



# TGFOA

Fall Conference 2025

# Department of Revenue

**Our Mission:** The mission of the Department of Revenue is to make public services possible. **Our Vision:** Our vision is to maximize voluntary compliance through transparency, innovation, and engagement.

## **Our Core Values:**

- ❖ **Integrity:** We are honest and ethical.
- ❖ **Professionalism:** We perform to the highest standards of conduct.
- ❖ **Customer Service:** We provide excellent customer service to our customers and co-workers.

# Department of Revenue Budget

## DOR FY25 BUDGET

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Payroll	\$ 90,306,600.00	61.26%
Professional Services from Other Agencies	\$ 20,010,100.00	13.57%
Computer Related Expenses	\$ 12,135,800.00	8.23%
Other Operational Costs	\$ 24,959,500.00	16.93%
	<b>\$ 147,412,000.00</b>	

## FUNDING SOURCES

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State Appropriations	\$ 112,495,900.00	76.31%
Current Services	\$ 34,240,200.00	23.23%
Federal	\$ 20,900.00	0.01%
Interdepartmental	\$ 655,000.00	0.44%
	<b>\$ 147,412,000.00</b>	

# Department of Revenue Collections

## State Revenue Sources:

<u>Tax Class</u>	<u>FY24 Collections</u>	<u>FY25 Collections</u>
Sales and Use	\$14,055,390,019	\$14,628,591,491
Franchise & excise	\$4,545,413,082	\$3,724,664,259
Fuel Taxes	\$1,273,899,370	\$1,287,901,684
Privilege	\$515,992,355	\$538,966,995
TVA	\$394,713,840	\$398,514,817
Motor Vehicle	\$399,764,942	\$434,042,180
Alcohol & Tobacco Taxes	\$525,103,550	\$517,006,318
Hall Income Tax	\$2,122,814	\$2,087,873
Business	\$340,581,344	\$357,446,884
Other	\$46,576,770	\$52,721,978
	<u>\$22,099,558,086</u>	<u>\$21,941,944,479</u>

## Local Revenue Sources:

<u>Tax Class</u>	<u>FY24 Collections</u>	<u>FY25 Collections</u>
Local Sales Tax	\$4,365,242,408	\$4,622,377,408
Local Business Tax	\$328,139,329	\$342,305,434
Local Business Tax Fees	\$33,266,728	\$33,903,379
Mineral Tax	\$9,702,881	\$7,943,494
Coal Severance	\$1,104	-
Occupancy Tax -Marketplace	\$51,573,224	\$52,901,980
	<u>\$4,787,925,674</u>	<u>\$5,059,431,694</u>

# Sales Tax Allocation FY25

STATE SALES ALLOCATION (FY25)	
<b>State Fund:</b>	
Education	\$ 8,269,837,541.09
General Fund	\$ 5,283,349,382.57
Transportation Equity	\$ 19,767,015.36
Sinking Fund	\$ 101,666,087.82
Emergency Communication Fund Fees	\$ 125,229,265.05
911 Board	\$ 28,473,051.20
	<b>\$ 13,828,322,343.09</b>
<b>Local :</b>	
County	\$ 23,400,399.69
City	\$ 521,546,054.29
Tourist Development Zone	\$ 157,027,276.99
Border Region Tourist Development Zone	\$ 21,784,109.57
Courthouse Squares	\$ 3,506,422.71
Special Allocations (Sports Authorities)	\$ 68,582,613.15
Commercial Districts	\$ 543,049.78
	<b>\$ 796,389,926.18</b>
<b>Total</b>	<b>\$ 14,624,712,269.27</b>

LOCAL OPTION BREAKDOWN	
County	\$ 4,442,062,306.71
City ( Sent directly by DOR)	\$ 132,099,394.13
Department of Revenue Admin Fee	\$ 52,094,928.99
<b>Total</b>	<b>\$ 4,626,256,629.83</b>

