



Municipal Technical Advisory Service  
INSTITUTE *for* PUBLIC SERVICE

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## State-Shared Taxes and Appropriations for the Coming Fiscal Year

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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 Taxes and Appropriations for the Coming Fiscal Year

**Reference Number:** MTAS-545

The Tennessee Department of Revenue makes payments of state-shared revenues to all Tennessee municipalities based on population. MTAS tracks the monthly revenues reported by the Department of Revenue and uses those along with estimates to forecast what cities may expect to receive in the coming fiscal year.

**The estimates shown below include actual numbers through May of 2020. The effects of the COVID-19 virus on the economy are not fully known at this time, so the reader should use sound judgement and caution when budgeting for 2020-21. State and federal grants will help offset the effect of COVID-19 but will be restricted in use. We will continue to monitor state collections and update this publication regularly. Most economic experts expect a significant drop in revenues for the majority of calendar year of 2020, with revenue growth in the first half of the 2020-21 calendar year.**

The first column in the chart below shows an updated estimate for the 2019-20 fiscal year (\$139.47). The second column takes what is estimated through June, uses available market data for 2020-21 and makes a conservative estimate of state-shared revenues for the 2020-21 fiscal year (\$135.47). This estimate is preliminary, especially since the economic impact of COVID-19 is not fully known. This is to be used as a tool in estimating projected revenue for the 2020-21 fiscal year. It is but one tool, and a multi-year trend analysis should also be prepared to assist in determining the appropriate estimate for the FY 2020-21 budget.

**NOTE\*\*** The IMPROVE Act of 2017 provided for additional gas and motor taxes. For FY 2019-20 the Act provided for an additional 1 cent of gas tax and 3 cents of diesel tax. Through March 2020 state sales tax shows a state-wide increase of 5.41% percent over the prior year. State beer tax, the special petroleum tax and the TVA in-lieu-of tax remain essentially unchanged. Gasoline and motor fuel taxes have increased 6.53% percent over the prior year due primarily to the IMPROVE Act. MTAS will review monthly actual revenue and will update the estimate if it changes significantly.

	<b>Updated Estimate 2019-2020</b>	<b>Initial Estimate 2020- 2021</b>
<b>General Fund</b>	<b>Per Capita Amount</b>	<b>Per Capita Amount</b>
State Sales Tax	\$90.00	\$86.00
State Beer Tax	.48	.48
Special Petroleum Products Tax (City Streets and Transportation Revenue)	1.99	1.99
Gross Receipts Tax (TVA in lieu of taxes)	12.00	12.00
<b>Total General Fund Revenue</b>	<b>\$104.47</b>	<b>\$100.47</b>
<b>State Street Aid Funds</b>		
Gasoline and Motor Fuel Taxes	\$35.00	\$35.00
<b>Total Per Capita (General and State Street Aid Funds)</b>	<b>\$139.47</b>	<b>\$135.47</b>

*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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