties with populations greater than 112,000, currently 12
	City	TCA 67-4-3202(g)(2)(B)	20% (combined taxes and surcharges)	Cities with populations greater than 165,000, currently 4

Table 4. Local Taxes: Maximum Authorized Rate and Number of Local Governments Authorized in Tennessee.

Tax	Level of Government	How Authorized	Maximum Authorized Rate	Number of Local Governments Authorized
Business, Rental Car, and Residential Development Tax Surcharges	County	TCA 67-4-3202(g)(2)(C)	20% of current tax rate	Counties with populations greater than 112,000, currently 12
	City	TCA 67-4-3202(g)(2)(C)	20% of current tax rate	Cities with populations greater than 165,000, currently 4
Motor Vehicle "Wheel" Tax Surcharges	County	TCA 5-8-102; 67-4-3202(g)(2)(D)	\$200 (combined wheel tax and surcharge)	Counties with populations greater than 112,000, currently 12
	City	TCA 5-8-102; 67-4-3202(g)(2)(D)	\$200 (combined wheel tax and surcharge)	Cities with populations greater than 165,000, currently 4

Source: Tennessee Code Annotated and Private Acts.

Note: Local governments may have adopted the maximum authorized rate.

Table 5. Required and Authorized Services of Cities and Counties in Tennessee.

City/County	Required Services		Authorized Services	
	Service	Source of Mandate	Service	Source of Authority
City	Elections	TCA 6-53-101	Administrative hearings	TCA 6-54-1001
	Plan of services for cities with at least 1,500 people that incorporated since 1998 and annexed territories (includes, but not limited to, police protection, fire protection, water service, electrical service, sanitary sewer service, solid waste collection, road and street construction and repair, recreational facilities and programs, street lighting, and zoning services)	TCA 6-1-201; 6-18-103; 6-30-104; 6-51-102	Airports	TCA 42-5-101 <i>et seq.</i>
	Road maintenance	TCA 7-31-101	Care of children	TCA 37-2-204
			Courts	TCA 6-4-301; 6-21-501; 6-33-102; 16-17-101
			Education	TCA 49-2-401
			Emergency medical and ambulance services	TCA 7-61-102
			Energy service	TCA 7-36-103
			Fire protection	TCA 6-1-203; 6-19-101; 6-21-701 <i>et seq.</i>

Table 5. Required and Authorized Services of Cities and Counties in Tennessee.

City/County	Required Services		Authorized Services	
	Service	Source of Mandate	Service	Source of Authority
			Flood control and disaster relief	TCA 7-32-101
			Healthcare facilities	TCA 68-11-204; 9-21-105
			Health department	TCA 68-2-605
			Housing	TCA 13-20-401 <i>et seq.</i>
			Libraries	TCA 10-3-101
			Law enforcement	TCA 6-54-301
			Parks and recreation	TCA 11-24-103
			Planning and Zoning	TCA 13-4-101, 13-7-203
			Port Authority	TCA 7-87-101
			Public place and facilities improvements	TCA 7-32-101
			Public works projects	TCA 9-21-105
			Safety councils	TCA 7-51-501
			Sidewalk construction	TCA 7-31-105
			Storm water facilities	TCA 69-221-1103
			Tourism development	TCA 7-69-101 <i>et seq.</i>
		Veterans' services	TCA 58-3-109	
		Water and sewer system	TCA 7-35-401	
	Air pollution control (certain counties)	US Clean Air Act; TCA 68-201-101	Affordable Housing (Metro Nashville)	TCA 5-9-113
	Constitutional offices (legislative body, county executive, sheriff, trustee, register of deeds, county clerk, assessor of property)	Constitution Article VII, Section 1	Airports	TCA 42-5-101 <i>et seq.</i>

Table 5. Required and Authorized Services of Cities and Counties in Tennessee.

City/County	Required Services		Authorized Services	
	Service	Source of Mandate	Service	Source of Authority
County	County roads and highways	TCA 54-7-102; 54-7-109	Animal control	TCA 5-1-120
	Court system	Constitution Article VI, Section 13; TCA 5-7-104; 8-24-102; 8-20-101, 37-1-101 <i>et seq.</i> ; 16-15-101 <i>et seq.</i>	Board of health	TCA 68-2-601
	Burial or cremation of unclaimed bodies	TCA 38-5-118	Codes enforcement	TCA 5-20-101 <i>et seq.</i>
	Education	TCA 49-2-101; 49-3-351; 49-3-356; 49-3-366	Constable services	TCA 8-10-108
	Elections	TCA 2-12-101	Coroner services	TCA 8-9-101
	Emergency management (civil defense)	TCA 58-2-117; 58-2-121	Drug interdiction programs	TCA 38-11-203
	Health department	TCA 68-2-603	Emergency communications	TCA 7-86-105
	Jails	TCA 5-7-104; 41-4-140; 41-4-115	Emergency medical and ambulance services	TCA 7-61-102
	Land surveys	TCA 8-12-101	Fire protection	TCA 5-17-101; 5-17-102
	Law enforcement	TCA 8-8-213; 8-24-102; 8-20-101	Healthcare facilities	TCA 68-11-204; 9-21-105
	Maintenance of public records	TCA 10-7-401	Housing	TCA 13-20-501
	Planning (comprehensive growth plan)	TCA 6-58-101 <i>et seq.</i>	Legal services	TCA 5-6-112
	Post-mortem examinations and investigations*	TCA 38-7-104	Libraries	TCA 10-3-101

Table 5. Required and Authorized Services of Cities and Counties in Tennessee.

City/County	Required Services		Authorized Services	
	Service	Source of Mandate	Service	Source of Authority
	Preservation of local and state history	TCA 5-18-101	Misc. services	TCA 5-9-101
	Storm water management (certain counties)	US EPA; TCA 68-221-1101	Parks, recreation, and conservation	TCA 11-24-104; 11-21-104
	Solid waste management	TCA 68-211-851; 68-211-863; 68-211-866	Planning and Zoning	TCA 13-3-101, 13-7-101
			Public works projects	TCA 9-21-105
			Tourism development	TCA 7-69-101 <i>et seq.</i> ; 5-9-201
			Urban-type public facilities (storm and waste water treatment, solid waste, water supply, fire protection, emergency medical services)	TCA 5-16-101
			Veterans' services	TCA 58-3-109
			Workhouses	TCA 41-2-101; 41-2-109

Source: Tennessee Constitution and Tennessee Code Annotated.

*Including the burial of indigent people.

Table 6. State of Tennessee Expenditures, Grants to Local Entities, and Other Distributions to County Areas by County Area, Fiscal Year 2016-17.

County Area	State Expenditures, Grants, and Other Distributions to Local Entities	Per Capita Distribution	Per Capita Rank
Anderson	\$ 160,470,764	\$ 2,104.34	58
Bedford	98,084,269	\$ 2,038.45	68
Benton	34,394,954	\$ 2,151.57	51
Bledsoe	110,961,680	\$ 7,539.69	2
Blount	217,481,809	\$ 1,673.85	89
Bradley	188,832,372	\$ 1,788.86	84
Campbell	93,692,087	\$ 2,363.10	32
Cannon	28,793,054	\$ 2,025.40	70
Carroll	71,726,832	\$ 2,574.55	20
Carter	154,510,329	\$ 2,735.28	15
Cheatham	69,946,090	\$ 1,734.34	87
Chester	39,675,483	\$ 2,317.63	37
Claiborne	71,289,653	\$ 2,255.36	44
Clay	18,561,842	\$ 2,409.69	27
Cocke	75,029,872	\$ 2,110.19	57
Coffee	109,660,667	\$ 1,992.60	73
Crockett	39,856,838	\$ 2,753.88	13
Cumberland	106,982,705	\$ 1,810.87	80
Davidson	1,211,519,692	\$ 1,752.67	86
Decatur	28,186,652	\$ 2,398.66	30
DeKalb	41,989,948	\$ 2,115.15	56
Dickson	108,233,019	\$ 2,047.81	67
Dyer	94,579,782	\$ 2,524.62	22
Fayette	71,816,177	\$ 1,793.79	83
Fentress	47,488,327	\$ 2,618.46	19
Franklin	82,128,619	\$ 1,971.78	75
Gibson	125,240,968	\$ 2,550.16	21
Giles	58,100,966	\$ 1,976.16	74
Grainger	48,140,324	\$ 2,080.03	60
Greene	160,712,155	\$ 2,335.66	33

Table 6. State of Tennessee Expenditures, Grants to Local Entities, and Other Distributions to County Areas by County Area, Fiscal Year 2016-17.

