



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**TENNESSEE STATE FUNDING BOARD  
NOVEMBER 18, 2020  
AGENDA**

1. Call Meeting to Order

2. Revenue Estimating Presentations:

Presenters:

Ms. Laurel Graefe, Regional Executive,  
Federal Reserve Bank of Atlanta, Nashville Branch

Dr. William Fox, Professor of Economics,  
Boyd Center for Business and Economic Research, University of Tennessee

Dr. Jon Smith, Professor and Director of Bureau and Economic Research,  
Dr. Joseph Newhard, Assistant Professor of Economics,  
Dr. Fred Mackara, Associate Professor of Economics,  
East Tennessee State University

Commissioner David Gerregano,  
Mr. Jeff Bjarke, Director of Research,  
State of Tennessee, Department of Revenue

Mr. Bojan Savic, Assistant Director,  
Mr. Joe Wegenka, Chief Economist,  
State of Tennessee, Fiscal Review Committee

3. Lottery Revenue Estimating Presentations:

Presenters:

Mr. Bojan Savic, Assistant Director,  
Mr. Joe Wegenka, Chief Economist,  
State of Tennessee, Fiscal Review Committee

Ms. Rebecca Hargrove, President and CEO,  
Mr. Andy Davis, Chief Financial and Technology Officer  
Tennessee State Lottery Corporation

Mr. Tim Phelps, Associate Executive Director for Grant and Scholarship Programs,  
Tennessee Student Assistance Corporation

4. Report from Tennessee Central Economic Authority

Mr. Charly Lyons, President & CEO  
Ms. Kelsey Dansby, Executive Administrator

5. Request to the Board for Consideration for Program Funding for the Fiscal Year 2021-2022 from Net Lottery Proceeds Pursuant to Tennessee Code Annotated Section 4-51-111(c)(2)(B)

6. Recess (to reconvene November 24, 2020, at 11:30 a.m., Cordell Hull Building, Senate Hearing Room 1)

URL for video stream: [http://tnga.granicus.com/MediaPlayer.php?publish\\_id=cfd05d64-9f9d-48ea-8958-ae7f11eebec](http://tnga.granicus.com/MediaPlayer.php?publish_id=cfd05d64-9f9d-48ea-8958-ae7f11eebec)



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# TN State Funding Board: Perspectives on the state and national economies

Laurel Graefe

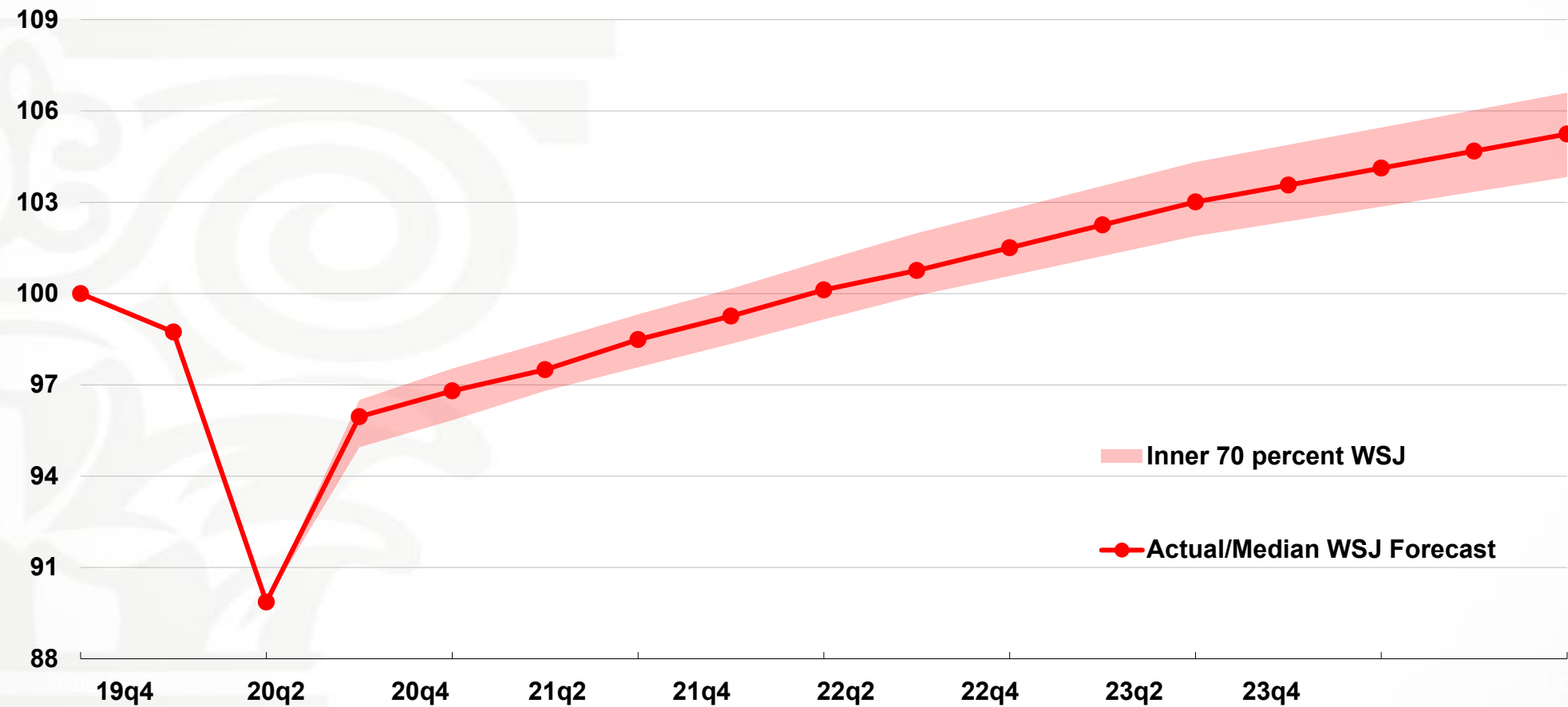
Regional Executive – Nashville Branch

November 18, 2020

The views expressed are my own, and not necessarily those of the Atlanta Fed or the Federal Reserve System.

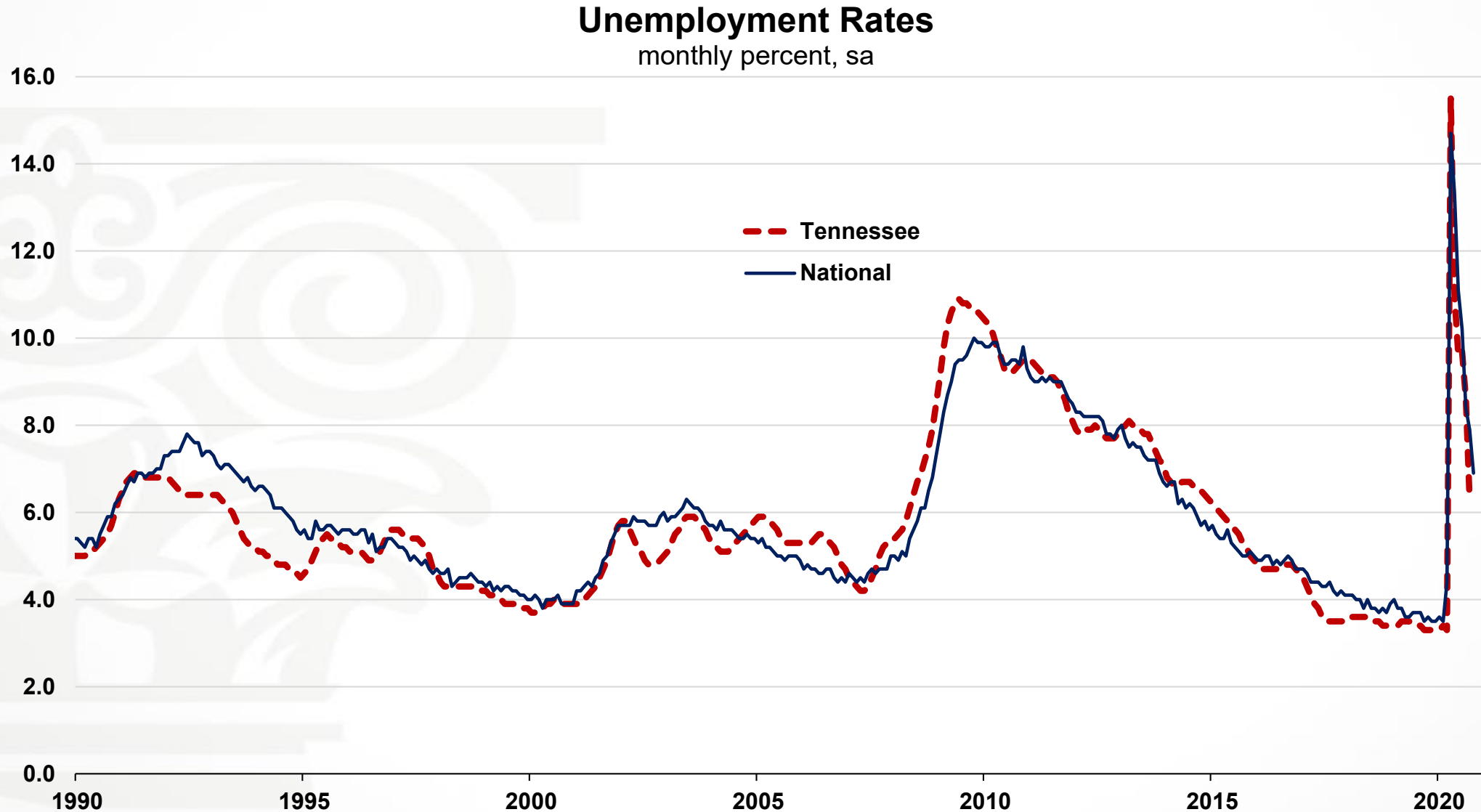
# Most forecasters expect a gradual recovery in aggregate economic activity

Wall Street Journal Forecast Survey Real GDP Projections  
Index, 2019q4 = 100



Note: Red line represents actual and median *Wall Street Journal Forecast Survey* forecast. Shaded area represents the 15<sup>th</sup> to 85<sup>th</sup> percentile of the *Wall Street Journal Forecast Survey*.

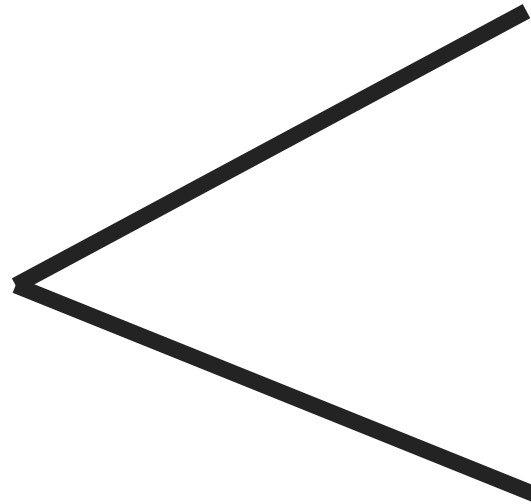
# The unemployment rate has steadily declined since peaking in April





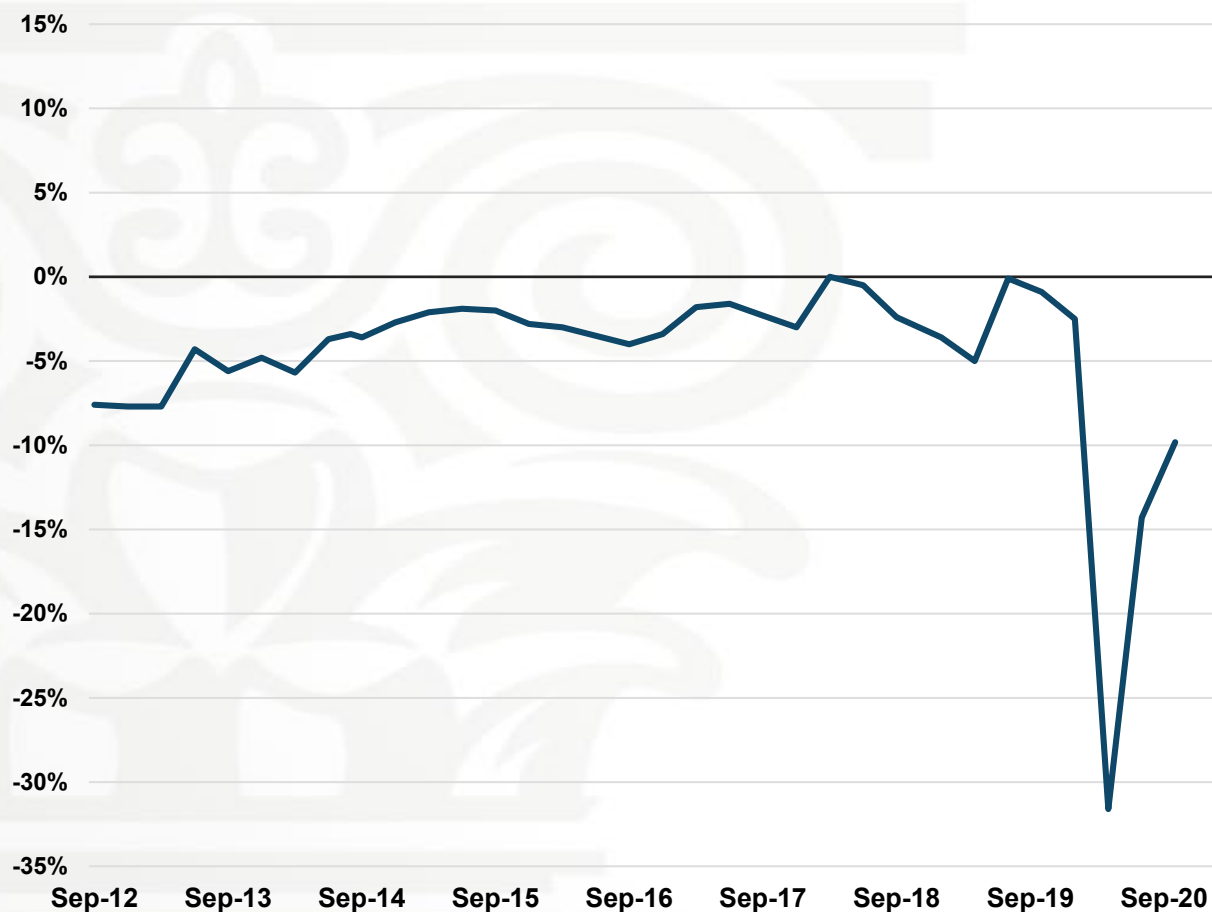
# The “less-than” recovery

While the aggregate data suggest a gradual recovery, for households and businesses, there appears to be a divergence in recovery paths



