



JASON E. MUMPOWER
Comptroller

**TENNESSEE STATE FUNDING BOARD
NOVEMBER 4, 2024
AGENDA**

1. Call meeting to order, establish that there is a physical quorum, and receive public comment on actionable items in accordance with 2023 Public Chapter 300 and Board guidelines
2. Consideration for approval of minutes from October 2, 2024, meeting
3. Revenue Estimating Presentations:

Presenters:

- A. Dr. Don Bruce, Professor of Economics & Director,
Boyd Center for Business and Economic Research, University of Tennessee
- B. Dr. Joseph Newhard, Assistant Professor of Economics,
East Tennessee State University
- C. Mr. David Gerregano, Commissioner,
Mr. Jeff Bjarke, Director of Research,
State of Tennessee, Department of Revenue
- D. Mr. Bojan Savic, Executive Director,
Mr. Joe Wegenka, Chief Economist,
State of Tennessee, Fiscal Review Committee

4. Lottery Revenue Estimating Presentations:

Presenters:

- A. Mr. Bojan Savic, Executive Director,
Mr. Joe Wegenka, Chief Economist,
State of Tennessee, Fiscal Review Committee
 - B. Ms. Rebecca Paul, President & CEO,
Mr. Andy Davis, Chief Financial & Technology Officer,
Tennessee State Lottery Corporation
 - C. Mr. Tim Phelps, Senior Director of Grant & Scholarship Programs,
Tennessee Student Assistance Corporation
5. Presentation from Tennessee Sports Wagering Council
Ms. Mary Beth Thomas, Executive Director
6. Request to the Board for Consideration for Program Funding for the Fiscal Year 2025-2026 from
Net Lottery Proceeds Pursuant to Tennessee Code Annotated Section 4-51-111(c)(2)(B)
7. Report on approval of note issuance by Cocke County pursuant to Tenn. Code Ann. §9-13-210
8. Recess (State Funding Board to reconvene November 25, 2024)

TENNESSEE STATE FUNDING BOARD
October 2, 2024

The Tennessee State Funding Board (the “Board”) met on Wednesday, October 2, 2024, at 11:00 a.m., in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Tre Hargett was present and presided over the meeting.

The following members were also physically present:

The Honorable David H. Lillard, Jr., State Treasurer
Commissioner Jim Bryson, Department of Finance and Administration

The following members were absent:

The Honorable Bill Lee, Governor
The Honorable Jason E. Mumpower, Comptroller of the Treasury

Having established a physical quorum, Secretary Hargett called the meeting to order. Secretary Hargett, in accordance with Public Chapter 300 and Board guidelines, then asked Ms. Sandra Thompson, Director of the Division of State Government Finance (“SGF”) and Assistant Secretary to the Board, if any requests for public comment had been received. Ms. Thompson responded that no requests had been received.

Secretary Hargett then presented the minutes from the meeting held on July 22, 2024, for consideration and approval. Commissioner Bryson made a motion to approve the minutes. Treasurer Lillard seconded the motion, and it was unanimously approved.

Secretary Hargett then recognized Ms. Jamie Stitt, Assistant Commissioner of Business and Workforce Development, Tennessee Department of Economic and Community Development (“ECD”), to present FastTrack projects for consideration, and Ms. Jessica Johnson, Assistant Commissioner of Administration and Operations, ECD, to present the “FastTrack Report to State Funding Board” (the “Report”). Ms. Johnson reported that, as of the date of the July 22, 2024, Board meeting, the FastTrack balance was \$661,813,772.05. Since that time, \$3,574,291.74 in new funds had been appropriated; \$764,379.27 in funds had been deobligated; \$50,050,000.00 in new grants or loans greater than \$750,000.00 had been approved; \$2,539,458.00 in new grants or loans less than \$750,000.00 had been approved; and \$379,713.68 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$613,183,244.38 as of the date of the Report. Ms. Johnson reported that total commitments had been made in the amount of \$439,007,258.22, which is 71.6% committed, and resulted in an uncommitted FastTrack balance of \$174,175,986.16. Ms. Johnson reported that the amount of proposed grants for projects to be considered at this meeting totaled \$1,450,000.00, and if these projects were approved, the uncommitted balance would be \$172,725,986.16, with a total committed balance of \$440,457,258.22, which represented 71.8% of the FastTrack balance. Secretary Hargett then asked Ms. Stitt to present the following FastTrack projects:

- **Gateway Packaging Company, LLC – White House (Robertson County)**
FastTrack Job Training Assistance Grant \$930,000.00
- **American Water Heater Company – Johnson City (Washington County)**
FastTrack Job Training Assistance Grant \$520,000.00

The Board member packets included letters and FastTrack checklists signed by Mr. Stuart McWhorter, Commissioner, ECD, and incentive acceptance forms signed by company representatives. Secretary Hargett then inquired if the companies that had signed the incentive acceptance forms fully understood the agreements, and Ms. Stitt responded affirmatively. Secretary Hargett then inquired if the checklists had been completed for the projects, and Ms. Stitt responded affirmatively. Secretary Hargett then inquired if the projects included accountability agreements which would provide protections for the state in the event the entities could not fulfill the agreements, and Ms. Stitt responded affirmatively. Commissioner Bryson made a motion to approve the projects. Treasurer Lillard seconded the motion, and it was unanimously approved.

Secretary Hargett then recognized Ms. Thompson to present a “Resolution Allocating from the Debt Service Fund to the Capital Projects Fund \$5,752,159.29 and Canceling Authorized Bonds”. Ms. Thompson stated that several of the state’s capital projects that had been funded with General Obligation commercial paper (“CP”) were now complete and the state had decided to repay the outstanding CP with cash instead of issuing long-term debt. Ms. Thompson further stated that the CP for those projects had been repaid, so the resolution before the Board authorized the cancellation of those projects’ bond authorizations. Commissioner Bryson made a motion to approve the resolution. Treasurer Lillard seconded the motion, and it was unanimously approved.

Secretary Hargett then recognized Ms. Thompson to discuss the Request for Proposal for Financial Advisor for the Board (the “RFP”). Ms. Thompson stated that the Board had a contract in place with its financial advisor, PFM Financial Advisors LLC, that would expire at the end of the year. Ms. Thompson further stated that the contract had been for three years with two additional one-year extensions. Ms. Thompson then stated that staff to the Board had finalized the RFP and that it would be issued on Monday, October 7, 2024, with responses due by November 1, 2024. Ms. Thompson further stated that staff would be evaluating the proposals received throughout November and would be making a recommendation to the Board at a December meeting. Treasurer Lillard then inquired if the terms of the RFP were going to be the same as the previous RFP with respondents being limited to only providing financial advisory services. Ms. Thompson responded that staff had requested that financial advisors only submit a proposal if in fact the respondent is a financial advisor only. Ms. Thompson further replied that the RFP was in substantially the same form as the prior issued RFP with some additional questions and fine tuning. No further action was necessary.

Secretary Hargett observed no further business to come before the Board and requested a motion to adjourn. Commissioner Bryson made a motion to adjourn the meeting, and Treasurer Lillard seconded the motion. The motion was unanimously approved, and the meeting was adjourned.

Approved on this _____ day of _____ 2024.

Respectfully submitted,

Sandra Thompson,
Assistant Secretary

Tennessee Economic Outlook and Tax Revenue Forecast

Dr. Don Bruce, Director
November 4, 2024



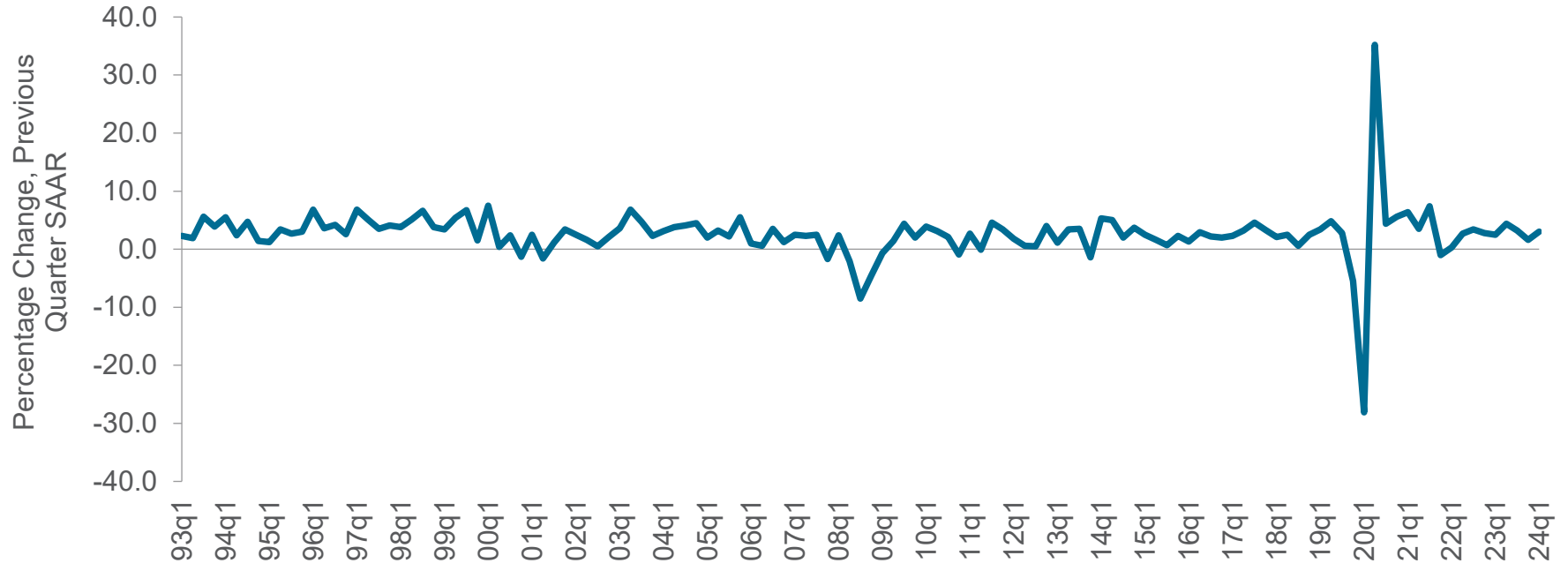
THE UNIVERSITY OF
TENNESSEE
KNOXVILLE

BOYD CENTER FOR BUSINESS
AND ECONOMIC RESEARCH



The National Economy Remains Strong

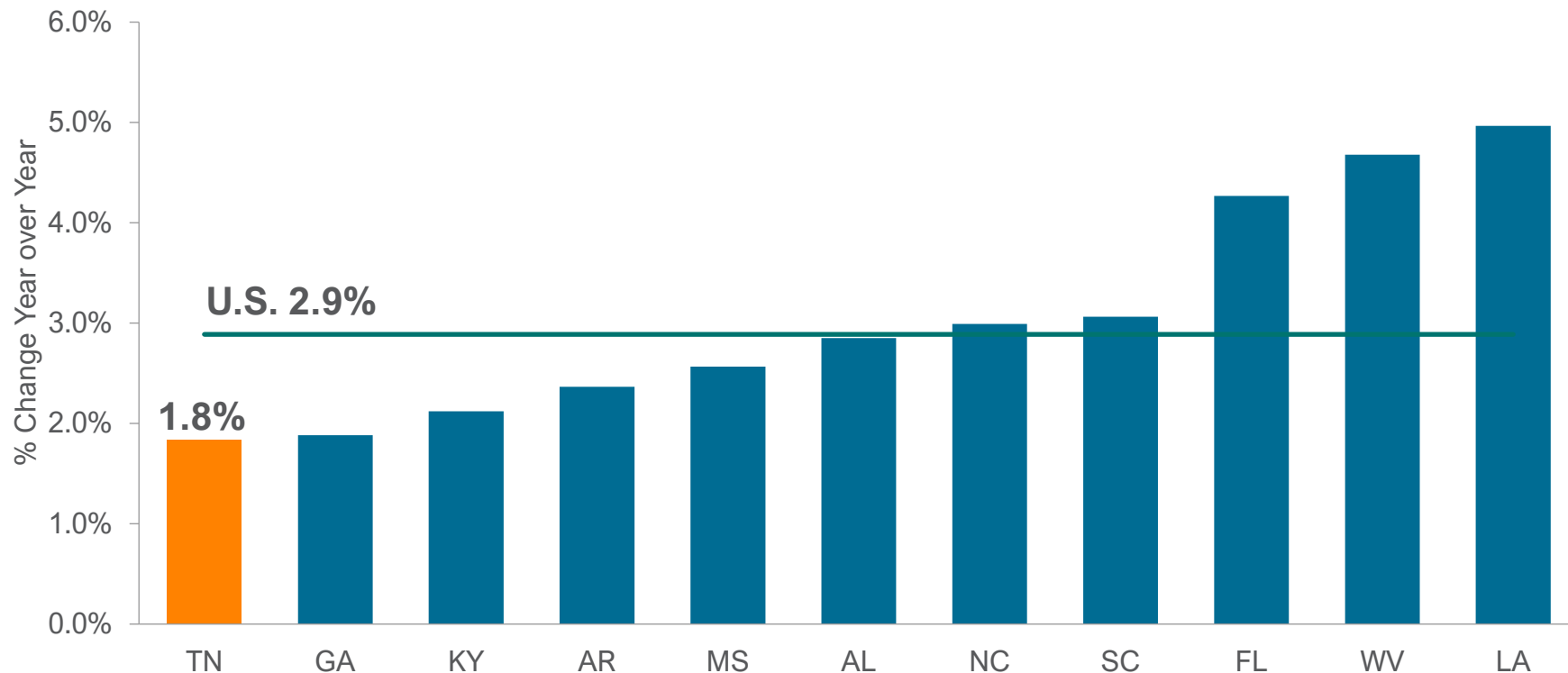
Real GDP Growth Rates Remain Positive



Source: BEA

Only a Few Southern States Outpaced the US Last Year

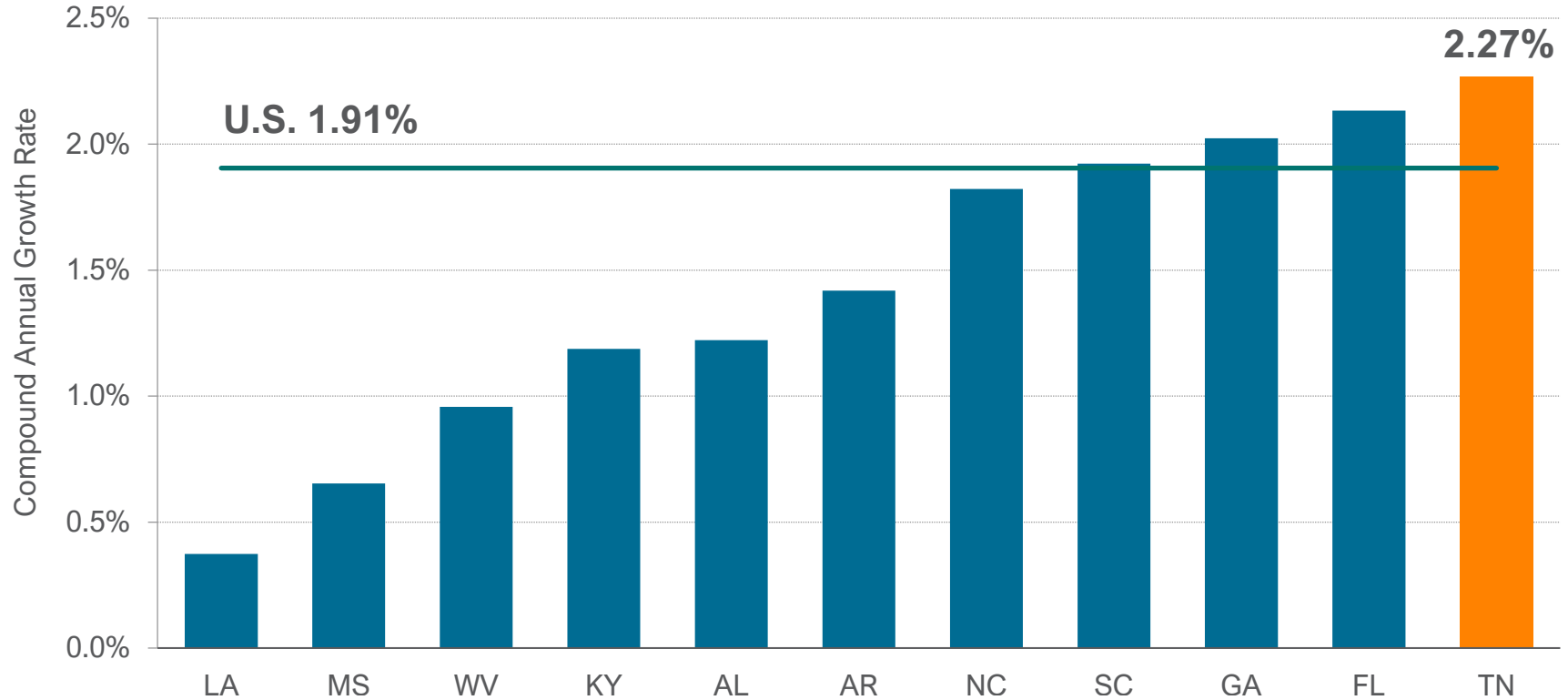
Real GDP Growth, 2023



Source: BEA

Tennessee Is Helping to Lead National Long-Term Growth

State GDP Growth Rates, 2007 to 2023



Source: BEA

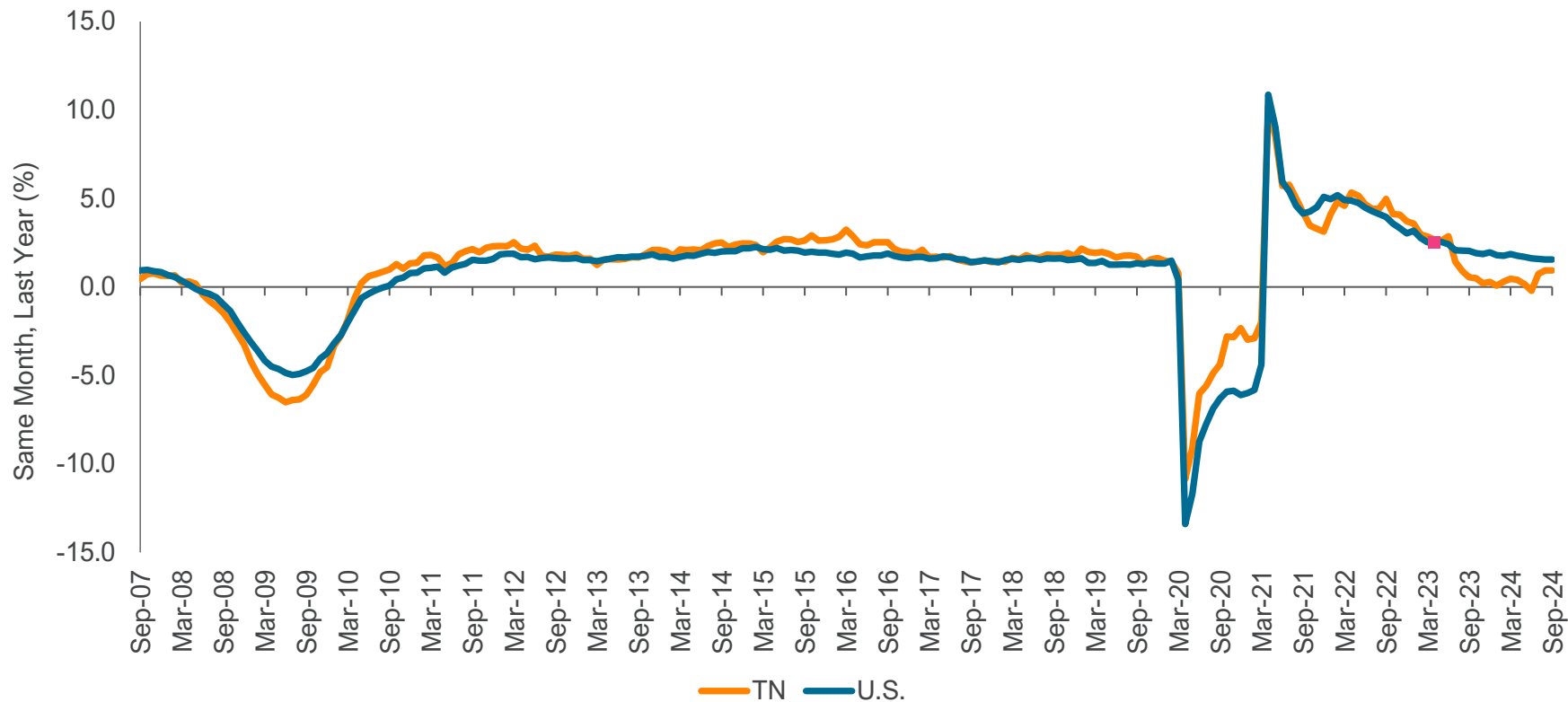
Inflation Continues to Hold Our Attention

U.S. Consumer Price Index Growth Rate



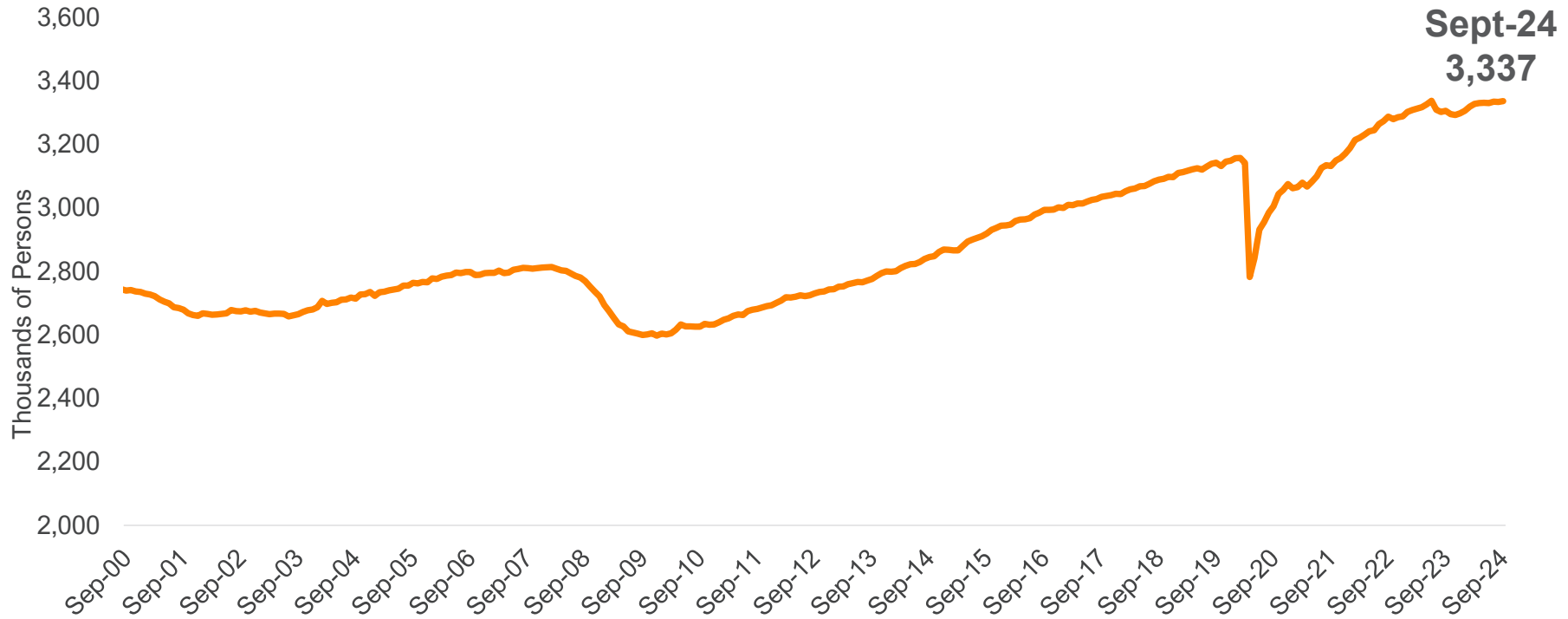
Source: BLS

Tennessee and U.S. Employment Growth Are Slowing



Source: Bureau of Labor Statistics

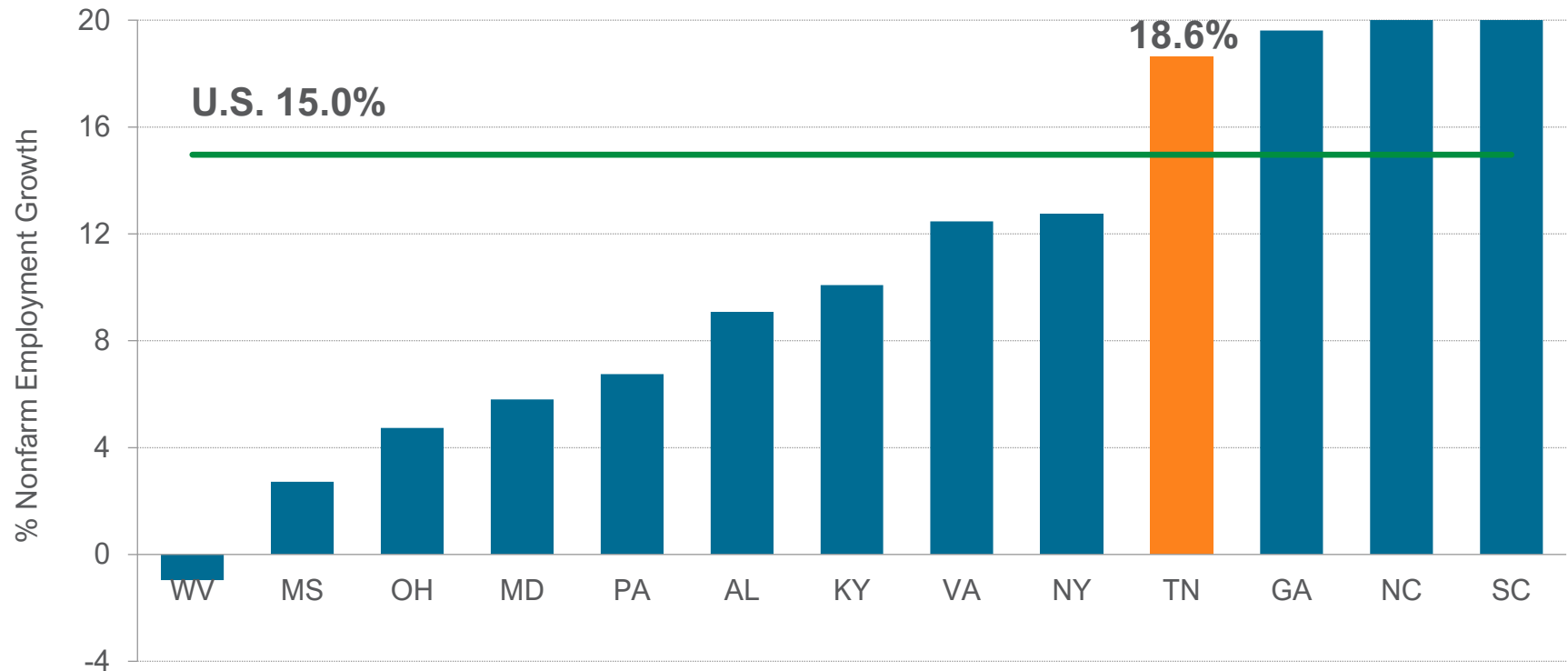
Tennessee Employment Up 195,000 Since March 2020



Source: Bureau of Labor Statistics

State Nonfarm Employment Growth

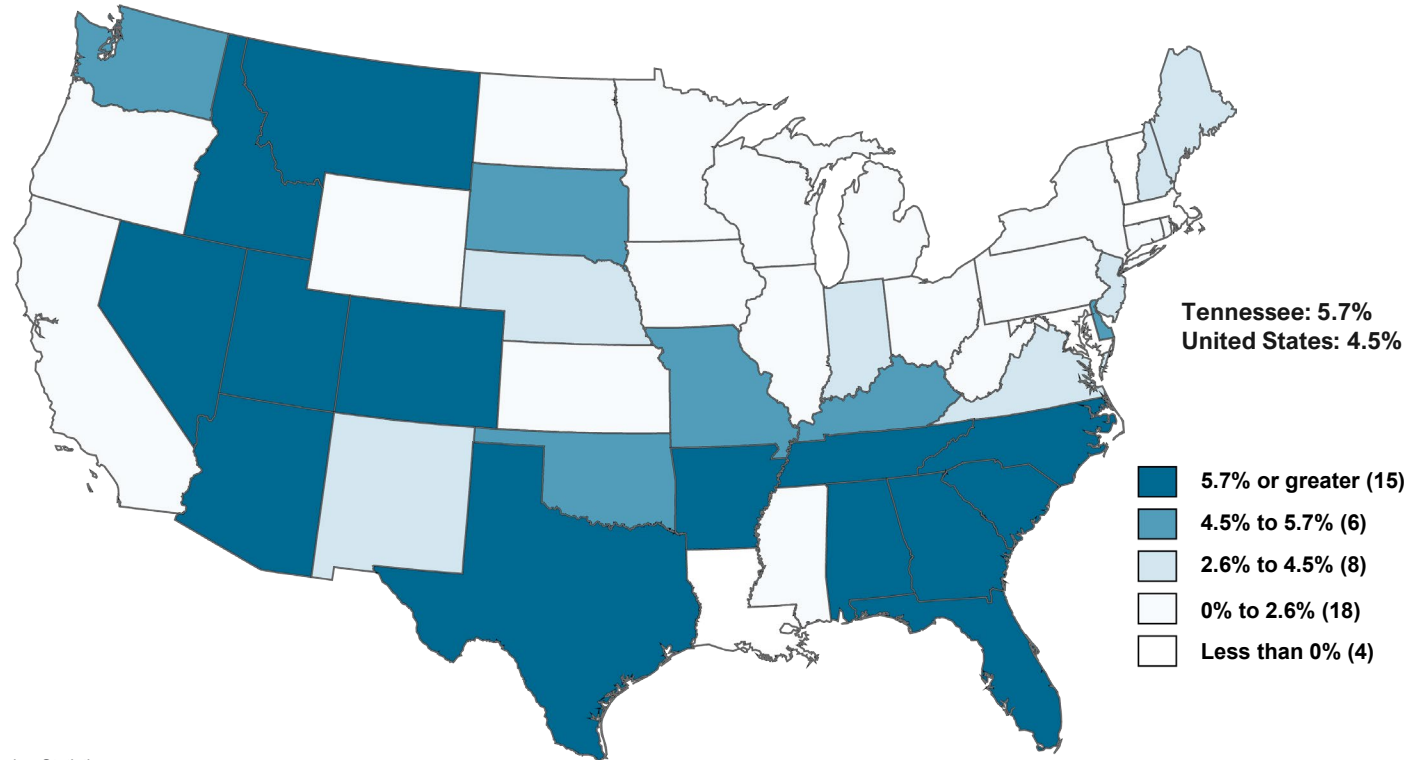
December 2007 – September 2024



Source: BLS

State Employment Growth Across the Nation

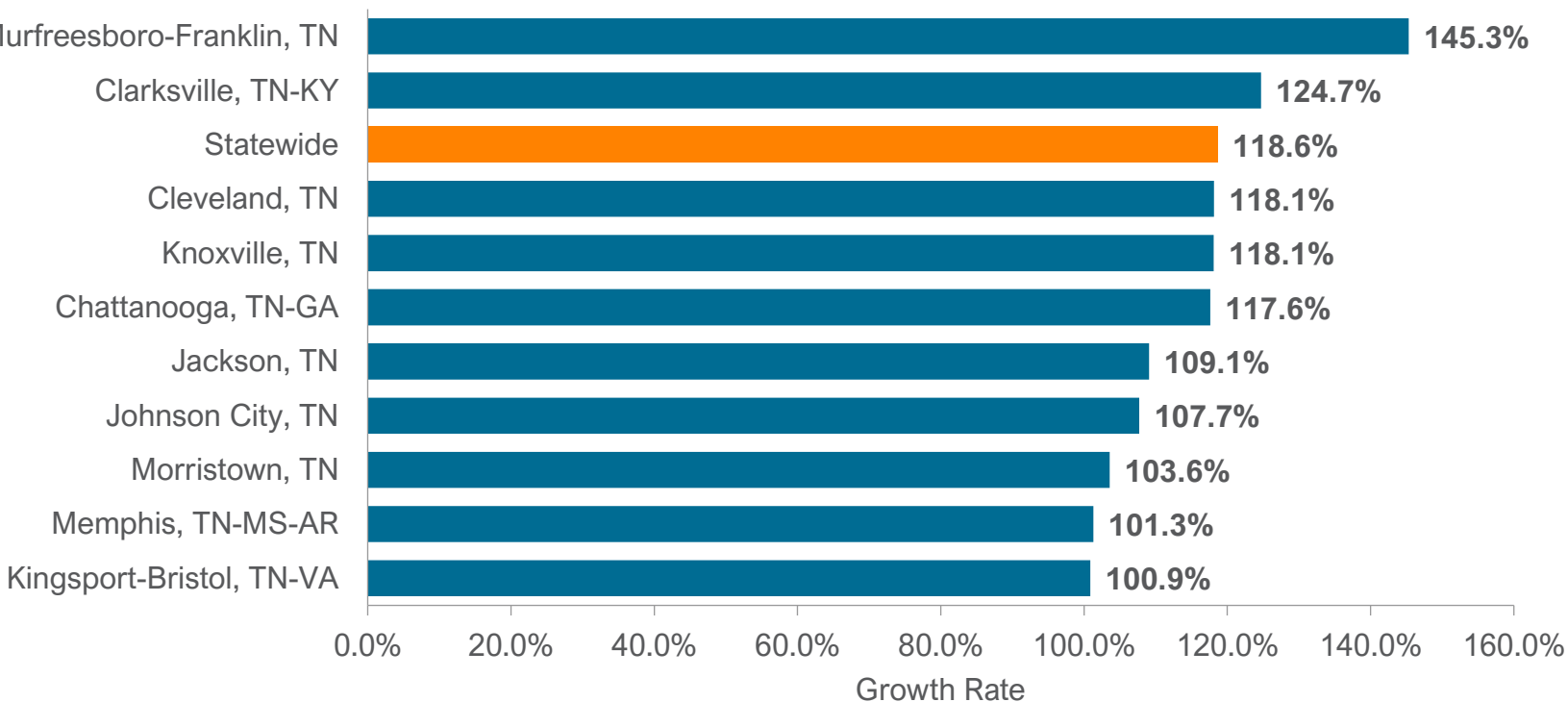
Nonfarm Employment Growth, February 2020 versus September 2024



Source: Bureau of Labor Statistics

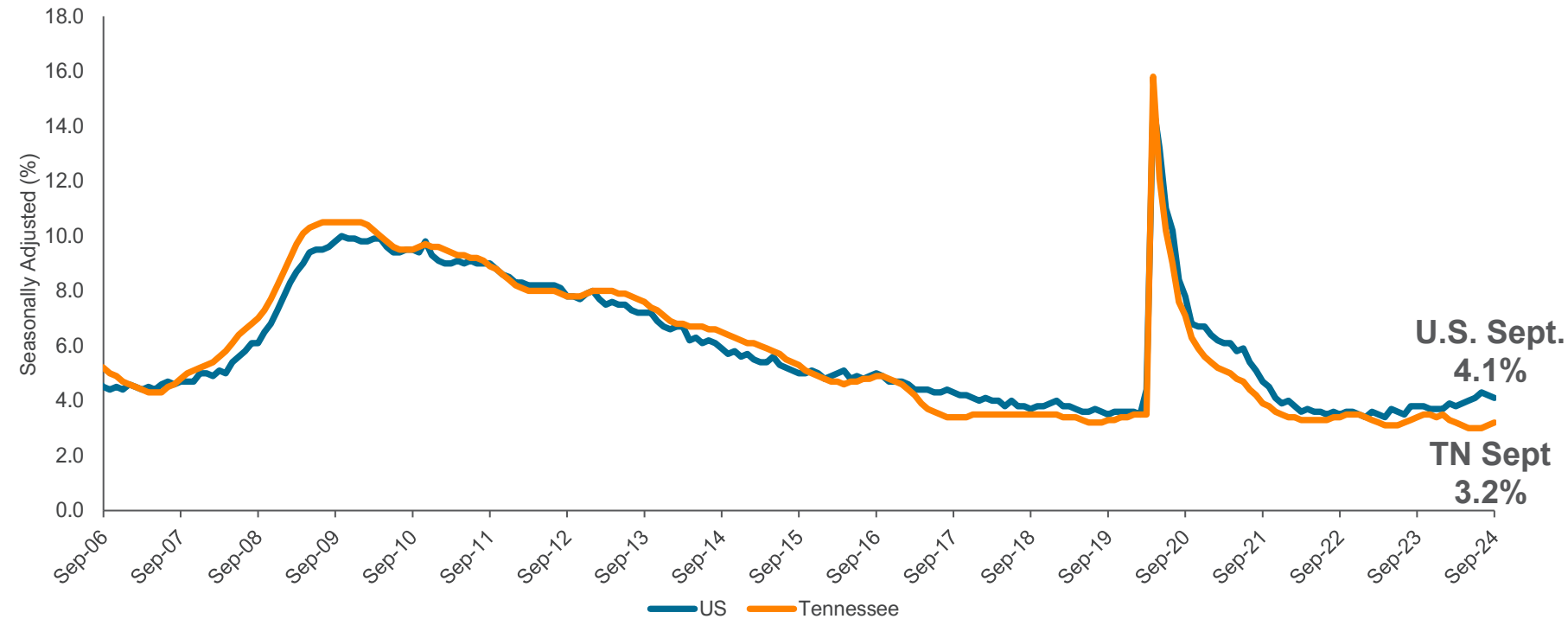
Long Term Employment Growth Varies Widely Across TN

(Growth Since Great Recession)



