Tennessee Tax Revenues

Presented to the State Funding Board

William F. Fox, Director
Center for Business and Economic Research
The University of Tennessee, Knoxville
May 1, 2009

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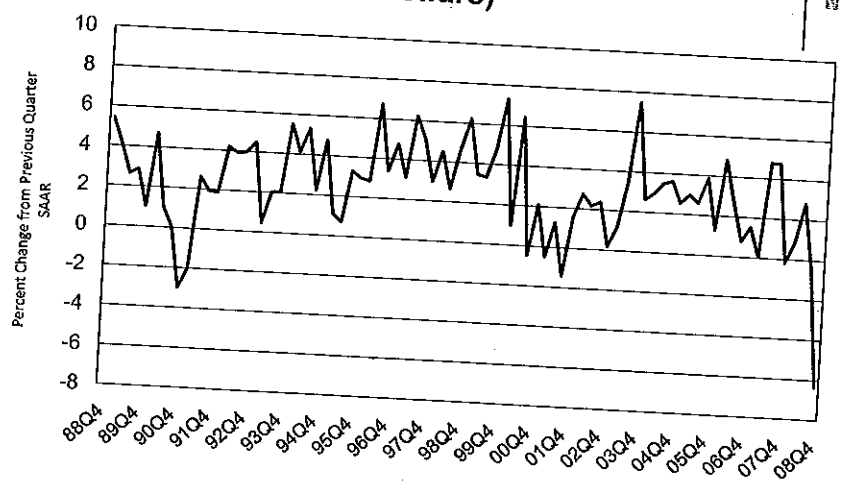
THE UNIVERSITY of TENNESSEE UT
Center for Business and Economic Research

Growth in Quarterly Real Gross Domestic Product (Chained 2000 Dollars)



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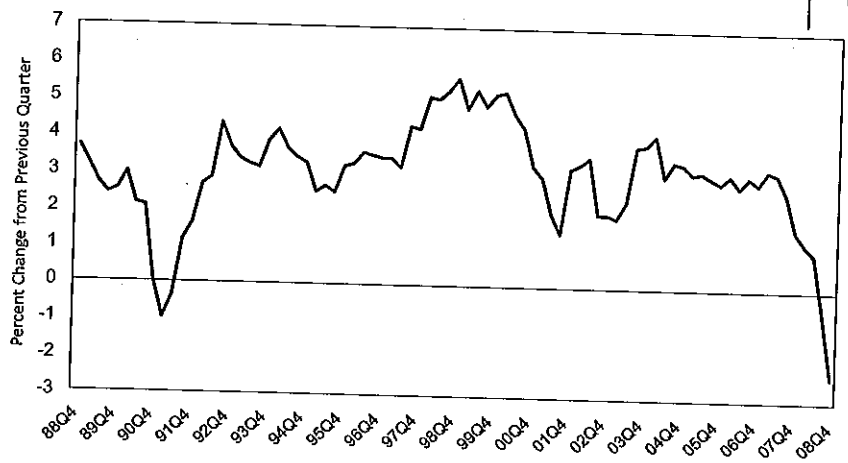
Growth in Quarterly Real Personal Consumption Expenditures
(Chained 2000 Dollars)



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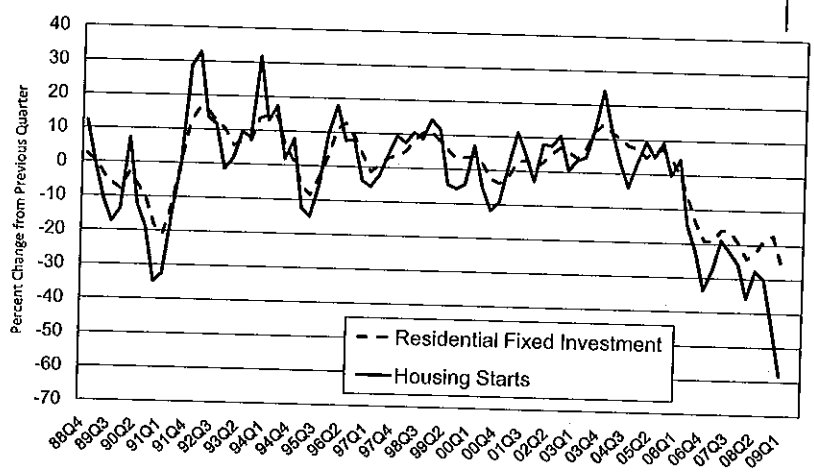
Growth in Quarterly Real Private Residential Fixed Investment and Housing Starts
(Chained 2000 Dollars)