# Gasoline-Motor Fuel Allocation FY 25

<b>Gasoline</b>	
<b>State Fund -</b>	
General Fund	\$ 9,232,117.12
Sinking Fund	\$ 87,700,000.00
Highway Fund	\$ 450,717,194.33
Wildlife Resources	\$ 4,827,561.82
<b>Total</b>	<b><u>\$ 552,476,873.27</u></b>
<b>Local -</b>	
County	\$ 225,889,085.56
City	\$ 113,087,519.53
<b>Total</b>	<b><u>\$ 338,976,605.09</u></b>
<b>Total</b>	<b><u>\$ 891,453,478.36</u></b>

<b>Motor Fuel</b>	
<b>State Fund -</b>	
General Fund	\$ 2,308,228.95
Highway Fund	\$ 234,588,252.80
Transportation Equity	\$ 3,294,501.72
<b>Total</b>	<b><u>\$ 240,190,983.47</u></b>
<b>Local -</b>	
County	\$ 55,832,085.79
City	\$ 27,981,919.10
<b>Total</b>	<b><u>\$ 83,814,004.89</u></b>
<b>Total</b>	<b><u>\$ 324,004,988.36</u></b>

# Alcohol Related Allocation FY25

<b>Beer</b>	
<b>State Fund -</b>	
General Fund	\$ 11,185,868.80
Transportation Litter Control	\$ 2,096,507.92
Department of Mental Health	\$ 68,417.36
Department of Revenue	\$ 642,317.70
<b>Total</b>	<b>\$ 13,993,111.78</b>
<b>Local -</b>	
County	\$ 1,677,059.47
City	\$ 1,677,059.47
<b>Total</b>	<b>\$ 3,354,118.94</b>
<b>Total</b>	<b>\$ 17,347,230.72</b>

<b>Mixed Drink (LBD)</b>	
<b>State Fund -</b>	
Education Trust Fund	\$ 114,929,080.72
<b>Total</b>	<b>\$ 114,929,080.72</b>
<b>Local -</b>	
County	\$ 110,197,754.43
City	\$ 4,731,392.09
<b>Total</b>	<b>\$ 114,929,146.52</b>
<b>Total</b>	<b>\$ 229,858,227.24</b>
<b>Alcoholic Beverage</b>	
<b>State Fund -</b>	
General Fund	\$ 69,759,760.70
Alcoholic Beverage Commission	\$ 1,856,094.14
<b>Total</b>	<b>\$ 71,615,854.84</b>
<b>Local -</b>	
County	\$ 14,753,329.18
<b>Total</b>	<b>\$ 14,753,329.18</b>
<b>Total</b>	<b>\$ 86,369,184.02</b>

# Business Tax Allocation

<b>Business Tax:</b>	
<b>State Fund -</b>	
General Fund State	\$ 359,508,148.50
DOR	\$ 1,789,671.42
<b>Total</b>	<b><u>\$ 361,297,819.92</u></b>
<b>Local -</b>	
County	\$ 199,431,306.31
City	\$ 172,926,570.06
<b>Total</b>	<b><u>\$ 372,357,876.37</u></b>
<b>Total</b>	<b><u>\$ 733,655,696.29</u></b>

# Legislation – Annual Population Certification



- **Public Chapter 501** requires, for purposes of calculating population-based tax allocations, the **Department of Economic & Community Development** to certify the population of each county and municipality, and the aggregate population of the state, prior to July 1 of each year in which there is not a decennial federal census. This act takes effect January 1, 2026, the public welfare requiring it.
- The Boyd Center for Business and Economic Research at the University of Tennessee, through the Tennessee state data center, shall generate annual population estimates for each county and municipality and provide the estimates to the department of economic and community development for review and certification.
- DOR meeting with Economic and Community Development 11/13/2025
- While Act takes effect January 1, 2026 , Population is only changed at the beginning of each fiscal year after DOR receives the population certification from Economic and Community Development

# Department of Revenue Administration Fee Reduction

Public Chapter 355 reduces the Department's administration fee on the local option sales tax, local occupancy tax on short-term rentals, business tax, coal severance tax, and local tax surcharges from 1.125% to 0.75%.

