

Special Impact Area Funds: TVA

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://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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Special Impact Area Funds: TVA

Reference Number: MTAS-1882

Revenue Class: Intergovernmental Revenue

Fund: General

Account No.: 33592

Description: Three percent of the increase in gross power sales paid by TVA as payments in-lieu-of property taxes since June 30, 1978, is paid to municipalities where TVA is performing construction activity on facilities to produce electric power.

Authorization: T.C.A. § 67-9-101 (a)(3); T.C.A. § 67-9-102(b)

Requirements or Restrictions: TVA designates the construction activity areas. Payments are made during the time of construction and for one year after the construction activity is completed. For the next three fiscal years, payments are made in decreasing amounts based on the last year of the entitlement. The first year yields 75 percent of the payment based on the last year of the entitlement, the second year yields 50 percent, and the third year yields 25 percent. T.C.A. § 67-9-102 (b)(2).

This impact allocation for one county and its cities cannot exceed 10 percent of funds received under the normal distribution of the TVA gross receipts tax. T.C.A. § 67-9-102 (b)(1).

Current Rate: Three percent of the increase in gross receipts taxes from the fiscal year ended June 30, 1978 is distributed to TVA-impacted cities and counties.

Frequency of Payment: Annually

Late Pay Penalty: N/A

Exemptions: If in any fiscal year funds remain or there are no areas impacted by TVA construction activity, then no more than 30 percent of the impact funds are allocated to The University of Tennessee for the County Technical Assistance Service (CTAS). If there are still funds remaining, then no more than 20 percent of the impact funds are allocated to TACIR in two separate 20 percent increments. If there are still funds remaining, then they go to regional development authorities that have acquired a former nuclear site from TVA. Any money remaining after these allocations follows the normal distribution of TVA gross receipts tax.

Collection: State remits municipality's share quarterly.

Use Restrictions: None.

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