

Revenue (Updated 5/21/2020)

Council Member inquiries related to revenues (other than property tax).

1. What specifically is Tennessee's position on our shortfall? Davidson County is one of the greatest drivers of tax revenue for the State. The impact of our ability to recover and generate more taxes has a significant impact on generating more sales tax revenue and prevent greater costs to the State. Is there a way to present this in a comprehensive package to Governor Lee? Can we ask for a temporary deferral or exceptions for developing sales taxes, impact fees or a special tax with sunset provision that would bridge our budget shortfalls?

CM Mendes response: about accommodations from the State...through the hearings in the coming weeks, I think you'll hear that Finance is in very, very close contact with the State. The State is being flexible in allowing cash management actions for Metro to make ends meet that they would never allow outside an emergency. For example, State law prohibits Metro from borrowing money from one Fund to use in another across fiscal years. However, we are being allowed to do that now. If Metro weren't, we would run out of unencumbered, liquid cash before the end of the fiscal year. I think you will hear though that there is a 0% chance of the State essentially extending Metro credit in the ways suggested in your question.

Feel free to exercise any leverage you think would help. I believe these types of issues have been a topic of direct communications between the Gov and the Mayor. But I don't know the details.

On the debt question, that number is all General Obligation bond debt and commercial paper. These funding sources are fairly restrictive and can't be used for operating expenses. So it is all the cost of building a growing city. The debt report says that number was in the low \$2 billions 10 years ago. Perhaps you could have Maria or Jon pull for you all approved capital spending plans since 2010. That might help for when you get asked that question. I think you'll see it is a lot of roads, schools, buildings, infrastructure, etc... I think you will also see that the capital spending plans before 2016 were not very detailed. Now-Mayor Cooper and I co-sponsored legislation last term to increase the amount of detail the Council gets.

2. Do you have a summary of the current sales tax and other taxes?

Finance Response: All sales and other tax revenues are listed in detail in the [budget ordinance](#) in Section I, Schedule A (pages 7-9) for GSD and Section 11, Schedule A (page 22) for USD.

3. How much sales tax is paid and how much comes back to Davidson County by percentage?

Finance Response: The general state tax rate is 7%, while the local tax rate for Davidson County is 2.25%, for a total of 9.25%. A description of all revenues can be found in the revenue manual at the link below.

https://www.nashville.gov/Portals/0/SiteContent/Finance/docs/OMB/revenue_manual/fy18/FY18RevenueManual.pdf

4. How are these tax revenues spent?

Finance Response: Generally speaking, tax revenues support the operations of the fund in which they are budgeted.

5. Follow up question: Other tax revenues?

Finance response: I've highlighted 2 areas that have tax revenues (other than property and local option sales taxes)

Commercial Vehicle Wheel Tax	3,548,900
Wholesale Beer Tax	12,349,200
Alcoholic Beverage Privilege Tax	259,000
Alcoholic Beverage Gross Receipt Tax	38,300
Beer Permit Privilege Tax	215,000
Business Tax	7,092,700
Mineral Severance Tax	647,800
Fantasy Sports Tax	7,300
Wholesale Liquor Tax	4,163,400
Alc Bev Tax Apportion	944,500
TN Telecomm Sales Tax	706,800
Gas & Fuel County	9,137,700
Gas & Fuel City	16,900,100
Income Tax	6,857,800
TN Sales Tax Levy	28,446,300
TN Beer Tax Allocation	227,600

6. Why does the Downtown Energy System not generate revenue? If downtown entities are using it how is Metro reimbursed?

Council Director Response: DES generates \$19,009,200 in revenue, as shown on page 20 of the [budget ordinance](#). But Metro is DES's second largest customer (behind the State) and pays the same rates as other customers. Metro also pays the debt service on the system.

7. Can you get me the total dollar amount charged currently for Private and Commercial vehicle wheel tax in Davidson County?

Summary of taxes and fees for motor vehicles:

Private Passenger Vehicle Registration - \$86 (\$55 goes to Metro, \$29 goes to the State, \$2 charged for postage)

Commercial Vehicle Registration - \$68 (\$66 goes to Metro, \$2 charged for postage, State fee paid separately)*for State Registration fee, cost varies depending on size of vehicle/number of passengers

Motorcycle Registration - \$79 (\$55 goes to Metro, \$22 goes to the State, \$2 charged for postage)

8. Are we able to charge any form of wheel tax for individuals who come in and work in Davidson County for Wheel tax?

Response: The fee can only be charged for vehicles registered in Davidson County, not those whose owners live elsewhere and work in Davidson County.

9. Final question, what is the total cost of Emissions Testing in Davidson County and how much goes to the general operating fund from each charge.

Response:

Emissions Test - \$9 (Administered by Opus Inspection, a for-profit corporation, not affiliated with Metro)

Health Dept response: Metro gets \$3.50 from each \$9 test fee. I believe, budgetarily, the general fund considers \$1.50 of that dedicated to the Davidson County Clerk's budget and the other \$2.00 to the Health Department (it might be \$1.00 and \$2.50, I really can't remember).

The FY20 total will be reduced, obviously, because the stations were shut down for over a month. In a normal year they generate about \$2 million to the general fund.

***waiting for the Health Department to confirm more information*

10. Projected revenue loss for FY20 is \$192M (slide 8 of finance presentation), however the breakdown of shortfall on slide 6 add up to \$162.6M. This is a \$30M difference

Finance Response: The revenues listed on slide 6 are noted as "selected" revenues – only the largest amounts were listed.