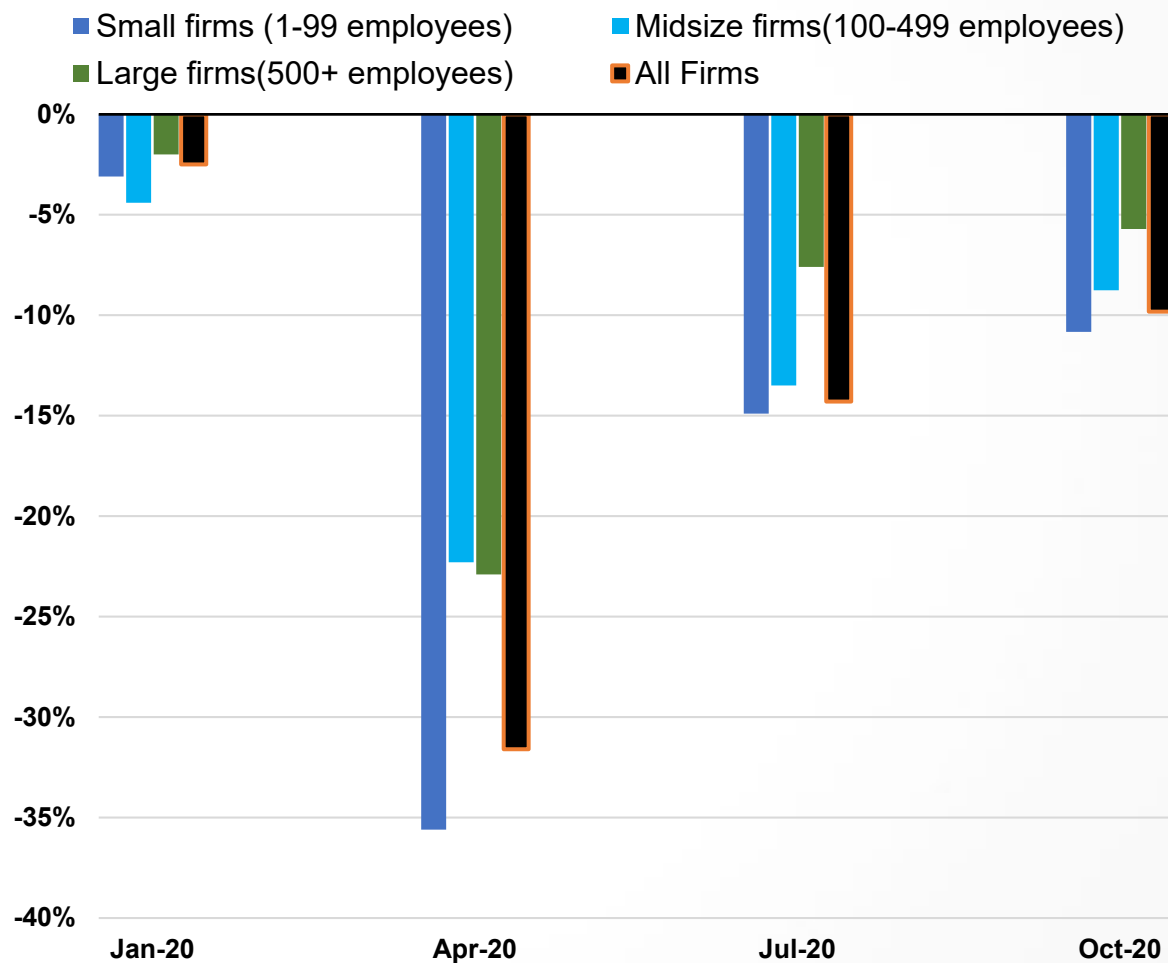
# Though improving, smaller businesses are continuing to report a bigger hit to sales than those with 100 or more employees

Percentage below "Normal" Sales Levels  
percent



Source: Atlanta Fed Business Inflation Expectations Survey, October 2020

Percentage below "Normal" Sales Levels  
percent

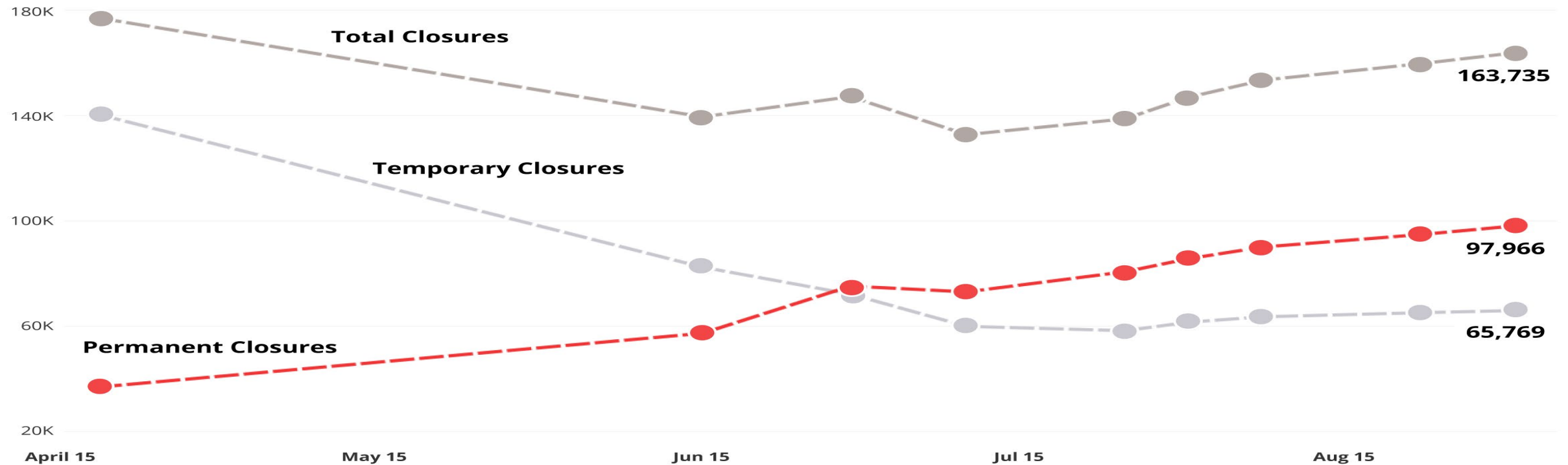


Source: Atlanta Fed Business Inflation Expectations Survey, October 2020

# Permanent closures of small businesses has become more prevalent

## Business Closures Continue to Increase Nationally

Number of businesses marked closed\* on Yelp that were open March 1

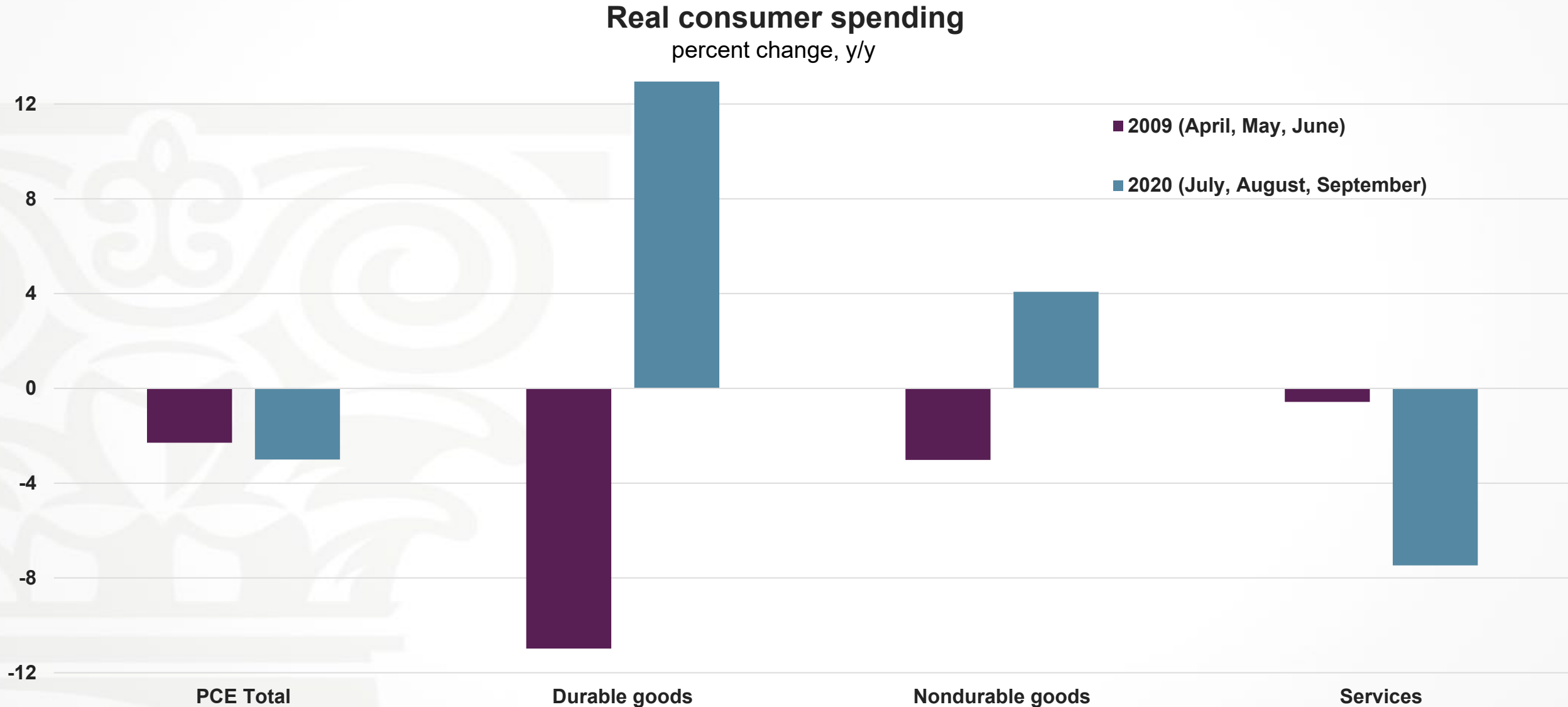


\*Among U.S. businesses that were open on March 1. A business was counted as closed if it was marked as permanently or temporarily closed, changed its hours to mark itself as closed for entire days, or included the word "closed" in the COVID-19 business updates section of its Yelp page.

Closures are updated through August 31. Data may lag actual closures because of time taken to report and verify closures.

Source: Yelp  
Chart: The DataFace

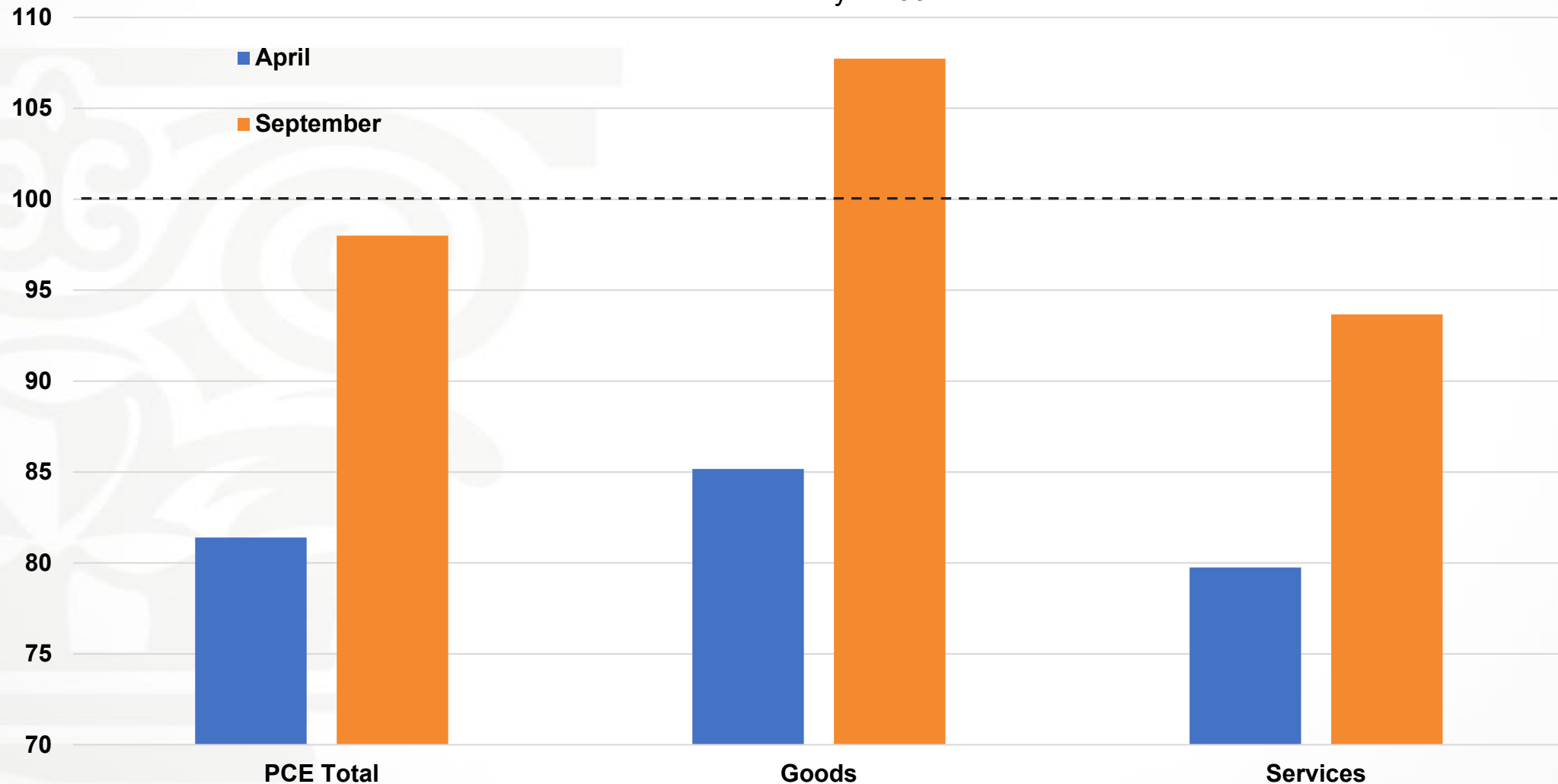
# The compositional shift in consumer spending is almost the reverse of the shift during the Great Recession



# Consumption of goods has bounced back much quicker than services

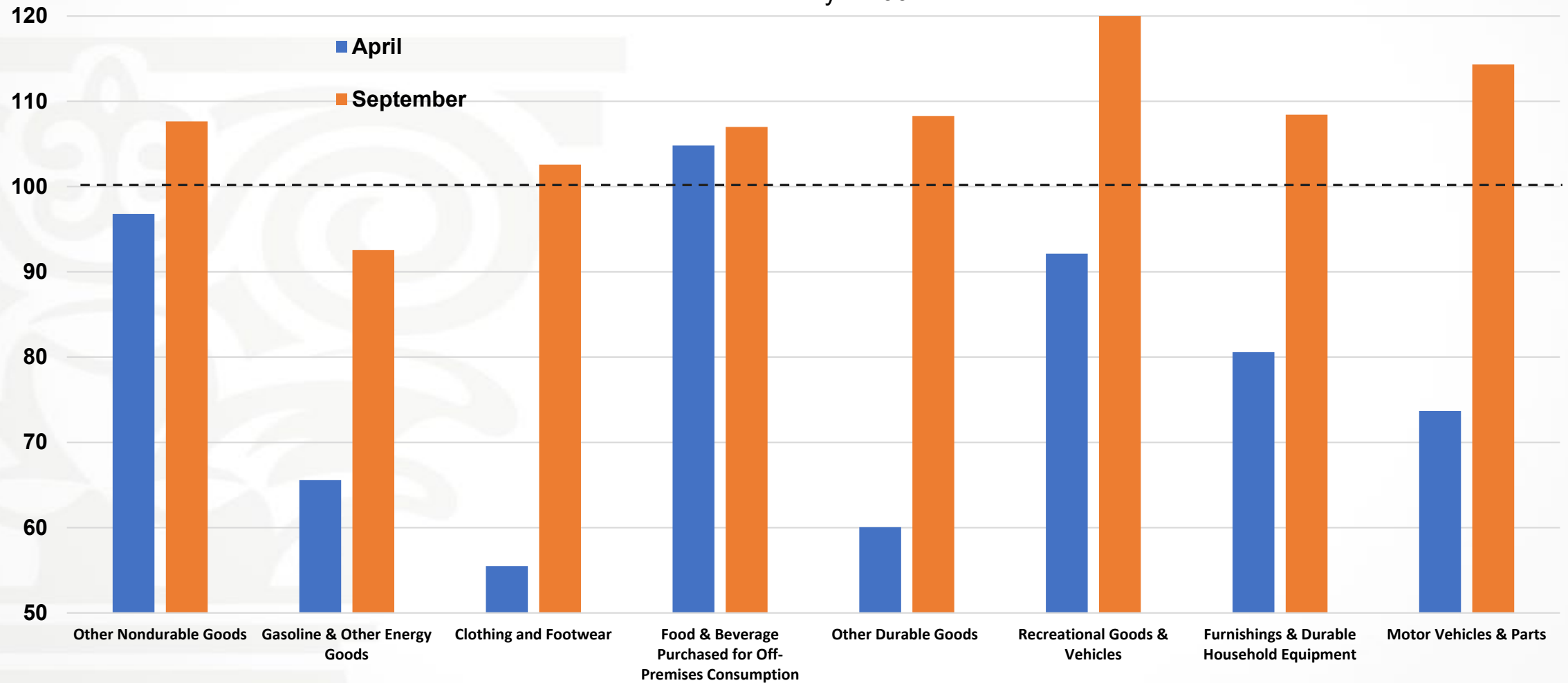
## Real Personal Consumption Expenditures