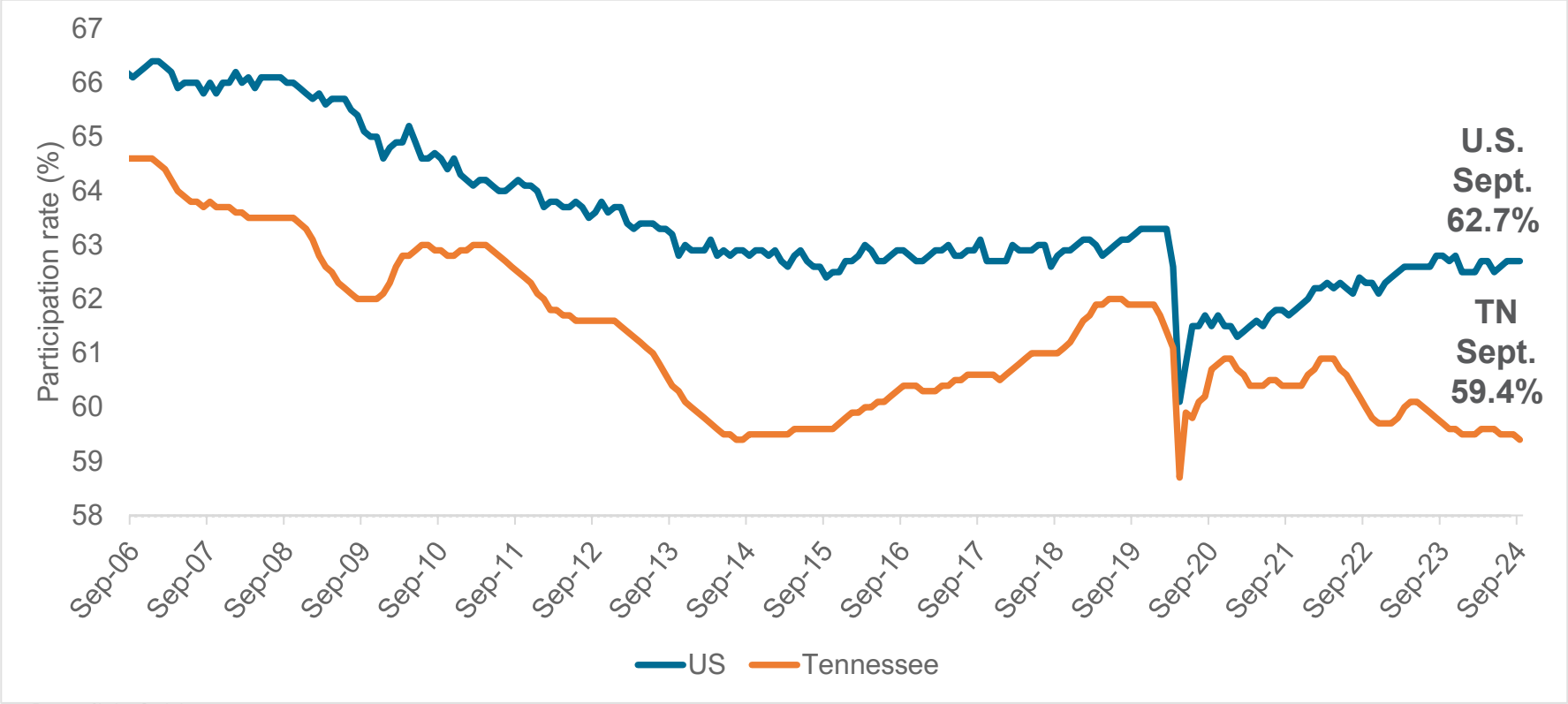
Source: Bureau of Labor Statistics

Unemployment Rates Remain Very Low



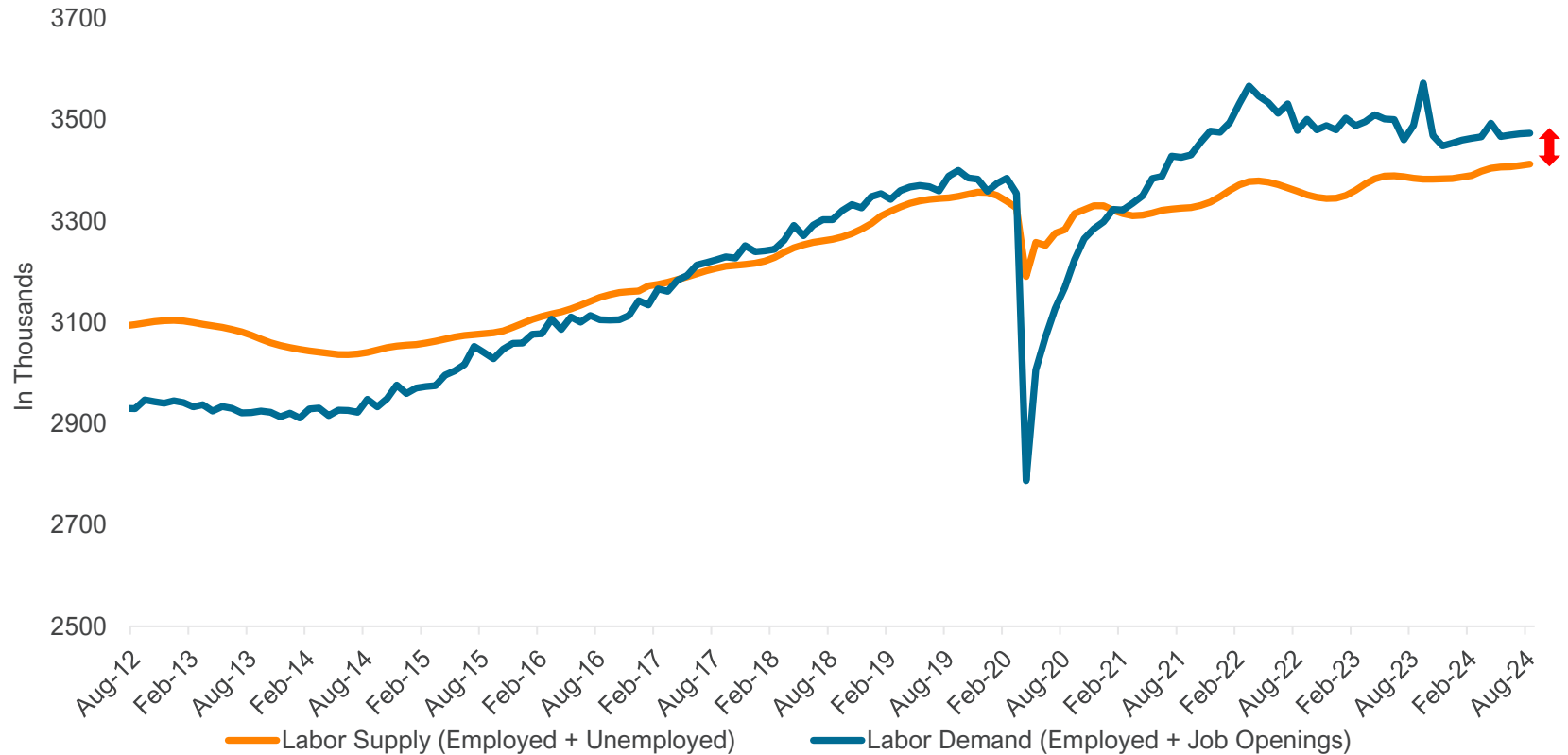
Source: Bureau of Labor Statistics

Labor Force Participation is Still Depressed



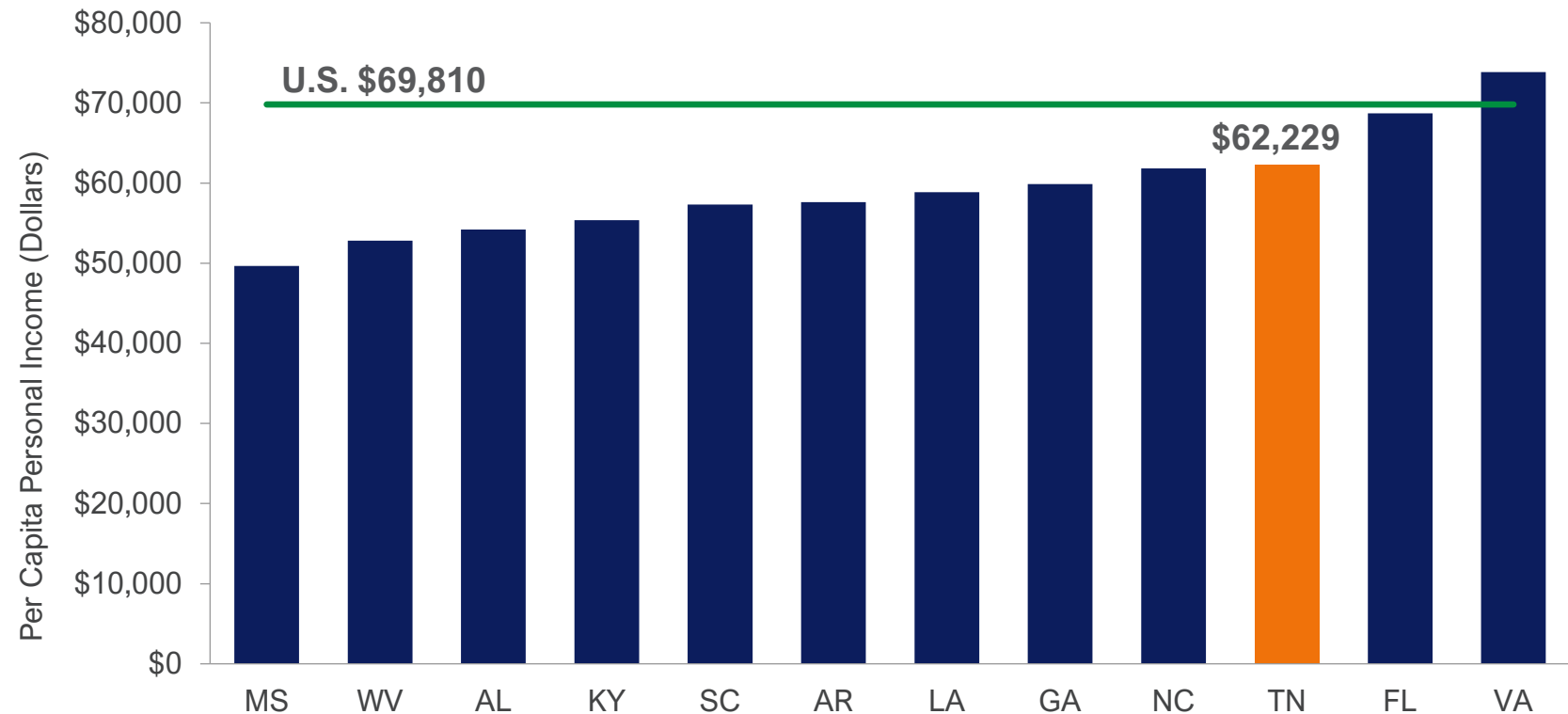
Source: Bureau of Labor Statistics

The Worker Shortage in Tennessee Stands At 64,000



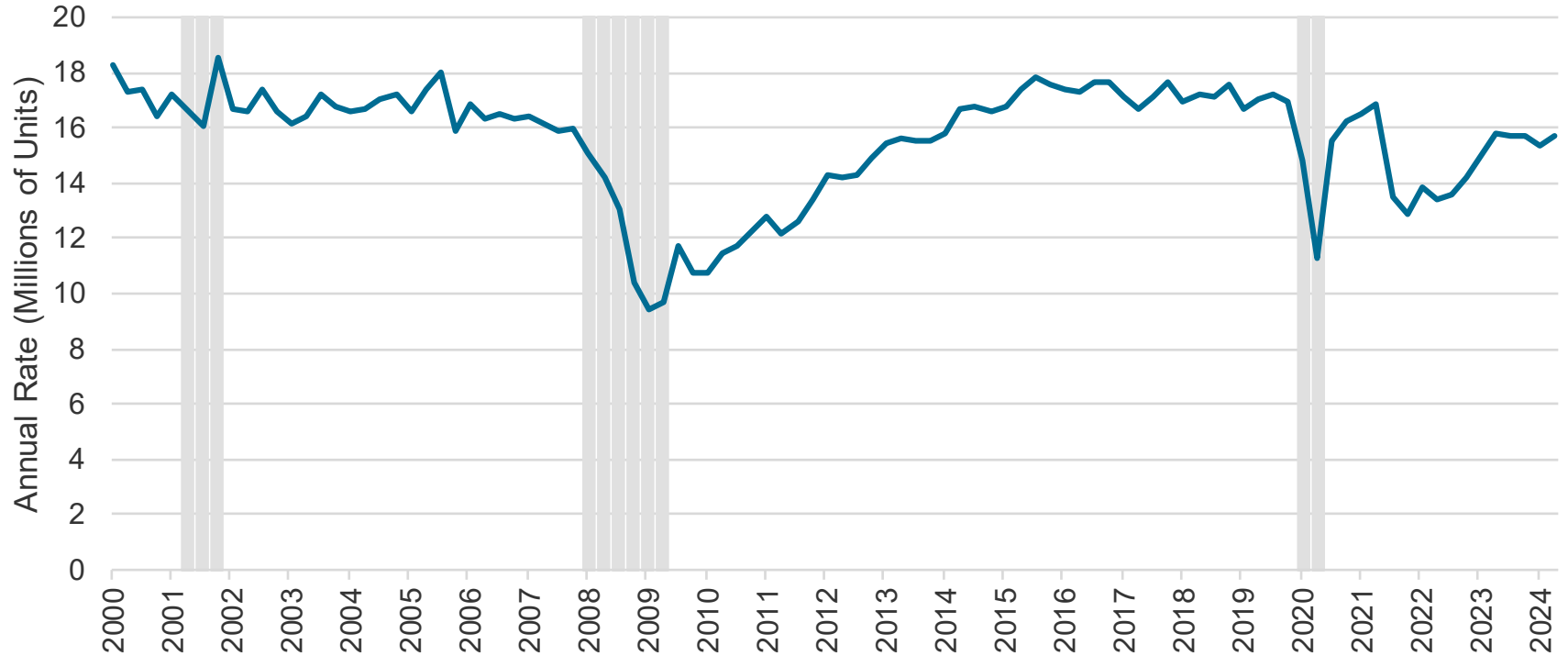
Source: Bureau of Labor Statistics

Per Capita Personal Income, 2023



Source: Bureau of Economic Analysis

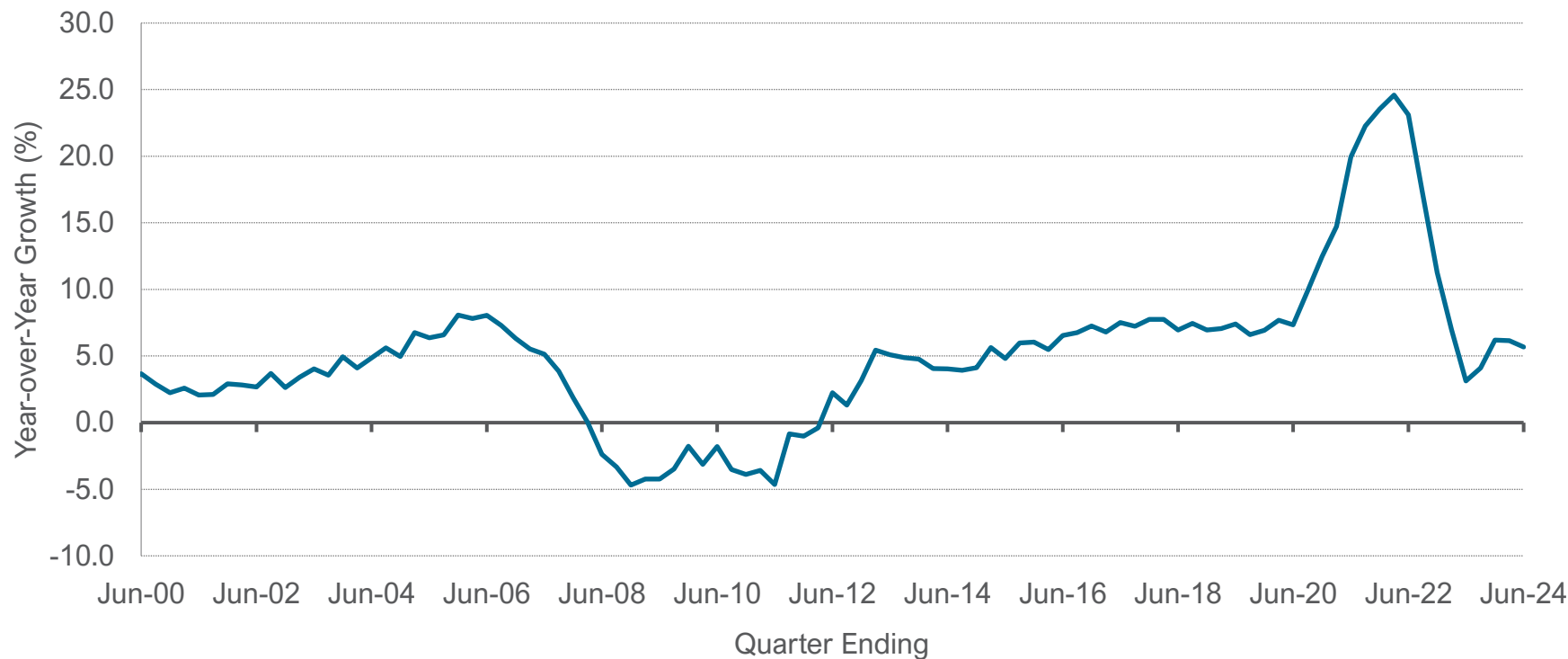
Light Weight Vehicle Sales



Source: BEA

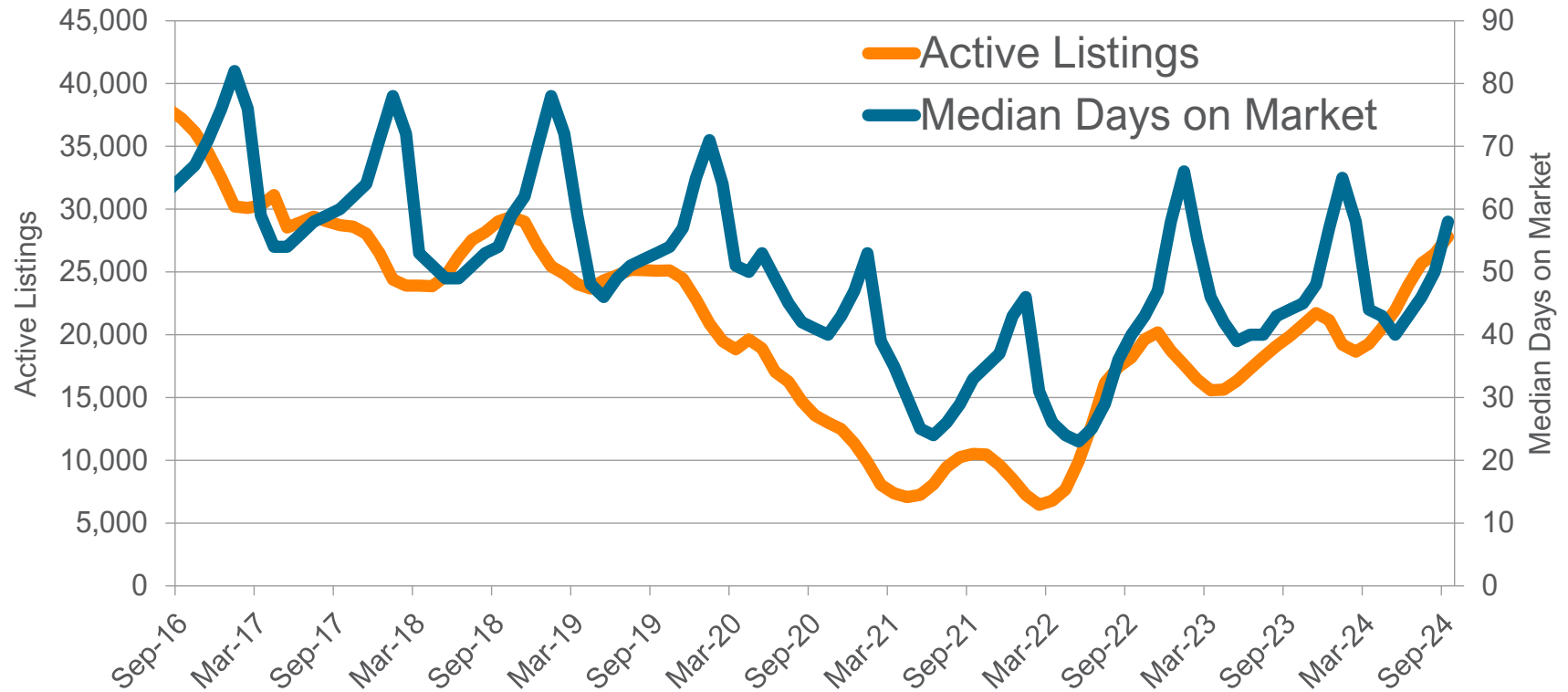
Tennessee House Price Index

(Seasonally Adjusted, Purchase-Only Index)



Source: Federal Housing Finance Agency

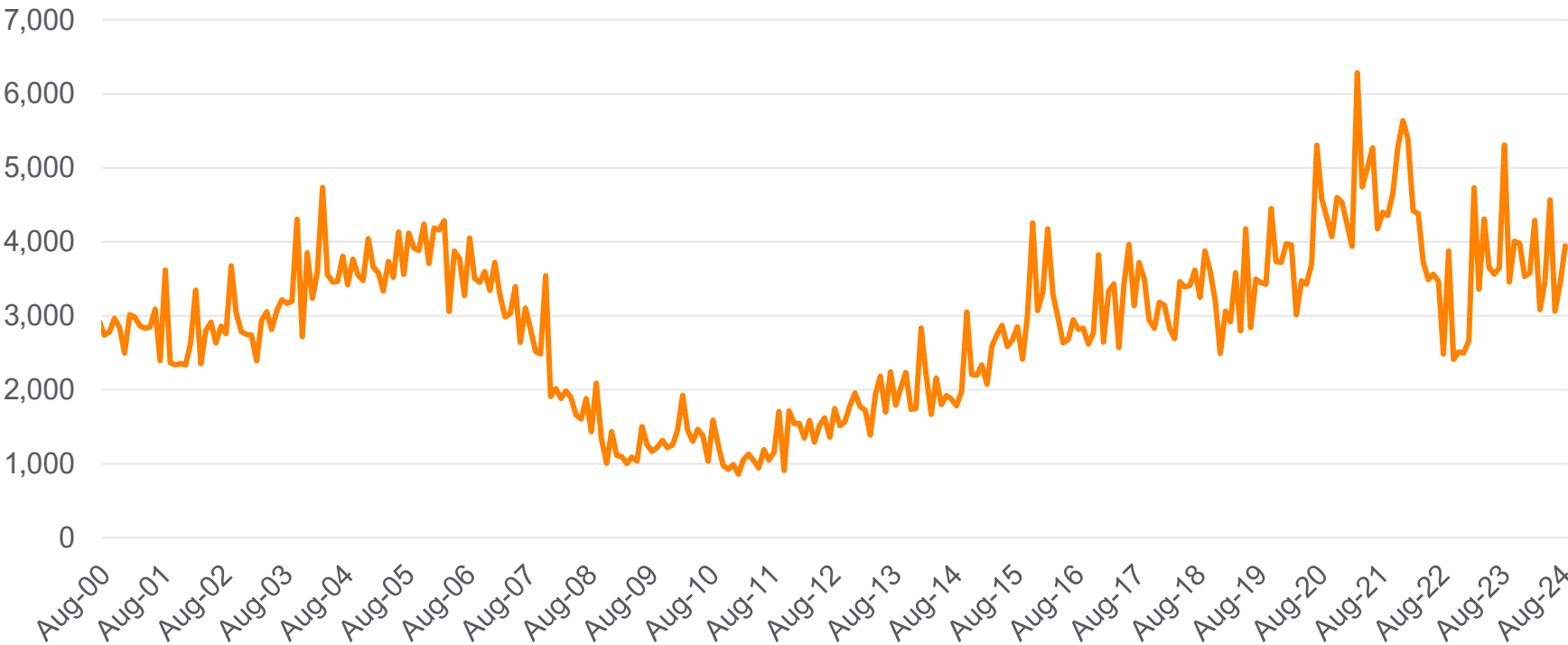
Tennessee's Housing Market is Slowly Returning to Normal



Source: Realtor.com

New TN Building Permits for Private Housing Units

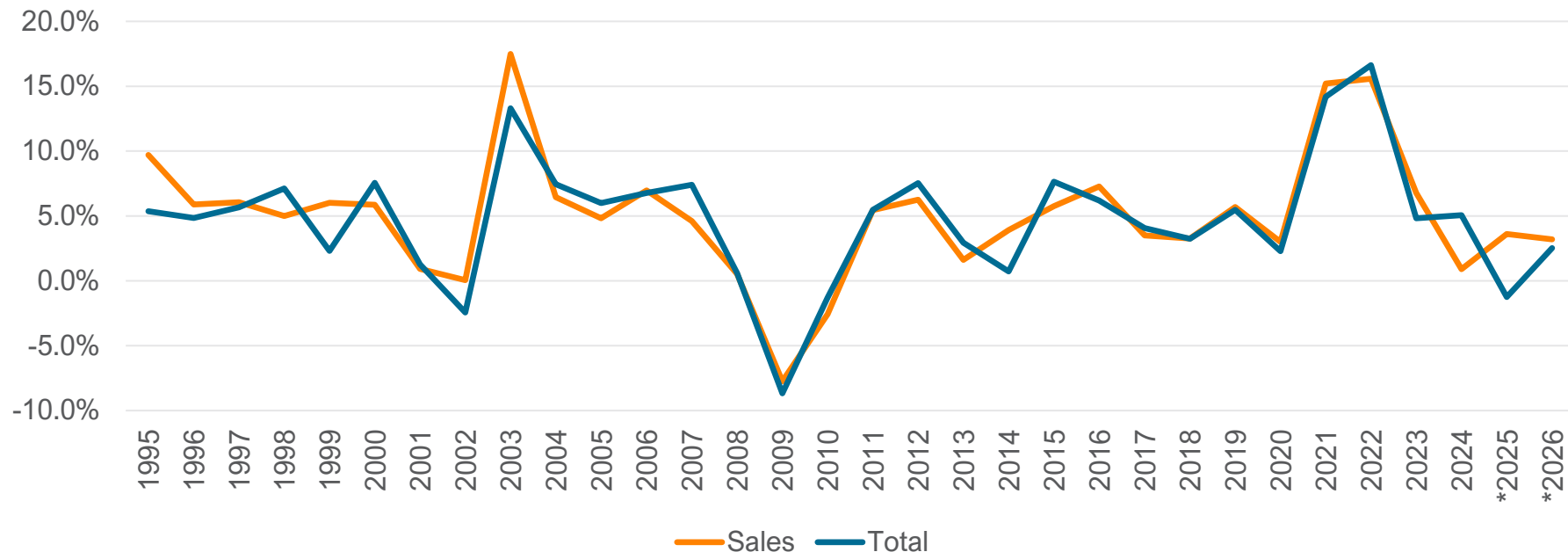
Monthly, Seasonally Adjusted



Source: Census

Tennessee Department of Revenue Collections (Millions of Dollars)									
	2024			2025			2026		
	Amount	Percent Change	General Fund	Amount	Percent Change	General Fund	Amount	Percent Change	General Fund
Sales and Use	13,802.1	0.9	12,907.0	14,299.0	3.6	13,401.0	14,756.6	3.2	13,829.9
Gasoline	880.8	0.0	14.1	884.3	0.4	14.2	889.6	0.6	14.3
Motor Fuel	320.2	0.4	2.3	321.5	0.4	2.3	324.4	0.9	2.3
Gasoline Inspection	72.0	0.7	20.9	72.4	0.5	21.2	72.8	0.5	21.3
Motor Vehicle Registration	383.5	36.8	70.5	395.0	3.0	74.1	400.9	1.5	75.2
Income	2.0	-25.6	1.9	0.0	-100.0	0.0	0.0	0.0	0.0
Privilege	440.1	-5.0	433.6	458.1	4.1	451.6	481.1	5.0	474.2
Gross Receipts	456.3	6.7	251.8	431.3	0.6	244.4	435.3	0.9	246.6
Gross Receipts - TVA	392.1	-2.0	197.5	396.0	1.0	216.7	399.9	1.0	218.9
Gross Receipts - Other	64.3	130.4	54.3	35.4	-45.0	29.6	35.4	0.0	29.6
Beer	17.0	-4.8	11.5	16.9	-1.0	11.4	16.8	-0.5	11.3
Alcoholic Beverage	86.4	-1.2	71.2	87.2	1.0	72.1	89.0	2.0	73.5
Franchise & Excise	4,600.5	-3.9	4,325.3	3,818.4	-17.0	3,591.1	3,841.3	0.6	3,612.6
Inheritance & Estate	0.0	-45.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tobacco	195.9	-8.4	195.9	190.0	-3.0	190.0	184.3	-3.0	184.3
Motor Vehicle Title	21.7	-6.0	19.0	21.9	1.0	19.4	22.3	2.0	19.7
Mixed Drink	223.9	3.9	112.0	231.8	3.5	115.8	239.9	3.5	119.9
Business	345.5	3.8	345.5	345.5	0.0	345.5	362.8	5.0	362.8
Severance	0.5	-41.7	0.3	0.5	0.0	0.1	0.5	0.0	0.1
Coin Amusement	0.5	15.8	0.5	0.5	0.0	0.5	0.5	0.0	0.5
Unauthorized Substance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	21,849.0	0.2	18,783.2	21,574.4	-1.3	18,556.8	22,118.0	2.5	19,050.6
General Fund Growth		-0.7			-1.2			2.7	
November 4, 2024 Donald Bruce Boyd Center for Business and Economic Research University of Tennessee, Knoxville									

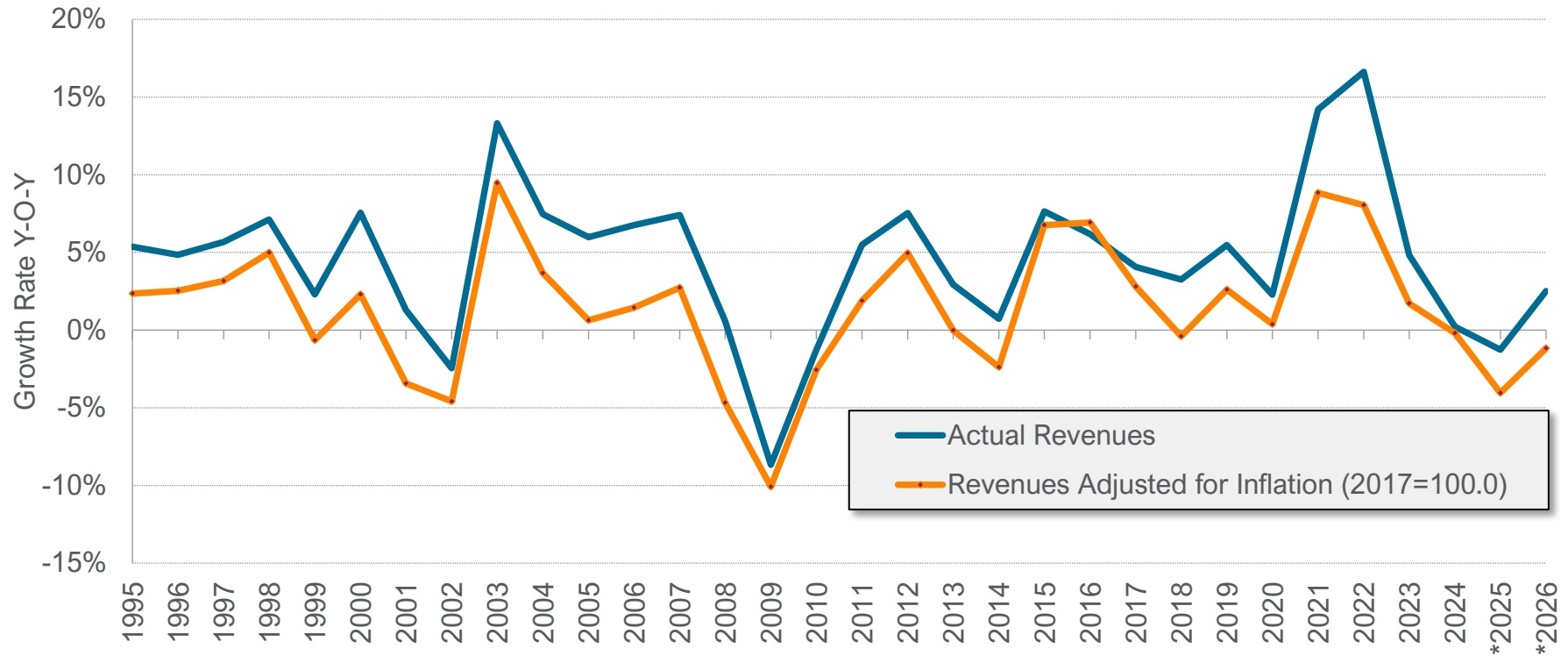
Total Tax Revenue Growth Will Slow Due to Policy Changes



Source: TN Department of Revenue

* 2025 & 2026 are Boyd Center Estimates

Real (Inflation-Adjusted) Revenue Growth will be Negative

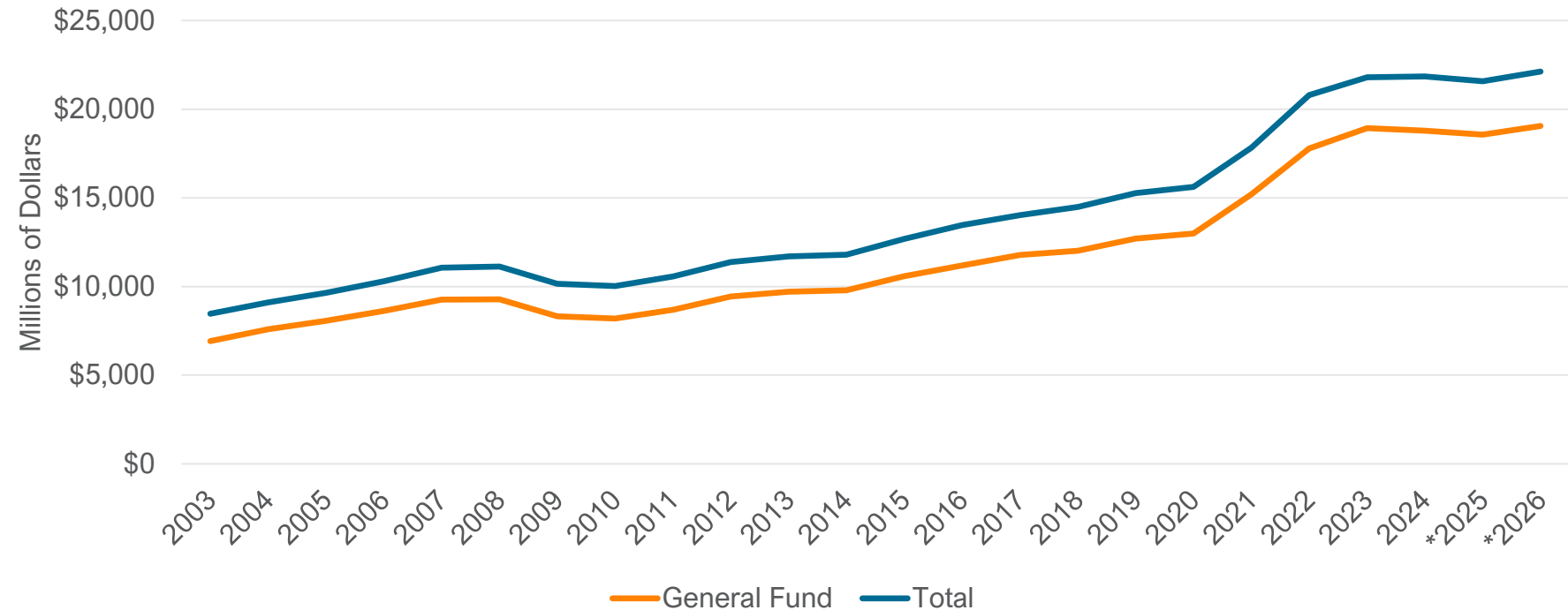


Source: Department of Revenue

* 2025 & 2026 are Boyd Center Estimates

Collections Remain Above Pre-COVID Trend

Nominal General Fund and Total Revenues



Source: TN Department of Revenue
* 2025 & 2026 are Boyd Center Estimates

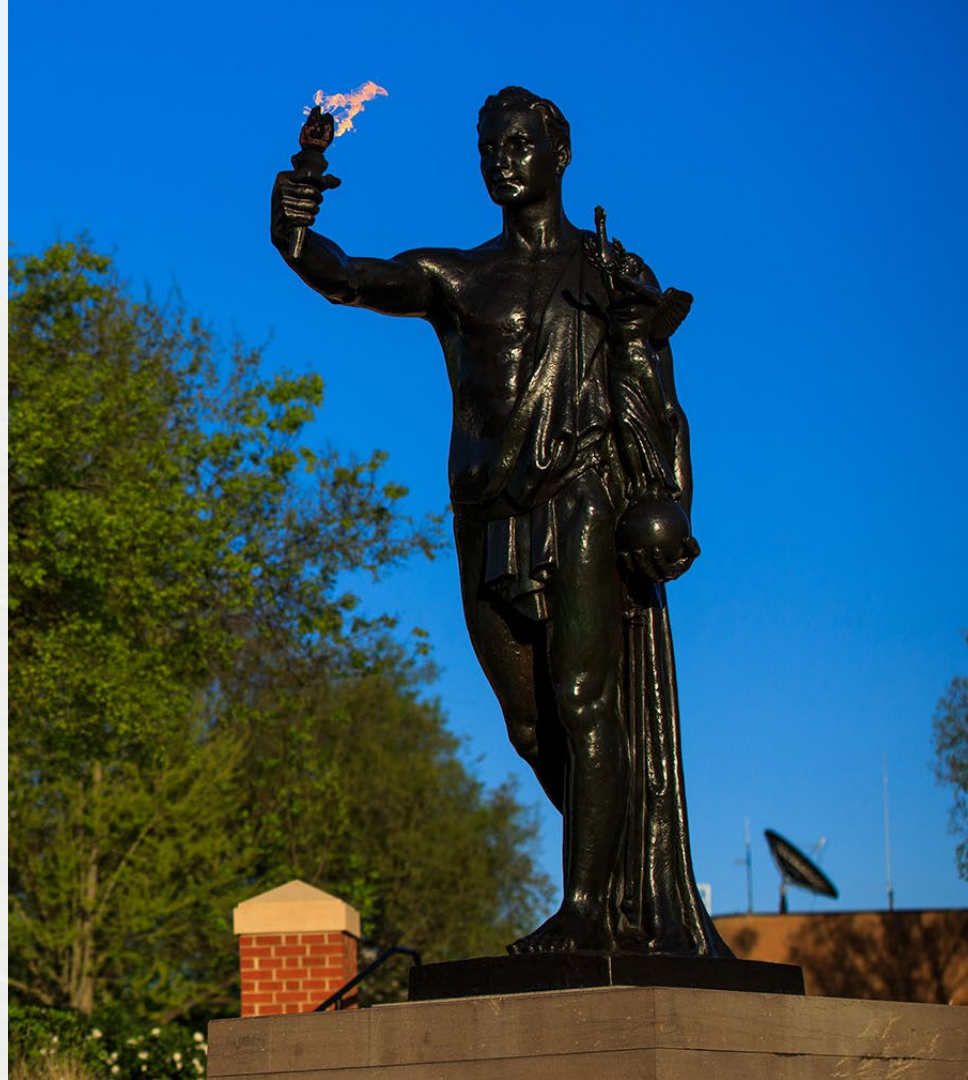
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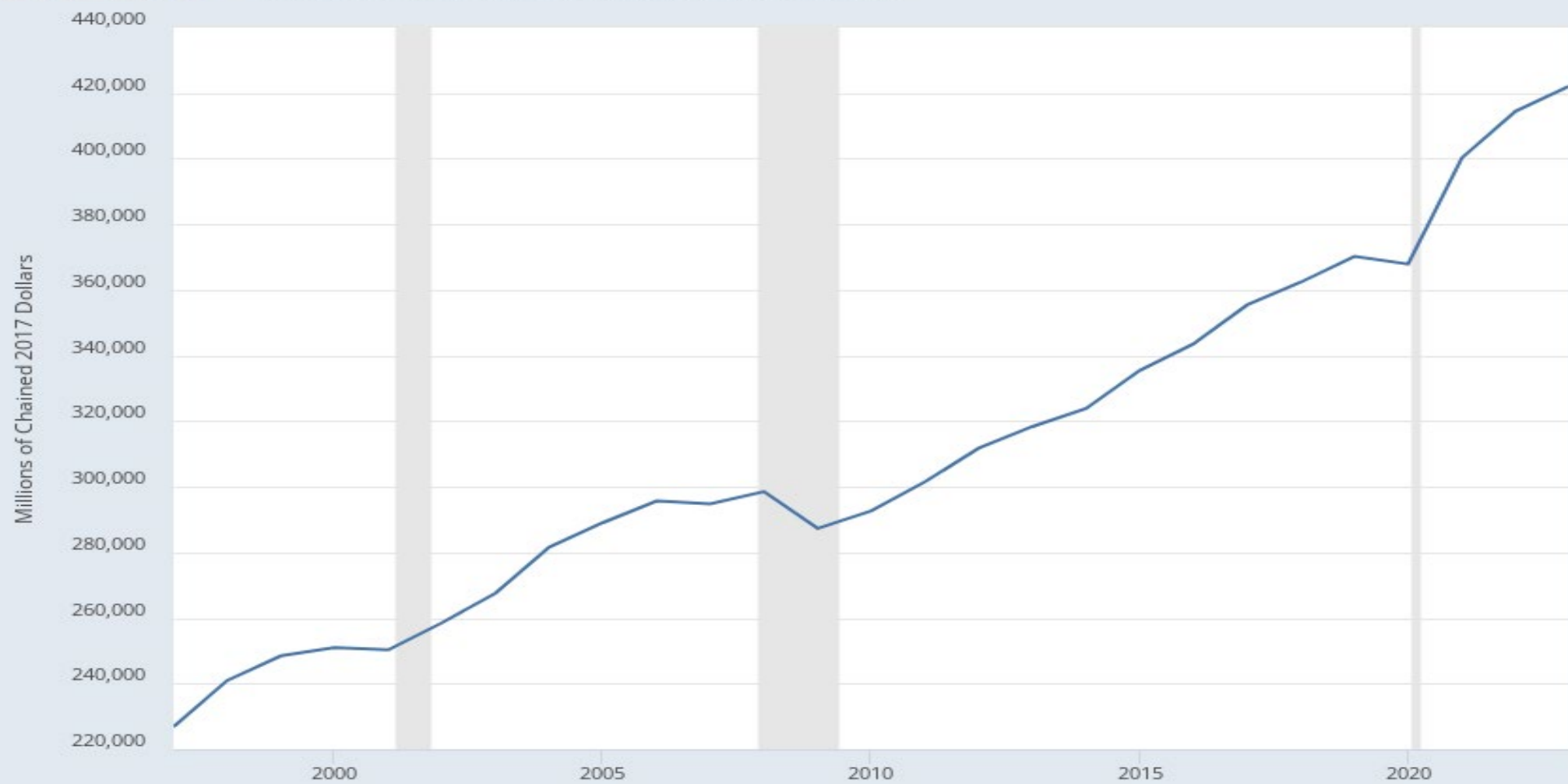


THE TENNESSEE ECONOMY 2024

Population • Labor Force • Cost of Living
Consumption • Savings • Capital • Output

East Tennessee State University

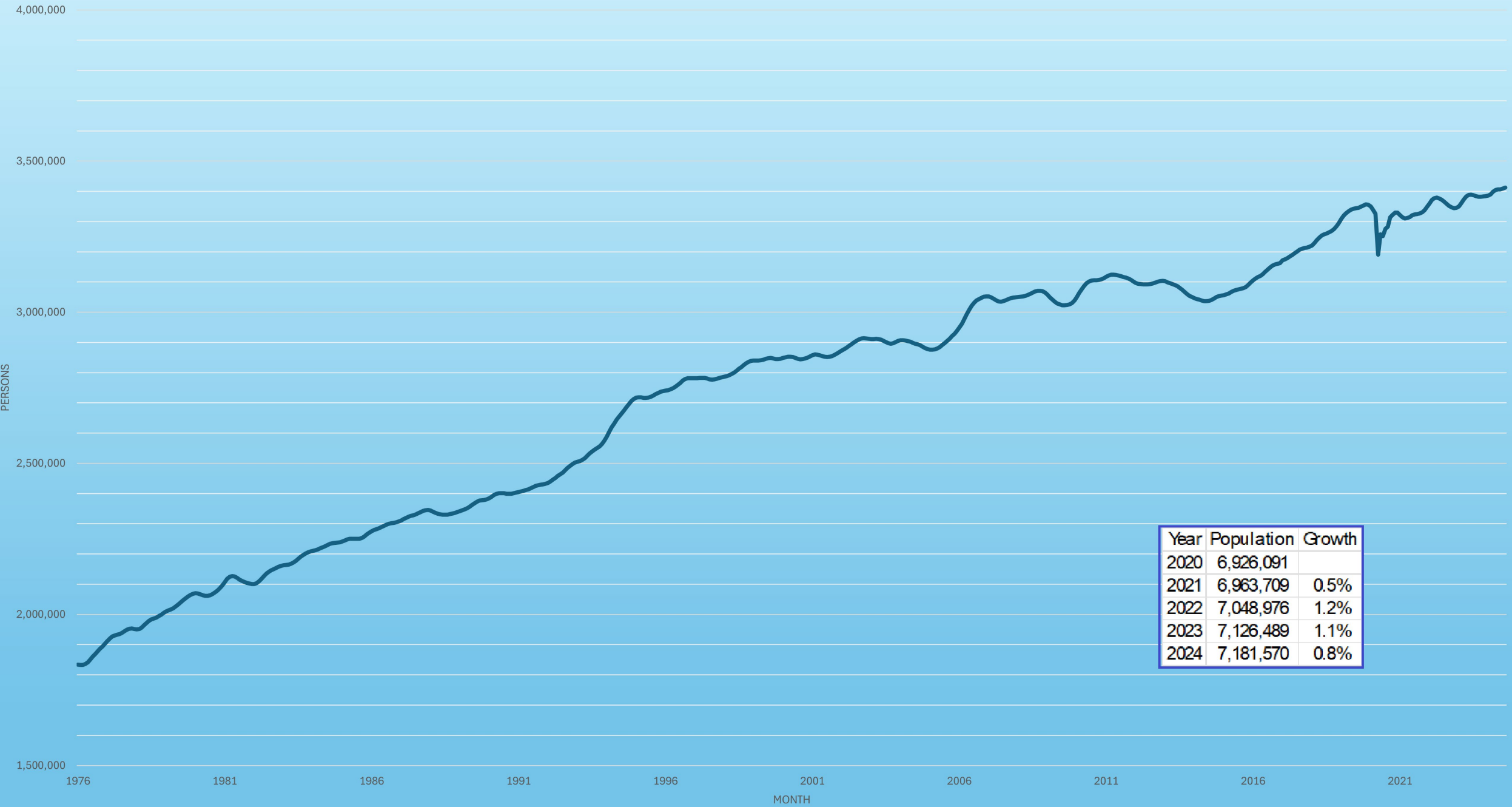
FRED — Real Gross Domestic Product: All Industry Total in Tennessee