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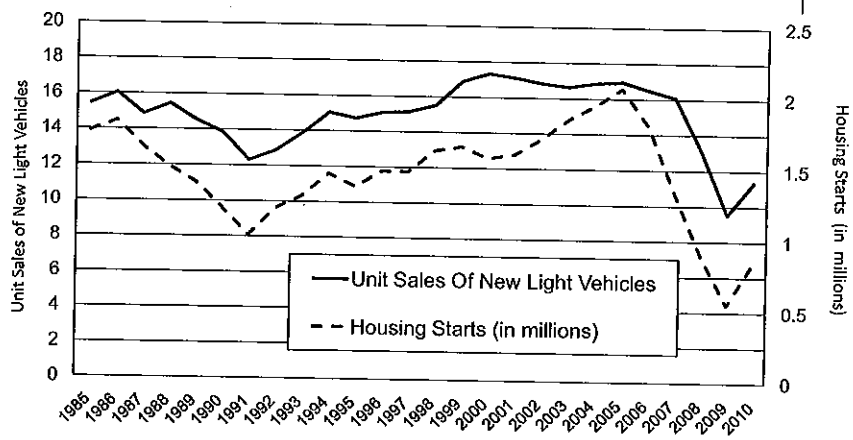
Unit Sales of New Light Vehicles and Housing Starts



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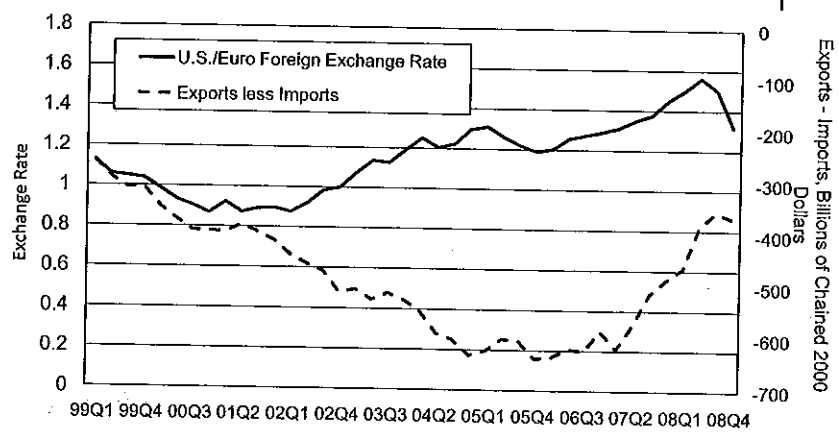
U.S./Euro Foreign Exchange Rate and Real Exports Less Imports



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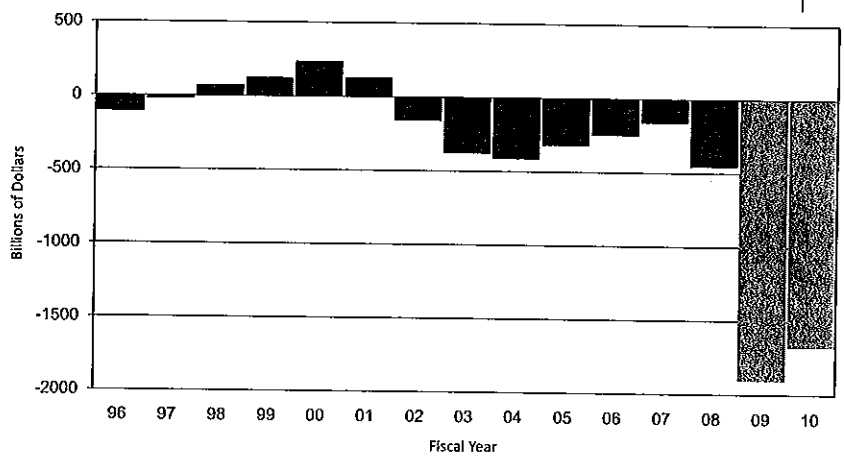
Unified Federal Budget Surplus



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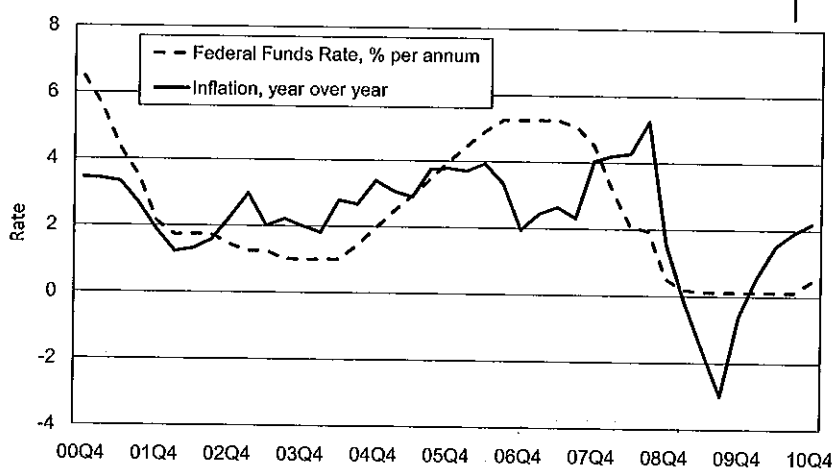
Interest Rates and Inflation



