Commission Report

Payments in Lieu of Taxes: Impact on Public Education

A Report to the
103rd General Assembly

Tennessee Advisory Commission
on Intergovernmental Relations

February 2004

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Tennessee Advisory Commission on Intergovernmental Relations
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February 2004

The Honorable John S. Wilder
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Members of the General Assembly

State Capitol
Nashville, TN 37243

Ladies and Gentlemen:

Public Chapter 815 (2002) directed the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) to perform a study of the overall effect on local public education when property taxes or in lieu of tax payments earmarked for education are abated or reduced, and whether the effect on local public education is offset by enhanced economic development.

Transmitted herewith is the report of TACIR's study which includes an analysis of the available data and general estimates of losses in funding to local education agencies resulting from property tax abatements and reductions, or waivers of payments in lieu of taxes (PILOTs). **At the present time, because of inadequate and incomplete reporting, the data are not available to determine the costs and benefits of tax abatements and the specific impact on education.**

If the recommendations in this report are implemented and the responsible agencies identified in Public Chapter 815 report as required, a second attempt at determining the "overall effect on local public education" should be undertaken.

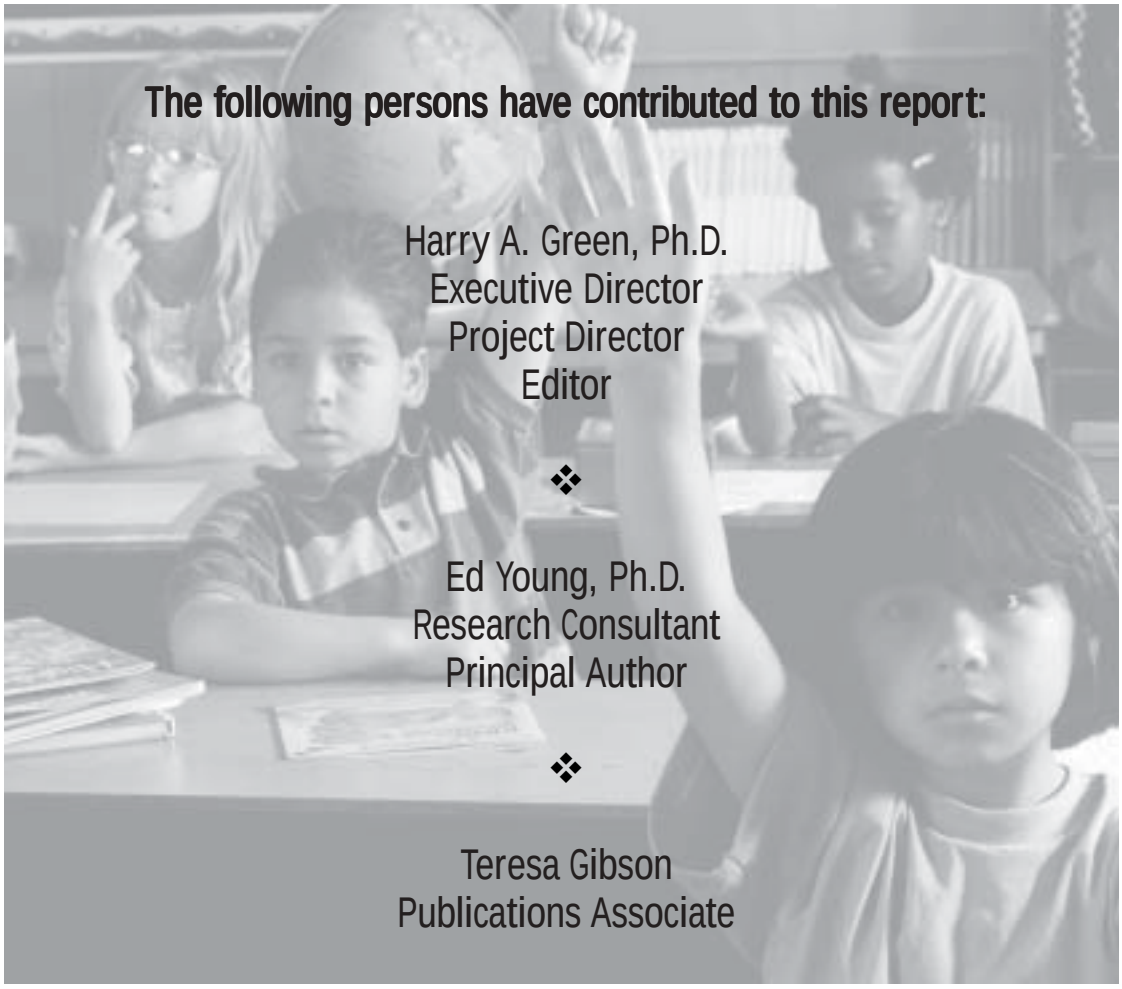
Sincerely,

Representative Randy Rinks
Chairman

Harry A. Green, Ph.D.
Executive Director

COMMISSION REPORT

Property Tax Abatements and Payments in Lieu of Taxes: Impact on Public Education



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Impact of Property Tax Abatements on Education

Public Chapter 815 (2002) directed the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) to

> "perform a study of the overall effect on local public education when property taxes or in lieu of tax payments earmarked for education are abated or reduced, and whether the effect on local public education is offset by enhanced economic development. This study shall be conducted from TACIR's existing resources. TACIR shall report its findings and recommendations, including any proposed legislation or interim reports, upon conclusion of its study."

This report is an initial analysis of the available data and general estimates of losses in funding to local education agencies resulting from property tax abatements and reductions, or waivers of payments in lieu of taxes (PILOTs). **At the present time, because of inadequate and incomplete reporting, the data are not available to determine the costs and benefits of tax abatements and the specific impact on education. Therefore, it is impossible to fulfill the charge of determining the "overall effect on local public education".**

If the recommendations in this report are implemented and the responsible agencies identified in Public Chapter 815 report as required, a second attempt at determining the "overall effect on local public education" should be undertaken.

The Current Process of Reporting Abatements

Tax abatements occur in Tennessee when public entities grant the use of property to private entities. Frequently, this property has been acquired by public entities through the use of public bond capacity for the express purpose of economic development. Private entities that then lease the property are frequently required to make payments in lieu of taxes (PILOTs) to appropriate local governmental entities.

Current law requires private lessees of such property to file a report with the State Board of Equalization each year with essential information about the lease.

Additionally, all economic development agreements are required to be filed with the Comptroller of the Treasury, Division of Property Assessments.

Major Findings

- According to information collected, 809 economic development agreements have been filed with the Division of Property Assessments (DPA) since reporting began in 1993. Based on lessee reports to the State Board of Equalization (SBE), others are believed to exist. Potentially, each of these agreements could have an adverse effect on local education revenue.

- Data, though incomplete, show estimated reductions in property tax revenues to cities and counties as a result of economic development agreements of $105.2 million in 2001 and $104.3 million in 2002.

- While much information remains unavailable, 2002 abatements resulted in a loss of at least $33 million in county school system revenue.

- Reporting on tax abatements by cities, counties, local economic development entities and lessees is inconsistent, incomplete, and often incorrect.

- No one governmental unit collects aggregate data on the allocation of PILOTs.

- No one governmental unit possesses all of the information necessary to determine the impact of tax abatements.

- Lessee reporting forms do not require enough information to make them useful data tools.

- There is no statutory reporting requirement for lessees of public building authorities, sports authorities, enterprise zone development corporations, tax increment financing projects, or city and county property.

- The cost-benefit analyses attached to economic development agreements play no role in the decision to grant an abatement, or to reduce or waive a PILOT, because the final computation is usually conducted after the agreements are already executed.

- The cost benefit analyses that are required for major agreements do not include all community impact factors; they are limited to economic factors.

- The SBE and the DPA do not have adequate authority to enforce filing requirements and to audit and report their findings.

- County Property Assessors have no statutory role in the reporting of leases, despite their unique knowledge of the properties and owners.

- Neither the SBE nor the DPA is required to compile or publish data on economic development agreements and/or lessee reports.

- An increasing number of states are granting local school boards a role in economic development decisions involving abatements. In Michigan, North Dakota and Ohio, school boards have the opportunity to comment, and in Kansas, Minnesota, Pennsylvania and Texas, they have the right to veto any abatement of the school property tax. In Florida, abatements that negatively impact school revenues are prohibited.

Recommendations

- Amend TCA § 4-17-303 to specify which party is responsible for filing economic development agreements, and to impose a penalty for failure to file.

Data Improvement

- State agencies and local economic development entities should share information to ensure that all economic development agreements and lessee reports are being filed in accordance with law.

  No one governmental unit seems to possess all the information needed to accurately determine the impact of PILOTs. Collaboration among local assessors, development boards of all types and other tax abatement

granting authorities and state agencies like the SBE and DPA would greatly aid in determining the true impact of tax abatement decisions.

- Revise lessee reporting forms to secure key information on:
  - exact location of the property;
  - any pro-rating of the PILOT;
  - rents;
  - leasehold taxes;
  - actual property taxes paid;
  - changes of name since the last filing; and
  - how the PILOTs are allocated according to the agreement.

  Information currently required on the lessee reporting forms is incomplete and may not reflect the true value of a tax abatement. Clarifying what is reported by lessees will enhance the value of these data and better allow the state and local governments to estimate the taxes lost through abatement.

Reporting

- Publish an annual summary of economic development agreements and cost-benefit analyses filed, similar to the summary of lessee reports compiled by the SBE.

  At the present time, there are no statutory provisions for compiling or publishing data collected by the SBE and the DPA. The laws only require the filing of economic development agreements and lessee reports and are silent on what the agencies are to do with that information. The SBE, on its own, compiles and makes available on its website all annual data reported to them by lessees. The DPA maintains a spreadsheet summary, for internal use, of all agreements filed. That information is made available upon request, but there is no annual compilation of the information therein, and no cross-checking of the

agreements with lessee reports. There is no statutory provision for submitting any of this information to any policymaking body outside of the Comptroller's office.

- Improve the "tax expenditure" section of the state budget document to include: total local property tax revenue losses from statutory exemptions, special valuations, and abatements as a way to inform state and local government officials about the revenue impacts of tax abatements.

  Reporting this information in the state budget provides a public acknowledgement of the impact of PILOTs that may be more widely available to the public and local governments.

- In 2002, TCA § 7-53-305 was amended to prohibit negotiation of PILOTs at less than the amount of county property tax due unless the county is a party to the negotiation. At the present time, that provision applies only to Shelby and Roane counties. It should be extended to cover all counties.

- Extend statutory reporting requirements to lessees of public building authorities, sports authorities, enterprise zone development corporations, tax increment financing projects, and city and county property.

  It is not possible at the present time to determine the total cost or effectiveness of tax abatements because not all lessees of public property are required to file reports. When all lessees are reporting their activities, policymakers can determine the true scope of tax abatements.

- Amend TCA § 7-53-305(b) to require the completion of a cost-benefit analysis <u>before</u> the economic development agreement is executed.

  Since January 2002, completion of a cost benefit analysis is required for all economic development agreements; however, it is only required for the first year of the agreement and completed by the staff of the DPA after the agreement has already been executed. At the time the agreement is signed, the governmental party often has no idea whether the deal has a positive or negative

value for the county and/or city, clearly reducing the value and usefulness of performing a cost-benefit analysis. Performing such analysis prior to governmental decisions to grant abatements would assist decision-makers.

- Expand the cost-benefit analyses conducted for major agreements to include all the impacts of the economic development–not just the economic factors.

  The current cost-benefit analysis required is very limited and is weighted toward the benefit side. Benefits considered include number of new jobs, total wages paid, the amounts of state and local sales taxes generated, and any PILOTs made. The only cost included is the net loss of property tax revenue to the county (and city if applicable). At least for larger economic development projects, a community impact analysis should also be included in order to more fully calculate the full impact of the project. Additional factors that one may want to include are: infrastructure costs, traffic congestion, increased demand for services, and quality of life indicators.

State Board of Equalization (SBE) and Division of Property Assessments (DPA)

- Give more statutory authority to the SBE and the DPA for auditing, reporting, and enforcing filing requirements.

  Currently, the SBE is not required to audit data reported to the state on PILOT agreements or conduct comparative analyses to ensure that all PILOT agreements are reported to the state. In recent years, a number of states have begun to require program audits of economic development agencies and of the subsidies and tax abatements they award to private companies. The intent is to determine whether the public is receiving commensurate economic value for the tax revenues forgone.

  TCA § 7-53-305(e) requires lessees of public property to file reports with the SBE no later than October 1 of each year, and assesses a penalty of $50 for each day the report is late, up to a maximum of $500, plus interest of 1.5

percent per month, and collection costs. In 2002, the SBE collected late filing fees totaling $9,025.

The result of inaccurate and incomplete filing is that no entity can accurately calculate the value of tax dollars lost due to abatements as required by this study. If the SBE and DPA were given greater authority, they could improve the data available to policymakers by:

- comparing lessee filings with the DPA list of economic development agreements (EDAs) to identify non-filers and follow up to secure compliance;
- using information gleaned from filed EDAs to contact lessees and inform them of filing requirements; and
- working with county assessors to identify lessees, secure complete and accurate lessee information, get filing forms to all lessees, and provide assessors with copies of all the lessee forms filed from that county.

Assessors

- County property assessors should provide key information on "value" and "tax otherwise due" amounts for lessees and should provide the SBE with an annual list of lessees in that county. Each assessor should receive copies of lessee filing forms from that county.

  Assessors presently have no statutory role in the reporting of leases, but the assessor is the only local official who knows the values, owners, exact locations, and mailing addresses of all parcels of property in the county. The present lease reporting form does not ask for the taxable value of the leased property. The assessor could supply that information. The amount of property tax that would otherwise be due to the county (and municipality if applicable) is presently based upon the lessee's estimate. The assessor could provide the exact figures. Assessors are uniquely positioned to notify each lessee of the filing requirement and making sure that the SBE gets a filing form with complete and accurate information from each lessee of public property in that county. Such a change could increase the accuracy of data reported and better ensure that all agreements are reported to the state.

Notification

- Expand and formalize the notification process to cities, counties, local economic development entities, and lessees about the statutory filing requirements.

  All city mayors, county mayors, property assessors, and the chairs of all industrial development boards should be notified.

  It is clear that there is a breakdown in the notification and reporting process of tax abatements. In 2001, there were 35 counties from which no leases were reported. In 2002, there were no filings from 51 counties and fewer reported in 2002 than in 2001. Local county assessors, abatement granting authorities, and the SBE need to create a formal process of working together to identify all entities that should be reporting to the state annually.

- Notify school systems about each local economic development decision that has the potential for reducing education revenue.

- Since there seems to be confusion about reporting responsibility, all entities should be notified of their responsibilities and the penalties involved for failure to report with full required disclosure.

Background

Public Chapter 815 of 2002 (see Appendix 1) directed the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) to "perform a study of the overall effect on local public education when property taxes or in lieu of tax payments earmarked for education are abated or reduced, and whether the effect on local public education is offset by enhanced economic development. This study shall be conducted from TACIR's existing resources. TACIR shall report its findings and recommendations, including any proposed legislation or interim reports, upon conclusion of its study."

Study Essentials

Research Scope and Targets

The TACIR staff response to Public Chapter 815 is an initial analysis of losses in funding to local education agencies resulting from property tax or payment in lieu of tax (PILOT) abatements.

Public Chapter 815 also directs TACIR to determine whether revenue losses to education are offset by enhanced economic development. This cannot be determined until the data required by law is appropriately filed.

In order to fulfill the legislative intent of Public Chapter 815, the following information is required:

- the definition of the term "tax abatement or reduction";
- the types of abatements and reductions authorized;
- the local entities empowered to grant abatements and reductions;
- a county-by-county list of recipients of tax abatements;
- the exact locations of properties benefiting from tax abatements;
- the amounts of county and city property taxes that would otherwise be due in the absence of abatements;

- the county and/or city or special school district levy for education applicable in the recipient's location for the tax year selected; and
- the amounts of any PILOTs made by recipients and the extent to which those payments, or portions thereof, are allocated to public education.

Ideally, this study would identify all the entities and programs in Tennessee that can reduce the local property tax liability of private companies and thus cause school systems to forgo revenues that would otherwise have been allocated to schools. The following entities are authorized to grant abatements:

- central business improvement districts;
- enterprise zone development authorities;
- health, education, and housing facility boards;
- housing authorities;
- industrial development corporations
- public building authorities; and
- sports authorities.

In addition, there are at least two other programs authorized by the General Assembly that result, or can result, in reduced local property tax revenues:

- The Agriculture, Forest, and Open Space Act (Greenbelt); and
- Tax increment financing.

While PC 815 deals only with property tax losses, no treatment of this issue would be complete without mentioning the local option sales tax, half of which is earmarked by law for local public education. According to the Tennessee Department of Revenue, in fiscal year 2002, $11.7 million in state sales tax revenues and $4.1 million in local sales tax revenues were diverted to pay the cost of sports facilities in six counties. TCA § 7-67-101 exempts these revenues from the requirement that half be allocated to local public education.

The term "tax abatement" is somewhat of a misnomer because the state constitution prohibits the "forgiveness" of property taxes.

The property of governmental entities is not subject to taxation. "Abatement" is simply the transfer of a public entity's exempt status to a private user or lessee. The property is not on the tax rolls because it belongs to an exempt entity, even though it is being leased to, and used by, a private company or individual. Private lessees of public property may be required to make a PILOT, or even to pay actual taxes, for some or all of the years of the lease. The amounts and terms of these payments are negotiated by the parties and incorporated into the economic development agreement (EDA).

"Abatement" is simply the transfer of a public entity's exempt status to a private user or lessee.

A review of reports filed by lessees shows that in the majority of cases the PILOTs to cities and counties are lower than the taxes that would be due if the property were taxable. Sometimes, PILOTs are waived altogether, depending upon other benefits expected by the exempt entity. In 2002, TCA § 7-53-305 was amended to prohibit negotiation of PILOT payments at less than the amount of county tax due unless the county is represented in the negotiations in a specified manner. This amendment was limited to Shelby County, but Roane County was added in 2003.

An abatement or reduction of a PILOT is simply a concession granted to the private party as part of the EDA. Private lessees are, however, subject to taxation on the value of their leaseholds (the difference between the fair market value of rent and what is being paid, minus any PILOT), but such values are often discounted by the way they are defined in the agreements. Lessees using property financed through the issuance of bonds usually pay "rent"–an amount sufficient to meet the debt service on the bonds.

Private lessees are required to report to the State Board of Equalization. This information constitutes the most important source of information available to the public.

Current Reporting Requirements

TCA § 7-53-305(e) requires private lessees of specified public property to file a report with the SBE by October 1 of each year containing the following information (see Appendix 2):

- a list of all the real and personal property owned [leased] by the corporation and its associated subsidiaries;
- the estimated value of each listed property;
- the date and term of the lease for each listed property;
- the amount of any PILOT made for each property;

- the date each property is scheduled to return to the regular tax rolls; and
- a calculation of the taxes that would be due if the property were privately owned and subject to taxation.

This reporting requirement was imposed by Public Chapter 828 of 1998, but the first reports were not actually filed with the SBE until October 1, 2000. Thus, these data, which are essential to this study, have only been collected for three years. The entities whose lessees are subject to this statute are central business improvement districts; education, health, and housing facility boards; and industrial development corporations. The reporting requirement was extended to housing authorities by Section 2 of Public Chapter 815 (2002), but applies only to properties in the federal Low Income Housing Tax Credit (LIHTC) program.

From the annual private lessee filings the SBE compiles a summary. The summaries for 2001 and 2002 constitute the most important source of information available. In addition, TCA § 4-17-303 requires that beginning January 1, 1993, all economic development agreements be reduced to writing and filed with the state Comptroller, who has designated the DPA to administer those filings.

Public building authorities, sports authorities, and enterprise zone development authorities are not subject to the reporting requirements in TCA 7-53-305.

There are no statutory reporting requirements for public building authorities, sports authorities, or enterprise zone development authorities, but these entities must notify the Office of Local Finance (OLF) in the Comptroller's Office when they issue bonds. The OLF has information concerning the amounts and terms of issues, but does not collect information on the use of facilities financed by tax exempt bonds. There are only six public building authorities in the state: Clarksville; Knox County/Knoxville; Lawrenceburg; Montgomery County; Rutherford County; and Sevier County. The Director of the OLF states that none of these has issued bonds for facilities that could be leased for economic development purposes.

According to the Tennessee Department of Revenue, there are six sports authorities in Tennessee: Chattanooga, Jackson, Memphis, Metro Nashville/Davidson County, Sevierville, and Wilson County. These entities have issued large volume bonds to finance stadiums, baseball parks, arenas, and an auto racetrack.

The leasing arrangements of these facilities are public information, but they do not have to be reported to any state agency and are unknown at this time.

Research is still in progress on the utilization of tax increment financing and enterprise zones, but these are not expected to impact revenues for schools significantly.

The DPA maintains data relative to the property tax cost of the "Greenbelt" program in each county. Based upon an analysis of these data, the total property tax losses in FY 1999 totaled $60 million.[1]

[1]Green, Harry, Stan Chervin and Cliff Lippard, *The Local Property Tax in Tennessee*, Tennessee Advisory Commission on Intergovernmental Relations, February 2002, p.56.

Data Limitations

It was hoped at the outset of this study that most of the essential data needed would be readily available from required filings with the SBE and the DPA. However because of problems with coverage, reporting periods, failure to file, accuracy/reliability of reported data, and procedural problems, essential data are not available.

Coverage

It is difficult to determine all tax abatements that result in lower revenues for education because not all entities that grant abatements are required to report their activities. The most significant ones are included, but enterprise zone development authorities, public building authorities, and sports authorities are not.

Reporting Periods

Legislation requiring EDAs to be filed with the Comptroller has been in effect since 1993. However, the DPA is still not receiving copies of all EDAs as required by law. Research indicates that there are no corresponding EDAs for many of the lessees that file. Lessee reports to the SBE began in 2000, so only three years of data are in hand, and these are obviously incomplete. The Low Income Housing Tax Credit properties of housing authorities were added to the reporting statute in May 2002, but it is evident that many were not reported by the October 1 deadline. Most reporting began relatively recently and at different times for different entities.