Index: February = 100



# Spending on almost all goods categories has returned to February levels

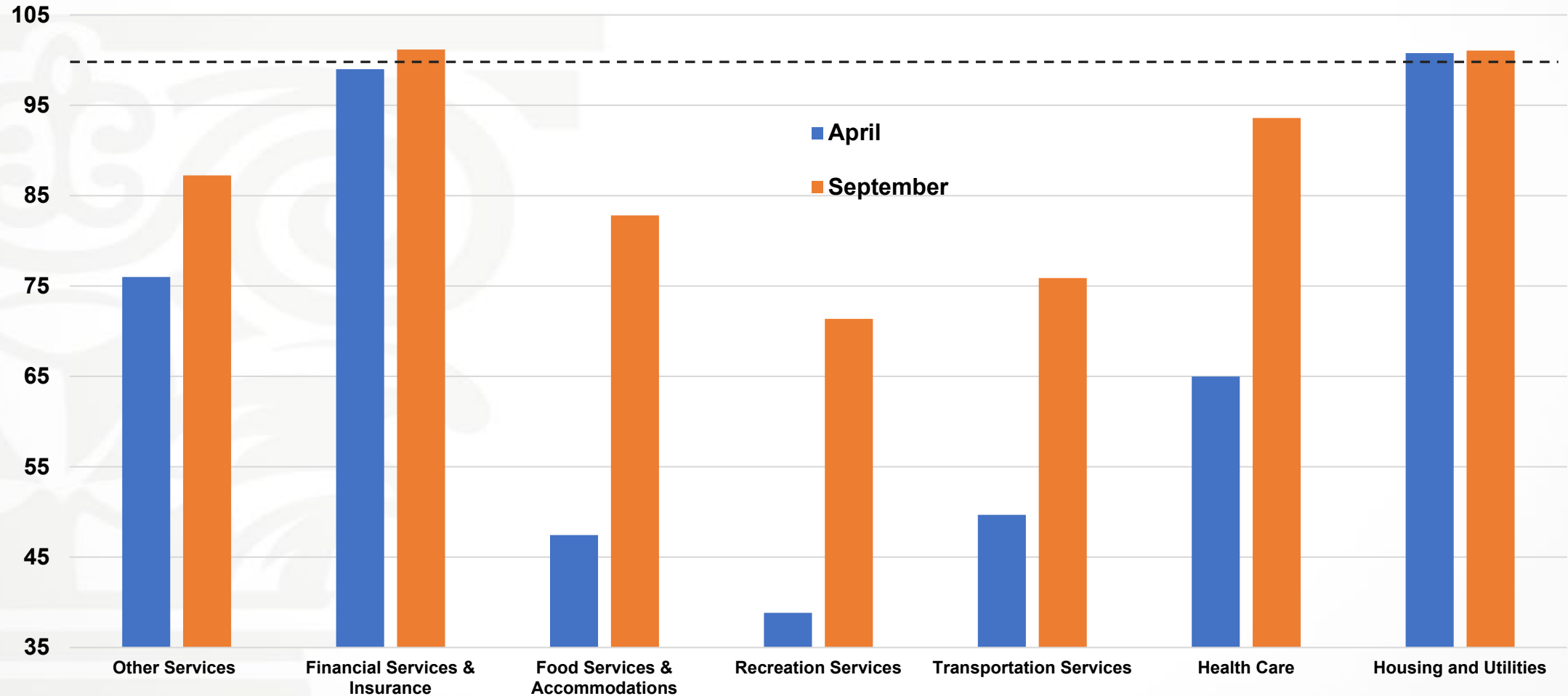
**Real PCE: Goods**  
Index: February = 100



# ...while spending on most service categories remains well below February levels

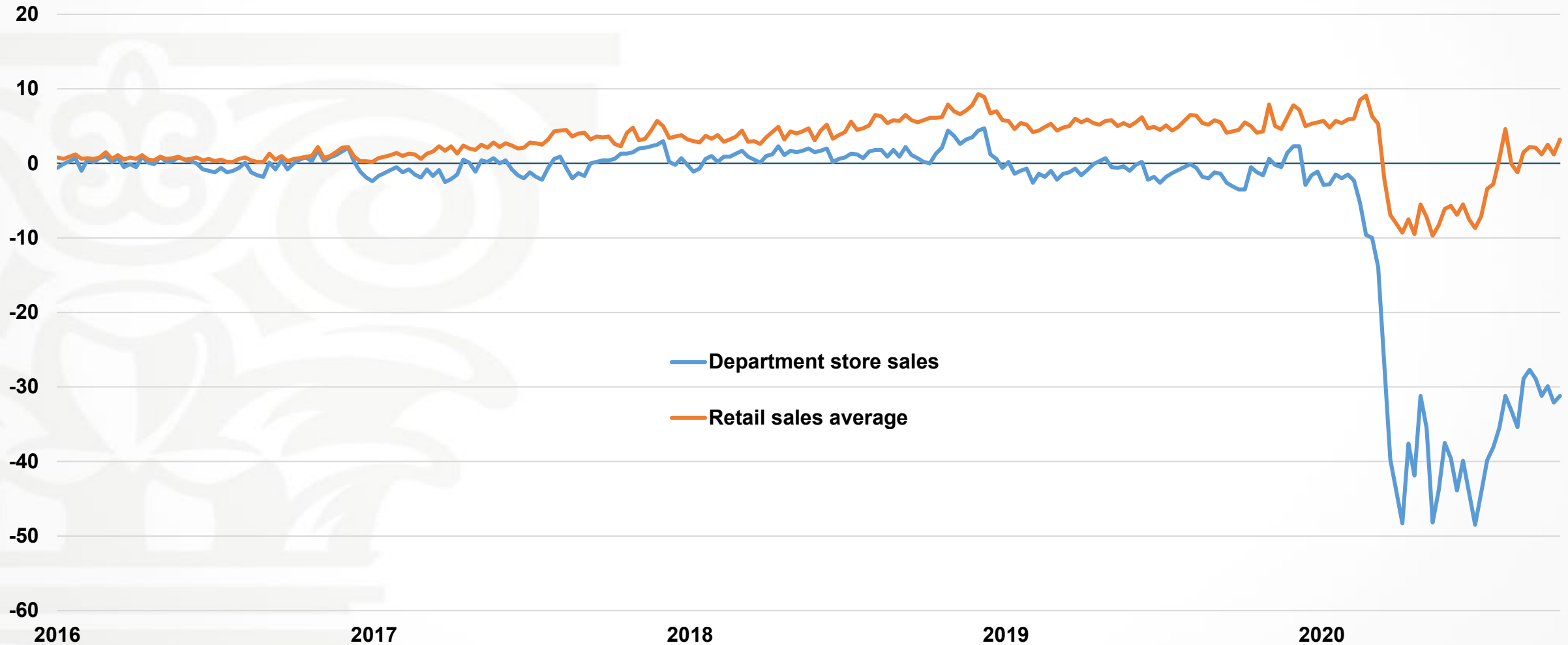
## Real PCE: Services

Index: February = 100



**Declines in sales at brick and mortar retailers have been dramatic— with department stores seeing staggering dips in activity compared to a year ago.**

**Redbook Research: Same Store**  
nsa, weekly, year-over-year percent change

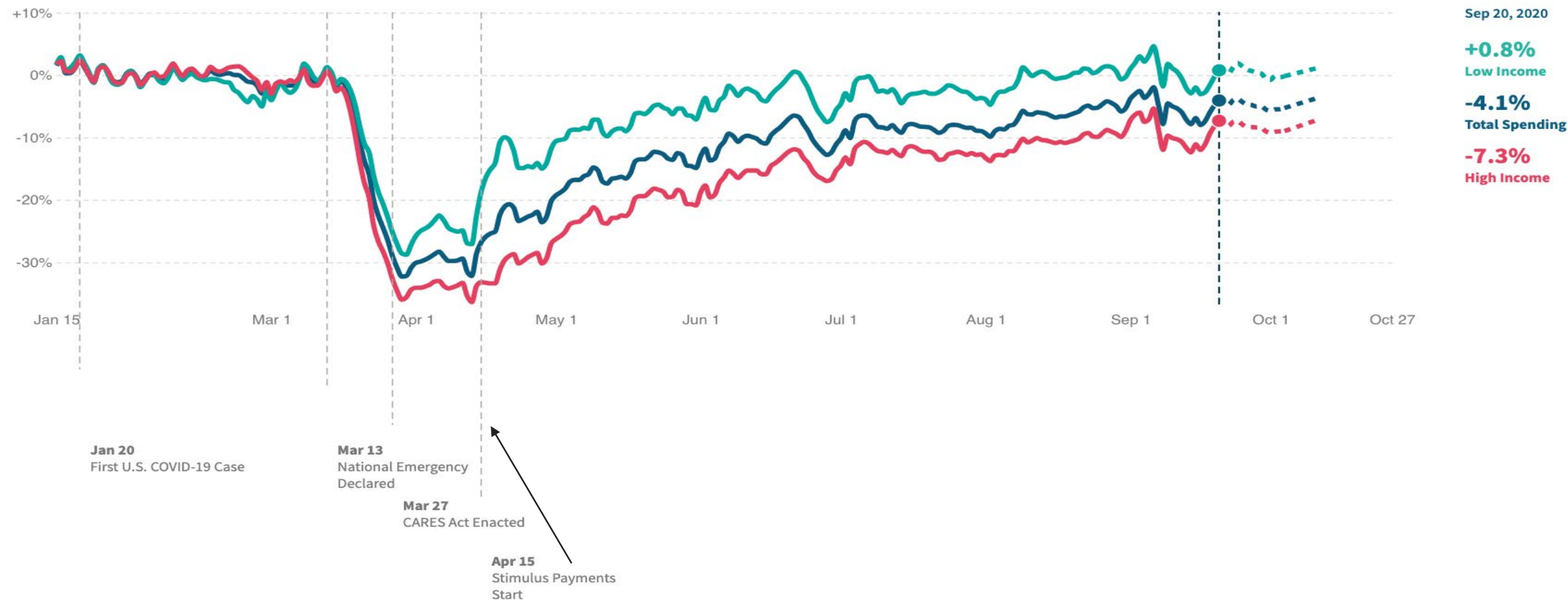




# Consumers in low-income ZIP codes are spending at pre-COVID levels, while spending in higher-income ZIP codes remains subdued

## Percent Change in All Consumer Spending\*

In the United States, as of September 20 2020, total spending by all consumers **decreased** by **4.1%** compared to January 2020.



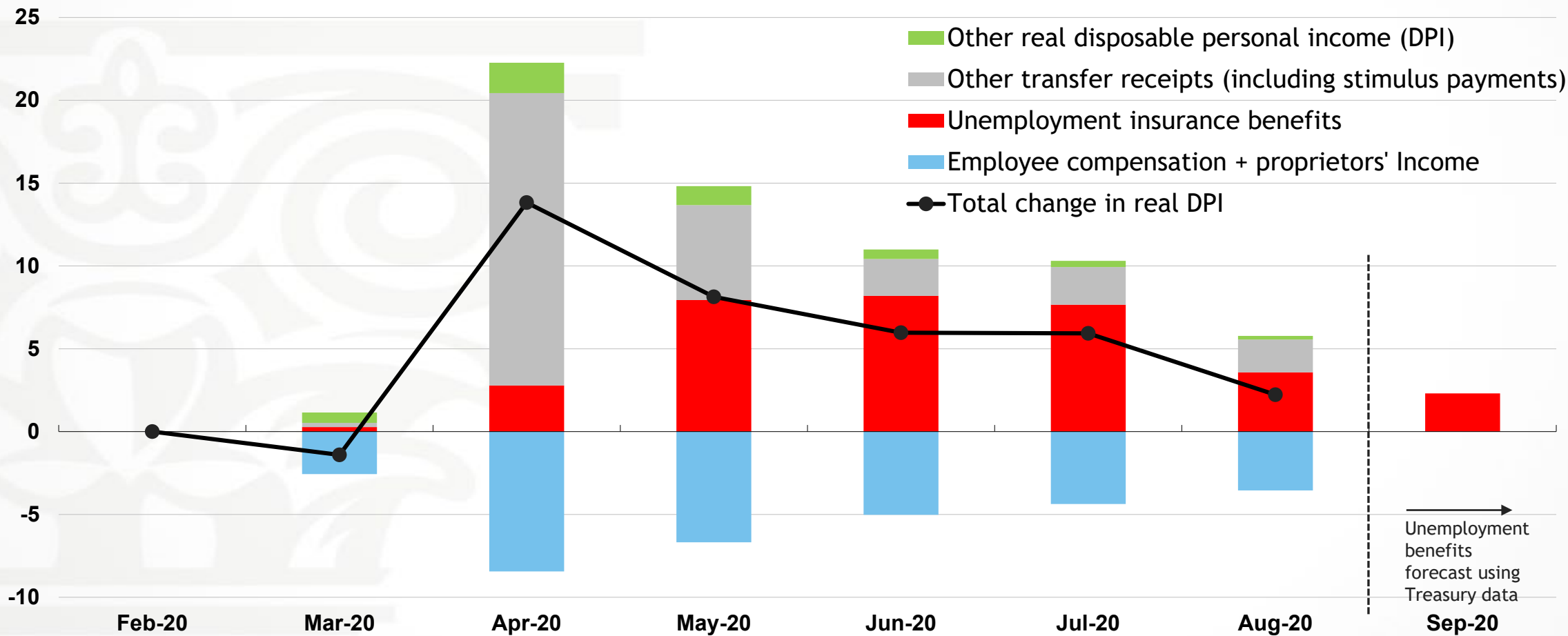
\*Change in average consumer credit and debit card spending, indexed to January 4-31, 2020 and seasonally adjusted. This series reflects daily data until the most recent week of data posted, and the weekly average for the most recent week. This series is based on data from Affinity Solutions.

last updated: **October 25, 2020** next update expected: **October 28, 2020**

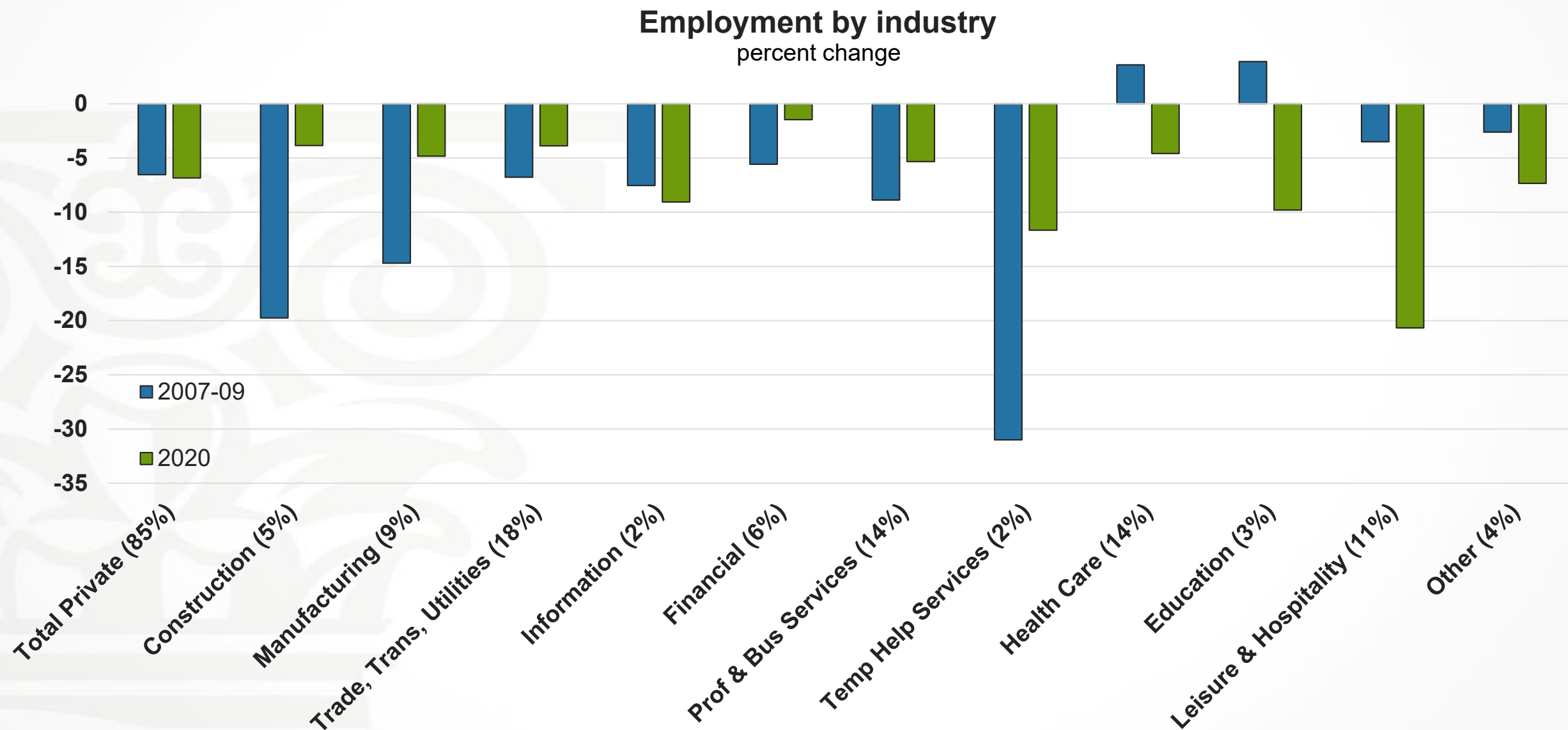
visit [tracktherecovery.org](https://tracktherecovery.org) to explore