County Area	State Expenditures, Grants, and Other Distributions to Local Entities	Per Capita Distribution	Per Capita Rank
Grundy	35,964,746	\$ 2,691.77	17
Hamblen	143,589,342	\$ 2,233.91	46
Hamilton	588,956,979	\$ 1,628.69	91
Hancock	20,012,197	\$ 3,032.15	11
Hardeman	142,216,248	\$ 5,588.72	4
Hardin	62,669,384	\$ 2,424.72	25
Hawkins	131,785,991	\$ 2,334.19	35
Haywood	47,731,773	\$ 2,716.20	16
Henderson	66,339,012	\$ 2,390.51	31
Henry	74,478,641	\$ 2,295.18	41
Hickman	82,922,172	\$ 3,335.03	10
Houston	19,720,602	\$ 2,401.14	29
Humphreys	39,452,605	\$ 2,134.42	52
Jackson	26,203,808	\$ 2,244.05	45
Jefferson	107,847,376	\$ 2,004.45	71
Johnson	79,643,515	\$ 4,501.92	8
Knox	963,122,232	\$ 2,085.31	59
Lake	74,246,804	\$ 9,941.99	1
Lauderdale	119,277,508	\$ 4,719.38	6
Lawrence	92,024,237	\$ 2,120.57	55
Lewis	28,944,547	\$ 2,405.03	28
Lincoln	69,394,506	\$ 2,056.07	66
Loudon	82,660,195	\$ 1,584.99	92
McMinn	99,774,854	\$ 1,886.92	76
McNairy	60,349,398	\$ 2,320.77	36
Macon	52,115,472	\$ 2,164.35	50
Madison	216,996,972	\$ 2,222.35	47
Marion	53,330,523	\$ 1,876.18	78
Marshall	68,191,813	\$ 2,070.75	62
Maury	166,181,365	\$ 1,803.12	81

Table 6. State of Tennessee Expenditures, Grants to Local Entities, and Other Distributions to County Areas by County Area, Fiscal Year 2016-17.

County Area	State Expenditures, Grants, and Other Distributions to Local Entities	Per Capita Distribution	Per Capita Rank
Meigs	24,935,363	\$ 2,066.24	63
Monroe	84,719,030	\$ 1,832.16	79
Montgomery	360,104,136	\$ 1,798.88	82
Moore	15,862,774	\$ 2,484.77	24
Morgan	109,320,019	\$ 5,052.69	5
Obion	70,084,031	\$ 2,306.53	40
Overton	51,408,382	\$ 2,335.47	34
Perry	20,071,027	\$ 2,516.74	23
Pickett	11,491,780	\$ 2,265.28	42
Polk	34,729,876	\$ 2,072.56	61
Putnam	203,430,143	\$ 2,619.02	18
Rhea	69,568,601	\$ 2,128.07	53
Roane	105,974,171	\$ 1,998.16	72
Robertson	131,774,223	\$ 1,877.74	77
Rutherford	562,955,790	\$ 1,775.01	85
Scott	60,194,181	\$ 2,737.47	14
Sequatchie	29,938,521	\$ 2,031.66	69
Sevier	141,493,286	\$ 1,449.16	94
Shelby	2,169,293,148	\$ 2,315.24	38
Smith	40,502,563	\$ 2,062.67	65
Stewart	30,150,891	\$ 2,257.65	43
Sullivan	267,658,489	\$ 1,703.12	88
Sumner	305,265,257	\$ 1,663.16	90
Tipton	126,692,619	\$ 2,064.54	64
Trousdale	69,576,336	\$ 6,900.36	3
Unicoi	37,719,987	\$ 2,123.99	54
Union	47,038,352	\$ 2,419.42	26
Van Buren	23,905,926	\$ 4,163.34	9
Warren	94,047,192	\$ 2,313.53	39
Washington	279,832,838	\$ 2,189.51	48

Table 6. State of Tennessee Expenditures, Grants to Local Entities, and Other Distributions to County Areas by County Area, Fiscal Year 2016-17.

County Area	State Expenditures, Grants, and Other Distributions to Local Entities	Per Capita Distribution	Per Capita Rank
Wayne	75,876,297	\$ 4,575.55	7
Weakley	99,504,226	\$ 2,984.80	12
White	58,038,009	\$ 2,169.40	49
Williamson	265,137,581	\$ 1,171.84	95
Wilson	201,667,403	\$ 1,478.04	93
Total	\$ 13,864,195,194	\$ 2,064.36	

Source: Tennessee Office of Legislative Budget Analysis.

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**Table 7. State of Tennessee Expenditures, Grants to Local Entities,
and Other Distributions to County Areas by Agency,
Fiscal Year 2016-17.**

Agency	State Expenditures, Grants to Local Entities, and Other Distributions to County Areas
Education	\$ 4,560,455,495
TennCare and Strategic Health	3,718,632,538
Tennessee Consolidated Retirement System	2,260,523,924
Higher Education	1,264,702,433
Correction	847,624,200
Transportation	207,513,298
Children's Services	188,824,500
Labor and Workforce Development	188,824,151
Commerce and Insurance	112,765,066
Environment and Conservation	102,835,325
District Attorneys General	82,891,331
Economic and Community Development	72,829,595
Public Defenders	47,918,196
Court System	36,515,502
Mental Health and Substance Abuse Services	36,203,243
Health	25,228,062
Intellectual and Developmental Disabilities	19,933,718
Agriculture	18,181,609
Human Services	16,817,460
Military	15,122,780
Tennessee Housing Development Agency	11,558,936
Commission on Aging and Disability	8,836,950
Tourist Development	5,460,378
Tennessee Arts Commission	4,672,188
General Services	3,665,515
Finance and Administration	2,023,900
Veteran Services	1,190,248
Commission on Children and Youth	936,000
Wildlife Resources Agency	917,557
Secretary of State	591,096
Total	\$ 13,864,195,194

Source: Tennessee Office of Legislative Budget Analysis.

Table 8. State of Tennessee Grants to County Areas by Grant Category, Fiscal Year 2016-17.¹

Grant Category	Amount
Child and Family Management Grants	\$ 149,234,000
Environmental Grants ²	14,071,913
Bridge Grant Program	9,540,000
Marketing Grants	5,460,378
FEMA Grants	5,366,800
Other Grants	4,672,188
Historical Commission Grants	2,075,800
Development District Grants	2,010,000
Grants (operations and research)	515,128
Library Grants	393,865
Archives Grants	95,500
Help America Vote Grants	31,546
Total	\$ 193,467,118

Source: Tennessee Office of Legislative Budget Analysis.

¹The \$193,467,118 in grants is included in the \$13.9 billion in

"State Expenditures, Grants to Local Entities, and Other Distributions" in Tables 6 and 7.

²Recreation Trails, Clean Diesel, Stream Repair, Recycling,

Used Oil, Waste Tire, and Energy

Table 9. Local Tax Revenue in Tennessee, Fiscal Year 2016-17.

Tax	Counties	Percent	Metros*	Percent	Cities	Percent	Total
Property Tax	\$ 3,452,521,383	63.1%	\$ 984,760,218	18.0%	\$ 1,036,961,442	18.9%	\$ 5,474,243,043
Local Option Sales Tax	194,331,617	7.5%	76,922,925	3.0%	2,322,729,992	89.5%	2,593,984,533
Hotel/Motel Tax	71,894,866	36.6%	85,992,284	43.7%	38,736,936	19.7%	196,624,086
Wheel Tax	141,085,918	80.3%	32,685,405	18.6%	1,900,617	1.1%	175,671,940
PILOTs (Except TVA)	59,336,337	48.7%	6,834	0.0%	62,550,337	51.3%	121,893,508
Other	26,220,146	79.1%	1,102,718	3.3%	5,832,105	17.6%	33,154,969
Litigation Taxes	32,737,512	98.9%	206,903	0.6%	171,588	0.5%	33,116,003
Adequate Facilities/ Development Tax	21,092,686	99.6%	85,000	0.4%	-	0.0%	21,177,686
Restaurant Tax	-	0.0%	-	0.0%	8,197,960	100.0%	8,197,960
Local Amusement Tax	35,048	0.6%	-	0.0%	6,278,606	99.4%	6,313,654
Total	\$ 3,999,255,513	46.0%	\$ 1,181,762,287	13.7%	\$ 3,483,359,583	40.2%	\$ 8,664,377,383

Source: Tennessee Comptroller of the Treasury (Local Government Audits) and Tennessee Department of Revenue.

*Metropolitan governments in Tennessee are Hartsville-Trousdale, Lynchburg-Moore, and Nashville-Davidson.

Table 10. Growth and Volatility of Tennessee State-Shared Taxes, Fiscal Years 2006-07 to 2016-17, Ranked High to Low by Annual Growth Rate.

Tax	Annual Rate of Growth	Volatility	Rank
Mixed Drink	7.0%	5.7%	1
Alcoholic Beverage	4.8%	2.0%	2
Franchise and Excise	4.0%	8.1%	3
TVA Payments	3.4%	4.7%	4
Sales and Use	2.3%	5.0%	5
Gasoline Tax	0.9%	2.1%	6
Special Petroleum	0.5%	2.7%	7
Hall Income	0.0%	18.6%	8
Beer Tax	-0.3%	2.8%	9
Motor Vehicle Fuel	-0.4%	6.3%	10
Total for 10 taxes	2.5%	5.2%	
Baseline: Tenn. Personal Income	3.5%	1.5%	

Sources: Tennessee Department of Revenue and Bureau of Economic Analysis.