TACIR research indicates that there is a significant failure to report economic development agreements, which constitute the legal basis of payments in lieu of taxes (PILOTs).

Failure to File

There were Low Income Housing Tax Credit filings from only four counties (Campbell, Marion, Morgan, and Putnam) in 2002. A comparison of the SBE lessee summaries with the list of recorded economic development agreements reveals many omissions:

- In 2001, there were 35 counties from which no leases were reported.
- In 2002, there were no filings from 51 counties.

- One would expect increased filings with time as word gets around about the requirement, but filings have actually declined. There were 822 leases reported in 2001, but only 583 in 2002.
- In 2002 all filings with the SBE were by lessees of industrial development corporations–none were filed by lessees of central business improvement districts or education, health, and housing facility boards.
- There are 22 counties that have never reported an EDA since the filing requirement went into effect in 1993.

Some discrepancies could be due to multiple leases under one EDA or to consolidations, bankruptcies, or expirations of leases, but it is very obvious that many result from failure to file (see Appendix 4 for a comparison of filings by year for each county). TCA § 4-17-303 requires the filing of economic development agreements within 10 days of their execution, but does not specify which party is responsible for the filing, and provides no penalty for failure to file. TCA § 7-53-305(e) requires lessees of specified public property to file annually with the SBE and assesses a penalty of $50 for each day the report is late, up to a maximum of $500, plus interest of 1.5 percent per month and collection cost. The SBE staff is making an effort to enforce this statute and in 2002 they collected $9,025 in late filing fees.

Based on the data available, there appears to be significant under-reporting of lease agreements and economic development agreements.

Reliability/Completeness of Reported Data

Many of the forms that are filed with the SBE by lessees are incomplete or contain questionable information. For example:

- Many lessees are not calculating "tax otherwise due" amounts. In 2001, 61 forms did not include this information, and 77 filers omitted it in 2002.
- Forms do not request the specific location of the property–information that is critical for determining school revenue losses.
- "Value" is not broken into real and personal, and the estimate listed could be market value, construction value, replacement value, equalized value, or depreciated value, when taxable value is what is needed.

Many of the forms that are filed are inadequately or incorrectly completed. Also important information, such as property location, precise meaning of property value, or actual property taxes paid, are either not required or not reported.

- Forms do not take into account that some values and PILOTs may be pro-rated, depending upon the beginning date of the lease.
- There are numerous anomalies in reported data such as precisely equal amounts listed for county and city taxes; showing a PILOT to the city, but not to the county; and possible duplicate filings for the same property.
- Forms do not ask for changes of company name or ownership since the last filing;
- Lessees are not asked to show rents, leasehold taxes paid, or actual property taxes paid under the agreement.
- There is no information regarding the allocation of PILOTs. Some or all may be deposited into a county's general fund and would presumably be available for education. The same would be true for a city with its own school system, but PILOTs may be earmarked for non-school purposes, and a PILOT to a city without its own school system would presumably not accrue to public education.

Procedural Problems

The SBE annual summaries are compiled from forms they send out along with a copy of the reporting statute. The process is as follows:

- Forms are mailed directly to lessees that filed the preceding year.
- Mailings are sent to city and county officials, economic development executives, industrial development boards, the Department of Economic and Community Development; and others who have knowledge of lessees.
- Forms are mailed to county assessors who are asked to forward them to lessees of public property in their county.
- Lessees return the completed forms directly to SBE, which compiles them into the annual summary.

The annual summary should be the complete and authoritative source of data about lessees of tax-exempt property, but it falls short of being this for several reasons:

- The SBE only knows about lessees that filed previously. They do not know about old lessees that haven't filed, or new lessees that should be filing for the first time.
- Only the assessor in each county knows who the lessees are, and assessors have no formal role in the reporting process.
- The assessors do not know which lessees filed from their county;
- In spite of the SBE's efforts, many lessees are apparently unaware of the filing requirement.
- The SBE makes an attempt to secure missing information, but has no statutory responsibility to audit the filings, and lacks the staff to do so.
- The SBE collects lessee filings and the DPA collects economic development agreements. There is no statutory requirement for matching the two sets of data.
- The filing statute does not specify what is to be done with the data collected, and it is not known if, or how, the data in the summaries are being used.

For policymaking purposes, the reporting requirements in TCA 4-17-303 for economic development agreements, and TCA 7-53-305 (b) and (e) for lessees of exempt property could be extremely useful if the reported data were complete and accurate. Reporting forms need to be revised. There should be exchanges of information among the SBE, the DPA, and county assessors, and audit, enforcement, and reporting responsibility should be assigned by statute.

A recently published report on the issue of tax abatements and their impact on education finance found that many states that offer such tax subsidies or incentives fail to provide for meaningful administrative oversight of such programs. Most states have no follow-up evaluations of the efficacy of these tax expenditures, and even those that do require some reporting and data collection generally do not provide sufficient funding for effective monitoring and analysis.[2]

The prevailing statutes that require the collection of data relating to tax abatements do not require that the data be analyzed or that the information be reported to any public body.

[2] "Protecting Public Education From Tax Giveaways", *State Tax Notes*, March 17, 2003, p.975.

Summary of Data

Although reported lessee data are not complete and accurate, the SBE summaries do represent the best information available. For that reason, summary totals from the annual filings with the SBE are included in this report. Table 1 shows a total value of leased property of about $6.1 billion for 2001 from leases in 56 counties. Forgone estimated tax revenues for counties came to $74.3 million, and for cities $30.9 million. The County Technical Assistance Service (CTAS) of the University of Tennessee estimates that 54 percent of county government revenue in Tennessee, on average, goes to fund education services. As not all city governments have school systems, TACIR was not able to produce an estimate of the impact of abatements on municipal education services. Using the CTAS estimate for education spending, the amount of revenue not available to counties for education due to tax abatements was around $40 million in 2001. Table 2 shows that in 2002 the value of leased property in the 45 counties from which leases were reported was $5.5 billion, and forgone property tax revenues amounted to $60.8 million for counties and $43.5 million for cities. The estimated loss to county school systems was $33 million in 2002.

On average, an estimated 54% of county government revenue in Tennessee goes to fund education services.

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PILOTs in 2002, resulted in at least a $33 million loss in county school system revenue.

The total forgone revenues are offset to some extent by PILOTs made by lessees. These payments in 2001 totaled $14 million to counties and $7.9 million to cities. In 2002 the totals paid were $13 million to counties and $5.5 million to cities. However, it is not known what percentage of these payments is actually available for education. PILOTs can be earmarked for specific non-school purposes, paid directly to industrial development boards or other entities, or deposited into general fund accounts where all, or a portion, would be available for education purposes. The allocation of any PILOT is provided for in each EDA. County assessors, or trustees, could possibly have this information. It should be requested on the lessee reporting form.

The most important product of this research is a comprehensive comparison of all data filed with the SBE and the DPA. This comparison lists, county by county, the name of every private company filing a lessee report with the SBE for 2001 and 2002 and the private party to every economic development agreement ever filed with the DPA. If this information is used to follow up

with lessees, county and city officials, and entities such as industrial development boards, the complete picture of private leases of public property can be drawn as the General Assembly intended by enacting reporting requirements and by passage of Public Chapter 815. Copies of this comprehensive comparison will be made available to the SBE and the DPA to facilitate the gathering of data needed to flesh out and complete this study. (See Appendix 8.)

TABLE 1. SUMMARY OF LESSEE FILING FORM DATA BY COUNTY FOR FY 2001

COUNTY	ESTIMATED PROPERTY VALUE	PILOT/ CITY	PILOT/ COUNTY	ESTIMATED TAX CITY	ESTIMATED TAX COUNTY
Anderson	$ 16,648,063	$ 23,720	$ 58,945	$ 65,040	$ 180,290
Bedford	10,933,100	20,170	36,203	70,207	108,619
Blount	5,388,600	-	681,416	22,906	52,674
Carroll	254,800,341	68,075	173,408	870,201	1,837,405
Cheatham	4,300,000	10,676	4,575	10,149	54,180
Chester	6,107,373	12,966	26,041	25,931	52,082
Clay	3,000,000	-	-	-	-
Cocke	1,779,800	6,414	6,949	15,733	17,086
Coffee	47,382,788	55,664	720,421	139,589	443,523
Cumberland	28,700,853	13,726	28,211	82,760	159,011
Davidson	459,859,880	410,971	244,225	377,128	6,525,166
Dickson	37,978,410	40,183	139,410	24,909	83,631
Dyer	129,550,028	320,604	548,345	635,087	1,135,601
Fentress	534,400	1,542	4,797	1,542	4,797
Franklin	41,000,000	63,000	421,000	145,000	334,000
Gibson	34,440,875	-	-	237,217	197,270
Giles	53,854,276	77,969	161,010	195,058	302,782
Greene	76,256,500	66,795	160,302	93,924	481,735
Grundy	380,000	-	31,800	-	4,057
Hamilton	412,355,605	1,045,023	1,356,527	3,235,280	4,624,663
Hardin	10,360,076	2,131	14,000	3,360	52,068
Hawkins	7,680,976	-	45,341	14,887	44,151
Haywood	56,116,150	93,044	154,771	358,605	605,325
Henderson	3,672,600	-	-	6,704	16,202
Henry	11,273,364	-	-	32,977	101,119
Hickman	284,600	-	-	-	2,177
Jefferson	2,912,175	-	-	-	-
Johnson	10,495,700	-	-	-	96,170
Lake	45,000	-	-	-	-
Lauderdale	13,500,000	139,000	20,000	100,500	125,100
Lawrence	8,550,000	-	-	31,507	76,579
Lincoln	2,050,000	447	609	8,940	12,180
McNairy	2,904,520	2,099	5,900	1,414	3,366
Macon	260,000	8,392	8,392	1,040	2,891
Madison	211,052,438	154,839	264,869	1,235,824	1,825,764
Marion	27,117,164	606	10,660	38,655	232,576
Marshall	172,000	-	-	-	-
Maury	263,127,059	5,078	1,794	181,272	109,966
Montgomery	148,293,115	6,555	41,513	33,717	828,856
Morgan	1,236,000	-	183,852	-	16,952
Obion	64,772,482	10,000	352,500	12,000	501,703
Pickett	12,806,318	-	-	-	118,165
Roane	15,224,218	-	-	161,377	128,492

(continued)

TABLE 1. SUMMARY OF LESSEE FILING FORM DATA BY COUNTY FOR FY 2001 ***(cont.)***

COUNTY	ESTIMATED PROPERTY VALUE	PILOT/ CITY	PILOT/ COUNTY	ESTIMATED TAX CITY	ESTIMATED TAX COUNTY
Robertson	$ 18,550,000	$ 619	$ 1,415	$ 70,412	$ 172,854
Rutherford	600,000,000	1,667,000	2,720,000	1,546,000	5,178,000
Scott	6,140,000	54,900	39,900	7,160	68,804
Sequatchie	29,115,000	-	-	134,077	313,804
Sevier	2,381,600	-	7,500	3,620	11,432
Shelby	2,680,195,525	3,303,807	4,450,969	20,050,876	42,823,338
Sumner	21,041,526	-	-	194,754	172,012
Tipton	16,610,351	61,160	146,281	122,223	263,738
Warren	103,895,508	-	387,072	16,529	2,567,112
Washington	3,854,464	16,826	17,356	38,419	42,771
Wayne	2,200,000	-	-	15,840	22,616
Williamson	64,849,000	97,614	363,844	207,907	788,290
Wilson	41,800,000	-	-	63,000	405,000
Total	$6,089,789,821	$7,861,615	$14,042,123	$30,941,257	$74,328,145

Source: TACIR calculations using data reported by lessees to the State Board of Equalization.

TABLE 2. SUMMARY OF LESSEE FILING FORM DATA BY COUNTY FOR FY 2002

COUNTY	ESTIMATED PROPERTY VALUE	PILOT/ CITY	PILOT/ COUNTY	ESTIMATED TAX CITY	ESTIMATED TAX COUNTY
Anderson	$ 41,999,256	$ 51,430	$ 285,662	$ 120,460	$ 510,628
Bedford	12,483,710	57,820	93,318	97,766	150,476
Blount	4,755,500	-	-	6,701	32,101
Cambell	5,329,688	71,480	-	28,228	118,905
Carroll	257,074,296	67,390	171,962	1,055,949	2,234,992
Chester	7,279,020	11,548	22,985	23,095	45,971
Clay	300,000	-	-	-	-
Cocke	1,779,800	6,414	6,499	15,733	17,086
Coffee	62,753,072	136,251	868,854	379,902	547,687
Cumberland	28,868,154	13,408	30,000	73,928	168,717
Davidson	409,938,901	366,821	366,529	428,773	979,767
Dickson	4,564,399	14,164	40,109	28,328	80,219
Dyer	156,779,291	345,426	576,028	762,141	1,848,808
Franklin	43,000,000	49,000	443,000	140,000	331,000
Gibson	14,617,689	-	-	135,881	36,777
Giles	26,760,356	100,354	152,085	212,495	379,575
Greene	90,312,886	67,300	48,700	86,000	619,660
Grundy	1,302,200	-	31,900	634	15,392
Hamilton	206,486,578	249,219	640,224	565,955	752,540
Haywood	225,159,337	20,043	408,833	93,897	1,958,499
Henry	6,940,700	-	-	21,933	63,300
Lake	273,500	-	-	-	-
Lauderdale	-	24,000	-	-	-
Lincoln	14,581,420	48,689	49,013	79,891	108,844
McNairy	2,574,520	1,294	2,996	1,414	3,366
Madison	247,077,760	318,342	445,067	1,220,350	1,671,686
Marion	38,885,540	23,732	81,377	26,861	195,560
Marshall	-	-	-	-	-
Maury	278,619,887	22,796	45,907	10,252,374	178,036
Montgomery	47,953,512	15,557	61,321	31,669	462,719
Morgan	275,000	-	-	-	-
Pickett	18,500,000	-	20,682	-	135,044
Putnam	2,400,000	5,890	-	-	-
Roane	15,818,187	-	-	184,622	133,283
Robertson	64,980,482	16,777	44,037	241,149	575,693
Rutherford	712,000,000	1,642,000	2,748,293	1,513,711	5,276,951
Scott	4,000,000	5,000	-	900	38,832
Sequatchie	25,315,027	-	-	220,923	136,928
Shelby	1,935,950,120	2,044,097	3,581,079	23,094,899	34,447,733
Sullivan	238,940,453	140,730	588,541	1,155,296	1,739,063
Sumner	22,523,126	-	-	375,501	721,538
Tipton	78,162,929	227,529	436,788	712,563	1,309,696
Warren	96,518,385	230	412,799	8,948	2,404,509
Williamson	27,000,000	106,312	330,245	124,080	385,440
Total	$5,480,834,681	$ 6,271,043	$13,034,833	$ 43,522,950	$ 60,817,021

Source: TACIR calculations using data reported by lessees to the State Board of Equalization.

Tax Abatements in Other States

This report has documented shortcomings in the collection of tax abatement data. Such data problems are by no means peculiar to Tennessee. A recent national study conducted for the National Education Association concluded that in most states data collection on tax abatements is so poor that it is impossible to measure the costs and outcomes of such programs.[3] Whether one views tax abatements as an essential component of industrial recruitment and economic development, or as ill-advised giveaways of public monies, the fact is that very few states are collecting the data needed to evaluate the costs and effectiveness of these incentives.

However, as a result of a slow national economy, and almost universal budgetary pinches, more and more states are beginning to examine the revenue implications of tax abatements, and especially their impact on public education funding. An abatement is really a tax "expenditure". The state or local government granting an abatement to a business is actually "spending" revenues that it would have received otherwise. That has the same effect as an expenditure done through an appropriation, except that appropriated monies are subject to both financial and program audits, whereas tax expenditures are commonly subjected to neither.

Local school boards often view abatements the same way they would view a cut in appropriated funds. In either case, money that would have gone to local education is not available. Local property taxes account for 29 percent of total U.S. spending on K-12 education.[4] Thus, abatements compete directly for schools' largest revenue source. The effect of tax abatements on overall state revenues is also being scrutinized more closely. Actions of Texas and Hawaii are illustrative.

Texas

In 2001, the Texas legislature directed the Comptroller to collect information regarding economic development incentives granted

Some states have acted to limit the possible harmful effects of abatements on education funding. Kansas, Minnesota, and North Dakota give local school boards a formal role in abatement decisions. Colorado, Michigan, Ohio, Oklahoma, Pennsylvania, South Carolina, and Texas give school boards actual control over the abatement of the school portion of property taxes. Florida law prohibits the diversion of property taxes from schools.

[3] Protecting Public Education From Tax Giveaways to Corporations, National Education Association: Washington, D.C., January 2003, p. 2.
[4] Ibid., p. viii.

The Texas Comptroller's report concluded that property tax abatements to businesses may not result in greater economic growth than would have occurred without those incentives–which run at least into the tens of millions of dollars annually.

by state and local governments. The purpose of this study was to evaluate the effectiveness of those incentives in creating jobs, increasing tax bases, and enhancing long-term economic growth. The Comptroller's report noted that incomplete and inadequate information made it difficult to determine the effects of abatements, but drew some conclusions from a survey of comparable industries. One sample received tax abatements and the other did not. The report concluded that property tax abatements to businesses may not result in greater economic growth than would have occurred without those incentives–which run at least into the tens of millions of dollars annually. The Comptroller also stated that, with both new businesses and expansions of existing businesses, there was a high probability that the same result could have been achieved without an abatement. The report recommended that the legislature consider several policy options including performance reviews of economic development corporations, and more inclusive reporting requirements.[5]

Hawaii

In Hawaii, a Tax Review Commission recently completed a two-year study of the state's tax structure, and devoted considerable attention to business tax incentives. Their report stated that the state's tax structure could be severely compromised by business tax incentives if they are not subjected to reasonable limits and mechanisms for accountability. It noted that tax credit dollars are as important as general fund dollars and that there must be accountability to ensure that the true costs and benefits of the tax incentive are understood by everyone and that the benefit to the state is commensurate to the cost to the state. The report stated that tax incentives decrease state revenues, add complexity to the tax system, discriminate against businesses not receiving a subsidy, and shift the burden from those favored to those not favored. Perhaps most importantly, the report cited seven actions for accountability:[6]

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[5] Special Report on Texas Economic Development Incentives, Texas Comptroller of Public Accounts, March 28, 2003.

[6] "Hawaii Tax Structure Needs Change", *State Tax Notes*, Vol. 27, No. 12, March 24, 2003.

- Cost/benefit studies to include not only fiscal and economic effects, but social ones as well;
- Periodic evaluations of all tax incentive programs;
- Truth and disclosure reporting for all recipients of tax incentives;
- Strategic planning to assure that incentives promote strategic objectives;
- Public participation in incentive decisions;
- Sunset provisions to examine actual costs and benefits, and whether continuation of the incentive is appropriate; and
- Enforcement through legislative oversight and audits.

Conclusion

As a general rule throughout the U.S., no one knows

- the actual magnitude of tax abatements;
- whether abatements are cost effective in creating jobs and promoting economic development;
- the total cost of tax abatements;
- how much revenue schools are losing because of abatements; and
- there is very little in the way of audits or legislative oversight.

Improving Effectiveness of Development Incentives

Full public disclosure should be required of all recruitment incentives to strengthen their accountability. Disclosure should be followed by rigorous benchmarking of local economic benefits provided by the project over time.

Incentives should be deployed in strategic, "custom-fit" situations, not merely a "copy-cat" reply to incentives offered to the firm by another place. Public officials thus must choose which goal they are intent on achieving–overall job creation, job growth in slower growing areas, diversifying the local economy, or another goal. Clawback provisions–requiring that incentives be repaid if the firm leaves before agreed dates–are especially useful in ensuring that incentives for the firm and benefits to the community are tied.

Especially in a time of tight state and local budgets, officials should select incentives that provide the broadest benefit to the local economy and the least fiscal harm to education. For example, job training subsidies provide a wider benefit than tax incentives that go to one firm. In fact, officials may want to link recruitment incentives to employment programs, such as "first source agreements" to ensure the local labor market is improved. Such agreements require firms that receive incentives to hire workers provided through a public or nonprofit job referral program.[7]

[7]Dabson, Brian, et al. "Business Climate and the Role of Development Incentives." The Economic War Among the States. Federal Reserve Bank of Minneapolis, 1996.

The Need for a Follow-Up Study

After essential information that has not been reported is collected, a follow-up study is needed. Presently, "the overall effect on local public education" cannot be determined based on the data currently available.

Cost-Benefit Analysis

The task in this segment is to determine to what extent the school impacts identified in this report are offset by enhanced economic development. What is the effect of this abatement on public education? Is there enhanced economic activity attributable to the abatement? If so, do the positive effects override any negative impact the abatement has on education?

The following information is seen as essential to the successful completion of a follow-up study:

- The total amount of forgone revenues in each county.
- Analysis for the year selected of all the tax abatements granted in each county by central business improvement districts; enterprise zone development corporations; education, health, and housing facility boards; housing authorities; industrial development corporations; public building authorities; sports authorities; and tax increment financing districts. [All of the above are included because the granting of these tax abatements is done at the discretion of local officials. The Greenbelt program is excluded from this cost-benefit analysis because it is a mandatory entitlement granted to certain landowners by the state. The General Assembly has already determined that the value of preserving agricultural, forest, and open space land offsets the annual cost in local property tax revenues].
- A calculation of the total costs of each tax abatement–revenues forgone; additional infrastructure expenditures; increased traffic congestion; noise; air and water quality impact; loss of affordable housing; increased demand for services such as solid waste disposal, education, and recreation and parks; higher property taxes; and perceived lowering of the community's quality of life.