# Income support from the CARES Act and State UI programs is fading

Contributions to change in real disposable income from February 2020  
percentage points, seasonally adjusted



# Reflecting the compositional trends in spending, employment losses have been more concentrated in services industries relative to the Great Recession

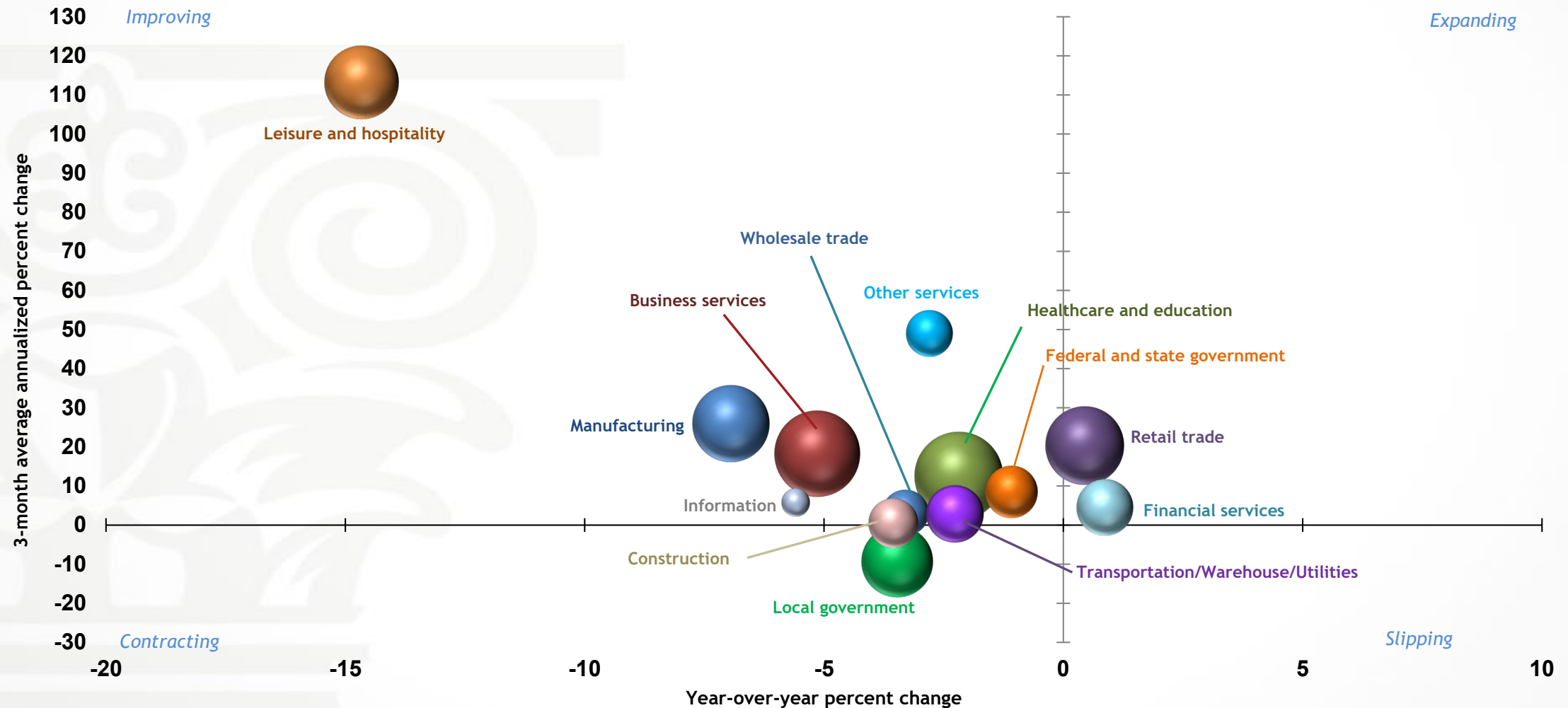


Note: Share of total payroll employment shown in parentheses.

Source: Bureau of Labor Statistics and staff calculations

# Though still down from last year, most industries in TN have seen improvement over the past three months

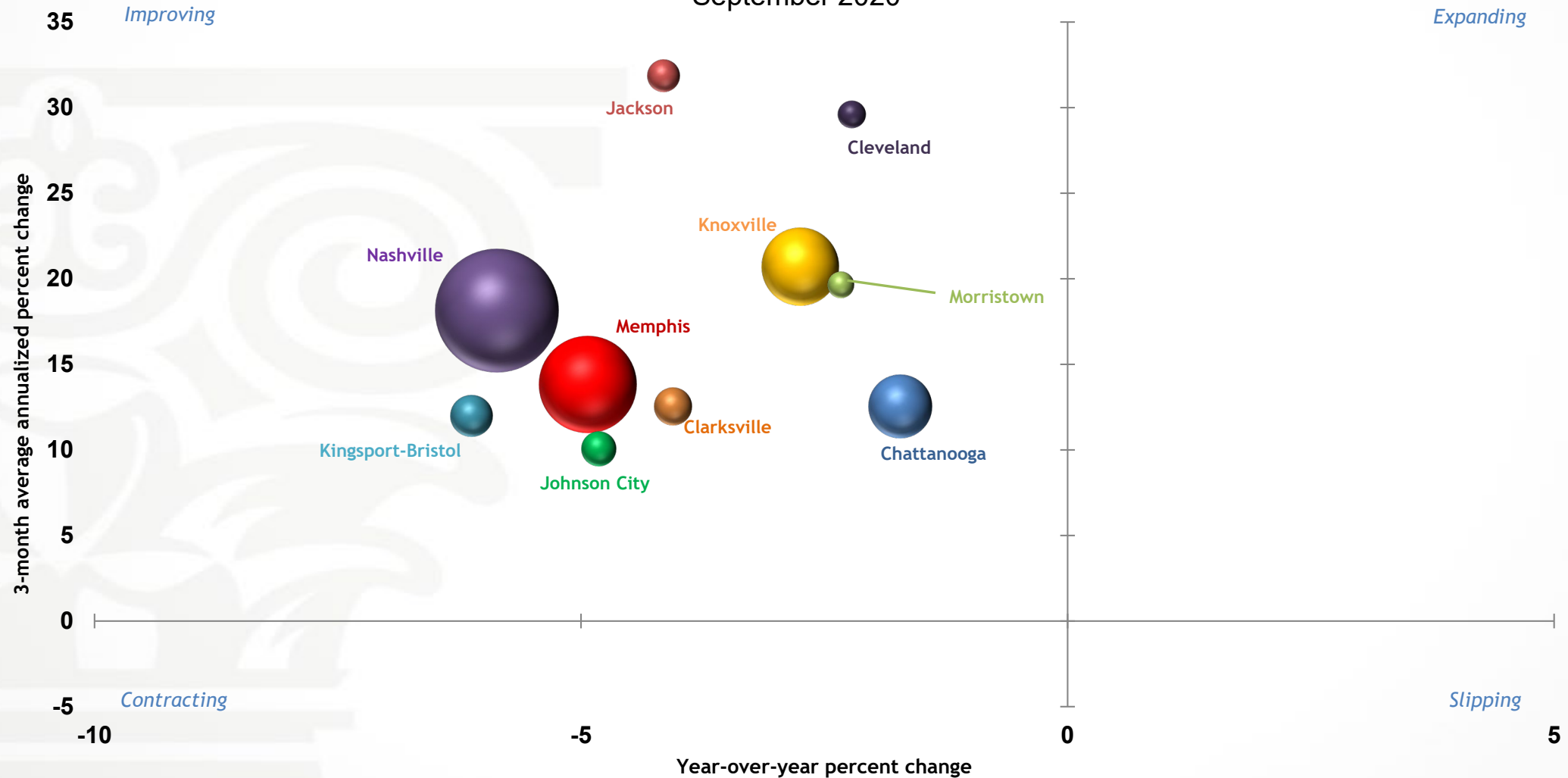
**Employment Momentum by Industry: Tennessee**  
September 2020



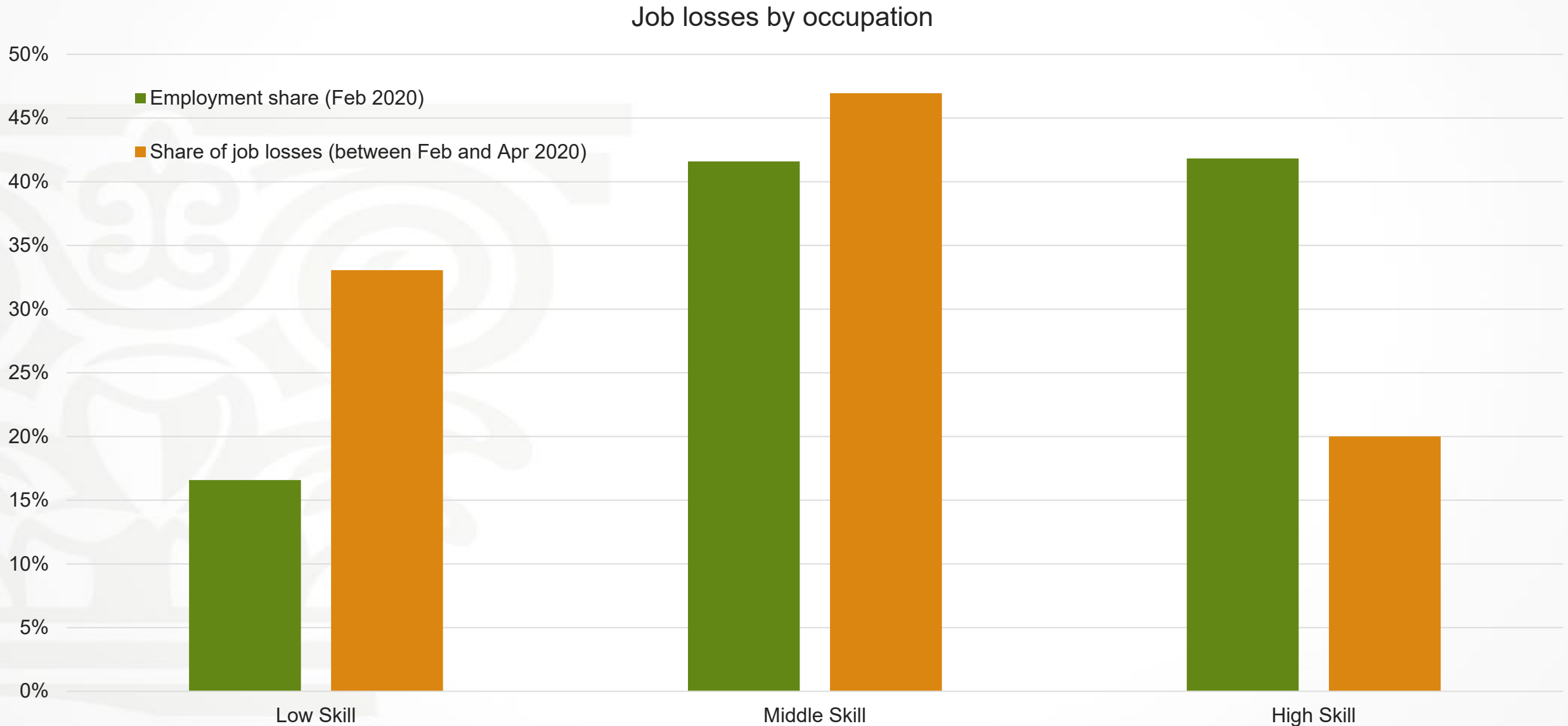
# Similarly, every metro area in the state has employment in improving territory

## Employment Momentum by Metro Area: Tennessee

September 2020



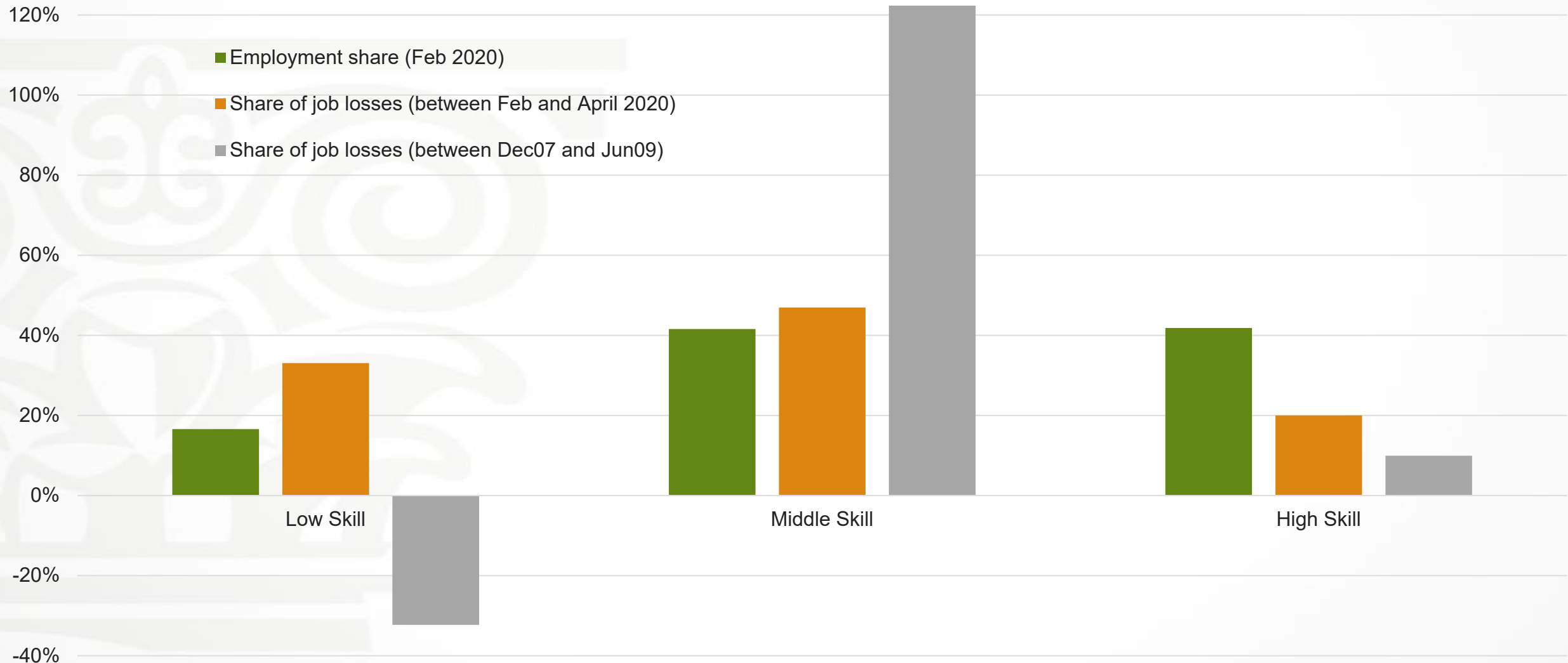
# Another key difference: the burden has fallen much more heavily on workers in low-skill jobs