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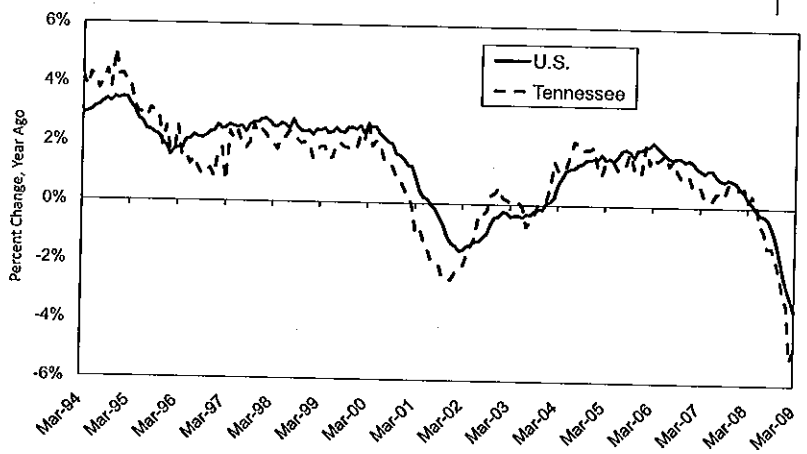
TN and U.S. Nonag Job Growth
(Year over Year)



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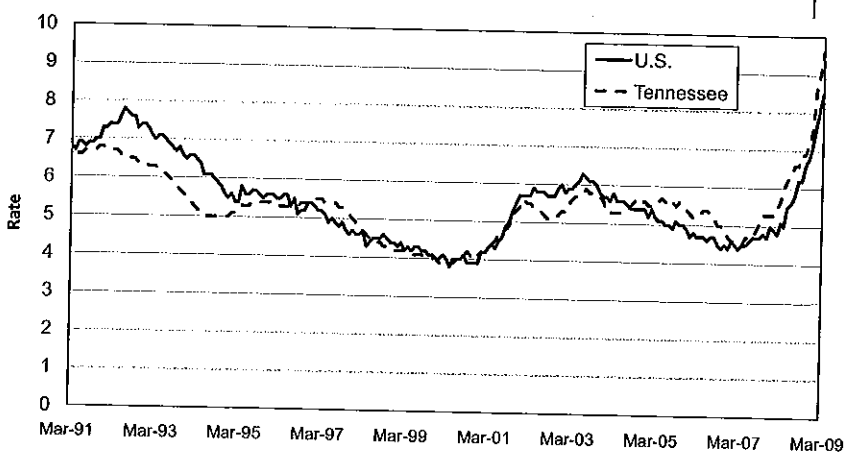
TN and U.S. Unemployment Rates
(Seasonally Adjusted)



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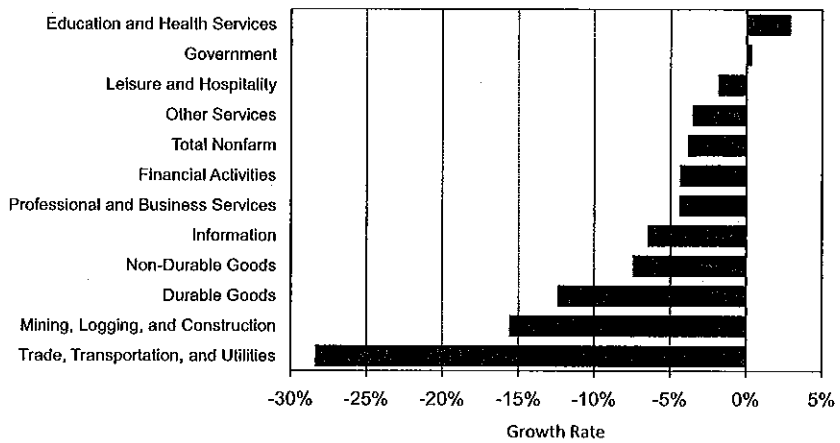
Tennessee Job Growth by Sector
(Quarter Ending March 2008 to March 2009)