In FY 2025, DOR collected Approx. \$54 in administration fee for local taxes administered by the department on behalf of local governments.

This reduction is estimated to put some \$18M+ back in the hands of local governments



# Notable Legislation –State Shared

- **Public Chapter 514-** requires the Department to withhold state-shared tax allocations from a local government if a three-judge panel finds that the local government has violated state law or the Constitution of Tennessee, until the local government has resolved the violation.
- **Public Chapter 18-** requires the Department to comply with instructions from the Comptroller of the Treasury to withhold up to 15 percent of annual sales tax revenue allocated to municipalities found to have two or more outstanding late annual audits

# Short-term-Occupancy Tax

- **Public Chapter 364 (2025)**, effective July 1, 2025, subjects the first 30 days of occupancy in a short-term rental unit to the local occupancy tax, regardless of the overall length of stay.

Amends Tenn. Code Ann. § 67-4-1404 and states that when a person has maintained occupancy for 30 continuous days, the short-term rental unit marketplace must collect and remit the local occupancy tax for those 30 days to the Department and cease collecting the tax from the person for the remainder of their stay in the short-term rental unit. The local occupancy tax for the first 30 days of occupancy can no longer be refunded or credited.

# TN Works Act- Business Tax

- **Public Chapter 377 (2023)**, increases the business tax filing threshold from \$10,000 to \$100,000 per jurisdiction.
- These changes apply to tax years ending on or after December 31, 2023.
- Businesses with annual gross receipts of more than \$3,000 but less than \$100,000 within a jurisdiction are required to obtain a minimal activity license from the local county and/or incorporated municipality.

# Business tax allocation changes

PC 377		Prior to PC	
Amount	Recipient	Amount	Recipient
\$7.00 Per return	County / City Clerk	\$7.00 Per return	County / City Clerk
5%	County / City Clerk	5%	County / City Clerk
42.62%	State	43.00%	State
57.38%	Local Government Admin Fee of .75% to department	57.00%	Local Government Admin Fee of 1.125% to department

The diagram illustrates the change in tax allocation between the 'Prior to PC' period and the 'PC 377' period. A green arrow points from the '43.00%' State allocation in the 'Prior to PC' column to the '42.62%' State allocation in the 'PC 377' column. A blue arrow points from the '1.125%' Local Government Admin Fee in the 'Prior to PC' column to the '.75%' Local Government Admin Fee in the 'PC 377' column. The values '42.62%', '43.00%', '.75%', and '1.125%' are each enclosed in a red box.

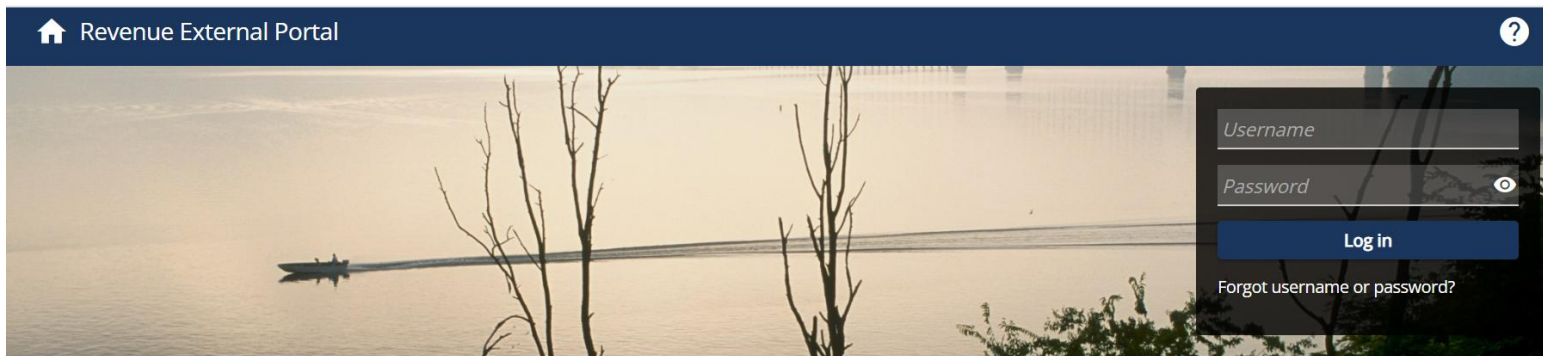
# Max. Local Mineral Severance Tax Rates