Source: Current Population Survey, staff calculations. Low skill jobs are primarily service jobs; Middle skill includes sales and office, construction, production, and transportation jobs; high

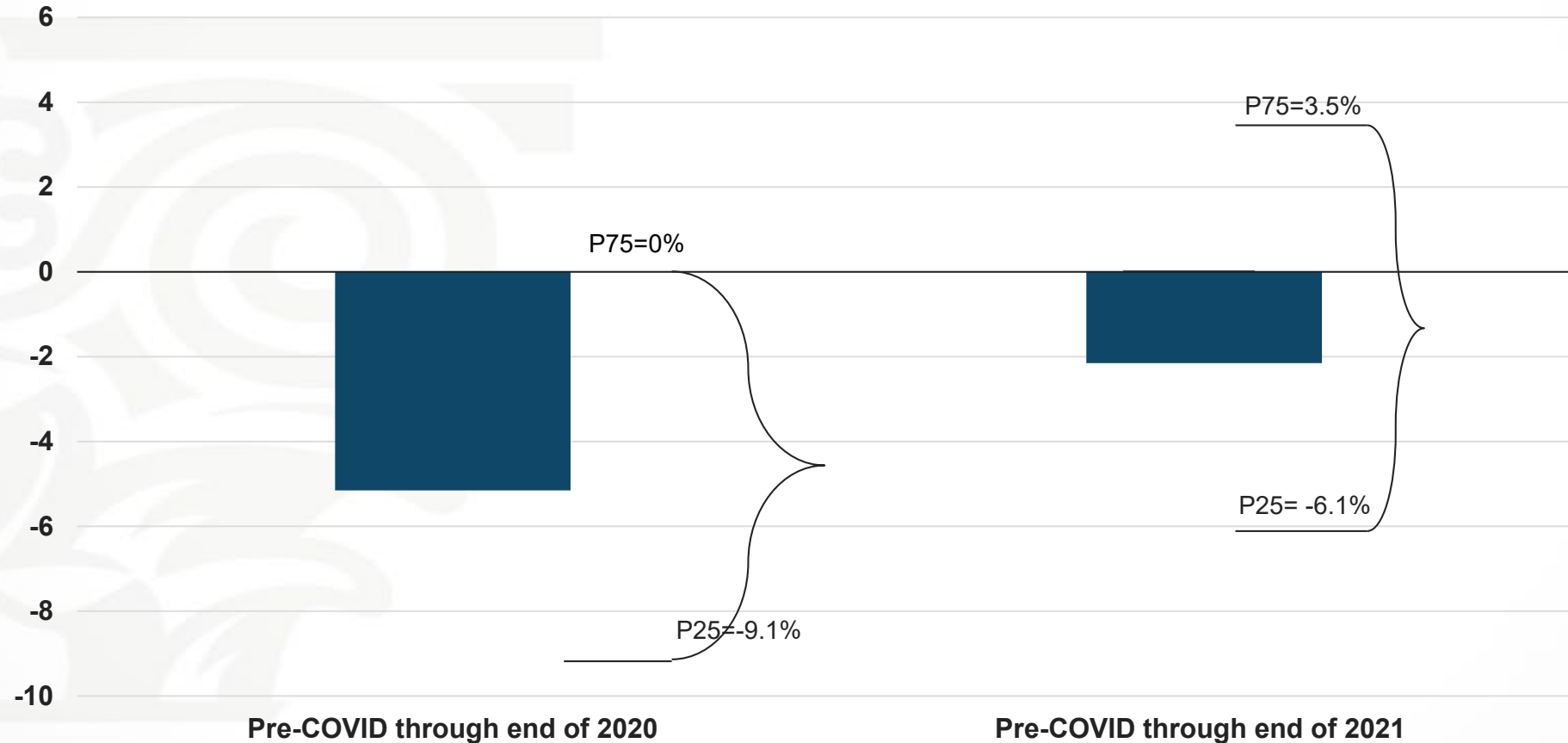
# Whereas in the Great Recession, job loss was concentrated almost exclusively in middle-skill occupations

Job loss by Occupation



# Most ongoing firms are expecting a lower head count through the end of next year

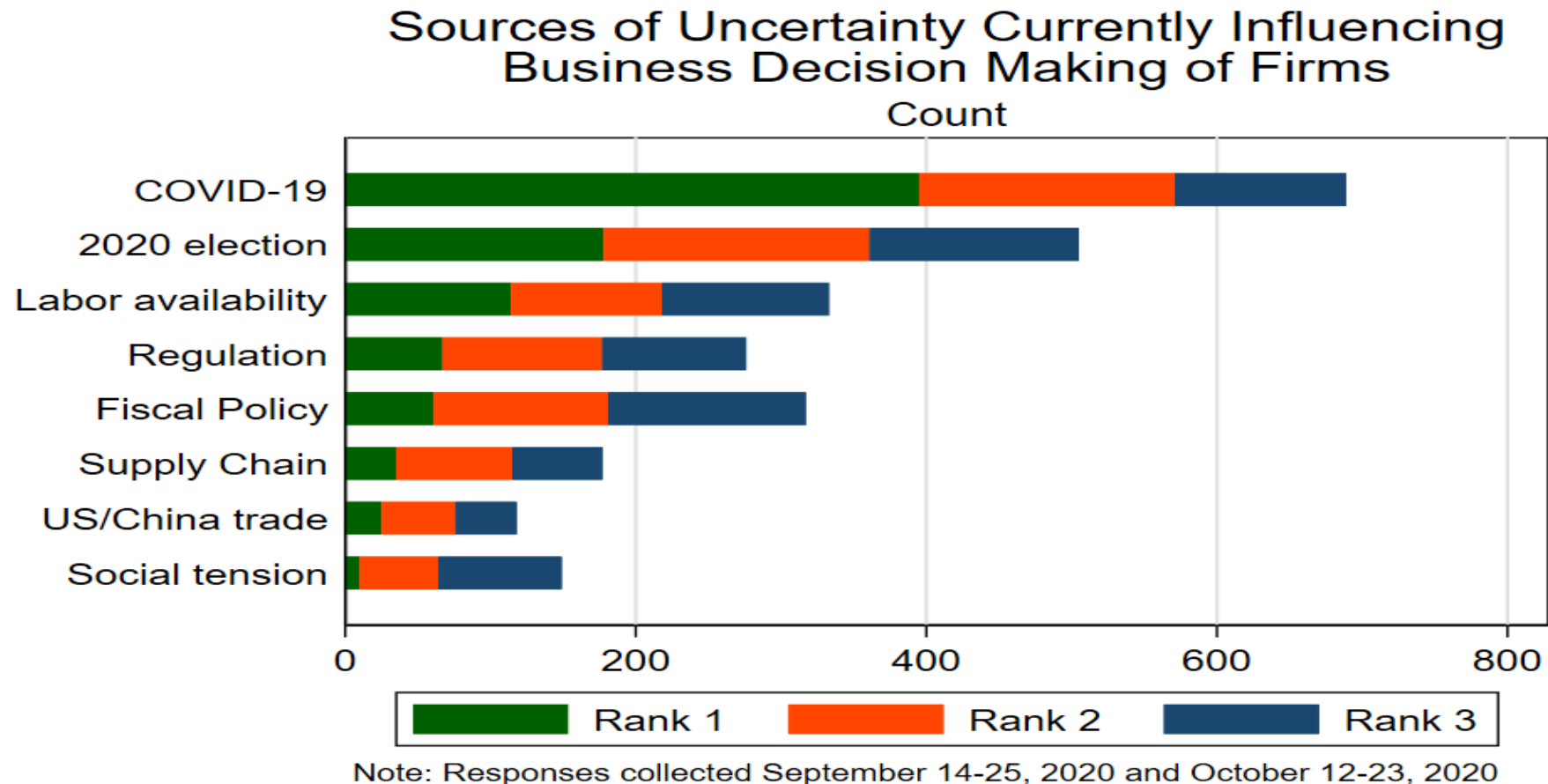
Firms' Expected Cumulative Change in Employment



Notes: Responses weighted by firm size (truncated at 85<sup>th</sup> ptile) and winsorized at 2.5% and 97.5%.



# When asked what sources of uncertainty are having the biggest influence on business decisions, most businesses point to the ongoing impacts of the pandemic

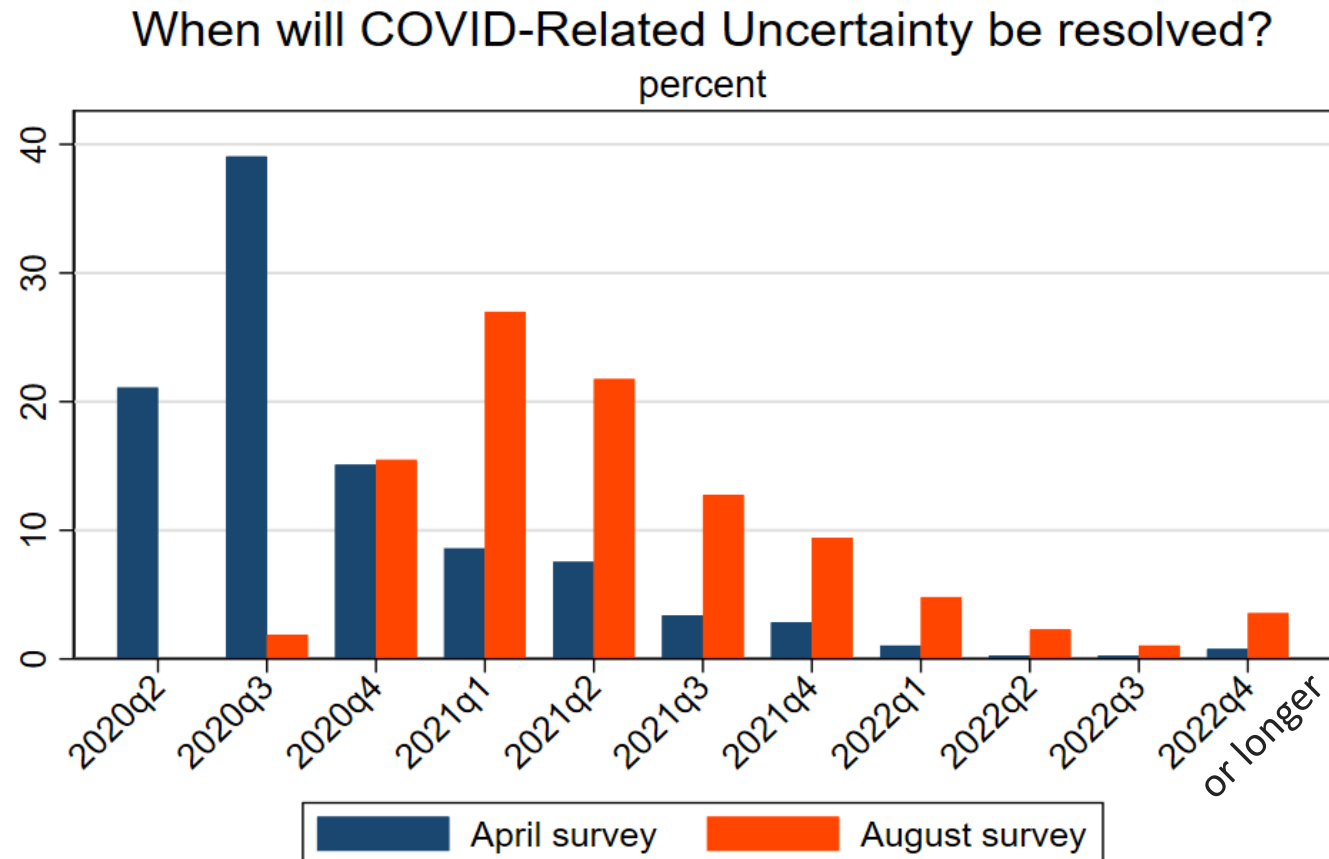


Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta, Stanford University, and the University of Chicago Booth School of Business. For more information, see “Surveying Business Uncertainty” by David Altig, Jose Maria Barrero, Nick Bloom, Steven J. Davis, Brent Meyer and Nick Parker, NBER Working Paper No. 25956, June 2019.

# And they generally believe that coronavirus-related uncertainty will remain through at least mid-2021

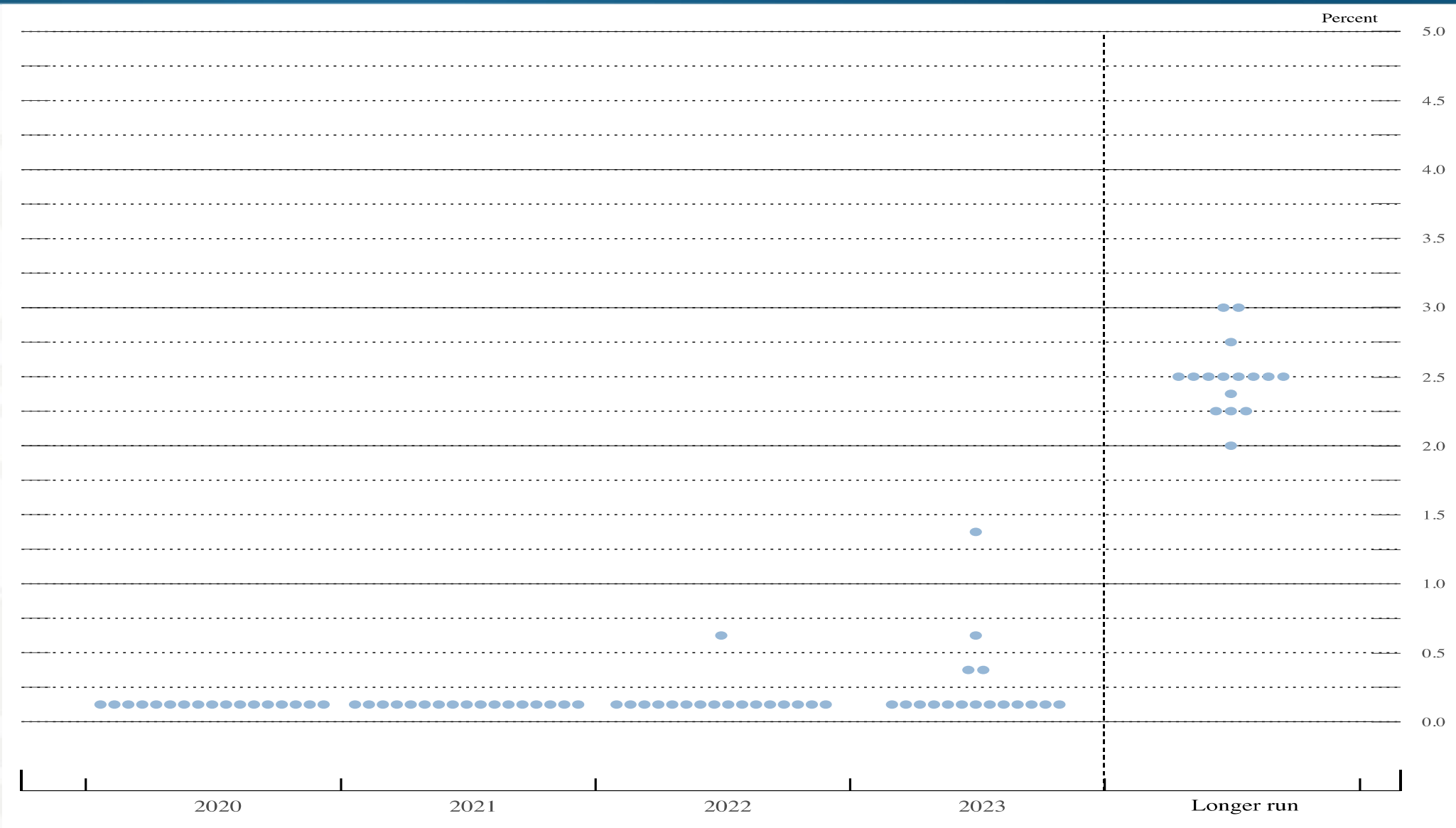
## Survey of Business Uncertainty (April 13-24, 2020 & August 10-21, 2020)

When do you think it is most likely that the coronavirus-related uncertainty facing your firm will be largely resolved?