- A calculation of the total benefits of each economic activity receiving a tax abatement–increased collections of sales and other taxes; payroll multiplier effects; creation of spin-off suppliers; increased property tax collections after expiration of the abatement; higher property values; and enhanced local pride and prestige.
- Isolation and analysis of the tax abatement as the critical variable among all the factors affecting economic decisions.
- Isolation and analysis of the economic activity receiving the abatement as an element of the larger economy.
- Consideration of mitigations such as impact fees, development taxes, and dedications of land and facilities.
- Conclusion as to whether enhanced economic activity (if any) offsets the impact (if any) of the abatement with regard to public education.

Quantifying and analyzing all the above factors to reach a definitive conclusion is a complex and daunting task. It is made even more so by the imponderables that are involved. If reduced resources for schools result in children having to forgo opportunities for learning and personal growth, how much economic development is required to compensate for that?

A truly comprehensive study would require a cost-benefit analysis for each of the 809 economic development agreements that have been filed with the DPA plus those that are known to exist (because of lessee reports), but have not been filed. Given recent budgetary emergencies, such an effort clearly exceeds TACIR's existing resources. However, there are two other tracks that can be taken to get at the question of whether enhanced economic development offsets any negative impacts of abatements on school revenues.

Recent Economic Development Agreements

TCA § 4-17-303 requires that all economic development agreements be reduced to writing and submitted to the state Comptroller for review. Public Chapter 339 of 2001, codified at TCA § 7-53-305(b), made two amendments to this requirement. The first requires a cost-benefit analysis for all agreements entered into after January 1, 2002. The second provides that no economic development agreement, lease, or understanding can waive

PILOTs for longer than 20 years unless both the Commissioner of Economic and Community Development and the Comptroller have made a written determination that such agreement is in the best interest of the state. The form used for the cost-benefit analysis is included in this report as Appendix 4, along with an explanation of the steps in calculating whether the EDA has a positive or negative economic value.

There are several problems with the cost-benefit forms:

- The filing requirement only went into effect January 1, 2002, so only a very few EDAs have been analyzed.
- The cost-benefit analysis is only for the first year of the agreement.
- The form only facilitates an economic analysis of factors such as jobs and tax revenues. Real world costs for additional services, infrastructure, schools, traffic, public safety, and parks and recreation are not included.
- The private party to the EDA provides key information on number of jobs, average wage, PILOTs, and value of real and personal property, and then sends the form to the DPA which adds data on tax rates and makes the final calculation on the total cost or benefit of the project.
- Neither party to the agreement ever sees the bottom line unless they make a special effort to do so. The agreement is a "done deal" when it arrives in the DPA office–the decision to grant an abatement, or to reduce or waive a PILOT, has already been made. The statutory requirement for a cost-benefit analysis only makes sense if the analysis is done before a decision is made.

Cost-benefit analysis forms, and their "parent" economic development agreements, are filed by county at the DPA office in Nashville. There is no annual compilation of EDAs and cost-benefit analysis forms similar to the summaries of lessee filings compiled by the State Board of Equalization staff.

Economic Modeling

The inescapable conclusion upon the completion of this study is that the data needed to satisfy the legislative intent of P.C. 815 are currently incomplete, inaccurate, or non-existent. The study was begun with the expectation that the revenue loss to schools resulting from tax abatements could be calculated, but that goal now seems unrealistic.

This presents a serious quandary, because the amount of school revenues forgone in each county is an essential element of the cost-benefit study. In fields such as economics where it is impossible to quantify every real world action, practitioners have developed sophisticated models to simulate reality. Tennessee has previously employed such models in studying the impacts of large industrial sitings. It is conceivable that econometric models could measure the extent to which economic development offsets the negative aspects of abatements.

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Glossary

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Copy of Public Chapter 815

APPENDIX 3 29
Comparison of Economic Development Agreements and Lessee Filings

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Cost Versus Benefit Analysis for Payment in Lieu of Ad Valorem Tax (Sample Form)

APPENDIX 1

Glossary

CBA	Cost/benefit analysis. Tennessee law requires that every economic development agreement executed after January 1, 2002 include a CBA.
CBID	Central Business Improvement District. Only a few cities in Tennessee have these entitles, which are a special type of industrial development corporation.
CTAS	County Technical Assistance Service, a public service agency of the University of Tennessee.
DPA	Division of Property Assessments, Tennessee Office of the Comptroller
ECD	Tennessee Department of Economic and Community Development
EDA	Economic Development Agreement. Tennessee law requires that every EDA be reduced to writing and a copy filed with the Comptroller, who has designated the Division of Property Assessments to receive and maintain those filed agreements.
IDB	Industrial Development Board. The governing body of an industrial development corporation.
Lessee	A private individual, company, or corporation that is leasing tax exempt real or personal property from a public entity under an economic development agreement.
Lessee Report	Tennessee law requires every lessee of public property to file a report by October 1 of each year listing the value of the property being leased, the property taxes that would be payable if the property were taxable, and other key information. These reports must be filed with the Office of the Comptroller, who has designated the State Board of Equalization to receive and maintain those filed reports.
OLF	Office of Local Finance, Tennessee Office of the Comptroller
PBA	Public Building Authority
PILOT	Payment in-lieu-of tax. Although public property is tax exempt, lessees may be required to make an annual payment to offset the loss of tax revenue or in consideration of public services received.
PC	Public Chapter. Each general law enacted by the General Assembly during a session is given a public chapter number.

APPENDIX 1

SBE	State Board of Equalization, Tennessee Office of the Comptroller
TACIR	Tennessee Advisory Commission on Intergovernmental Relations
TCA	Tennessee Code Annotated. Each law enacted by the General Assembly is codified at the appropriate place in the statute books and is annotated by noting previous statutes repealed, court decisions affecting that section, etc.
TIF	Tax increment financing. An economic development mechanism whereby property taxes are frozen at the current level within a designated area. Improvements and incentives are then provided which attract businesses and increase property values. The new tax revenues above the frozen level are applied to the costs of redevelopment for a specified period of time.

Public Chapter 815

CHAPTER NO. 815

HOUSE BILL NO. 2672

By Representative Ulysses Jones

Substituted for: Senate Bill No. 2282

By Senator Dixon

AN ACT to amend Tennessee Code Annotated, Title 7, Chapters 53 through 67, Title 13, Chapters 20 through 23, and Title 67, Chapter 5, relative to taxation of certain property.

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

SECTION 1.

(a) The Tennessee Advisory Commission on Intergovernmental Relations ("TACIR") is directed to perform a study of the overall effect on local public education when property taxes or in lieu of tax payments earmarked for education are abated or reduced and whether the effect on local public education is offset by enhanced economic development. This study shall be conducted from TACIR's existing resources.

(b) All appropriate state departments and agencies shall provide assistance to TACIR.

(c) TACIR shall report its findings and recommendations, including any proposed legislation or interim reports upon conclusion of its study.

SECTION 2. Tennessee Code Annotated, Section 13-20-104, is amended by adding the following new, appropriately designated subsection:

( )

(1) "Low-income housing tax credit (LIHTC) property" means low-income housing property restricted under government regulations pursuant to Section 42 of the Internal Revenue Code of 1986 as amended (the Low-Income Housing Tax Credit program).

(2) Except in any county having a metropolitan form of government with a population in excess of five hundred thousand (500,000) according to the 2000 federal census or any subsequent federal census, upon the affirmative vote of a majority of the members of its governing body, the city or county for which a housing authority is created may delegate to such housing authority the authority to negotiate and accept payments in lieu of ad valorem taxes from the housing authority's lessees operating LIHTC property; provided, that such authorization shall be granted only upon a finding that such payments are deemed to be in furtherance of the housing authority's public purposes. The housing authority shall submit each such agreement to the city or county legislative body of all affected taxing jurisdictions for approval.

(3) Before October 1 of each year, a housing authority to which authority to negotiate payments in lieu of taxes has been delegated by a city or county shall submit to the state board of equalization an annual report containing a list of all the real and personal property owned by the housing authority and its associated entities and subsidiaries with respect to which payments in lieu of ad valorem taxes have been negotiated and accepted; the value of each listed property, as estimated by the lessee of the property; the date and term of the lease for each listed property; the amount of payments made in lieu of property taxes for each listed property; the date each listed property is scheduled to return to the regular tax rolls; and a calculation of the taxes which would have been due for each listed property if the properties were privately owned or otherwise subject to taxation. Each lessee of the housing authority shall be responsible for the timely completion and filing of the report, and failure to timely complete and file the report shall subject such lessees to a penalty equivalent to that applicable to similar lessees of industrial development corporations; provided, that no lessee shall be liable who has provided the state board of equalization information required by this section as may be pertinent to property leased by the lessee from the housing authority.

SECTION 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 4. This act shall take effect upon becoming law, the public welfare requiring it.

PASSED: May 29, 2002

JIMMY RAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this day of 2002

DON SUNDQUIST, GOVERNOR

Pursuant to Article III, Section 18, of the Constitution of the State of Tennessee, the Governor had House Bill No. 2672 in his possession longer than ten (10) days, so therefore the bill becomes law without the Governor's signature.

APPENDIX 3

Comparison of Economic Development Agreements and Lessee Filings[3]

	NUMBER OF FILINGS WITH SBE BY PRIVATE LESSEES OF PUBLIC PROPERTY[1]		NUMBER OF ECONOMIC DEVELOPMENT AGREEMENTS FILED WITH DPA[2]		NUMBER OF FILINGS WITH SBE BY PRIVATE LESSEES OF PUBLIC PROPERTY[1]		NUMBER OF ECONOMIC DEVELOPMENT AGREEMENTS FILED WITH DPA[2]
COUNTY	2001	2002	JAN. 1, 1993 - DEC. 31, 2002	COUNTY	2001	2002	JAN. 1, 1993 - DEC. 31, 2002
ANDERSON	3	5	3	HAYWOOD	5	3	6
BEDFORD	6	7	2	HENDERSON	2	0	1
BENTON	0	0	0	HENRY	8	1	2
BLEDSOE	0	0	0	HICKMAN	1	0	6
BLOUNT	7	6	0	HOUSTON	0	0	0
BRADLEY	0	0	4	HUMPHREYS	0	0	3
CAMPBELL	0	12	0	JACKSON	0	0	0
CANNON	0	0	0	JEFFERSON	2	0	1
CARROLL	9	4	13	JOHNSON	2	0	2
CARTER	0	0	0	KNOX	0	0	1
CHEATHAM	2	0	0	LAKE	2	3	0
CHESTER	2	2	1	LAUDERDALE	5	3	2
CLAIBORNE	0	0	0	LAWRENCE	1	0	10
CLAY	2	1	0	LEWIS	0	0	3
COCKE	2	2	1	LINCOLN	2	4	9
COFFEE	20	24	41	LOUDON	2	0	1
CROCKETT	0	0	0	MCMINN	0	0	1
CUMBERLAND	5	5	5	MCNAIRY	4	3	5
DAVIDSON	30	25	5	MACON	1	0	0
DECATUR	0	0	0	MADISON	30	37	21
DEKALB	0	0	3	MARION	7	9	7
DICKSON	2	1	1	MARSHALL	1	1	3
DYER	27	33	20	MAURY	14	16	13
FAYETTE	0	0	1	MEIGS	0	0	0
FENTRESS	1	0	0	MONROE	0	0	0
FRANKLIN	1	1	4	MONTGOMERY	9	8	10
GIBSON	4	3	11	MOORE	0	0	0
GILES	5	6	5	MORGAN	3	2	1
GRAINGER	0	0	0	OBION	2	0	1
GREENE	6	4	13	OVERTON	0	0	1
GRUNDY	2	4	1	PERRY	0	0	0
HAMBLEN	0	0	0	PICKETT	2	2	0
HAMILTON	36	18	32	POLK	0	0	0
HANCOCK	0	0	0	PUTNAM	0	1	3
HARDEMAN	1	0	0	RHEA	0	0	0
HARDIN	6	0	15	ROANE	1	2	2
HAWKINS	2	0	1	ROBERTSON	3	15	24

(Continued)

APPENDIX 3

	NUMBER OF FILINGS WITH SBE BY PRIVATE LESSEES OF PUBLIC PROPERTY[1]		NUMBER OF ECONOMIC DEVELOPMENT AGREEMENTS FILED WITH DPA[2]
COUNTY	2001	2002	JAN. 1, 1993 - DEC. 31, 2002
RUTHERFORD	1	2	10
SCOTT	5	4	2
SEQUATCHIE	4	5	3
SEVIER	1	0	1
SHELBY	469	258	415
SMITH	0	0	0
STEWART	2	0	3
SULLIVAN	29	22	12
SUMNER	2	3	11
TIPTON	8	11	0
TROUSDALE	0	0	8
UNICOI	0	0	0
UNION	0	0	0
VAN BUREN	0	0	0
WARREN	4	4	6
WASHINGTON	4	0	2
WAYNE	1	0	0
WEAKLEY	0	0	5
WHITE	0	0	3
WILLIAMSON	1	1	5
WILSON	1	0	2
TOTALS	822	583	809

[1]TCA § 7-53-305(e) requires private lessees of public property to file an annual report with the State Board of Equalization. That became effective in calendar year 2000.

[2]TCA § 4-17-301 requires all economic agreements to be filed with the State Office of the Comptroller (Division of Property Assessments) beginning January 1, 1993. However, the statute does not specify which party is responsible for filing the agreements.

[3]Discrepancies in the three columns may be due to: economic development agreements that expired before the lessee reports were required; leases that expired in 2001 or began in 2002; company changes of name, mergers, bankruptcies, removal of the business to another state; failure to file; or other reasons.

APPENDIX 4

Summary Comparison of Required Filings

COUNTY	NO ECONOMIC DEVELOPMENT AGREEMENT OR LESSEE REPORT HAS EVER BEEN FILED	LESSEES THAT FILED IN 2001 DID NOT FILE IN 2002	LESSEES FOR WHOM NO ECONOMIC DEVELOPMENT AGREEMENT HAD BEEN SUBMITTED	SUBMITTED ECONOMIC DEVELOPMENT AGREEMENTS WITH PRIVATE COMPANIES THAT DID NOT FILE AS LESSEES
ANDERSON		X	X	
BEDFORD		X	X	X
BENTON	X			
BLEDSOE	X			
BLOUNT		X	X[1]	
BRADLEY				X[2]
CAMPBELL				
CANNON	X			
CARROLL		X	X	X
CARTER	X			
CHEATHAM		X	X[1]	
CHESTER			X	X
CLAIBORNE	X			
CLAY			X[1]	
COCKE			X	X
COFFEE		X	X	X
CROCKETT	X			
CUMBERLAND				X
DAVIDSON		X	X	X
DECATUR	X			
DEKALB				X[2]
DICKSON		X	X	X
DYER		X	X	X
FAYETTE				X[2]
FENTRESS		X	X[1]	
FRANKLIN				X
GIBSON		X	X	X
GILES			X	X
GRAINGER	X			
GREENE		X	X	X
GRUNDY			X	
HAMBLEN	X			
HAMILTON		X	X	X
HANCOCK	X			
HARDEMAN		X	X[1]	
HARDIN		X		X

[1]Counties that have not filed any economic development agreements.
[2]Counties from which no lessee reports were filed in 2001 or 2002.

APPENDIX 4

COUNTY	NO ECONOMIC DEVELOPMENT AGREEMENT OR LESSEE REPORT HAS EVER BEEN FILED	LESSEES THAT FILED IN 2001 DID NOT FILE IN 2002	LESSEES FOR WHOM NO ECONOMIC DEVELOPMENT AGREEMENT HAD BEEN SUBMITTED	SUBMITTED ECONOMIC DEVELOPMENT AGREEMENTS WITH PRIVATE COMPANIES THAT DID NOT FILE AS LESSEES
HAWKINS		X	X	X
HAYWOOD		X	X	X
HENDERSON		X	X	X
HENRY		X	X	X
HICKMAN		X	X	X
HOUSTON	X			
HUMPHREYS				X[2]
JACKSON	X			
JEFFERSON		X	X	X
JOHNSON		X	X	X
KNOX				X[2]
LAKE			X[1]	
LAUDERDALE		X	X	
LAWRENCE		X		X
LEWIS				X[2]
LINCOLN		X	X	X
LOUDON		X	X[1]	
MCMINN				
MCNAIRY		X	X	X
MACON		X	X[1]	
MADISON			X	X
MARION		X	X	X
MARSHALL			X	X
MAURY		X	X	X
MEIGS	X			
MONROE	X			
MONTGOMERY		X	X	X
MOORE	X			
MORGAN		X	X	X
OBION		X	X	X
OVERTON				X[2]
PERRY	X			
PICKETT			X[1]	
POLK	X			
PUTNAM				X
RHEA	X			
ROANE			X	

[1]Counties that have not filed any economic development agreements.
[2]Counties from which no lessee reports were filed in 2001 or 2002.

APPENDIX 4

COUNTY	NO ECONOMIC DEVELOPMENT AGREEMENT OR LESSEE REPORT HAS EVER BEEN FILED	LESSEES THAT FILED IN 2001 DID NOT FILE IN 2002	LESSEES FOR WHOM NO ECONOMIC DEVELOPMENT AGREEMENT HAD BEEN SUBMITTED	SUBMITTED ECONOMIC DEVELOPMENT AGREEMENTS WITH PRIVATE COMPANIES THAT DID NOT FILE AS LESSEES
ROBERTSON		X	X	X
RUTHERFORD				X
SCOTT		X	X	X
SEQUATCHIE		X	X	X
SEVIER		X	X	
SHELBY		X	X	X
SMITH	X			
STEWART		X		X
SULLIVAN		X	X	X
SUMNER			X	X
TIPTON		X	X[1]	
TROUSDALE				X[2]
UNICOI	X			
UNION	X			
VAN BUREN	X			
WARREN			X	X
WASHINGTON		X	X	X
WAYNE		X	X	
WEAKLEY				X[2]
WHITE				X[2]
WILLIAMSON		X	X	X
WILSON		X	X	X

[1]Counties that have not filed any economic development agreements.
[2]Counties from which no lessee reports were filed in 2001 or 2002.

Public Chapter 815 Study - Relevant Legal Citations

STATUTES

TCA § 4-17-301	Economic development agreements
TCA § 7-37-101	Industrial Building Revenue Bond Act
TCA § 7-53-305	Industrial development corporations
TCA § 7-53-305(b)	Requires cost/benefit analysis of all ED agreements
TCA § 7-53-305(e)	Requires private lessees of public property to file annual reports
TCA § 7-67-101	Sports Authorities
TCA § 7-84-101	Central Business Improvement District
TCA § 9-21-151(c)	Requires public entities to report debt obligations
TCA § 12-10-102	Public Building Authorities
TCA § 13-16-201	Industrial Park Art
TCA § 13-20-104	Housing Authorities
TCA § 13-20-205	Tax increment financing
TCA § 13-28-215	Enterprise zones
TCA § 48-101-301	Health, Education, and Housing Facility Corporations
TCA § 67-5-203	Exempts government property used for a public purpose
TCA § 67-5-206	Exempts Housing Authorities; provides for PILOT
TCA § 67-5-502(d)	Imposes tax on leasehold interests of private lessees
TCA § 67-5-1008	Agriculture, Forest, and Open Space Act (Greenbelt)
TCA § 67-6-103(d) (i) (a)	Allocates state sales tax to municipalities
TCA § 67-6-712	and counties that have created a Sports Authority

CASE LAW

Copley v. Fentress Co. 490 S.W. 2d 164 (1972). Owning a building that is leased to a private industry, thus creating jobs, is a public purpose.

Holly v. City of Elizabethton 241 S.W. 2d 1001 (1951). The Industrial Development Corporation Act does not violate Article 2, Section 29, of the state constitution, which prohibits the lending of credit to private companies and individuals.

Mayor of Knoxville v. Park City 172S.W. 286 (1914). Not every public ownership is a public use.

Metropolitan Government of Nashville and Davidson County v. Schatten Cypress Co. 539 S.W. 2d 277 at 281 (1975). Specifies how leasehold values of property leased to private entities is to be determined.

Reelfoot Lake Levee District v. Dawson 365 S.W. 1041 (1896). It is unlawful for a governmental entity to grant a direct tax abatement to a private company.

APPENDIX 5

OPINIONS OF THE ATTORNEY GENERAL

83-28 (1983). Payments in lieu of tax (PILOTS) belong to the industrial development corporation – not the municipality.

88-154 (1988). Valuation of leasehold interests.

U94-57 (1994). A county may not grant property tax deferrals.

96-133 (1996). A city may not grant a “home improvement property tax refund”.

98-31 (1998). A city may not abate property taxes within a specified geographic area.

Data Analysis: Private Lessees of Public Property

There are two main sources of information about private lessees of public property in Tennessee. TCA § 4-17-303 requires that all economic development agreements (EDAs) executed after January 1, 1993 be in writing and a copy filed with the state Comptroller. The Division of Property Assessments (DPA) was designated to administer these filings. The statute, however, does not specify what is to be done with that information. DPA maintains these agreements in its files and summarizes their contractual provisions on an unpublished spreadsheet that is used as an internal working document. Many of the early agreements listed on the spreadsheet have expired and new EDAs are added as they are received.

TCA § 7-53-305(e) requires private lessees of specified public property to file an annual report with the State Board of Equalization (SBE) by October 1 of each year, beginning in 2000. This report lists the value of the leased property, the term of the lease, the amounts of payments in lieu of tax (PILOTs) to cities and counties, and the property taxes that would be due if the property were privately owned and subject to assessment. In the late fall of each year, SBE publishes a county-by-county compilation of all the filings they receive.

In conducting research pursuant to Public Chapter 815 (2002), many anomalies were found in the data reported to SBE. Companies file one year, but not the next; "doing business as" names change from year to year; and key data, such as property taxes otherwise due, are often omitted. More important, there appear to be numerous instances of failure to file economic development agreements and reports of leases of public property. Appendix 8 is an attempt to reconcile the two sources of information and to identify, county by county, those lessees for whom an EDA has been filed with DPA, but who are not filing annual reports with SBE; and lessees who are filing reports, but who have no EDA on file at DPA. This analysis is complicated by changes in values from year to year, and instances of multiple economic development agreements for a single lessee.