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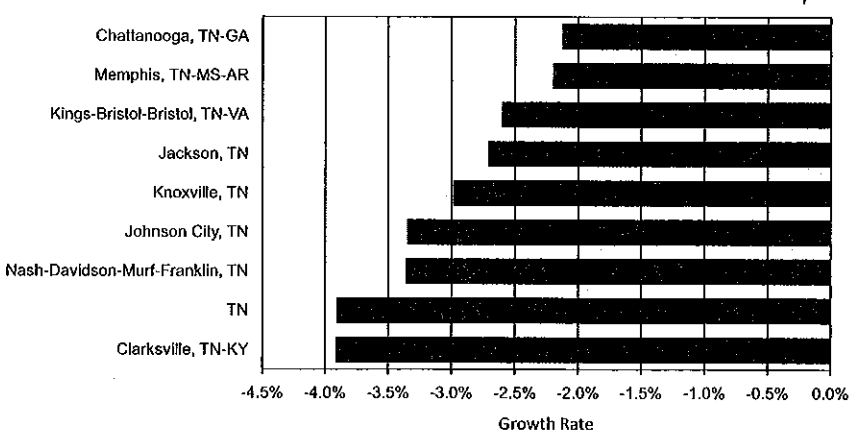
Nonag Employment Growth, MSAs
(Quarter Ending March 2008 to March 2009)



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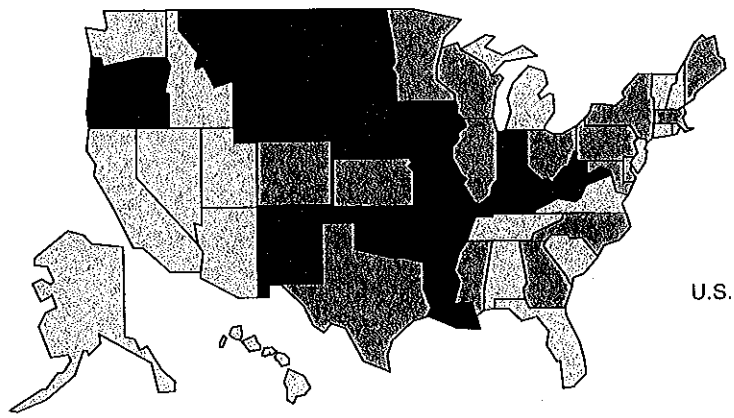
Change in Total Taxes,
Oct-Dec, 2007 to 2008



U.S. = (4.7)%

Less than (5.4)% --18--

(5.4)% to 0.0% --17--

Greater than 0.0% --15--

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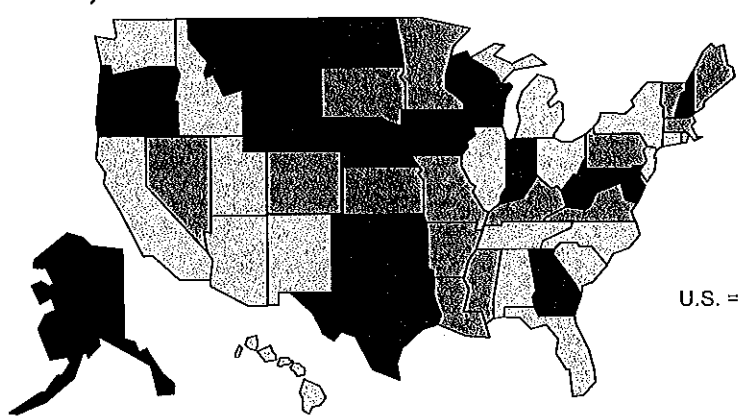
Change in Sales Taxes,
Oct-Dec, 2007-2008



U.S. = (6.1)%

Less than (6.0)% --18--

(6.0)% to 0.0% --16--

Greater than 0.0% --11--

NA/ND --5--

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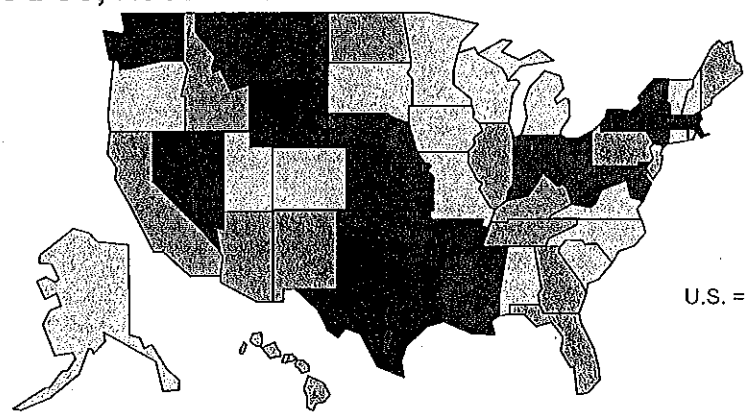
Change in Corporate Income Taxes, Oct-Dec, 2007-2008