Note: Growth rates and volatilities are TACIR staff calculations and are not adjusted for changes in tax rates or tax bases. The volatility (measured as trend deviation) reported is the standard deviation of calculated residuals.

Table 11. Dependence on State-Shared Taxes Median Ratio (Percentages) of State-Shared Taxes to Expenditures, Fiscal Year 2011-12.

City Size	With Property Tax		Without Property Tax	
	State-Shared Taxes to Expenditures Ratio	Number of Cities	State-Shared Taxes to Expenditures Ratio	Number of Cities
Over 10,000	7.7%	55	50.8%	1
5,000 - 9,999	5.0%	42	none	-
2,500 - 4,999	8.0%	45	15.0%	10
1,000 - 2,499	13.5%	63	22.8%	19
Under 1,000	12.6%	66	26.1%	44
Total	7.6%	271	30.1%	74

Source: 2012 Census of Governments, Public Use Data.

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Table 12. Tennessee: Distribution of Local Government General Revenue for Selected Years.

Revenue Source	1974-75	1985-86	1995-96	1999-00	2011-12
Federal Aid	10.0%	6.8%	2.6%	2.7%	2.6%
State Aid	31.0%	26.6%	29.9%	30.5%	21.8%
Own source revenue*	59.0%	66.6%	67.5%	66.8%	75.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Sources: 2012 Census of Governments, Table LGF001.

*Own source revenue is local taxes, fees, and other sources of local revenue and not from the federal or state governments.

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Table 13. Trend in State of Tennessee Revenue Sharing with Local Governments, Fiscal Years 2000-01 to 2016-17.

Fiscal Year	Intergovernmental Revenue Sharing	State of Tennessee - Total Tax Revenues	Percentage of State Total Tax Revenues	State of Tennessee - Total Revenues	Percentage of State Total Revenues
2000-01	\$ 681,151,000	\$ 8,112,402,000	8.4%	\$ 16,717,143,000	4.1%
2001-02	\$ 686,515,000	\$ 7,717,681,000	8.9%	\$ 17,281,511,000	4.0%
2002-03	\$ 641,271,000	\$ 8,785,008,000	7.3%	\$ 19,332,187,000	3.3%
2003-04	\$ 647,654,000	\$ 9,346,383,000	6.9%	\$ 21,262,066,000	3.0%
2004-05	\$ 683,925,000	\$ 9,857,064,000	6.9%	\$ 22,407,434,000	3.1%
2005-06	\$ 738,349,000	\$ 10,573,235,000	7.0%	\$ 22,527,011,000	3.3%
2006-07	\$ 815,832,000	\$ 11,334,640,000	7.2%	\$ 23,623,309,000	3.5%
2007-08	\$ 842,096,000	\$ 11,333,507,000	7.4%	\$ 23,850,685,000	3.5%
2008-09	\$ 810,063,000	\$ 10,376,455,000	7.8%	\$ 23,978,950,000	3.4%
2009-10	\$ 874,094,000	\$ 10,445,363,000	8.4%	\$ 26,344,100,000	3.3%
2010-11	\$ 825,777,000	\$ 11,422,284,000	7.2%	\$ 28,072,953,000	2.9%
2011-12	\$ 851,535,000	\$ 12,280,198,000	6.9%	\$ 28,036,351,000	3.0%
2012-13	\$ 844,628,000	\$ 12,605,171,000	6.7%	\$ 28,015,624,000	3.0%
2013-14	\$ 897,312,000	\$ 12,762,694,000	7.0%	\$ 27,906,517,000	3.2%
2014-15	\$ 980,258,000	\$ 13,717,684,000	7.1%	\$ 28,587,544,000	3.4%
2015-16	\$ 1,045,095,000	\$ 14,536,940,000	7.2%	\$ 30,452,312,000	3.4%
2016-17	\$ 1,073,737,000	\$ 15,151,281,000	7.1%	\$ 31,145,158,000	3.4%

Sources: State of Tennessee Comprehensive Annual Financial Reports.

Figure 1. State of Tennessee's Percentage of Total Revenue Shared with Local Governments, Fiscal Years 2000-01 to 2016-17.

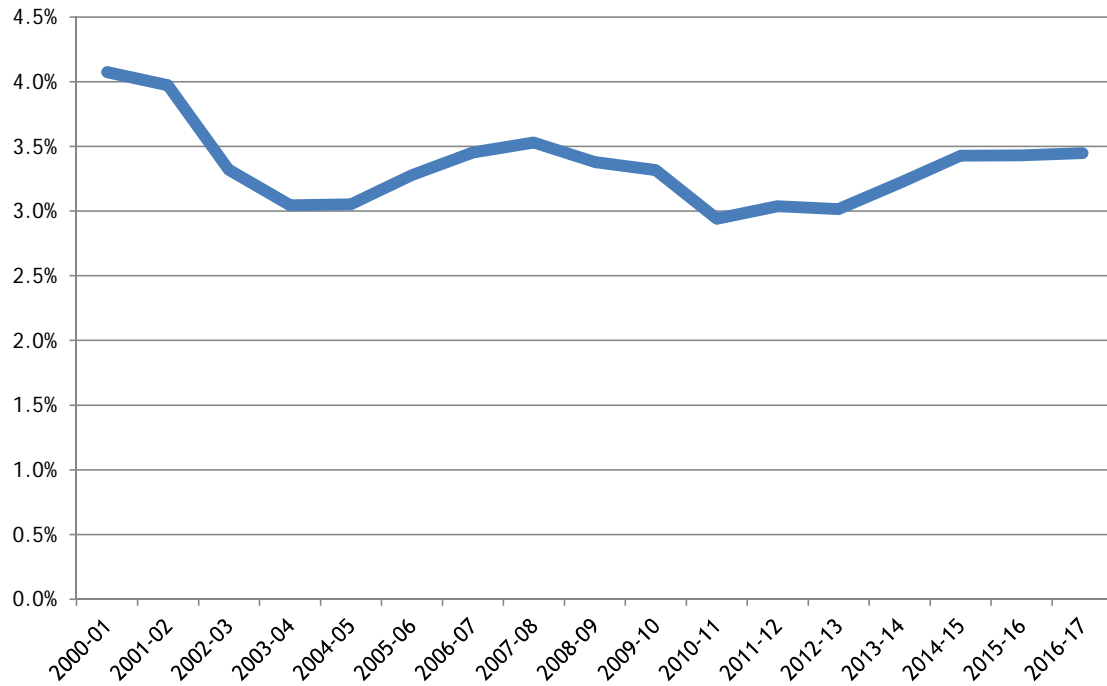


Figure 2. State of Tennessee's Percentage of Tax Revenue Shared with Local Governments, Fiscal Years 2000-01 to 2016-17.

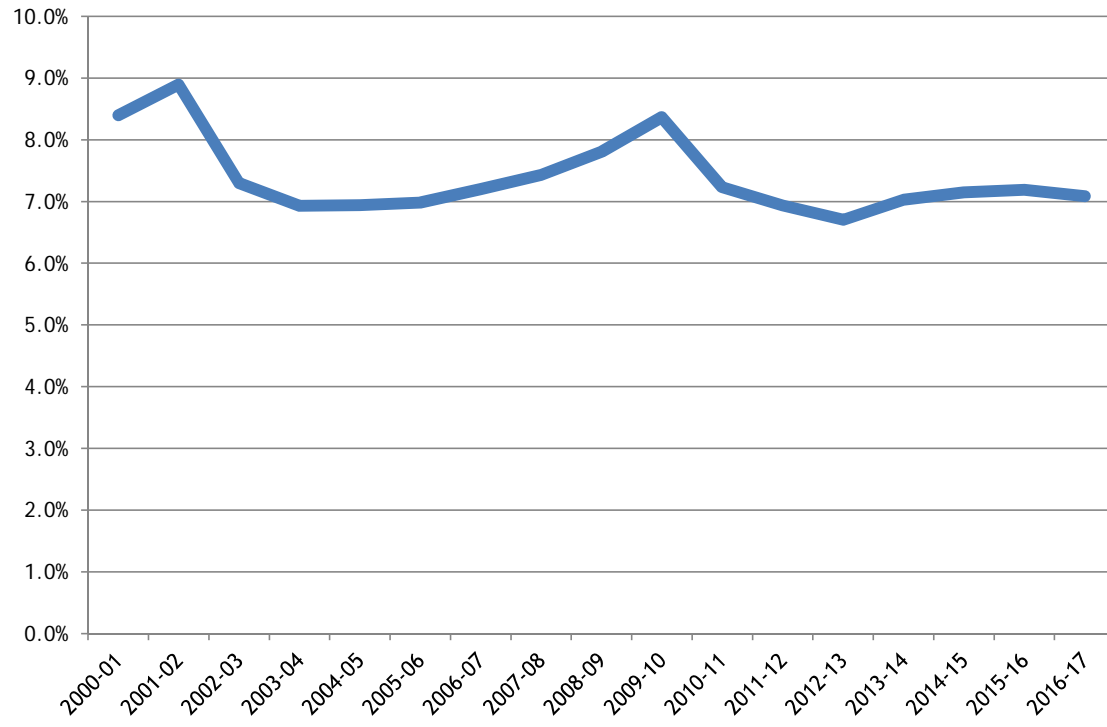


Table 14. Allocation of Tennessee State-shared Tax Collections, Selected Years.

