



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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MEMORANDUM

TO: Commission Members

FROM: Cliff Lippard
Executive Director

DATE: 14 December 2017

SUBJECT: Trends in Tennessee Valley Authority (TVA) Gross Revenue Receipts and
Local Government PILOTs—Information Presentation

In response to a request at the January 2017 commission meeting, Stephen Schoolfield, TVA's senior program manager for taxes, will present on factors affecting TVA's gross revenue receipts and payments in lieu of taxes to local governments. Section 13 of the TVA Act requires TVA to make tax equivalent payments to states and counties in which TVA conducts power operations or in which TVA has acquired properties previously subject to state and local taxation. Total payments are based on 5% of prior-year gross proceeds from power sales—excluding sales to federal agencies—and are divided among the eight states in which TVA owns power property based both on revenues from power sold by TVA and on the value of TVA power property located in each state. The distribution of tax equivalent payments within each state is determined by individual state legislation, with the exception of certain direct payments TVA is required to make to counties.

In January, staff will present the Commission's latest report in response to Public Chapter 475, Acts of 2009, which directed the Commission to monitor changes in the wholesale distribution of electric power by TVA and its distributors for possible effects on TVA's tax equivalent payments and to Public Chapter 1035, Acts of 2010, which made the report an annual requirement.