

RESOLUTION 22-21

A RESOLUTION TO SUPPORT RESTORING THE HISTORIC REVENUE SHARING RELATIONSHIP BETWEEN THE STATE OF TENNESSEE AND ITS LOCAL GOVERNMENTS AND TO RETURN THE LOCAL SHARE OF THE SINGLE ARTICLE CAP TO LOCAL GOVERNMENTS

WHEREAS, Tennessee's municipal communities are the economic engine of the state and today 92% of the state's total sales tax collections are generated within municipal boundaries; and,

WHEREAS, such economic growth is intentional and when it occurs, it is financed largely through city taxes for police, fire, streets, water and sewer, schools, parks, libraries and other amenities that attract and retain businesses and make Tennessee's communities desirable places for people to raise a family, start a business, and visit; and,

WHEREAS, in 1947, the state began sharing 4.6% of each year's total state sales tax collections with cities for the purposes of recognizing the collective contribution of cities as the state's economic engine; thereby acknowledging that city residents incur a local tax burden that is directly attributable to financing, developing, and maintaining an economic environment that continues to generate a healthy portion of the sales tax revenue accruing to the state; and,

WHEREAS, when confronting serious fiscal challenges in 2002, the state of Tennessee increased the state sales tax rate from 6% to 7%; and,

WHEREAS, the state chose not to share a portion of the sales tax revenues generated by the increase from 6% to 7% with Tennessee municipalities; and,

WHEREAS, as a result of this change the state broke a 55-year relationship of sharing 4.6% of all sales tax revenue designated for the state's general fund with municipalities; and,

WHEREAS, at the same time in 2002, the state also doubled from \$1,600 to \$3,200 the amount of the purchase price any single item that is subject to a combined state and local option sales tax of 9.75%; and

WHEREAS, in addition to the single article cap increase from \$1,600 to \$3,200, the state also captured and continues to capture 100% of the state's 7% levy as well as the 2.75% portion of the sales tax levy that is customarily reserved for local government on the added sale of items with a purchase price above \$1,600; and

WHEREAS, in the 20 years since these provisions took effect, these two changes have combined to result in the state realizing nearly \$2 billion in additional sales tax collections -- \$2 billion that would have benefitted local taxpayers had the historic revenue sharing relationship and single article cap not been altered in 2002; and,

WHEREAS, in the 20 years since these provisions took effect, Tennessee's state leaders have managed the budget with great care and a strong fiscally conservative approach to create a dynamic and growing economy with eight consecutive years of surplus revenues; and,

WHEREAS, in the 20 years since these provisions took effect, the State of Tennessee's sustained economic and fiscal performance have erased the conditions which led to these austerity measures in 2002; and,

WHEREAS, there is expected to be a surplus of recurring revenues produced by the economic engines of our state and managed by its leaders; and,

WHEREAS, as a result of the accolades bestowed upon the state for its economic success, its fiscally conservative policies and strong leadership, the state has garnered an enviable reputation as the state in which to live, work and play; and,

WHEREAS, a consequence of this reputation has led to continued and substantial economic growth and an increase and realignment of the state's population, thereby increasing the fiscal pressures on municipal governments to meet demands to expand and maintain infrastructure, to deliver essential services, to provide the amenities that allow for continued quality of life for Tennessee's citizens, and to promote an economic environment that allows Tennessee's businesses and communities to prosper; and,

WHEREAS, these fiscal pressures create the need for recurring dollars to keep pace with this demand and to counteract the effects of inflation; and,

WHEREAS, correcting the provisions which took effect in 2002 will help to offset these fiscal pressures and to provide relief to local taxpayers shouldering the burden of meeting this demand which is associated with generating the sales tax revenues accruing to the state.

NOW THEREFORE BE IT RESOLVED that the Board of Mayor and Aldermen of the City of Spring Hill, on behalf of its residents, formally supports the restoration of the historic revenue sharing relationship of recurring state shared sales taxes in order for cities to once again receive 4.6% of all state general fund sales tax revenue. The Spring Hill Board of Mayor and Aldermen also formally supports the state allowing local governments to receive the local share of sales tax revenues realized by increasing the single article cap in 2002 to collect on items with a purchase price between \$1,600 and \$3,200.

Passed and adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee on the 7th day of February, 2022.


Jim Hagaman, Mayor

ATTEST:


April Goad, City Recorder

LEGAL FORM APPROVED:


Patrick Carter, City Attorney

Resolution 22-21, Historic Revenue Share, TML Legislative Priorities Campaign

Wednesday, January 26, 2022 3:07 PM

Subject	[External] TML Legislative Priorities Campaign
From	Tennessee Municipal League
To	Pam Caskie
Sent	Wednesday, January 26, 2022 1:47 PM



Resolution
22-21, to ...

****External Email****



TML Legislative Priorities Campaign Contact Your Legislators About These Two Essential Issues

In 2002, in response to a budget crisis, the State of Tennessee enacted two measures to avoid fiscal calamity. Unfortunately, these two measures directly altered a 55-year revenue sharing relationship to the detriment of municipal governments and captured the local share from cities and counties of the sales tax revenue collected between \$1,600-\$3,200 on any single item.

Watch the video below to understand this history and its affect on your municipality's revenues.



*Click the Video Above to Watch the History of
State Shared Sales Tax Revenues and the Single Article Cap*

The Time Is Now

Through strong, fiscally conservative management of our state's budget Tennessee's leaders have created seven consecutive years of surplus revenues. Now the state is expected to see an increase in *recurring* revenues well in excess of what is required to restore the historic revenue-sharing relationship disrupted in 2002 and allow local governments to receive the local share of sales tax collected between \$1,600-\$3,200 on any single item.

Last Chance to Join Us for a Zoom Presentation/Discussion on These Issues

Friday, January 28 @ 9:30 EST / 8:30 CST

[Register for ZOOM Meeting](#)

By The Numbers

The sheets below show the estimated state shared sales tax gains that will be realized after passage of our legislative priority to restore the historic revenue sharing relationship. Within these documents you will find the estimated revenue gain for your municipality and all others, and you will find the estimated revenue gains among municipalities within your Senate and House district. Contact your legislators and let them know how these additional revenues will be used to serve their constituents in your community. Educate them about the impact these additional recurring revenues will have to lessen the property tax burden on Tennessean's in their district.

[Senators with Municipalities and Estimated State Shared Sales Tax Gains by District](#)

[Representatives with Municipalities and Estimated State Shared Sales Tax Gains by District](#)

[All Municipalities with Estimated State Shared Sales Tax Gains](#)

Pass A Resolution

Use the template below to pass a resolution in your municipality supporting passage of these two TML legislative priorities.

[Resolution Template for your Municipality](#)

Talking Points

[Restoring the Historic Revenue Sharing Relationship \(State Shared Sales Tax\)
Allow Local Governments to Receive Local Share of Sales Tax Collected Between \\$1,600 - \\$3,200
State Shared Sales Tax & Single Article -- In A Nutshell
For Less Than 4 Pennies](#)



Tennessee Municipal League, 226 Anne Dallas Dudley Blvd. Suite 710, Nashville, TN 37219

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