Note: Responses collected April 13-24 and August 10-21, 2020

# FOMC participants currently expect that the federal funds rate will remain at the effective lower bound through 2023



# Key issues for the outlook

- Path of the covid-19 virus and public health response
- Structural changes that might have been triggered and/or accelerated
- Temporary vs. permanent job losses
- Future of labor income and credit to support consumer spending
- Next steps for fiscal policy



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# TN State Funding Board: Perspectives on the state and national economies

Laurel Graefe

Regional Executive – Nashville Branch

November 18, 2020

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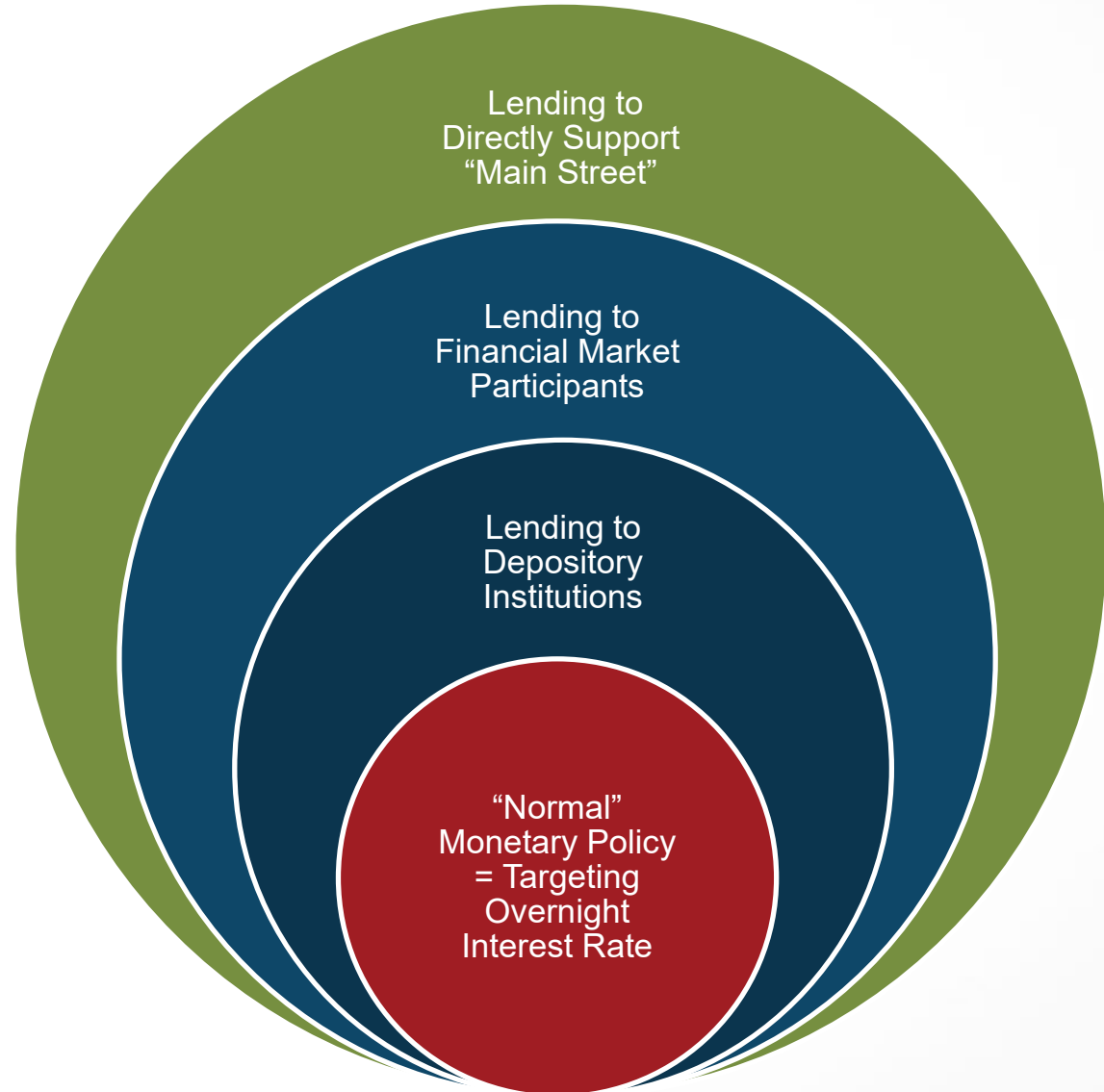
# Appendix



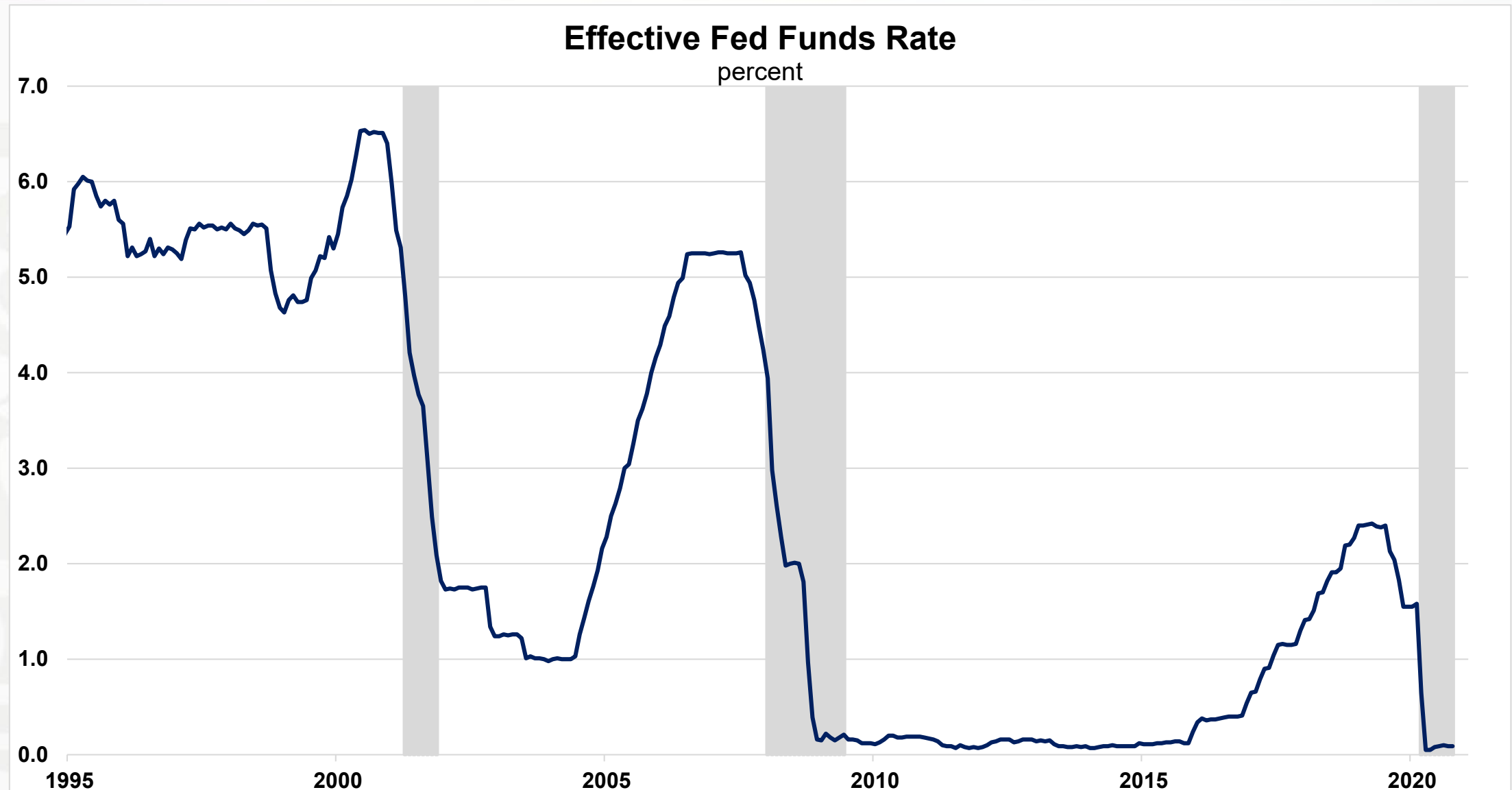
# The Federal Reserve's Response

Funding, Credit, Liquidity and Loan Facilities

- Main Street Lending Program
- Paycheck Protection Program Liquidity Facility
- Municipal Liquidity Facility
- Commercial Paper Funding Facility
- Term Asset-Backed Securities Loan Facility
- Primary and Secondary Market Corporate Credit Facilities
- Money Market Mutual Fund Liquidity Facility
- Primary Dealer Liquidity Facility

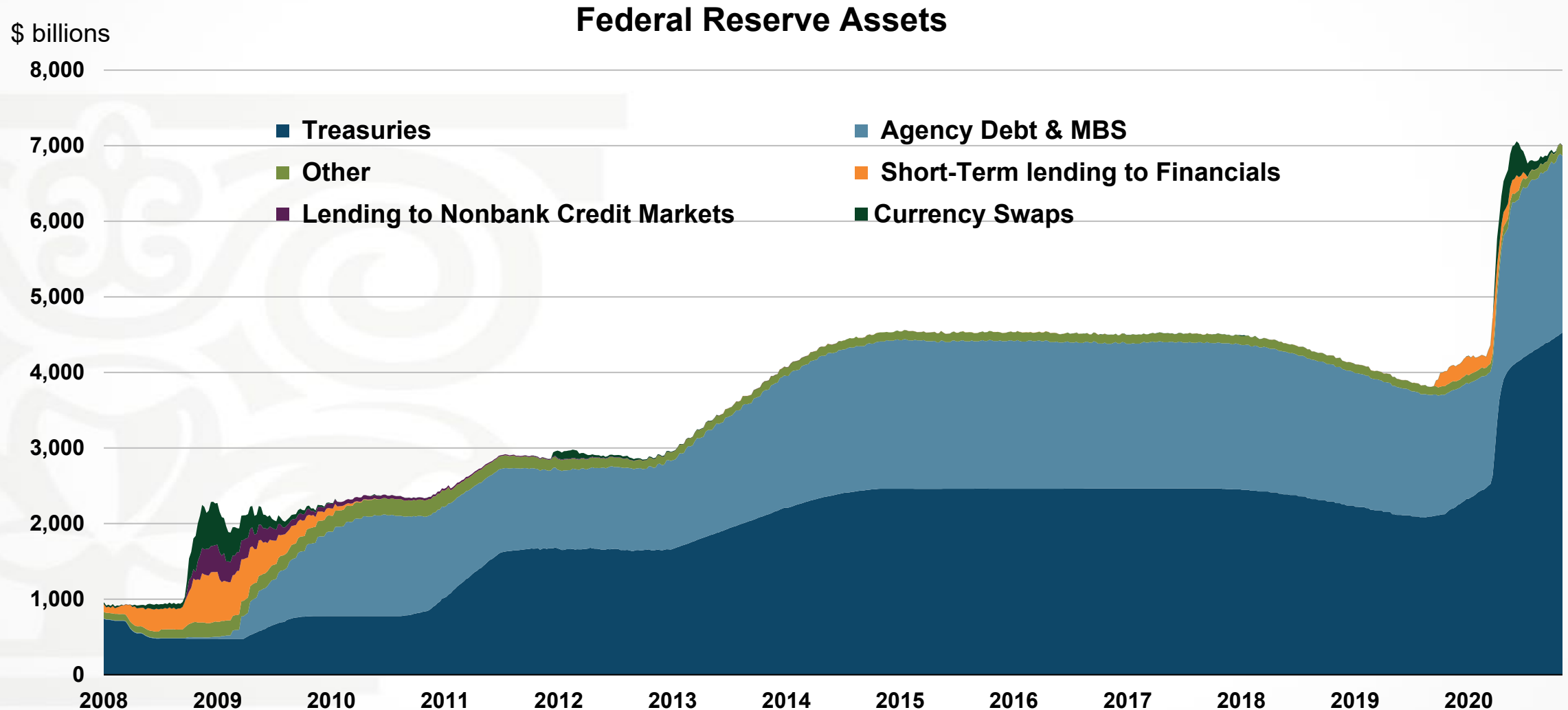


# The FOMC lowered the federal funds target range to near zero in March





# The Fed's balance sheet has expanded to approximately \$7 trillion



Note: "Other" = Other assets, Float, Gold Stock, SDRs, Currency outstanding, Holdings of Maiden Lane I, II, III and Foreign Currency Assets.

# This is an unprecedented time for us — socially and economically.

- As long as the novel coronavirus is spreading quickly, it will be difficult for the economy to stabilize and then recover.
- Therefore, a swift, responsible public health response is critical.
- As Fed Chair Jerome Powell said, the virus will dictate the timeline for an economic rebound.



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# Tennessee Economic Outlook and Tax Revenues

William F. Fox, Director

November 18, 2020



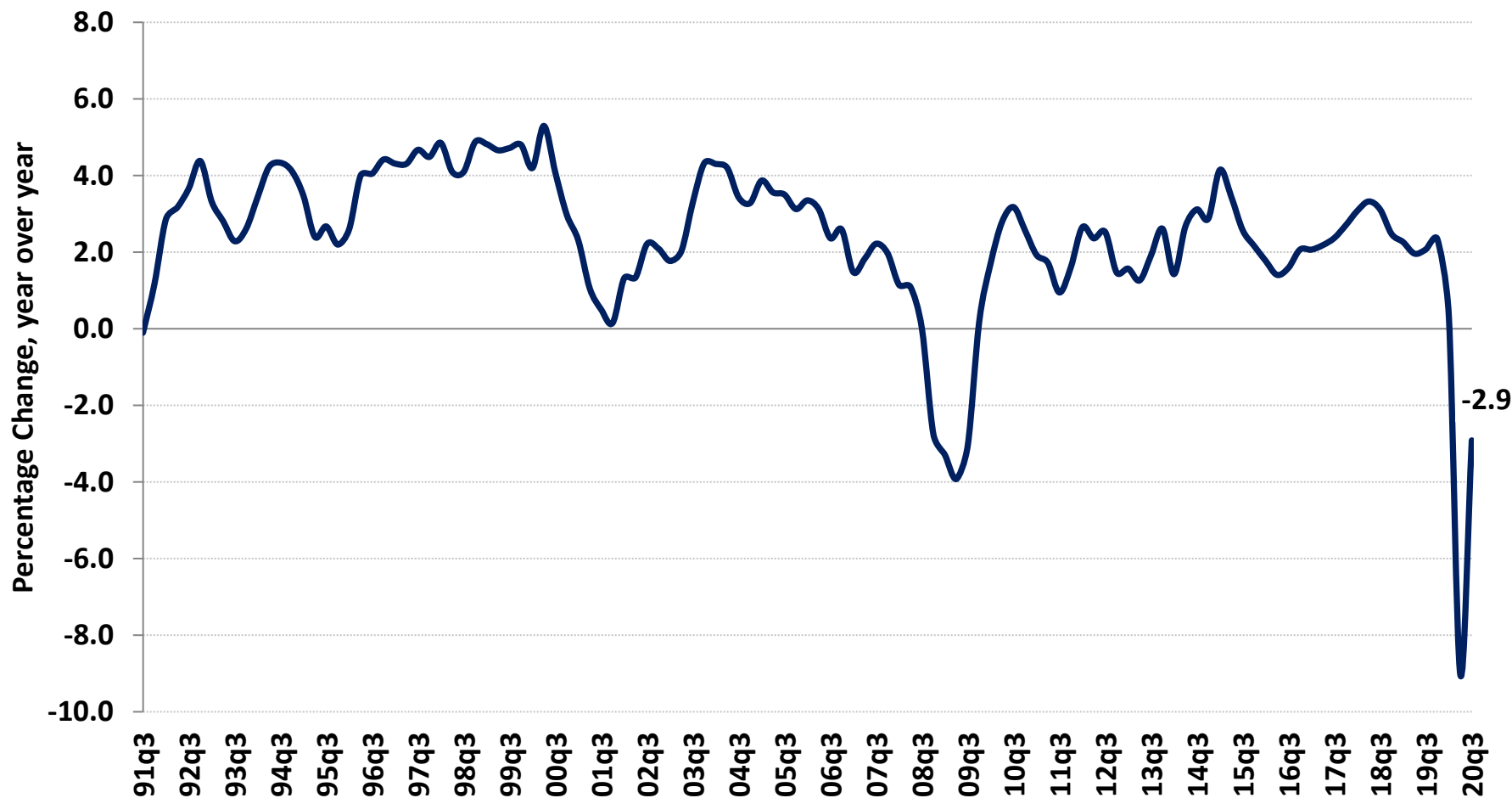
THE UNIVERSITY OF  
TENNESSEE  
KNOXVILLE