In this Appendix, the county is listed in the left-hand column. Under "Lessees Filing in 2001" and "Lessees Filing in 2002" are listed every lessee that filed the required annual report with the State Board of Equalization for those years. "Value" shows the lessee's good faith estimate of the value of the property being leased. The "No. of Agreements" column shows the total cumulative number of economic development agreements filed with the Division of Property Assessments from that county since January 1, 1993. The far right-hand column shows the names of companies and individuals that are parties to EDAs, and the effective dates of those agreements.

An effort has been made to match 2001 and 2002 filings using estimated values as well as the name of the lessee. Then these filings are matched across the page, if possible, to economic development agreements on file with DPA. The reader can see at a glance where there are inconsistencies. Filed EDAs that cannot be matched with lessee reports are listed in the far-right column following the 2001 and 2002 lessee listings. Some companies, especially in Shelby County, filed more agreements than lease reports. If a company filed as a lessee, but

the number of leases reported was less than the number of EDAs on file, then the "extra" agreements are designated by a "+" following the listing.

Anomalies, omissions, and questionable data are designated by a question mark (?). In some cases the number of agreements that DPA reported is different from the actual number listed on the spreadsheet. In other cases it appears that duplicate lease reports have been submitted for the same company, property, and value. Some records appear to be duplicate records and are designated by "DUP ?" in the "No. of Agreements" column.

Utilizing the data compiled in Appendix 8, staff of the DPA should be able to identify lessees that do not have economic development agreements on file as required by law. Staff of the SBE should be able to see which lessees have an economic development agreement on file, but who have not filed lessee reports as required by law. They should also be able to tell, in many cases, which lessees filed in 2001, but not in 2002. If these data are used to follow-up with lessees, city and county officials, and entities such as industrial development boards, state agencies should be able to compile the complete story of private leases of public property as the General Assembly intended by passing reporting requirements and by passage of Public Chapter 815 (2002).

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
1	Anderson	Clinton Housing Authority	$ 20,000			3	
		Eagle Bend Mfg.	11,040,000	Eagle Bend Mfg.	$ 11,040,000		Eagle Bend Mfg. '98-'12
		Eagle Bend Mfg.	5,588,063	Eagle Bend Mfg.	5,588,063		Eagle Bend Mfg. '00-'15
				Eagle Bend Mfg.	10,378,393		Eagle Bend Mfg. '02-'07
				Memphis Trade Center Part	582,800		
				Memphis Trade Center Part	14,410,000		
2	Bedford	Corsicana Bedding	1,200,000	Corsicana Bedding	1,449,500	2	
		Marsh, Owen DBA DPM Prop.	500,000	DPM Properties	700,000		
		Nationwide Properties	633,100				
		Sanford Corp.	4,000,000	Sanford Corp.	3,200,000		Sanford Corp. '96-'06
		Sanford Corp.	1,600,000	Sanford Corp.	1,600,000		
		Tenn. Walking Horse Assoc.	3,000,000	Tenn. Walking Horse Assoc.	3,200,000		
				Coffey Family Partnership	803,610		
				Coffey Family Partnership	1,530,600		
							WRS Partner/Desa Inter. '94-'04
3	Benton	-0-		-0-			-0-
4	Bledsoe	-0-		-0-			-0-
5	Blount	Alcoa Ridge Pkg. Dev. Ctr.	1,000,000	Alcoa Ridge Pkg.	1,000,000	-0-	-0-
		United Cities Gas	45,000				
		Metzeler Auto Profile Systems	92,500	Metzeler Auto Profile Systems	92,500		
		Technical Rubber Products	93,000	Technical Rubber Products	93,000		
		Key Plastics	1,850,000	Nisus Corp.	1,850,000	?	
		Tenn. Voc. Training Ctr.	660,000				
		Vencor Nursing Ctr. Ltd.	1,648,100				
				DCS Electronics	850,000		
				Specmat Technologies	870,000		
6	Bradley	-0-		-0-		4	Peyton's Southeastern Inc. '95-'05
							Duracell '96-'06
							Maytag Corp. '97-'05
							Southeastern Container '99-'04
7	Campbell	-0-		Lafollette Housing Auth.	1,924,748		
				Lafollette Housing Auth.	144,772		
				Lafollette Housing Auth.	102,532		
				Lafollette Housing Auth.	354,810		
				Lafollette Housing Auth.	249,055		
				Lafollette Housing Auth.	393,824		

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Campbell (cont.)			Lafollette Housing Auth.	148,413		
				Lafollette Housing Auth.	496,944		
				Lafollette Housing Auth.	216,604		
				Lafollette Housing Auth.	160,602		
				Lafollette Housing Auth.	164,380		
				Lafollette Housing Auth.	973,004		
8	Cannon	-0-		-0-		0	-0-
9	Carroll	Norandel USA Inc.	-	Norandel USA Inc.	18,554,288	13	Norandel USA Inc. '88-'03
		Norandel USA Inc.	12,277,562	Norandel USA Inc.	11,439,973		Norandel USA Inc. '95-'11
		Norandel USA Inc.	237,036,579	Norandel USA Inc.	226,540,500		Norandel USA Inc. '99-'25
		Cut Right	350,000				
		Dana/Plumley	1,236,200				
		McKenzie Valve & Machining	1,000,000	McKenzie Valve & Machining	539,535		
		New Generations	2,000,000				New Generations Furn. Co. '98-'03
		VYN-ALL	400,000				VYN-ALL Corp. '00-'20
		Bill Sills Sportswear	500,000				Bill Sills Sportswear '93-'09
							Bill Sills Sportswear '98-'19
							Gaines Mfg. '59-?
							Henry J Siegel Co. '93-'03
							Shirt Acquisition Corp. '94-'09
							Plumley Rubber Co. '87-'00
							Gaines Mfg. '92-'97
							W.S.W. of Sharon Inc. '77-'94
							UTLK Components Co. '96-'01
10	Carter	-0-		-0-		-0-	
11	Cheatham	Ashland City Land GP	165,000	-0-		-0-	
		Ashland City Land GP	4,135,000				
12	Chester	Premier Mfg. Corp.	3,017,100	Premier Mfg. Corp.	4,931,200	1	
		Premier Mfg. Corp.	3,090,273	Premier Mfg. Corp.	2,347,820		
							Medical Dynamics '91-'92
13	Claiborne	-0-		-0-		-0-	
14	Clay	Racoe, Inc.	3,000,000			-0-	
		Racoe, Inc.	-	Racoe, Inc.	300,000		
15	Cocke	LISEGA, Inc	1,302,600	LISEGA, Inc	1,302,600	1	
		Newport Precision	477,200	Newport Precision	477,200		
							Theater Express '98-'16

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
16	Coffee	Rock-Tenn. Converting Co.	1,128,000	Rock-Tenn. Converting Co.	1,128,000	41	Rock-Tenn. Converting Co. '89-'01
		McKey Perforated Products	622,000	McKey Perforated Products	675,209		J.A. McKey Co. '00-'20
		McKey Perforated Products	1,205,711	McKey Perforated Products	1,558,990		McKey Perforated Products '00-'20
		Comtec Polymers LLC	2,784,560	Comtec Polymers LLC	1,462,750		Comtec Polymers '97-'12
		Comtec Polymers LLC	4,761,570	Comtec Polymers LLC	1,545,472		
		Lakeway Publishers	562,500	Lakeway Publishers	562,500		Lakeway Publishers '81-'01
		Lakeway Publishers	427,425	Lakeway Publishers	487,207		
		CM Products	1,400,000	CM Products	1,400,000		
		Stamtec, Inc.	4,332,358	Stamtec, Inc.	4,402,327		Stamtec, Inc. '97-'12
		Stamtec, Inc.	748,535	Stamtec, Inc.	700,115		Stamtec, Inc. '99-'14
		CK Electronics LLC	11,543,675				
		Cubic Transport Systems	6,359,314	Cubic Transport Systems	4,831,756		Cubic Precision '83-'92
		Deutsch Eng. Conn. Dev.	713,200	Deutsch Eng. Conn. Dev.	713,200		Deutsch Eng. Conn. Dev. '97-'17
		Deutsch Eng. Conn. Dev.	422,566	Deutsch Eng. Conn. Dev.	754,432		
		Deutsch Eng. Conn. Dev.	444,024	Deutsch Eng. Conn. Dev.	532,829		
		Lewis, Richard & Linda	4,300,000	Lewis, Richard & Linda	4,300,000		Lewis, Richard & Linda '00-'20
		Lewis, Richard & Linda	800,000				
		Lewis, Richard & Linda	3,039,000	Lewis, Richard & Linda	3,039,000		
		Reliable Tool & Machine	631,300				Reliable Tool & Machine '00-'20
		Reliable Tool & Machine	117,850				
				Cubic Transport Systems	1,549,500		
				Goodrich Aerospace	4,831,500		
				Goodrich Aerospace	14,047,677		
				Hillsdale/Div. Of Eagle P.	5,432,612		Eagle Displays '92-'04 (?)
				Hillsdale/Div. Of Eagle P.	1,427,996		Eagle Displays '96-'96 (?)
				Interstate Warehouse Sys.	2,100,000		
				Linpac Displays	4,000,000		
				Worth, Inc.	1,270,000		Worth, Inc. '99-'19
							M-TEK, Inc. '86-'01
							PCA Apparel Industries '85-'95
							Castner-Knott '77-'97
							American Biltrite '73-'93
							Coca-Cola '73-'94
							Cherokee Square '82-'86
							Oak Technical '88-'98
							Micro Craft, Inc. '82-'97
							L & H Distributing '80-'95
							Mid-State Food Service '78-'98
							Arnold's Furniture '79-'94
							ARO Inc '79-'12

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Coffee (cont.)						K-MART '94 -?
							K-MART '80-'06
							McDonald's '76-'96
							Createc Corp. '89-'00
							Createc Corp. '99-'19
							Profile Realty '95-'15
							WRS Coffee Co. Partner '96-'10
							Eagle-Picker Industries '97-'12
							Cubic Auto Rev. Coll. '93-'13
							TRW Kansei Elec. '00-'20
							Tullahoma Industries '00-'07
							B.F. Goodrich '00-'21
							JSP International '00-'20
							Westwood Manchester '00-'20
							VIAM (TN) LP '00-'20
17	Crockett	-0-		-0-		-0-	
18	Cumberland	Delbar Products	3,368,030	Delbar Products	-	5	Delbar Products '97-'12
		Delbar Products	3,500,000				
		Delbar Products	2,700,000				
		Reliance Elec. Industries	16,754,300	Reliance Elec. Industries	16,754,300		Reliance Elec. Industries '96-'07
		Reliance Elec. Industries	2,378,523	Reliance Elec. Industries	3,656,187		Reliance Elec. Industries '96-'07
				Granitifiandre USA	4,000,000		Granitifiandre USA '01-'12
				Granitifiandre USA	4,457,667		
							Crossville Ceramics '01-'11
							SEMCO Inc. '02-'12
19	Davidson	Publisher Resources	2,529,501	Publisher Resources	2,529,501	5	Publisher Resources '95-?
		Publisher Resources	10,000,000	Publisher Resources	7,000,000		
		Metalworking Products	3,422,600				
		PLC Properties LLC	2,643,000	PLC Properties LLC	3,750,000		
		Dollar General	272,200	Dollar General	163,400		Dollar General '97-'07
		Dollar General	87,600	Dollar General	71,200		Dollar General '97-?
		Dollar General	350,200	Dollar General	105,200		
		Dollar General	856,300	Dollar General	467,000		
		Dollar General	472,100	Dollar General	472,200		
		Dollar General	479,100	Dollar General	479,200		
		Dollar General	1,073,300	Dollar General	1,073,300		
		Dollar General	118,700	Dollar General	39,136,300		
		Dollar General	75,800	Dollar General	38,700		
		Commerce St. Joint Venture	5,194,500	Commerce St.*Joint Venture	5,194,500		Commerce Street Ventures '94-'15

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Davidson (cont.)	Commerce St. Joint Venture	7,361,300	Commerce St.*Joint Venture	7,361,300		
		HCA Skyline Medical Ctr.	200,000	HCA Skyline Medical Ctr.	200,000		
		HCA Skyline Medical Ctr.	176,400	HCA Skyline Medical Ctr.	176,400		
		HCA Skyline Medical Ctr.	74,757,500	HCA Skyline Medical Ctr.	74,757,500		
		HCA Skyline Medical Ctr.	25,000,000	HCA Skyline Medical Ctr.	30,509,000		
		HCA Summit Medical Ctr.	83,000,000	HCA Summit Medical Ctr.	81,700,000		
		HCA Corp. Offices	54,956,045	HCA Corp. Offices	56,141,100		
		HCA Corp. Offices	4,088,000	HCA Corp. Offices	8,347,100		
		HCA Corp. Offices	612,981	HCA Corp. Offices	613,000		
		HCA Corp. Offices	60,532,753	HCA Corp. Offices	71,453,000		
		Genesco	8,000,000	Genesco	8,000,000		
		State St. Bank & Trust	44,200,000				
		State St. Bank & Trust	47,200,000				
		State St. Bank & Trust	12,000,000				
		Commerce St. Joint Venture	5,194,500	Commerce St. Joint Venture	5,194,500	(? DUP)	
		Commerce St. Joint Venture	7,361,300	Commerce St. Joint Venture	7,361,300	(? DUP)	
				Genesco	10,200,000		
							Dell, USA '99-'39
20	Decatur	-0-		-0-		-0-	
21	Dekalb	-0-		-0-		3	Tenn. Gas Pipeline '93-'03
							Moog Automotive '95-'14
							Tenn. Gas Pipeline '93-'03
22	Dickson	Shiloh Industries	4,686,700			1	
		Shiloh Industries	32,211,210				
				Tenn. Bun Co.	4,564,399		
							A.G. Simpson Co. '93-'00
23	Dyer	Heckethorn Mfg. Co.	2,220,100	Heckethorn Mfg. Co.	2,224,600	20	Heckethorn Mfg. Co. '97-'03
		Heckethorn Mfg. Co.	707,100	Heckethorn Mfg. Co.	675,700		
		Heckethorn Mfg. Co.	135,100	Heckethorn Mfg. Co.	135,100		
		Heckethorn Mfg. Co.	3,226,357	Heckethorn Mfg. Co.	2,465,716		
		Bekeart Dyers Steel	14,231,600	Bekeart Dyers Steel	14,456,200		Bekeart Dyers Steel '89-'99
		Bekeart Dyers Steel	545,000	Bekeart Dyers Steel	522,800		Bekeart Dyers Steel '89-'07
		Bekeart Dyers Steel	8,694,320	Bekeart Dyers Steel	9,686,432		
		Bekeart Dyers Steel	19,023,549	Bekeart Dyers Steel	18,455,393		
		Caterpillar Inc.	4,771,400	Caterpillar Inc.	4,770,400		Caterpillar Inc. '95-'16
		Caterpillar Inc.	12,827,277	Caterpillar Inc.	4,516,744		Caterpillar Inc. '97-'17
		Elec. Res. & Mfg. Coop.	3,582,500	Elec. Res. & Mfg. Coop.	3,739,500		Elec. Res. & Mfg. Coop. '97-'02
		Elec. Res. & Mfg. Coop.	2,418,400	Elec. Res. & Mfg. Coop.	3,000,300		Elec. Res. & Mfg. Coop. '99-'10
		Elec. Res. & Mfg. Coop.	7,521,644	Elec. Res. & Mfg. Coop.	6,331,772		

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Dyer (cont.)	Elec. Res. & Mfg. Coop.	818,314	Elec. Res. & Mfg. Coop.	2,991,914		
		Royal Guard Vinyl	2,489,300	Royal Guard Vinyl	3,987,300		
		Royal Guard Vinyl	1,877,598	Royal Guard Vinyl	1,845,069		
		Royal Guard Vinyl	311,427	Royal Guard Vinyl	248,023		
		Royal Guard Vinyl	2,377,230	Royal Guard Vinyl	2,014,981		
		Dana Corp.	1,129,300	Dana Corp.	1,056,800		
		Dana Corp.	52,400	Dana Corp.	44,500		
		Honeywell Cust. Prod.	2,166,900	Honeywell Cust. Prod.	2,157,500		Honeywell Cust. Prod. '00-'18
		Honeywell Cust. Prod.	62,800	Honeywell Cust. Prod.	65,900		Honeywell Cust. Prod. '00-'18
		Honeywell Cust. Prod.	8,253,951	Honeywell Cust. Prod.	9,344,141		Honeywell Cust. Prod. '01-'10
		Jimmy Dean Foods	13,323,000	Jimmy Dean Foods	13,923,100		
		Siegel - Robert Inc.	13,110,300	Siegel - Robert Inc.	13,110,300		Siegel - Robert Inc. '01-'20
		Siegel - Robert Inc.	884,100	Siegel - Robert Inc.	806,600		
		Wesley of the South	2,789,061				
				Caterpillar Inc.	1,496,800		
				Honeywell Cust. Prod.	2,162,796		
				Kaz Home Env. Prod.	2,223,400		
				Kaz Home Env. Prod.	7,271,381		
				Royal Guard Vinyl	391,351		
				Siegel - Robert Inc.	4,946,078		
				World Color Press	15,710,700		World Color Press '89-01
							World Color Press '94-'04
							Sara Lee Corp. '89-'99
							Clorox Co. '89-'94
							Dyersburg Fabrics '93-'23
							Dyersburg Fabrics '97-'23
							Raybridge Investments '97-'05
							Heco Realty '97-'03
							Royplast Ltd. '97-'25
							Royplast Ltd. '00-'25
24	Fayette	-0-		-0-		1	Precision Optical Lab Ins./ Gallaway Dev. Corp. '74-'94
25	Fentress	Camel Mfg.	534,400			0	
26	Franklin	Nissan North America	41,000,000	Nissan North America	43,000,000	4	Nissan '91-'31
							CKR Industries '85-'97
							WRS Partnership '96-'04
							Serg. Land Mgmt. LP '97-'12
27	Gibson	Wesley at Milan	1,695,002			11	
		Kellwood Co.	18,128,184				Kellwood Co. '79-'99

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Gibson (cont.)	American Woodmark Corp.	2,121,300	American Woodmark Corp.	2,121,300		
		American Woodmark Corp.	11,896,389	American Woodmark Corp.	11,896,389		
				Hideaway Plastics	600,000		
							A & M Enterprises '91-'06
							Eaton Corp. '78-'08
							Gould Flexatherm '73-'93
							Copeland Elec. Corp. '78-'98
							A.O. Smith Corp. '79-'09
							Firestone Tire '75-'15
							American Chain & Cable '77-'02
							Windson Corp. '83-'94
							Milan Compress '86-'36
							Douglas & Lomason '76-'86
28	Giles	Homes By Oakwood	3,300,000	Homes By Oakwood	3,220,900	5	
		Johnson Controls	12,385,659	Johnson Controls	3,482,900		Johnson Controls '89-'99
		Frito-Lay	7,523,000	Frito-Lay	7,081,000		
		Frito-Lay	23,554,300	Frito-Lay	5,328,556		
		Saargummi	2,647,000	Saargummi	2,647,000		
				Saargummi	5,000,000		
							Avex Electronics '90-'91
							Ganton Technologies '92-'99
							Semtec Inc. '91-'00
							TN Sealing System '00-'09
29	Grainger	-0-		-0-		0	
30	Greene	DTR Tenn. Inc.	14,566,339	DTR Tenn. Inc.	23,078,213	13	DTR Industries '96-'06
		DTR Tenn. Inc.	28,230,433	DTR Tenn. Inc.	57,374,373		DTR Industries '96-'06
		Warehouse Services	1,033,800				Warehouse Services '97-'15
		Angus Industries Inc.	3,006,300	Angus Industries Inc.	3,006,300		Angus Industries Inc. '99-'19
		Angus Industries Inc.	7,600,000	Angus Industries Inc.	6,854,000		
		Butler Mfg. Inc.	21,819,628				
							Warehouse Services '00-'20
							Shen Valley LLC '94-'15
							Shen Valley LLC '94-'15
							Wal-Mart '95-'10
							Pkg. Services of TN '95-02
							Pkg. Services of TN '00-'10
							Mt. Pleasant Industries Prop. '96-'11
							Bundy Corp. '97-'07

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
31	Grundy	Keneric Corp.	150,000	Keneric Corp.	78,000	1	
		Angle Mfg.	230,000	Angle Mfg.	230,000		
				Tag Plastics	211,900		
				Toyo Seat USA	782,300		Toyo Seat USA '01-?
32	Hamblen	-0-		-0-		0	
33	Hamilton	SRI/Surgical Express	3,260,001	SRI/Surgical Express	3,260,001	32	
		SRI/Surgical Express	1,784,024	SRI/Surgical Express	1,784,024		
		Kraft Foods North America	10,583,106	Kraft Foods North America	9,033,409		
		Conn. Life Ins. Co.	5,239,360				
		Conn. Life Ins. Co.	1,071,117				
		Conn. Life Ins. Co.	1,703,758				
		Conn. Life Ins. Co.	5,116,000				
		Conn. Life Ins. Co.	5,069,010				
		Conn. Life Ins. Co.	7,437,700				
		E.I. Dupont	11,466,700	E.I. Dupont	6,376,938		E.I. Dupont '97-'17
		E.I. Dupont	28,897,156	E.I. Dupont	21,733,578		
		E.I. Dupont	19,637,567	E.I. Dupont	11,374,745		
		E.I. Dupont	70,401,271	E.I. Dupont	55,872,011		
		Messer Griesheim	29,304,978	Messer Griesheim	24,866,836		Messer Griesheim '99-'17
		Regis SE Dist. Ctr.		Regis SE Dist. Ctr.			Regis Corp. '97-'07
		Chattanooga Bakery	746,946				Chattanooga Bakery '97-'02
		Chattanooga Bakery	777,564				Chattanooga Bakery '97-'02
		Pavestone Co. L.P.	909,102				Pavestone Co. '98-'03
		Pavestone Co. L.P.	4,090,898				
		Top Flight Inc.	2,000,949				Top Flight Inc. '98-'02
		Top Flight Inc.	5,002,954				
		Wheland Foundry	36,400,000				Wheland Foundry '99-'09
		Sears Roebuck Co.	796,000				Sears Roebuck '98-'03
		Metals USA Flat Rolled Corp.	6,497,500	Metals USA Flat Rolled Corp.	6,107,450		
		National Print Group	406,040				National Print Group '98-'02
		National Print Group	287,694				
		Chattam Inc.	2,088,000	Chattam Inc.	2,088,000		Chattam Inc. '98-'09
		Chattam Inc.	2,081,651	Chattam Inc.	1,972,407		
		JRB Co. Inc.	4,000,000				JRB Co. '98-'07
		Culp Inc.	12,248,260	Culp Inc.	12,328,194		Culp Inc. '97-'07
		Sofix Corp.	12,500,000	Sofix Corp.	12,500,000		Sofix Corp. '92-'01
		Burner Systems	708,924				Burner Systems '96-?
		Burner Systems	3,238,377				
		Burner Systems	552,699				

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Hamilton (cont.)	So. Champion Tray	2,400,000	So. Champion Tray	2,543,600		So. Champion Tray '95-'02
		So. Champion Tray	201,360	So. Champion Tray	201,360		
				SRI/Surgical Express	33,660,001		
				SRI/Surgical Express	1,784,024		
							Komatsu Mfg. Co. '86-'95
							River City Co. '92-'22
							Gibraltar Steel '93-?
							Huntco Steel '94-?
							Combustion Eng. Inc. '96-?
							So. Foundry Supply '96-?
							TB Woods Inc. '97-'06
							TB Woods Inc. '97-'06
							Regis Corp. '97-'07
							Sofix Corp. '90-'01
							So. Health Care of TN '93-?
							Kenco Group '97-'07
							Chattanooga Labeling Sys. '98-'08
							Signal Mtn. Cement Co. '99-'10
							Covenant Transport '01-?
							Provident Life '01-?
34	Hancock	-0-		-0-		0	
35	Hardeman	Thyssenkrupp Elevator	6,500,000	-0-		0	
36	Hardin	Shiloh Foods	4,147,100	-0-		15	Shiloh Foods '98-'14
		Shiloh Foods	636,400				Shiloh Foods '99-'09
		Design Team Sign Co.	2,098,200				Design Team Sign '97-'12
		Design Team Sign Co.	514,400				
		CMH Mfg. Inc.	2,431,000				CMH Mfg. Inc. '95-'06
		CMH Mfg. Inc.	532,976				
							Cross Country Apparel '87-'92
							H. Floyd/Rex Lineberry '79-'99
							U.S. Apparel '86-'00
							Hardin Co. Riding school '84-'89
							Ben Holbert '85-'95
							Tri-Matic Spring Inc. '85-'00
							TN River Pulp & Paper '61-'?
							TN Dept. of Transportation '93-'94
							J. Park & Son '92-'95
							American Food Service ?