Source: U.S. Bureau of Economic Analysis

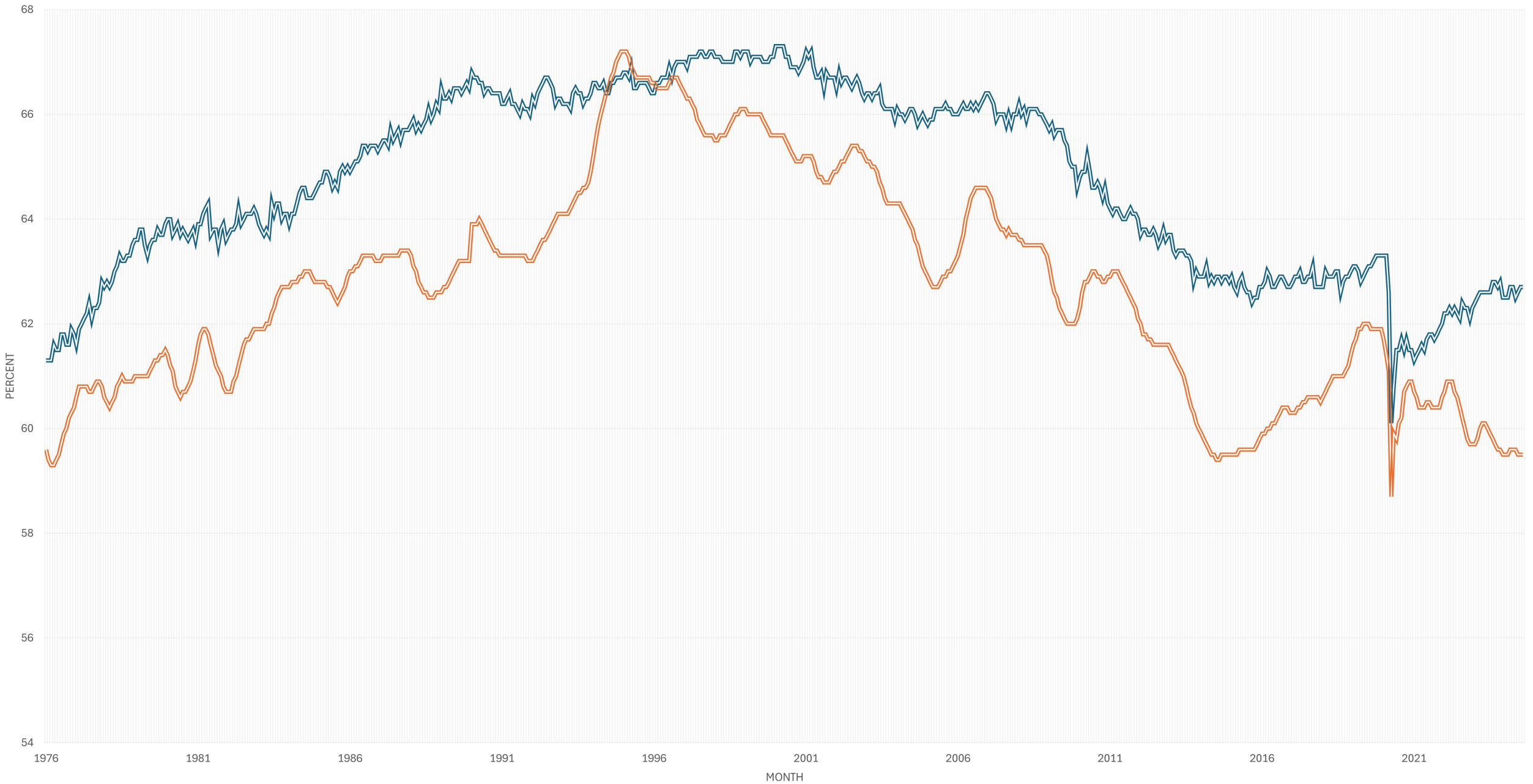
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Tennessee Civilian Labor Force 1976 - 2024

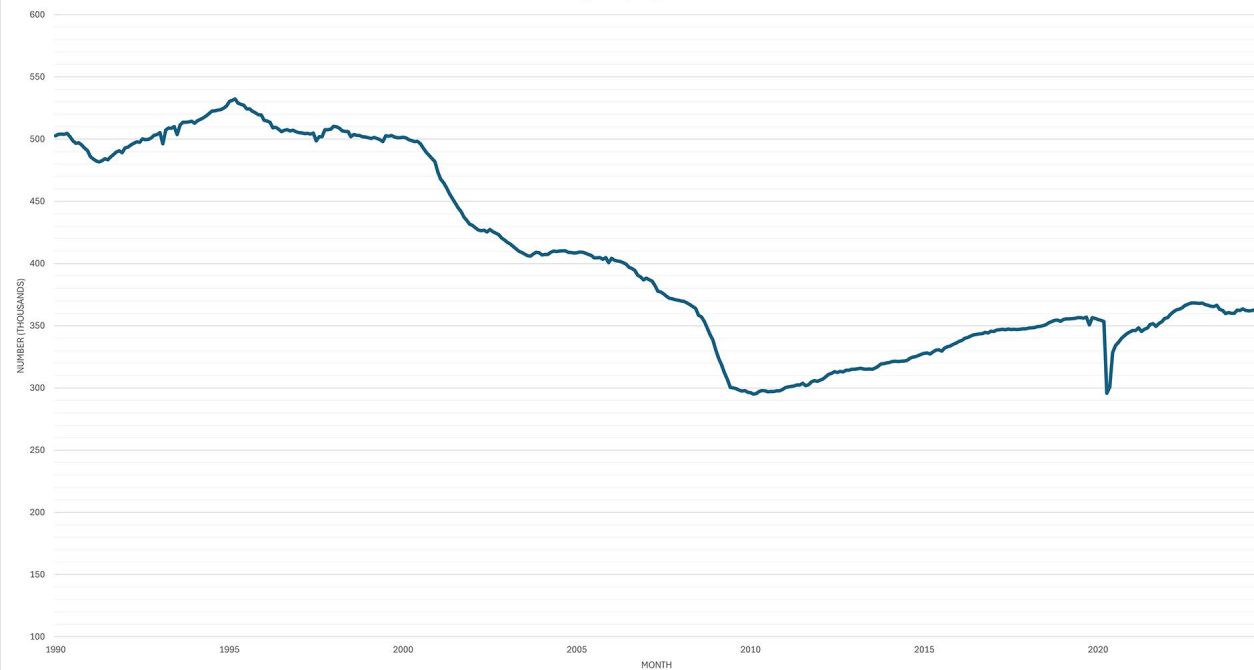


LABOR FORCE PARTICIPATION RATE USA VS TN, 1976 - 2024

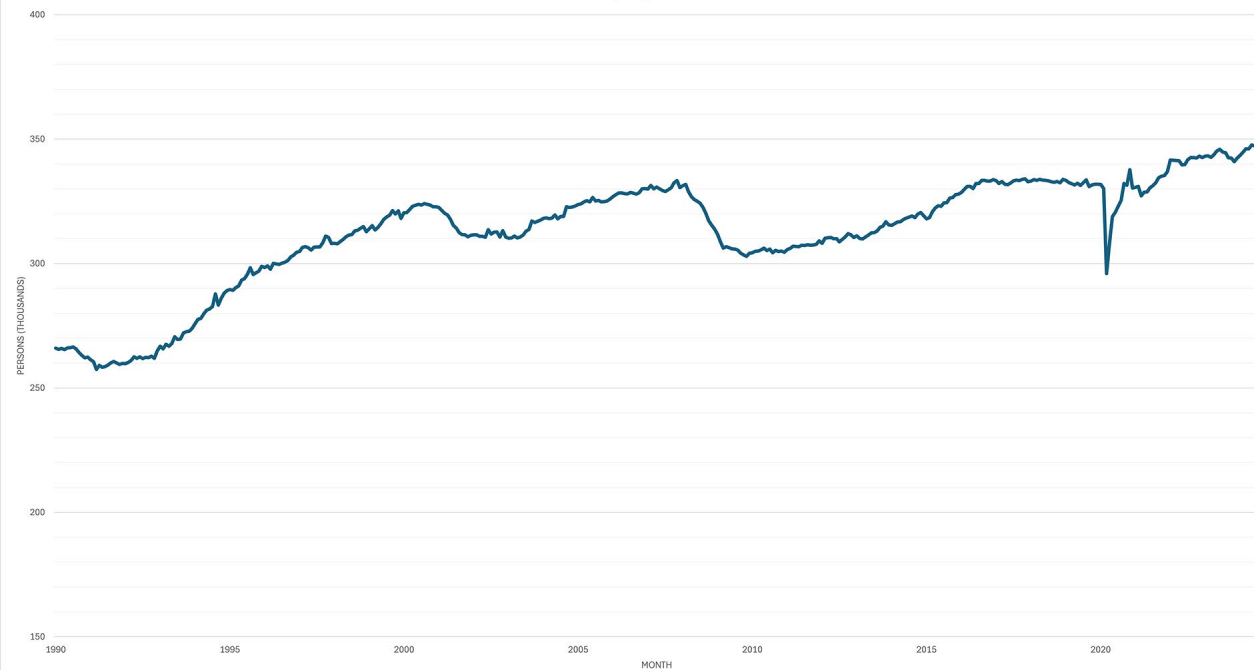
USA TN



Manufacturing Employees in Tennessee



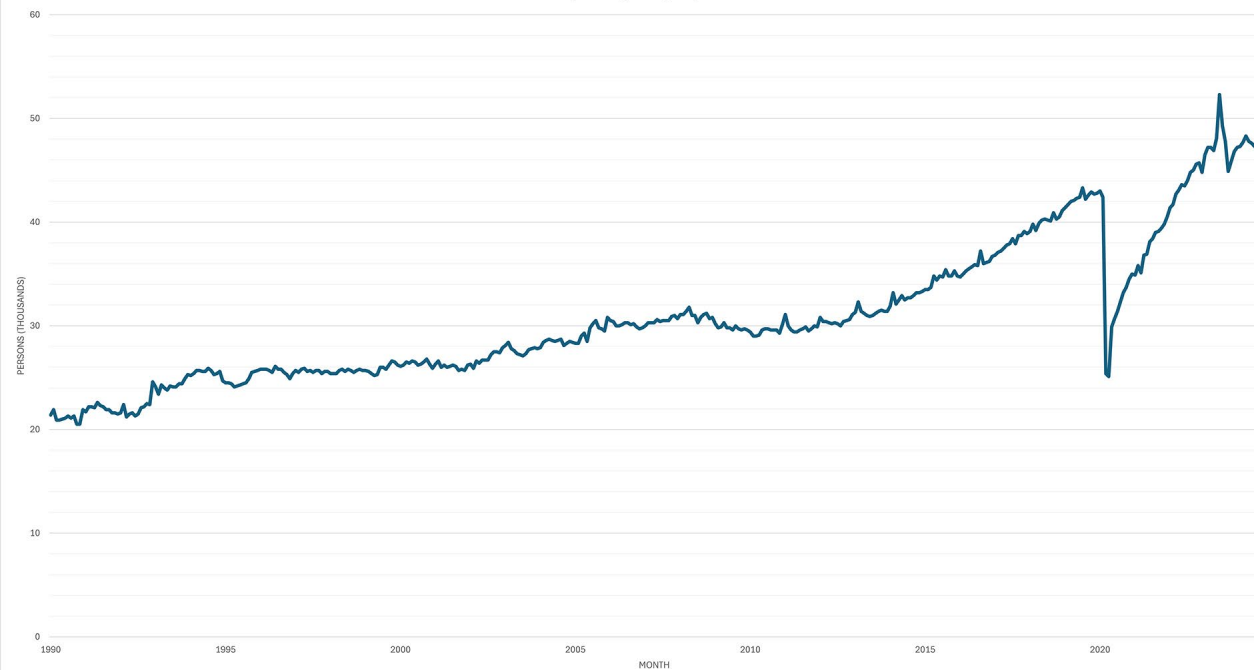
Retail Trade Employees in Tennessee



Construction Employees in Tennessee

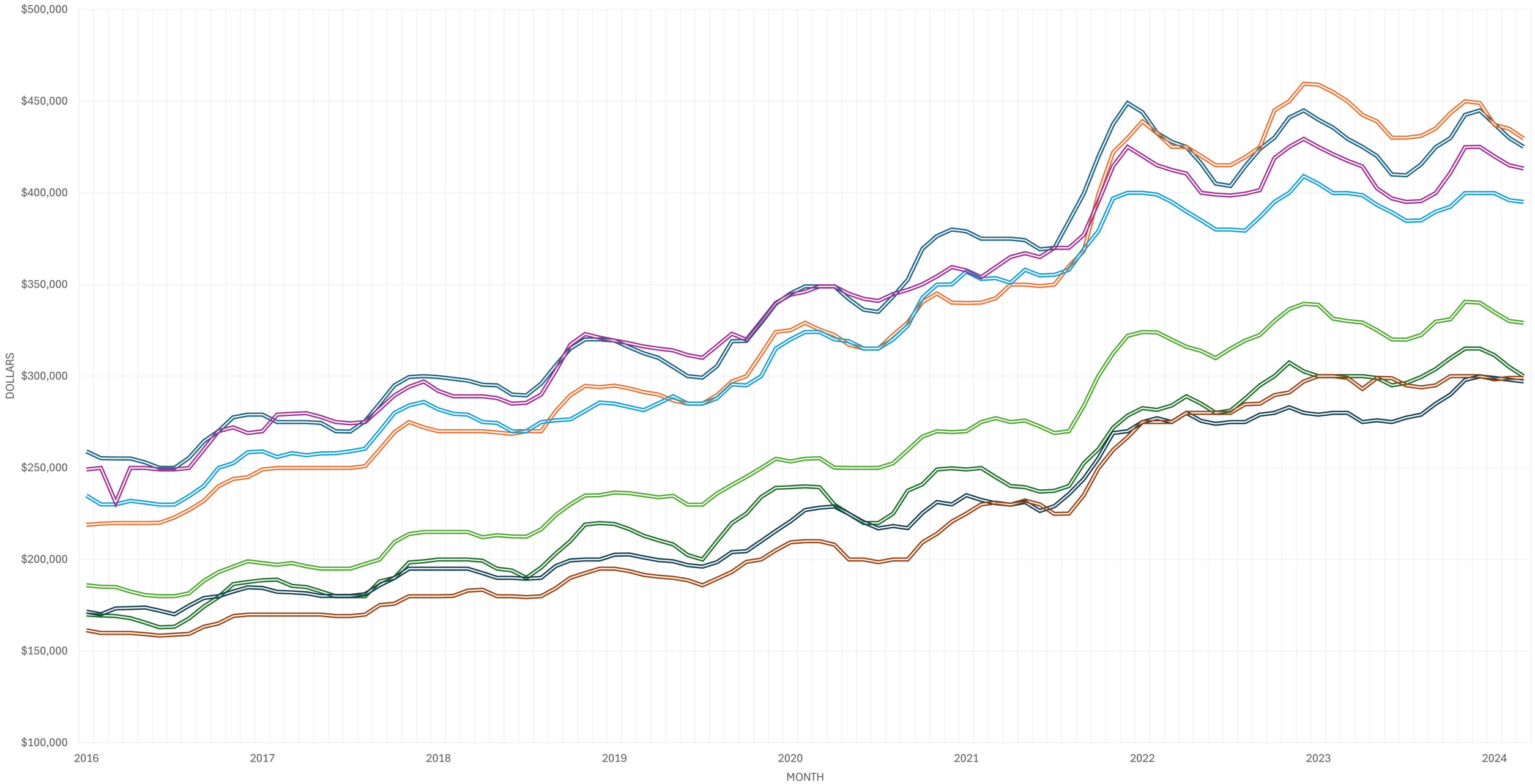


Leisure and Hospitality Employees in Tennessee



HOUSING INVENTORY: MEDIAN LISTING PRICE BY STATE

USA TN KY GA NC AL MS AR

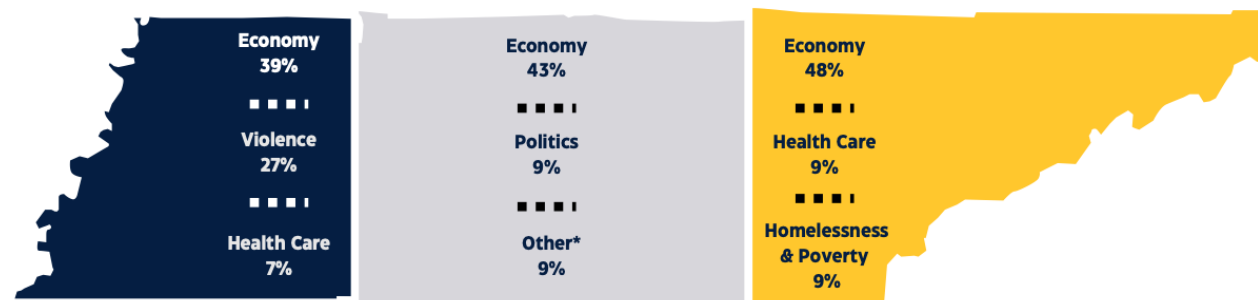


The Tennessee Poll: 2024 Applied Social Research Lab, ETSU

- Top concern among Tennesseans is the economy (44%)
- “More people in all three of Tennessee’s grand divisions (East, Middle and West) listed the economy as the state’s top problem.”
- “On a national scale, the Tennessee Poll found that Tennesseans still regard the economy as the largest issue, with several claiming that the current financial system is not conducive to the success of U.S. citizens.” [WJHL](#)

Figure 4. *Top 3 Biggest Problems in Tennessee by Grand Division (West, Middle, and East Tennessee)*

Top 3 Biggest Problems in Tennessee by Grand Division (West, Middle, and East Tennessee)



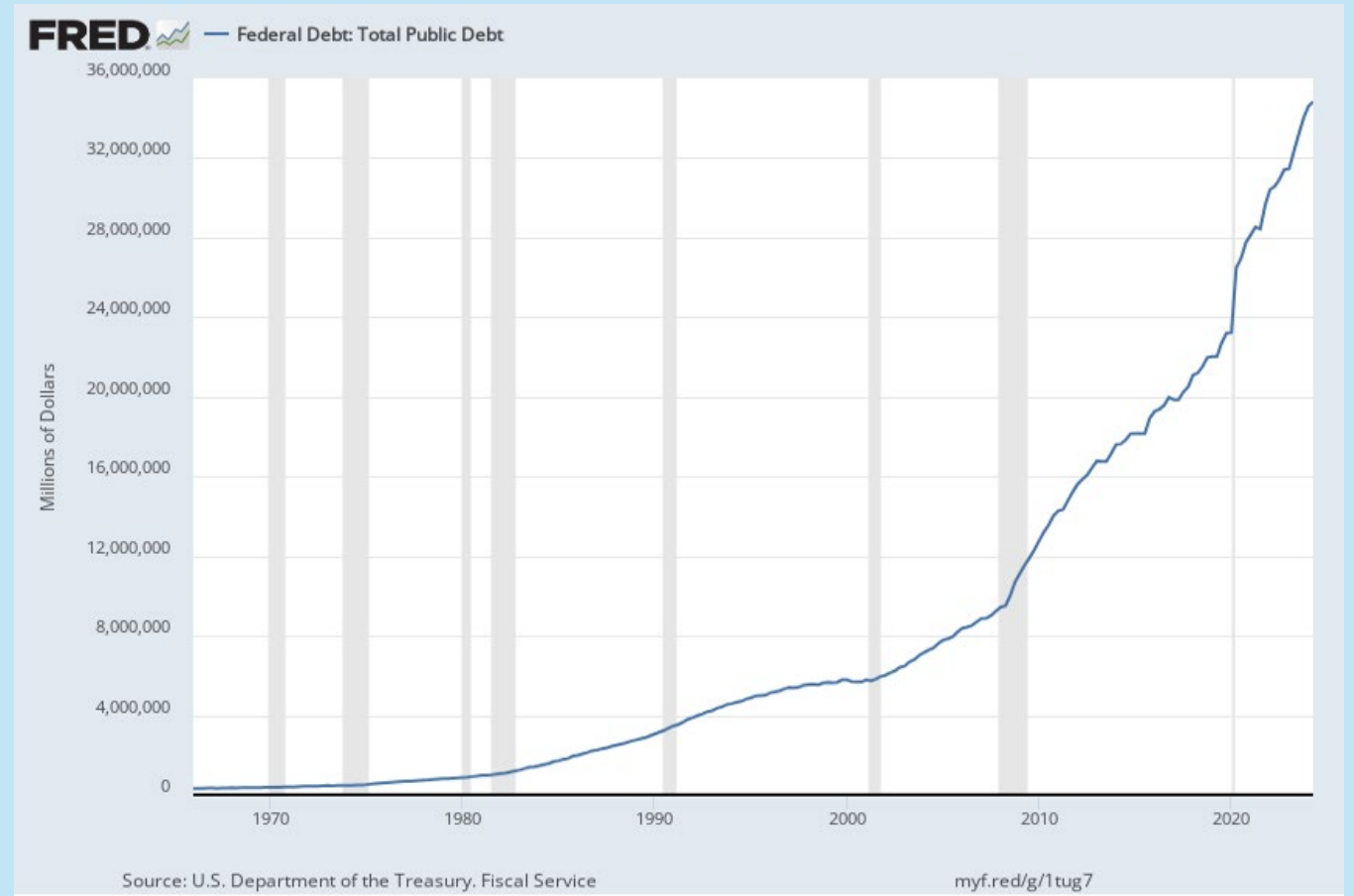
TN Poll #6 PR 1

Graph by: ETSU ASRL

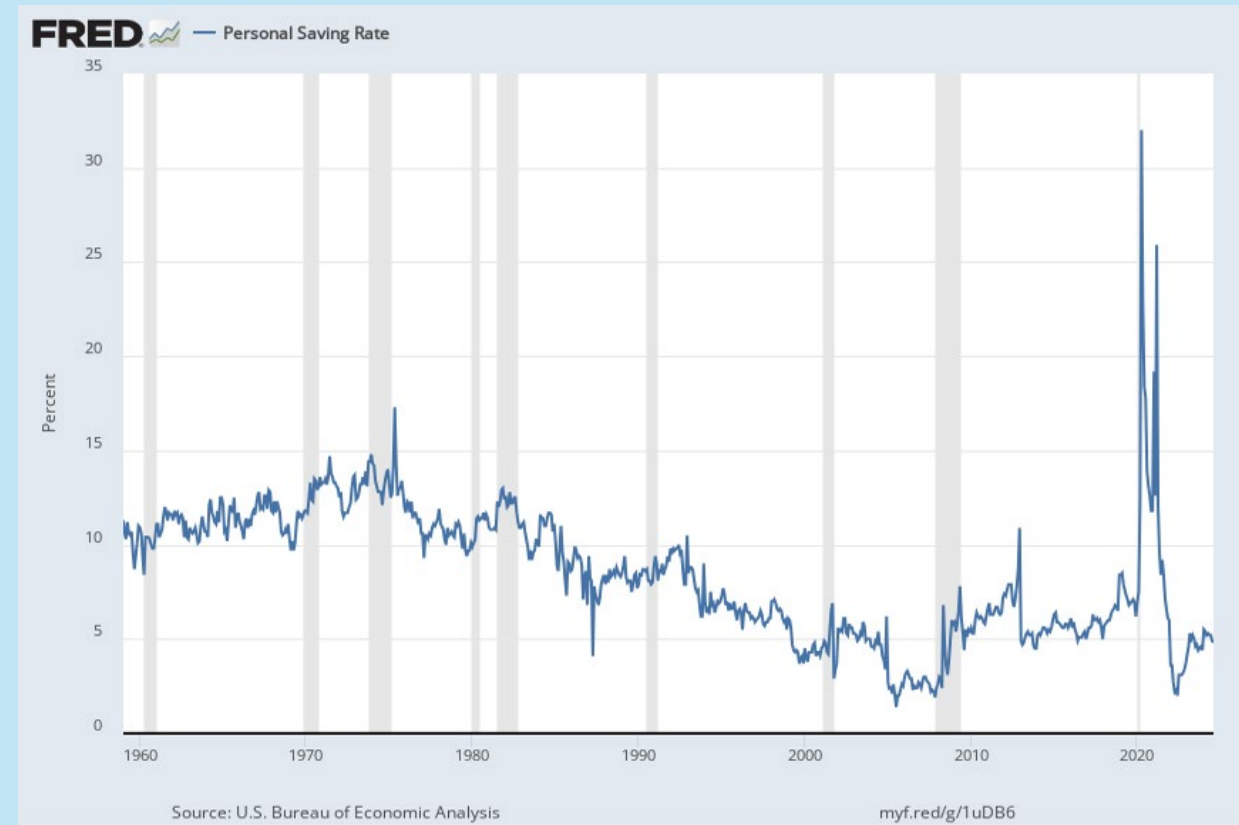
* Other: marijuana legalization, hate, COVID, equal opportunities, and insurance not specified as health insurance.

Uncertainties and Challenges

- The Presidential Election
- The Hurricane and damage to I-26 and I-40
- Wars and Oil Prices
- The National Debt, Deficit, and Monetary Policy
- Rising Consumer Debt and Falling Savings
- Recession Risk



American Savings



FRED

— 10-Year Treasury Constant Maturity Minus 2-Year Treasury Constant Maturity



Source: Federal Reserve Bank of St. Louis

myf.red/g/1wZxO

Accrual Year Basis	Estimated Tennessee Department of Revenue Collections:				
	FY 23 - 24	FY 24- 25		FY 25 - 26	
Source of Tax	Amount	Amount	Percent Change Over Previous Year	Amount	Percent Change Over Previous Year
SALES & USE¹	\$13,802,143,900	\$14,441,000,000	4.63%	\$15,280,229,539	5.81%
GASOLINE TAX	\$880,807,600	\$901,788,000	2.38%	\$911,678,515	1.10%
MOTOR FUEL TAX	\$320,183,500	\$327,898,000	2.41%	\$332,006,013	1.25%
GASOLINE INSPECTION TAX	\$72,032,400	\$72,932,000	1.25%	\$73,532,990	0.82%
MOTOR VEHICLE REGISTRATION TAX	\$383,475,300	\$398,959,000	4.04%	\$392,293,383	-1.67%
INCOME TAX	\$1,980,300	-		-	
PRIVILEGE TAX²	\$440,104,300	\$371,953,000	-15.49%	\$367,119,580	-1.30%
GROSS RECEIPTS TAX TVA	\$392,057,200	\$383,000,000	-2.31%	\$391,545,353	2.23%
GROSS RECEIPTS TAX - OTHER	\$64,286,100	\$34,000,000	-47.11%	\$36,531,580	7.45%
BEER TAX	\$17,029,100	\$17,562,000	3.13%	\$17,210,776	-2.00%
ALCOHOLIC BEVERAGE TAX	\$87,391,900	\$87,971,000	0.66%	\$87,641,459	-0.37%
FRANCHISE & EXCISE TAX	\$4,600,464,900	\$4,167,946,000	-9.40%	\$4,306,867,492	3.33%
INHERITANCE TAX	\$30,100	-		-	
TOBACCO TAX	\$195,893,900	\$188,554,000	-3.75%	\$178,428,914	-5.37%
MOTOR VEHICLE TITLE FEES	\$21,655,000	\$23,298,000	3.85%	\$22,525,573	3.60%
MIXED DRINK TAX	\$223,915,000	\$227,064,000	1.41%	\$229,285,187	0.98%
BUSINESS TAX	\$345,496,100	\$338,320,000	-2.08%	\$351,715,748	3.96%
SEVERANCE TAX	\$516,900	\$395,000	-23.58%	\$650,000	64.56%
COIN AMUSEMENT TAX	\$509,700	\$282,500	-44.59%	\$279,512	-1.03%
UNAUTHORIZED SUBSTANCE TAX	\$11,600	\$43,000	271.03%	\$61,705	43.37%
TOTAL	\$21,848,972,800	\$21,982,965,500	0.61%	\$22,979,603,317	4.54%

1. Excludes \$159 million in earmarked fees collected under sales tax for E911 telecommunications services.

2. Excludes \$78 million earmarked fees collected under the privilege tax.

Total Revenue	Total Revenue	General Fund & Education Fund	Highway Fund	Debt Service Fund	Cities & Counties*
Sales and Use Tax ¹	\$14,441,000,000	\$13,450,131,788	\$29,610,269	\$104,199,459	\$857,058,483
Gasoline Tax	\$901,788,000	\$12,823,113	\$457,774,695	\$87,363,970	\$343,826,222
Motor Fuel Tax	\$327,898,000	\$2,153,360	\$239,806,000	-	\$85,938,640
Gasoline Inspection Tax	\$72,932,000	\$21,373,128	\$39,302,244	-	\$12,256,628
Motor Vehicle Registration Tax	\$398,959,000	\$68,485,864	\$330,473,136	-	-
Income Tax	-	-	-	-	-
Privilege Tax ²	\$371,953,000	\$367,596,009	-	-	\$4,356,991
Gross Receipts Tax - TVA	\$383,000,000	\$209,775,127	-	-	\$173,224,873
Gross Receipts Tax - Other	\$34,000,000	\$28,375,940	\$5,624,060	-	-
Beer Tax	\$17,562,000	\$11,771,286	\$2,183,384	-	\$3,607,330
Alcoholic Beverage Tax	\$87,971,000	\$72,722,693	-	-	\$15,248,307
Franchise & Excise Tax	\$4,167,946,000	\$3,943,727,001	-	\$165,730,798	\$58,488,200
Inheritance and Estate Tax	-	-	-	-	-
Tobacco Tax	\$188,554,000	\$188,554,000	-	-	-
Motor Vehicle Title Fees	\$23,298,000	\$20,654,950	-	\$2,643,050	-
Mixed Drink Tax	\$227,064,000	\$113,480,465	-	-	\$113,583,535
Business Tax	\$338,320,000	\$338,320,000	-	-	-
Severance Tax	\$395,000	\$98,750	-	-	\$296,250
Coin-operated Amusement Tax	\$282,500	\$282,500	-	-	-
Unauthorized Substance Tax	\$43,000	\$43,000	-	-	-
Total Department of Revenue	\$21,982,965,500	\$18,850,368,974	\$1,104,773,788	\$359,937,278	\$1,667,885,460

1. Excludes \$159 million in earmarked fees collected under sales tax for E911 telecommunications services.

2. Excludes \$78 million earmarked fees collected under the privilege tax.

* Sales and Use Tax - Amount apportioned from the general fund share into cities and counties state shared taxes: County Revenue Partnership Fund: \$1,900,000



Estimated State Tax Revenue Presentation to the State Funding Board

November 4, 2024

Takeaways

- Moderate growth across most tax programs, but overall decline in revenues.
- Economic indicators generally positive for Tennessee
- Sales tax growth in early months high due to 2023 sales tax holidays
- Moderating inflation leading to Fed rate cut
- Geopolitical risks still abound

Fiscal Year 2024 Tax Revenue

COMPARISON OF ACCRUAL STATE TAX REVENUE

DEPARTMENT OF REVENUE TAXES

YEAR OVER YEAR COMPARISON

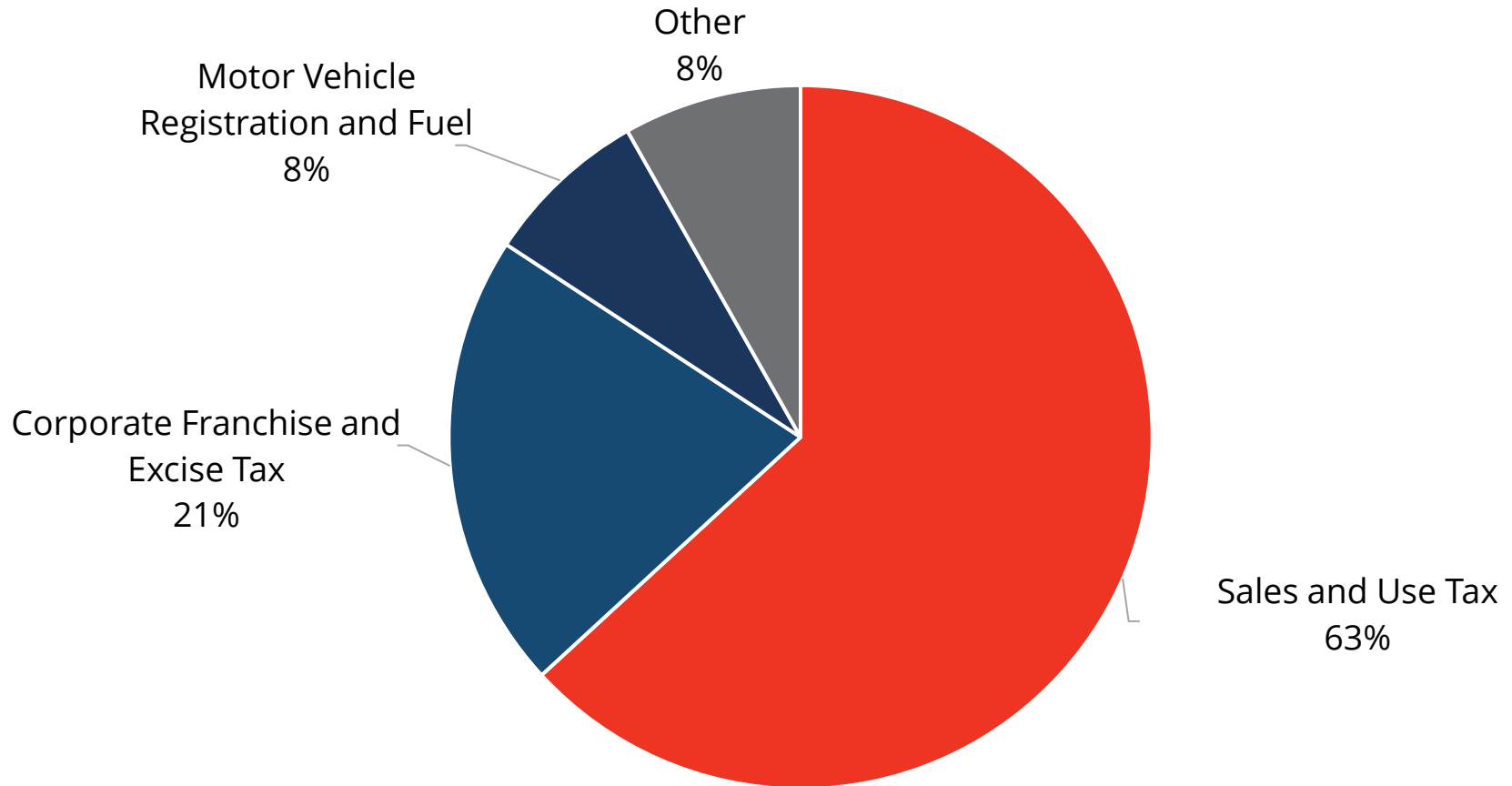
	Fiscal Year 2023	Fiscal Year 2024	% Change	Tax Weight FY 2023	Total % Point Contribution
Sales and Use Tax	\$13,677,873,500	\$13,802,143,900	0.9%	62.7%	0.6%
Corporate Franchise and Excise Tax	\$4,786,573,100	\$4,600,464,900	-3.9%	22.0%	-0.9%
Motor Vehicle Registration and Fuel ¹	\$1,551,586,600	\$1,656,498,800	6.8%	7.1%	0.5%
Other	\$1,785,666,800	\$1,789,892,400	0.2%	8.2%	0.0%
TOTAL ACCRUAL REVENUE	\$21,801,700,000	\$21,849,000,000	0.2%	100.0%	0.2%

*Data from F&A.

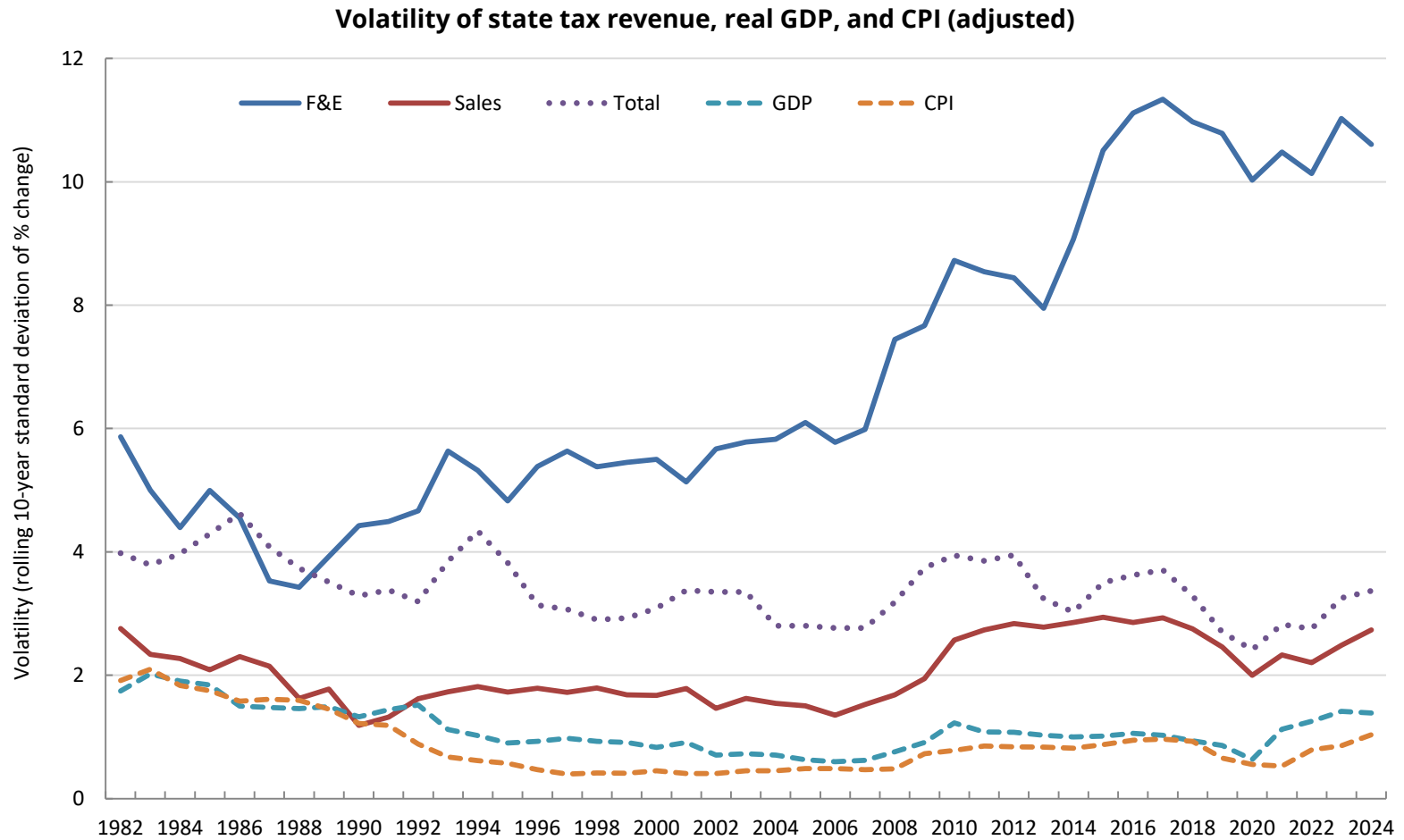
¹Includes motor vehicle registrations, gasoline, motor vehicle fuel, and petroleum special taxes.

