Dear Editor –

I am writing to voice my support for two legislative initiatives that if passed by the Tennessee General Assembly will return millions of dollars in sales tax revenues to all cities and towns, easing the pressures on the local property tax.

The return of a larger share of locally-generated sales tax revenues would assist municipalities with the ever-increasing costs of providing essential services; make our communities desirable places to live, work and raise our families; and promote an environment that attracts, nurtures and supports businesses.

Cities are the economic engines of the state. On average, more than 85 % of the sales tax revenues collected by the state are generated within city limits. And with no income tax, the sales tax is the No. 1 source of revenue the state of Tennessee uses to balance its budget and to fund essential programs and services.

Local, municipal taxes – primarily the property tax -- pay for essential services such as police, fire, streets, water and sewers, schools, parks, libraries and other services and amenities. Each dollar of shared revenue returned to the community is a dollar less in local taxes that municipal taxpayers must provide to keep the State’s economic engines producing.

The State recognized the significant role cities play as economic engines and since 1947, cities have received a portion of the state sales tax to offset the local tax burden borne by city residents.

In 2002 to address a serious budget crisis, the state of Tennessee altered its 55-year revenue-sharing relationship with local municipalities by increasing the sales tax rate to 7% from 6%, but keeping all the new revenue collected for the state’s general fund.

In the 20 years since these austere measures were enacted, more than $1 billion in additional sales tax collections have been realized by the state -- $1 billion that would have benefitted local taxpayers had the historical relationship not been altered in 2002.

The leaders of our state have managed the budget with great care and vision to create the recurring revenues necessary to address this. The conditions which led to those severe measures in 2002 have long passed -- yet, the measures still remain in place.

City mayors, council members, and commissioners across the state are calling on Gov. Lee and members of the Tennessee General Assembly to reverse these 20-year austere measures and to once again allow local governments to share in 100% of the state sales tax revenues that flows into the state’s general fund.

The delivery of city services and the quality of life for Tennessee residents are directly linked to adequate funding. If the state returned to sharing all of the sales tax revenue, it would provide relief to local taxpayers, allow local governments to meet funding demands that are necessary to maintain vital infrastructure, provide essential services to our citizens, fuel economic expansion, and afford the quality of life that has allowed this state to prosper.