	1970	1998	2003	2017
Allocated to Counties	\$ 41,286,000	\$ 250,632,000	\$ 268,906,000	\$ 498,657,000
Share of Total Funds Allocated	6.27%	3.71%	3.59%	3.58%
Allocated to Municipalities	\$ 41,730,000	\$ 346,451,000	\$ 383,679,000	\$ 788,384,000
Share of Total Funds Allocated	6.34%	5.13%	5.13%	5.66%
Total Allocated to Local Governments	\$ 83,016,000	\$ 597,083,000	\$ 652,585,000	\$ 1,287,041,000
Sum of Shares of County and City Funds	12.61%	8.84%	8.72%	9.24%
Total Allocated to State and Local Governments	\$ 658,214,000	\$ 6,751,543,000	\$ 7,482,302,000	\$ 13,925,451,000

Sources: Tennessee Department of Revenue.

Note: Data excludes wholesale beer tax distributions because they are not available for all dates.

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Table 15. Sources of City General Revenue (Amounts), Fiscal Year 2011-12.

State or Region	Federal Aid	State Aid	Other Local Aid	Own Source*		Total
				Taxes	Charges and Misc.	
United States	\$ 23,727,734,000	\$ 77,706,071,000	\$ 9,952,676,000	\$ 197,542,590,000	\$ 117,765,222,000	\$ 426,694,293,000
Southeast	\$ 3,702,905,000	\$ 10,485,520,000	\$ 3,990,610,000	\$ 30,530,845,000	\$ 22,086,235,000	\$ 70,796,115,000
Alabama	\$ 88,037,000	\$ 328,944,000	\$ 54,333,000	\$ 2,820,960,000	\$ 967,839,000	\$ 4,260,113,000
Arkansas	\$ 84,015,000	\$ 211,107,000	\$ 263,685,000	\$ 832,333,000	\$ 888,457,000	\$ 2,279,597,000
Florida	\$ 749,380,000	\$ 1,283,303,000	\$ 516,482,000	\$ 7,191,848,000	\$ 6,136,748,000	\$ 15,877,761,000
Georgia	\$ 263,143,000	\$ 211,201,000	\$ 1,180,738,000	\$ 2,147,976,000	\$ 2,543,305,000	\$ 6,346,363,000
Kentucky	\$ 273,384,000	\$ 184,119,000	\$ 120,624,000	\$ 1,612,122,000	\$ 1,282,990,000	\$ 3,473,239,000
Louisiana	\$ 631,961,000	\$ 677,124,000	\$ 59,455,000	\$ 2,363,636,000	\$ 1,623,489,000	\$ 5,355,665,000
Mississippi	\$ 142,090,000	\$ 609,495,000	\$ 26,127,000	\$ 551,665,000	\$ 1,278,453,000	\$ 2,607,830,000
North Carolina	\$ 320,191,000	\$ 772,265,000	\$ 170,673,000	\$ 3,496,460,000	\$ 2,194,295,000	\$ 6,953,884,000
South Carolina	\$ 65,266,000	\$ 157,810,000	\$ 109,417,000	\$ 1,190,671,000	\$ 677,289,000	\$ 2,200,453,000
Tennessee	\$ 279,640,000	\$ 2,291,233,000	\$ 1,283,181,000	\$ 2,954,109,000	\$ 2,279,311,000	\$ 9,087,474,000
Virginia	\$ 759,786,000	\$ 3,733,856,000	\$ 201,000,000	\$ 4,992,995,000	\$ 1,669,555,000	\$ 11,357,192,000
West Virginia	\$ 46,012,000	\$ 25,063,000	\$ 4,895,000	\$ 376,070,000	\$ 544,504,000	\$ 996,544,000

Source: 2012 Census of Governments, Table LGF002.

*Own source revenue includes local taxes and fees but excludes intergovernmental aid.

Table 16. State Intergovernmental Expenditures as a Percentage of State General Revenue, Fiscal Years 1999-00 and 2011-12.

State or Region	Amount (Fiscal Year 1999-00)	Percent of State General Revenue (Fiscal Year 1999-00)	Amount (Fiscal Year 2011-12)	Percent of State General Revenue (Fiscal Year 2011-12)
United States	\$ 327,069,800,000	33.2%	\$ 477,253,059,000	29.3%
South Region	\$ 64,100,100,000	29.9%	\$ 96,005,726,000	26.8%
Alabama	\$ 3,908,400,000	27.7%	\$ 6,563,313,000	29.5%
Arkansas	\$ 2,725,200,000	29.9%	\$ 5,047,324,000	29.5%
Florida	\$ 14,073,400,000	33.8%	\$ 17,340,127,000	24.3%
Georgia	\$ 7,179,700,000	30.7%	\$ 10,223,211,000	28.1%
Kentucky	\$ 3,280,100,000	22.4%	\$ 5,029,106,000	22.3%
Louisiana	\$ 3,721,600,000	25.0%	\$ 6,387,767,000	25.2%
Mississippi	\$ 3,248,000,000	33.7%	\$ 5,138,081,000	30.2%
North Carolina	\$ 9,301,100,000	33.5%	\$ 13,514,695,000	29.6%
South Carolina	\$ 3,806,100,000	28.6%	\$ 5,312,018,000	25.0%
Tennessee	\$ 4,364,400,000	27.4%	\$ 7,179,774,000	26.3%
Virginia	\$ 7,132,400,000	31.4%	\$ 11,652,278,000	29.5%
West Virginia	\$ 1,359,700,000	19.3%	\$ 2,618,032,000	21.3%

Source: 2012 Census of Governments.

Table 17. Sources of City General Revenue (Percentages), Fiscal Year 2011-12.

State or Region	Federal Aid	State Aid	Other Local Aid	Own Source*		Total
				Taxes	Charges and Misc.	
United States	5.6%	18.2%	2.3%	46.3%	27.6%	100.0%
Southeast	5.2%	14.8%	5.6%	43.1%	31.2%	100.0%
Alabama	2.1%	7.7%	1.3%	66.2%	22.7%	100.0%
Arkansas	3.7%	9.3%	11.6%	36.5%	39.0%	100.0%
Florida	4.7%	8.1%	3.3%	45.3%	38.6%	100.0%
Georgia	4.1%	3.3%	18.6%	33.8%	40.1%	100.0%
Kentucky	7.9%	5.3%	3.5%	46.4%	36.9%	100.0%
Louisiana	11.8%	12.6%	1.1%	44.1%	30.3%	100.0%
Mississippi	5.4%	23.4%	1.0%	21.2%	49.0%	100.0%
North Carolina	4.6%	11.1%	2.5%	50.3%	31.6%	100.0%
South Carolina	3.0%	7.2%	5.0%	54.1%	30.8%	100.0%
Tennessee	3.1%	25.2%	14.1%	32.5%	25.1%	100.0%
Virginia	6.7%	32.9%	1.8%	44.0%	14.7%	100.0%
West Virginia	4.6%	2.5%	0.5%	37.7%	54.6%	100.0%

Source: 2012 Census of Governments, Table LGF002.

*Own source revenue includes local taxes and fees but excludes intergovernmental aid.

Table 17a. Sources of County General Revenue (Percentages), Fiscal Year 2011-12.

State or Region	Federal Aid	State Aid	Other Local Aid	Own Source*		Total
				Taxes	Charges and Misc.	
United States	3.8%	29.9%	2.3%	38.9%	25.0%	100.0%
Southeast	4.3%	25.3%	1.4%	42.4%	26.7%	100.0%
Alabama	2.6%	18.1%	1.2%	52.3%	25.8%	100.0%
Arkansas	4.2%	13.7%	0.4%	57.0%	24.6%	100.0%
Florida	7.4%	11.2%	1.2%	43.8%	36.4%	100.0%
Georgia	2.9%	4.6%	1.3%	68.9%	22.4%	100.0%
Kentucky	4.7%	21.0%	2.8%	22.5%	49.1%	100.0%
Louisiana	2.7%	22.2%	0.7%	35.9%	38.5%	100.0%
Mississippi	0.5%	15.7%	0.5%	27.7%	55.6%	100.0%
North Carolina	5.8%	43.7%	2.1%	30.8%	17.5%	100.0%
South Carolina	2.8%	9.0%	1.2%	46.4%	40.6%	100.0%
Tennessee	0.7%	32.8%	0.8%	37.7%	28.1%	100.0%
Virginia	2.7%	33.0%	1.3%	51.7%	11.2%	100.0%
West Virginia	5.9%	10.2%	0.7%	48.3%	34.9%	100.0%

Source: 2012 Census of Governments, Table LGF002.