Fiscal Year 2024 Tax Revenue

FY 2024 Accrual State Tax Collections

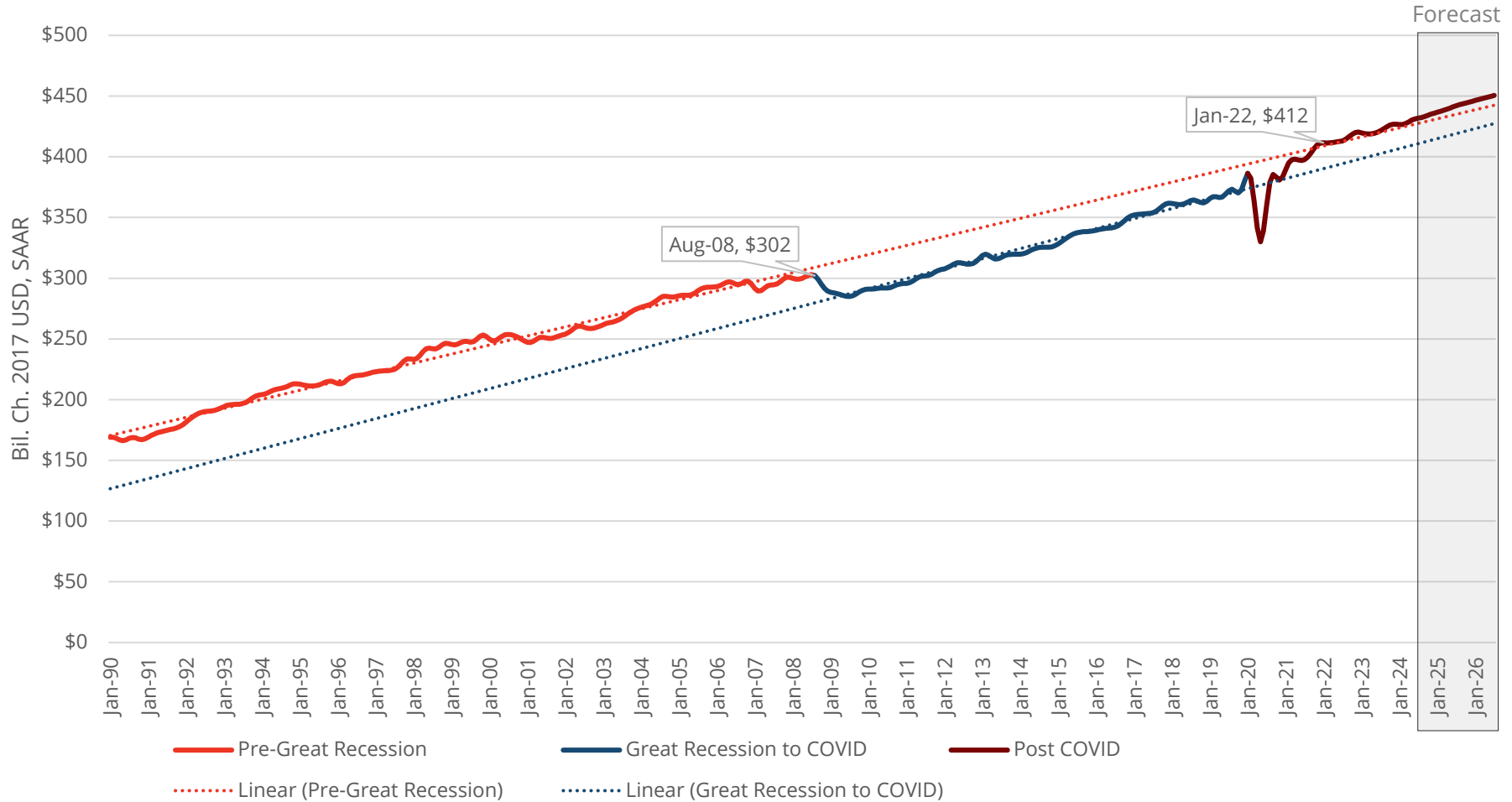


Tennessee Tax Volatility Comparison



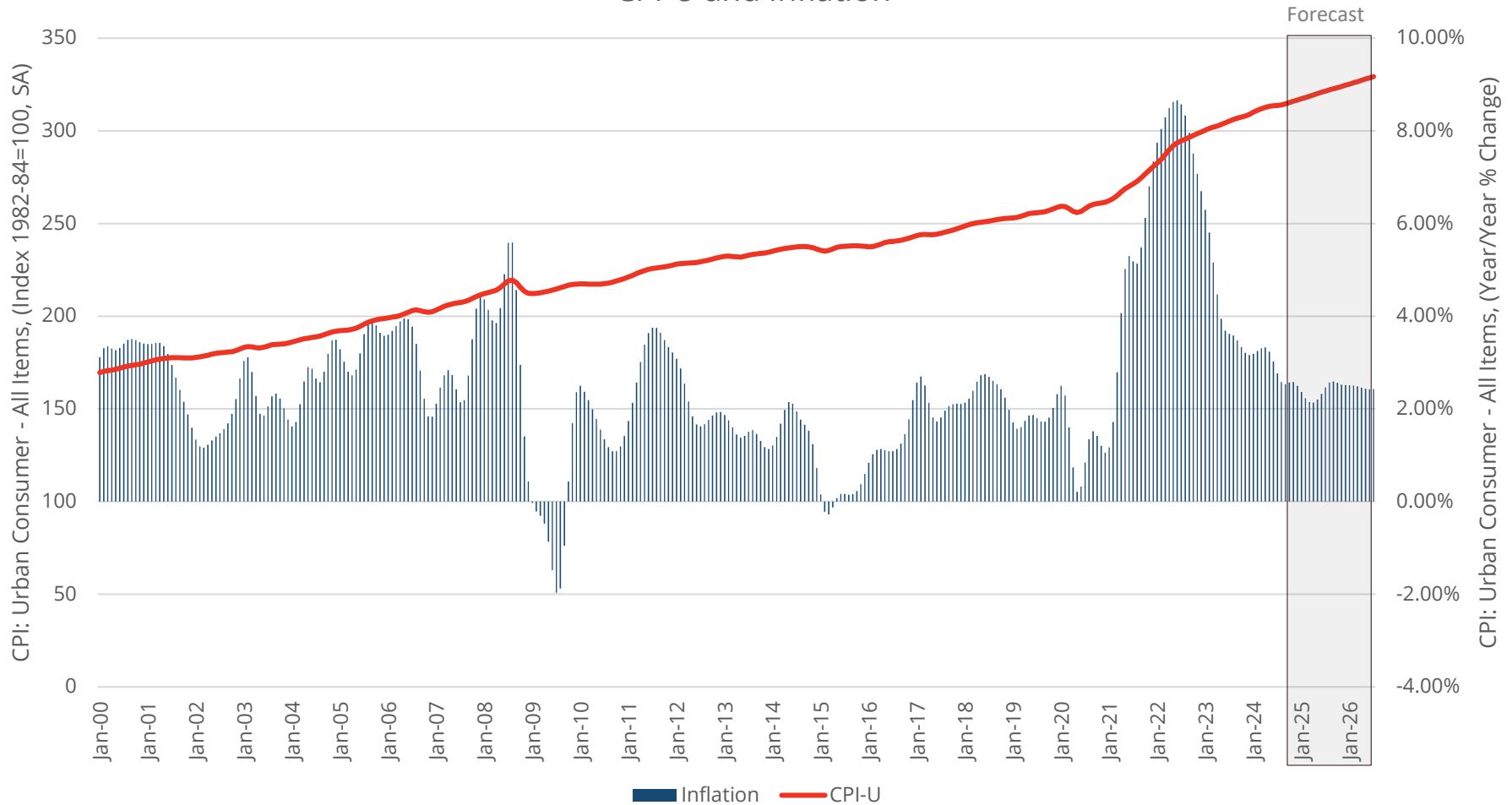
Gross State Product Long-term Trend

Tennessee Gross State Product



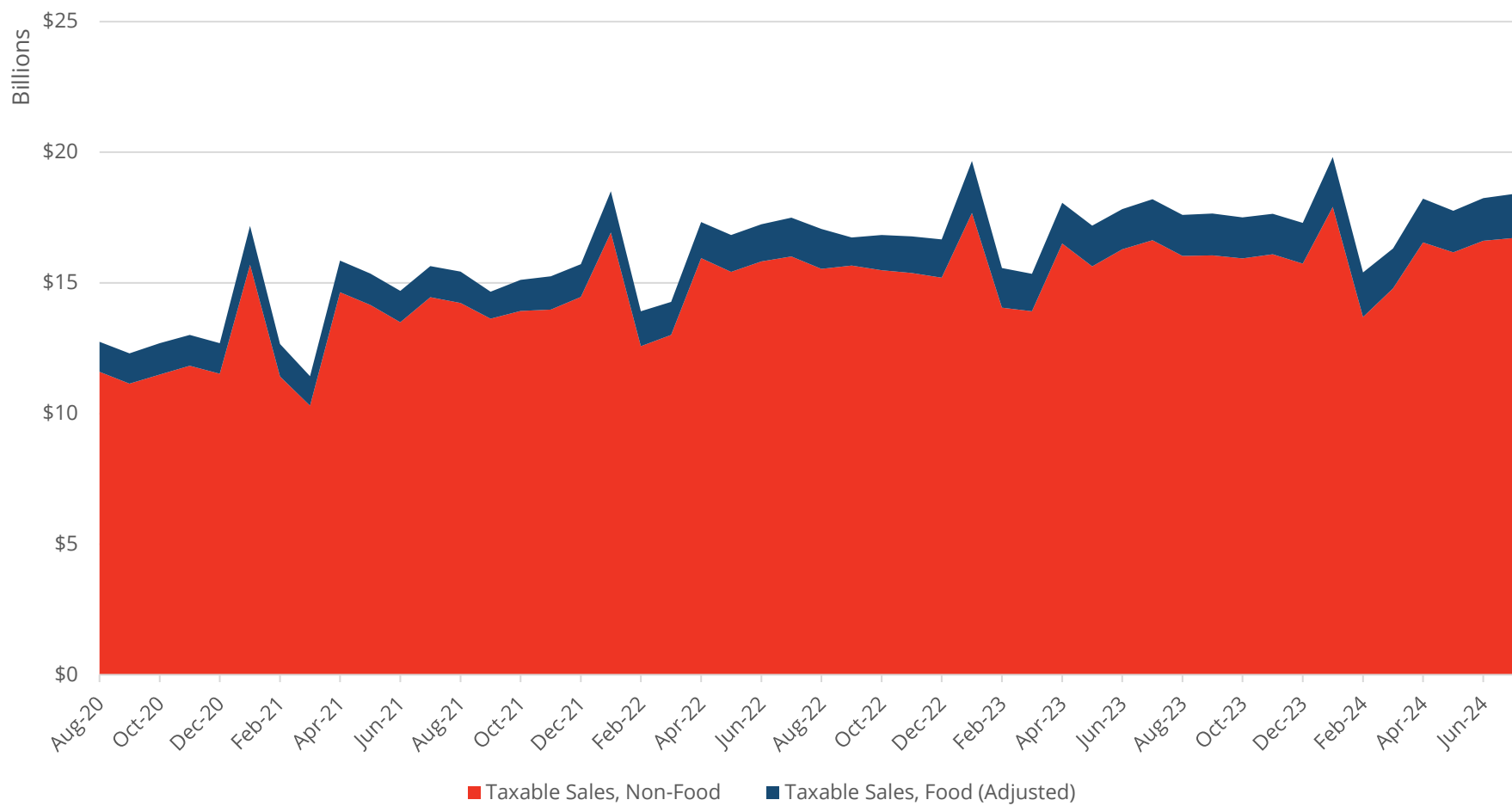
Moderating Inflation, But Prices Remain High

CPI-U and Inflation



Taxable Sales

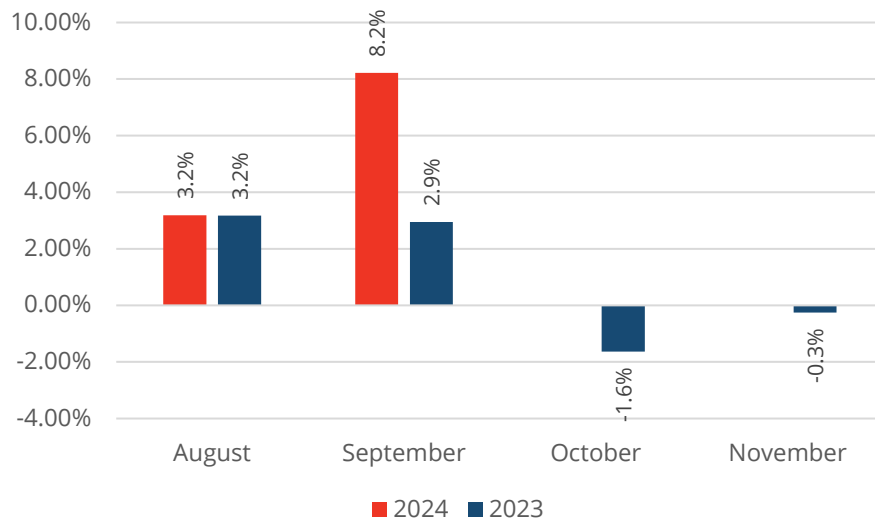
Taxable Sales and Taxable food Sales



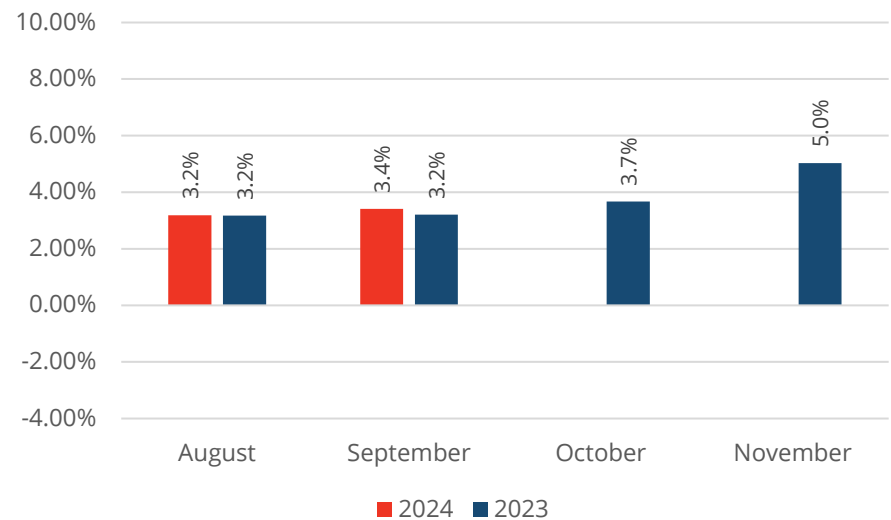
Recent Sales Tax Growth

- Food sales tax holiday in 2023 can inflate apparent sales tax growth in 2023 and 2024, year over year.

Unadjusted Sales Tax Growth Y/Y



Sales Tax Growth Adjusted



Housing Related Recent Collections History

Revenue Implications of Housing Activity (Calendar Year 2024 - Most Recent 6 Month Data)

Growth is presented as year over year (YOY)

Sales Tax Collections from Building Materials

	Collections	YOY % Growth	YOY \$ Growth
April	\$69,413,415	-6.66%	(\$4,956,727)
May	\$76,114,543	1.03%	\$772,371
June	\$71,314,412	-7.56%	(\$5,834,082)
July	\$73,916,308	-5.23%	(\$4,076,848)
August	\$74,468,275	4.83%	\$3,429,872
September	\$67,200,236	-3.51%	(\$2,444,350)
		-5.94%	(\$13,106,764)

Privilege Tax Collections from Realty Transfer

	Collections	YOY % Growth	YOY \$ Growth
April	\$21,168,144	-1.11%	(\$237,039)
May	\$24,725,078	36.77%	\$6,647,034
June	\$25,222,823	5.11%	\$1,227,289
July	\$24,456,357	-5.06%	(\$1,302,271)
August	\$25,100,557	4.24%	\$1,019,910
September	\$23,723,803	2.41%	\$557,773
		5.80%	\$7,912,695

Privilege Tax Collections from Realty Mortgage

	Collections	YOY % Growth	YOY \$ Growth
April	\$6,337,678	-12.81%	(\$931,544)
May	\$8,158,541	32.61%	\$2,006,211
June	\$8,190,291	4.93%	\$385,176
July	\$7,534,722	-7.57%	(\$616,776)
August	\$8,379,417	23.90%	\$1,616,525
September	\$8,269,757	4.90%	\$386,243
		6.46%	\$2,845,835

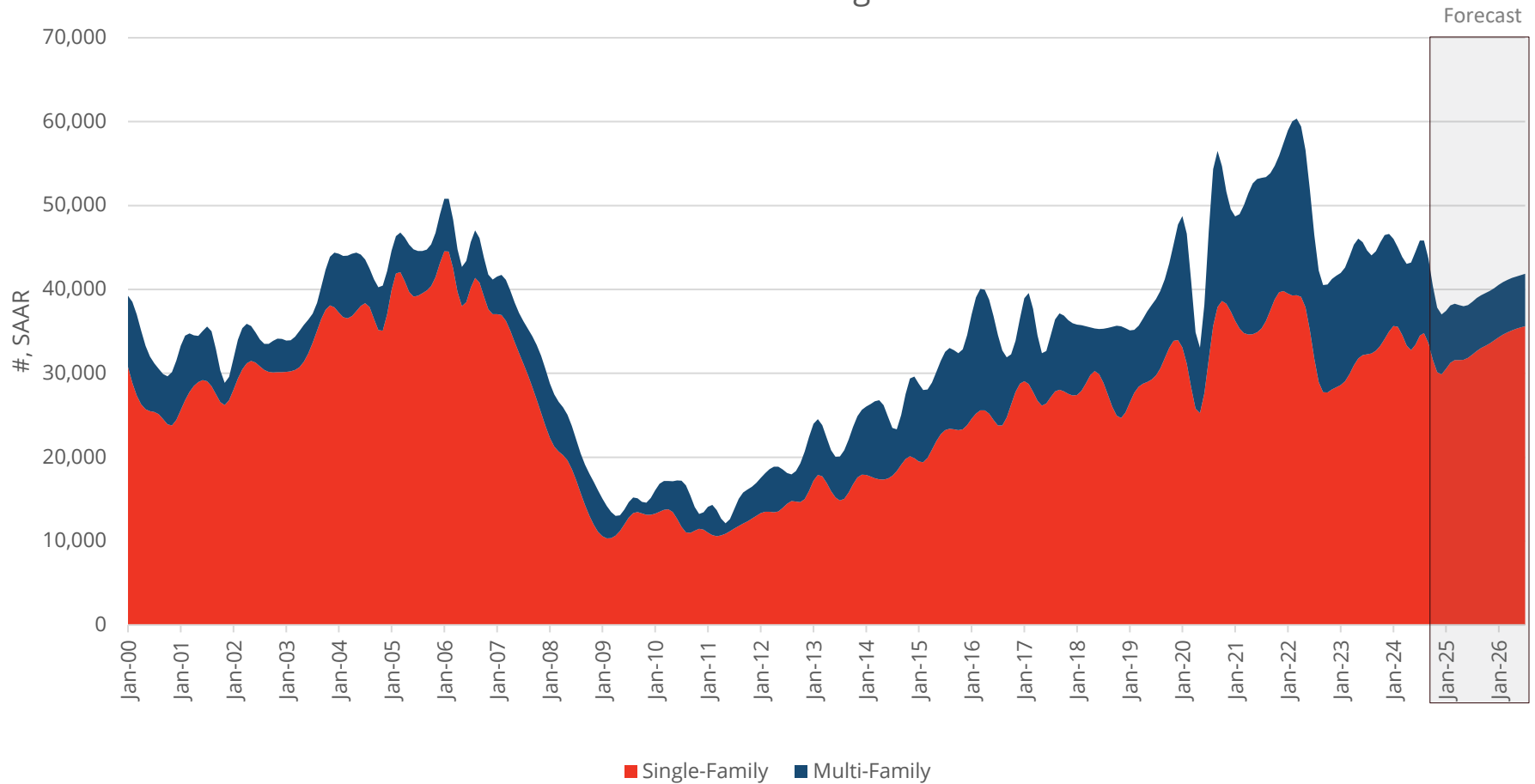
6 Month Total Growth

-0.38%

(\$2,351,234)

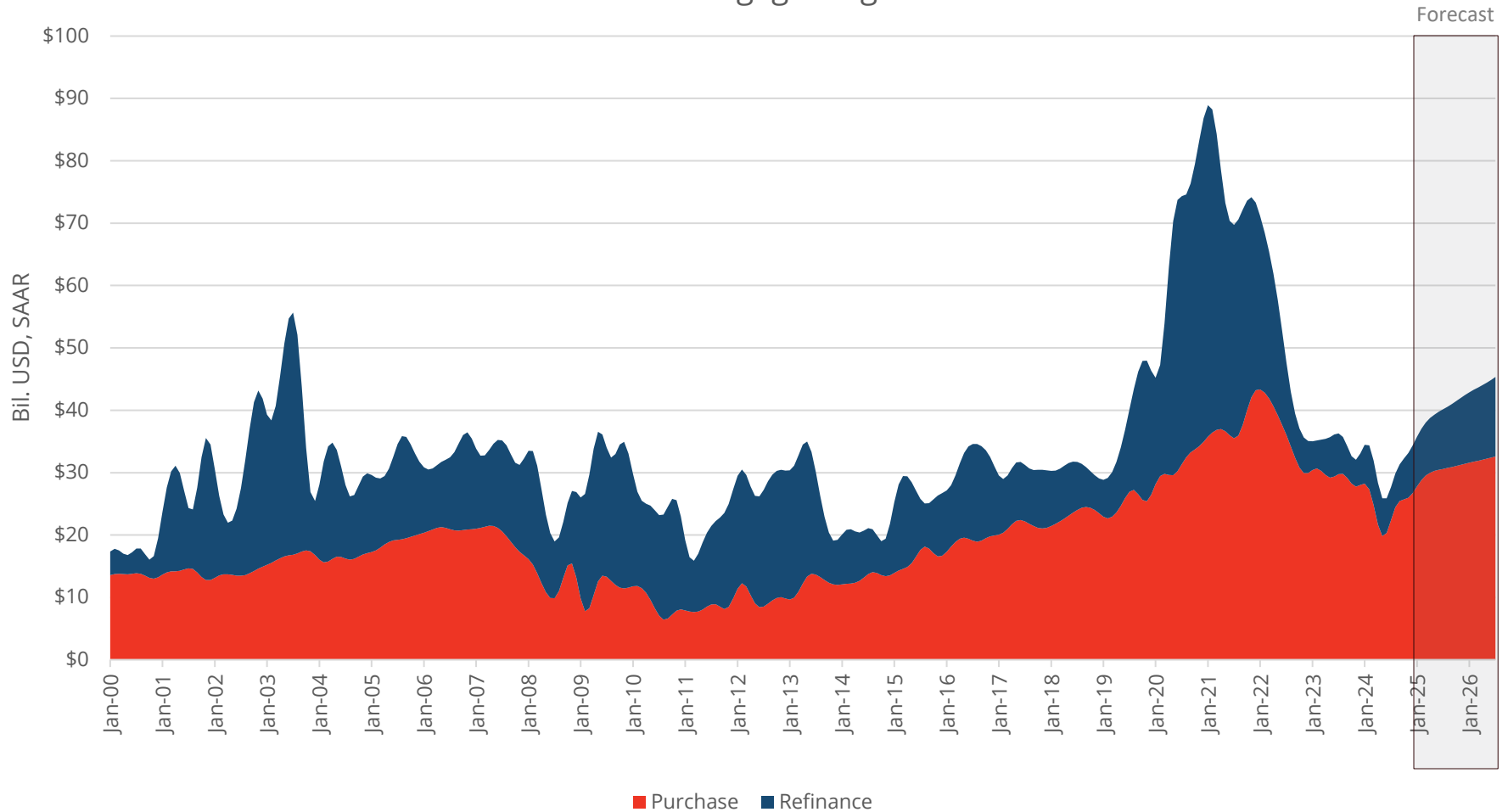
Housing Starts

Tennessee Housing Starts



Mortgage Originations

Tennessee Mortgage Originations



Forecast Adjustments

- Franchise and Excise tax estimates for fiscal years 2025 and 2026 are adjusted for the impacts of the TN Works Act legislative changes passed in 2023, and for the Franchise Tax property measure repeal passed in 2024.
- Franchise and Excise tax estimates do not include revenue estimates for any proposed or potential rule changes.



Department of Revenue

SOURCE OF REVENUE

Department of Revenue	official		FY 2025		FY 2026	
	Actual Revenues FY 2024	Revenue Estimates FY2024	Revised Estimates FY 2025	% change ³ over FY 2024	Revenue Estimates FY 2026	% change ³ over FY 2025
	Actual					
Sales and Use Tax ¹	\$13,802,143,900	\$14,094,600,000	\$14,217,600,000	3.0%	\$14,715,200,000	3.5%
Gasoline Tax	880,807,600	865,000,000	881,700,000	0.1%	883,500,000	0.2%
Motor Fuel Tax	320,183,500	335,000,000	320,500,000	0.1%	326,700,000	1.9%
Gasoline Inspection Tax	72,032,400	72,000,000	73,400,000	1.9%	74,600,000	1.6%
Motor Vehicle Registration Tax	383,475,300	380,400,000	393,100,000	2.5%	399,900,000	1.7%
Income Tax	1,980,300	0	1,000,000	-49.5%	500,000	-50.0%
Privilege Tax ²	440,104,300	554,900,000	455,100,000	3.4%	476,000,000	4.6%
Gross Receipts Tax - TVA	392,057,200	394,000,000	394,300,000	0.6%	397,100,000	0.7%
Gross Receipts Tax - Other	64,286,100	26,600,000	39,900,000	-37.9%	42,100,000	5.5%
Beer Tax	17,029,100	18,500,000	17,600,000	3.4%	17,800,000	1.1%
Alcoholic Beverage Tax	86,379,900	90,000,000	88,500,000	2.5%	90,400,000	2.1%
Franchise & Excise Tax	4,600,464,900	4,881,400,000	3,818,400,000	-17.0%	3,923,400,000	2.7%
Inheritance and Estate Tax	30,100	0	-	0.0%	-	0.0%
Tobacco Tax	195,893,900	219,500,000	192,700,000	-1.6%	191,700,000	-0.5%
Motor Vehicle Title Fees	21,655,000	23,800,000	21,700,000	0.2%	21,800,000	0.5%
Mixed Drink Tax	223,915,000	220,300,000	235,500,000	5.2%	247,300,000	5.0%
Business Tax	345,496,100	315,200,000	348,400,000	0.8%	364,700,000	4.7%
Severance Tax	516,900	800,000	500,000	-3.3%	500,000	0.0%
Coin-operated Amusement Tax	509,700	400,000	500,000	-1.9%	500,000	0.0%
Total Department of Revenue	\$21,849,000,000	\$22,492,400,000	\$21,500,400,000	-1.6%	\$22,173,700,000	3.1%
General Fund Only	\$18,778,130,000	\$19,331,100,000	\$18,370,040,300	-2.2%	\$19,095,220,400	3.9%

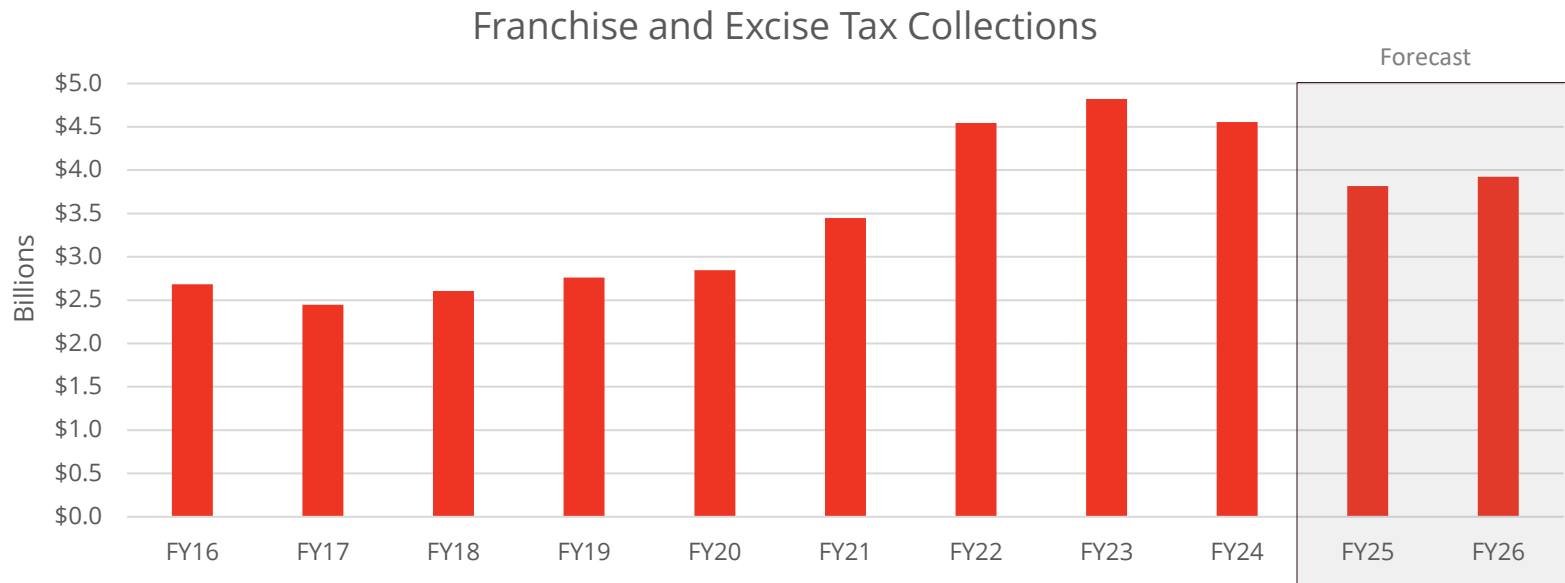
¹Excludes \$158.9 million earmarked fees collected under sales tax for E911 telecommunications services.

²Excludes \$92.5 million earmarked fees collected under the privilege tax.

³Percent change in revenue for each tax is calculated percentage change *after* rounding to nearest 100,000.

Franchise and Excise Tax

- Downward Revision of November 2023 forecast for FY25
 - \$3.818B vs \$3.887B
- Policy changes outweigh underlying growth
- Forecast collections returning to longer term trend



Sources

- Data Sourced From:
 - Moody's Analytics (Fall, 2024)
 - BEA (Fall, 2024)
 - BLS (Fall, 2024)
 - U.S. Census Bureau (Fall, 2024)
 - TN Department of Revenue (Fall, 2024)
 - TN Department of Finance & Administration (Fall, 2024)

Economic Outlook and Tax Revenue Estimates

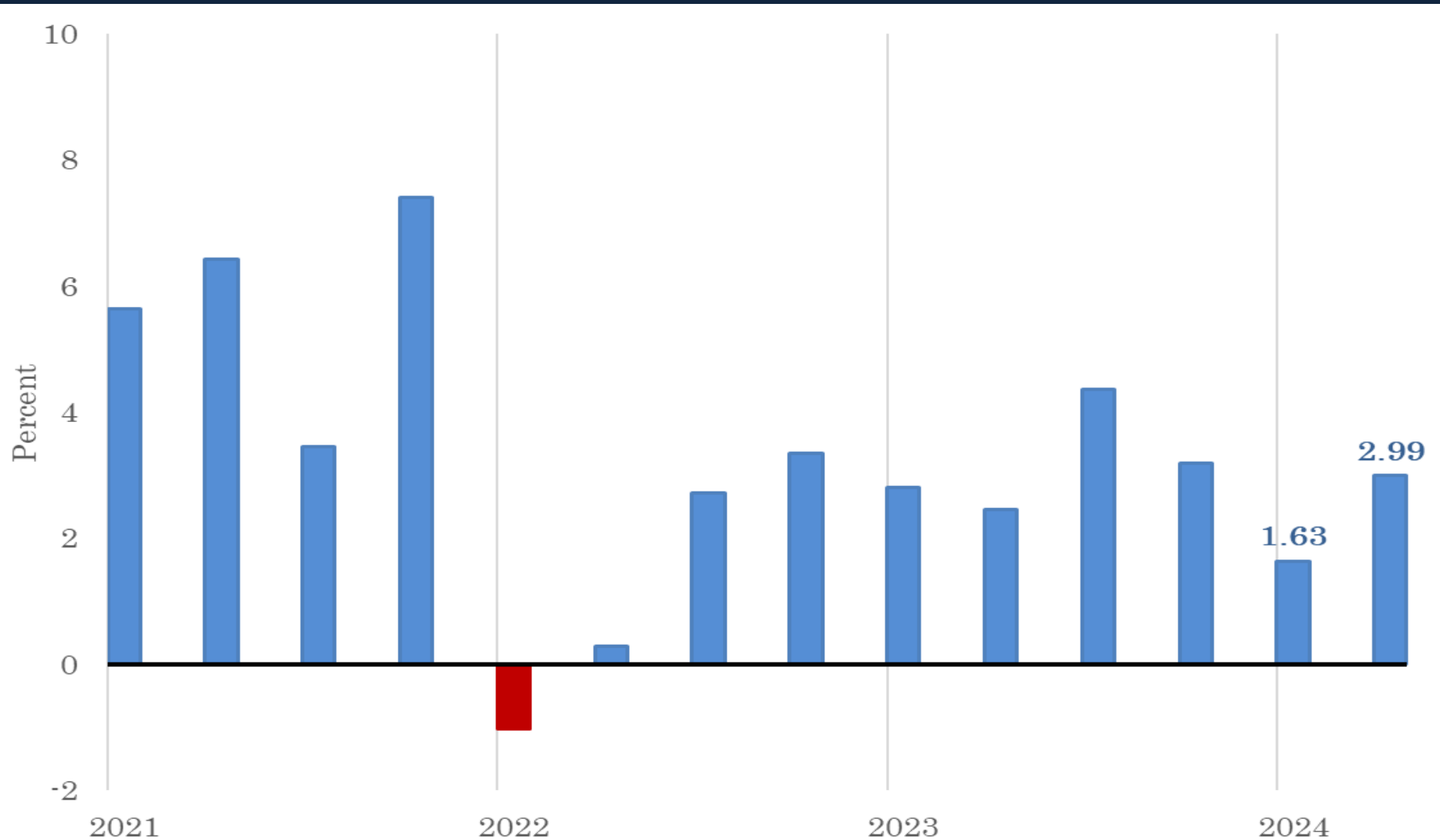


Fiscal Review Committee Staff
November 4, 2024

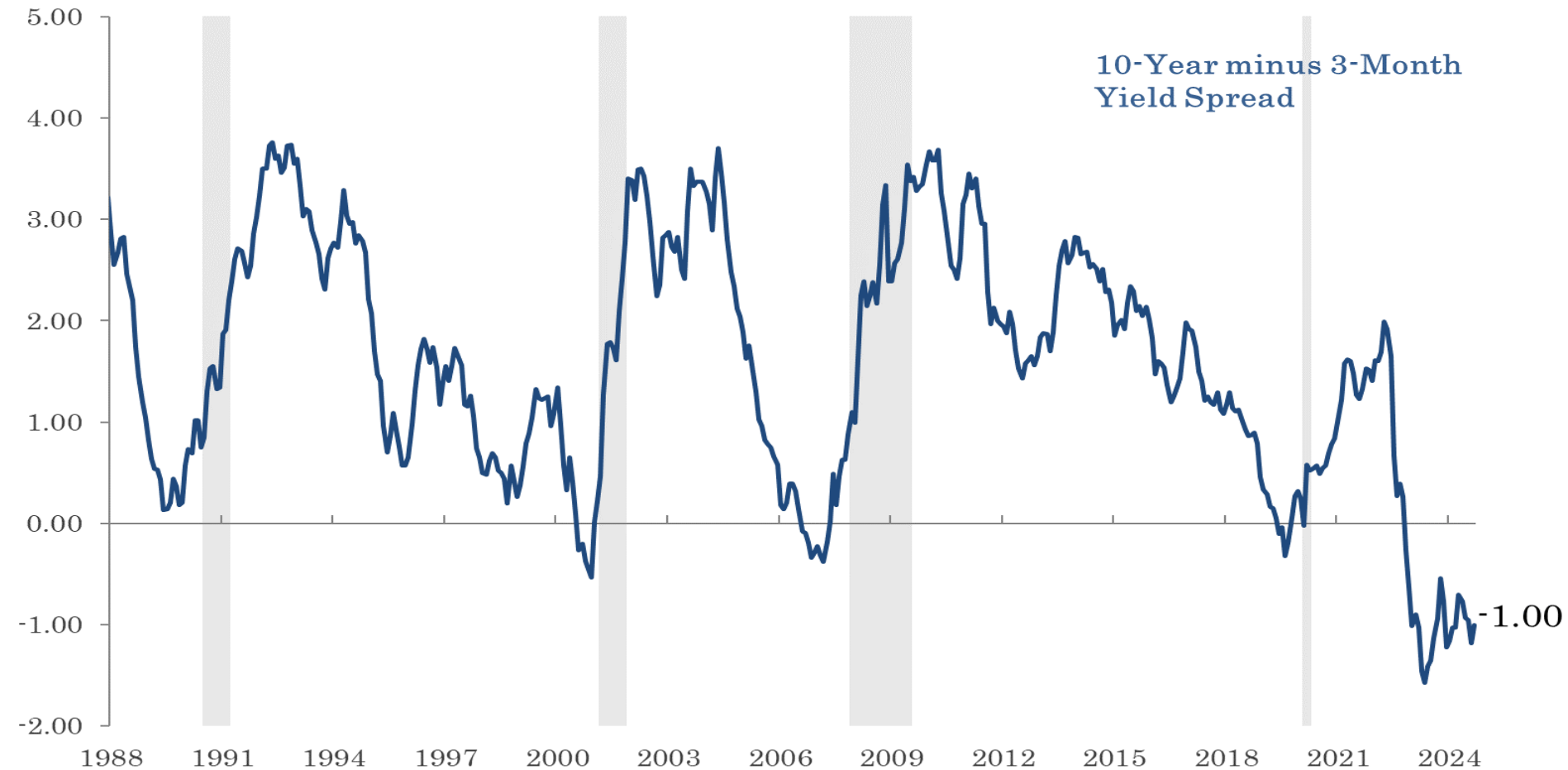
Overview

- A positive start to FY24-25 collections after negative growth in FY23-24
- Strengthening economy with some indicators mixed
- Recession risk and Fed action to achieve a soft landing
- Impacts of legislation
- Uncertainty: Geopolitical tensions, supply chain, and 2024 elections
- Tax revenue estimates

U.S. Real GDP

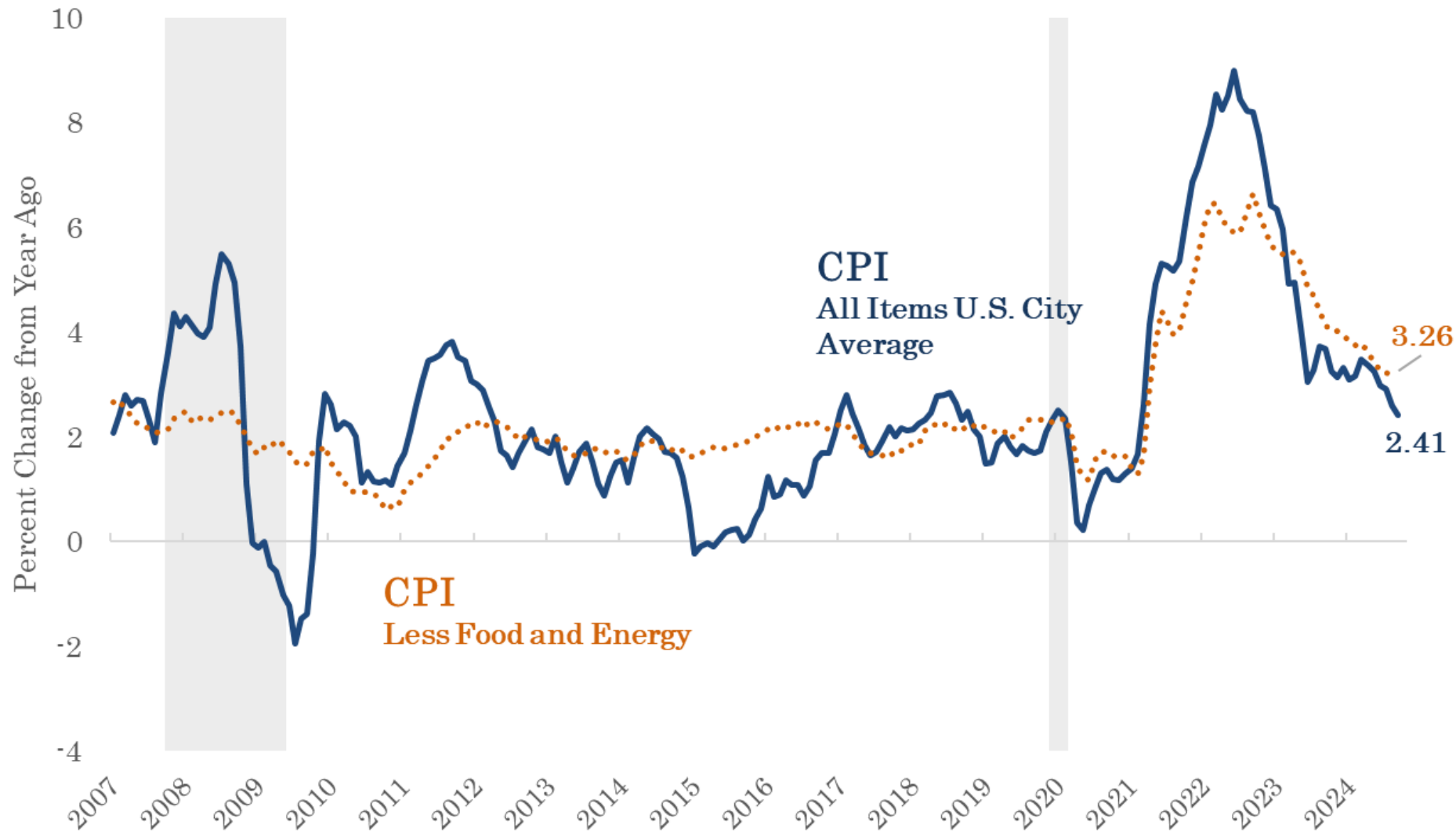


The Yield Spread



Sources: Board of Governors of the Federal Reserve System (US); retrieved from FRED, Oct 15, 2024

