

IMPROVE Act (HB 534): Improving Manufacturing, Public Roads and Opportunities for a Vibrant Economy

A comprehensive and strategic plan to cut taxes on food and manufacturing while updating how the state provides Tennesseans the safe and reliable transportation network needed to support future job growth.

KEY TAKEAWAYS (AS PROPOSED BY AMENDMENT):

- ✓ Cuts more than \$300 million¹ annually in taxes, bringing the total number of cuts made and proposed since 2011 to more than \$600 million annually, roughly nine times more than any other administration.
- ✓ Keeps the state's transportation network debt-free for the next generation at a cost to the average Tennessee road user of around \$3.50 a month at full implementation while delivering 962 projects across all 95 counties.
- ✓ Once fully implemented, cities receive an additional \$35 million, and counties receive an additional \$70 million for local projects, allowing them to keep property and other local taxes low.

Tax Cuts (AS PROPOSED BY AMENDMENT)

The IMPROVE Act cuts taxes by more than \$300 million² annually, bringing the total number of cuts made and proposed since 2011 to more than \$600 million annually, roughly nine times more than any other administration.

- ✓ Cuts business taxes for manufacturers (\$113 million) by allowing them to go to "single weighted sales factor." Tennessee is currently at a competitive disadvantage for manufacturers, losing several candidates recently because of it. This helps create an even better environment for job creation because of manufacturing's multiplier effect with the suppliers they bring in.
- ✓ Cuts the sales tax on groceries by one percent (\$119 million), bringing the total cut of this tax under the Haslam administration to more than \$160 million.
- ✓ Cuts the Hall income tax 1 percent this year with a commitment to cut it 1 percent each of the next 4 years (5 percent, \$178 million).

A New Transportation Plan to Meet Tennessee's Needs (AS PROPOSED BY AMENDMENT)

Tennessee's flat state gas tax of 21.4 cents per gallon hasn't been updated since 1989. Due to inflation, increases in construction costs and the cost of land and better gas mileage, the state comptroller estimates that 21.4 cents in 1989 is now worth approximately 10 cents a gallon. The money goes half as far as it once did. Without additional funding, it would take the state 50 years to complete its current list of projects, and many cities and counties will be forced to raise property taxes to pay for transportation. Good roads lead to good jobs. One of Tennessee's most desirable attributes in recruiting jobs is our location on the map. If you want to distribute product around the country, there's no better location. But it's hard to sell job creators on Tennessee if we don't have the roads and bridges to get product where it needs to go. A poor transportation system also costs citizens in time and vehicle maintenance.

The IMPROVE Act offers a balanced, equitable transportation plan that keeps Tennessee a pay-as-you-go state for the next generation and our roads debt free:

- ✓ Increases the road user fee by 6 cents a gallon for gas and 10 cents a gallon for diesel with the increases phased in over a 3-year period.
- ✓ Increases car registration fees by \$5 for the average passenger vehicle.
- ✓ Places a \$100 annual fee on electric vehicles and increases charges on vehicles using alternative fuels.
- ✓ When fully implemented brings in approximately \$240 million in new dollars for the highway fund to fund 962 transportation projects across all 95 counties, with 52 percent of the projects going to urban areas and 48 percent to rural areas. These projects include safety and interstate improvements, congestion reduction, economic corridors and 536 bridges repaired.
- ✓ Provides an additional \$35 million for cities and \$70 million for counties for local transportation projects.
- ✓ Allows counties and the four major cities, only if approved by local voters through referendum, to impose a surcharge on taxes they already collect that would be solely dedicated to public transit projects.

¹ Tax cuts exceed \$400 million if the full phase-out of the Hall tax is included.

² Ibid.