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## Technical Bulletins: Estimates of 1985-86 Intergovernmental Revenues for Cities

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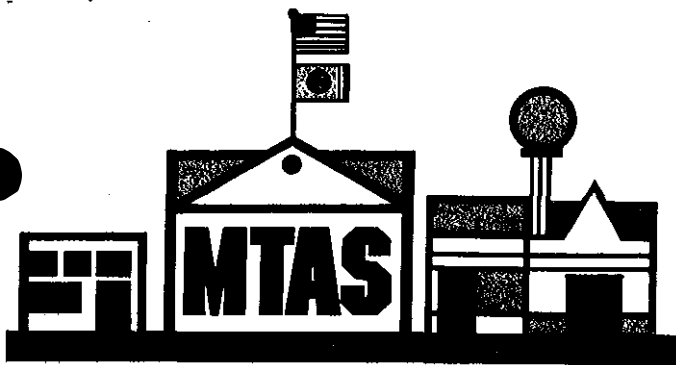
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# TECHNICAL BULLETIN

MUNICIPAL TECHNICAL ADVISORY SERVICE  
 THE UNIVERSITY OF TENNESSEE  
 IN COOPERATION WITH THE TENNESSEE MUNICIPAL LEAGUE  
 U.T. E14-1050-00-001-85

April 1, 1985

## ESTIMATES OF 1985-86 INTERGOVERNMENTAL REVENUES FOR CITIES

By: W.K. Joines, Assistant Director,  
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### STATE REVENUES

The state legislature is several weeks away from adopting Tennessee's budget for FY-86, so state-shared revenues for cities remain unsettled. The per capita estimates have been calculated, based on the Governor's budget, with some alternative per capita amounts being presented, based on legislation that has been proposed and appears to have some legislative support.

<u>General Fund</u>	<u>Governor's Budget</u>	<u>Alternatives</u>
Sales Tax <sup>1</sup>	\$31.84	\$30.59
Beer Tax	0.48	Same
Gasoline Inspection Appropriation	2.79	Same
Gross Receipts Tax (TVA in Lieu)	3.78	Same
Income Tax (The FY-86 state-wide estimate is the same as FY-85.)		
Excise Tax (Distributed to cities and counties on the basis of where the bank is located. The state estimates a statewide increase of 8 per cent in this revenue source, so use FY-85 receipts as a guide for estimating FY-86.)		
Mixed Drink (Use FY-85 as a guide for FY-86. The state proposes 4 1/2 per cent increase in revenue source.)		
 <u>State Street Aid Fund</u>		
Gasoline and Motor Fuel <sup>2</sup>	\$13.51	\$17.07

<sup>1</sup>The Governor's budget was prepared on the basis that the state sales tax of 4 1/2 per cent would remain on food items. Under existing law, the sales tax on food items will be reduced by 1/3 for FY-86; this amounts to about \$1.25 per capita.

<sup>2</sup>There has been legislation introduced that would increase the tax on gasoline by .03 cent per gallon. If this passes and if cities receive the \$9,485,000 currently proposed, the per capita amount would be \$3.56.

(over)

Federal Revenue Sharing

These funds are authorized through federal FY-86, but the current outlook for actual funding in FY-86 is uncertain. It is our recommendation that cities budget only the revenue scheduled to be received in July and October. In most instances, this will amount to about 50 per cent of the current budget, but for those cities that accrue July's revenue, the proposed amount would only be 25 per cent or one payment.

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