

Research Recap: Evaluation of Tennessee's Retail Accountability Program (RAP)



Tennessee's Retail Accountability Program (RAP) was created by the General Assembly in 2012 to identify beer and tobacco retailers that underreport the amount of sales taxes collected from these items and submitted to the state. The program is administered by the Tennessee Department of Revenue (TDOR).



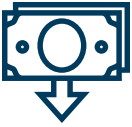
In 2015, the General Assembly expanded the program's scope beyond beer and tobacco sales to include other items likely to be sold at convenience stores and gas stations. The expansion brought nonalcoholic beverages (e.g., fruit juice, water, etc.), soft drinks, candy, chips, snacks, and other items within the program's scope.



In 2016, the General Assembly passed legislation revising the program to address concerns from the business community. The revisions also included a legislative sunset, set to go into effect in 2019, for the additional items added to the program in 2015. The General Assembly extended the sunset date in 2019 and did so again in 2022, moving the date to 2025 and requiring a Comptroller evaluation of the program.



During the 2025 legislative session, the General Assembly removed the sunset for the items (e.g., fruit juice, water, soft drinks, candy, chips, snacks, etc.) added to the program a decade earlier.



Conclusion #1

RAP collected \$36.6 million in unremitted sales taxes, penalties, and interest from FY 2013 through FY 2023.



Conclusion #2

RAP has collected more money than it costs to administer the program.

(See page 27 of the [evaluation](#) for a comparison of program revenues and program costs.)



Conclusion #3

Nonalcoholic beverages (e.g., fruit juice, water), candy, soft drinks, and other food items accounted for more RAP collections (\$8 million) than beer and tobacco (\$5 million) from FY 2017 through FY 2023.



Conclusion #4

The precision of RAP in identifying potentially noncompliant retailers and calculating the amount owed in unremitted sales tax has increased over time.



Conclusion #5

Opportunities exist for TDOR to improve the transparency of RAP's operations.



Conclusion #6

Opinions about RAP are not uniform among the business community, with some supportive and others critical.

Policy option TDOR could update and improve its public-facing information describing RAP's operations.