

FULL RESTORATION OF THE HISTORIC SHARING RELATIONSHIP: STATE-SHARED SALES TAX SB177 (BRIGGS) / HB909 (GARRETT)

What You Need to Know

- The bill will restore the full 4.6% state-shared sales tax to cities.
- The bill will ease tax burden for residents.
- The bill will fuel 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 4.6% 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 2002 decision altered the historic sharing relationship 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 4.6% sales tax sharing relationship to ease residents' burden, strengthen infrastructure and public safety, and drive growth.