*Own source revenue includes local taxes and fees but excludes intergovernmental aid.

Table 18. Per Capita City Revenue by State, Fiscal Year 2011-12.

State	General Revenue	Revenue From State	Own Taxes	Own Charges & Misc.
Alabama	\$ 884.95	\$ 68.33	\$ 586.00	\$ 201.05
Arkansas	\$ 772.95	\$ 71.58	\$ 282.22	\$ 301.25
Georgia	\$ 640.32	\$ 21.31	\$ 216.72	\$ 256.61
Kentucky	\$ 792.31	\$ 42.00	\$ 367.76	\$ 292.67
Mississippi	\$ 874.24	\$ 204.33	\$ 184.94	\$ 428.58
North Carolina	\$ 712.83	\$ 79.16	\$ 358.42	\$ 224.93
Tennessee	\$ 1,408.77	\$ 355.20	\$ 457.96	\$ 353.35
Virginia	\$ 1,386.94	\$ 455.98	\$ 609.75	\$ 203.89
Total	\$ 937.90	\$ 168.75	\$ 392.60	\$ 265.08

Source: 2012 Census of Governments, Table LGF002.

Table 18a. Per Capita County Revenue by State, Fiscal Year 2011-12.

State	General Revenue	Revenue From State	Own Taxes	Own Charges & Misc.
Alabama	\$ 473.50	\$ 85.77	\$ 247.55	\$ 122.28
Arkansas	\$ 465.83	\$ 63.97	\$ 265.71	\$ 114.47
Georgia	\$ 890.35	\$ 40.96	\$ 613.02	\$ 199.37
Kentucky	\$ 614.77	\$ 128.87	\$ 138.18	\$ 301.72
Mississippi	\$ 1,205.99	\$ 189.25	\$ 334.08	\$ 671.04
North Carolina	\$ 2,734.23	\$ 1,195.47	\$ 842.75	\$ 479.68
Tennessee	\$ 2,053.07	\$ 674.08	\$ 773.10	\$ 576.20
Virginia	\$ 2,388.97	\$ 788.97	\$ 1,234.79	\$ 268.41
Total	\$ 1,582.86	\$ 497.78	\$ 666.99	\$ 340.26

Source: 2012 Census of Governments, Table LGF002.

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**Table 19. General Expenditures of Counties and Cities in Tennessee,
Fiscal Year 2011-12.**

Category	General Expenditures		
	Counties	Cities	Total
Education	\$ 6,085,126,000	\$ 2,722,826,000	\$ 8,807,952,000
Hospitals	2,276,174,000	404,532,000	2,680,706,000
Police	481,525,000	969,826,000	1,451,351,000
General Expenditure	367,832,000	944,977,000	1,312,809,000
Governmental Administration	637,316,000	512,478,000	1,149,794,000
Interest on General Debt	416,109,000	375,028,000	791,137,000
Highways	372,950,000	401,384,000	774,334,000
Fire	71,064,000	611,761,000	682,825,000
Sewers	2,334,000	666,711,000	669,045,000
Correction	352,848,000	64,722,000	417,570,000
Health	295,395,000	99,470,000	394,865,000
Parks and Recreation	43,822,000	344,850,000	388,672,000
Solid Waste	102,406,000	242,238,000	344,644,000
Housing and Community	15,484,000	189,812,000	205,296,000
Public Welfare	105,062,000	51,184,000	156,246,000
Libraries	39,547,000	63,266,000	102,813,000
Airports	8,447,000	28,870,000	37,317,000
Natural Resources	17,547,000	4,298,000	21,845,000
Parking	-	4,538,000	4,538,000
Ports	1,041,000	1,349,000	2,390,000
Total	\$ 11,692,029,000	\$ 8,704,120,000	\$ 20,396,149,000

Source: 2012 Census of Governments, Table LGF002.

Table 20. State Aid to Local Governments and School Districts in Tennessee, Fiscal Year 2014-15.

Category	State
Elementary and Secondary Education	\$ 5,213,164,000
Welfare, Categorical Assistance Programs	857,027,000
General Support	352,917,000
General	223,410,000
Regular Highways	168,513,000
Corrections, Other	159,582,000
Health	88,682,000
Correctional Institutions	70,057,000
Air Transportation	19,086,000
Housing and Community Development	15,490,000
Welfare	12,593,000
Protective Inspection and Regulations	11,707,000
Police Protection	9,203,000
Natural Resources	6,635,000
Judicial and Legal	5,174,000
Hospitals	5,139,000
Financial Administration	5,069,000
Parks and Recreation	4,727,000
Libraries	1,173,000
Solid Waste Management	1,146,000
Education (Local Governments)	708,000
Transit Utilities	414,000
Central Staff Services	74,000
Total	\$ 7,231,690,000

Source: 2015 Census of Governments.

Table 21. Estimated Expenditures for Street Construction and Maintenance by Population, Fiscal Years 2017-18 and 2018-19.

City Population	State Street Aid Amount	
	State Street Aid Amount (Fiscal Year 2017-18 Estimate)	State Street Aid Amount (Fiscal Year 2018-19 Estimate)
1,000	\$ 33,200	\$ 34,300
2,500	\$ 83,000	\$ 85,750
5,000	\$ 166,000	\$ 171,500
10,000	\$ 332,000	\$ 343,000
20,000	\$ 664,000	\$ 686,000
40,000	\$ 1,328,000	\$ 1,372,000

Source: TACIR staff calculations based on Municipal Technical Advisory Service (MTAS) per capita dollar amounts of \$33.20 for fiscal year 2017-18 and \$34.30 for fiscal year 2018-19.

<http://www.mtas.tennessee.edu/reference/state-shared-taxes-and-appropriations-coming-fiscal-year>

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Table 22. Number and Population of Cities in States in the Southeast.

State	Population	Number of Cities	Number per 10,000 Persons	Percent with Populations <2,500
Alabama	4,874,747	461	0.946	67.0%
Arkansas	3,004,279	502	1.671	78.9%
Georgia	10,429,379	535	0.513	60.9%
Kentucky	4,454,189	418	0.938	71.1%
Mississippi	2,984,100	298	0.999	69.5%
North Carolina	10,273,419	553	0.538	59.9%
Tennessee	6,715,984	345	0.514	58.6%
Virginia	8,470,020	229	0.270	62.4%

Source: US Census and 2012 Census of Governments, Tables ORG002 and ORG007.

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Table 23. Distribution of Tennessee Cities by Population Size.

Population Size	Number	Percent of All Municipalities	Population	Percent of Municipal Population
Over 100,000	6	2%	1,927,305	49%
50,000-99,999	6	2%	369,464	9%
25,000-49,999	16	5%	560,220	14%
10,000-24,999	28	8%	390,234	10%
5,000-9,999	42	12%	298,256	8%
2,500-4,999	55	16%	196,479	5%
1,000-2,499	82	24%	138,118	4%
Under 1,000	110	32%	56,494	1%
Total	345	100%	3,936,570	100%

Source: 2016 US Census, Table DP05.

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Table 24. Distribution of Cities in Tennessee by Type of Incorporation.

Form of Charter	Number	Percent
Home Rule	14	4%
Manager-Commission	47	14%
Mayor-Aldermanic	67	19%
Modified Manager-Council	2	1%
Metropolitan Government	3	1%
Private Act	212	61%
Total	345	100%

Source: Municipal Technical Advisory Service website, accessed July 12, 2018.

https://www.mtas.tennessee.edu/charters?field_charter_type_tid_1=All

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Table 25. Tennessee Municipal Incorporation Standards.

