

FULL RESTORATION OF THE HISTORIC SHARING RELATIONSHIP: STATE-SHARED SALES TAX SB 177 (BRIGGS) / HB909 (GARRETT)

What You Need to Know

- The bill will reverse the action taken more than 20 years ago that altered the historic revenue-sharing relationship to the detriment of municipalities.
- The bill will recognize the burden borne by taxpayers.
- The bill will drive Tennessee's economic growth.

What's the Problem?

- Cities generate 80% of the state's sales tax revenue while funding essential infrastructure and services.
- Starting in 1947, the state recognized that vital role by sharing a portion of total annual state sales tax revenues with cities to offset residents' tax burden and support statewide economic growth.
- In 2002, to address a budget shortfall, the state increased the sales tax rate from 6% to 7% but retained all revenue from the 1% increase.
- This altered the sharing relationship that had been observed for more than 50 years and enabled the state to realize **\$1.2 billion** in revenues that otherwise could have flowed to cities.
- The fiscal crisis is over, and the state should restore the sharing relationship.

What's the Solution?

- **SUPPORT SB177 / HB909** to restore the historic revenue-sharing relationship between the state and its municipalities by sharing sales tax revenues associated with the 1% increase, keeping taxpayer money in the communities where they live, strengthening infrastructure and public safety, and driving growth.