Inflation



Sources: U.S. Bureau of Labor Statistics, retrieved from FRED, Oct 15, 2024

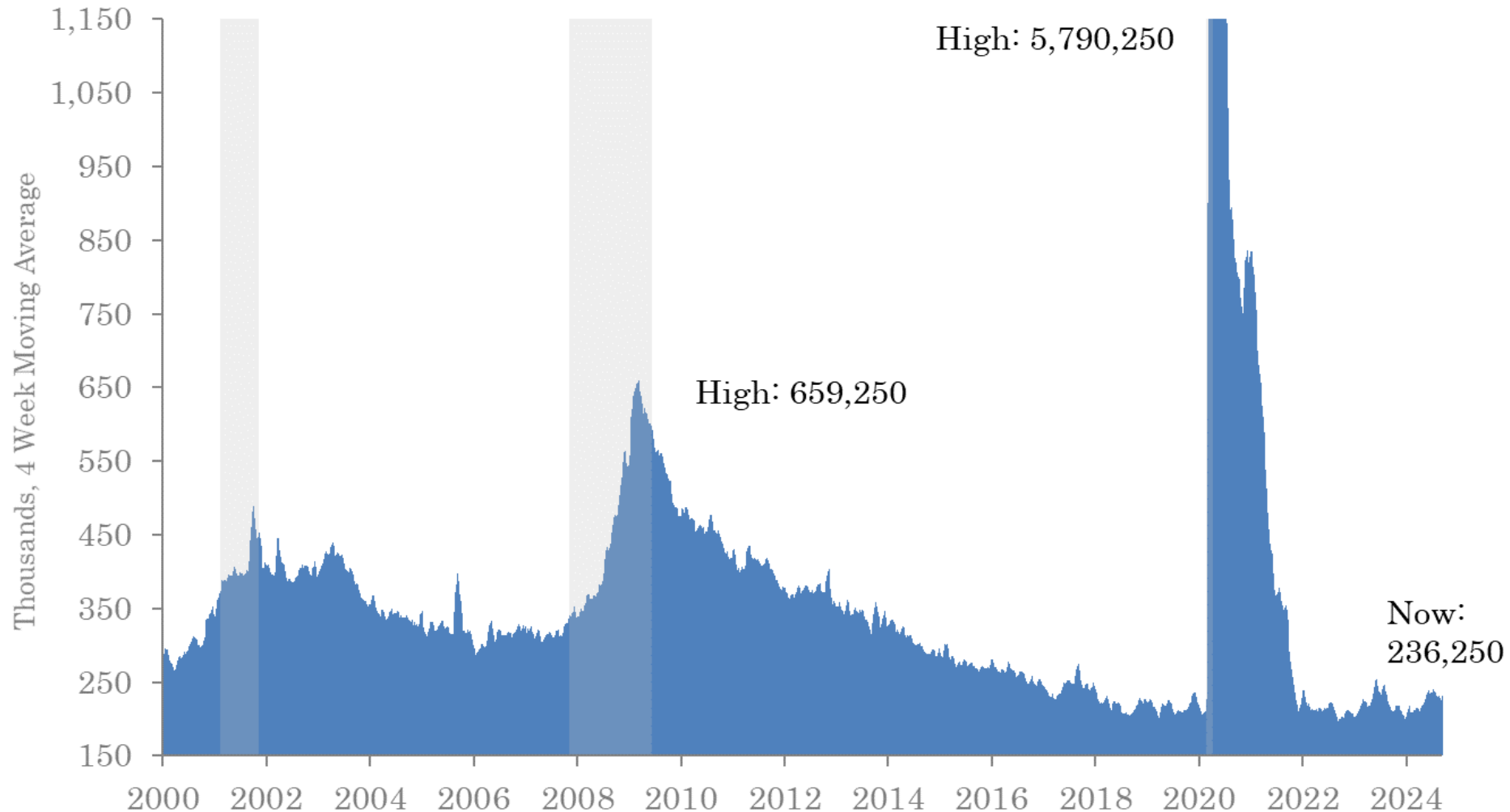
Stock Market



Sources: S&P Dow Jones Indices LLC; retrieved from FRED, Oct 15 2024

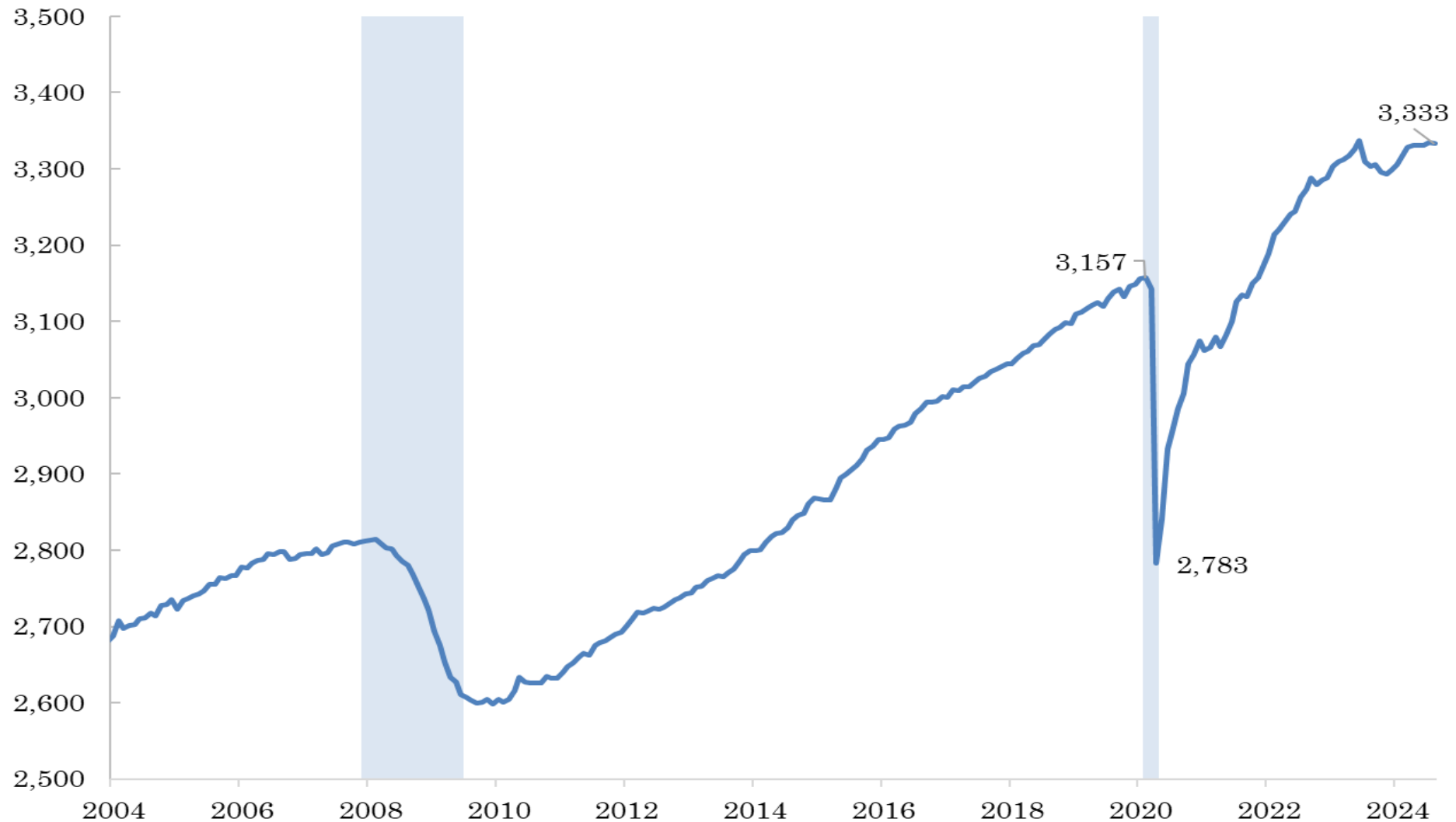
U.S. Employment

Initial Unemployment Claims



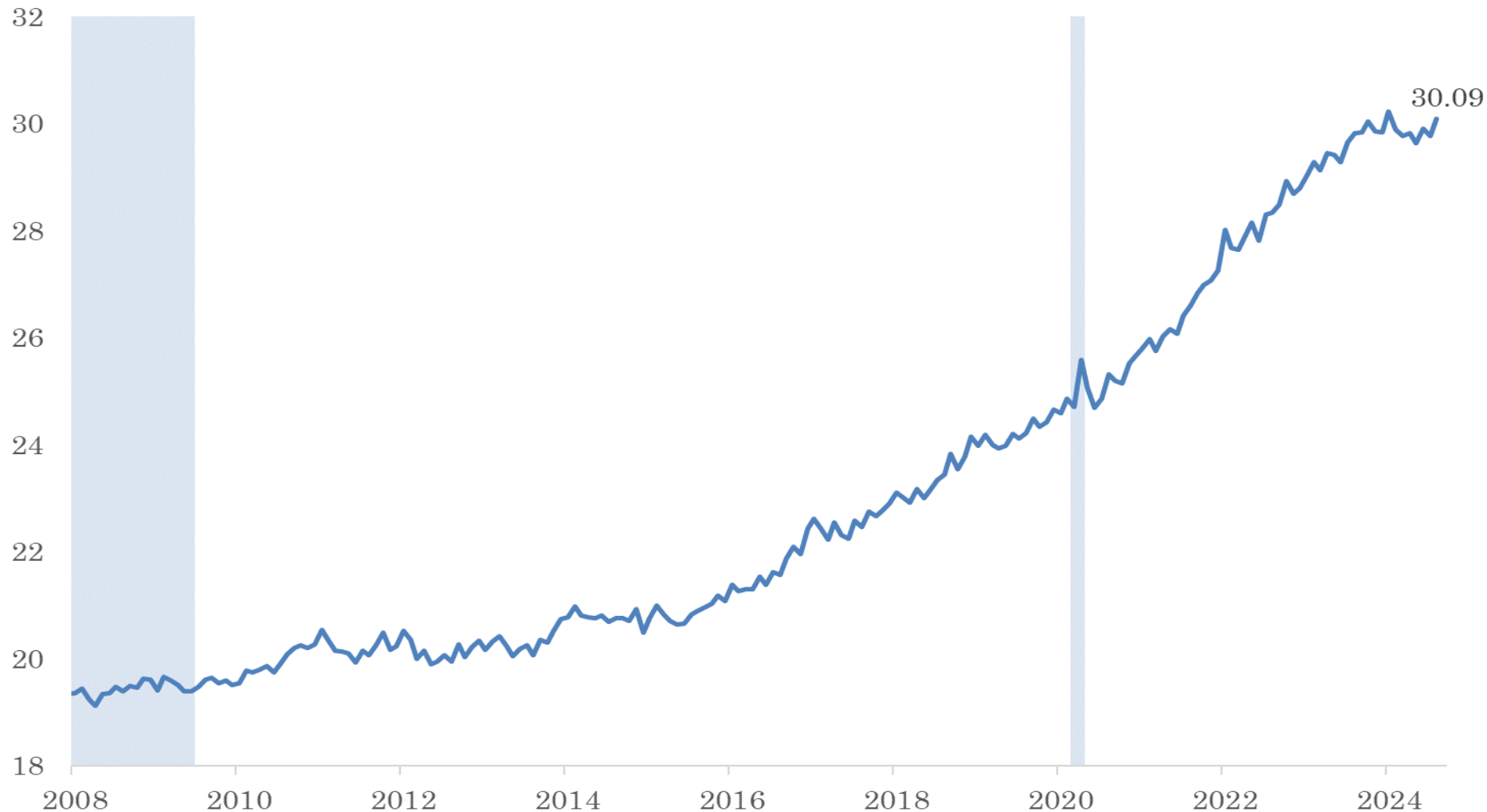
Tennessee Employment

Total Non-Farm, Monthly, SA (Thousands)



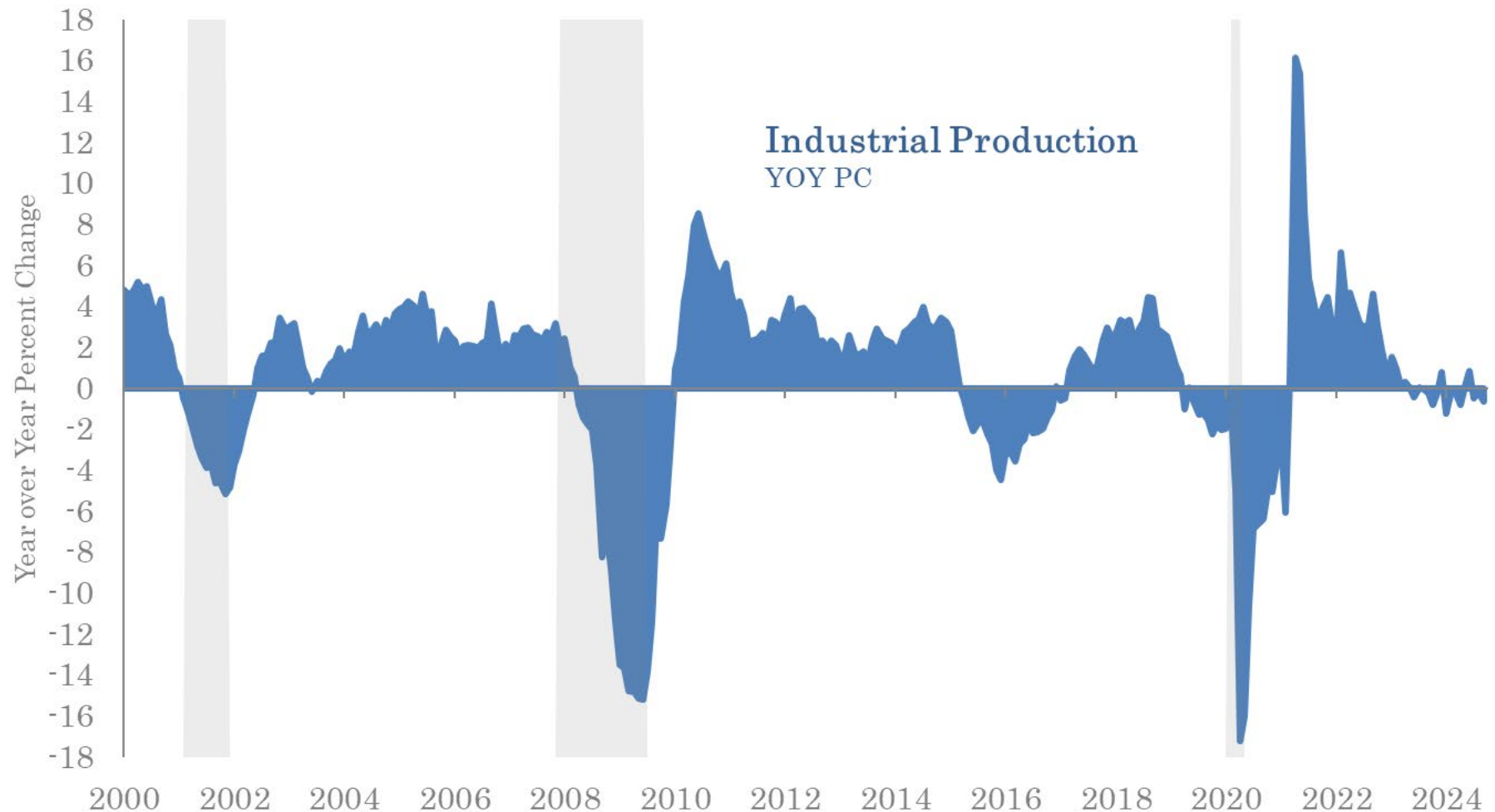
Sources: U.S. Bureau of Labor Statistics, retrieved from FRED, Federal Reserve Bank of St. Louis, Oct 17, 2024

TN Hourly Earnings (Dollars)



Sources: U.S. Bureau of Labor Statistics and Federal Reserve Bank of St. Louis, retrieved from FRED, Oct 20, 2024

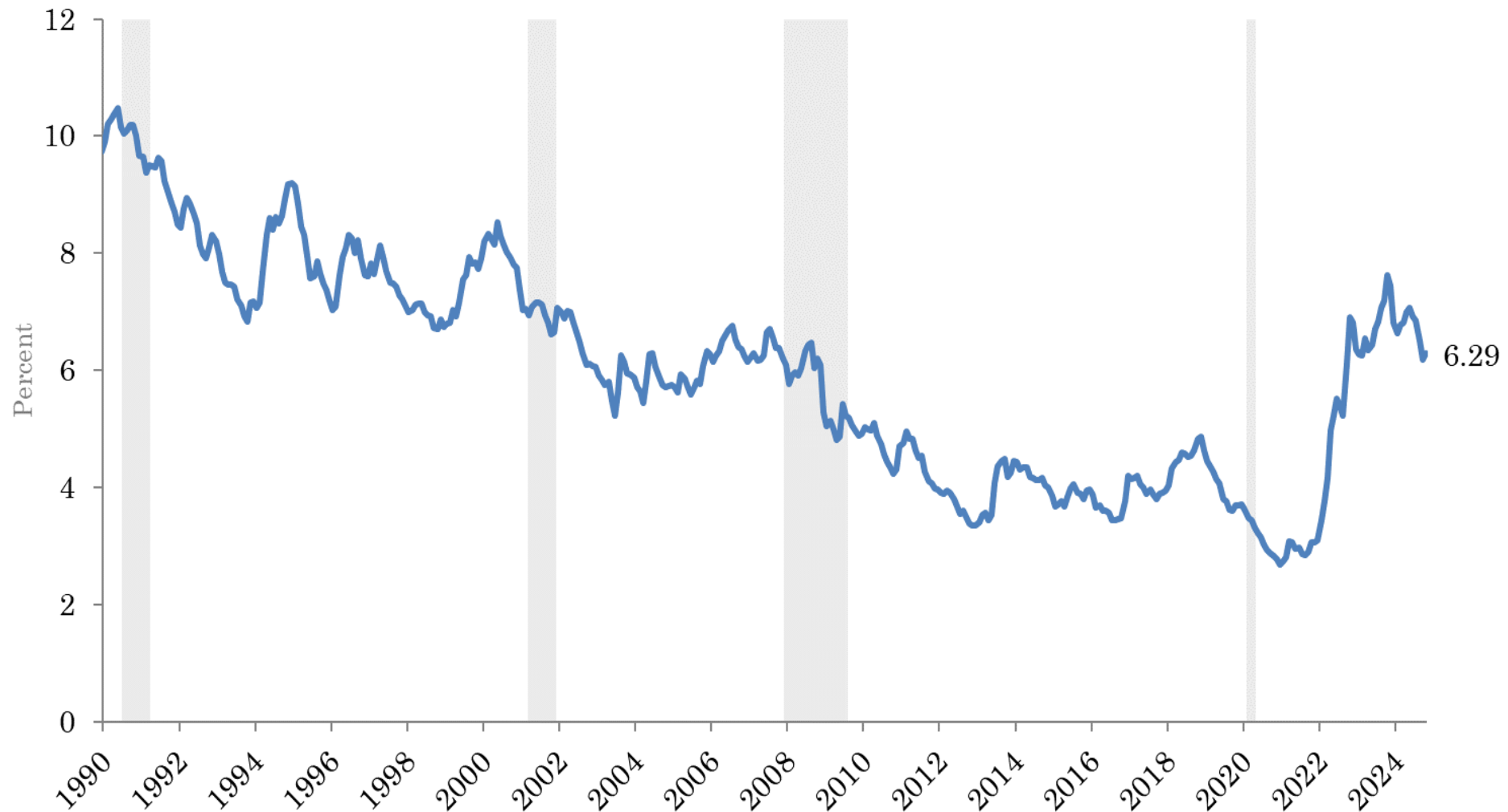
Industrial Production



Sources: Board of Governors of the Federal Reserve System (US); retrieved from FRED, Oct 20, 2024

Housing Sector

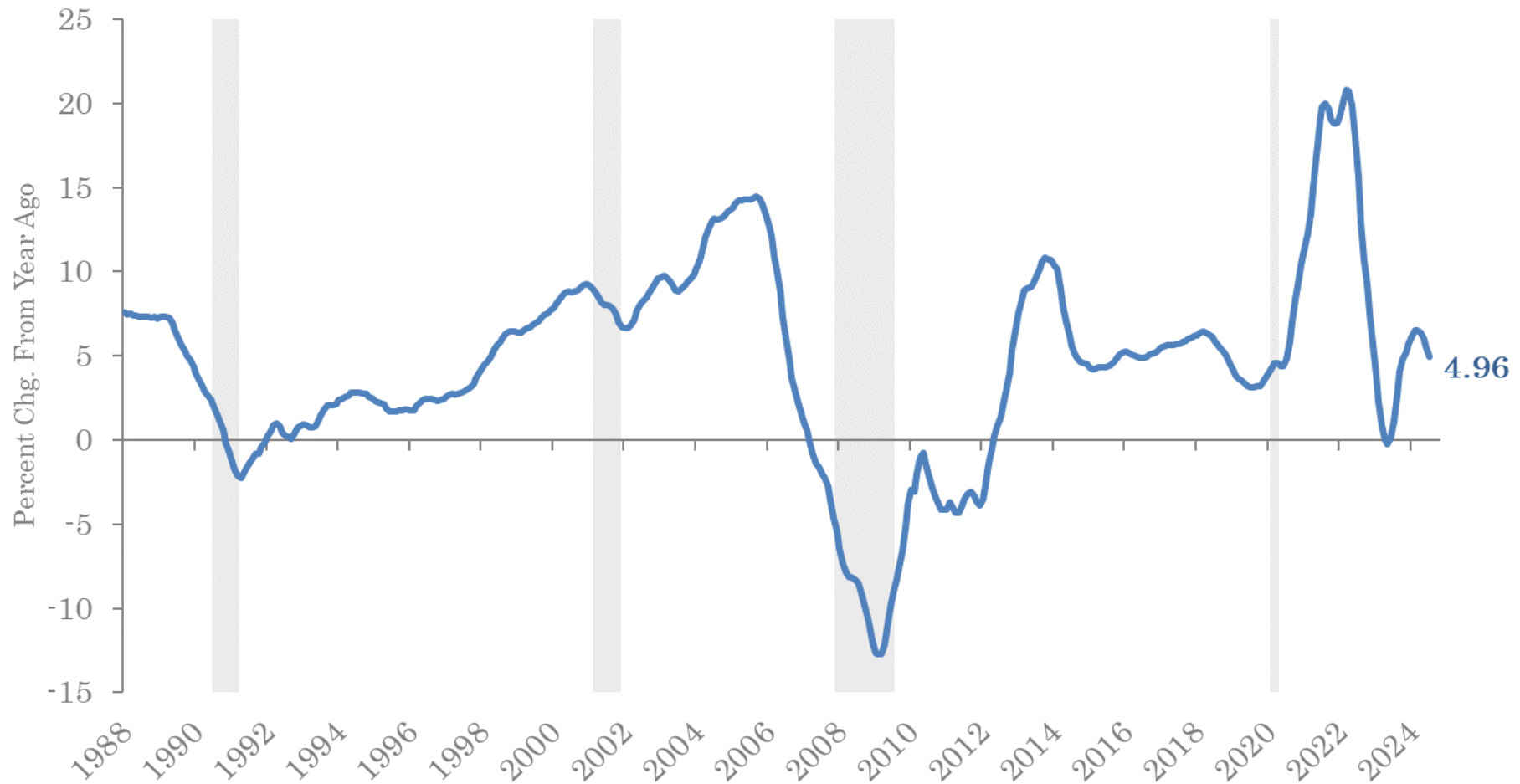
Mortgage Rates – 30 Year Fixed Monthly Average



Sources: Freddie Mac; retrieved from FRED, Oct 20, 2024

Housing Sector

S&P/Case-Shiller U.S. National Home Price Index

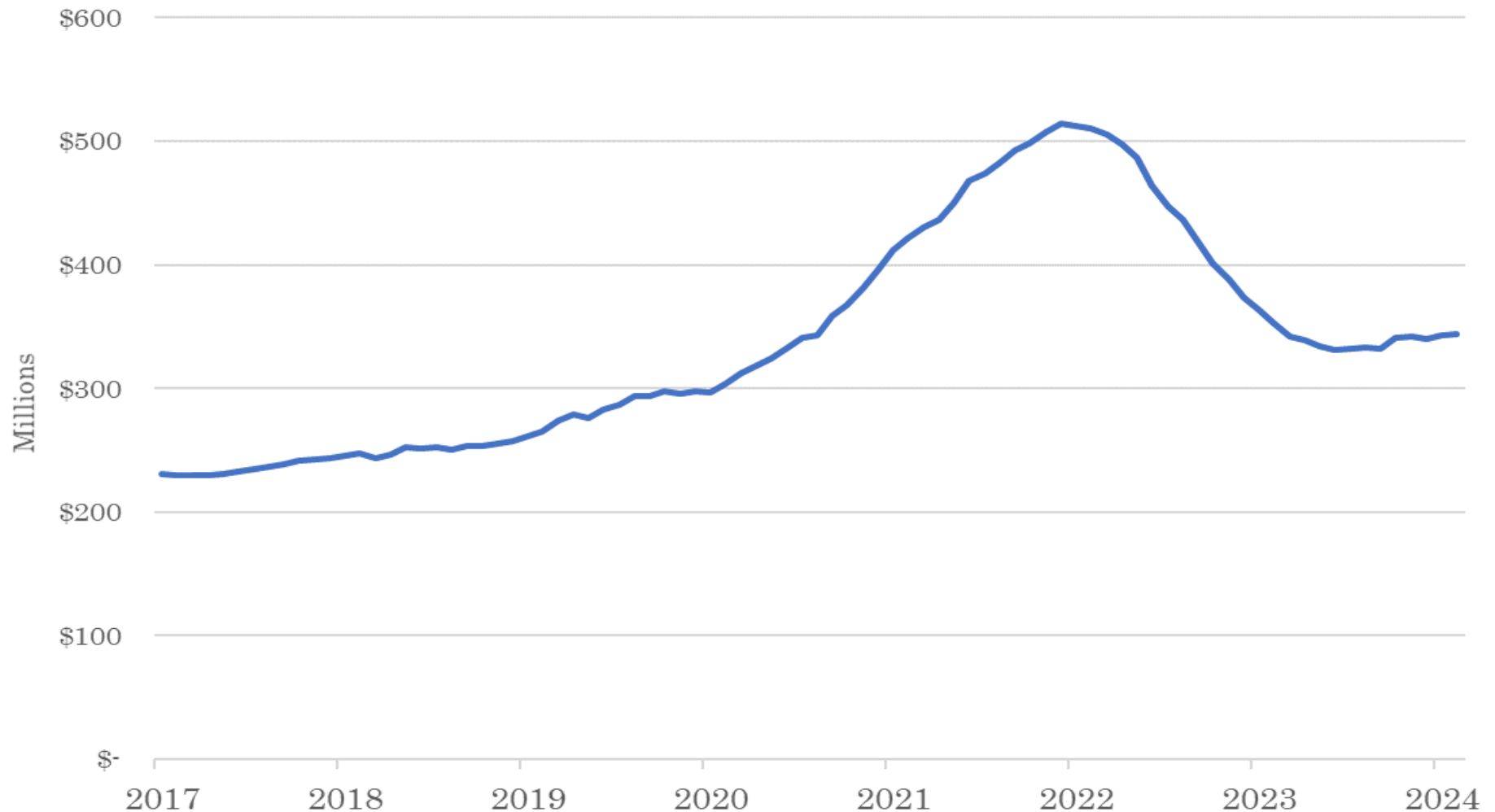


Source: S&P Dow Jones Indices LLC/FRED

Sources: S&P Dow Jones Indices LLC; retrieved from FRED, Oct 20, 2024

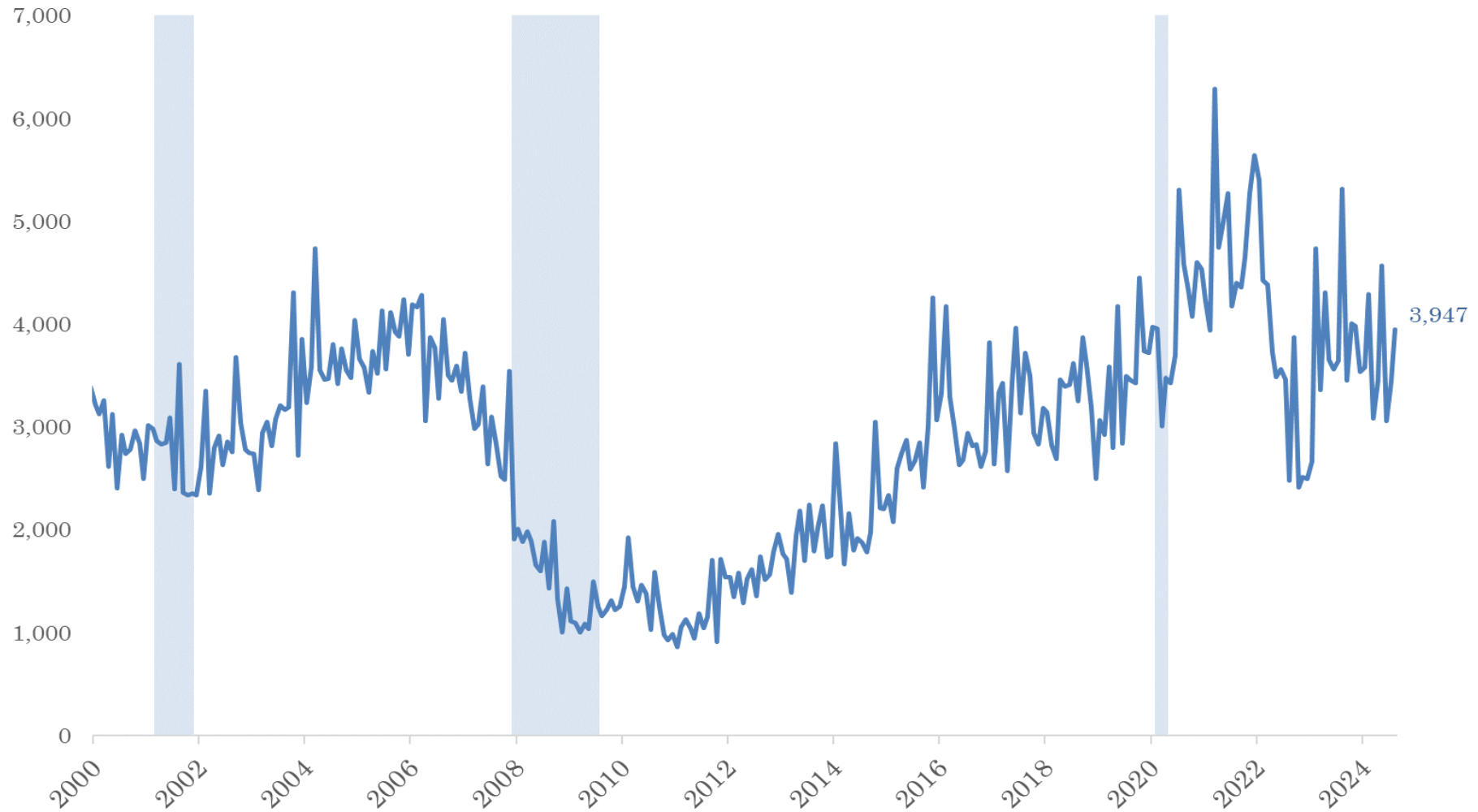
Housing Sector

TN Realty Transfer & Mortgage Tax Collections (12 month MS)



Source: TN Department of Revenue Oct 20, 2024

Housing Sector (TN Building Permits 1-Unit)



Sources: U.S. Bureau of the Census, retrieved from FRED, Federal Reserve Bank of St. Louis, Oct 22, 2024

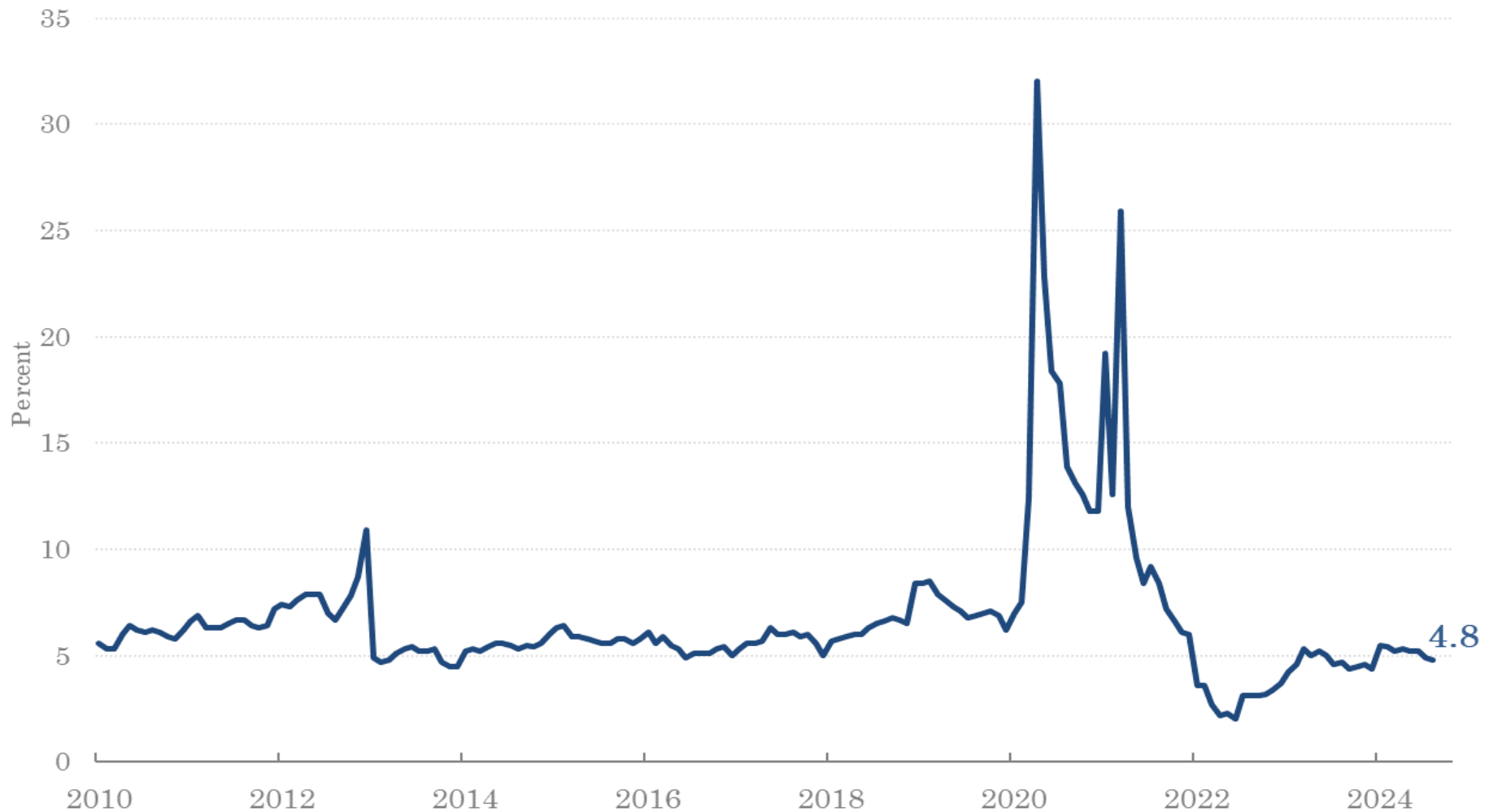
Personal Income

Household Debt Service as a Percent of Disposable Personal Income



Sources: Board of Governors of the Federal Reserve System (US); retrieved from FRED, Oct 22, 2024

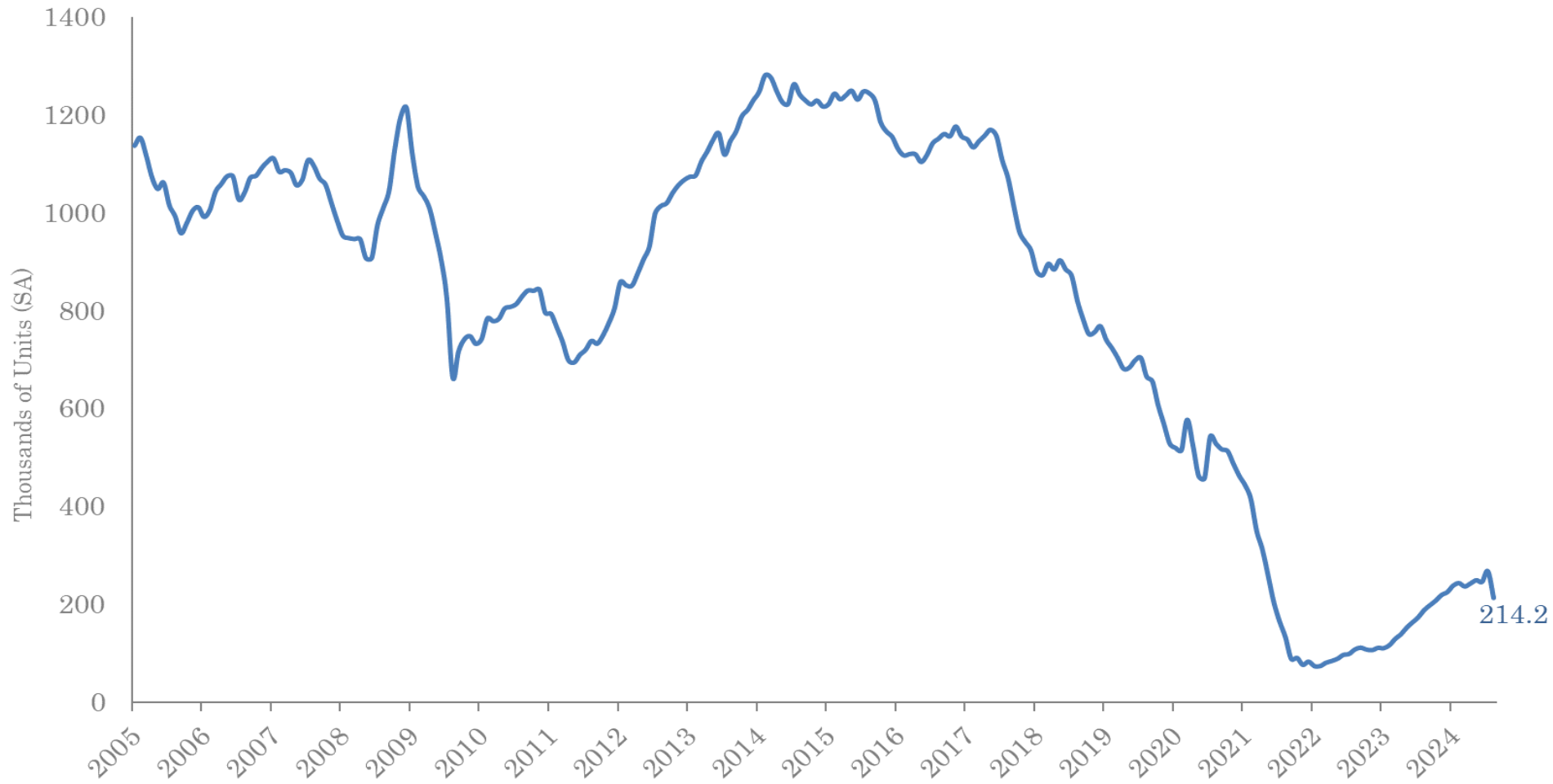
Personal Savings Rate



Sources: U.S. Bureau of Economic Analysis; retrieved from FRED, Oct. 22, 2024

Domestic Auto Inventories

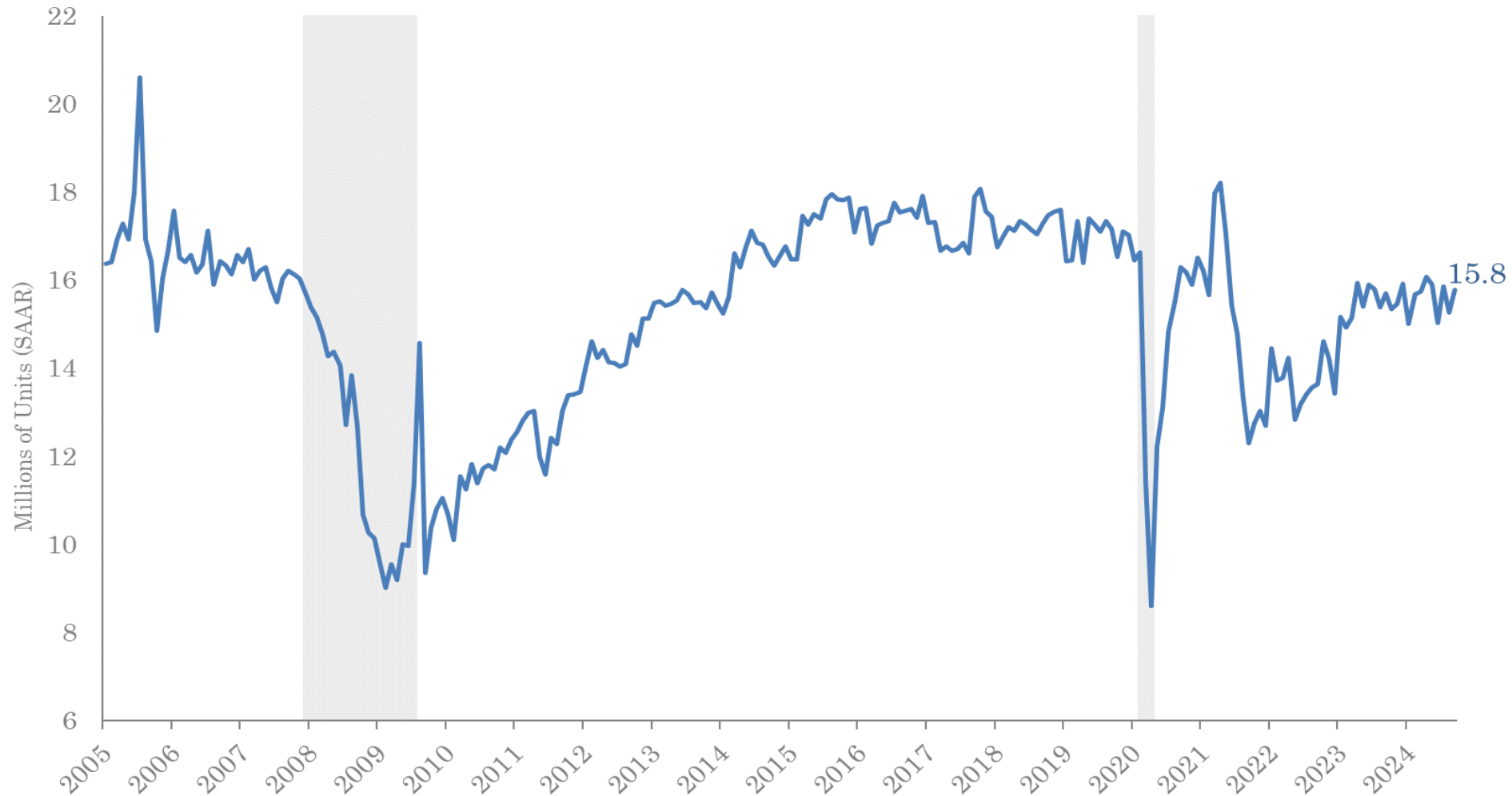
U.S., Canada, and Mexico Assemblies



Sources: U.S. Bureau of Economic Analysis, retrieved from FRED, Oct 22, 2024

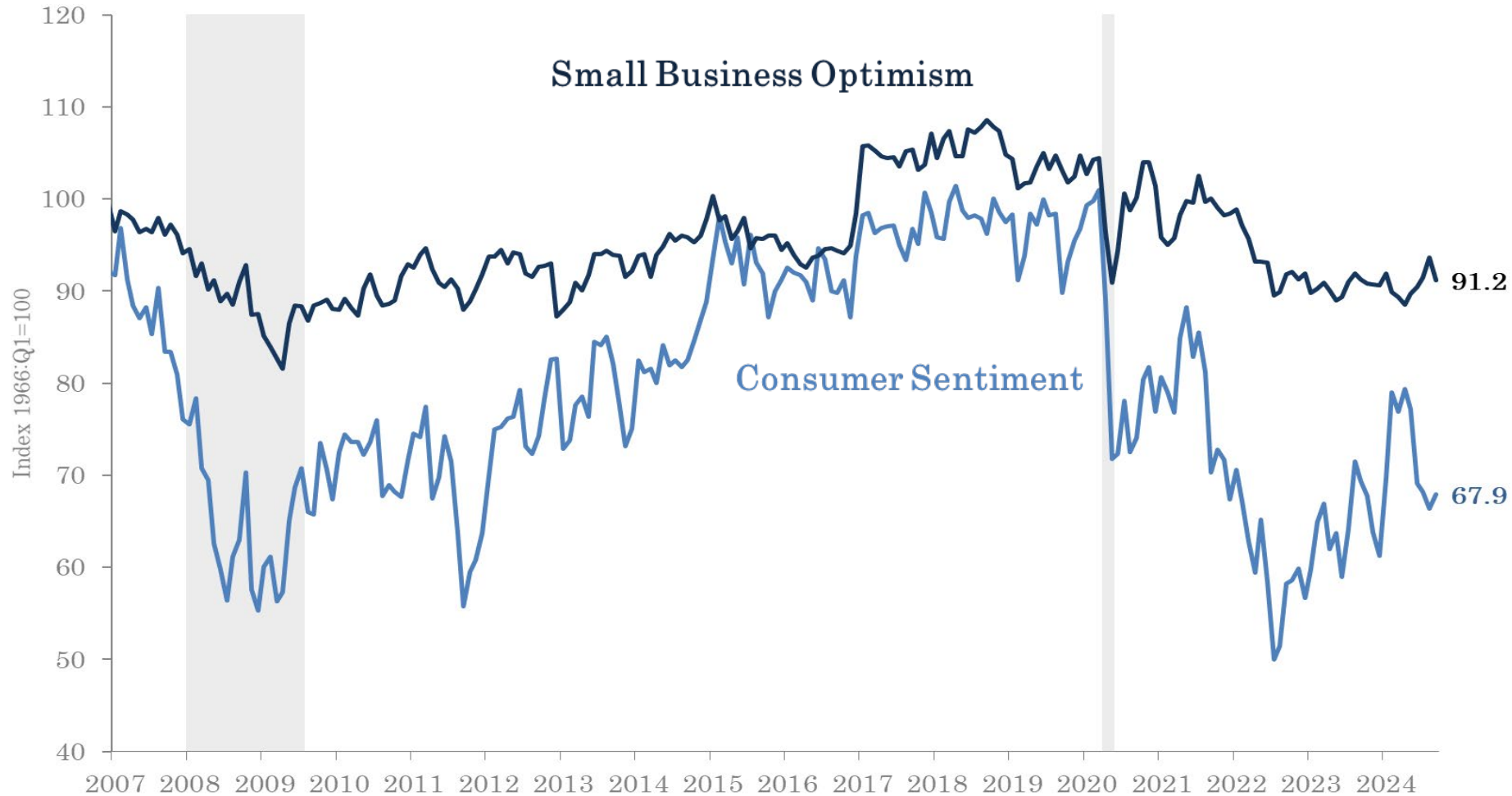
Auto Sector

U.S. Light Weight Vehicle Sales



Sources: U.S. Bureau of Economic Analysis, retrieved from FRED, Oct 22, 2024

Consumer Sentiment & Small Business Optimism

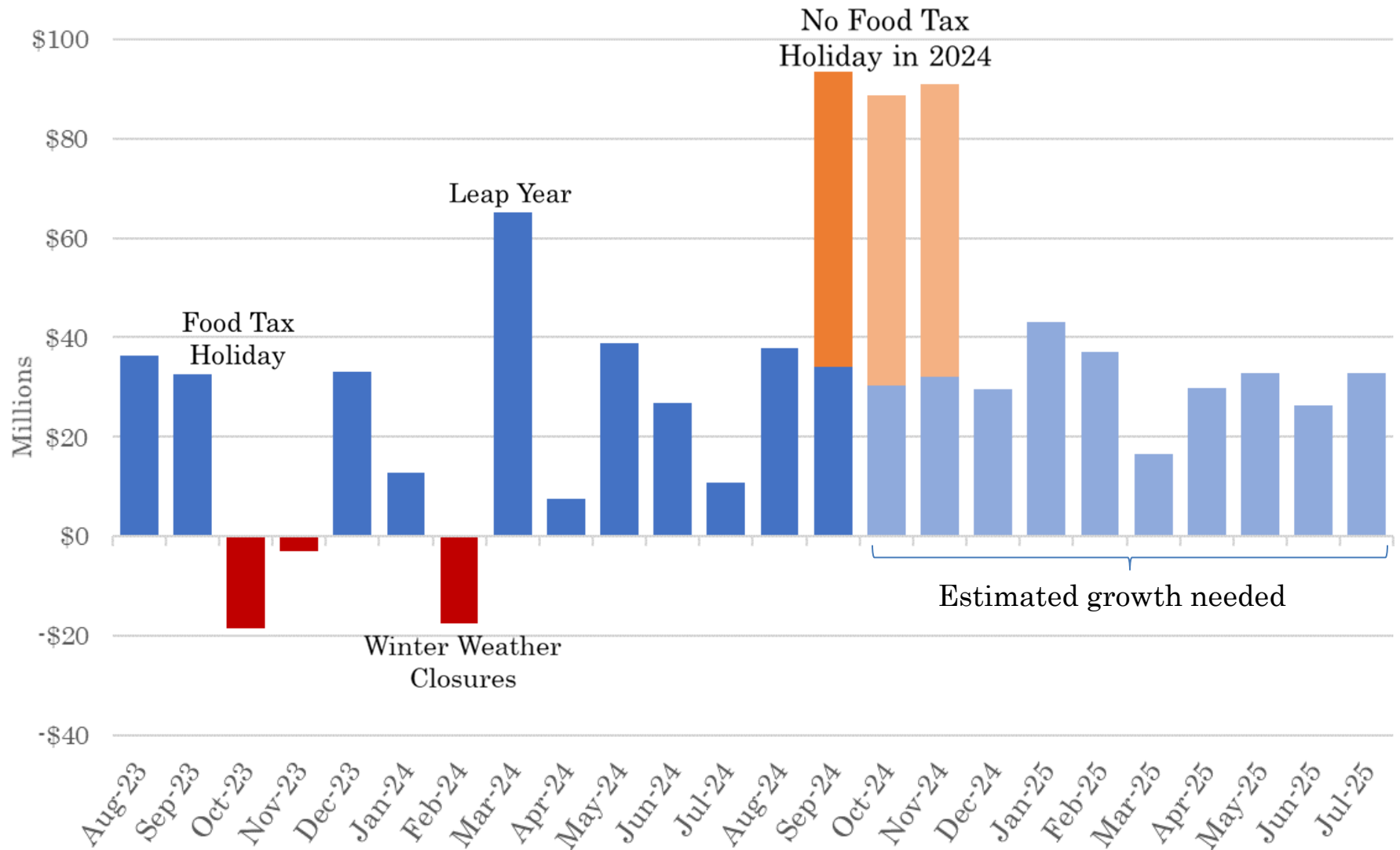


Sources: UofM, retrieved from FRED, Federal Reserve Bank of St. Louis; NFIB, retrieved from nfib-sbet.org, Oct 22, 2024