U.S. = (23.2)%

Less than (30.0)% --17--
(30.0)% to (10.9)% --15--
Greater than (10.9)% --14--
NA/ND --4--

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Tennessee Department of Revenue Collections (Millions of Dollars)

	2008			2009			2010		
	Amount	Percent Change	General Fund	Amount	Percent Change	General Fund	Amount	Percent Change	General Fund
Sales and Use	6,851.2	0.5	6,459.3	6,400.0	-6.6	6,037.4	6,352.0	-0.8	5,993.5
Gasoline	617.1	0.8	9.9	592.0	-4.1	9.0	595.0	0.5	9.1
Motor Fuel	182.9	-1.6	3.5	160.0	-12.5	3.0	161.6	1.0	3.1
Gasoline Inspection	65.2	-0.2	18.9	60.6	-7.0	17.4	61.5	1.5	17.7
Motor Vehicle Registration	251.3	-2.4	46.3	248.8	-1.0	44.4	251.3	1.0	44.8
Income	292.0	18.0	192.4	210.0	-28.1	138.4	168.0	-20.0	110.7
Privilege	279.0	-11.1	279.0	240.0	-14.0	240.0	244.8	2.0	244.8
Gross Receipts	291.0	4.8	180.6	305.0	4.8	179.7	310.7	1.9	182.4
Gross Receipts - TVA	271.2	8.4	162.7	284.0	4.7	162.0	289.7	2.0	164.7
Gross Receipts - Other	19.8	-27.8	17.8	21.0	6.2	17.7	21.0	0.0	17.7
Beer	17.9	-0.3	12.0	18.3	2.1	12.3	18.7	2.0	12.5
Alcoholic Beverage	42.6	3.9	35.2	44.8	5.2	37.0	46.6	4.0	38.5
Franchise & Excise	1,619.5	-8.3	1,409.5	1,305.0	-19.4	1,070.3	1,259.3	-3.5	1,007.9
Inheritance & Estate	112.8	0.4	112.8	90.0	-20.2	90.0	90.0	0.0	90.0
Tobacco	286.0	107.3	286.0	314.6	10.0	314.6	320.9	2.0	320.9
Motor Vehicle Title	11.4	2.6	8.7	10.9	-4.3	8.2	11.3	3.7	8.6
Mixed Drink	54.9	2.3	27.4	54.9	0.0	27.4	55.0	0.2	27.5
Business	138.2	3.3	138.2	131.2	-5.0	131.2	131.2	0.0	131.2
Severance	2.6	68.9	1.5	2.0	-23.6	1.1	2.0	0.0	1.1
Coin Amusement	0.3	-26.0	0.3	0.3	19.0	0.3	0.3	0.0	0.3
Unauthorized Substance	1.7	0.0	0.5	1.9	12.5	0.5	1.9	0.0	0.5
Total	11,117.6	0.6	9,402.5	10,190.4	-8.3	8,542.2	10,082.1	-1.1	8,427.4
General Fund Growth					-9.2			-1.3	

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Correction Follows

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Mixed Drink	54.9	2.3	27.4	54.9	0.0	27.4	55.0	0.2	27.5
Business	138.2	3.3	138.2	131.2	-5.0	131.2	131.2	0.0	131.2
Severance	2.6	68.9	1.5	2.0	-23.6	1.1	2.0	0.0	1.1
Coin Amusement	0.3	-26.0	0.3	0.3	19.0	0.3	0.3	0.0	0.3
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Total	11,117.6	0.6	9,402.5	10,190.4	-8.3	8,362.5	10,082.1	-1.1	8,245.0
General Fund Growth					-9.3			-1.4	