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Hardin (cont.)						American Food Service '00-'10
37	Hawkins	TRW Univ. Square Shopping Cntr	6,271,176 1,409,800	-0-		1	Cooper-Standard Auto '02-'12
38	Haywood	Willamette Ind. Inc. Willamette Ind. Inc. Willamette Ind. Inc. Willamette Ind. Inc. IFC Disposables	4,412,500 11,443,603 3,424,700 11,206,671 882,300	Brownsville Power Weyerhaeuser Co. Weyerhaeuser Co.	215,000,000 4,412,500 5,746,837	6	IFC Disposables '98-'04 Brownsville Power '98-'08 Tomkins Indus. '98-'08 Haywood Co. '83-'93 Teknor Apex Corp. '70-'90 Lasco Fluid Dist. '98-'08
39	Henderson	Scotts Hill Leisurewear Scotts Hill Leisurewear	375,000 10,400	-0-		1	Altama Delta Corp. '96-'05
40	Henry	PML Inc. Emerson Electric Dana Corp. Del-Met/Profile Metal American Lantern Tomlin Industries Tri-Star Mfg. Tri-Star Mfg.	950,000 6,940,700 370,000 497,064 1,636,600 504,000 225,000 150,000	Emerson Electric	6,940,700	2	Smithfield Industries '92-'95 Mar-Kel Lighting '92-'12
41	Hickman	7674 Hwy. 7	284,600	-0-		6	Tenn. Polymers '87-'97 Signage Inc. '93-'08 Mighty Equipment Co. '99-'14 Sole Supports Inc. '00-'15 Sole Supports Inc. '00-'15 Sole Supports Inc. '00-'15
42	Houston	-0-		-0-		0	

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
43	Humphreys	-0-		-0-		3	E.I. Dupont '94-'24 Aqua Glass Corp. '94-'03 Nashville Wire Products '94-'09
44	Jackson	-0-		-0-		0	
45	Jefferson	CMH Mfg. CMH Mfg.	- -	-0-		1	Bayliner Marine Corp, '88-'93
46	Johnson	U.S. 421 Cold Springs Road	9,751,800 743,900	-0-		2	Sara Lee Corp. '90-'99 Timberland Co. '86-?
47	Knox	-0-		-0-		1	Knox. News Sentinel '02-'12
48	Lake	Slough Landing Jolly Landing	35,000 10,000	IDB Lake Co. IDB Lake Co. Family Dollar Stores	35,000 10,000 228,500	0	
49	Lauderdale	Tenn. Electroplating Tenn. Electroplating Tenn. Electroplating Komatsu Am. International Marvin Windows	- - - 7,500,000 6,000,000	Tenn. Electroplating Tenn. Electroplating Tenn. Electroplating	- - -	2	Komatsu Dresser '95-'09 Marvin Windows '99-'09
50	Lawrence	SW Ohio Steel	8,550,000	-0-		10	SW Ohio Steel '93-'04 SW Ohio Steel '84-'94 C.J. Mfg. Corp. '83-? M. Fine & Sons '81-'96 North America Container '88-'93 Tridon Inc. '91-'05 Tridon Inc. '93-'07 Tridon Inc. '93-'07 Jones Apparel '93-'04 Jones Apparel '96-'07
51	Lewis	-0-		-0-		3	Am. Biltrite Rubber '60-'82 Genesco '91-'01 Puhl Properties '93-'96
52	Lincoln	Del-Met Corp. TKA Plastics	550,000 1,500,000	TKA Corp. Copperweld Copperweld	1,500,000 5,510,165 2,863,200	9	Copperweld '98-'18

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Lincoln (cont.)			Copperweld	4,708,055		
							Eagle Snacks '82-'06
							Lee Apparel '83-'03
							Keanall Products ??
							V.A.W. of America '97-'17
							V.A.W. of America '97-'17
							Frito-Lay '97-'17
							Frito-Lay '97-'17
							Franke Inc. '97-'16
53	Loudon	Arvin Meritos	5,500,000	-0-		1	-0-
		Vencor Nursing Ctr.	2,575,500				
54	McMinn	-0-		-0-		1	Hoover Universal Inc. '77-?
55	McNairy	United Stainless Inc.	2,192,120	United Stainless	2,192,120	5	
		Lorenza Holdings	330,000				
		Aqua Glass	340,400	Aqua Glass	340,400		Aqua Glass '99-'05
		Selmer Apparel	42,000	Selmer Apparel	42,000		
							Jakel Inc. '86-'91
							Kolpak '84-'14
							ITT SWF '59-'79
							General Electric '68-'93
56	Macon	Freddy W Scruggs	260,000	-0-		0	
57	Madison	Wolverine Tube Inc.	3,551,800	Wolverine Tube Inc.	35,518,000	21	Wolverine Tube '99-'11
		Wolverine Tube Inc.	16,912,415	Wolverine Tube Inc.	13,454,907		
		Young Touchstone	3,995,200	Young Touchstone	3,995,200		Touchstone Co. '98-'08
		Young Touchstone	610,044	Young Touchstone	502,694		
		Jackson Sun	20,400	Jackson Sun	20,400		Jackson Sun '00-'05
		Jackson Sun	814,955	Jackson Sun	5,728,540		
		Bobrick Wash. Equip.	2,746,300	Bobrick Wash. Equip.	2,746,300		
		Bobrick Wash. Equip.	598,279	Bobrick Wash. Equip.	509,897		
		Southwind Properties	6,501,400	Southwind Properties	5,981,200		
		Falcon Realty	106,000	Falcon Realty	478,600		Falcon Realty '99-'03
		Mill Masters Inc.	764,100	Mill Masters Inc.	764,100		Mill Masters Inc. '98-'04
		Mill Masters Inc.	241,168	Mill Masters Inc.	191,404		
		Aemp Corp.	7,499,700	Aemp Corp.	7,499,700		
		Aemp Corp.	4,574,488	Aemp Corp.	3,825,540		
		Delta Faucet	8,372,500	Delta Faucet	8,372,500		Delta Faucet '95-'15
		Delta Faucet	22,479,601	Delta Faucet	16,619,075		
		Porter-Cable Corp.	2,729,100	Porter-Cable Corp.	2,729,100		Porter-Cable Corp. '95-'04

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Madison (cont.)	Porter-Cable Corp.	17,470	Porter-Cable Corp.	17,470		
		Porter-Cable Corp.	35,300	Porter-Cable Corp.	35,300		
		Porter-Cable Corp.	13,700	Porter-Cable Corp.	13,700		
		Porter-Cable Corp.	14,565,000	Porter-Cable Corp.	14,565,000		
		Porter-Cable Corp.	1,981,900	Porter-Cable Corp.	1,981,900		
		Porter-Cable Corp.	5,281,600	Porter-Cable Corp.	5,281,600		
		Porter-Cable Corp.	263,934	Porter-Cable Corp.	184,754		
		Owens Corning Fiberglass	19,369,972	Owens Corning Fiberglass	16,782,782		Owens Corning Fiberglass '94-'0?
		Proctor & Gamble	42,539,320	Proctor & Gamble	32,526,062		
		Proctor & Gamble	23,999,345	Proctor & Gamble	19,085,277		
		Sonoco Products	7,027,356	Sonoco Products	5,905,706		Sonoco Products '98-'07
		Aurora Foods	3,700,784	Aurora Foods	11,060,351		
		Printpack Inc.	3,737,384	Printpack Inc.	3,197,822		
				Jackson Appliance	7,420,700		
				Jackson Appliance	3,389,699		
				Jackson Appliance	1,992,300		
				Phoenician Properties	3,361,200		Phoenician Properties '07-'17
				Porter-Cable Corp.	8,372,347		
				Porter-Cable Corp.	459,933		
				UGN Inc.	2,506,700		UGN Inc. '02-'07
							BICC Cable Corp. '91-'01
							James R. Paper Co. '93-'99
							James R. Paper Co. '95-'00
							Owens Corning ?
							Masco Corp. '94-'10
							Alumax Eng. Metal Process '94-'06
							Maytag Corp. '90-'01
							Maytag Corp. '95-'04
							A/E Properties '02-'11
							Elite Partners '02-'11
58	Marion	Orion Food Systems	2,204,714	Orion Food Systems	2,123,184	7	Orion Food Systems '98-'07
		Orion Food Systems	821,721	Orion Food Systems	454,895		
		Variform Inc.	6,832,287	Variform Inc.	7,593,916		Variform Inc. '92-'17
		Pella Plastics	50,000				
		Valmont Industries	8,733,442				Valmont Industries '00-'25
		Lodge Mfg. Co.	2,175,000	Lodge Mfg. Co.	2,175,000		Lodge Mfg. Co. '96-'07
		Lodge Mfg. Co.	6,300,000	Lodge Mfg. Co.	6,300,000		Lodge Mfg. Co. '99-'14
				Powell Sr. Apts.	3,461,823		
				Rock-Tenn. Convert	6,701,342		Rock-Tenn. Convert '95-'03
				Rock-Tenn. Convert	5,537,200		

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	Marion (cont.)			So. Pitts Housing Auth.	4,538,180		
							Delbar Products '00-'15
59	Marshall	Child Care Systems	172,000	Child Care Systems	-	3	
							Mead Corp. '75-'00
							Johnson Controls '89-'99
							Lewisburg Child Care Ctr. '98-'08
60	Maury	Accuride Corp.	4,982,773	Accuride Corp.	4,860,744	13	Accuride Corp. '99-'06
		Accuride Corp.	15,150,986	Accuride Corp.	3,520,860		
		Bank of America	741,200				
		Saturn Corp.	235,000,000	Saturn Corp.	256,000,000		Saturn Corp. '86-'25
		Saturn Corp.	1,346,900	Saturn Corp.	1,346,900		
		Saturn Corp.	9,000	Saturn Corp.	9,000		
		Saturn Corp.	245,400	Saturn Corp.	245,400		
		Saturn Corp.	421,700	Saturn Corp.	421,700		
		Saturn Corp.	26,600	Saturn Corp.	26,600		
		G & H Properties	600,000	Northpointe Properties	600,000	(?)	
		G & H Properties	600,000	Northpointe Properties	600,000	(?)	
		G & H Properties	800,000	Northpointe Properties	800,000	(?)	
		Fred Gillham Sr.	1,434,000	Fred Gillham Sr.	2,096,800		Fred Gillham Sr. '84-'94
		Fred Gillham Sr.	1,768,500	Fred Gillham Sr.	2,349,700		
				Fred Gillham Sr.	546,700		
				Bridgestone/Firestone	2,942,498		
				Tuscarora Inc.	2,252,985		
							Monsanto '75-'05
							Nashville Wire Products '84-'94
							Marmon Group '80-'01
							Cutler/Educ. Insig. '92-'97
							DTF Trucking '84-'94
							Scott Housing '84-'94
							AP Technoglass '89-'09
							AP Tenntech '89-'09
							D and A Technology '89-'09
							Wabash Fibre Box '96-'07
61	Meigs	-0-		-0-		0	
62	Monroe	-0-		-0-		0	
63	Montgomery	Robert Bosch Corp.	4,566,400	Robert Bosch Corp.	4,556,400	10	Robert Bosch Corp. '98-'07
		Robert Bosch Corp.	28,939,461	Robert Bosch Corp.	38,315,912		
		Florim USA Inc.	2,000,000				

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Montgomery (cont.)	Florim USA Inc.	14,303,559				
		Hendrickson Trailer	-				
		Bridgestone Metalpha	74,331,695				Bridgestone Metalpha '94-?
		Bridgestone Metalpha	19,377,000				Bridgestone Metalpha ?
		Startek USA Inc.	3,575,000	Startek USA Inc.	3,575,000		Startek USA Inc. '98-'07
		Startek USA Inc.	1,200,000	Startek USA Inc.	1,200,000		
				Robert Bosch Corp.	106,800		
				Robert Bosch Corp.	113,200		
				Robert Bosch Corp.	51,800		
				Robert Bosch Corp.	34,400		
							Arcata Graphics '87-'95
							Tilecera Inc. '90-'01
							Am. Yearbook Co.. '71-'95
							Boler Co. '98-'07
							Nashville Wire Products '99-'06
							RDR LTD Partnership '99-'02
64	Moore	-0-		-0-		0	
65	Morgan	Tennier Ind.	356,000			1	
		Zetek Power Corp.	850,000				
		Morgan Co. Health Council	30,000	Morgan Co. Health Council	25,000		
				Morgan Co. Health Council	250,000		
							Ind. Bd. of Hamilton Co. ??
							Culp Inc. '98-'07
66	Obion	Goodyear Tire & Rubber	63,372,482	-0-		1	
		Kolher Co.	1,400,000				
							CBK Ltd. Inc. '86-'23
67	Overton	-0-		-0-		1	Aeroquip Inoac. Co. '00-'03
68	Perry	-0-		-0-		0	
69	Pickett	Hutchison Extrusion	8,270,607	Hutchison Extrusion	8,200,000	0	
		Hutchison Extrusion	4,535,711	Hutchison Extrusion	10,300,000		
70	Polk	-0-		-0-		0	
71	Putnam	-0-		Cookeville Housing Auth.	2,400,000	3	
							Duriron Co. Inc. '78-'98
							Russell Stover Candies '76-'86
							Sunbeam Corp. '78-'98

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
72	Rhea	-0-		-0-		0	
73	Roane	Theragenics Corp.	15,224,218	Theragenics Corp.	15,699,187	2	Theragenics Corp. ?
				Ron Price	119,000		
74	Robertson	Datrek Prof. Bags	3,300,000	Datrek Prof. Bags	3,300,000	24	Datrek Prof. Bags '97-'17
		Datrek Prof. Bags	1,500,000	Datrek Prof. Bags	1,500,000		
		Brewer Sewing Supply	1,650,000				
				Chas. T. Beasley	459,600		
				CEI Co. Ltd.	5,442,401		CEI Co.Ltd. '91-'29
				CEI Co. Ltd.	204,453		CEI Co.Ltd. '98-'38
				CEI Co. Ltd.	12,372,718		
				CEI Co. Ltd.	6,954,899		
				CEI Co. Ltd.	11,253,913		
				Hail & Cotton Inc.	656,500		Hail & Cotton Inc. '79-'94
				Hail & Cotton Inc.	176,000		
				Pinnacle Logistics	3,000,000		Pinnacle Logistics '94-'05
				TKA Fabco Inc.	6,400,000		TKA Fabco Inc. '99-'19
				TKA Fabco Inc.	11,000,000		
				Tridon Inc.	1,843,063		Tridon Inc. '91-'06
				Tridon Inc.	416,935		Tridon Inc. '93-'07
							Tridon Inc. '93-'07
							Pinnacle Logistics '99-'05
							Pinnacle Logistics '01-'10
							Soltech Inc. '93-'03
							Soltech (Don Pierce) '93-'03
							Robertson Co, Health Care '79-09
							Nashville Wire Products '94-'09
							Nashville Wire Products '95-'02
							Tappan Co. '82-'95
							Tobacco Supply Co. '86-'01
							Kroger Co. '91-'11
							Fleetline Products '92-'07
							Larry & Wanda Collins '94-03
							Larry & Wanda Collins '95-06
							All-American Homes of TN '94-09
							C.Trimble & Jim Beasley '97-'22
							Morris Family LP '99-'39
75	Rutherford	Nissan North America	600,000,000	Nissan North America	700,000,000	10	Nissan Mfg. '81-'12
				National Specialty Services	12,000,000		National Specialty Services '01-'09
							Rutherford Property '84-'05

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Rutherford (cont.)						Rutherford Property '89-'29
							Murfreesboro Bank & Trust '76-'96
							Standard Register '78-'03
							Outboard Marine '87-'07
							Rich-Healy Corp. '77-'97
							Suntrust Bank '01-'09
							Atlantic Financial Group '02-'21
76	Scott	Sylvan Chemical	100,000	Winfield Plant	100,000	2	
		Sylvan Chemical	1,000,000	Winfield Plant	1,000,000		
		Sylvan Chemical	2,900,000	Winfield Plant	2,600,000		
		MCM Corp.	290,000				MCM Corp. '99-'20
		MCM Corp.	1,500,000				
				HBD Industries	300,000		
							Clemson Fabrics '94-'24
77	Sequatchie	Tecumseh Products	-			3	Tecumseh Products '88-'07
		Dunlap Industries	75,000	Dunlap Industries	75,000		
		National Display Tenn.	40,000				
		Seymour Tubing Inc.	29,000,000	Seymour Tubing Inc.	22,896,971		Seymour Tubing Inc. '00-'06
				S P Acquisitions	1,073,100		
				TPC Eng./Trans. Group	169,956		
				TPC Eng./Trans. Group	1,100,000		
							Sioux Inc. (Tecumseh) '88-'07
78	Sevier	Sevier Health Care Cntr.	2,381,600	-0-		1	
							Cherokee Textile '54-'95
79	Shelby	AC Humko Corp.	3,768,700			415	AC Humko Corp. '97-'04
		AC Humko Corp.	1,947,559				
		AIMS Logistics	1,500,000				
		Airport Logistics Ctr.	768,900	Airport Logistics Ctr.	2,742,000		Airport Logistics Ctr. '00-'07
		Allen-Bradley Co.	4,527,900				Allen-Bradley Co. '98-'03
		AMB Property	6,715,200	AMB Property	8,752,800		
		Ameriserve Food	4,468,500				Ameriserve Food '98-'08
		Ameriserve Food	2,400,000				Ameriserve Food '98-'08
		Apt. at Capaloma	527,500				
		Apothecary Partner	269,040				
		Arbors of Harbor Town	20,000,000				
		Arlington Inv. LLC	1,891,900				
		Auction St. Assoc.	14,326,600				
		AutoZone	10,764,500				AutoZone '93-'18
		AutoZone	171,900				AutoZone '94-'04