Tax Changes

- TN Works Tax Legislation Changes to Collections (relative to FY23-24):
 - F&E : -\$138.2M
 - Business: -\$2.4M
 - Sales (excluding food holiday): +\$1.9M
- No food tax holiday for FY24-25:
 - (+\$180M vs. FY23-24) September through November Collections
 - Locals held harmless for local option and apportionment using General Funds of over \$110M
- Additional Sales Tax Legislation relative to FY23-24:
 - -\$7.3M
- Franchise Tax minimum measure repeal relative to FY23-24:
 - -\$393.4M FY24-25
 - -\$405.2M FY25-26
- *All changes are reflected in FRC collection forecasts.*

Sales Tax Growth (Dollars YoY)



Outlook

- No food sales tax holiday in FY24-25
- Decrease in F&E related to legislation, room for growth in FY25-26
- Risks from global conflicts, prices remaining high with inflation baked in
- Fed will continue to decrease rates through 2025
 - Positive impact on housing
- Uncertainty with the election, the balance of power, and the expiration of the Tax Cuts and Jobs Act provisions

FY24-25 & FY25-26 Estimates

REVENUE SOURCE	ACTUAL ACCRUED COLLECTIONS FY23-24	FRC STAFF TAX REVENUE ESTIMATES FY24-25	PERCENT INCREASE OVER FY23-24	FRC STAFF TAX REVENUE ESTIMATES FY25-26	PERCENT INCREASE OVER FY24-25
SALES AND USE TAX - LESS EARMARKED*	\$13,802,143,900	\$14,466,000,000	4.81%	\$14,936,000,000	3.25%
GASOLINE TAX	\$880,807,600	\$887,000,000	0.70%	\$897,000,000	1.13%
MOTOR FUEL TAX	\$320,183,500	\$326,000,000	1.82%	\$330,700,000	1.44%
GASOLINE INSPECTION TAX	\$72,032,400	\$72,900,000	1.20%	\$74,000,000	1.51%
MOTOR VEHICLE REGISTRATION TAX	\$383,475,300	\$405,000,000	5.61%	\$418,500,000	3.33%
INCOME TAX	\$1,980,300	\$0	-100.00%	\$0	N/A
PRIVILEGE TAX - LESS EARMARKED**	\$440,104,300	\$457,000,000	3.84%	\$482,000,000	5.47%
GROSS RECEIPTS TAX – TVA	\$392,057,200	\$395,900,000	0.98%	\$399,000,000	0.78%
GROSS RECEIPTS TAX – OTHER	\$64,286,100	\$43,000,000	-33.11%	\$45,000,000	4.65%
BEER TAX	\$17,029,100	\$17,900,000	5.11%	\$18,500,000	3.35%
ALCOHOLIC BEVERAGE TAX	\$86,379,900	\$88,000,000	1.88%	\$89,800,000	2.05%
FRANCHISE AND EXCISE TAX	\$4,600,464,900	\$4,068,000,000	-11.57%	\$4,215,000,000	3.61%
INHERITANCE TAX	\$30,100	\$0	-100.00%	\$0	N/A
TOBACCO TAX	\$195,893,900	\$187,000,000	-4.54%	\$179,000,000	-4.28%
MOTOR VEHICLE TITLE FEES	\$21,655,000	\$23,200,000	7.13%	\$23,900,000	3.02%
MIXED DRINK TAX	\$223,915,000	\$233,000,000	4.06%	\$245,000,000	5.15%
BUSINESS TAX	\$345,496,100	\$350,000,000	1.30%	\$365,000,000	4.29%
SEVERANCE TAX	\$516,900	\$500,000	-3.27%	\$550,000	10.00%
COIN OPERATED AMUSEMENT TAX	\$509,700	\$475,000	-6.81%	\$550,000	15.79%
UNAUTHORIZED SUBSTANCE TAX	\$11,600	\$0	-100.00%	\$0	N/A
TOTAL REVENUE	\$21,848,972,800	\$22,020,875,000	0.79%	\$22,719,500,000	3.17%
*Sales and Use Tax has been reduced by \$153.5 million in FY23-24, and \$159 million in both FY24-25 and FY25-26 for the earmarked portion of the tax.					
**Privilege Tax has been reduced by \$76.2 million in FY23-24, and \$78 million in both FY24-25 and FY25-26 for the earmarked portion of the tax.					

FY24-25: All Funds and GF

REVENUE SOURCE	ALL FUNDS FY24-25	GENERAL FUND FY24-25
SALES AND USE TAX - LESS EARMARKED*	\$14,466,000,000	\$13,558,064,163
GASOLINE TAX	\$887,000,000	\$14,260,450
MOTOR FUEL TAX	\$326,000,000	\$2,354,160
GASOLINE INSPECTION TAX	\$72,900,000	\$21,346,409
MOTOR VEHICLE REGISTRATION TAX	\$405,000,000	\$75,970,938
INCOME TAX	\$0	\$0
PRIVILEGE TAX - LESS EARMARKED**	\$457,000,000	\$450,486,122
GROSS RECEIPTS TAX - TVA	\$395,900,000	\$216,700,000
GROSS RECEIPTS TAX - OTHER	\$43,000,000	\$35,985,816
BEER TAX	\$17,900,000	\$12,100,000
ALCOHOLIC BEVERAGE TAX	\$88,000,000	\$72,729,700
FRANCHISE AND EXCISE TAX	\$4,068,000,000	\$3,836,600,000
INHERITANCE TAX	\$0	\$0
TOBACCO TAX	\$187,000,000	\$187,000,000
MOTOR VEHICLE TITLE FEES	\$23,200,000	\$20,500,000
MIXED DRINK TAX	\$233,000,000	\$116,500,000
BUSINESS TAX	\$350,000,000	\$350,000,000
SEVERANCE TAX	\$500,000	\$125,000
AMUSEMENT TAX	\$475,000	\$475,000
UNAUTHORIZED SUBSTANCE TAX	\$0	\$0
TOTAL REVENUE	\$22,020,875,000	\$18,971,197,756
*Sales and Use Tax has been reduced by \$159 million in FY24-25 for the earmarked portion of the tax.		
**Privilege Tax has been reduced by \$78 million in FY24-25 for the earmarked portion of the tax.		

FRC Estimates vs. FY23-24 and Current Budgeted Estimates

	ACTUAL FY23-24 ACCRUALS	CURRENT BUDGETED ESTIMATES FOR FY24-25	FRC ESTIMATES FOR FY24-25	INCREASE OVER FY23-24	INCREASE OVER CURRENT BUDGETED ESTIMATES
SALES AND USE*	\$13,802,143,900	\$14,388,300,000	\$14,466,000,000	\$663,856,100	\$77,700,000
FRANCHISE AND EXCISE	\$4,600,464,900	\$3,887,200,000	\$4,068,000,000	(\$532,464,900)	\$180,800,000
ALL FUNDS	\$21,848,972,800	\$21,632,100,000	\$22,020,875,000	\$171,902,200	\$388,775,000
GENERAL FUND	\$18,783,203,200	\$18,608,400,000	\$18,971,197,800	\$187,994,600	\$362,797,800
*Sales and Use Tax has been reduced by \$153.5 million in FY23-24, and \$159 million in both FY24-25 and FY25-26 for the earmarked portion of the tax.					

FY25-26: All Funds and GF

REVENUE SOURCE	ALL FUNDS FY25-26	GENERAL FUND FY25-26
SALES AND USE TAX - LESS EARMARKED*	\$14,936,000,000	\$14,001,837,089
GASOLINE TAX	\$897,000,000	\$14,421,222
MOTOR FUEL TAX	\$330,700,000	\$2,388,100
GASOLINE INSPECTION TAX	\$74,000,000	\$21,668,508
MOTOR VEHICLE REGISTRATION TAX	\$418,500,000	\$78,503,303
INCOME TAX	\$0	\$0
PRIVILEGE TAX - LESS EARMARKED**	\$482,000,000	\$475,129,782
GROSS RECEIPTS TAX - TVA	\$399,000,000	\$218,396,817
GROSS RECEIPTS TAX - OTHER	\$45,000,000	\$37,659,574
BEER TAX	\$18,500,000	\$12,505,587
ALCOHOLIC BEVERAGE TAX	\$89,800,000	\$74,217,353
FRANCHISE AND EXCISE TAX	\$4,215,000,000	\$3,983,600,000
INHERITANCE TAX	\$0	\$0
TOBACCO TAX	\$179,000,000	\$179,000,000
MOTOR VEHICLE TITLE FEES	\$23,900,000	\$21,200,000
MIXED DRINK TAX	\$245,000,000	\$122,500,000
BUSINESS TAX	\$365,000,000	\$365,000,000
SEVERANCE TAX	\$550,000	\$137,500
AMUSEMENT TAX	\$550,000	\$550,000
UNAUTHORIZED SUBSTANCE TAX	\$0	\$0
TOTAL REVENUE	\$22,719,500,000	\$19,608,714,836
*Sales and Use Tax has been reduced by \$159 million in FY25-26 for the earmarked portion of the tax.		
**Privilege Tax has been reduced by \$78 million in FY25-26 for the earmarked portion of the tax.		



Thank You

Fiscal Review Committee Economics Division



Net Lottery Proceeds Estimates

Fiscal Review Committee Staff

November 4, 2024

Historical Results

Category	FY20-21	FY21-22	FY22-23	FY23-24	FY23-24 Growth Rate
Net Revenue	\$1,942,839,389	\$1,888,093,623	\$1,967,280,895	\$1,903,886,393	-3.22%
Total Expenses	\$1,460,523,034	\$1,420,890,003	\$1,470,228,453	\$1,411,590,593	-3.99%
Excess Unclaimed Proceeds	\$0	\$378,000	\$896,000	\$9,026,000	907.37%
NET LOTTERY PROCEEDS	\$482,316,356	\$467,581,620	\$497,948,451	\$501,321,800	0.68%
After-School Funding	\$17,568,924	\$18,000,000	\$18,000,000	\$18,000,000	0.00%
Total State Proceeds	\$499,885,280	\$485,581,620	\$515,948,451	\$519,321,800	0.65%

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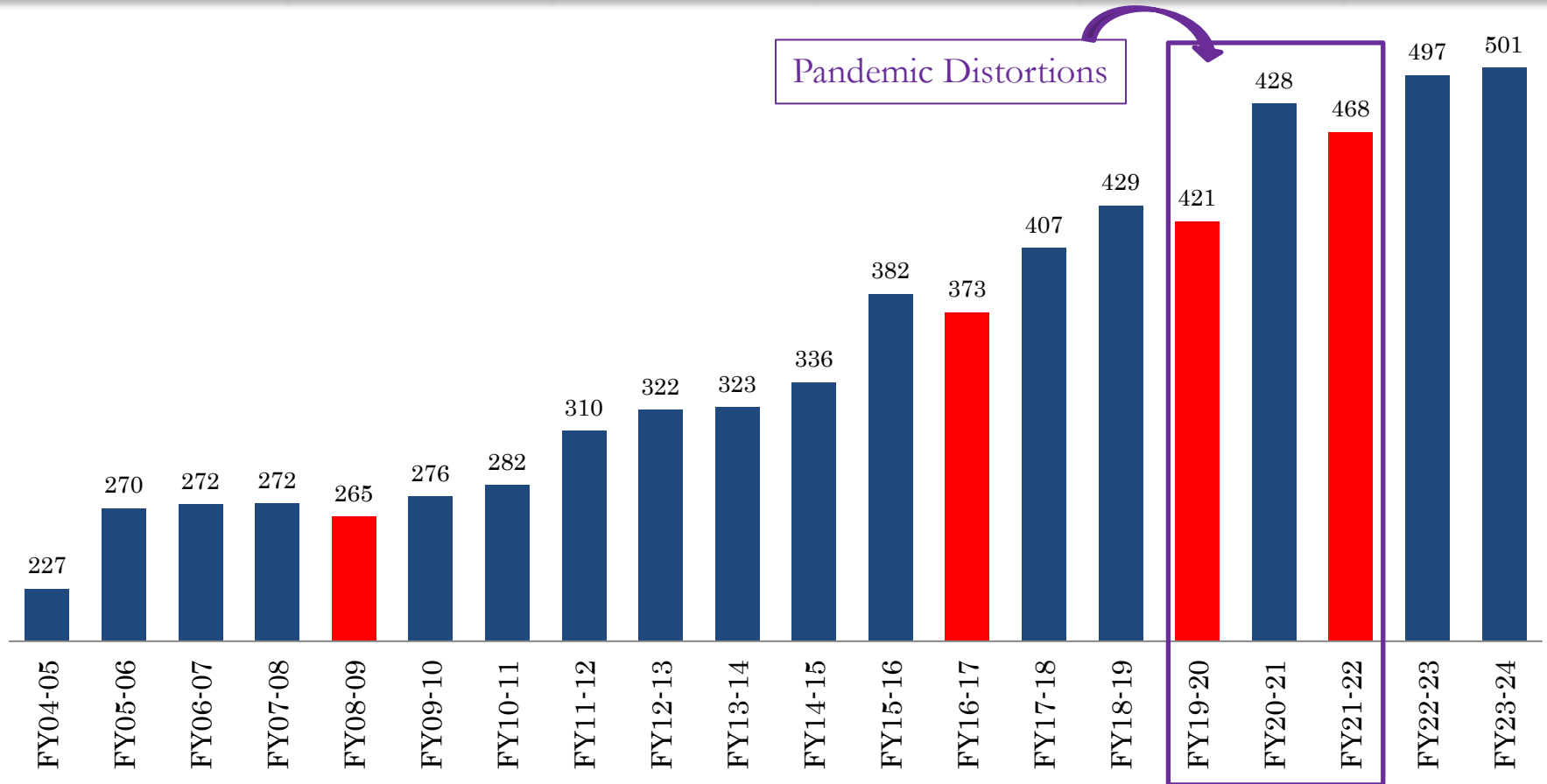
After-school funding represents unclaimed prizes and is limited to \$18M.
All excess funding is allocated to the Lottery for Education Account.

Historical Results

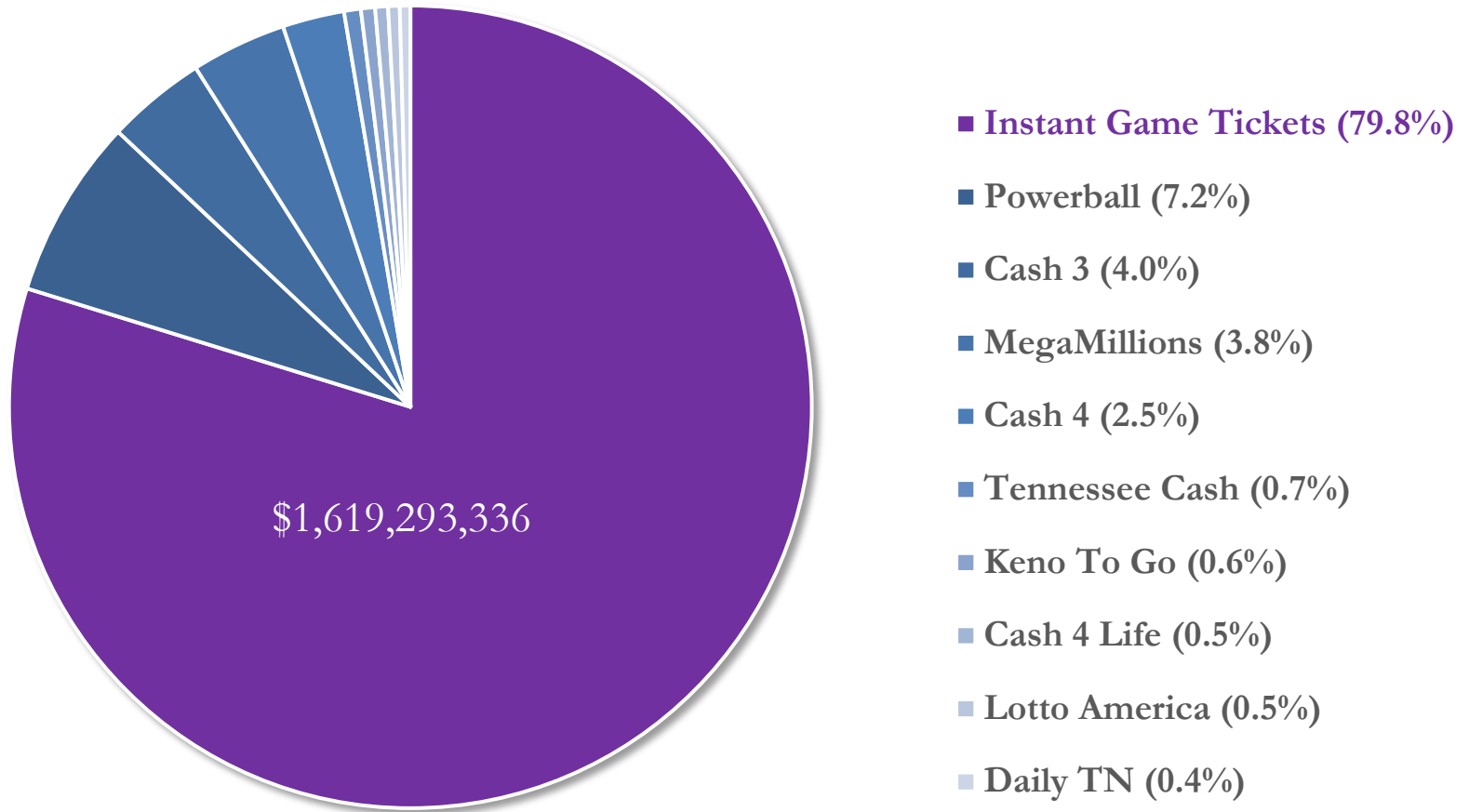
Category	FY20-21	FY21-22	FY22-23	FY23-24	FY23-24 Growth Rate
Net Revenue	\$1,942,839,389	\$1,888,093,623	\$1,967,280,895	\$1,903,886,393	-3.22%
Total Expenses	\$1,460,523,034	\$1,420,890,003	\$1,470,228,453	\$1,411,590,593	-3.99%
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Total State Proceeds	\$499,885,280	\$485,581,620	\$515,948,451	\$519,321,800	0.65%

Historical Results – NLP

Category	FY20-21	FY21-22	FY22-23	FY23-24	FY23-24 GR
NET LOTTERY PROCEEDS	\$482,316,356	\$467,581,620	\$497,948,451	\$501,321,800	0.68%



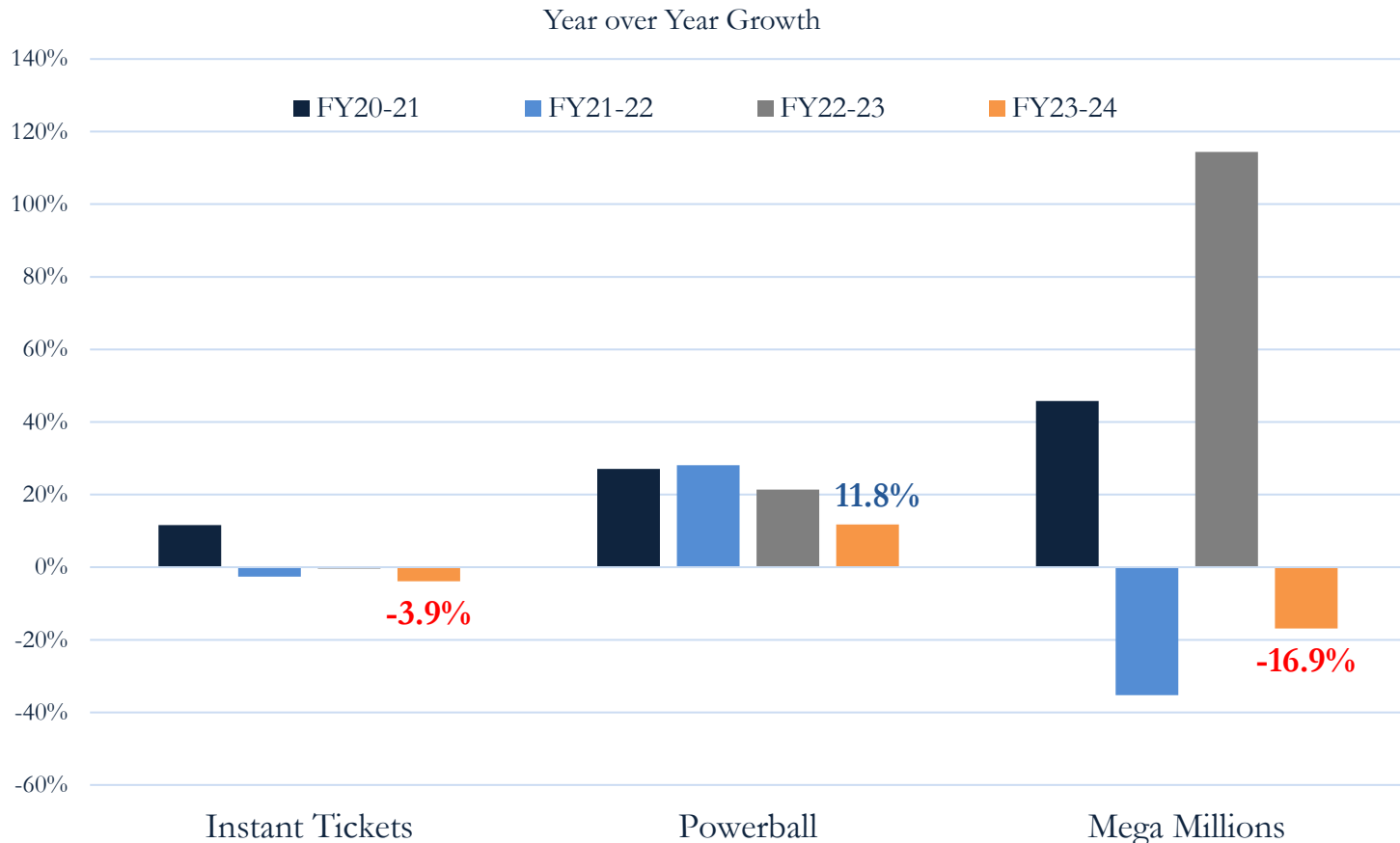
Ticket Sales Composition



FY23-24 Gross Ticket Sales: \$2,029,979,157

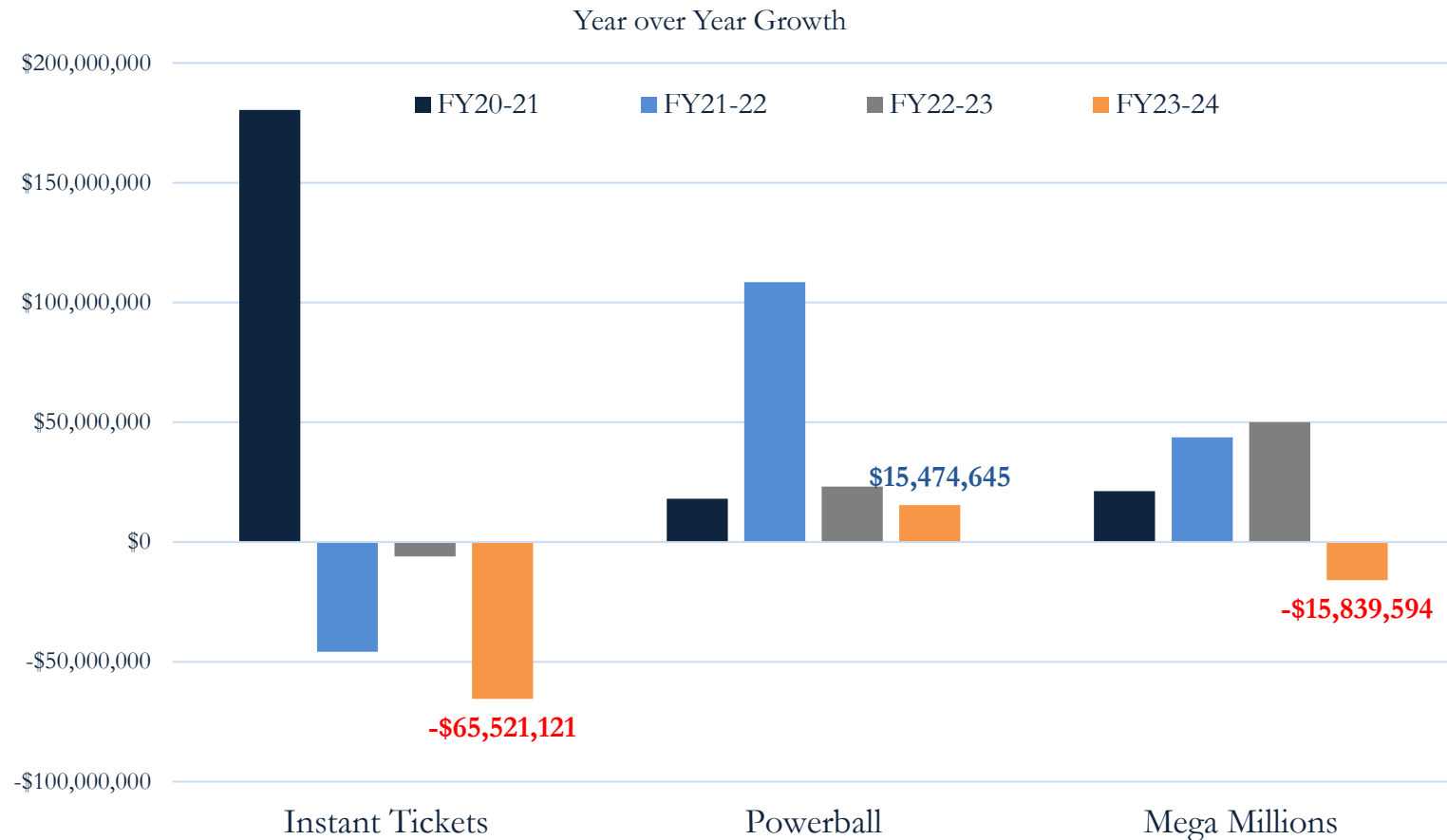
Historical Results – Select Games

Category	FY20-21	FY21-22	FY22-23	FY23-24	FY23-24 GR
NET LOTTERY PROCEEDS	\$482,316,356	\$467,581,620	\$497,948,451	\$501,321,796	0.68%

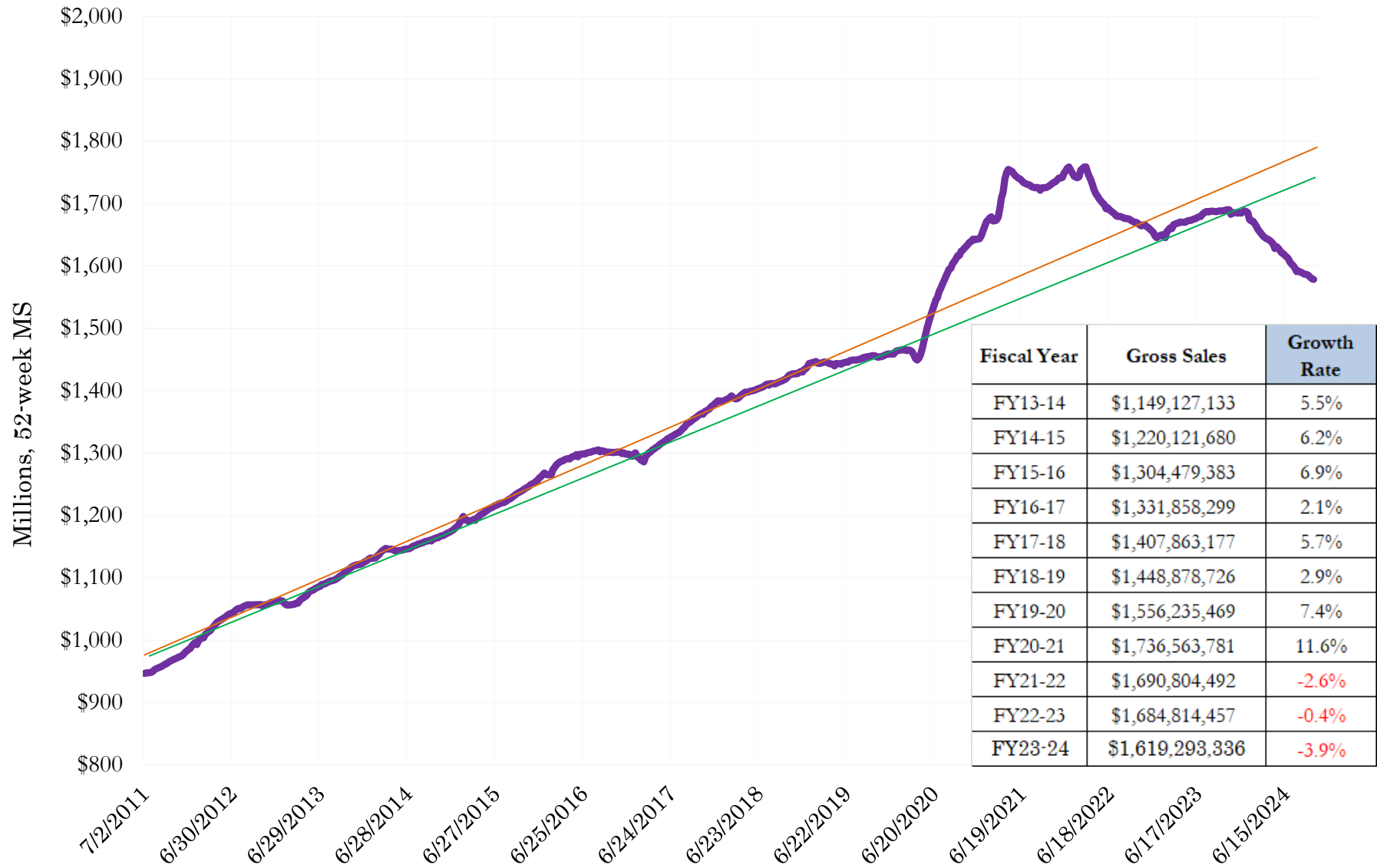


Historical Results – Select Games

Category	FY20-21	FY21-22	FY22-23	FY23-24	FY23-24 GR
NET LOTTERY PROCEEDS	\$482,316,356	\$467,581,620	\$497,948,451	\$501,321,796	0.68%

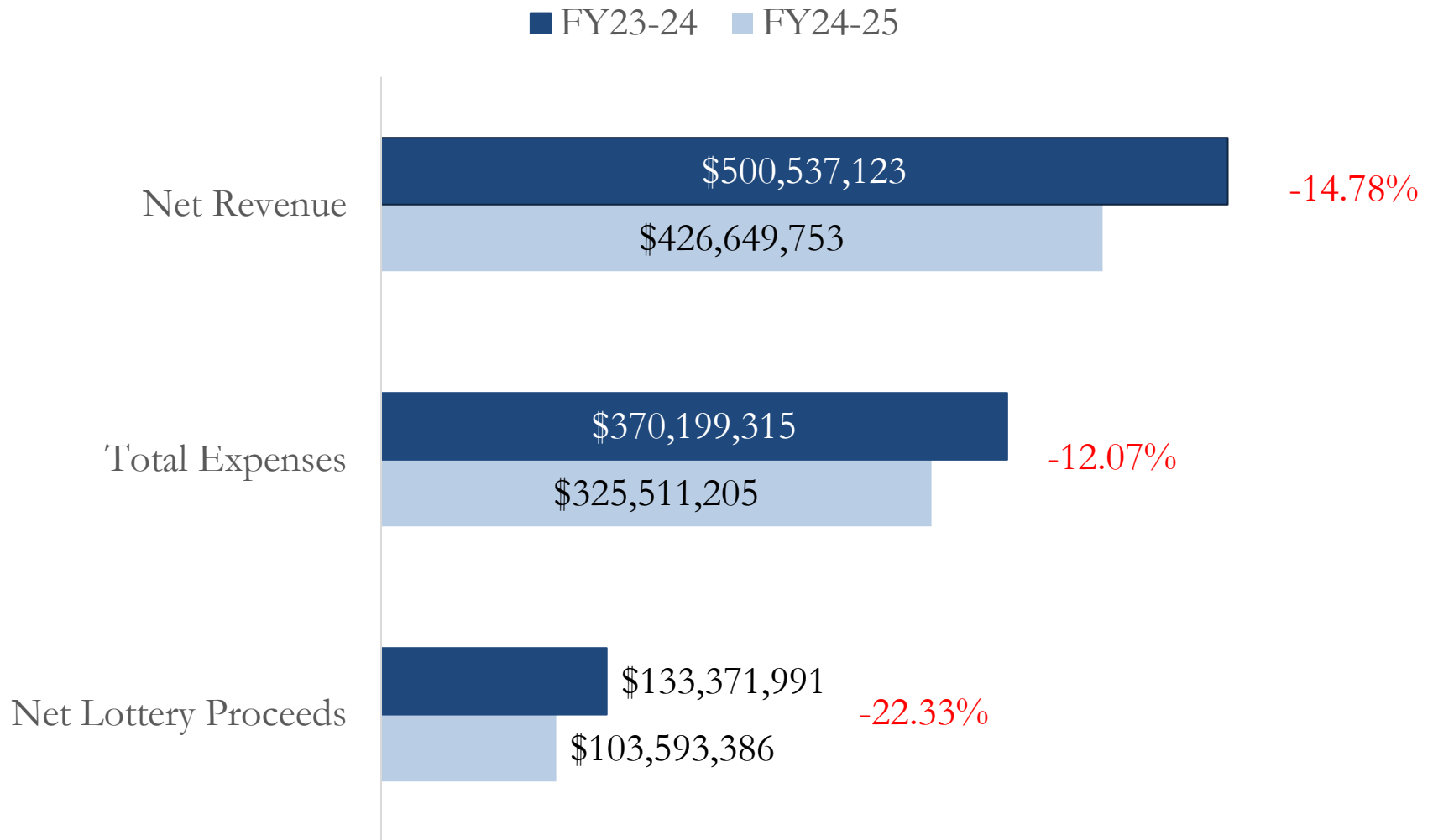


Instant Games



FY24-25 Year-to-Date

July 2024 through September 2024



FY24-25 Year-to-Date

Reasons for the Decrease

Powerball

-\$29,191,365 (-61.77%)

Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle
FY23-24 Q1	\$446,975,000	\$1,000,000,000
FY24-25 Q1	\$117,625,000	\$258,000,000

FY24-25 Year-to-Date

Reasons for the Decrease

Mega Millions

-\$17,980,869 (-52.63%)

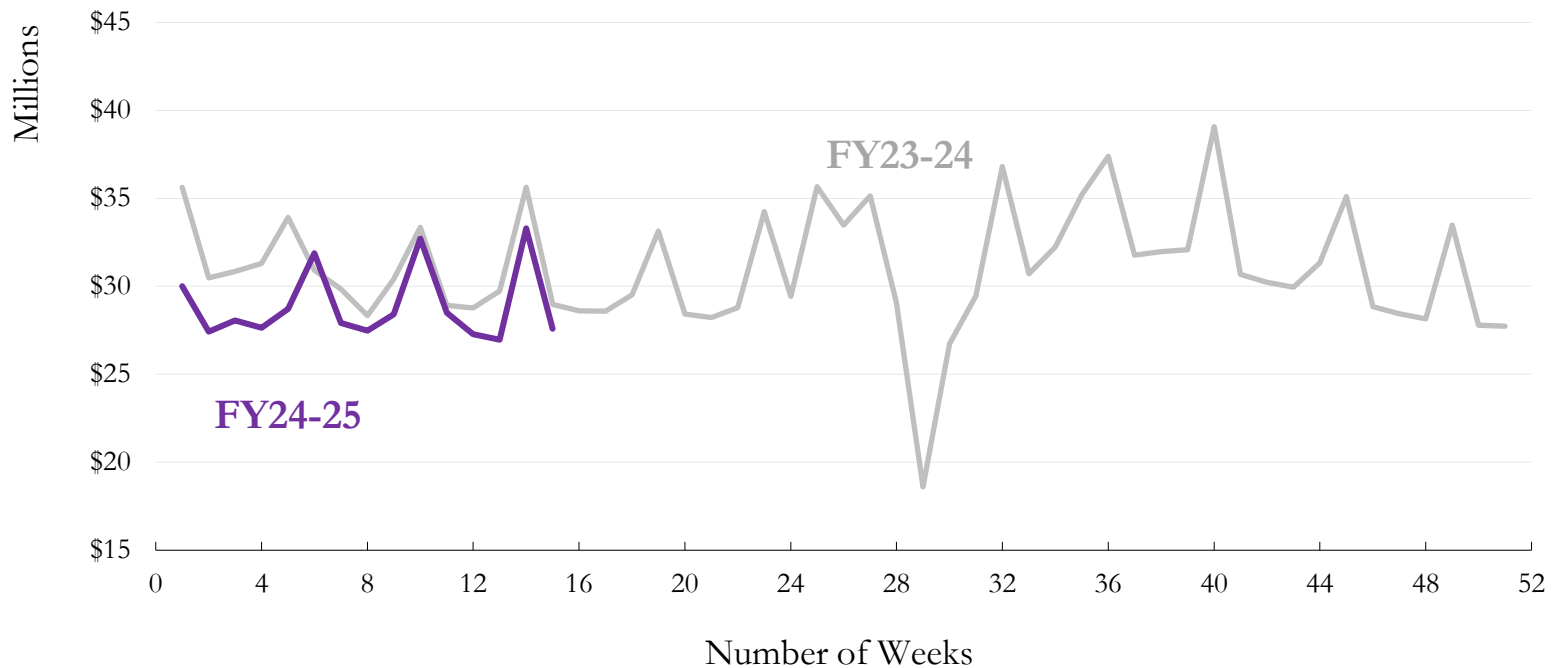
Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle
FY23-24 Q1	\$414,769,200	\$1,580,000,000
FY24-25 Q1	\$338,923,100	\$800,000,000

FY24-25 Year-to-Date

Reasons for the Decrease

Instant Tickets

-\$26,993,144 (-6.63%)



Instant Games

Category	FY22-23 Actual	FY23-24 Actual	FY24-25 Estimates	FY25-26 Estimates	Range
Instant Games (Gross Sales)	\$1,684,814,457	\$1,619,293,336	\$1,567,000,000	\$1,568,000,000	Low
			\$1,577,000,000	\$1,580,000,000	Median
			\$1,587,000,000	\$1,592,000,000	High
Tickets Provided as Prizes	\$143,573,096	\$142,227,542	\$132,881,600	\$132,966,400	Low
			\$133,729,600	\$133,984,000	Median
			\$134,577,600	\$135,001,600	High
Instant Games (Net Sales)	\$1,541,241,361	\$1,477,015,794	\$1,434,118,400	\$1,435,033,600	Low
			\$1,443,270,400	\$1,446,016,000	Median
			\$1,452,422,400	\$1,456,998,400	High



Powerball & Mega Millions

Powerball

- FY22-23 sales: \$131,678,705
- FY23-24 sales: \$147,153,350
- FY23-24 growth: \$15,474,645 (11.75%)

Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle	Drawings with Jackpots \$300,000,000 or More	Drawings with Jackpots \$500,000,000 or More	Jackpot Winners
FY22-23	\$238,352,600	\$1,900,000,000	41	16	7
FY23-24	\$528,787,234	\$1,730,000,000	71	45	6
FY24-25 YTD	\$169,140,000	\$478,000,000	8	0	3

Powerball

FY22-23 Actual Sales	FY23-24 Actual Sales	FY24-25 Estimates	FY25-26 Estimates	Range
\$131,678,705	\$147,153,350	\$115,000,000	\$115,000,000	Low
		\$120,000,000	\$125,000,000	Median
		\$125,000,000	\$135,000,000	High

Mega Millions Jackpot Changes

Beginning April 2025

- Ticket prices increase from \$2 to \$5 per play.
- Improved jackpot winning odds.
- Increased frequency in bigger jackpots.
- Larger starting jackpots.
- Faster growing jackpots.
- Built-in multiplier on every play.
 - Improves every non-jackpot win by 2x, 3x, 4x, 5x or 10x.
 - Up to \$10 million for matching the five white balls.
- No breakeven prizes.