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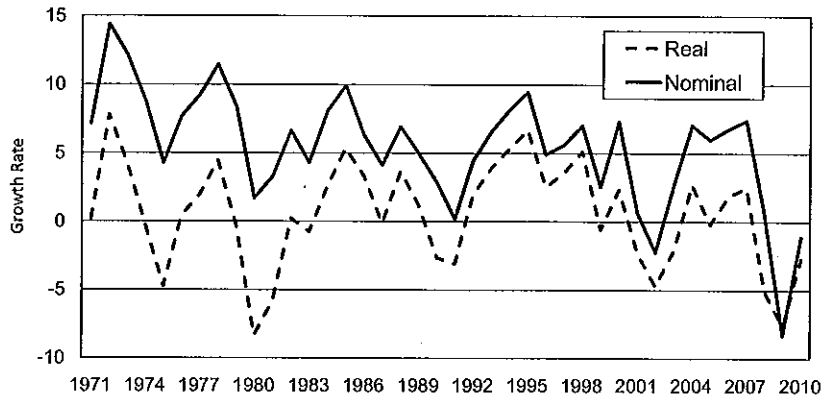
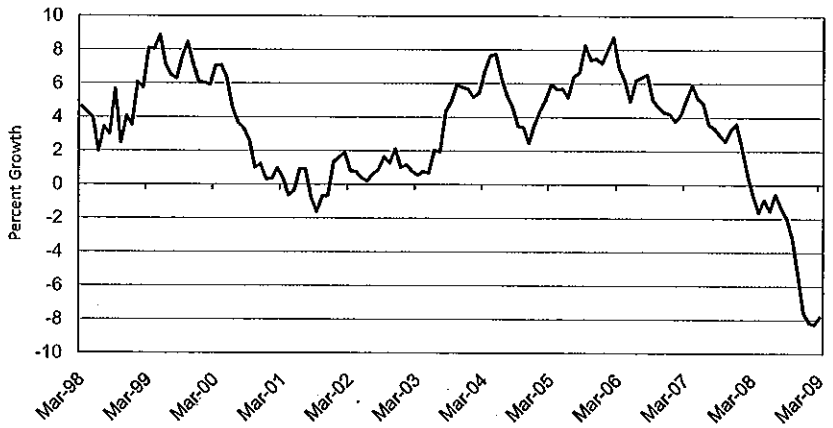
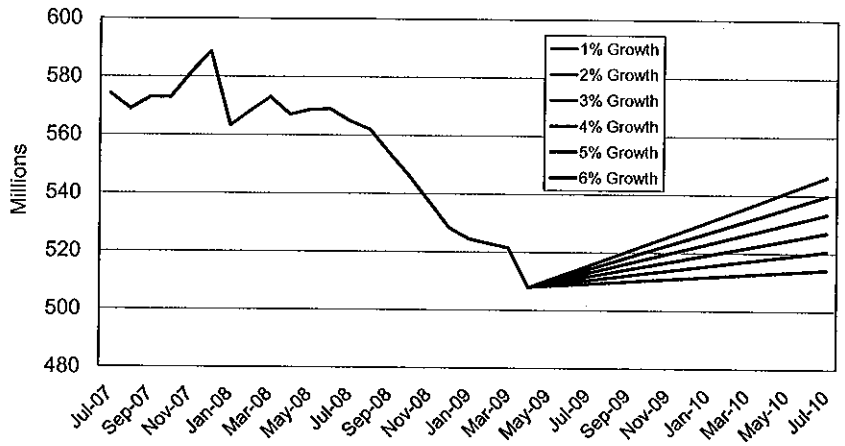
Growth in Adjusted Tax Collections, 1971-2010



Growth in Sales Tax Revenue (Adjusted for Tax Increases) (3-month moving average)



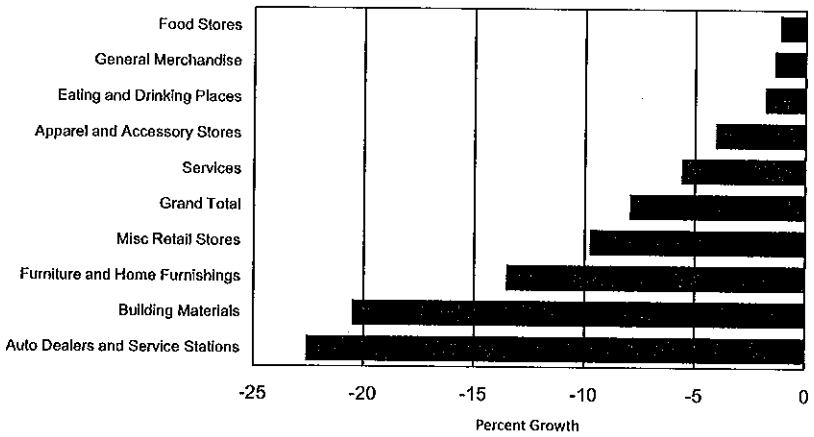
TN Sales Tax Revenues
(Seasonally Adjusted)



Revenue Growth Necessary to Avoid a Sales Tax Decline in 2010
(Seasonally Adjusted)