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)	AutoZone	33,822,355				AutoZone '93-'18
		AutoZone	3,488,214				
		Ave. Maria Asst. Living Fac.	125,000				
		Phil & Janie Baker	750,000				
		Barnhart Crane	3,875,750	Barnhart Crane	3,875,150		Barnhart Crane '98-'06
		Barnhart Crane	8,088,734	Barnhart Crane	8,088,734		Barnhart Crane '99-'07
		Beale St. Landing	1,962,520				
		James Bell	165,000				
		Belz Dev.	3,832,200	Belz Dev.	4,000,000		Belz Dev. '99-'06
		Belz Dev.	2,631,200	Belz Dev.	3,200,000		Belz Dev. '00-'05
		Belz Dev.	2,687,500	Belz Dev.	2,500,000		
		Belz Dev.	625,000	Belz Investco LP	698,860		
		Belz Dev.	1,346,000	Belz Investco LP	?		
		Belz Invest. Co.	1,548,750	Belz Investments	1,207,524		Belz Invest. Co. '94-'99
		Belz Invest. Co.	4,800,000	Belz Investments	5,387,169		Belz Invest. Co. '95-'00
		Blake & Johnson	225,000				Scott w Blake '00-'10
		Boyle Invest. Co.	739,300				
		Boyle Invest. Co.	2,825,500				
		Boyle Invest. Co.	817,000				
		Boyle Invest. Co.	20,527,800				
		Boyle Invest. Co.	17,246,321				
		Boyle Invest. Co.	1,116,100				
		Brinkley/Emberwood	9,170,800				
		Brinkley/Emberwood	829,200				
		L. and C. Bryant	44,400				
		L. and C. Bryant	77,200				
		Burns Philp Food	474,933	Burns Philp Food	364,790		Burns Philp Food Co. '92-'97
		Cadre Realty	124,000				Cadre Realty '00-'10
		Café Francisco	380,000				
		Cameron@Kirby Pkwy	13,272,000				
		Cameron@Kirby Pkwy	8,848,000				
		Candy Land Co.	45,400				
		Canon-Pan Am	143,459				
		Canon-Pan Am	24,176				
		Capital Dev.	5,000,000				
		Cargill Corn	12,833,600	Cargill Corn	14,388,800		Cargill Inc, '96-'09
		Cargill Corn	54,593,546	Cargill Corn	50,566,076		Cargill Inc, '96-'09
		Wm. Carpenter	65,000				
		Cendown Ltd.	291,000				
		Cendown Ltd.	177,000				

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)	Central Sta. Part.	4,472,400				
		Chemtainer	700,000				
		Claridge House Apts.	1,304,520				
		CME Four Stones	1,289,900				
		CME Four Stones	6,680,200				
		CME Four Stones	1,188,800				
		CME Four Stones	1,708,900				
		CME Four Stones	2,382,700				
		CME Four Stones	1,642,000				
		CME Four Stones	3,230,100				
		CME Eastwood	6,125,200				
		CME Raleigh	5,722,600				
		CME Raleigh	2,930,800				
		CMSI Riverside	1,100,000				
		Constar Inc.	?				
		Corners Apts.	6,430,000				
		Corp. Est. Inc.	14,000,000	Corp. Estates	6,156,229		Corp. Estates '99-'06
		Corp. Est. Inc.	3,352,065	Corp. Estates/Mitchell	3,094,124		Corp. Estates/Mitchell '91-'96
		Corp. Est. Inc.	2,084,698	Corp. Estates/Mitchell	?		Corp. Estates/Mitchell '99-'10
		Corporate Estates	902,000	Corp. Estates/Mitchell	2,010,852		
		Corporate Estates	17,103,300	Corp. Estates/Mitchell	15,390,571		
		Corporate Estates	5,789,200	Corp. Estates/Mitchell	6,880,738		Corp. Estates/Mitchell '99-'10
		Corporate Express	273,352	Corporate Express	247,937		Corp. Express '98-'03
		Cotton Exch. Bldg.	4,114,600				
		Countryside No. Apts.	6,529,800				
		Countryside No. Apts.	6,529,800			(? DUP)	
		Court Sq. Part.	698,800				
		Court Sq. Part.	3,313,375				
		Covington Furn. Mfg.	941,000				
		Henry Cowles	127,000				
		Henry Cowles	297,000				
		Henry Cowles	101,000				
		Creative Computers	2,443,100				Creative Computers '96-'?
		Creative Computers	7,428,700				
		Creative Computers	7,428,700			(? DUP)	
		Creative Computers	297,341				
		Crump Bldg.	1,430,300				
		V. Crunkshak	24,080				
		Cummins Engines	12,794,500				Cummins Engines '96-'01
		Cummins Engines	?	Cummins Engines	?		Cummins Engines '97-'02

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)	D and G Dev. Ltd.	987,950				
		Darby Fulfill	3,352,065				Darby Fulfill '99-'05
		Darby Fulfill	2,084,698				Darby Fulfill '00-'01
		Delmon Bldg.	400,000				
		Delta Bluff LLC	343,360				
		Delta Storage	1,193,800				Delta Storage '96-'00
		Delta Storage	821,100				
		Delta Storage	2,166,941				
		Delta Storage	?				
		Disciple Props.	208,400	Disciple Props.	109,600		
		Discover Financial Services	13,749,570	Discover Financial Services	4,307,700		Discover Financial Services '01-'09
		Discover Financial Services	799,700	Discover Financial Services	?		Discover Financial Services '01-'10
		Disney Store	15,176,000	Disney Store	14,137,505		
		Dupont	47,438,000				
		Dupont	152,300				
		Dupont	152,000				
		81 Monroe Inv. Co.	799,600				
		EMLP	550,000				
		Emerson Gen. Sign	6,744,944				Emerson Gen. Sign. '00-'06
		Emerson Gen. Sign	1,486,000				
		Env. Testing	260,000				Env. Testing '98-'07
		Env. Testing	180,000	Env. Testing	20,700		
		Env. Testing	550,555	Env. Testing	671,000		
		Greg Ericson	54,000				Greg Ericson '00-'14
		Ewing Moving Service	225,000				
		Exchange Bldg.	6,700,000				Exchange Bldg. '95-'05
		Express Airlines	1,032,750				Express Airlines '97-'04
		Express Airlines	426,000				
		Farnsworth Dist.	2,500,000	Farnsworth Farms One	2,954,800		Farnsworth Ind. Properties '93-'98
		Farnsworth Ind.	1,531,500	Farnsworth Ind.	1,451,400		Farnsworth Ind. Properties '97-'02
		Farnsworth Ind.	984,600	Farnsworth Ind.	984,600		Farnsworth Ind. Properties '98-'03
		Farnsworth Ind.	1,100,000	Farnsworth Farms One	1,088,300		Farnsworth Farms One '00-'06
		Farnsworth Ind.	1,287,300	Farnsworth Ind.	1,276,200		Farnsworth Dist. Prop. '98-'01
		Federal Express	149,524,611	Fed. Ex Express	204,033,000		Federal Express '99-'02
		Federal Express	4,705,553	Fed. Ex Express	5,725,000		Federal Express '99'-13
		Federal Express	1,124,915				
		Federal Express	119,408,000	Fed. Ex Express	242,700,000		Federal Express '99-'08
		Federal Express	197,899,771	Fed. Ex Express	198,754,271		
		Federal Express	4,474,722	Fed. Ex Express	7,522,000		
		Federal Express	9,840,300				

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)	Linda Felts Interiors	359,900				
		First Mercan. Trust	579,136				
		Flightsafety Int.	664,300				Flightsafety Int. '99-'08
		Flightsafety Int.	5,499,735				Flightsafety Int. '00-'09
		413 So Main Ltd.	600,000				
		Fred's Inc.	8,753,000				Fred's Inc. '98-'07
		Fred's Inc.	6,689,000				
		Freightliner LLC	2,880,000				Freightliner '97-'05
		Freightliner LLC	14,500,000				
		Front Inv. Co.	2,994,600				
		Front Row Ltd.	575,000				
		FSR Affordable Housing	4,605,600				
		FSR Affordable Housing	2,147,600				
		FSR Affordable Housing	1,149,400				
		Fujitsu	1,523,036	Fujitsu PC Corp.	801,689		Fujitsu PC Corp. '97-'05
		Fullen Dock & Warehouse	884,300	Fullen Dock & Warehouse	966,200		KDC Fullen Dock & Whse. '98-'04
		Fullen Dock & Warehouse	3,229,984	Fullen Dock & Warehouse	2,674,749		Fullen Dock & Warehouse '98-'04
		Gateway Apts.	559,920				Gateway McKinley '00-'05
		Gayoso House	4,000,000	Gayoso House	4,000,000		Gayoso House '93-'18
		Gayoso House	1,500,000	Gayoso House	1,500,000		Gayoso House '93-'18
		G.E. Capital	20,000				
		G.E. Capital	8,480,000				
		Gibson Guitar	2,607,300				
		Glaxo-Welcome	5,225,100	Glaxo-Welcome	5,102,500		Glaxo-Welcome '99-'07
		Glaxo-Welcome	3,177,163	Glaxo-Welcome	?		Glaxo-Welcome '00-'08
		Go/Dan Industries	243,540				
		Goodrich Memphis	6,167,300				Goodrich Memphis '96-'01
		Goodyear Tire	1,600,000				
		M. Grawemeyer	?				
		M. Grawemeyer	?				
		M. Grawemeyer	?				
		M. Grawemeyer	?				
		M. Grawemeyer	?				
		Sidney Haining	200,000				
		Hall Sales Inc.	2,000,000				
		Hamilton-Beach	15,421,900				Hamilton-Beach '99-'05
		Hamilton-Beach	215,298				Hamilton-Beach '00-'06
		Hampton Inns	5,206,640				Hampton Inns '98-'08
		Hampton Inns	5,118,600				Hampton Inns '99-'08
		Harbor Apts.	10,605,000				

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	Shelby (cont.)	Harbor Town Ctr.	702,400				Harbor Town Mkt. '01-'28
		Hardin-Sysco Food	174,400				Hardin-Sysco Food '91-'96
		Hardin-Sysco Food	8,474,800				
		Hardin-Sysco Food	631,100				
		Hardin-Sysco Food	2,109,495				
		Hardin-Sysco Food	55,513				
		Hardin-Sysco Food	7,268,000				
		HBG Real Estate	?	HBG Real Est.	1,500,000		
		Hewlett-Packard	15,038,900				Hewlett-Packard '98-'08
		Hewlett-Packard	1,221,050				Hewlett-Packard '99-'09
		R.and S. Hirsch	16,380				
		HMH Props.	14,283,000	HMH Props.	11,000,000		
		Bernard Hodges	43,680				
		Hohenberg Bros.	3,985,100				Hohenberg Bros. '95-'00
		Honeywell Inc.	15,399,190				Honeywell '96-'01
		Honeywell Inc.	1,571,313				Honeywell Ind. '00-'04
		Honeywell Inter.	?				
		Hotel Peabody	150,000				
		Hotel Peabody	500,000				
		Hotel Peabody	1,000,000				
		Hotel Peabody	25,000,000				
		Housing Corp. of Am.	4,740,240				
		Housing Corp. of Am.	2,152,900				
		HUB Properties	13,976,300				
		HUB Properties	22,200				
		HUB Properties	2,500				
		HUB Properties	1,694,100				
		Incos Acrylics	4,702,000				Incos Acrylics '01-'09
		Incos Acrylics	1,239,908				Incos Acrylics '00-'08
		Incos Acrylics	?				Incos Acrylics '99-'07
		Ind. Dev. Int'l.	2,263,950	Ind. Dev. Int'l.	4,401,403		Ind. Dev. Int'l. '93-'98
		Ind. Dev. Int'l.	11,780,000	Ind. Dev. Int'l.	16,683,400		Ind. Dev. Int'l. '94-'99
		Ind. Dev. Int'l.	10,646,108	Ind. Dev. Int'l.	8,310,160		Ind. Dev. Int'l. '96-'01
		Ind. Dev. Int'l.	12,794,500	Ind. Dev. Int'l.	16,415,900		Ind. Dev. Int'l. '95-'00
		Ind. Dev. Int'l.	2,397,573	Ind. Dev. Int'l.	5,123,916		Ind. Dev. Int'l. '95-'00
		Ingram Entertainment	6,180,000				Ingram Entertainment '98-'06
		Ingram Entertainment	871,155				Ingram Entertainment '99-'07
		Ingram Micro	42,130,502				Ingram Micro '95-'06
		International Paper	530,000	Int'l Paper Towers	?		International Paper '00-'14
		International Paper	2,606,300	Int'l Paper Towers	12,373,300		International Paper '00-'07

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	Shelby (cont.)	International Paper	?				International Paper '00-'?
		IPS Corp.	212,000				
		Island Harbor Corp.	12,529,800				
		Island Harbor Corp.	1,549,800				
		Island Harbor Corp.	1,435,800				
		Island Properties	231,100				Island Properties '01-'21
		Island Properties	151,500				
		Island Properties	233,400				
		Island Properties	186,100				
		Island Properties	95,200				
		Island Properties	626,600				
		Jackson Ave. Properties	1,849,500				
		Jackson Ave. Properties	3,986,400				
		Jackson Ave. Properties	9,900				
		Frank Jamison Jr.	168,100				
		Jefferson Pl. LLC	65,700				
		Jefferson Real Estate	143,320				
		Karlon Inv. Corp.	11,135,500				
		Kerns-Wilcheck LLC	200,000				
		Kirby Pine Estates	28,350,600				
		Kraft Foods	1,197,400				Kraft Foods '93-'98
		Kroger	23,532,900	Kroger	22,847,600		Kroger '96-'06
		Kroger	5,233,928	Kroger	?		Kroger LP '97-'07
		L and B Midway	6,814,300	L and B Midway	11,017,400		
		Lauburn Inv.	88,000				Lauburn Inv. '00-'12
		Lauburn Inv.	85,000				
		Lauburn Inv.	88,000				
		Lauburn Inv.	80,000				
		Lauburn Inv.	10,000				
		Ronald Lax	445,000	Ronald Lax	865,000		Ronald Lax '00-'10
		Carroll Lewis	300,000				
		Michael Lightman	3,873,600	Michael Lightman	12,285,100		
		Love Inc.	221,680				
		Madison Ave Properties	200,000				
		J B Maize	158,700				
		Mallory Group	2,261,800				
		Marianna Memphis	488,000				Marianna Memphis '00-'?
		Marianna Memphis	2,000,000				
		McKesson Corp.	6,177,720				McKesson/HBOC '99-'06
		McKesson Corp.	3,707,321				McKesson/HBOC '99-'06

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)	McKesson Corp.	1,360,722				McKesson/HBOC '00-'07
		McKesson Corp.	2,891,085				McKesson/HBOC '00-'06
		Med. Ctr. Assoc.	9,400,000	Med. Ctr. Assoc.	9,400,000		
		Med. Ctr. Assoc.	50,000	Med. Ctr. Assoc.	50,000		
		Med. Ctr. Assoc.	50,000	Med. Ctr. Assoc.	50,000		
		Med. Ctr. Assoc.	30,000	Med. Ctr. Assoc.	30,000		
		Med. Ctr. Assoc.	30,000	Med. Ctr. Assoc.	30,000		
		Med. Ctr. Assoc.	30,000	Med. Ctr. Assoc.	30,000		
		C & S Mednikow	40,000				C & S Mednikow '99-'09
		Med. Properties	1,352,800				Med. Properties '97-'02
		Med Tronic	12,000,000				Med Tronic '00-'07
		Med Tronic	5,400,000				
		Memcal Dev. Corp.	5,587,600				
		Memcal Holding Corp.	4,000,000				Memcal Holding Co. '95-'00
		Memphis Engraving	144,200	Memphis Engraving	352,325		Memphis Engraving '93-'03
		Memphis Enterprises	82,200				
		Memphis L G and W	1,386,280				
		Memphis Redbirds	16,400				
		Memphis Redbirds	755,100				
		Memphis Redbirds	36,400				
		Menlo Logis	9,033,500				Menlo Logis. '98-'06
		Menlo Logis	129,864				
		Mercy Capital Ctr.	7,428,700				Mercy Capital Ctr. '95-'00
		Metal Fab. Tech	3,000,000				
		Michel Dist. Svcs.	10,432,100	Michel Dist. Svcs.	5,151,168		
		Mid-So. Renaiss. Part.	176,100				
		Mitchell Inv.	1,186,300				Mitchell Inv. '96-'01
		MK-B Bldg. LLC	2,500,000	MKB Bldg. LLC	9,714,600		
		Moore Garage LLC	7,400,000				
		Morningstar Foods	18,751,042	Morningstar Foods	10,533,029		Morningstar Foods '97-'07
		Mosaic Group	45,990				
		Mosaic Group	77,240				
		Most Depend. Ftns.	164,400				
		Most Depend. Ftns.	355,900				
		M S Carriers	1,767,443				MS Carriers '99-'10
		M S Carriers	3,869,068				MS Carriers '00-'12
		Mueller Ind.	?				Mueller Ind. '96-'?
		Mueller Ind.	?				Mueller Ind. '98-'07
		Mueller Ind.	?				
		Mueller Ind.	?				

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)	Mueller Ind.	?				
		Alan Mullen	1,487,800				Alan Mullen '99-'04
		Nat'l Guard Prods.	551,628				Nat'l Guard Prods. '00-'04
		9 W. 2nd Properties	2,847,500				
		One Common Corp.	8,353,850				
		O. P. and F. Memphis	2,319,600				
		Overton Sq. Inv.	1,600,000				
		Ozburn-Hessey	10,000,000				Ozburn Hessey '96-'01
		Ozburn-Hessey	7,000,000				Ozburn Hessey '98-'03
		Pallet Factory	445,480				Pallet Factory '98-'03
		Pan Am. Int. Flt. Acad.	18,943				Pan Am Int. Flt. Acad. '98-'06
							Pan Am Int. Flt. Acad. '99-'07
		Panattoni/Van Valken	7,899,000				
		C. Pankey Photo.	49,250				
		Park Authority of Memphis	245,840				Park Authority of Memphis '00-'14
		Park Authority of Memphis	442,512				
		Park Authority of Memphis	14,048				
		Parkway Properties	16,361,000	Parkway Properties	7,934,495		
		Patterson Warehouse	20,308,700				Patterson Co. '86-'93
		Patterson Warehouse	197,782				Patterson Whse. '97-'02
		Peabody Office Tower	12,375,000				Peabody Office Tower '95-'24
		Peabody Office Tower	1,000,000	Peabody Office Tower	1,000,000		
		Peabody Office Tower	1,000	Peabody Office Tower	1,000		
		Peabody Office Tower	1,000	Peabody Office Tower	1,000		
		Peabody Pl. Gold	5,000,000	Peabody Pl. Gold	5,000,000		Peabody Pl. Gold '94-'24
		Peabody Pl. Gold	150,000	Peabody Pl. Gold	150,000		
		Peabody Pl. Gold	75,000	Peabody Pl. Gold	75,000		
		Peabody Pl. Gold	500	Peabody Pl. Gold	500		
		Peabody Pl. Gold	350,000	Peabody Pl. Gold	350,000		
		Peabody Pl. Hav. LP.	1,250,000	Peabody Pl. Hav. LP.	1,250,000		Peabody Pl. Hav. '94-'24
		Peabody Pl. Hotel	5,760,000	Peabody Pl. Hotel	5,760,000		
		Peabody Pl. Hotel	1,000	Peabody Pl. Hotel	1,000		
		Pfizer Inc.	1,031,100				Pfizer '95-'00
		Pfizer Inc.	?				Pfizer '97-'12
		Pfizer Inc.	13,769,700	Pfizer Inc.	14,569,000		Pfizer '98-'13
		Pfizer Inc.	8,631,538	Pfizer Inc.	8,380,977		Pfizer '99-'04
		PFSWEB	16,785,700				
		PFSWEB	?				
		Pinch Partners Inv.	76,500				Pinch Partners '94-'04
		Herbert Pinkney	193,000				

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)	Powertel Inc.	3,551,200				
		Powertel Inc.	?				
		Principal Life Ins.	?	Principal Life Ins.	14,481,200		
		Principal Life Ins.	10,764,500	Principal Life Ins.	14,481,200		
		Principal Life Ins.	9,033,500	Principal Life Ins.	11,813,900		
		Quebecor Printing	7,440,800	Quebecor World	2,458,300		Quebecor Printing '98-'07
		Quebecor Printing	15,332,000	Quebecor World	23,706,100		
		Murray Riss	14,520				
		Riverbluff Joint Venture	5,205,300	Riverbluff Coop. Inc.	5,923,600		
		Riverset Assoc. LP	5,042,200				
		Romark Logistics	1,106,750				Romark Logistics '99-'04
		Rubikon LLC	800,000				
		St. Peter Villa Inc.	5,504,000				
		Salem Manor	1,579,440	Salem Manor	1,579,440		
		Scansource	528,900	Scansource	7,869,100		Scansource '99-'05
		Scansource	1,232,171	Scansource	1,252,575		Scansource '00-'06
		SCB Computer	3,034,100				SCB Computer '99-'07
		SCB Computer	651,325				SCB Computer '00-'08
		Sears Roebuck	3,986,700				
		Security Fire Prot.	325,553				
		ServiceMaster Cons.	2,043,712	ServiceMaster Cons.	2,531,628		ServiceMaster '99-'08
		ServiceMaster Cons.	729,610	ServiceMaster Cons.	?		ServiceMaster '00-'09
		775 Ridgelake Inv.	?				775 Ridgelake Inv. '99-'07
		775 Ridgelake Inv.	?				
		SFP LLC	1,914,800				
		Sharp Mfg.	3,117,800				Sharp Elec. '93-'98
		Sharp Mfg.	356,700				Sharp Elec. '96-'08
		Sharp Mfg.	308,200				Sharp Elec. '96-'08
		Sharp Mfg.	100,000				Sharp Elec. '97-'09
		Sharp Mfg.	25,229,932				Sharp Elec. '98-'10
		Shelby Dist. Park	5,173,000	Shelby Dist. Park	5,173,000		Shelby Dist. Park '97-'02
		Shelby Dist. Park	3,901,804	Shelby Dist. Park	877,300		
		Shelby Group Int.	3,335,000				Shelby Group Int. '97-'04
		Shrine Inv. Co.	2,001,200				
		Shurgard Freeman	298,000				
		Shurgard Freeman	124,000				
		Chas. Shuttner	150,000				
		Chas. F. Smith	3,450,000				
		Wm. & Marly Smith	850,000				
		South Bluffs	11,337,100				