Form of Charter	Population Minimum and Other Requirements	Distance from Other City	Plan of Services ¹	County Approval ²	Limited to Planned Growth Area ³	Property Tax required ⁴	Other	Source (Tennessee Code Annotated, Constitution)
Home Rule	Can only be adopted by existing municipalities						General or special election	Tennessee Constitution, Article XI, Section 9
Mayor-Aldermanic	1,500	Five miles from municipalities with at least 100,000 residents; Three miles from other municipalities (distance requirements exclude counties with a metropolitan form of government with a population of at least 100,000; statute also contains bracket exceptions for certain territories)	Yes	Yes	Yes	Yes	Referendum	TCA 6-1-201, 6-1-202, 6-1-203, 6-58-112
City Manager - Commission	1,500	Five miles from municipalities with at least 100,000 residents; Three miles from other municipalities (distance requirements exclude counties with a metropolitan form of government with a population of at least 100,000; statute also contains bracket exceptions for certain territories)	Yes	Yes	Yes	Yes	Referendum	TCA 6-18-103, 6-18-104, 6-22-103, 6-58-112
Modified City Manager - Council	5,000; Can only be adopted by unincorporated territories	Five miles from municipalities with at least 100,000 residents; Three miles from other municipalities (distance requirements exclude counties with a metropolitan form of government with a population of at least 100,000; statute also contains bracket exceptions for certain territories)	Yes	Yes	Yes	Yes	Referendum	TCA 6-30-101, 6-30-103, 6-30-104, 6-30-106, 6-58-112
Metropolitan Government						Yes	See footnote. ⁵	TCA 7-2-101, 7-2-108

¹A plan of services is required by statutes relating to each type of municipality and by Tennessee Code Annotated, Section 6-58-112(c)(2).

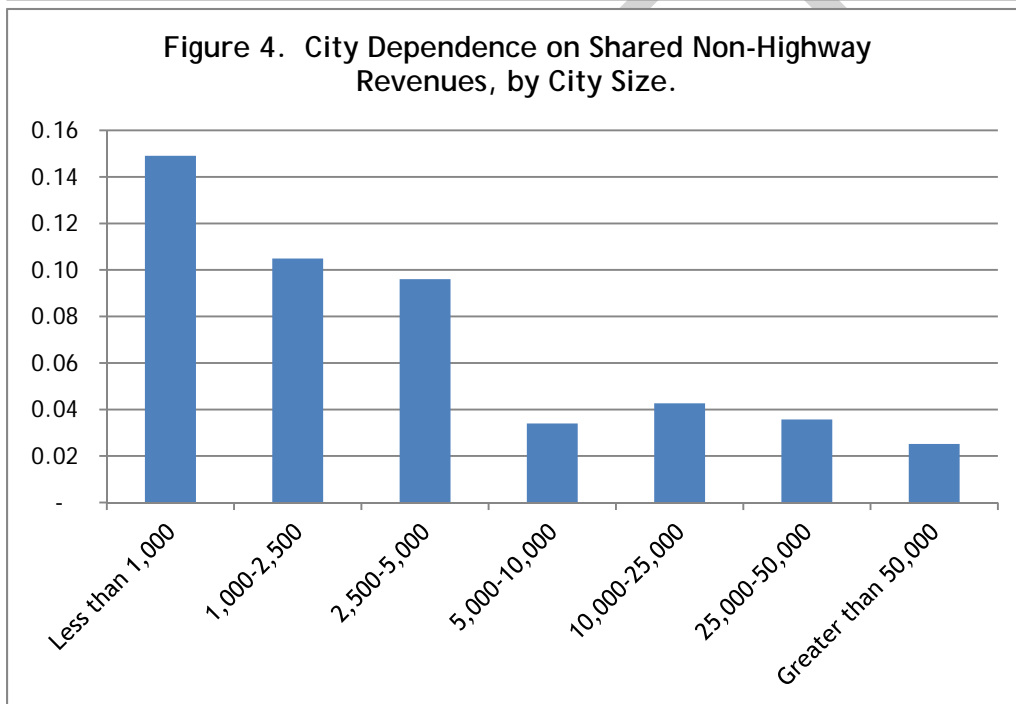
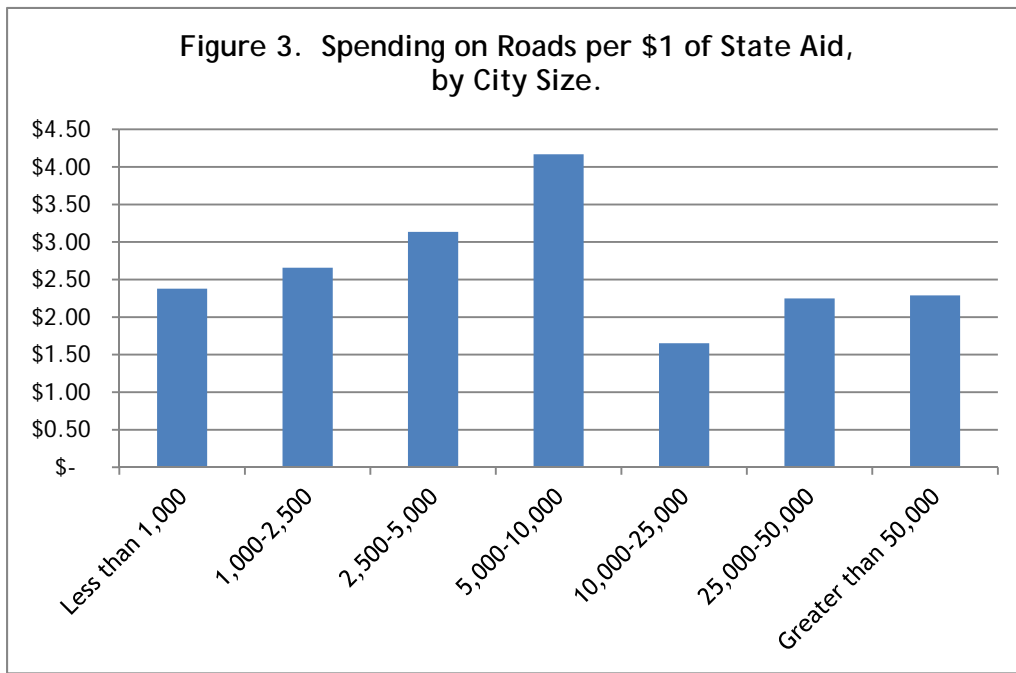
²If the residents of a planned growth area petition to have an election of incorporation, the county legislative body shall approve the corporate limits and the urban growth boundary of the proposed municipality. See Tennessee Code Annotated, Section 6-58-112.

³After January 1, 1999, a new municipality may only be created in territory approved as a planned growth area. See Tennessee Code Annotated, Section 6-58-112.

⁴A municipality incorporated after 5/19/98 shall impose a property tax. See Tennessee Code Annotated, Section 6-58-112.

⁵The first step to consolidation is the creation of a metropolitan government charter commission.

Note: Private Act Charters were prohibited by a 1953 amendment to Tennessee's constitution.



Source: US Census (population) and 2012 Census of Governments.

Table 26. Per Capita City Expenditures, Fiscal Year 2011-12.

State	Highways	Police	Fire	Parks and Recreation	Water	Sewer	Solid Waste	Total
Alabama	\$ 72.76	\$ 139.45	\$ 85.79	\$ 64.87	\$ 120.11	\$ 61.37	\$ 32.91	\$ 577.27
Arkansas	\$ 73.72	\$ 118.92	\$ 75.66	\$ 44.10	\$ 96.87	\$ 86.69	\$ 42.64	\$ 538.60
Georgia	\$ 51.11	\$ 101.30	\$ 51.47	\$ 33.84	\$ 117.84	\$ 65.93	\$ 34.07	\$ 455.56
Kentucky	\$ 50.12	\$ 83.27	\$ 66.79	\$ 32.37	\$ 144.78	\$ 55.28	\$ 29.74	\$ 462.35
Mississippi	\$ 82.29	\$ 110.19	\$ 67.55	\$ 40.55	\$ 98.50	\$ 66.33	\$ 30.31	\$ 495.73
North Carolina	\$ 62.83	\$ 137.27	\$ 70.66	\$ 60.36	\$ 106.82	\$ 111.14	\$ 43.37	\$ 592.45
Tennessee	\$ 62.22	\$ 150.35	\$ 94.84	\$ 53.46	\$ 114.72	\$ 103.36	\$ 37.55	\$ 616.49
Virginia	\$ 68.68	\$ 98.05	\$ 58.40	\$ 52.18	\$ 71.69	\$ 69.97	\$ 27.99	\$ 446.97
Total	\$ 63.03	\$ 117.96	\$ 69.18	\$ 48.58	\$ 107.81	\$ 80.28	\$ 35.14	\$ 521.98

Source: US Census and 2012 Census of Governments, Table LGF002.

Table 27. Number of Services Provided by Cities in Tennessee.

Number of Services Provided	Number of Cities Providing Services (Fiscal Year 2011-12)	Percentage	Number of Cities Providing Services (Fiscal year 2014-15)*	Percentage
0	0	0.0%	0	0.0%
1	8	2.3%	8	2.3%
2	22	6.4%	24	7.0%
3	23	6.7%	22	6.4%
4	50	14.5%	51	14.8%
5	50	14.5%	57	16.5%
6	66	19.1%	75	21.7%
7	126	36.5%	108	31.3%
Total	345	100.0%	345	100.0%

Source: 2012 and 2015 Census of Governments, Public Use Data.

*Data for the 54 cities that responded to the 2015 Census of Governments was updated for fiscal year 2014-15.