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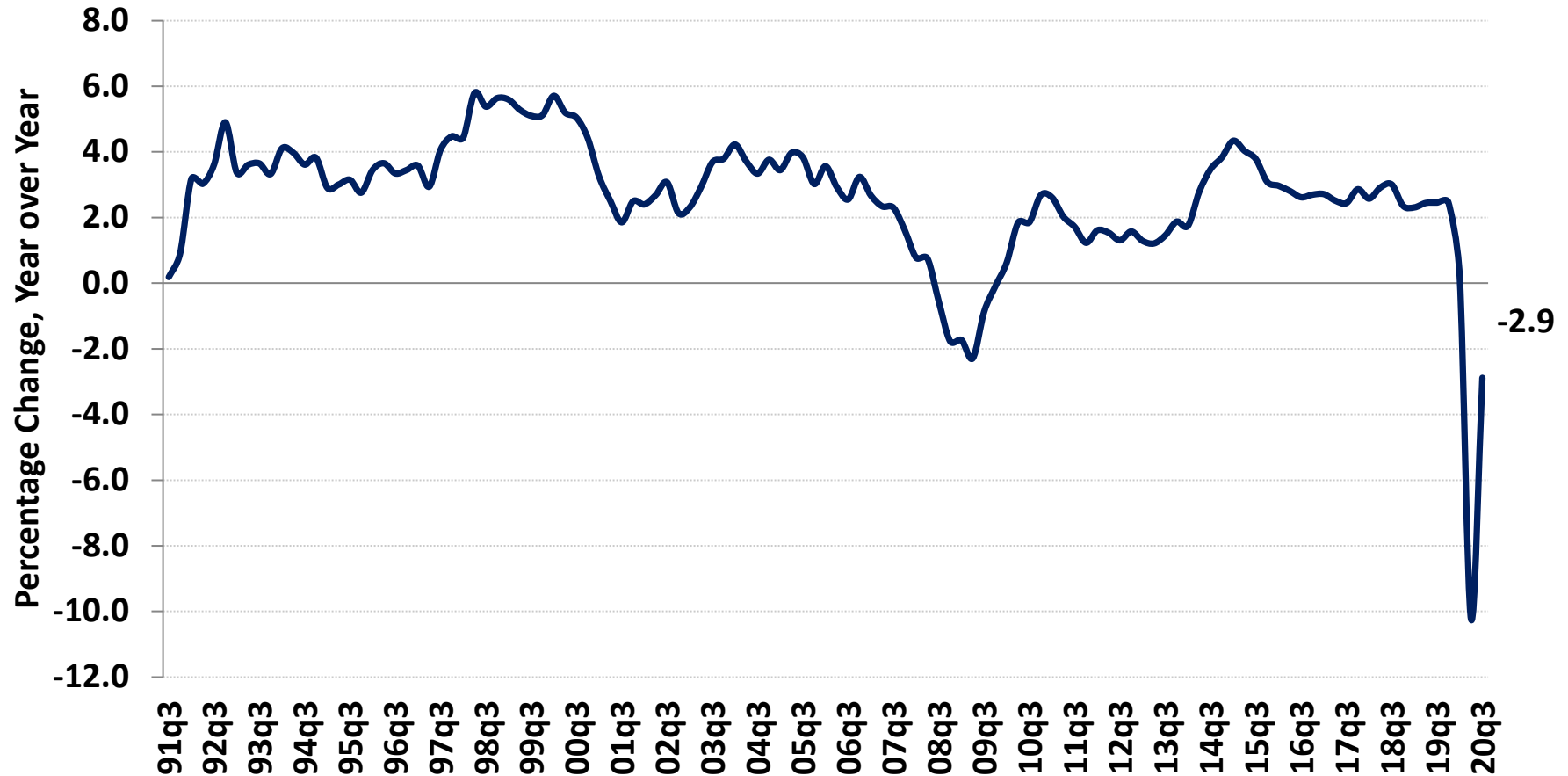
BOYD CENTER FOR BUSINESS  
AND ECONOMIC RESEARCH



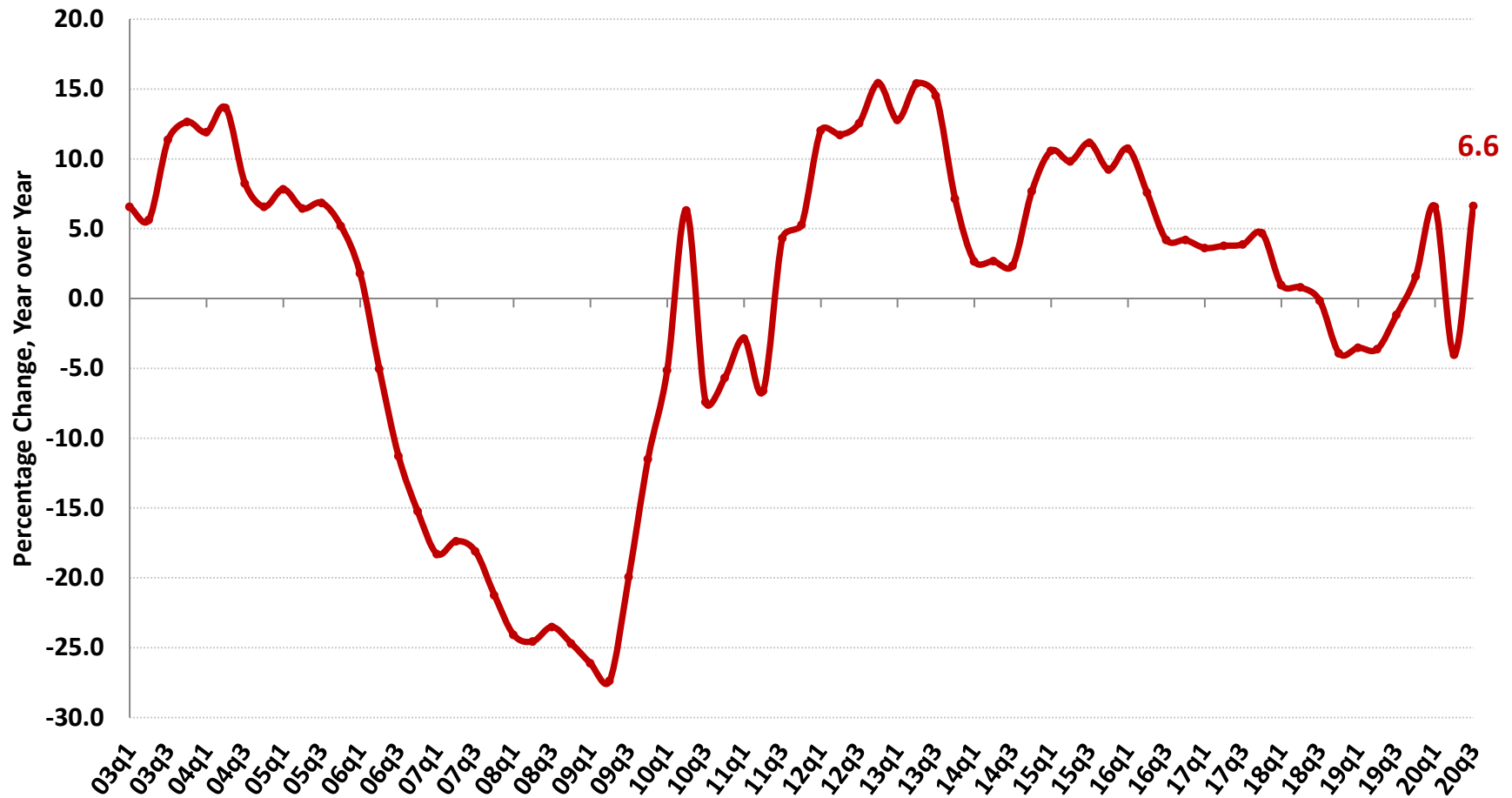
# GDP Levels are Still Noticeably Lower than a Year Ago, Despite Strong 3<sup>rd</sup> Quarter