Mega Millions

- FY22-23 sales: \$93,548,214
- FY23-24 sales: \$77,963,821
- FY23-24 growth: **-\$15,584,393 (-16.89%)**

Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle	Drawings with Jackpots \$300,000,000 or More	Drawings with Jackpots \$500,000,000 or More	Jackpot Winners
FY22-23	\$275,523,800	\$1,350,000,000	41	11	7
FY23-24	\$364,906,250	\$1,580,000,000	44	21	6
FY24-25 YTD	\$298,515,152	\$800,000,000	14	6	1

Mega Millions

FY22-23 Actual Sales	FY23-24 Actual Sales	FY24-25 Estimates	FY25-26 Estimates	Range
\$93,803,415	\$77,963,821	\$66,000,000	\$75,000,000	Low
		\$71,000,000	\$85,000,000	Median
		\$76,000,000	\$95,000,000	High



Other Games

Cash 3 and Cash 4

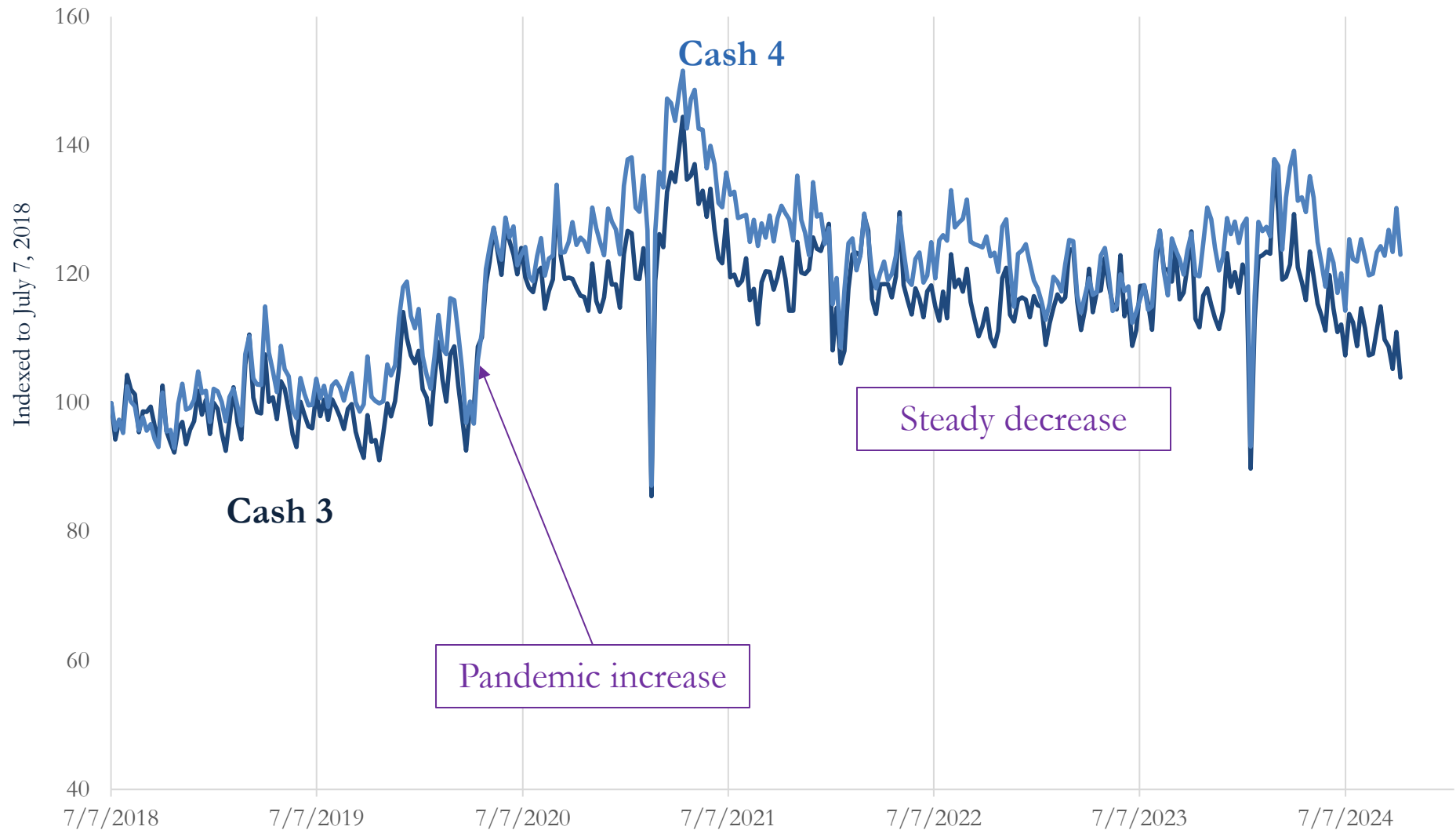
- **CASH 3**

- FY22-23 sales: \$79,238,243
- FY23-24 sales: \$81,194,994
- FY23-24 growth: \$1,956,751 (2.5%)

- **CASH 4**

- FY22-23 sales: \$49,183,337
- FY23-24 sales: \$50,557,170
- FY23-24 growth: \$1,373,833 (2.8%)

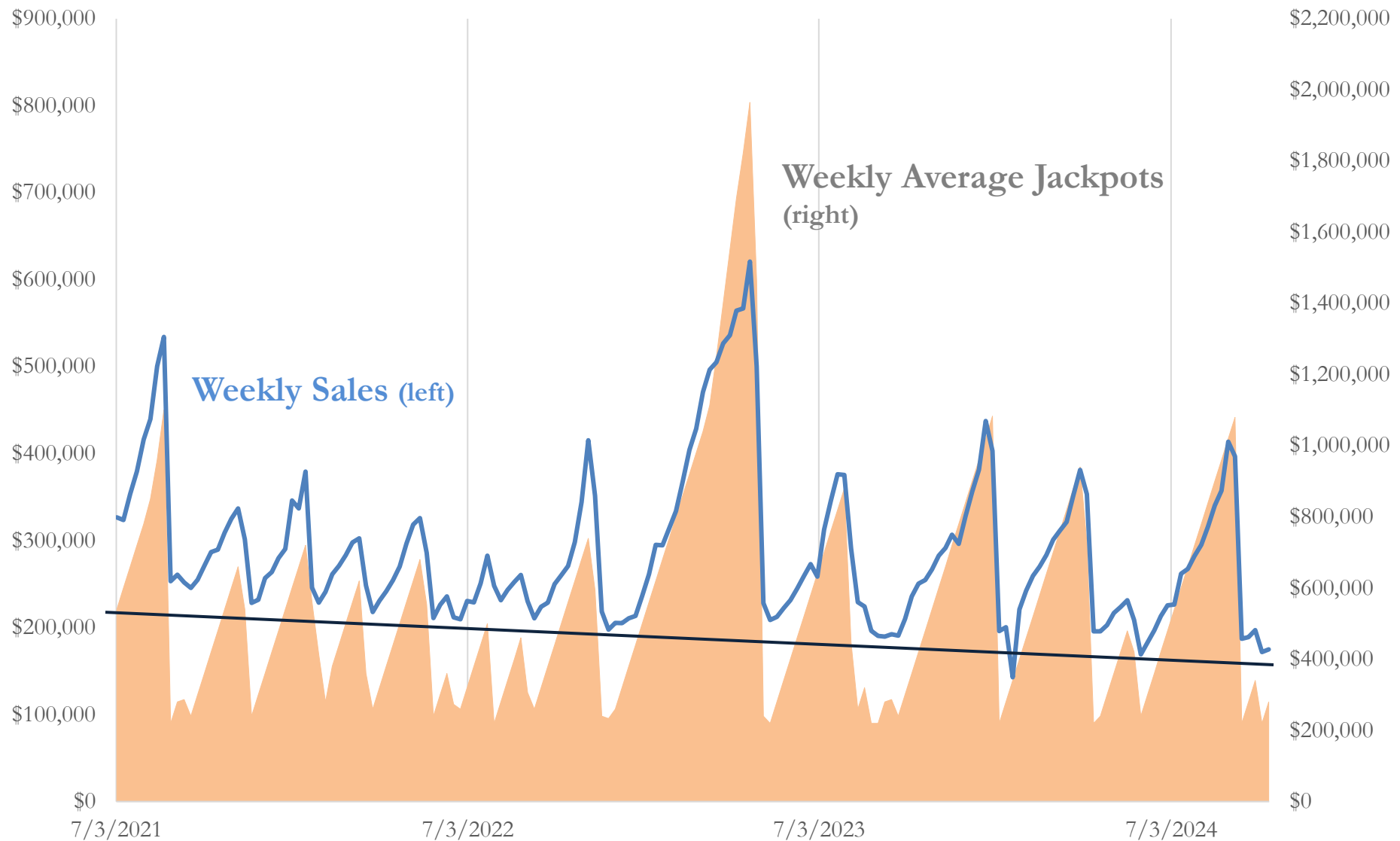
Cash 3 and Cash 4



Cash 3 and Cash 4

FY22-23 Actual Sales	FY23-24 Actual Sales	FY24-25 Estimates	FY25-26 Estimates	Range
\$128,421,580	\$131,752,164	\$128,100,000	\$128,000,000	Low
		\$129,600,000	\$129,700,000	Median
		\$131,100,000	\$131,400,000	High

Tennessee Cash



Tennessee Cash

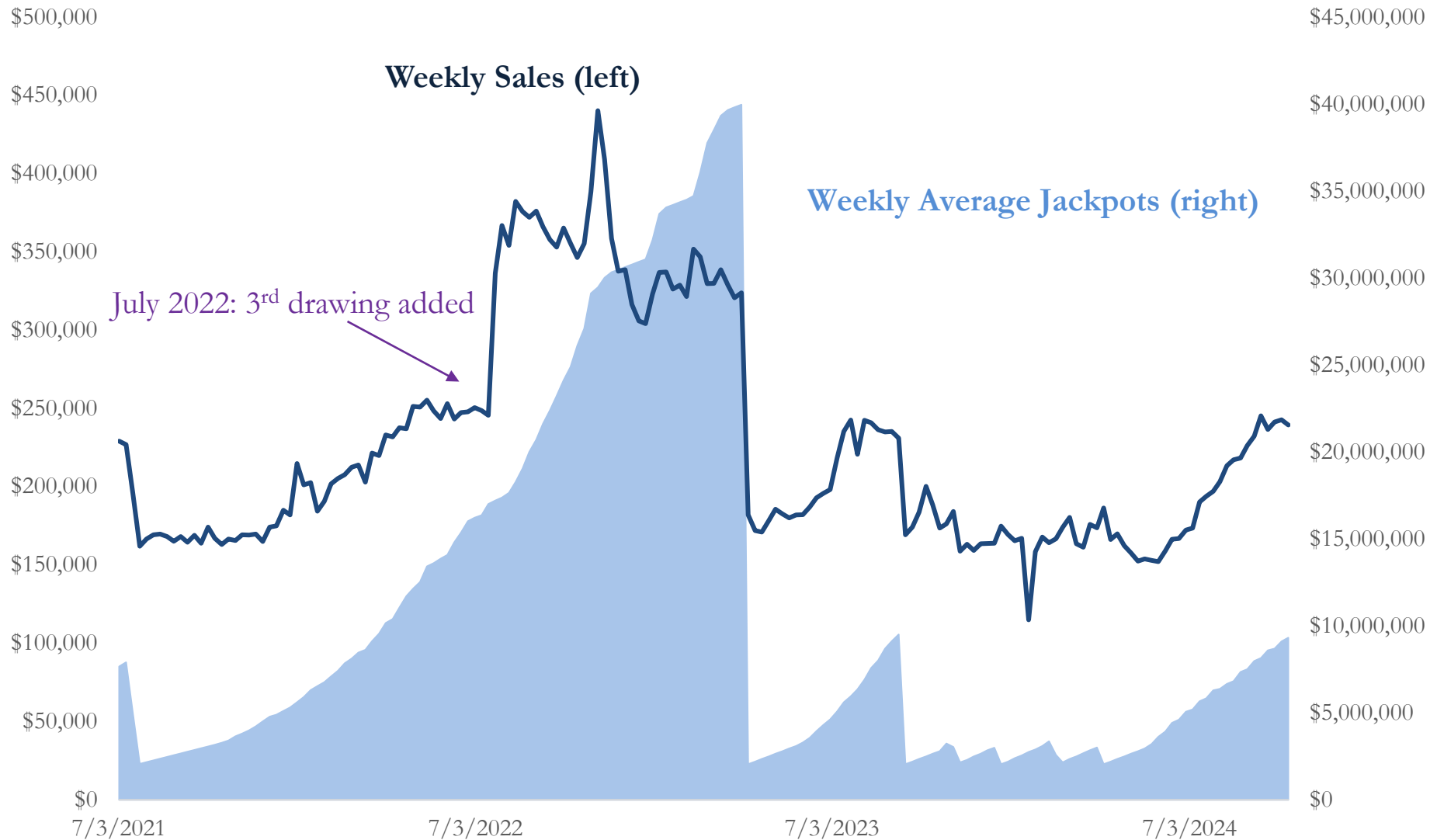
- FY22-23 sales: \$16,295,330
- FY23-24 sales: \$13,727,804
- FY23-24 growth: **-\$2,567,526 (-15.8%)**

Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle	Drawings with Jackpots \$1,000,000 or More	Jackpot Winners
FY22-23	\$650,510	\$2,120,000	27	5
FY23-24	\$530,510	\$1,110,000	7	8
FY24-25 YTD	\$595,200	\$1,100,000	6	2

Tennessee Cash

FY22-23 Actual Sales	FY23-24 Actual Sales	FY24-25 Estimates	FY25-26 Estimates	Range
\$16,295,330	\$13,727,804	\$13,600,000	\$12,850,000	Low
		\$14,100,000	\$13,600,000	Median
		\$14,600,000	\$14,350,000	High

Lotto America



Lotto America

- FY22-23 sales: \$15,848,592
- FY23-24 sales: \$9,445,766
- FY23-24 growth: **-\$6,402,826 (-40.4%)**

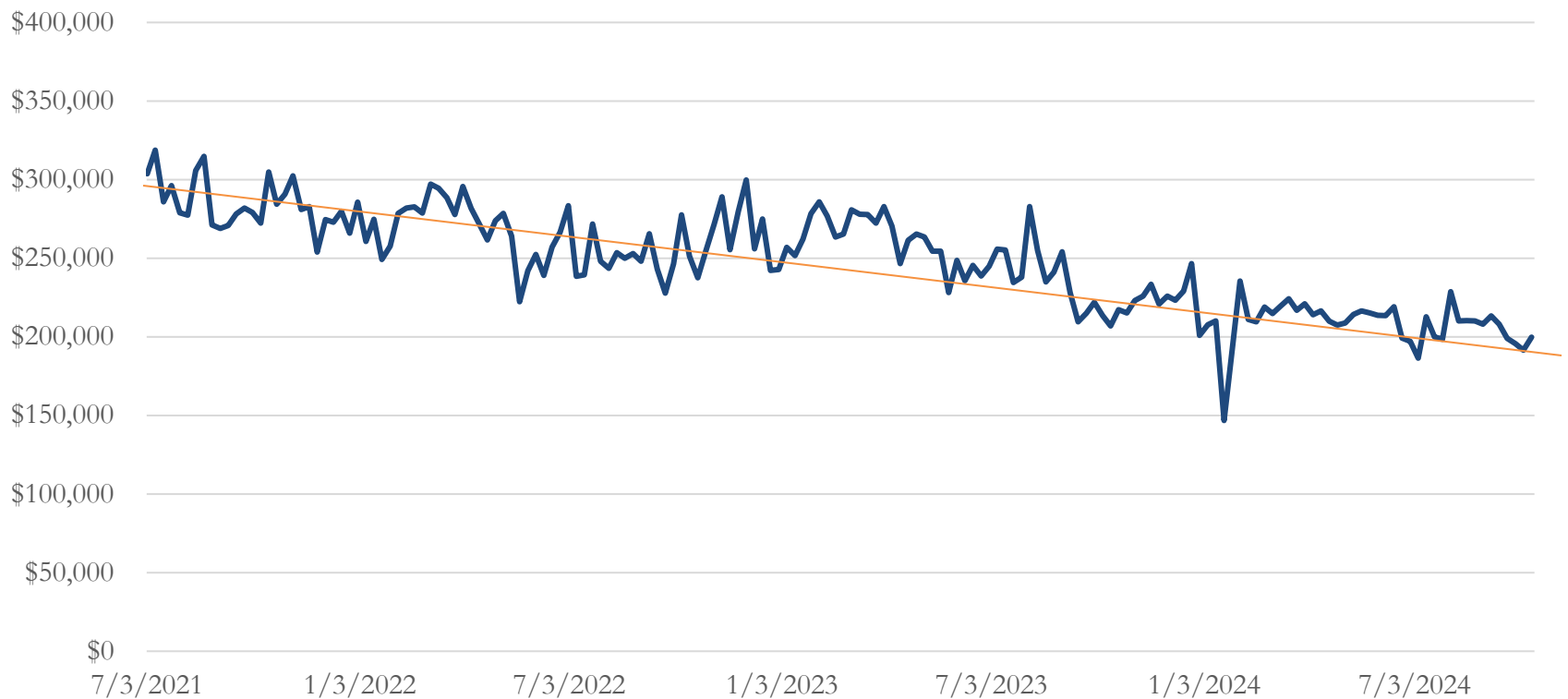
Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle	Drawings with Jackpots \$15,000,000 or More	Jackpot Winners
FY22-23	\$22,435,461	\$40,030,000	114	1
FY23-24	\$3,549,299	\$9,680,000	0	5
FY24-25 YTD	\$7,727,292	\$12,050,000	0	0

Lotto America

FY22-23 Actual Sales	FY23-24 Actual Sales	FY24-25 Estimates	FY25-26 Estimates	Range
\$15,848,592	\$9,445,766	\$9,900,000	\$9,250,000	Low
		\$10,400,000	\$10,000,000	Median
		\$10,900,000	\$10,750,000	High

Keno To Go

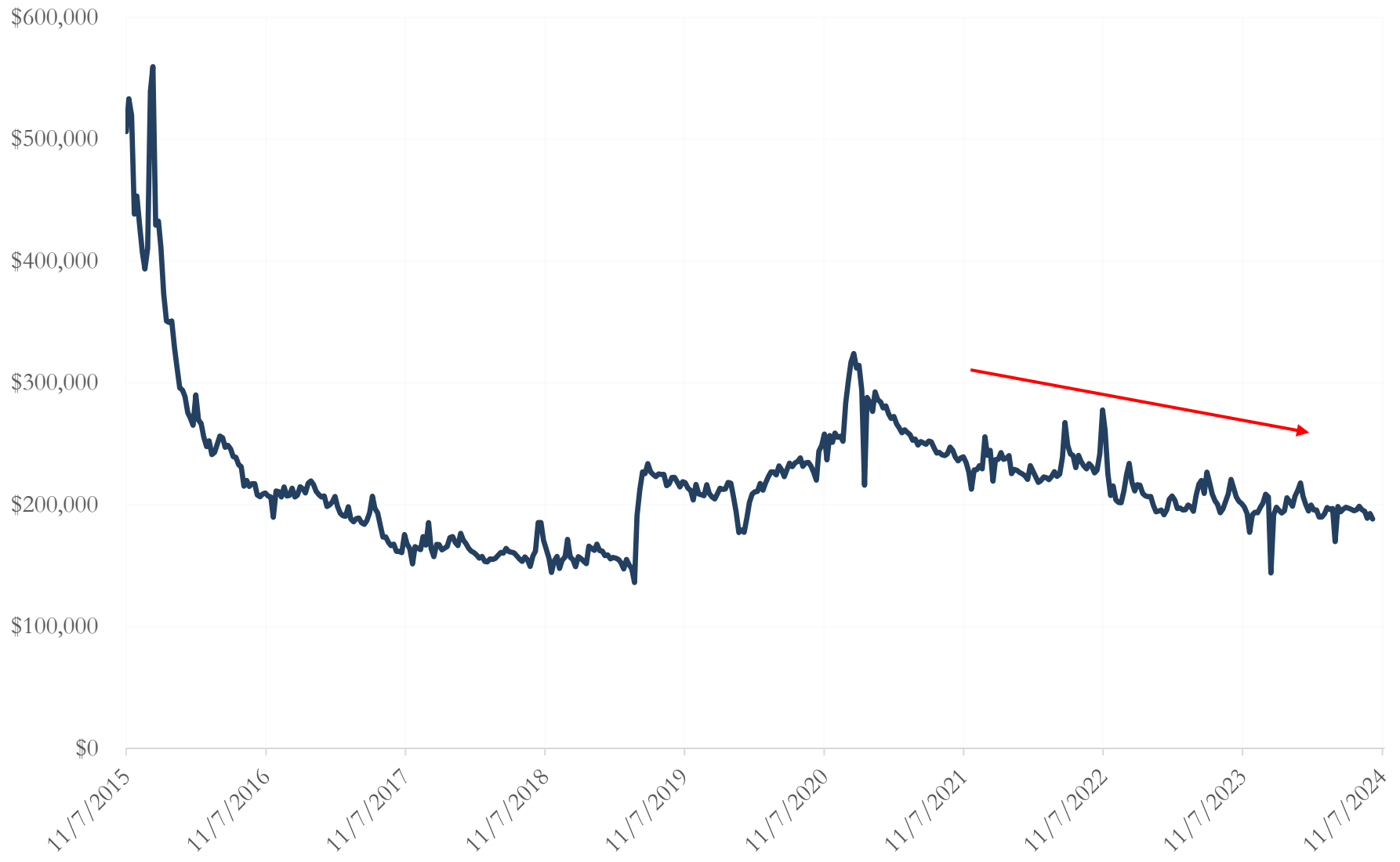
- FY22-23 sales: \$13,521,619
- FY23-24 sales: \$11,542,184
- FY23-24 growth: ~~-\$1,979,435~~ (-14.6%)



Keno To Go

FY22-23 Actual Sales	FY23-24 Actual Sales	FY24-25 Estimates	FY25-26 Estimates	Range
\$13,521,619	\$11,542,182	\$9,300,000	\$8,350,000	Low
		\$9,800,000	\$9,100,000	Median
		\$10,300,000	\$9,850,000	High

Cash 4 Life



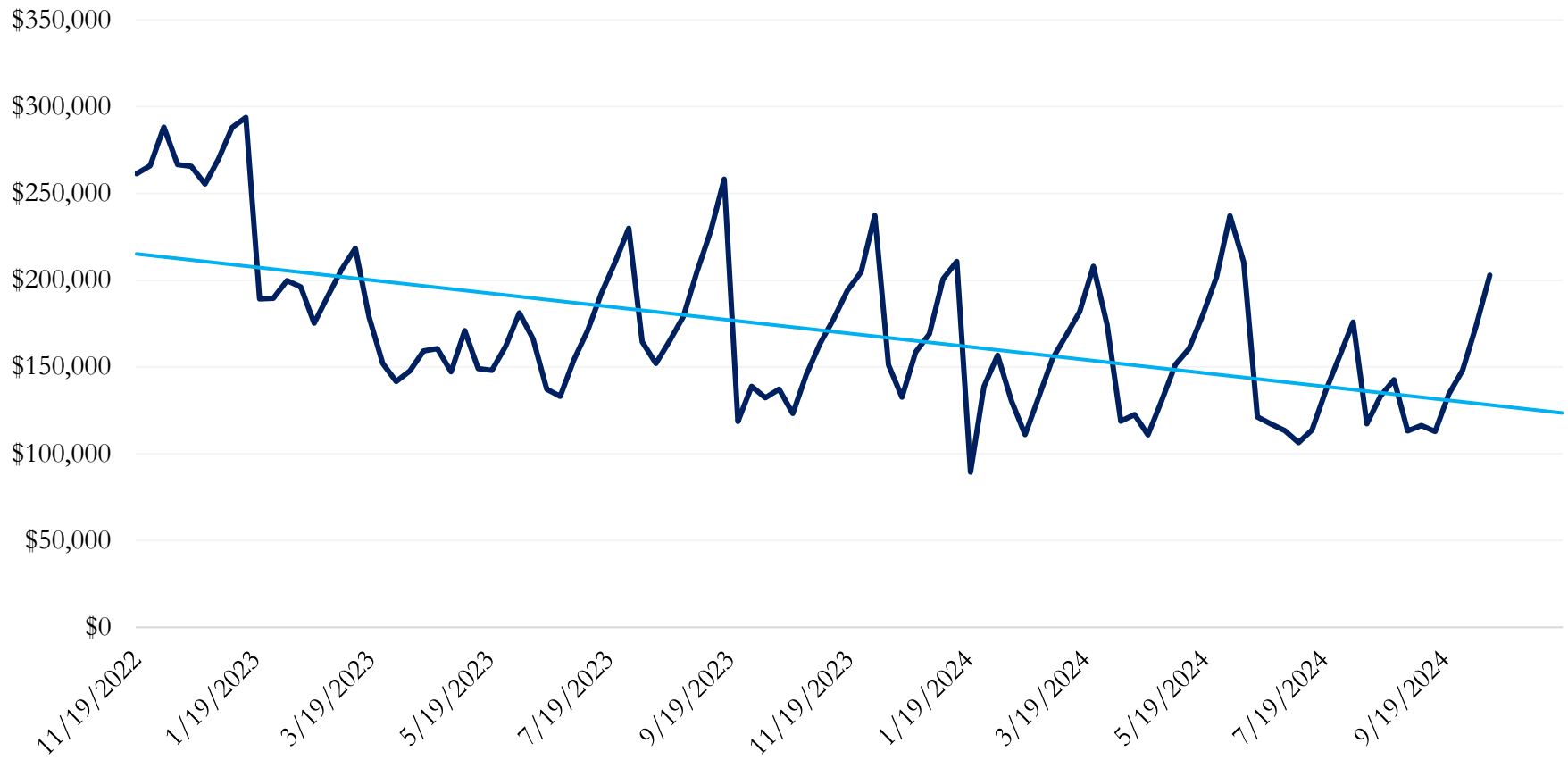
Cash 4 Life

- FY22-23 sales: \$11,383,097
- FY23-24 sales: \$10,489,154
- FY23-24 growth: ~~-\$893,943~~ (-7.9%)

FY22-23 Actual Sales	FY23-24 Actual Sales	FY24-25 Estimates	FY25-26 Estimates	Range
\$11,383,097	\$10,489,154	\$9,400,000	\$8,750,000	Low
		\$9,900,000	\$9,500,000	Median
		\$10,400,000	\$10,250,000	High

Daily TN Jackpot

- Introduced in November 2022
- FY23-24 sales: \$8,611,578



Daily TN Jackpot

FY23-24 Actual Sales	FY24-25 Estimates	FY25-26 Estimates	Range
\$8,611,578	\$7,000,000	\$7,000,000	Low
	\$8,000,000	\$8,000,000	Median
	\$9,000,000	\$9,000,000	High



Net Lottery Proceeds

FY24-25 Estimates

	FY23-24 Actuals	FY24-25 Estimates		
		Low	Median	High
Instant Games (Net)	\$1,477,015,794	\$1,434,118,400	\$1,443,270,400	\$1,452,422,400
Powerball	\$147,153,350	\$115,000,000	\$120,000,000	\$125,000,000
Mega Millions	\$77,963,821	\$66,000,000	\$71,000,000	\$76,000,000
Cash 3 and Cash 4	\$131,752,164	\$128,100,000	\$129,600,000	\$131,100,000
Other Games	\$53,816,486	\$49,200,000	\$52,200,000	\$55,200,000
Misc. Revenue	\$16,184,778	\$7,000,000	\$8,000,000	\$9,000,000
Net Revenue	\$1,903,886,393	\$1,799,418,400	\$1,824,070,400	\$1,848,722,400
Total Expenses	\$1,411,590,593	\$1,336,143,000	\$1,354,666,000	\$1,373,189,000
Excess Unclaimed Proceeds	\$9,026,000	\$300,000	\$800,000	\$1,300,000
NET LOTTERY PROCEEDS	\$501,321,800	\$463,575,400	\$470,204,400	\$476,833,400
After-School Funding	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000
Total State Proceeds	\$519,321,800	\$481,575,400	\$488,204,400	\$494,833,400

FY24-25 Estimates

	FY23-24 Actuals	FY24-25 Estimates		
		Low	Median	High
Instant Games (Net)	\$1,477,015,794	\$1,434,118,400	\$1,443,270,400	\$1,452,422,400
Powerball	\$147,153,350	\$115,000,000	\$120,000,000	\$125,000,000
Mega Millions	\$77,963,821	\$66,000,000	\$71,000,000	\$76,000,000
Cash 3 and Cash 4	\$131,752,164	\$128,100,000	\$129,600,000	\$131,100,000
Other Games	\$53,816,486	\$49,200,000	\$52,200,000	\$55,200,000
Misc. Revenue	\$16,184,778	\$7,000,000	\$8,000,000	\$9,000,000
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After-School Funding	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000
Total State Proceeds	\$519,321,800	\$481,575,400	\$488,204,400	\$494,833,400

FY25-26 Estimates

	FY24-25 Median Estimate	FY25-26 Estimates		
		Low	Median	High
Instant Games (Net)	\$1,443,270,400	\$1,435,033,600	\$1,446,016,000	\$1,456,998,400
Powerball	\$120,000,000	\$115,000,000	\$125,000,000	\$135,000,000
Mega Millions	\$71,000,000	\$75,000,000	\$85,000,000	\$95,000,000
Cash 3 and Cash 4	\$129,600,000	\$128,000,000	\$129,700,000	\$131,400,000
Other Games	\$52,200,000	\$46,200,000	\$50,200,000	\$54,200,000
Misc. Revenue	\$8,000,000	\$7,000,000	\$8,000,000	\$9,000,000
Net Revenue	\$1,824,070,400	\$1,806,233,600	\$1,843,916,000	\$1,881,598,400
Total Expenses	\$1,354,666,000	\$1,341,992,000	\$1,370,062,000	\$1,398,132,000
Excess Unclaimed Proceeds	\$800,000	\$300,000	\$800,000	\$1,300,000
NET LOTTERY PROCEEDS	\$470,204,400	\$464,541,600	\$474,654,000	\$484,766,400
After-School Funding	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000
Total State Proceeds	\$488,204,400	\$482,541,600	\$492,654,000	\$502,766,400

FY25-26 Estimates

	FY24-25 Median Estimate	FY25-26 Estimates		
		Low	Median	High
Instant Games (Net)	\$1,443,270,400	\$1,435,033,600	\$1,446,016,000	\$1,456,998,400
Powerball	\$120,000,000	\$115,000,000	\$125,000,000	\$135,000,000
Mega Millions	\$71,000,000	\$75,000,000	\$85,000,000	\$95,000,000
Cash 3 and Cash 4	\$129,600,000	\$128,000,000	\$129,700,000	\$131,400,000
Other Games	\$52,200,000	\$46,200,000	\$50,200,000	\$54,200,000
Misc. Revenue	\$8,000,000	\$7,000,000	\$8,000,000	\$9,000,000
Net Revenue	\$1,824,070,400	\$1,806,233,600	\$1,843,916,000	\$1,881,598,400
Total Expenses	\$1,354,666,000	\$1,341,992,000	\$1,370,062,000	\$1,398,132,000
Excess Unclaimed Proceeds	\$800,000	\$300,000	\$800,000	\$1,300,000
NET LOTTERY PROCEEDS	\$470,204,400	\$464,541,600	\$474,654,000	\$484,766,400
After-School Funding	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000
Total State Proceeds	\$488,204,400	\$482,541,600	\$492,654,000	\$502,766,400

Subsequent Years

- Growth beyond FY24-25 is difficult to forecast due to a number of unknown factors, such as:
 - Changes to payout ratios
 - Matrix changes to jackpot based games
 - Structure changes
 - Legislative action
 - Varying jackpot cycles
 - New and discontinued games
 - Changes to retailer base
 - Changes to advertising
 - Changes in economy

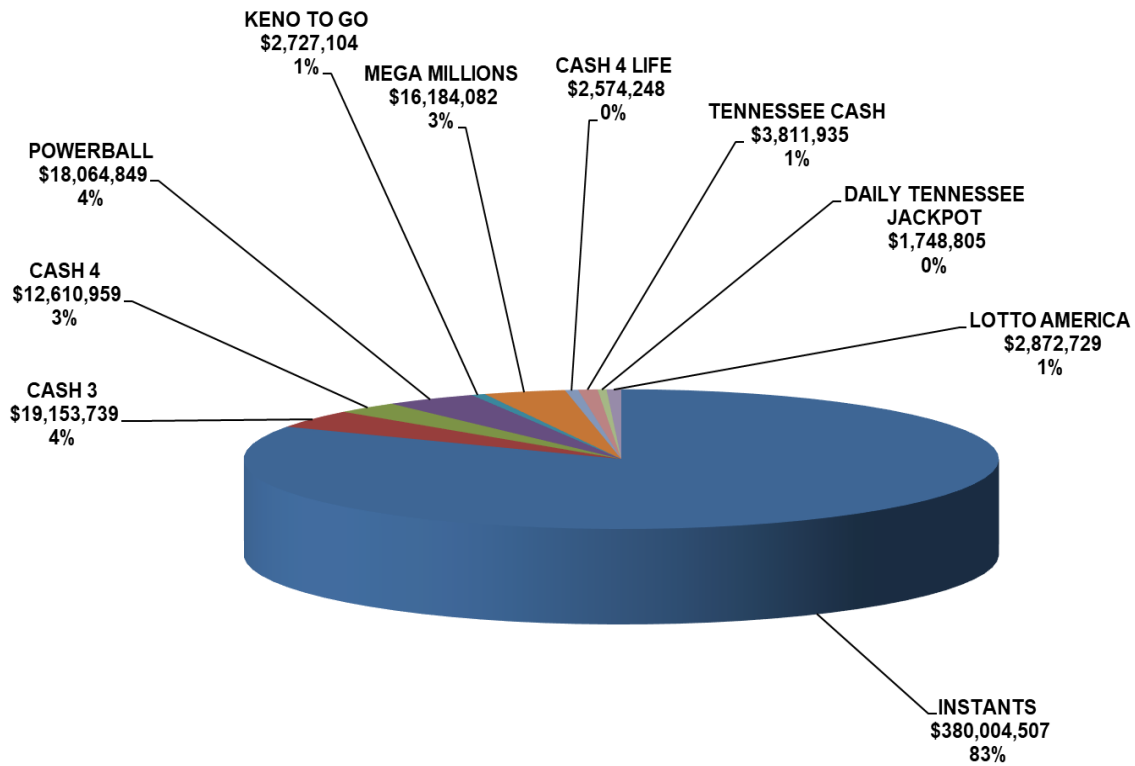
FY26-27, FY27-28, FY28-29

Category	FY26-27	FY27-28	FY28-29
Net Revenue	\$1,862,355,160	\$1,880,978,712	\$1,899,788,499
Total Expenses	\$1,383,762,620	\$1,397,600,246	\$1,411,576,248
Excess Unclaimed Proceeds	\$808,000	\$816,080	\$824,241
NET LOTTERY PROCEEDS	\$479,400,540	\$484,194,545	\$489,036,490
After-School Funding	\$18,000,000	\$18,000,000	\$18,000,000
Total State Proceeds	\$497,400,540	\$502,194,545	\$507,036,491

TENNESSEE EDUCATION LOTTERY CORPORATION
November 2024

ESTIMATION OF
TOTAL AND NET LOTTERY PROCEEDS
FOR FISCAL YEARS ENDING
JUNE 30, 2025, 2026, 2027, 2028 and 2029

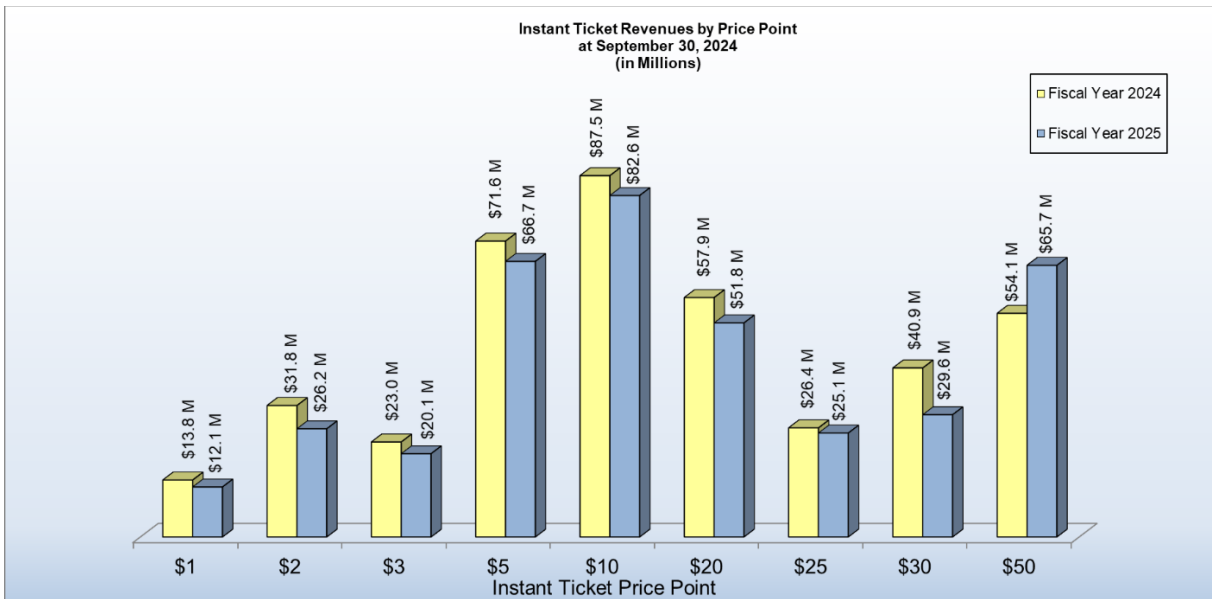
**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**



- Gross Ticket Revenues of \$459.7 million through September 30, 2024.
- *Instant ticket* revenues are \$380.0 million.
- *Drawing-Style* revenues are \$79.7 million.

TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS

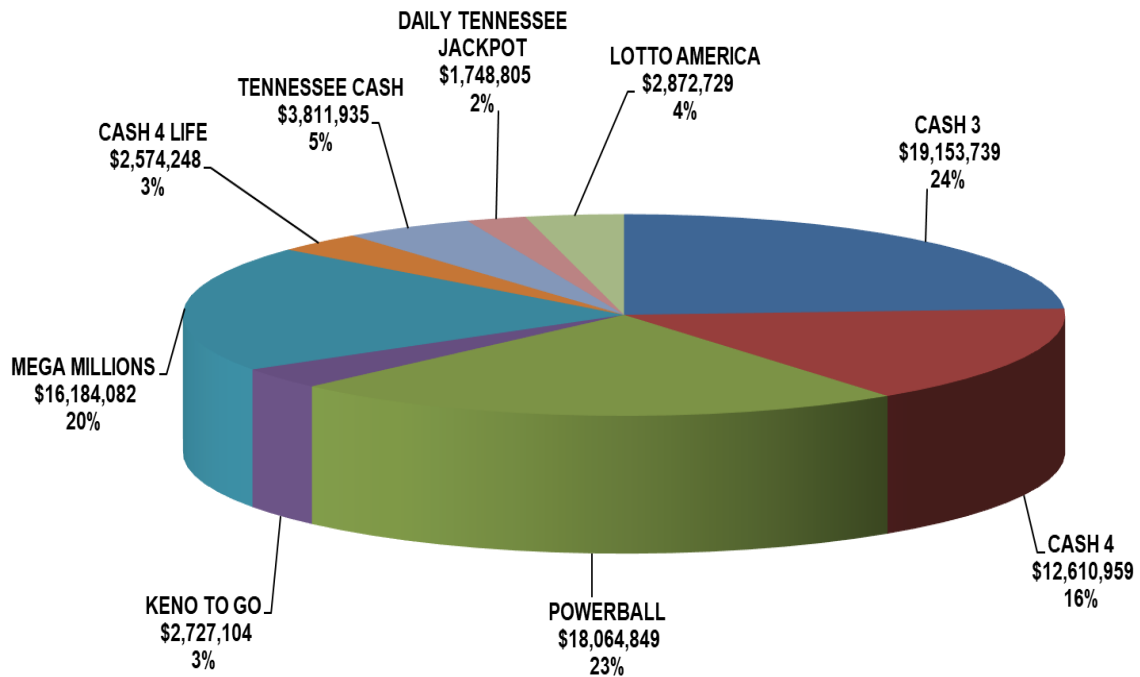
	As of 9/30/24 (in millions)	FY 2025 Projected Revenue Range (in millions)
INSTANT GAMES	\$ 380.0	\$1,622.5 - \$1,656.4



- *Instant tickets* are 83% of our product mix at September 30, 2024.
- *Instant ticket* revenues were \$380.0 million or \$28.9 million per week through September 30, 2024. We project *instant ticket* revenues between \$30 and \$31.7 million per week for fiscal year 2025.
- *Instant ticket* revenues are driven primarily by game design (i.e., family game offering, etc.), player price point preferences, prize payouts, and optimization of our retailer distribution network.
- TEL anticipates launching approximately 55 games in this fiscal year.
- *Instant ticket* prize expense is projected at 68.5% of net instant game revenues for the fiscal year.