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Table 28. Average Number of Services of Cities in Tennessee by Population, Fiscal Year 2011-12.

Population	Number of Cities	Average number of Services
Over 50,000	12	6.5
25,000 - 49,000	16	6.7
10,000 - 24,999	28	6.1
5,000 - 9,999	42	6.5
2,500 - 4,999	55	5.9
1,000 - 2,499	82	5.5
Under 1,000	110	4.1
Total	345	5.4

Source: US Census and 2012 Census of Governments, Public Use Data.

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Table 29. Number of Services of Cities in Tennessee With and Without a School System, Fiscal Year 2011-12.

Population	With School System	Without School System
Over 50,000	7.0	6.3
25,000 - 49,000	7.0	6.5
10,000 - 24,999	6.4	6.0
5,000 - 9,999	6.7	6.4
2,500 - 4,999	6.5	5.8
1,000 - 2,499	*	5.5
Under 1,000	*	4.1
Total	6.7	5.2

Source: US Census and 2012 Census of Governments, Public Use Data.

*No cities with populations less than 2,500 have a municipal school system.

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Table 30. Summary of City Police Services in Tennessee, 2016.

Level of Service	Number of Cities (2000)	Percent of All Cities in Tennessee	Number of Cities (2018)	Percent of All Cities in Tennessee
City departments with coverage 24 hours per day, 7 days per week	196	56%	182	53%
City departments, but not enough officers to provide coverage 24 hours per day, 7 days per week	66	19%	69	20%
Cities without police departments	86	25%	94	27%
Total	348	100%	345	100%

Source: Data received in emails from Rex Barton, police consultant, Municipal Technical Advisory Service, July 17 and 18, 2018.

Note: 2016 data reported by city police departments to the Tennessee Bureau of Investigation. Rex Barton, police consultant, Municipal Technical Advisory Service, assumes a minimum of five full-time officers is required to provide 24/7 coverage.

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Table 31. Summary of City Water Services in Tennessee.

Number of Cities (2003)	Percent	Number of Cities (2018)	Percent	Water Service
205	59%	205	59%	City departments that own the treatment plant and distribution system
19	5%	40	12%	City departments that own the distribution system but not the treatment plant
124	36%	100	29%	City is served by another entity that owns the treatment plant and distribution system
0	0%	0	0%	Cities with no service whose residents rely on wells
348	100%	345	100%	

Source: Tennessee Department of Environment and Conservation.

Note: The status of the water service in 2003 of the three cities that unincorporated since 2003 is unknown.

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Table 32. Summary of City Services Provided in Tennessee.

Number of Services Provided	Number of Cities Providing Services in 1997	Number of Cities Providing Services in 2012	Difference
1	17	8	(9)
2	23	22	(1)
3	37	23	(14)
4	28	50	22
5	44	50	6
6	73	66	(7)
7	122	126	4
Total	344	345	1

Source: 1997 and 2012 Census of Governments, US Census Bureau.

Table 33. Summary of City and County Parks and Recreation Services.

	Cities	Percent	Counties	Percent
Number that have a parks and recreation department	117	33.9%	22	23.2%
Number that have a joint department with another city and/or county	7	2.0%	3	3.2%
Number that provide some level of service, but do not have a department	8	2.3%	7	7.4%
Number that do not provide any services or for which no information is available	213	61.7%	63	66.3%
Total	345	100.0%	95	100.0%

Source: Tennessee Recreation and Parks Association (Agency List and Parks Facilities List).

Note: Metro Nashville Parks and Recreation is included in this table as a joint department.

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Table 34. Summary of City Sewer Services in Tennessee.

	Number of Cities	Percent
Municipal utilities that own their collection and treatment systems and operate under a National Pollutant Discharge Elimination System permit	244	70.7%
Municipal utilities that own their collection systems and operate under a State Operating Permit as a satellite collection system	43	12.5%
No sewer service, city residents rely on septic tanks	58	16.8%
Total	345	100.0%

Source: Tennessee Department of Environment and Conservation.

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Table 35. Tennessee's Top Five Counties
in Tourism-related Sales, * 2016.

County	Annual Expenditures	Percent of State
Davidson	\$ 5,996,510,000	32.1%
Shelby	3,335,380,000	17.9%
Sevier	2,217,080,000	11.9%
Hamilton	1,060,350,000	5.7%
Knox	1,056,160,000	5.7%
All Other Counties	5,019,000,000	26.9%
Total Statewide	\$ 18,684,480,000	100.0%

Source: 2016 Economic Impact of Travel on Tennessee Counties, Tennessee Department of Tourist Development.

https://industry.tnvacation.com/sites/industry/files/component/pod/EI_2017_Share.pdf

*Tourism-related sales include food service, auto transportation, lodging, entertainment and recreation, general retail trade, and public transportation.

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Table 36. State and Local Out-of-State¹ (Including Internet) Sales Tax Revenue in Tennessee, Fiscal Years 2003-04 to 2017-18.

	Out-of-State Sales Tax Revenue		
	State	Local	Total
2003-04	\$ 796,294,479	\$ 202,403,008	\$ 998,697,487
2004-05	\$ 868,552,373	\$ 215,163,847	\$ 1,083,716,220
2005-06	\$ 968,663,251	\$ 241,494,338	\$ 1,210,157,588
2006-07	\$ 1,015,193,956	\$ 244,728,931	\$ 1,259,922,887
2007-08	\$ 1,085,245,925	\$ 250,263,751	\$ 1,335,509,675
2008-09	\$ 1,046,097,302	\$ 265,370,331	\$ 1,311,467,633
2009-10	\$ 973,478,020	\$ 264,076,351	\$ 1,237,554,371
2010-11	\$ 1,021,880,396	\$ 288,654,019	\$ 1,310,534,415
2011-12	\$ 1,077,584,628	\$ 300,556,187	\$ 1,378,140,815
2012-13	\$ 1,114,343,937	\$ 307,955,735	\$ 1,422,299,672
2013-14	\$ 1,148,267,364	\$ 317,519,626	\$ 1,465,786,990
2014-15	\$ 1,231,923,319	\$ 348,229,322	\$ 1,580,152,641
2015-16	\$ 1,342,132,915	\$ 380,107,523	\$ 1,722,240,438
2016-17	\$ 1,392,041,063	\$ 401,570,730	\$ 1,793,611,794
2017-18	\$ 1,601,328,639	\$ 368,229,908	\$ 1,969,558,548

Source: Tennessee Department of Revenue.

¹Out-of-state sales tax revenues are collected from dealers with no location in this state who choose to pay at the 2.25% uniform local option sales tax rate. See Tennessee Code Annotated, Section 67-6-702(f).

**Table 37. Changes in Tennessee State Law Resulting in Mandatory Increases
in Local Expenditures, 2013 to 2018 Legislative Sessions.**

Legislative Session	Mandatory Local Expenditures			State Funding ¹		
	Recurring	One-Time	Total	Recurring	One-Time	Total
2013	\$ 493,900	\$ -	\$ 493,900	\$ -	\$ -	\$ -
2014	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ -	\$ -
2015	\$ 60,900	\$ -	\$ 60,900	\$ -	\$ -	\$ -
2016 ²	\$ 4,053,500	\$ 2,344,400	\$ 6,397,900	\$ 223,065,000	\$ -	\$ 223,065,000
2017	\$ 69,100	\$ -	\$ 69,100	\$ -	\$ -	\$ -
2018	\$ 987,200	\$ 510,300	\$ 1,497,500	\$ -	\$ -	\$ -
Total	\$ 5,669,600	\$ 2,854,700	\$ 8,524,300	\$ 223,065,000	\$ -	\$ -

Source: Fiscal Review, Regular Session Cumulative Fiscal Notes, 2013-2018.

Note: Public chapters with increases in mandatory local expenditures of \$1 million or less are funded by the annual increases in state-shared tax revenue. Increases of more than \$1 million shall be specifically appropriated. See Public Chapter 460, Acts of 2017, Section 42.