- **Public Chapter 285** establishes new maximum mineral severance tax rates for county legislative bodies to consider adopting:
  - Tax periods beginning prior to July 1, 2025: \$0.15/ton
  - Tax periods beginning between July 1, 2025 – June 30, 2030: \$0.20/ton
  - Tax periods beginning between July 1, 2030 – June 30, 2035: \$0.25/ton
  - Tax periods beginning on or after July 1, 2035: \$0.30/ton
  - Effective Date: April 24, 2025

# Pub. Ch. 917 (2024)

- Creates a new "city tax rate" that may apply to the retail sale of food and food ingredients. "City tax rate" means a rate adopted in an exempt food and food ingredients from its city tax rate.
- Currently there are 35 cities that fall into this category that could adopt this.
- An incorporated city or town wishing to adopt a reduced tax rate on food and food ingredients or exempt food and food ingredients from the city tax rate must do so by ordinance of its governing body. The city or town must provide the Department of Revenue a certified copy of the adopted ordinance. The effective date of the reduced tax rate or exemption is the first calendar day of the month occurring at least 60 days after the Department receives the certified copy. The reduced tax rate or exemption applies only to tax periods beginning on or after October 1, 2024.

# Revenue External Portal



Revenue External Portal

Username


Password

Log in

[Forgot username or password?](#)

By logging in, you confirm you have read the terms and conditions below, you understand them, and that you agree to be bound by them.

1. I acknowledge my official duties may involve access to state tax returns, tax information, and/or tax administration information. I have been advised state tax information requires special protection and may only be accessed, used, or disclosed in the performance of my official duties
2. I have [received and read copies of portions](#) of the Tennessee Code Annotated which pertain to unauthorized disclosure of state tax returns, tax information, and tax administration information. In particular, I have read and received copies of T.C.A. Sections 67-1-1701-1712. I have been advised it is unlawful to access or disclose state tax returns, tax information, or tax administration information for any purpose not authorized as part of my official duties. I have been advised these disclosure restrictions continue to apply even after my employment ceases. I agree to comply with the Tennessee Code sections as described above.
3. I have been advised of the criminal and/or civil penalties associated with violations of the disclosure statutes as described above.
4. I will not access or disclose any state tax return, tax information, or tax administration information in any manner whatsoever, except to the extent, and in a manner specifically permitted by applicable laws, rules, or regulations.

 Local Government portal users should contact Financial Control at [Revenue.FinancialControl@tn.gov](mailto:Revenue.FinancialControl@tn.gov) for any questions.  
ABC portal users should contact the Miscellaneous Tax unit at 615-253-0680 for any questions.



# Revenue External Portal Reports

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## Reports

- › [Out of State Percentage Breakdown \(Public Chapter 491\)](#) List of Local Option out of state sales distribution to all municipalities in a county jurisdiction.
  - › [Revenue Collection](#) Review the summary of local collections received that are attributed to your jurisdiction.
  - › [Sales Collections By Situs](#) View details of sales collections in a particular situs.
  - › [Sales Taxpayers by Situs](#) View the list of sales taxpayers registered in the selected situs code.
  - › [Business Taxpayers by Situs](#) View a list of business taxpayers registered in the selected situs code.
  - › [Business Tax Line Items](#) View business tax return line item details by jurisdiction.
  - › [Coal/Mineral Taxpayer By Situs](#) View details of coal and mineral severance collections in a particular situs.
  - › [View Letters](#) View letters.
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# Referendum Ordinance Reminder

- [Revenue.FinancialControl@tn.gov](mailto:Revenue.FinancialControl@tn.gov)

Please remember to send any ordinance or referendums that enact or change your local rates

# Questions