2010 Revenues as Percent of 2009	
1% Annual Growth Rate	97.03%
2% Growth	97.79%
3% Growth	98.55%
4% Growth	99.31%
5% Growth	100.1%
6% Growth	100.8%

Sales Tax Collections by Category of Sales
(Jan08-Mar08 to Jan 09-Mar09)



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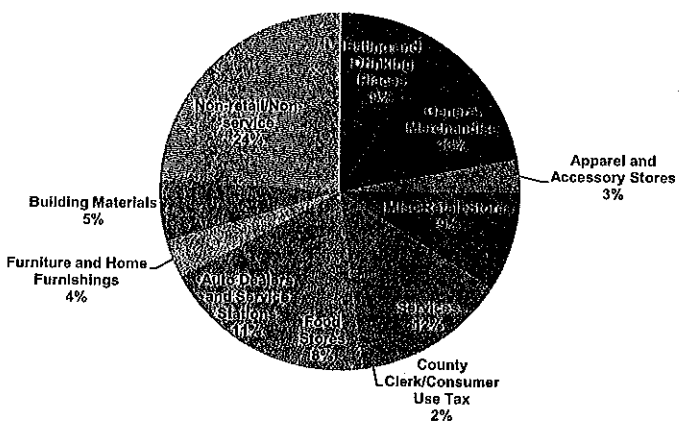
Sales Tax by Category, Share of Total
(April 2008-March 2009)



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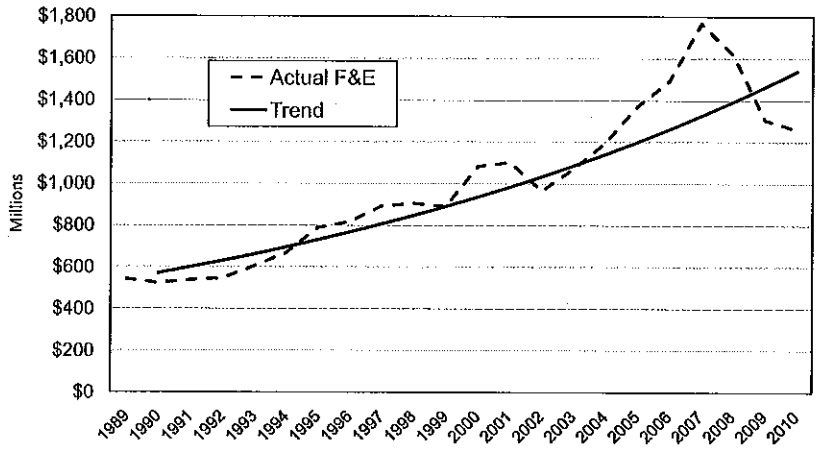
Franchise and Excise Taxes, 1989-2010



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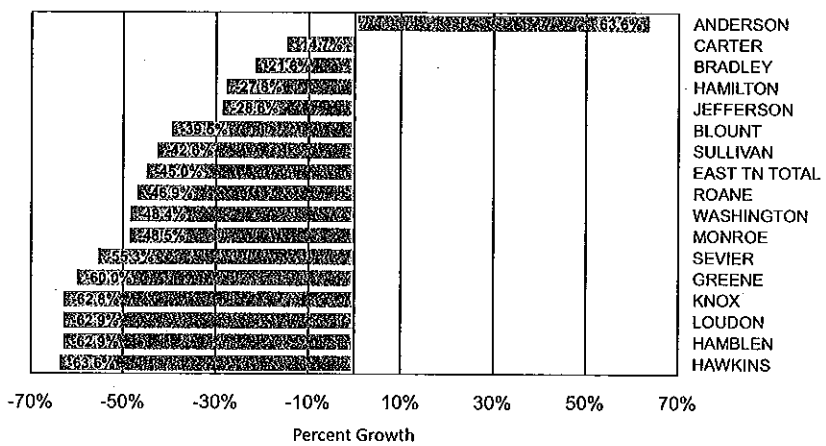
Growth Rates for TN County Building Permits (Quarter 1, 2008-2009)