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)	South Bluffs	153,100				
		South Bluffs	142,300				
		South Bluffs	574,200				
		South Bluffs	2,945,000				
		South Main Ren.	450,000				
		Southfront Part.	24,300	Southfront Part.	14,700		
		Southfront Part.	515,600	Southfront Part.	600,000		
		Southfront Part.	52,100	Southfront Part.	51,800		
		Southfront Part.	25,000	Southfront Part.	25,400		
		Southfront Part.	53,700	Southfront Part.	56,400		
		Southridge Ind. Park	7,000,000	Southridge Ind. Park	7,000,000		
		Southridge Ind. LP	4,123,400	Southridge Ind.	4,000,000		Southridge Ind. LP '97-'09
		Southstar Properties	20,095,300				Southstar Properties '96-'03
		Spaghetti Warehouse	266,880				
		Storage USA	397,320				
		Stream International	3,127,700				Stream International '97-'10
		Stream International	4,566,949				Stream International '98-'11
		SWH Belz	1,024,000				SWH Belz '00-'22
		Swift Transport	2,114,300	Swift Transport	2,299,600		Swift Transport '97-'04
		Swift Transport	?	Swift Transport	?		Swift Transport '97-'04
		Paul Tashue	100,000				Paul Tashie '00-'13
		TCP Partners	834,100	TCB Partners	700,000		
		Technicolor Dist. Co.	8,385,600				Technicolor Videocassette 95-'00
		Technicolor Dist. Co.	117,000				Technicolor Videocassette 96-'01
		Technicolor Dist. Co.	526,900				Technicolor Videocassette 98-'13
		Technicolor Dist. Co.	4,288,916				Technicolor Videocassette 98-'13
		Telluride Depot Corp.	11,135,500	Telluride Depot Corp.	11,613,400		
		Tenn. Hotel Group	2,818,160	Tenn. Hotel Group	6,649,200		
		Tenn. Valley Ctr.	1,713,100				
		THOB LLC	483,100				
		THOB LLC	94,800				
		THOB LLC	25,600				
		THOB LLC	8,900				
		1399 Madison Prop.	1,500,000				
		387 So. Main Part.	450,000				387 So. Main Prop. 5/25/93-5/25/93
		Three Sisters Ltd.	160,100				
		Three Sisters Ltd.	1,725,100				
		Three Sisters Ltd.	96,100				
		Time-Warner	2,050,000				Time-Warner '99-'01
		Time-Warner	1,700,000				

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)	Time-Warner	2,050,000			(DUP ?)	
		Time-Warner	1,700,000			(DUP ?)	
		Toshiba Am. Bus.	941,320				
		Trezevant Manor	23,819,000				
		Tri-State Arm.	1,132,468				
		Eddie Tucker Design	35,900				
		Henry Turley Jr.	52,900				
		Henry Turley Jr.	89,600				
		Uni. Dist. Corp.	8,245,000				Uni Dist. Corp. 95-'00
		Uni. Dist. Corp.	542,353				
		Union Ave. Assoc.	1,214,100				
		United Agri. Prods.	2,775,825				
		UPS Inc.	60,000,000				UPS '97-'07
							UPS '97-'07
		Von Orehle	665,181				
		VP Bldgs.	3,750,200				VP Bldgs. '97-'02
		VP Bldgs.	409,789				
		Lee Warren	501,920				
		Wesley Forest LP	4,243,648				
		Wesley High. Nursing	3,900,000				
		Westco Dev.	2,864,238	Westco Dev.	2,909,211		Westco Dev. #9 '91-'96
		Westco Dev.	11,135,500	Westco Dev.	11,613,400		Westco Dev. #12 '97-'02
		Westco Dev.	3,551,200	Westco Dev.	3,726,900		Westco Dev. #12 '99-'04
		Westco Dev.	7,344,200	Westco Dev.	8,618,200		
		Wholesale Glass Dist.	627,300				Wholesale Glass Dist. '98-'03
		Willamette Indus.	3,073,232				Willamette Indus. '98-'03
		Willamette Indus.	97,784				
		Joseph R. Williams	68,040				
		Robert G. Williams	423,160				Robert G. Williams '01-'19
		Willow Lake Assoc.	3,108,300				
		Wilmont Hotel	325,000	Wilmont Hotel	6,500,000		Wilmont Hotel '00-'24
		Wilmont Hotel	200,000	Wilmont Hotel	200,000		
		Wilmont Hotel	200,000	Wilmont Hotel	200,000		
		Wilmont Hotel	200,000	Wilmont Hotel	200,000		
		Wilmont Hotel	325,000			(DUP ?)	
		Wilmont Hotel	200,000			(DUP ?)	
		Wilmont Hotel	200,000			(DUP ?)	
		Wilmont Hotel	200,000			(DUP ?)	
		Witco Corp.	2,992,600				Witco Corp. '97-'11
		Witco Corp.	72,096,498				Witco Corp. '98-'12

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)	Phillip/Terry Woodard	147,800				Phillip/Terry Woodard '00-'13
		Phillip/Terry Woodard	380,000				
		Phillip/Terry Woodard	55,000				
		Phillip/Terry Woodard	200,000				
		Phillip/Terry Woodard	150,000				
		Wright Med. Tech.	365,904	Wright Med. Tech.	2,408,400		
		Wright Med. Tech.	401,528	Wright Med. Tech.	2,803,600		
		Wright Med. Tech.	50,133	Wright Med. Tech.	1,666,700		
				Alco Props.	1,000,500		
				AMB Prod.	14,011,600		AMB Prod. '00-'15
				AMB Prod.	?	(DUP ?)	
				AMB Prod.	?	(DUP ?)	
				AMB Prod.	14,011,600		
				AMB Prod.	229,700		
				AMB Prod.	4,515,400		
				AMB Prod.	3,830,000		
				Barnhart Crane	6,312,702		Barnhart Crane '00-'08
				Belz Investco	526,900		Belz Investco '00-'10
				Belz Investco	7,022,164		Belz Investco '01-'04
				Belz Investco	2,430,300		
				Belz Investco	400,000		
				Broadmoor Inv.	3,529,100		Broadmoor Inv. '97-'10
				Broadmoor Inv.	?		
				Brobel GP	50,000		
				Brobel GP	50,000		
				Bldg. Plastics	3,283,200		Bldg. Plastics '00-'06
				Bldg. Plastics	609,399		Bldg. Plastics '00-'06
				Caleast Ind.	20,000,000		Caleast Ind. '00-'01
				Caleast Ind.	10,000,000		
				Nicholas Clark	6,804,027		
				Nicholas Clark	6,036,547		
				Commerce Ctr.	4,752,700		
				Commerce Ctr.	1,840,870		
				Corp. Est./Mitchell	204,595		
				Corp. Est./Mitchell	500,905		
				Corp. Est./Mitchell	?		
				Corp. Est./Mitchell	4,509,446		
				Corp. Est./Mitchell	7,544,826		
				Court LLC	229,360		Court LLC '00-'05
				Court LLC	399,670		Court LLC '01-'21

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)			Court LLC	87,720		
				Crompton Corp.	3,361,600		Crompton Corp. '00-'14
				Crompton Corp.	69,160,329		
				CW South Inc.	2,363,228		CW South '01-'06
				Discover Financial Serv.	?		
				8155 T & B Blvd.	30,000,000		
				8155 T & B Blvd.	3,978,765		
				Farnsworth Farms One	?		Farnsworth Farms One '00-'03
				Farnsworth Farms Two	527,800		Farnsworth Farms Two '00-'04
				Farnsworth Inv. Co.	1,698		
				Glaxo Smith Kline	10,000,000		
				HBG Real Estate LLC	1,650,000		
				Hillrise Venture	3,836,600		Hillrise Venture '96-'03
				Hillrise Venture	1,680,382		
				Hillrise Venture	70,000		
				Hillrise Venture	70,000		
				IEI Inv. Inc.	7,751,800		
				IEI Inv. Inc.	1,183,895		
				Ind. Dev. Int'l	21,569,900		Ind. Dev. Int'l '97-'05
				Ind. Dev. Int'l	?		Ind. Dev. Int'l '98-'03
				Ind. Dev. Int'l	623,300		Ind. Dev. Int'l '99-'04
				Ind. Dev. Int'l	?		Ind. Dev. Int'l '00-'05
				Ind. Dev. Int'l	613,950		Ind. Dev. Int'l '00-'08
				Ind. Dev. Int'l	254,408		Ind. Dev. Int'l '01-'09
				Ind. Dev. Int'l	7,151,590		
				Ind. Dev. Int'l	?		
				Ind. Dev. Int'l	613,950		
				Ind. Dev. Int'l	4,014,840		
				Jefferson R. Estates	4,658,300		Jefferson R. Estates '00-'40
				Lenox Park	3,908,586		
				Lenox Park	?		
				Lenox Park	3,647,904		
				Lenox Park	547,557		
				Michael Lightman	9,747,205		
				Lucite Int'l.	?		
				Lucite Int'l.	17,696,752		
				McLane Food Service	4,468,500		
				McLane Food Service	427,961		
				Med. Ctr. Assoc.	9,400,000		
				Memphis Trade. Part.	19,558,800		Memphis Trade Part. '00-'15

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)			Memphis Trade. Part.	?		
				Memphis Trade. Part.	20,904,500		
				Memphis Trade. Part.	927,097		
				Memphis Trade. Part.	14,410,000		
				Memphis Trade. Part.	582,800		
				Mercury printing	3,351,500		Mercury Printing '00-'05
				Mimeo.Com	?		Mimeo.com '00-'10
				N. Y. Life	700,028		
				N. Y. Life	13,960,886		
				Parkway Properties	25,273,815		
				Parkway Properties	3,255,245		
				Parkway Properties	9,601,515		
				Parkway Properties	997,900		
				Peabody Hotel	25,000,000		
				Peabody Hotel	150,000		
				Peabody Hotel	54,900		
				Peabody Pl. Centre	500,000		
				Peabody Pl. Centre	1,000,000		
				Peabody Pl. Gold	?		
				Peabody Pl. Gold	?		
				Peabody Pl. Hav.	1,250,000		
				Peabody Pl. Hav.	92,300		
				Peabody Office Tower	12,375,000		
				Peabody Office Tower	2,500,000		
				Penn. Spec. Chem.	?		Penn. Spec. Chem. '00-'08
				Penn. Spec. Chem.	?		
				Prologis Dev. Svcs.	31,341,800		Prologis Dev. Svcs. '00-'06
				Prologis Dev. Svcs.	379,484		
				Prologis Dev. Svcs.	637,000		
				Prologis Dev. Svcs.	1,245,952		
				Protein Techs.	29,953,464		Protein Techs. '96-'06
				Protein Techs.	152,300		
				Protein Techs.	152,000		
				Protein Techs.	30,253,248		
				S & S Inv.	12,224,000		S & S Invest. '96-'01
				S & S Inv.	745,145		S & S Invest. '97-'02
				Schilling-Hchem	9,959,620		Schilling-Hchem '00-'10
				7th St. Invest.	1,927,200		
				7th St. Invest.	3,050,687		
				Siegel-Robert	?		

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)			Siegel-Robert	32,973,853		
				Southridge	1,598,025		
				Southridge	4,918,965		
				Southridge	1,291,010		
				Southridge	?		
				Southridge Ind. LP	5,896,302		Southridge Ind. LP '98-'13
				Southridge Ind. LP	857,788		Southridge Ind. LP '00-'06
				Southridge Ind. Park	5,000,000		
				Southridge Ind. Park	5,477,800		
				Southridge Ind. Park	10,000,000		
				Southridge Ind. Park	?		
				Southridge Ind. Park	?		
				Space Center Atlanta	4,527,900		
				THG Court LLC	3,000,000		THG Court LLC '00-'20
				Thomas & Betts	1,116,100		Thomas & Betts Holdings '92-'97
				Thomas & Betts	739,300		
				Thomas & Betts	2,825,500		
				Thomas & Betts	817,000		
				Thomas & Betts	37,043,000		
				Thomas & Betts	28,907,014		
				United Stat. Supply	16,352,000		United Stat. Supply '00-'07
				United Stat. Supply	9,375,833		United Stat. Supply '01-'08
				United Stat. Supply	1,848,535		
				Westco Dev. #22	?		Westco Dev. '00-'05
				Weston Companies	230,378		Weston Props. '96-'01
				Weyerhaeuser	3,319,900		
				Weyerhaeuser	58,209		
							Air Express Int. '98-'03
							Aircraft Parts Int. '98-'03
							Allad Invest. '00-'06
							Alliant Foodservice '00-'06
							Amberjack Ltd. '97-'04
							Anixter Inc. '00-'06
							Aquiport Memphis '99-'01
							Aquiport Memphis '01-'04
							Ardco Inc. '89-'99
							Birmingham Steel '97-'12
							Birmingham Steel '97-'12
							Block Drug '97-'02
							Blue Group '01-'10

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)						Bluff City Steel '00-'05 Bluff City Steel '00-'05 BMO Leasing '96-'01 Board & Cen. Wood. '01-'11 Board & Cen. Wood. '01-'11 Bristol Park '02-'22 Brother Ind. '87-'91 Brother Int'l. '89-'94 Brother Int'l. '91-'97 Brother Int'l. '98-'13 Bldg. Plastics '00-'06+ Bldg. Plastics '00-'06+ Burgie Ind. '83-'98 Burns Philp Food '99-'04+ Burns Philp Food '00-'05+ Cargill '97-'10+ Cargill '98-'11+ Cargill '00-'?+ Catherine's Inc. '93-'98 Central Supply '86-'91 Classic Am. Hard. '01-'06 Cleo Inc. '89-'95 Coors Brewing '91-'96 Coors Brewing '93-'98 Coors Brewing '94-'? Coral Graphic '95-'00 C-P Indus. '86-'06 CTB LLC. '00-'20 D and N Invest. '98-'04 Darley Fulfill. '01-'? + Delta Metals '95-'00 Delta Metals '98'-05 Delta Metals '99-'06 Delta Metals '00-'07 Avery Dennison Corp. '94-? Diamond Comic Dist. '01-'05 Dyncorp '98-'04 EGS Elec. Group '98-'04 EGS Elec. Group '99-'06 1800 Transport '98-'03

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)						Endar Corp. '00-'06
							Endar Corp. '01-'07
							Endar Corp. '01-'07
							Enfield Logistics '98-'03
							ETC de los Americas '98-'08
							Faulding Inc. '98-'13
							F C Realty '97-'05
							Fed Ex East Campus '97-'17
							Finova Capital '97-'07
							Fleet Capital '99-'08
							Fleischman '90-'?
							Fleischman '90-'95
							Flight Safety Int. '01-'10+
							FMT Holding Co. '98-'06
							Foodservice Inc. '00-'06
							Fujitsu '98-'07+
							Fujitsu '99-'07+
							Fujitsu '99-'08+
							Fujitsu '00-'08+
							Fujitsu '01-'09
							Fuller Dock '99-'05
							Fundcraft Realty '84-'94
							Gayoso Suite Hotel '00-'10+
							Gayoso Suite Hotel '01-'26+
							Genuine Parts '00-'06
							Genuine Parts '00-'06
							Goodlett Farms Hold. '95-'00
							Grizzly Inds. '97-'02
							Hamilton Beach '00-'06
							Harbin Group '94-'99
							Haworth '01-'06
							Heffington Invests. '95-'99
							Hewlett-Packard '00-'10
							Hewson-Memphis Part. '90-'15
							JB Hunt Transportation '99-'03
							Huntco Steel '89-?
							ICI Acrylics '97-'02
							ICI Acrylics '98-'06
							Idoxx Dist. Corp. '96-'01
							Imperial Clevite '85-'00

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)						Independent Bank '99-'18 Ingram Entertainment '00-'08+ J-Line Pump '00-'05 Kellogg USA '94-'? Kenco Gp. '01-'07 V. Lou Kerns '95-'05 Kraft Foods '94-''94+ Kroger Ltd. Part. '98-'08 Leaf Inc. '92-'97 Leaf Inc. '92-'98 Ledbetter Packing '00-'04 Legend Land & Cattle '02-'22 Licensing Ventures '01-'06 M and I First Nat'l '01-'08 Mallard Corp. '96-'01 McKesson Corp. '01-'07 Medline Indus. '00-'07 Medline Indus. '01-'07 Memphis Compress '96-? Memphis Group '01-'09 Memphis Invest. Sys. '01-19 Memphis Powder '00-'04 Mercy San Juan J.V. '97-'05 Miss.-Ark. Tenn Pkg. '85-'95 Mitchell Invest. '97-'07+ Mitchell Invest. '97-'07+ Morningstar Foods '98-'08+ MS Carriers '99-'10+ New Fourth Resid. '00-'40 Newell Oper. Co. '96-'02 NMHG Fin. Serv. '00-'06 Oppenheimer Chatt. Assoc. '79-'04 Opus South Corp '94-'99 Opus South Corp. '97-'02 Orgill Inc. '02-'12 Parkway Cross. '00-'14 Patterson Warehouse '98-'03+ Patterson Warehouse '00-'04+ Patterson Warehouse '01-'? + Pfizer '00-'? +

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)						Pfizer '01-'01 +
							Pfizer '01-'10 +
							PFSWEB '00-'09
							Piper Indus. '88-'94
							Piper Indus. '89-?
							Praxair '97-'05
							Prime Automotive '99-'02
							Priority Fulfill '99-'08
							PVV Southpoint '99-'13
							Ralston Purina '90-'95
							Ralston Purina '91-'96
							Raymond Leasing '95-'00
							Rennaisance Part. '00-'15
							S.H. Rhea/H. Baird '82-'97
							L. Rice/A. Amundsen '00-'08
							Richards Med. '83-'87
							RND Inc. '94-'99
							RND Inc. '95-'00
							S and S Invests. '00-'04+
							Saleslink Corp. '00-'08
							Saleslink Corp. '01-'09
							SBC Metline '00-'07
							SCB Comp. Tech. '01-'09+
							Schering-Plough '97-'06
							ServiceMaster Const. '01-'10
							Services Dev. Corp. '91-'96
							Services Dev. Corp. '96-'01
							Sharp Elec. '99-'11+
							Sherrod Co. '94-'98
							Sierra Crest Equities '02-'02
							Sitel Corp. '97-'07
							Sofamor Danek '93-'?
							Sofamor Danek '93-'98
							Sparks Co. '00-'08
							Sparks Co. '00-'08
							Sparks Co. '00-'08
						(DUP ?)	Sparks Co. '00-'08
						(DUP ?)	Sparks Co. '00-'08
						(DUP ?)	Sparks Co. '00-'08
							Sparks Co. '01-'09

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
	Shelby (cont.)						Sparks Co. '01-'09 Sparks Co. '01-'09 Spiller Invest. '86-'91 Spritzer Co. '99-'03 Starter Corp. '93-'98 Steam Int'l '99-'13+ Strike King Lure '85-'95 Submitorder Inc. '00-'15 Super Am. Tissue '00-'10 PF Sweb '00-? Synnex Info. Tech. '97-'02 P. Tashie/P. Woodard '02-'02 TC Forest Hill Dev. '99-'06 Technicolor Video '00-'12+ Technicolor Video '00-'15+ Technicolor Video '01-'16+ Telecorp Equip. '98-'08 Telecorp Equip. '98-'08 Terumo Med. '00-'03 Thyssen Elev. Sys. '01-'06 Trans International '92-? Trans International Warehouse '88-'98 USAA Real Est. '98-'08 Varsity Brands '01-'04 Varsity Spirit Corp. '00-'10 Vining-Sparks IBG '00-'08 Vining-Sparks IBG '01-'09 Westmoreland Co. '94-'99 Williams Refining '99-'10 Williams Refining '01-? Williams-Sonoma '99-'05 Williams-Sonoma '00-'06 CK Witco Corp. '99-'13 + AH Witt Inc. '83-'96
80	Smith	-0-		-0-		0	
81	Stewart	Standard Gypsum Standard Gypsum	12,675,291 33,696,471	-0-		3	Standard Gypsum '99-'34 Oshkosh B'Gosh '61-'81 ? Nashville Wire Products '97-'13

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
82	Sullivan	Gary Alexander	316,700	Gary Alexander	316,700	12	Gary Alexander '94-'02
		Gary Alexander	703,900	Gary Alexander	703,900		
		Gary Alexander	234,900	Gary Alexander	234,900		
		Gary Alexander	204,700	Gary Alexander	204,700		
		Gary Alexander	275,000	Gary Alexander	275,000		
		American Phoenix	5,000				American Pheonix '00-'05
		Canan LLC	3,700,000				Canan LLC '00-'05
		Carta Mundi Inc.	837,750	Carta Mundi Inc.	837,750		
		Carta Mundi Inc.	4,178,802	Carta Mundi Inc.	4,542,239		
		Carta Mundi Inc.	5,557,422	Carta Mundi Inc.	5,342,152		
		Carta Mundi Inc.	1,766,550	Carta Mundi Inc.	1,766,550		
		COFAP of America	2,116,293				
		COFAP of America	18,859,395				
		COFAP of America	3,164,800				
		Eastman Chem. Co.	5,942,225	Eastman Chem. Co.	5,942,225		
		Eastman Chem. Co.	17,320,960	Eastman Chem. Co.	17,143,425		Eastman Chem. '91-'01
		Eastman Chem. Co.	2,209,796	Eastman Chem. Co.	2,209,796		Eastman Chem. '96-'10
		Eastman Chem. Co.	92,620,860	Eastman Chem. Co.	64,078,315		
		Eastman Chem. Co.	2,395,769				
		Marley Moulding	280,000				Marley Moulding '00-'05
		Microporous Prods.	5,181,500				
		Narcote LLC	1,166,400				Narcote '97-'02
		Narcote LLC	419,283				
		North American Corp.	104,300				North American Corp. '97-'02
		Primester	5,580,451	Primester	5,580,451		
		Primester	50,989,976	Primester	39,253,488		
		Tenn. Dist. Co.	16,163,900				Tenn. Dist. Co. '90-'?
		Tenn. Dist. Co.	5,527,069				
		Willamette Ind.	8,376,153				Willamette Ind. '00-'18
				Bank of Tennessee	1,475,443		
				Magneti Marelli	3,164,800		
				Magneti Marelli	2,116,293		
				Magneti Marelli	18,114,600		
				Magneti Marelli	12,499,400		
				Sprint Publishing	2,230,600		
				Weyerhaeuser Co.	50,907,726		
							Eastman Kodak '86-'01
							Exide Corp. '94-'98
							James Develop. '02-'07

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
83	Sumner	Unipres USA Gap Inc.	7,793,926 13,247,600	Unipres USA Gap Inc. NVR Inc.	7,793,926 13,247,600 1,481,600	11	Unipres USA '98-'03 Appleton Wire ? Collins Const. ? Crown Coating ? Del-Met Corp. ? Highland Hospital ? Marubeni Steel ? MPG/LP Inc. ? Precision Indus. ? Yamakawa Mfg. ? L. and W. Props. '00-'15
84	Tipton	Charms Delfield Co. HT Hackney Co. Mueller Tool & Machine Mueller Copper Fit. Mueller Copper Fit. Wallace Wallace Cordage Co.	3,313,193 2,559,756 1,389,514 857,009 2,983,976 3,022,578 2,325,925 158,400	Charms Delfield Co. HT Hackney Co. Wallace Comp. Serv. Wallace Cordage Co. Bowater Nuway Charms Producers Mid-South Quebecor World Quebecor World Slim Fast Foods	7,343,073 1,787,800 1,342,728 2,457,800 158,400 5,525,000 9,479,700 1,389,800 5,148,970 18,138,834 25,390,824	0	
85	Trousdale	-0-		-0-		8	Mueller Refrigeration '94-'97 General Spring '91-'96 Southern Debindery '92-'96 Southern Debindery '91-'96 Lamsteel Corp. '95-'05 Astro Nuclear Dyn. '93-'? Covenant Displays '95-'? Sunfresh Farms '96-'?
86	Unicoi	-0-		-0-		0	
87	Union	-0-		-0-		0	

No.	County	Leesees Filing in 2001	Value	Leesees Filing in 2002	Value	No. of Agreements[1]	Economic Development Agreements on File at the Division of Property Assessments and Terms of Agreement
88	Van Buren	-0-		-0-		0	
89	Warren	Bridgestone/Firestone Metal Products Metal Products Sunbeam Products	102,647,108 34,500 639,900 574,000	Bridgestone/Firestone Metal Products Metal Products Sunbeam Products	95,269,985 34,500 639,900 574,000	6	Bridgestone USA '89-'29 Metal Products '87-'99 Formfit Rogers '57-'78 Century Elec. Co. '59-'81 Oster Mfg. '58-'82 Calsonic Yorozu '86-'01
90	Washington	JCT Realty Johnson City Assoc. Johnson City Assoc. Johnson City Assoc.	3,000,000 235,500 234,900 384,064	-0-		2	Premier Hotel Dev. '00-'10 Bush Hog LLC '01-'13
91	Wayne	Wayne Co. Bd. Of Trust	2,200,000	-0-		0	
92	Weakley	-0-		-0-		5	MTD Products '84-'96 Miller Hubbell '69-'89 Creative Label '86-'87 ? Creative Label '86-'87 ? Plastic Products '95-'00
93	White	-0-		-0-		3	Moore Co. '95-'05 Wagner Light '95-'09 Genlyte Thomas '01-'07
94	Williamson	Ford Motor Land Dev.	64,849,000	Primus Auto Fin. Serv.	27,000,000	5	Primus Auto Fin. Serv. '94-'04 Fairview Indus. '71-'82 Harpeth National Bank '72-'92 Harpeth National Bank '75-'95 Murray Ohio Mfg. '71-'91
95	Wilson	State St. Bank & Trust	41,800,000	-0-		2	Dell USA '00-'40

[1] Number of economic development agreements filed since January 1, 1993.

