

Local Tax Cut Act

TENNESSEE CITIES DON'T NEED FEDERAL CASH



In response to COVID-19, Congress passed the American Rescue Plan Act, which included over \$2.2 billion for Tennessee localities

This money is on top of earlier federal funds under the CARES Act and ARPA funding for schools



Tennessee's policies allowed the economy to bounce back faster than expected, so localities increased their property tax revenues in 2020 and 2021

Almost all the spending for COVID recovery has already been spent, but localities are still getting a massive influx of cash



Congress restricted states from using their stimulus money to cut taxes, but did not put the same restriction on localities

ARPA and Treasury guidance allow localities to support homeowners and their economies, which can be done by cutting property taxes

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WHILE CITIES DON'T NEED THE CASH,
TENNESSEANS WOULD BENEFIT FROM TAX RELIEF

Tennessee legislators can require that local governments account for all or a portion of federal funds in localities' revenue totals for 2022 and 2023



Localities would have to return the specified portion of federal funds to taxpayers or put increased spending before voters



When federal funds stop flowing in 2024, tax calculations will return to the status quo

Tennesseans pay about \$5.5 billion a year in property taxes, over \$800 for every man, woman, and child

If the state does not stop localities from wasting these funds on boondoggle projects or those with recurring costs, local tax burdens will increase long after the federal funds dry up



BOTTOM LINE

Localities don't need billions in federal funds that they will waste, so the money should be returned to taxpayers

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