



State-Shared Sales Tax

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](http://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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State-Shared Sales Tax

Reference Number: MTAS-1875

Revenue Class: Intergovernmental Revenue

Fund: General

Account No.: 33510

Description: The Retailers' Sales Tax is applied to the sale, use, consumption, distribution, lease, or rental of tangible personal property and selected services, of which cities receive a population-based share of a portion of the total statewide collections. Additional money is available to cities that have sports authorities that have secured professional major league baseball, football, basketball or hockey franchises. Premier type tourist resorts that meet specified requirements (*i.e.*, golf courses, ski slopes, theme parks, etc.) are entitled to additional distributions per T.C.A. § 67-6-103 (a)(3)(B).

Authorization: T.C.A. § 67-6-101 *et seq.*

Requirements or Restrictions: Municipalities may conduct only four special censuses after the decennial census to increase their population-based share. T.C.A. § 67-6-103(a)(3)(C) and (D). Special options exist for "premiere type tourist resort" cities, cities that have a major league sports team, and others as noted in T.C.A.

Current Rate: 99 percent of 4.6030 percent of 6 percent of the statewide 7 percent sales tax (which equates to 4.55697%). The 1 percent (which equates to 0.04603%) is retained by the state and sent to the University of Tennessee to partially fund the Municipal Technical Advisory Service (MTAS). For example, if the state collected \$1 million in sales tax, MTAS would receive \$418.46, and cities would split \$45,569.70 based on population.

Frequency of Payment: Monthly

Late Pay Penalty: N/A

Exemptions: Revenues from fuel sales used for aviation, railways or water carriers are placed in the transportation equity fund.

Collection: Revenue is distributed monthly by the state.

Use Restrictions: None

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

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