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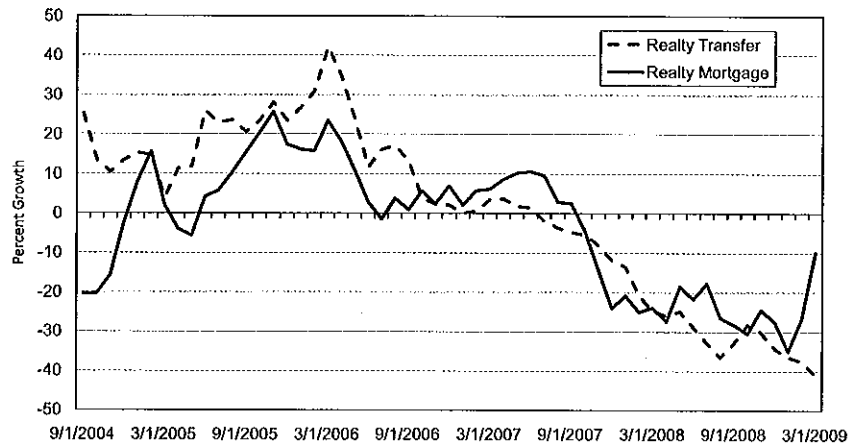
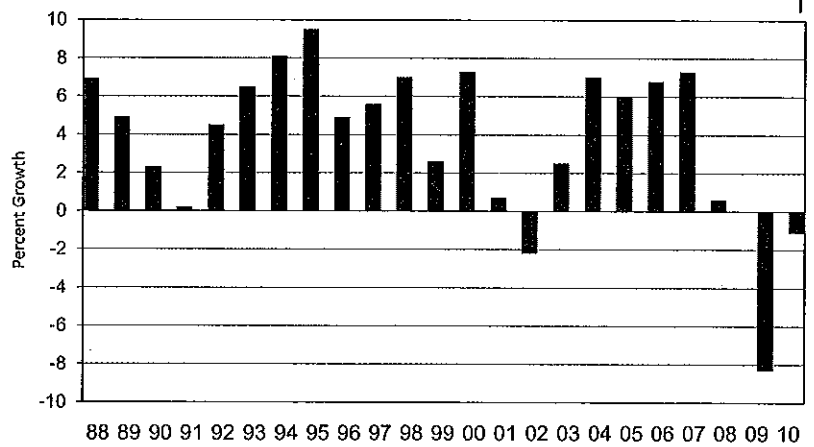
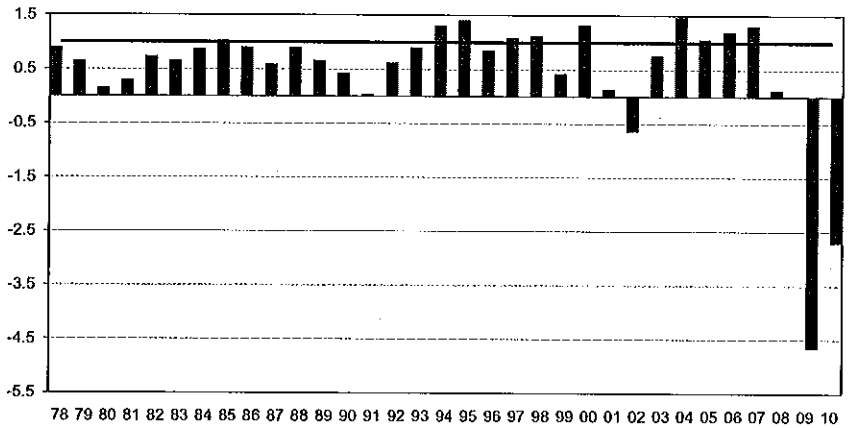
Realty Transfer and Mortgage Tax Collections (3-Month Moving Avg)



Growth in Adjusted Total Tax



Elasticities for Adjusted Total Tax Collections



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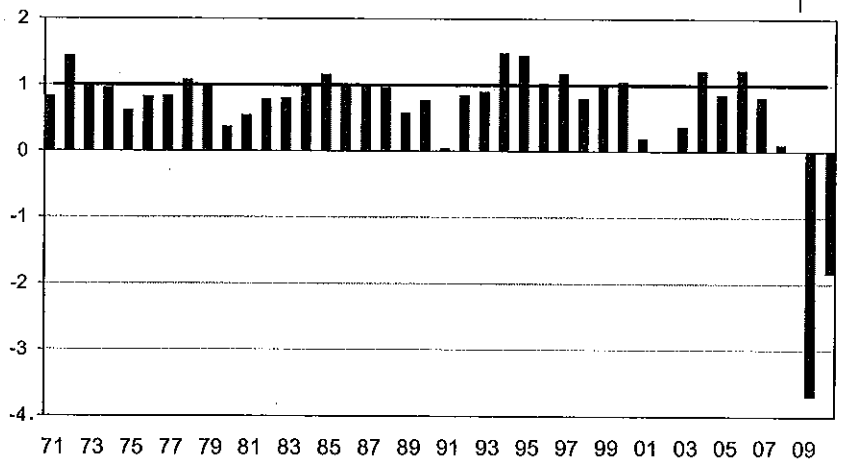
Elasticities for Adjusted Sales Tax



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