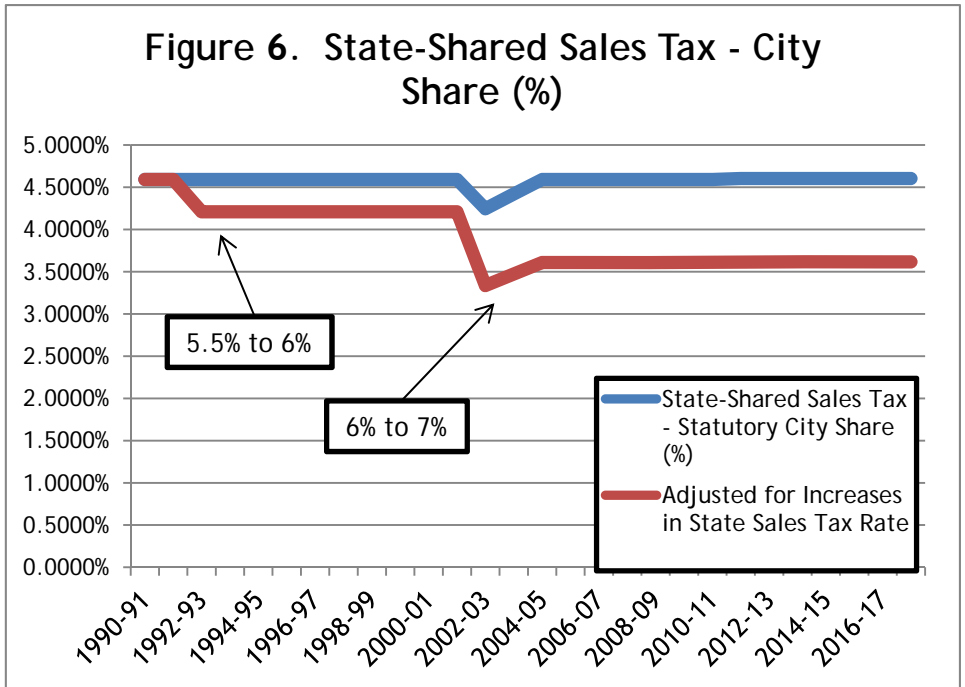
¹From the fiscal notes of public chapters with mandatory local expenditures.

²Public Chapter 1020, Acts of 2016, (HB 2574) made multiple changes to the Basic Education Program funding formula that were projected to increase mandatory local expenditures by \$1,664,800 in fiscal year 2016-17 and by at least \$1,664,800 in subsequent fiscal years. See Figure 5 for Changes in the Basic Education Program affecting state funding.

Figure 5. Public Chapter 1020, Acts of 2016, Increases in Mandatory Local Expenditures and State Funding of the Basic Education Program.

- Based on information from the DOE's recalculation of the BEP funding formula, though the changes outlined in the bill as amended would raise the BEP local match requirement by \$110,899,000; however, because local governments are currently funding their respective LEAs above the required BEP local match, the effective recurring increase in the local expenditures is estimated to be \$1,664,839 in FY16-17.
- Raising the BEP salary unit cost from \$42,065 to \$44,430 will increase recurring state BEP expenditures an estimated \$104,600,000.
- Growth in average daily membership and other inflationary increases in unit costs within the formula's components are estimated to increase recurring state BEP expenditures by \$48,800,000.
- Adding a twelfth month of insurance premiums to the BEP formula will result in a recurring increase in state BEP expenditures of approximately \$29,480,000.
- Lowering the BEP funding ratio for ELL students to teachers and translators from 1:30 and 1:300 respectively will result in more such teachers and translators being funded by the BEP funding formula. The bill as amended authorizes a phase-in period for this change; as such the Governor's FY16-17 budget funds this need at 50 percent in FY16-17, resulting in a recurring increase in state BEP expenditures estimated to be \$13,901,000.
- Doubling funding for the BEP technology component will result in a recurring increase in state BEP expenditures estimated to be \$15,000,000.
- Condensing the special education options from 10 to 4 will result in a recurring increase in state BEP expenditures estimated to be \$4,801,000.
- Other changes in the BEP formula for formula adjustments, including an increase in baseline funding and stability funding for some LEAs and related mandatory increases for other formula components as the result of all of the changes outlined in the legislation will result in a recurring increase in state expenditures of \$6,483,000.

Source: Fiscal Memorandum of Amendments 011771, 014668, and 015013 of Senate Bill 2565, House Bill 2574.



Source: Tennessee Code Annotated, Section 67-6-603 (Archived Versions).

Note: Cities' share of state-shared sales tax in fiscal year 1990-91 was 4.5925% of the state sales tax rate, which was 5.5%. None of the additional revenues from the increases in 1992-93 (from 5.5% to 6%) and 2002-03 (from 6% to 7%) were shared with cities.

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**Table 38. State and Local-Option Sales Tax Revenue in Tennessee,
Fiscal Years 2003-04 to 2017-18.**

Fiscal Year	Sales Tax Revenue				
	State	Percent	Local-Option	Percent	Total
2003-04	\$ 5,786,191,566	78.3%	\$ 1,601,629,924	21.7%	\$ 7,387,821,490
2004-05	\$ 6,050,048,445	78.3%	\$ 1,674,065,036	21.7%	\$ 7,724,113,481
2005-06	\$ 6,482,438,039	78.3%	\$ 1,797,678,640	21.7%	\$ 8,280,116,680
2006-07	\$ 6,793,006,568	78.2%	\$ 1,888,354,695	21.8%	\$ 8,681,361,263
2007-08	\$ 6,864,893,595	78.1%	\$ 1,922,375,526	21.9%	\$ 8,787,269,121
2008-09	\$ 6,396,569,709	77.4%	\$ 1,862,799,683	22.6%	\$ 8,259,369,391
2009-10	\$ 6,156,776,293	77.1%	\$ 1,828,009,196	22.9%	\$ 7,984,785,489
2010-11	\$ 6,446,937,988	77.2%	\$ 1,903,140,046	22.8%	\$ 8,350,078,034
2011-12	\$ 6,880,356,598	77.3%	\$ 2,019,383,490	22.7%	\$ 8,899,740,088
2012-13	\$ 7,005,012,029	77.2%	\$ 2,070,304,935	22.8%	\$ 9,075,316,964
2013-14	\$ 7,254,033,641	77.2%	\$ 2,145,599,612	22.8%	\$ 9,399,633,253
2014-15	\$ 7,678,148,394	77.1%	\$ 2,278,290,276	22.9%	\$ 9,956,438,670
2015-16	\$ 8,228,183,372	77.2%	\$ 2,434,118,077	22.8%	\$ 10,662,301,449
2016-17	\$ 8,543,745,740	77.2%	\$ 2,523,570,648	22.8%	\$ 11,067,316,388
2017-18	\$ 8,887,634,971	77.1%	\$ 2,644,048,246	22.9%	\$ 11,531,683,217

Source: Tennessee Department of Revenue, Collections Summaries, fiscal years 2003-04 to 2017-18.

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Table 39. Summary of City Fire Service in Tennessee.

	Number of Cities	Percent
All Career	37	10.7%
Mostly Career	37	10.7%
Half Career and Half Volunteer or Paid-on-call ¹	1	0.3%
Mostly Volunteer or Paid-on-call	77	22.3%
All Volunteer or Paid-on-call	190	55.1%
No Data	3	0.9%
Total	345	100.0%

Source: Tennessee State Fire Marshall's Office.

¹Paid-on-call firefighters receive a nominal fee on a per-event basis.

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**Table 40. Estimated Cost of Infrastructure Improvements Needed
for State Mandates for Cities and Counties
in Tennessee, 2007 to 2016.**

Year	Cities	Percent Fully Funded	Counties	Percent Fully Funded
2007	\$38,900,000	56.7%	\$110,525,000	81.7%
2008	\$41,900,000	18.3%	\$39,425,000	14.0%
2009	\$32,800,000	20.0%	\$38,938,000	14.2%
2010	\$28,743,000	7.1%	\$38,938,000	50.1%
2011	\$28,141,600	7.3%	\$24,681,800	21.2%
2012	\$25,841,600	0.2%	\$24,681,800	22.2%
2013	\$35,148,600	50.6%	\$23,681,800	18.9%
2014	\$22,300,000	3.6%	\$25,200,000	15.9%
2015	\$23,550,000	27.8%	\$25,200,000	15.9%
2016	\$37,452,900	97.3%	\$24,000,000	16.7%

Source: TACIR Public Infrastructure Needs Inventory.

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**Table 41. County and City Sharing of Tax Revenue Required
by State Law, Fiscal Year 2016-17.**

Tax	Amount	Percent Transferred	Amount of Transfer	Tennessee Code Annotated (TCA)
Counties to Cities				
Local-Option Sales	\$ 2,497,684,461	46.3%	\$ 1,155,283,642	TCA 67-6-712
Counties to Local Education Agencies				
Local-Option Sales	\$ 2,497,684,461	50.0%	\$ 1,248,842,230	TCA 67-6-712
Mixed Drink	\$ 1,861,246	50.0%	\$ 930,623	TCA 57-4-306
Coal Severance	\$ 597,720	50.0%	\$ 298,860	TCA 67-7-110(b)
Sub Total	\$ 2,500,143,427	50.0%	\$ 1,250,071,713	
Cities to Local Education Agencies				
Mixed Drink	\$ 50,250,124	50.0%	\$ 25,125,062	TCA 57-4-306
Local-Option Sales	\$ 25,886,187	50.0%	\$ 12,943,094	TCA 67-6-712
Subtotal	\$ 76,136,311	50.0%	\$ 38,068,156	

Source: Tennessee Department of Revenue. Tennessee Code Annotated.

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Figure 7. Allocation of the Mixed Drink Tax Revenue.