Recommendations for Oversight of Property Tax Abatements

TCA § 4-17-301 requires all economic development agreements to be filed with the Office of the Comptroller (Division of Property Assessments). TCA § 7-53-305(b) requires that a cost/benefit analysis be submitted with every economic development agreement filed. TCA § 7-53-305(e) requires all private lessees of public property to file an annual report with the State Board of Equalization. These statutory requirements were enacted to serve the public interest. The rationales for these reporting requirements are:

- Disclosure of the terms of economic development agreements;
- Disclosure of local property tax abatements;
- To subject abatements to the same scrutiny, analysis, and oversight as appropriations of public funds; and
- To ensure that the economic benefits (value) of a business activity are greater than the costs to the local government (including the value of the abatement).

As virtually all state, and most local, governments across the nation have confronted budget shortfalls, more and more of them have begun to apply cost/benefit analysis to waivers of tax revenues. When usual revenue sources dwindle, it is only common sense to examine voluntary relinquishments of tax revenues that would otherwise have been collected. Good stewards of public funds cannot automatically assume that the benefit of every economic activity receiving a tax abatement offsets the revenues forgone. At the very least, the question should be asked.

The Tennessee General Assembly enacted reporting requirements for economic development agreements and leases of public property because that was in the public interest. It is in the public interest now to make sure that these requirements are effective and that the resulting information is complete, accurate, and available to policymakers.

The Public Chapter 815 study has shown that the reporting requirements are not effective, and that information received is neither complete nor accurate. Most importantly, Tennessee policymakers are not getting the information they need to make decisions in the public interest. Appendix 9 recommends changes to remedy those problems.

Assessors. Assessors presently have no statutory role in the reporting of leases, but the assessor is the only local official who knows the values, owners, exact locations, and mailing addresses of all parcels of property in the county. The present lease reporting form does not ask for the taxable value of the leased property. The assessor could supply that information. The amount of property tax that would otherwise be due to the county (and municipality if applicable) is presently based upon the lessee's estimate. The assessor could provide the exact figures. Assessors are uniquely positioned to notify each lessee of the filing requirement and make sure that the State Board of Equalization gets a filing form with complete and accurate information from each lessee of public property in that county.

Cost/benefit analysis. It is significant that since January 1, 2002, all economic development agreements must have a cost/benefit analysis attached. This sounds good, and could be an effective analytical tool, but in reality, the analysis plays no role in economic development decisions. First, the C/B analysis is only required for the first year of the agreement. An overall analysis for the term of the agreement is appropriate. Second, the analysis is very limited, and is weighted toward the benefit side. Benefits considered include number of new jobs, total wages paid, the amounts of state and local sales taxes generated, and any PILOTs made. The only cost included is the net loss of property tax revenue to the county (and city if applicable). At least for larger economic development deals, a community impact analysis should also be included. This would examine factors such as infrastructure costs, traffic congestion, noise, increased demand for services, quality of life indicators, etc. Third, and most importantly, the final computations of the C/B analysis, involving effective tax rates and assessment and appraisal ratios, are done by the staff of the Division of Property Assessments (DPA) after the agreement has already been executed! The parties complete the upper portion of the C/B analysis, sign the agreement, and mail it to DPA. At the time the agreement is signed, the governmental party may have no idea whether the deal has a positive or negative value for the county and/or city. TCA § 7-53-305(b) should be amended to provide that the C/B analysis be done prior to the execution of the agreement. If an agreement is executed that has a negative value, the governmental party should be required to submit a statement justifying the abatement.

Division of Property Assessments (DPA). The DPA is the repository of all economic development agreements executed in the State of Tennessee. The terms of these agreements are public information. DPA should compile an annual summary of agreements (including C/B analyses), by county, similar to the annual compilation of lessee filings done by the State Board of Equalization (SBE). DPA should also share and compare information with SBE to make certain that every lessee has an economic development agreement on file. It would also be helpful to have listings of which agreements have expired, which have been extended beyond the original term, which have been terminated for non-compliance, which ones remain in effect, and which ones provide for a "clawback" (a requirement that the private party make restitution for failure to meet employment or other economic goals). It would also be extremely helpful to require private parties to an agreement to notify DPA of any changes of name, ownership, etc.

Economic Development Agreements (EDAs). TCA § 4-17-303 should be amended to specify that the governmental party to the agreement is responsible for filing the agreement with DPA. When DPA receives an agreement, it should provide key information to SBE so that agency can send a lessee filing form to the private party. A greater effort must be made to inform local government entities of the requirement that any agreement they execute must be filed within ten days. Every EDA should be subjected to a meaningful C/B analysis and governmental entities should be required to justify executing any agreement with a negative value.

Enforcement. TCA § 7-53-305(e) requires lessees of public property to file reports with the State Board of Equalization no later than October 1 of each year, and assesses a penalty of $50 for

each day the report is late, up to a maximum of $500, plus interest of 1.5 percent per month, and collection costs. This statute should be enforced more rigorously. Not all economic development agreements are being filed within 10 days of execution as required by law, and there is currently no penalty prescribed for failing to comply. TCA § 4-17-303 should be amended to provide a penalty for failure to file an agreement. Reporting requirements need to be treated more seriously by all parties, and DPA and SBE should be given more enforcement powers.

Lessee filing forms. Whenever DPA receives an executed economic development agreement, staff should provide SBE with the name and address of the private party so that a lessee filing form and a copy of the reporting statute can be mailed to them. SBE currently mails forms to lessees that filed the previous year. Staff needs to follow up if no form is filed for the current year and records show that the agreement is still in effect. New lessees should be sent a form by the county assessor, also, and the assessor should be provided with a copy of each filing form submitted to SBE from that county. Forms need to be amended to obtain key information that is not currently available: taxable value of the property; the exact location of the property; changes of business name since the last filing; the type of business or Standard Industrial Classification code; how the PILOT (if any) is allocated; the value of any mitigations; and any rent, leasehold taxes, or actual property taxes paid. Property also should be broken down into real and personal categories as the assessment ratios are different for the two types. The annual compilation of lessee filings should be compared to the list of economic development agreements filed with DPA to make sure that all lessees are filing as required by law.

Mitigations. PILOTs may not be the only payments made by a lessee. Mitigations may include impact fees, development taxes, dedications of land, gifts and charitable contributions, and the value of self-provided services.

Payments in lieu of tax (PILOT). The lessee filing form should make clear that the amount of the PILOT reported should be the amount actually paid for that year. The lessee should state if the amount listed is pro-rated. It is important to know whether the PILOT is paid into the general fund of the county or city or is allocated for a specific purpose. It is also important to know if the PILOT is paid to an entity other than a city or county.

Program audits. All states require financial audits of expenditures of public monies. Many also require program audits to determine whether expenditures are effective in accomplishing the legislative intent. In recent years a number of states have begun to require program audits of economic development agencies and of the subsidies and tax abatements they award to private companies. The intent is to determine whether the public is receiving commensurate economic value for the tax revenues forgone.

Property tax. The lessee filing form has spaces to list county (and city if applicable) property taxes that would be due if the leased property were on the tax rolls. The tax amounts listed should be derived by multiplying the assessment ratios of real or personal property times the equalized

appraised value to get taxable value, and then multiplying that by the certified county tax rate (and the city rate if applicable). Because this computation ranges from tricky to impossible for the lay person, and because the filing forms are due annually on October 1, just before property tax bills are mailed out, the "tax otherwise due" amounts should be computed by the county assessor's office. After deducting PILOTs and the value of mitigations, the revenue impact on schools can be determined by multiplying the school levy portion of the tax rate times the net tax otherwise due.

Reporting. At the present time, there are no statutory provisions for compiling or publishing data collected by the State Board of Equalization (SBE) and the Division of Property Assessments (DPA). The laws only require the filing of economic development agreements and lessee reports and are silent on what the agencies are to do with that information. SBE, on its own, compiles and makes available on its website all annual data reported to them by lessees. The DPA maintains a spreadsheet summary, for internal use, of all agreements filed. That information is made available upon request, but there is no annual compilation of the information therein, and no cross-checking of the agreements with lessee reports. There is no statutory provision for submitting any of this information to any policymaking body outside of the Comptroller's office. TCA § 4-17-301 and TCA § 7-53-305(e) should be amended to give SBE and DPA more specific responsibility for auditing and reporting economic development agreements and leases and reported information should be submitted to key policymakers. It is not possible at the present time to determine the total cost or effectiveness of tax abatements because not all lessees of public property are required to file reports. Specifically, reporting requirements should be extended to public building authorities, sports authorities, and enterprise zone development authorities. Counties and cities should be required to report properties they rent directly to private entities for business purposes, and also any tax increment financing projects they undertake. When all lessees are reporting their activities, policymakers can determine the true scope of tax abatements.

State Board of Equalization (SBE). SBE staff should revise the lessee filing form as discussed earlier under that heading. Staff should compare lessee filings with the DPA list of economic development agreements (EDAs) to identify non-filers and follow up to secure compliance. SBE should enforce the penalties provided by law for late filing. SBE should use information gleaned from filed EDAs to contact lessees and inform them of filing requirements. SBE should work with county assessors to identify lessees, secure complete and accurate lessee information, get filing forms to all lessees, and provide assessors with copies of all the lessee forms filed from that county. SBE should carefully review all lessee forms filed and follow up as needed to clarify ambiguities and anomalies and secure omitted information.

Tax expenditures. A property tax abatement is, in actuality, an expenditure in the form of a waiver of revenue. Policymakers have traditionally focused on expenditures made pursuant to appropriations, and revenues forgone have been a practically invisible aspect of fiscal policy. That should change, because a tax dollar voluntarily relinquished in advance is just as important as a tax dollar appropriated. Appropriations, by law, receive some degree of prior analysis, audit, and oversight. By contrast, tax expenditures are not usually analyzed in advance, nor is there any public

policy oversight after the fact. Economic development has assumed such a hallowed place in policy that normal checks and balances are not applied. Tax abatements may turn out to be fully justified in most cases, but how do you know that this is an effective use of public money unless you dare to ask the question? Abatements that are not economically effective can be prevented and the revenue collected is then available for appropriation. Given the current fiscal situation in Tennessee, policymakers can no longer afford to ignore tax expenditures, nor to assume that any cost devoted to economic development is justified. Many states (Texas, Hawaii, North Dakota, Maryland, New York, Minnesota, Florida, Ohio) that have analyzed their economic development tax incentives have been surprised by the findings. The annual Tennessee budget document contains a section on state tax expenditures. Total local property tax revenue losses from statutory exemptions, special valuations, and abatements should be compiled annually and included in that section of the state budget. Counties and cities should be required to justify abatement decisions and voluntary relinquishment of property tax revenues should be factored into Basic Education Program allocations and other formulas for distributing state shared taxes.

Value. In determining the total cost of a tax abatement, the most crucial information on the lessee filing form is the value of the leased property. At the present time, the amount listed is just the lessee's estimate. It is not known how each lessee arrives at that estimate or why some values remain the same from year to year, some depreciate, and some increase. It is impossible to say whether "value", as estimated by the lessee, means market value, construction value, replacement value, assessed or appraised value, equalized value, depreciated value, or taxable value. The problem is that if value is only an estimate, everything that follows (such as "tax otherwise due") is also only an estimate. This defeats the purpose of determining the true cost of abatements. In order to arrive at valid numbers, "value" should be equalized appraised value (before assessment ratios are applied), or net taxable value. A problem with ascertaining equalized appraised value is that the assessor may not be appraising the property because it is tax exempt. This is especially true for leases of industrial park property, for instance, where the land is tax exempt and will remain so, never returning to the tax rolls. Where the lessee is paying "rent"- in effect buying tax exempt property on the installment plan, that property eventually will revert to private ownership and be subject to taxation. The assessor has to maintain some appraised value for that property so it can be taxed when it does return to the tax rolls.

APPENDIX 8

Report of Properties Owned by Industrial Development Boards and Health, Education & Housing Facility Boards (Sample Form)

REPORT OF PROPERTIES OWNED BY INDUSTRIAL DEVELOPMENT BOARDS AND HEALTH, EDUCATIONAL & HOUSING FACILITY BOARDS
(as amended by Public Chapter 605 of 2002)

Tennessee law (Tenn. Code Ann. §7-53-305 & Tenn. Code Ann. §48-101-312) requires businesses leasing property from industrial development (ID) boards or health, educational & housing facility (H&ED) boards (or their associated entities and subsidiaries), to annually report to the State Board of Equalization concerning this property. Please use the following or a comparable format to file this report.

GENERAL INFORMATION County:_____ Year:_____

Owner name: _____

Lessee name and address: _____

_____

Person filing this report:

Name: _____
Title: _____
Address: _____
_____
Phone: _____
E-mail: _____

1. PROPERTY LISTING

List all the real and personal property owned by the ID/H&ED Board and subject to the lease:

	Property address or location	Assessor's id. no.
A.		
B.		
C.		

D. _____

E. _____

2. PROPERTY DETAIL

For **each** of the above properties, provide the following information:

Item	EST. VALUE	DATE1	TERM	PILOT/CITY	PILOT/CO.	DATE2	EST. CITY TAX	EST. CO. TAX
A								
B								
C								
D								
E								

EST. VALUE: Good faith estimate of value

DATE1: Lease date

TERM: Lease term (mos./yrs.)

PILOT/CITY: Annual payments in lieu of property taxes, city

PILOT/COUNTY: Annual payments in lieu of property taxes, county

DATE2: Date the property is scheduled to return to the regular tax rolls

EST. CITY TAX: Estimated city taxes if the property were privately owned

EST. CO. TAX: Estimated county taxes if the property were privately owned

This report must be completed and submitted to the State Board of Equalization annually by ***October 1****. Late filed reports must be accompanied by a late penalty of $50 for each day the report is late subject to a maximum penalty of $500, and the maximum penalty will accrue interest of 1.5% per month.*

State Board of Equalization
Ste. 1700, 505 Deaderick St.
Nashville, TN 37243-0280
(615)401-7883

APPENDIX 9

Cost Versus Benefit Analysis for Payment in Lieu of Ad Valorem Tax (Sample Form)

Cost Versus Benefit Analysis for Payment In Lieu of Ad Valorem Tax

Date _____ **Person Completing Form:** _____

Title: _____

Lessor _____ **Lessee** _____

Lease Term	Term Beginning Date		Total Term Ending Date		Total Years of Agreement	0

Step 1	0	x	$ -	=	$ -	x	2.0	=	$ -			
	Number of New Jobs		Average Annual Company Wage		Direct Income		***See Note 1***		Direct & Indirect Income			
Step 2	$ -	÷	$ 31,148.00	=	0							
	Indirect Income		***See Note 1***		Number Indirect Jobs							
Step 3	$ -	x	0.0942	=	$ -	x	0.606	=	$ -	x	0.162	$ -
	Direct & Indirect Income		***See Note 1***		New Total Annual State Tax		***See Note 1***		New Annual State Sales Tax		***See Note 1***	New Annual Local Sales Tax

Calculation Summary: Additional comments and information about costs or benefits associated with the project may be attached.

Total of New and Indirect Jobs	**0**
Total of Direct and Indirect Income	**$0**
Total of New Annual State Sales Tax and New Annual Local Sales Tax	**$0**
Market Value of Leased Real Property Improvements	**$0**
Market Value of Leased Machinery & Equipment	**$0**
Market Value of Leased Land	**$0**
Total Appraised Value:	**$0**
Total Assessed Value:	$0

First Year PILOT Payment County:	**$0**
First Year PILOT Payment City:	**$0**
Total First Year PILOT:	**$0**

Tax Year	*2003*	*Est Property Taxes*	*EqTR x Assessed Value*
Co. Tax Rate	*$0.00*		***$0***
City Tax Rate	*$0.00*		*Eq TR = Total Rate x Appraisal Ratio*
Other Rate(s)	*$0.00*		
Total Tax Rate	*$0.00*		
Legal Ratio	*#DIV/0!*		
Appraisal Ratio	*1.0000*		
Eff Tax Rate	*#DIV/0!*	*(New Local Sales tax plus PILOT)*	*Less Estimated Property Tax*
		Annual Cost of PILOT =	$ -
			(To be Calculated Internally)

Note: Annual cost of PILOT does not include city and or county portion of new state taxes, company payroll and other indirect income generated.

Note 1 *Economic factors and multipliers provided by University of Tennessee for Business and Economic Research*

STEPS FOR COMPLETING COST VERSUS BENEFIT ANALYSIS

Step 1

1. Enter the number of new jobs being created
2. Multiply the number of new jobs times the average annual company wage
3. The result is direct income
4. Multiply direct income times 2.0[1]
5. The result is direct and indirect income

Step 2

1. Divide direct and indirect income by 2
2. The result is indirect income
3. Divide indirect income by $31,148[2]
4. The result is the number of indirect jobs

Step 3

1. Multiply direct and indirect income times 0.0942[1]
2. The result is the new total annual state tax (franchise, excise, licenses)
3. Multiply the new total annual state tax times 0.606[1]
4. The result is the new annual state sales tax
5. Multiply the new annual state sales tax times 0.162[1]
6. The result is the new annual local sales tax

Calculation

1. Add the number of new jobs to the number of indirect jobs
2. The result is the number of total jobs
3. Add direct and indirect income
4. The result is total income
5. Add new annual state sales tax to new annual local sales tax
6. The result is the new annual total sales tax
7. Add the market value of leased real property improvements to the market value of leased machinery and equipment and add the sum to the market value of leased land
8. The result is the total appraised value
9. In the designated boxes, list the First Year PILOT County; First Year PILOT city; and add these together to get the Total First Year PILOT.

NOTE: At this point, the “Cost Versus Benefit Analysis” is attached to the Economic Development Agreement and mailed to the Office of the Comptroller, Division of Property Assessments, James K. Polk State Office Building, Suite 1400, Nashville, Tennessee 37243-0277.

[1] Multipliers provided by the Center for Business and Economic Research, University of Tennessee
[2] Tennessee median personal income

Division of Property Assessments Calculations

In the box in the lower right of the form, the DPA lists the county tax rate, the city tax rate, and other tax rate (if any), and adds these to get the total tax rate. Also listed are the effective assessment (legal) ratio, the appraisal ratio, and the effective tax rate.

1. Multiply the total appraised value times the effective assessment (legal) ratio
2. The result is the total assessed value
3. Multiply the total tax rate times the appraisal ratio
4. The result is the equalized tax rate
5. Multiply the equalized tax rate times the assessed value
6. The result is the estimated property tax that would be due if the property were taxable
7. Add the new local sales tax to the total first year PILOT to get the annual total benefit
8. Subtract the estimated property tax from the annual total benefit to get the final value.[3]

[3] "Annual cost of the PILOT" is the net financial value of the agreement, which can be positive or negative