



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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MEMORANDUM

TO: Commission Members

FROM: Cliff Lippard *Cliff*
Executive Director

DATE: 26 January 2018

SUBJECT: Ad Valorem Payments in Lieu of Taxes (PILOT): Addressing
Accountability and Transparency – Information Presentation

As discussed in TACIR's report responding to Public Chapter 431, Acts of 2017, businesses that lease tax exempt property from local industrial development boards (IDBs) are often required as part of their lease agreements to make payments in lieu of ad valorem taxes. Statewide, these payments totaled \$75.7 million in 2016, according to data collected by the Tennessee Comptroller of the Treasury. In some instances, local governments receive some payment in lieu of tax revenues, though they are not required to separately account for any payments they receive or how these revenues are allocated in their budgets or annual financial reports. Some local governments voluntarily provide this level of detail and could serve as examples to others wanting to enhance transparency around the payments and their use.