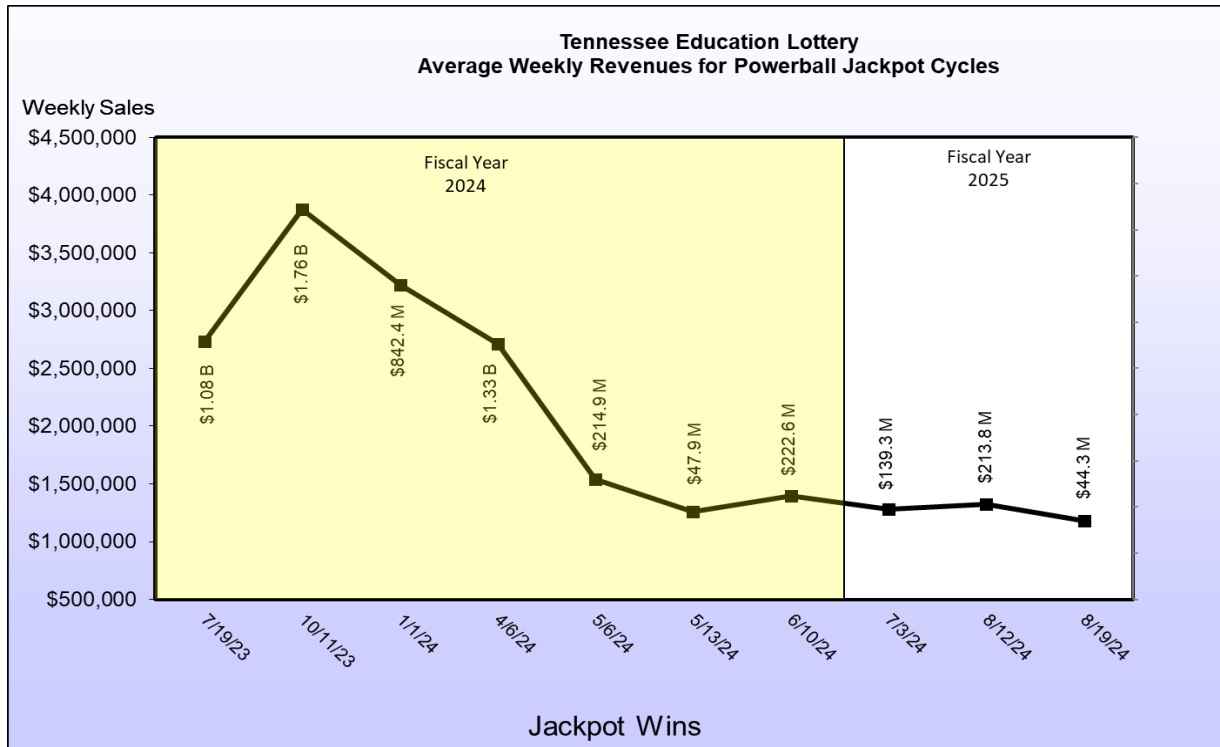
**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

	As of 9/30/24 (in millions)	FY 2025 Projected Revenue Range (in millions)
<i>DRAWING-STYLE GAMES</i>	\$79.7	\$371.2 - \$399.5



TENNESSEE EDUCATION LOTTERY CORPORATION ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS

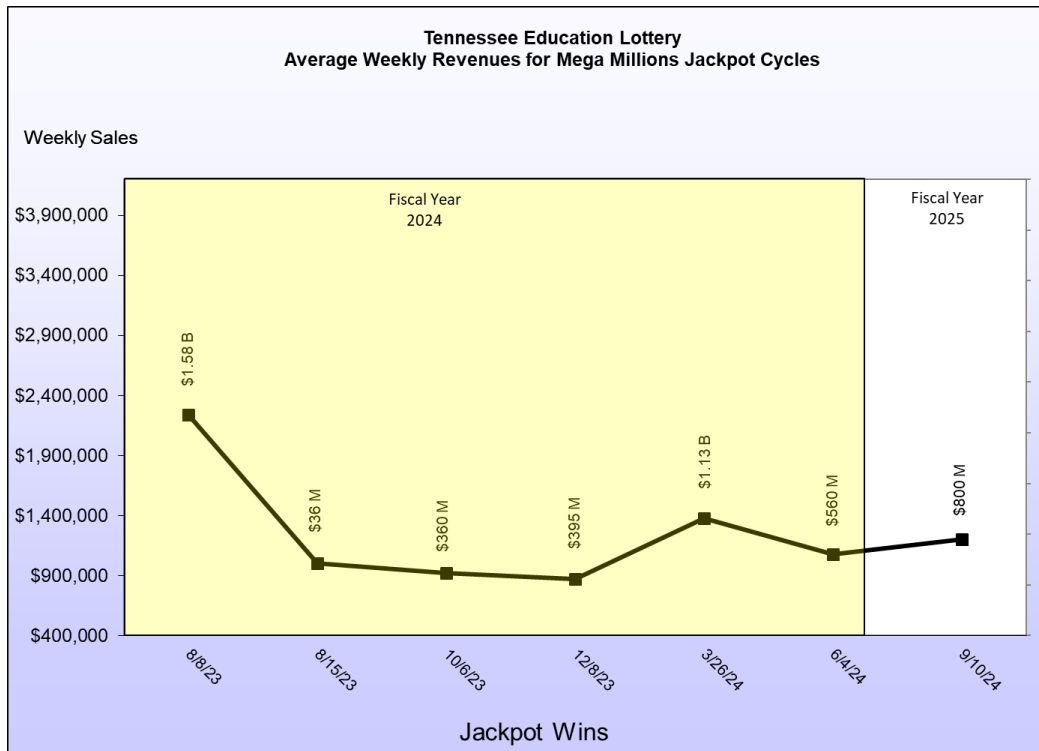
Powerball



- *Powerball* is a draw-style annuity jackpot game with expected jackpot cycles in the range of \$400 million to \$450 million.
- *Powerball* is currently sold in 48 jurisdictions, including the District of Columbia, Puerto Rico and U.S. Virgin Islands.
- TEL projects revenues in FY 2025 in the range of \$114 million and \$135 million. The low end of the range is based upon two expected jackpots between \$400 million and \$500 million. The high end includes two jackpots between \$400 million and \$500 million, one in the range of \$800 million.

TENNESSEE EDUCATION LOTTERY CORPORATION ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS

Mega Millions



- *Mega Millions* is a draw-style annuity jackpot game with expected jackpot cycles in the range of \$300 million to \$350 million.
- *Mega Millions* is currently sold in 47 jurisdictions, including the District of Columbia and U.S. Virgin Islands.
- TEL projects revenues in FY 2025 in the range of \$70 million and \$74 million.
- The Mega Millions lottery consortium members have approved a planned change to the game in April of 2025. It is too early to determine what, if any, potential financial impact will be in FY2025.

TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS

Cash 3 and Cash 4

- *Cash 3* and *Cash 4* games are drawn three (3) times daily six (6) days a week, and once on Sunday.
- TEL is projecting revenues for these two games in the range of \$132 million and \$134 million for this fiscal year.

Tennessee Cash

- *Tennessee Cash* is a drawing-style cash jackpot game available three days per week only in Tennessee.
- Revenues are driven by the cash jackpots, with an average jackpot cycle of \$600 to \$700 thousand.
- TEL currently projects revenues in FY 2025 to approximately \$14 million range.

Keno to Go

- *Keno to Go* is a draw-style game with drawings every 4 minutes.
- TEL projects revenues to be in the range of \$11 million this fiscal year.

Daily Tennessee Jackpot

- *Daily Tennessee Jackpot* is a daily cash jackpot game available only in Tennessee.
- TEL projects revenues in the range of \$8 million for this fiscal year.

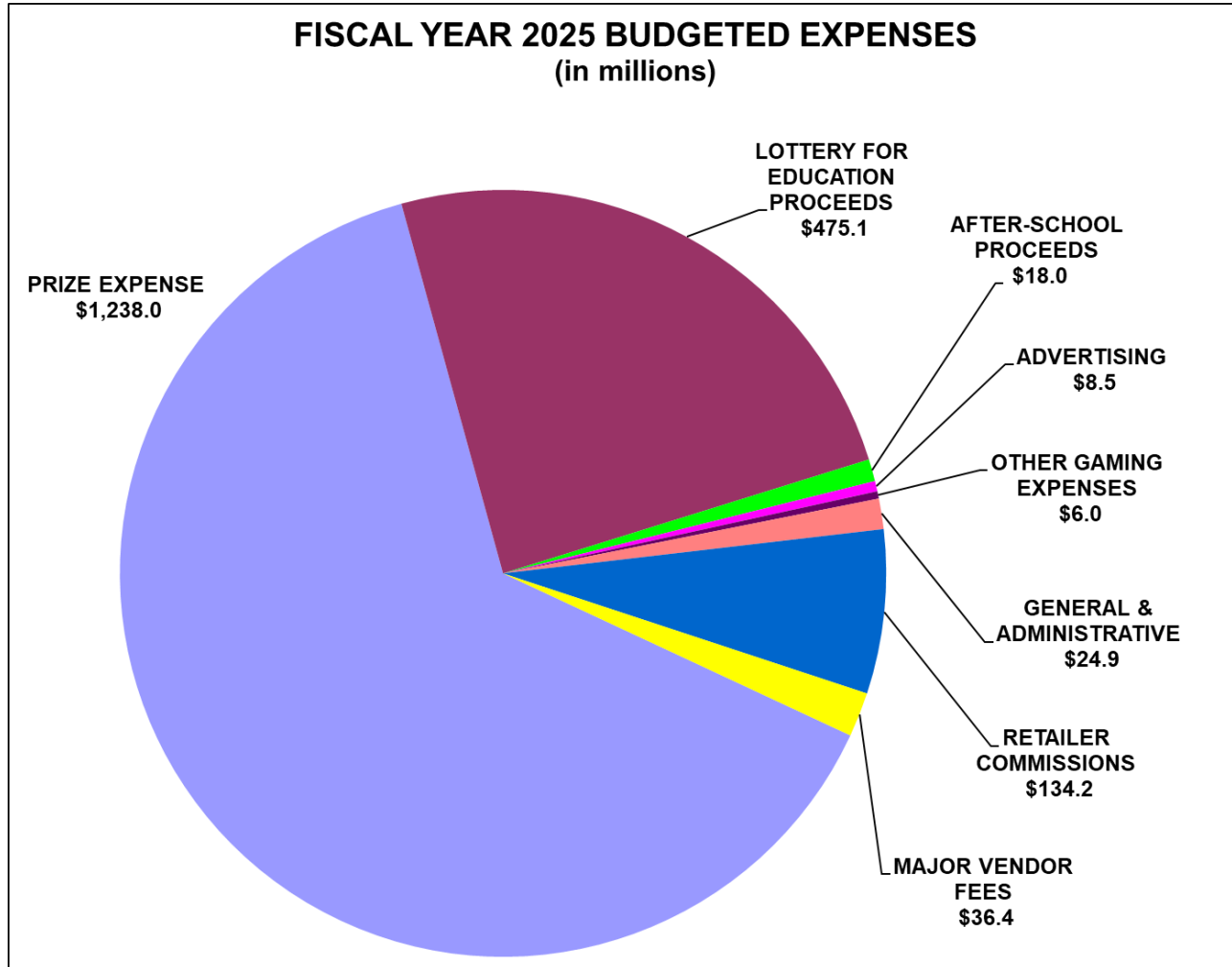
Lotto America

- Jackpots for this game start at \$2 million, with drawings held Monday, Wednesday and Saturday.
- In July 2022, Lotto America added a third drawing on Monday to compliment the Wednesday and Saturday drawings. The added draw has generated incremental revenues since the launch of the game change over time at similar size jackpot cycles.
- *Lotto America* is currently sold in 13 jurisdictions.
- TEL projects revenues in the range of \$9 million for this fiscal year.

Cash 4 Life

- *Cash 4 Life* is drawn 7 days per week.
- *Cash 4 Life* provides two opportunities for a lifetime prize:
 - * Top Prize is \$1,000 dollars a day for life.
 - * Second Prize is \$1,000 dollars a week for life.
- *Cash 4 Life* is currently sold in 10 jurisdictions.
- TEL projects revenues in the range of \$10 million for this fiscal year.

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**



Direct Gaming-Related Expenses

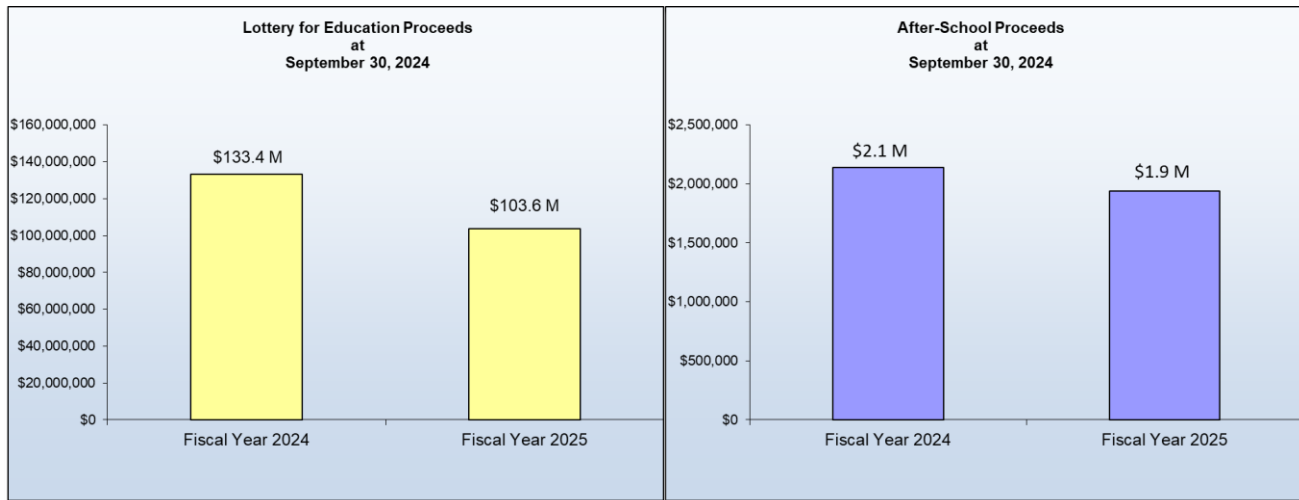
- Aggregate Prize Expense for all Games is budgeted at **\$1.24 billion** or **64.6%** of total net revenues.
 - *Instant Games* aggregated prize expense is budgeted at **\$1.04 billion** or **62.8%** of net instant games' revenue.
 - *Drawing-style Games* aggregated prize expense is budgeted at **\$199.2 million** or **49.8%** of total draw- style games' revenue.
- Retailer commissions are budgeted at **\$134.2 million**.
- Major gaming vendors' fees are budgeted at **\$36.4 million**.

Non-Direct Expenses

- Non-direct expenses are budgeted at **\$39.4 million** or **1.9%** of Gross Revenues.
 - Advertising expenses are budgeted at **\$8.5 million**.
 - Other Gaming expenses are budgeted at **\$6.0 million**.

- General and Administrative expenses are budgeted at **\$24.9** million.

TENNESSEE EDUCATION LOTTERY CORPORATION ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS



Lottery for Education Proceeds

- \$103.6 million as of 9/30/2024

Projected Fiscal Year 2025

\$455.3 - \$475.1 million

After-School Program Proceeds

- \$1.9 million as of 9/30/2024

Projected Fiscal Year 2024

\$18 million

After-School Programs Proceeds are projected based on the TEL's five-year historical unclaimed prize experience of approximately 1.5% of prize expense.

Unclaimed proceeds are significantly impacted by the timing of instant games' closings and large drawing-style game prizes not claimed.

TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS

		FY 2025	FY 2025
	FY 2024	Low	High
	Actuals	Projections	Projections
Instant Ticket Games	\$ 1,619,293,000	\$ 1,622,556,000	\$ 1,656,396,000
Powerball	\$ 147,153,000	\$ 114,897,000	\$ 135,500,000
Mega Millions	\$ 77,964,000	\$ 70,404,000	\$ 74,965,000
Cash 3	\$ 81,195,000	\$ 81,305,000	\$ 83,119,000
Cash 4	\$ 50,557,000	\$ 51,366,000	\$ 51,732,000
Tennessee Cash	\$ 13,728,000	\$ 14,049,000	\$ 14,158,000
Lotto America	\$ 9,446,000	\$ 9,350,000	\$ 9,479,000
Keno to Go	\$ 11,542,000	\$ 11,449,000	\$ 11,678,000
Cash 4 Life	\$ 10,489,000	\$ 10,446,000	\$ 10,529,000
Daily TN Jackpot	\$ 8,612,000	\$ 8,005,000	\$ 8,356,000
GROSS TICKET REVENUES	\$ 2,029,979,000	\$ 1,993,827,000	\$ 2,055,912,000
Less: Tickets Provided as Prizes	\$ (142,277,000)	\$ (141,169,000)	\$ (141,000,000)
Net Ticket Revenues	\$ 1,887,702,000	\$ 1,852,658,000	\$ 1,914,912,000
Other Revenues	16,185,000	8,280,000	8,280,000
TOTAL LOTTERY PROCEEDS	\$ 1,903,887,000	\$ 1,860,938,000	\$ 1,923,192,000
EXPENSES			
Prize Expense	\$ 1,208,139,000	\$ 1,200,587,000	\$ 1,238,003,000
Retailer Commissions	\$ 132,422,000	\$ 130,223,000	\$ 134,197,000
Vendor Fees	\$ 35,665,000	\$ 35,418,000	\$ 36,440,000
Direct Expense	\$ 1,376,226,000	\$ 1,366,228,000	\$ 1,408,640,000
Non-Direct Expenses	\$ 35,366,000	\$ 39,386,000	\$ 39,386,000
TOTAL EXPENSES	\$ 1,411,592,000	\$ 1,405,614,000	\$ 1,448,026,000
NET LOTTERY PROCEEDS	\$ 492,295,000	\$ 455,324,000	\$ 475,166,000
EXCESS UNCLAIMED PROCEEDS	\$ 9,026,000	\$ -	\$ -
LOTTERY FOR EDUCATION PROCEEDS	\$ 501,321,000	\$ 455,324,000	\$ 475,166,000
AFTER SCHOOL PROGRAM PROCEEDS	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000

FISCAL YEARS ENDING JUNE 30, 2026, 2027, 2028 and 2029

	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Total Lottery Proceeds	\$1,894 - \$1,966 Million	\$1,927 - \$2,011 Million	\$1,960 - \$2,056 Million	\$1,995 - \$2,102 Million
Lottery for Education Proceeds	\$463 - \$486 Million	\$471 - \$497 Million	\$480 - \$508 Million	\$488 - \$519 Million
After-School Programs Proceeds	\$18 Million	\$18 Million	\$18 Million	\$18 Million



DR. STEVEN GENTILE
Interim Executive Director

BILL LEE
Governor

STATE OF TENNESSEE
HIGHER EDUCATION COMMISSION
STUDENT ASSISTANCE CORPORATION
312 ROSA L. PARKS AVENUE, 9TH FLOOR
NASHVILLE, TENNESSEE 37243
(615) 741-3605

November 4, 2024

MEMORANDUM

TO: State Funding Board

FROM: Tim Phelps, Senior Director for Grant & Scholarship Programs
Tennessee Student Assistance Corporation

SUBJECT: Tennessee Education Lottery Scholarship Program Projections

Pursuant to T.C.A 4-51-111(c)(2)(A)(ii), the Tennessee Higher Education Commission (THEC) and Tennessee Student Assistance Corporation (TSAC) have collaborated to project expenditures for the lottery scholarship and grant programs through the 2028-29 academic year.

The expenditures below incorporate data for all lottery-funded programs, including the HOPE Scholarship, General Assembly Merit Scholarship, ASPIRE award, Wilder-Naifeh Technical Skills Grant, Nontraditional Student Grant, Dual Enrollment Grant, Helping Heroes Grant, Foster Child Tuition Grant, STEP UP Scholarship, TCAT Reconnect, the Tennessee Middle College Scholarship, and Tennessee Reconnect.

<u>Fiscal Year</u>	<u>TELS Low</u>	<u>TELS Baseline</u>	<u>TELS High</u>	<u>Recipients</u>
2023-24 actual*	N/A	\$446.6M	N/A	144,200
2024-25 estimated*	\$457.1M	\$466.4M	\$480.4M	150,600
2025-26 estimated*	\$461.6M	\$471.1M	\$485.2M	152,100
2026-27 estimated*	\$466.3M	\$475.8M	\$490.0M	153,600
2027-28 estimated*	\$470.9M	\$480.5M	\$494.9M	155,200
2028-29 estimated*	\$475.6M	\$485.3M	\$499.9M	156,700

**Does not include estimated administrative costs and Tennessee Promise Scholarship estimated expenditures.*

These projections are based on the latest student enrollment data, the size of the annual high school graduating class, the scholarship take-up rate of eligible students, and the renewal rate of recipients. Please let me know if you have questions or need anything further.



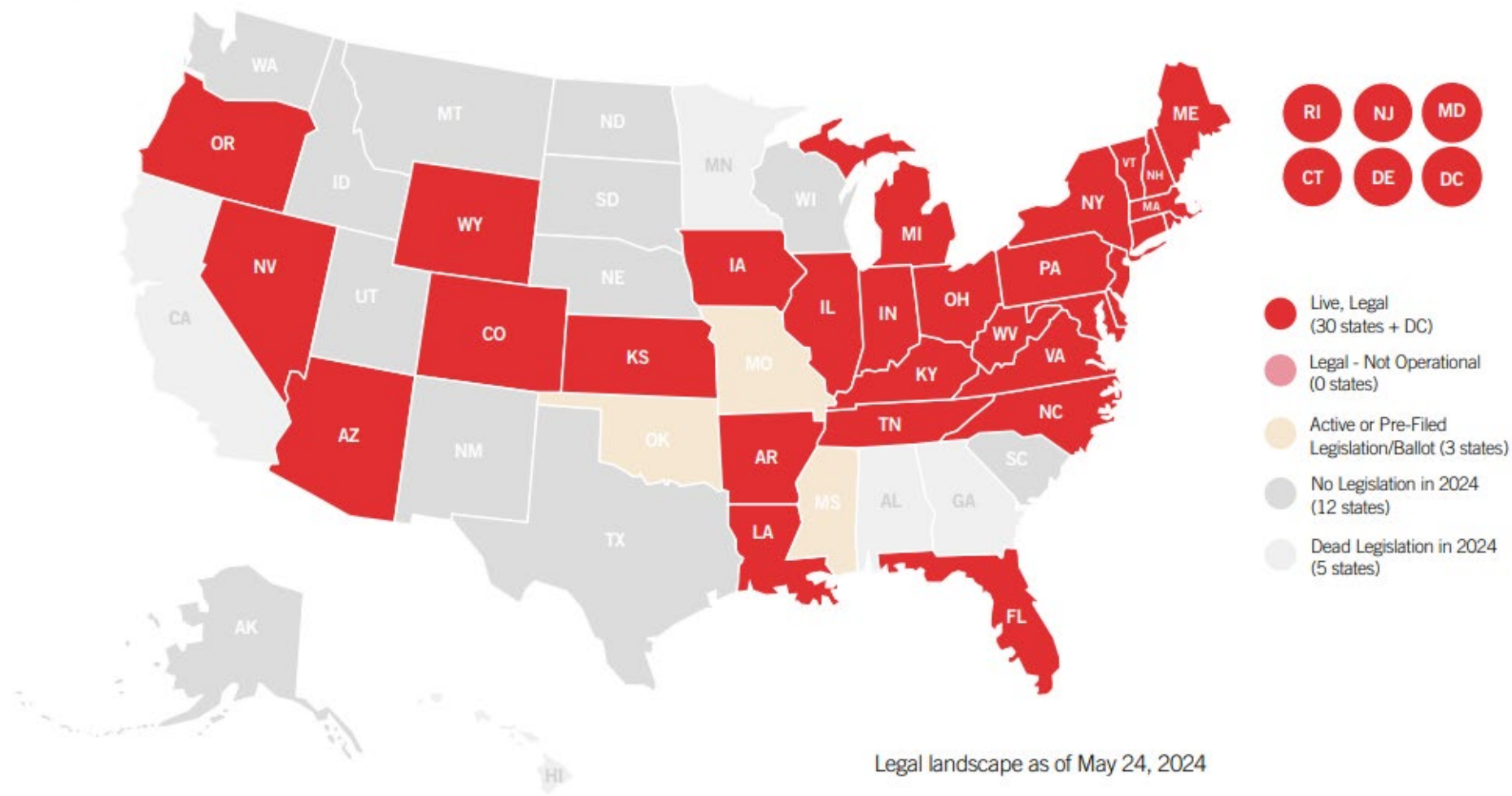
Tennessee
Sports Wagering Council

State Funding Board

NOVEMBER 4, 2024

MARY BETH THOMAS, EXECUTIVE DIRECTOR

U.S. Sports Betting: Mobile

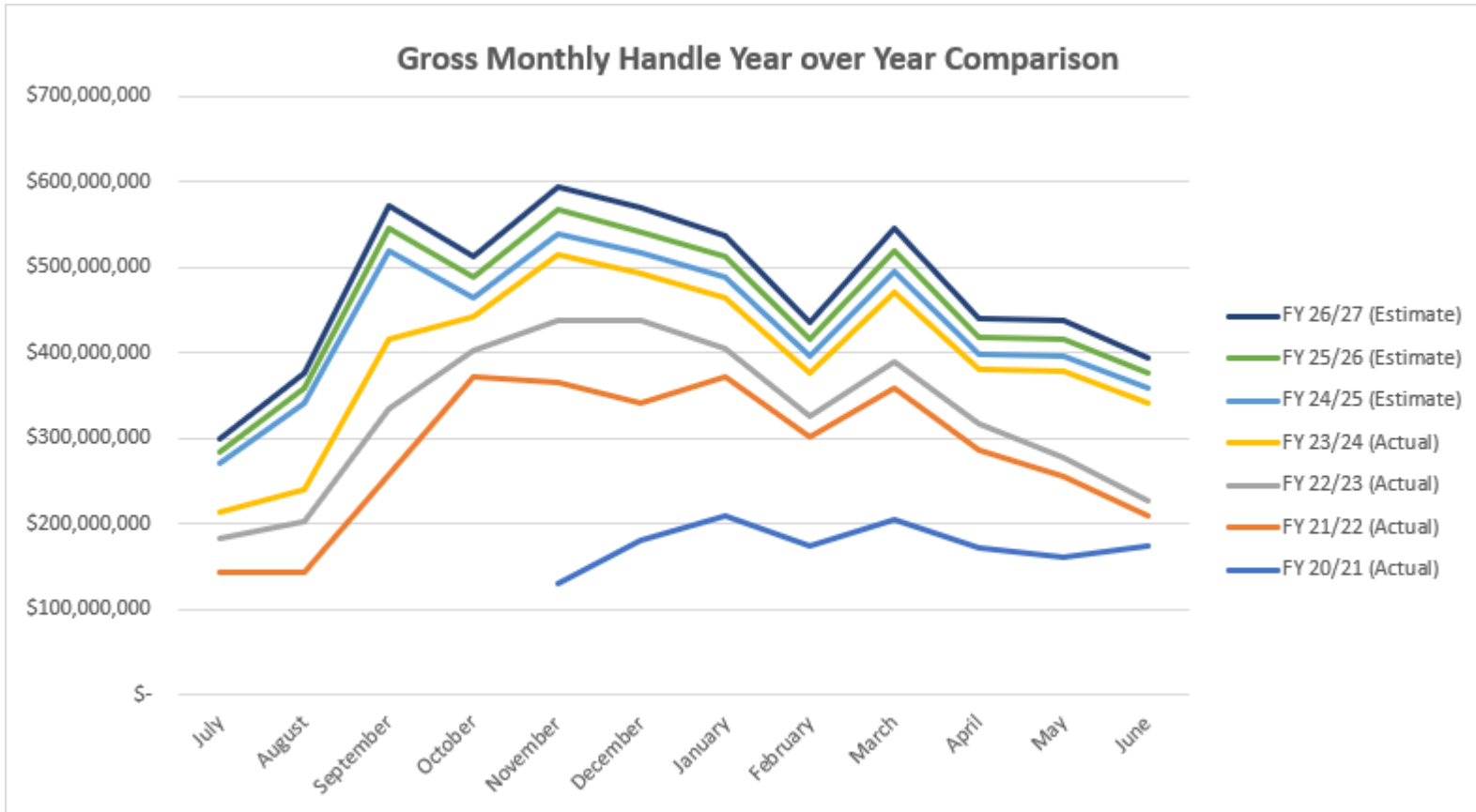


Gross Handle Estimates

	FY 23/24 (Actual)	FY 24/25 (Estimate)	FY 25/26 (Estimate)	FY 26/27 (Estimate)
Gross Handle	\$4,733,448,859	\$5,186,282,558	\$5,445,596,686	\$5,717,876,520
Growth Rate	20%	5%	5%	5%

Notes and Assumptions:

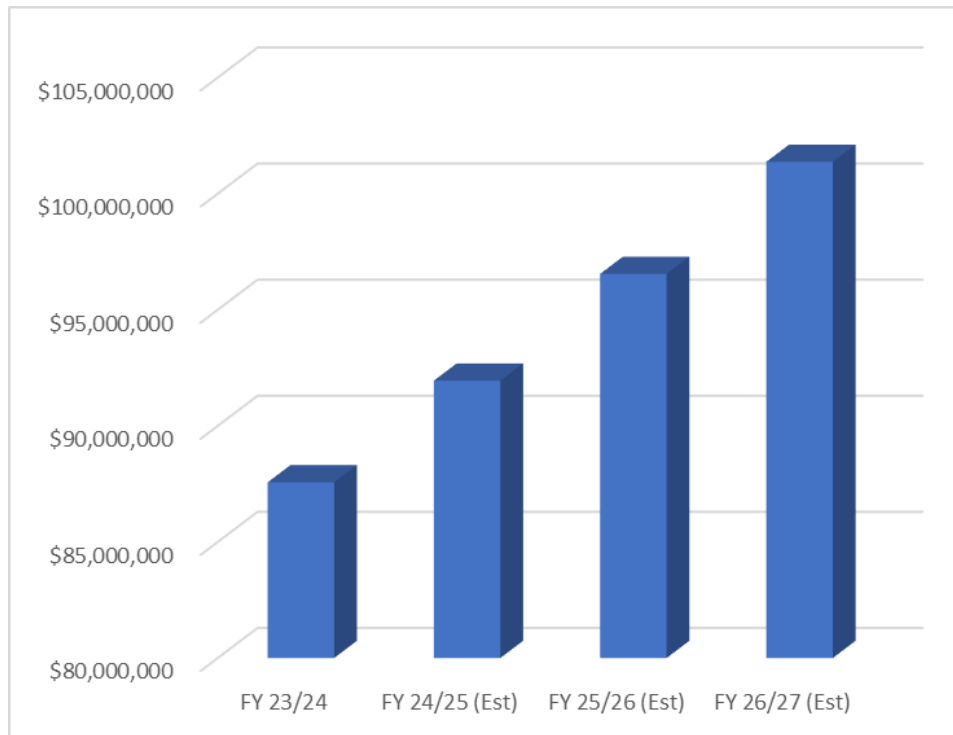
- The SWC assumes an adjustment rate of 0.74% per month moving forward.
- The SWC assumes a conservative growth rate of 5% in gross handle moving forward.



Year over
Year
Gross
Handle by
Month

Revenue Estimates

Funding	FY 23-24 (Actual)	FY 24-25 (Estimate)	FY 25-26 (Estimate)	FY 26-27 (Estimate)
Lottery for Education Fund (80%)	\$70,055,048	\$73,557,800	\$77,235,690	\$81,097,475
General Fund (15%)	\$13,135,322	\$13,792,088	\$14,481,692	\$15,205,777
Mental Health (5%)	\$4,378,441	\$4,597,363	\$4,827,231	\$5,068,592
Total Privilege Tax	\$87,568,810	\$91,947,251	\$96,544,613	\$101,371,844



Revenue estimates are generated from the 1.85% privilege tax on gross handle, assuming a 5% growth rate in handle moving forward.



Tennessee
Sports Wagering Council

Thank You

EXECUTIVE DIRECTOR MARY BETH THOMAS



BILL LEE
GOVERNOR

STATE OF TENNESSEE
DEPARTMENT OF EDUCATION
NINTH FLOOR, ANDREW JOHNSON TOWER
710 JAMES ROBERTSON PARKWAY
NASHVILLE, TN 37243-0375

LIZZETTE REYNOLDS
COMMISSIONER

TO: Members of the Tennessee State Funding Board

FROM: Lizzette Reynolds, Commissioner

DATE: October 31, 2024

SUBJECT: Request for \$23,000 from Net Lottery Proceeds for Lottery Scholarship Day for FY2025-2026

Pursuant to Tenn. Code Ann. 4-51-111(c)(2)(B) which states prior to December 15, "appropriate state agencies shall submit to the funding board and to the governor their recommendations for other education programs and purposes consistent with article XI, § 5 of the Tennessee Constitution", the Department of Education requests the allotment of \$23,000 from net lottery proceeds in FY 2025-2026 for Lottery Scholarship Day.

These funds will support improvements and enhancements for educational programs and purposes and such net proceeds shall be used to supplement, not supplant, non-lottery educational resources for educational programs and purposes.

Your consideration and approval of this request is appreciated.

Lizzette
Reynolds_srp

Digitally signed by Lizzette
Reynolds_srp
Date: 2024.10.31 11:22:32
-05'00'

cc: David Thurman



JASON E. MUMPOWER
Comptroller

To: Members of the State Funding Board

From: Steve Osborne, Assistant Director, Division of Local Government Finance

Date: November 4, 2024

Subject: Report on Emergency Financial Aid to Local Governments

Pursuant to Tenn. Code Ann. §§ 9-13-201 et. seq (the “Act”), local governments must request approval from the Comptroller’s Office prior to issuing notes which may mature beyond the close of the fiscal year in which the notes are issued in the case of economic distress due to natural disaster certified by the federal emergency management agency (FEMA). The Act requires the Comptroller of the Treasury to report to the State Funding Board any approval of note issuance pursuant to Tenn. Code Ann. § 9-13-206. Below is a listing of all FEMA notes approved to date. We anticipate additional approvals and will report those at future meetings.

Entity	Description	Date Approved	Amount Approved	Maturity
Cocke County	Tax Anticipation Note (Interfund Loan for General Fund)	10/25/2024	\$1,000,000	6/30/2026
Cocke County	Tax Anticipation Note (Interfund Loan for Highway Fund)	10/25/2024	\$1,000,000	6/30/2026
Cocke County	Tax Anticipation Notes (Interfund Loan for Solid Waste Fund)	10/25/2024	\$1,000,000	6/30/2026



JASON E. MUMPOWER
Comptroller

October 25, 2024

Honorable Rob Mathis, Mayor
and Honorable Board of Commissioners
Cocke County
111 Court Avenue
Newport, TN 37821

Dear Mayor Mathis and Members of the Board:

Subject: General Fund FEMA Notes

Thank you for your recent correspondence. We acknowledge receipt on October 23, 2024, of a request from the Finance Director of Cocke County ("County") for approval to issue interfund Federal Emergency Management Agency tax and revenue anticipation notes for fiscal year 2025 in the total amount of \$1,000,000 to be known as "General Fund Tax and Revenue Anticipation Notes, Series 2024" (the "General Fund FEMA TRAns"). The proceeds will be used by the General Fund for cash flow management related to the uncertainty of projected revenues and increased costs of operations resulting from tropical storm Helene. The County has indicated it will issue the General Fund FEMA TRAns as an interfund loan from its Debt Service Fund.

The request included Resolution No. 1118 adopted on October 21, 2024, by the Board of Commissioners authorizing the issuance of the General Fund FEMA TRAns. The County provided a cash flow forecast for the Debt Service Fund that demonstrates the County has sufficient cash to make the loan. The proposed note form was included with the request. The executed note form should be submitted when the County files the Report on Debt Obligation.

Statutory Authority

Pursuant to T.C.A. §§ 9-13-206 and 9-13-212, local governments are authorized to issue tax and revenue anticipation notes that mature beyond the current fiscal year for the purpose of funding operational expenditures if approved by the Comptroller and in the case of economic distress due to a natural disaster certified by the Federal Emergency Management Agency (FEMA). In October of 2024, FEMA certified a major disaster for multiple counties in Eastern Tennessee, including Cocke County, associated with tropical storm Helene (FEMA - DR-4832-TN). In its resolution, the County identified the stated purpose for issuing the notes is to meet appropriations made for fiscal year 2025 and committed to repay the General Fund FEMA TRAns no later than June 30, 2026.

Cocke County
General Fund FEMA TRAN Approval Letter
October 25, 2024

Tax and Revenue Anticipation Notes (TRANs) Approval

This letter constitutes approval pursuant to T.C.A. §§ 9-13-201, 9-21-801, and 9-21-408 for the County to issue the General Fund FEMA TRANs in the total amount of \$1,000,000 as detailed above and maturing June 30, 2026.

The County is responsible for ensuring compliance with Title 9, Chapter 21, Parts 1, 2, 4, and 8 of Tennessee Code Annotated, Title 9, Chapter 13 of Tennessee Code Annotated, its debt management policy, and payment of outstanding note principal and interest in accordance with the note provisions.

This letter and the approval to issue debt do not address compliance with federal tax regulations and should not be relied upon for that purpose. The County should discuss these issues with a tax attorney or bond counsel.

Tennessee State Funding Board

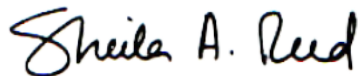
Pursuant to Tenn. Code Ann. § 9-13-210, our office will report the approval of the General Fund FEMA TRANs to the Tennessee State Funding Board at its next meeting.

Requirements After the Notes Have Been Executed

Our website contains specific compliance requirements your local government will be responsible for once the Notes have been executed: <http://tncot.cc/debt>.

If you should have questions or need assistance, please refer to our online resources or feel free to contact your financial analyst, Lori Barnard, at 615.747.5347 or Lori.Barnard@cot.tn.gov.

Sincerely,



Sheila Reed, Director
Division of Local Government Finance

cc: Ms. Sandi Thompson, Assistant Secretary, Tennessee State Funding Board



JASON E. MUMPOWER
Comptroller

October 25, 2024

Honorable Rob Mathis, Mayor
and Honorable Board of Commissioners
Cocke County
111 Court Avenue
Newport, TN 37821

Dear Mayor Mathis and Members of the Board:

Subject: Highway Fund FEMA Notes

Thank you for your recent correspondence. We acknowledge receipt on October 23, 2024, of a request from the Finance Director of Cocke County ("County") for approval to issue interfund Federal Emergency Management Agency tax and revenue anticipation notes for fiscal year 2025 in the total amount of \$1,000,000 to be known as "Highway Fund Tax and Revenue Anticipation Notes, Series 2024" (the "Highway Fund FEMA TRAns"). The proceeds will be used by the Highway Department for cash flow management related to the uncertainty of projected revenues and increased costs of operations resulting from tropical storm Helene. The County has indicated it will issue the Highway Fund FEMA TRAns as an interfund loan from its Debt Service Fund.

The request included Resolution No. 1118 adopted on October 21, 2024, by the Board of Commissioners authorizing the issuance of the Highway Fund FEMA TRAns. The County provided a cash flow forecast for the Debt Service Fund that demonstrates the County has sufficient cash to make the loan. The proposed note form was included with the request. The executed note form should be submitted when the County files the Report on Debt Obligation.

Statutory Authority

Pursuant to T.C.A. §§ 9-13-206 and 9-13-212, local governments are authorized to issue tax and revenue anticipation notes that mature beyond the current fiscal year for the purpose of funding operational expenditures if approved by the Comptroller and in the case of economic distress due to a natural disaster certified by the Federal Emergency Management Agency (FEMA). In October of 2024, FEMA certified a major disaster for multiple counties in Eastern Tennessee, including Cocke County, associated with tropical storm Helene (FEMA - DR-4832-TN). In its resolution, the County identified the stated purpose for issuing the notes is to meet appropriations made for fiscal year 2025 and committed to repay the Highway Fund FEMA TRAns no later than June 30, 2026.

Cocke County
Highway Fund FEMA TRAN Approval Letter
October 25, 2024

Tax and Revenue Anticipation Notes (TRANs) Approval

This letter constitutes approval pursuant to T.C.A. §§ 9-13-201, 9-21-801, and 9-21-408 for the County to issue the Highway Fund FEMA TRANs in the total amount of \$1,000,000 as detailed above and maturing June 30, 2026.

The County is responsible for ensuring compliance with Title 9, Chapter 21, Parts 1, 2, 4, and 8 of Tennessee Code Annotated, Title 9, Chapter 13 of Tennessee Code Annotated, its debt management policy, and payment of outstanding note principal and interest in accordance with the note provisions.

This letter and the approval to issue debt do not address compliance with federal tax regulations and should not be relied upon for that purpose. The County should discuss these issues with a tax attorney or bond counsel.

Requirements After the Notes Have Been Issued

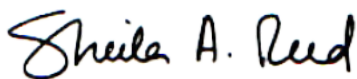
Our website contains specific compliance requirements your local government will be responsible for once the Notes have been executed: <http://tncot.cc/debt>.

Tennessee State Funding Board

Pursuant to Tenn. Code Ann. § 9-13-210, our office will report the approval of the Highway Fund FEMA TRANs to the Tennessee State Funding Board at its next meeting.

If you should have questions or need assistance, please refer to our online resources or feel free to contact your financial analyst, Lori Barnard, at 615.747.5347 or Lori.Barnard@cot.tn.gov.

Sincerely,



Sheila Reed, Director
Division of Local Government Finance

cc: Ms. Sandi Thompson, Assistant Secretary, Tennessee State Funding Board

SR:lb



JASON E. MUMPOWER
Comptroller

October 25, 2024

Honorable Rob Mathis, Mayor
and Honorable Board of Commissioners
Cocke County
111 Court Avenue
Newport, TN 37821

Dear Mayor Mathis and Members of the Board:

Subject: Solid Waste Fund FEMA Notes

Thank you for your recent correspondence. We acknowledge receipt on October 23, 2024, of a request from the Finance Director of Cocke County ("County") for approval to issue interfund Federal Emergency Management Agency tax and revenue anticipation notes for fiscal year 2025 in the total amount of \$1,000,000 to be known as "Solid Waste/Sanitation Fund Tax and Revenue Anticipation Notes, Series 2024" (the "Solid Waste Fund FEMA TRAns"). The proceeds will be used by the Solid Waste Department for cash flow management related to the uncertainty of projected revenues and increased costs of operation resulting from tropical storm Helene. The County has indicated it will issue the Solid Waste Fund FEMA TRAns as an interfund loan from its Debt Service Fund.

The request included Resolution No. 1118 adopted on October 21, 2024, by the Board of Commissioners authorizing the issuance of the Solid Waste Fund FEMA TRAns. The County provided a cash flow forecast for the Debt Service Fund that demonstrates the County has sufficient cash to make the loan. The proposed note form was included with the request. The executed note form should be submitted when the County files the Report on Debt Obligation.

Statutory Authority

Pursuant to T.C.A. §§ 9-13-206 and 9-13-212, local governments are authorized to issue tax and revenue anticipation notes that mature beyond the current fiscal year for the purpose of funding operational expenditures if approved by the Comptroller and in the case of economic distress due to a natural disaster certified by the Federal Emergency Management Agency (FEMA). In October of 2024, FEMA certified a major disaster for multiple counties in Eastern Tennessee, including Cocke County, associated with tropical storm Helene (FEMA - DR-4832-TN). In its resolution, the County identified the stated purpose for issuing the notes is to meet appropriations made for fiscal year 2025 and committed to repay the Solid Waste Fund FEMA TRAns no later than June 30, 2026.

Cocke County
Solid Waste Fund FEMA TRAN Approval Letter
October 25, 2024

Tax and Revenue Anticipation Notes (TRANs) Approval

This letter constitutes approval pursuant to T.C.A. §§ 9-13-201, 9-21-801, and 9-21-408 for the County to issue the Solid Waste Fund FEMA TRANs in the total amount of \$1,000,000 as detailed above and maturing June 30, 2026.

The County is responsible for ensuring compliance with Title 9, Chapter 21, Parts 1, 2, 4, and 8 of Tennessee Code Annotated, Title 9, Chapter 13 of Tennessee Code Annotated, its debt management policy, and payment of outstanding note principal and interest in accordance with the note provisions.

This letter and the approval to issue debt do not address compliance with federal tax regulations and should not be relied upon for that purpose. The County should discuss these issues with a tax attorney or bond counsel.

Requirements After the Notes Have Been Issued

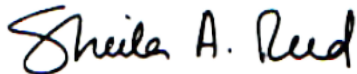
Our website contains specific compliance requirements your local government will be responsible for once the Notes have been executed: <http://tncot.cc/debt>.

Tennessee State Funding Board

Pursuant to Tenn. Code Ann. § 9-13-210, our office will report the approval of the Solid Waste Fund FEMA TRANs to the Tennessee State Funding Board at its next meeting.

If you should have questions or need assistance, please refer to our online resources or feel free to contact your financial analyst, Lori Barnard, at 615.747.5347 or Lori.Barnard@cot.tn.gov.

Sincerely,



Sheila Reed, Director
Division of Local Government Finance

cc: Ms. Sandi Thompson, Assistant Secretary, Tennessee State Funding Board