# Personal Consumption Expenditures Explain Part of the GDP Decline

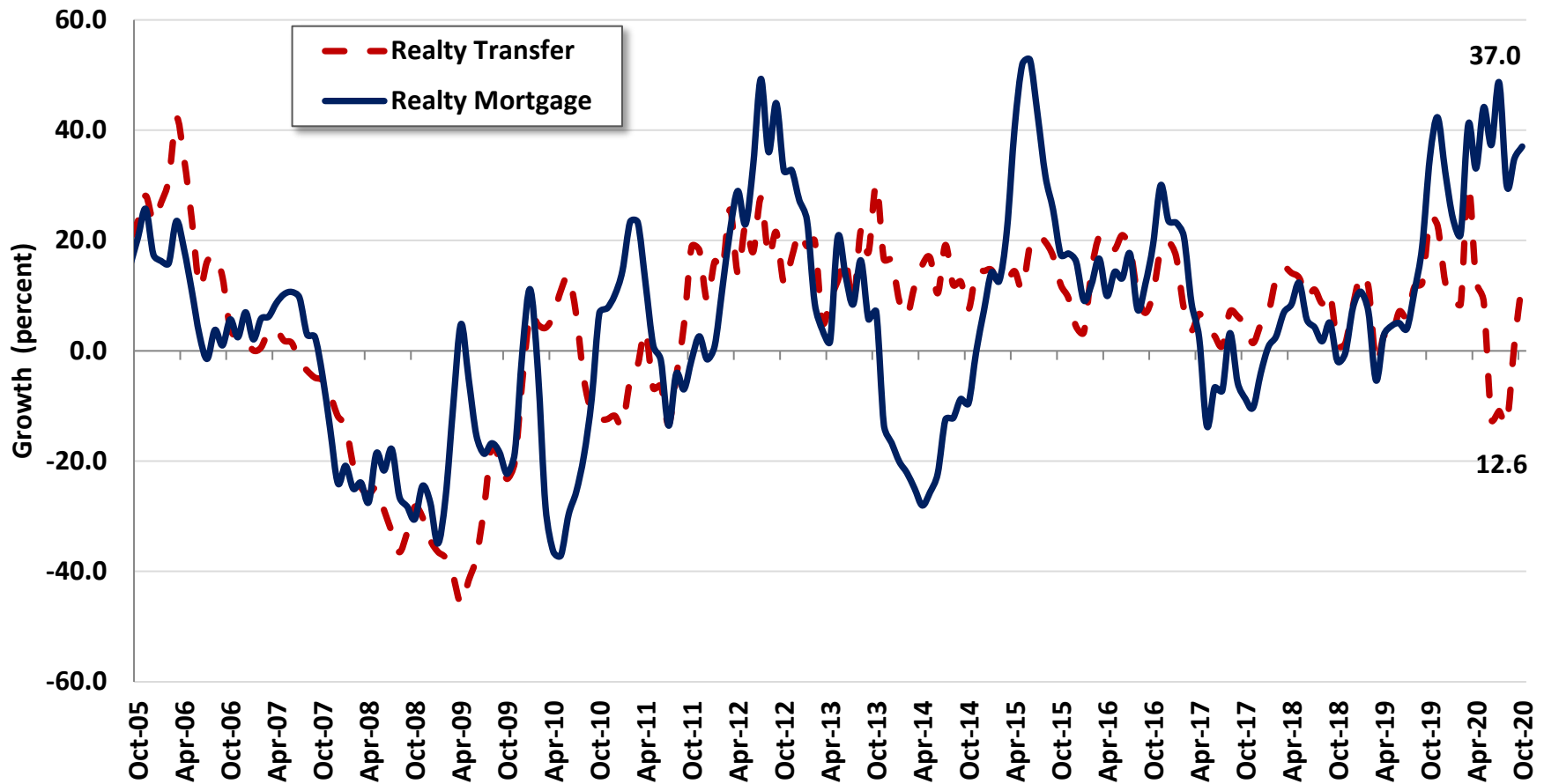


# Private Residential Fixed Investment Rose Rapidly in Q3

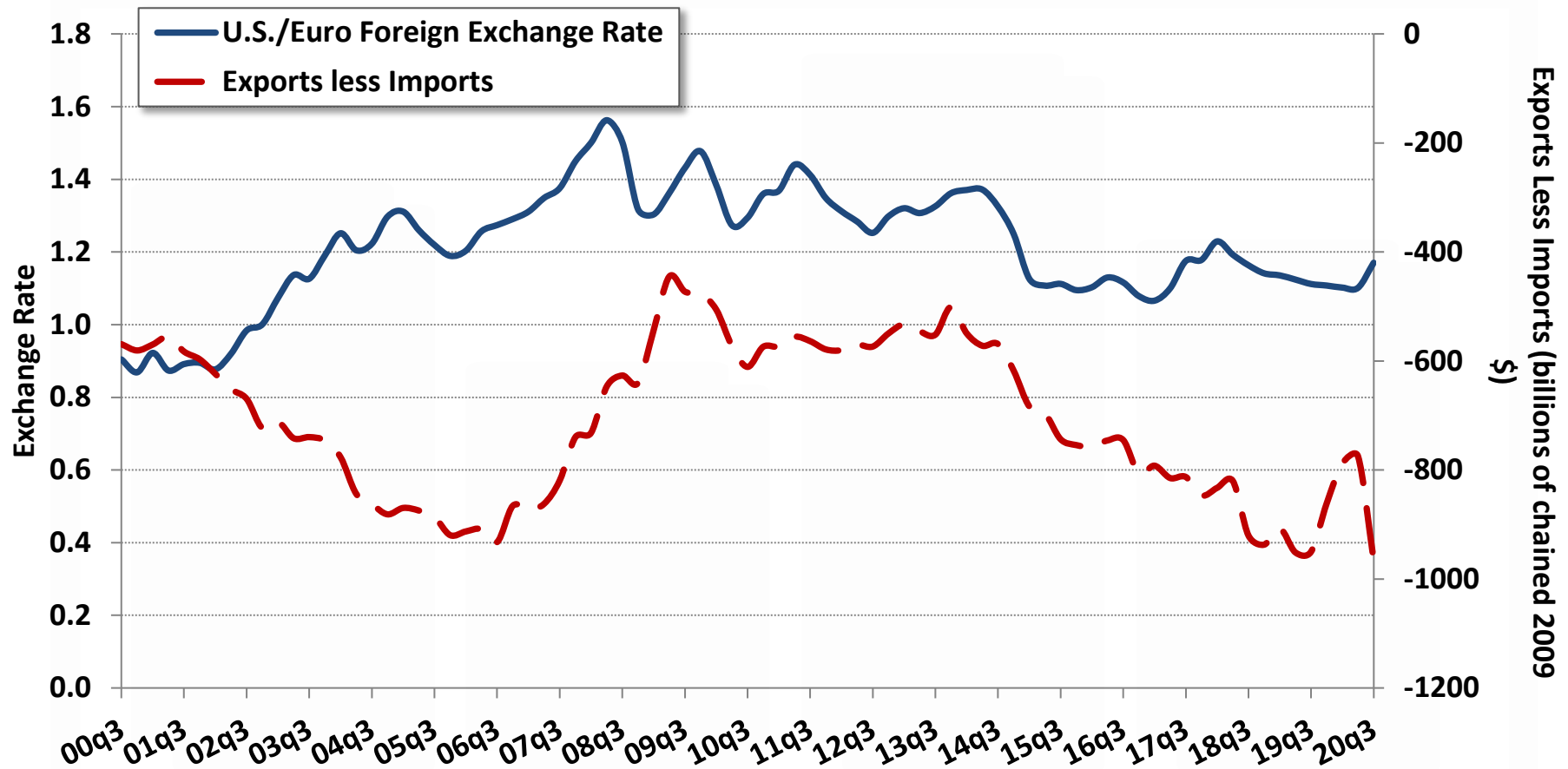




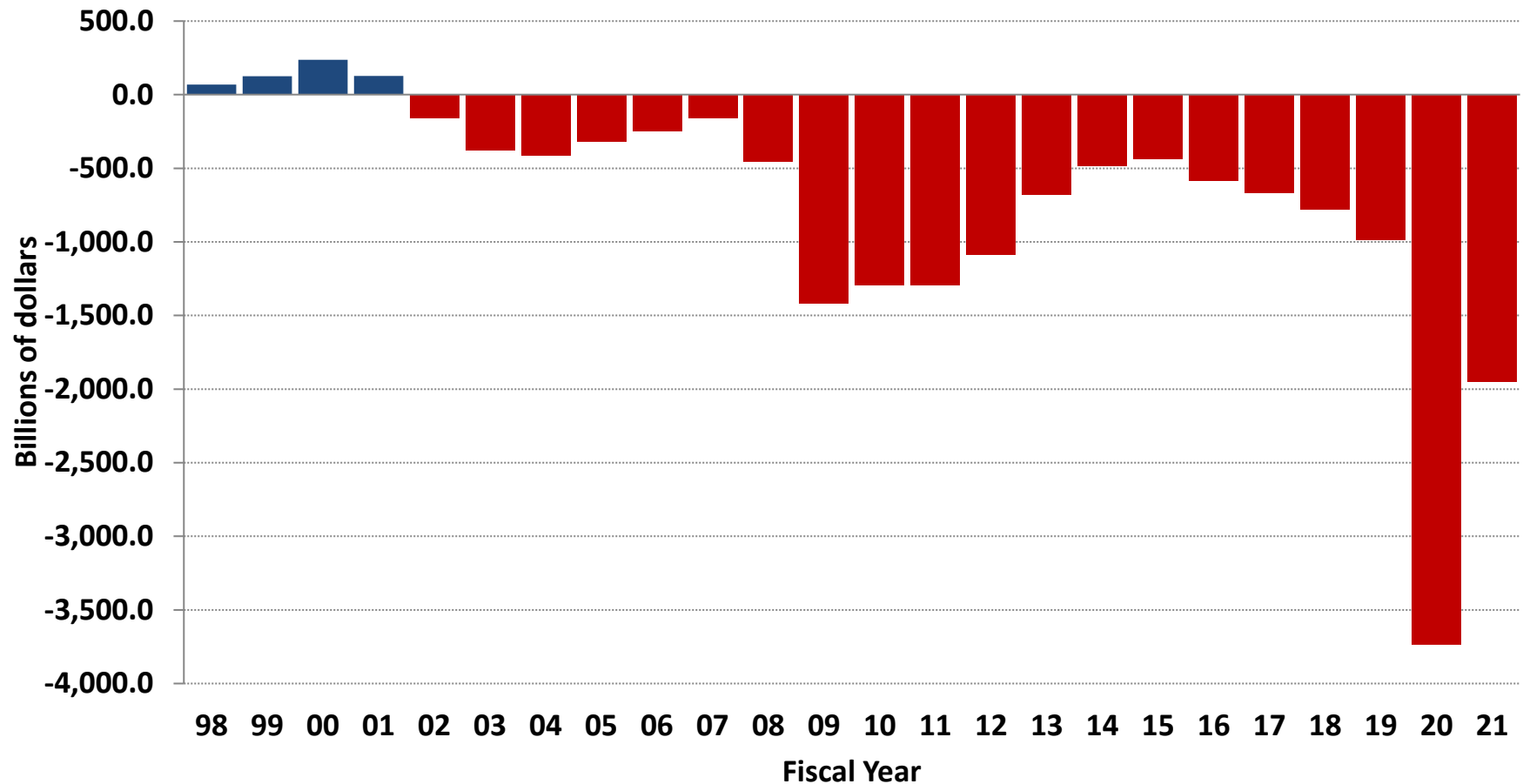
# Housing's Strength Apparent in Realty Transfer and Mortgage Tax Collections (3-month moving average)



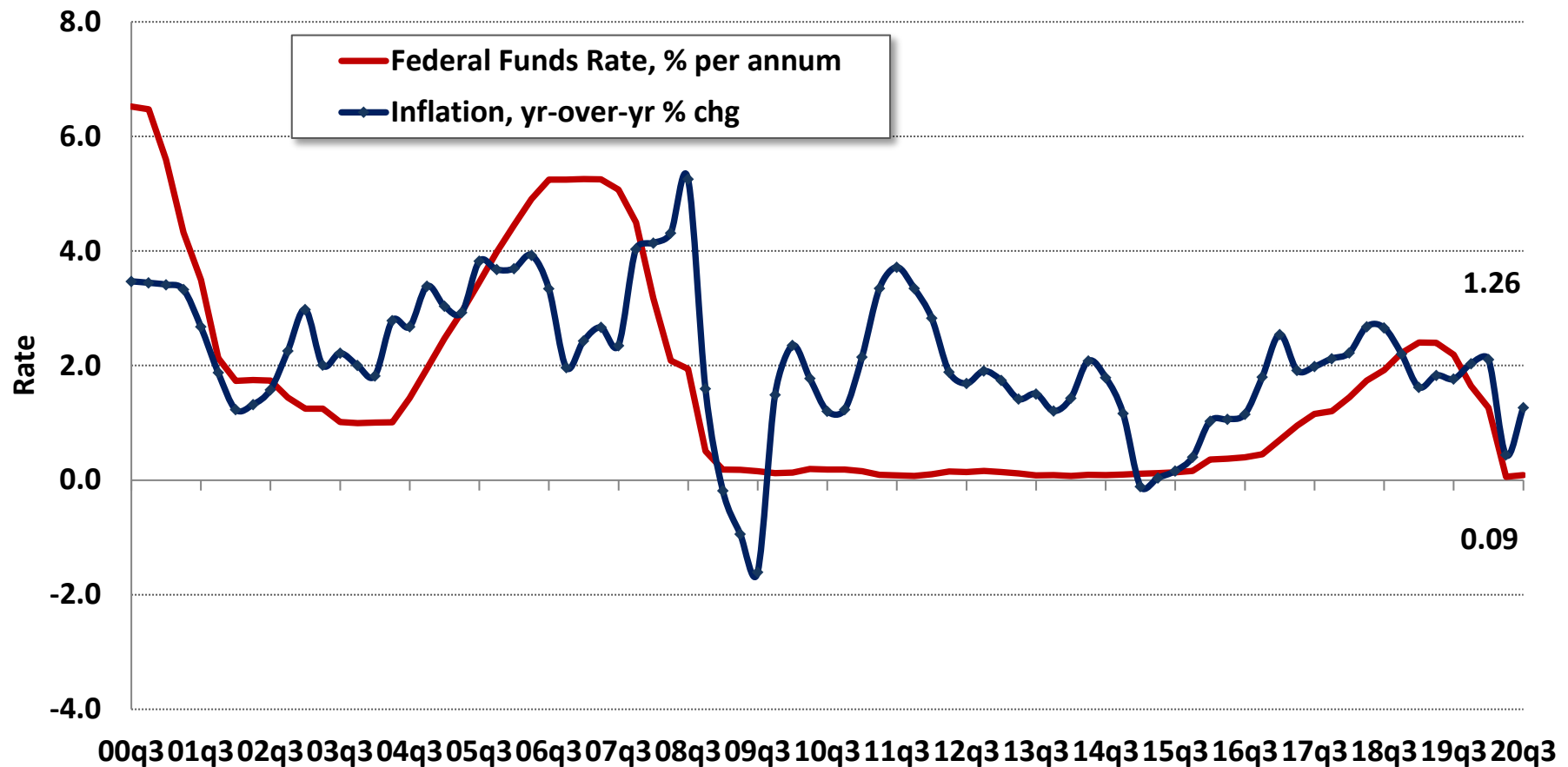
# U.S./Euro Foreign Exchange Rate and Real Exports Less Imports



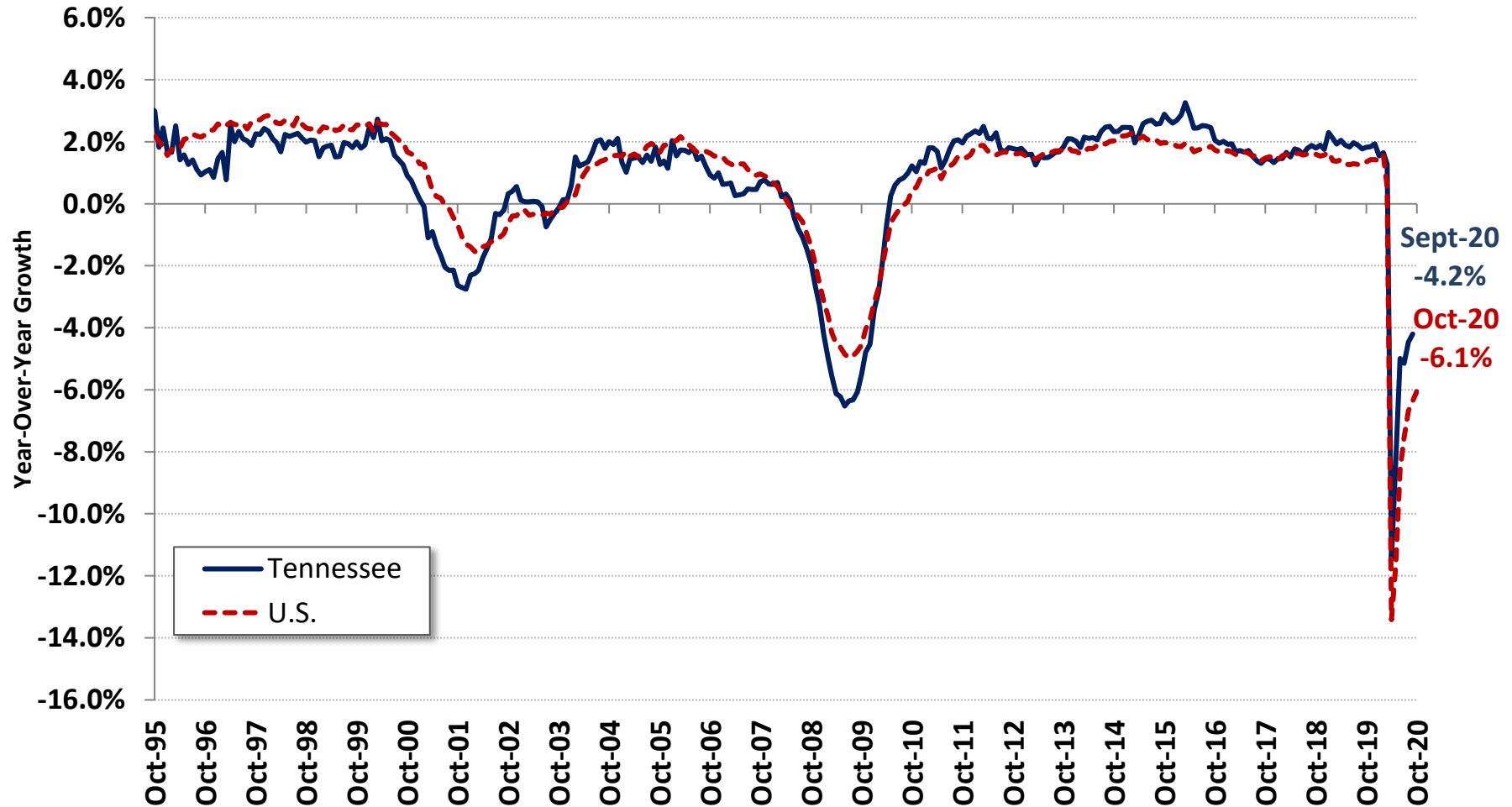
# Federal Budget Deficits Have Expanded Rapidly



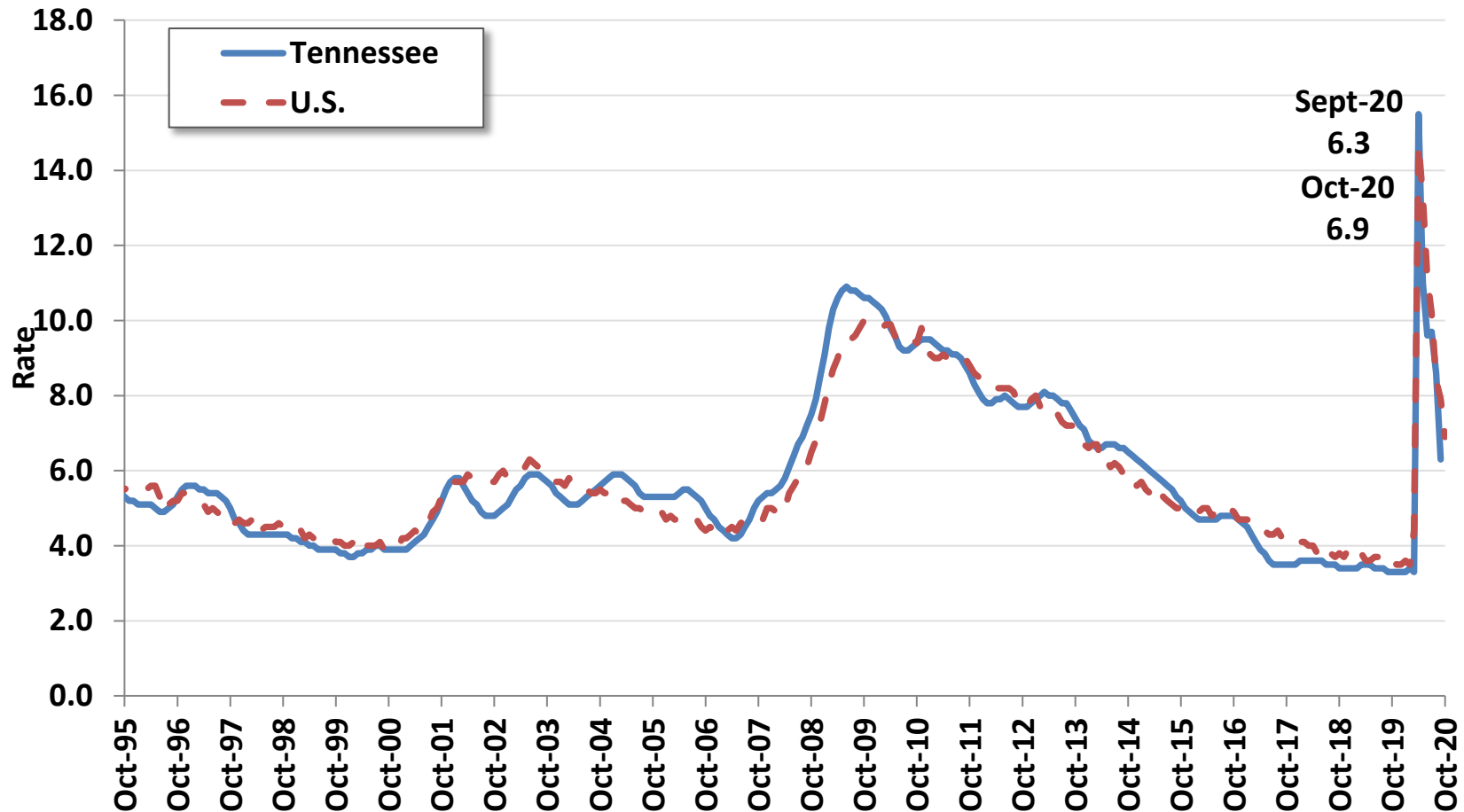
# Interest Rates are very low and Inflation remains moderate though volatile



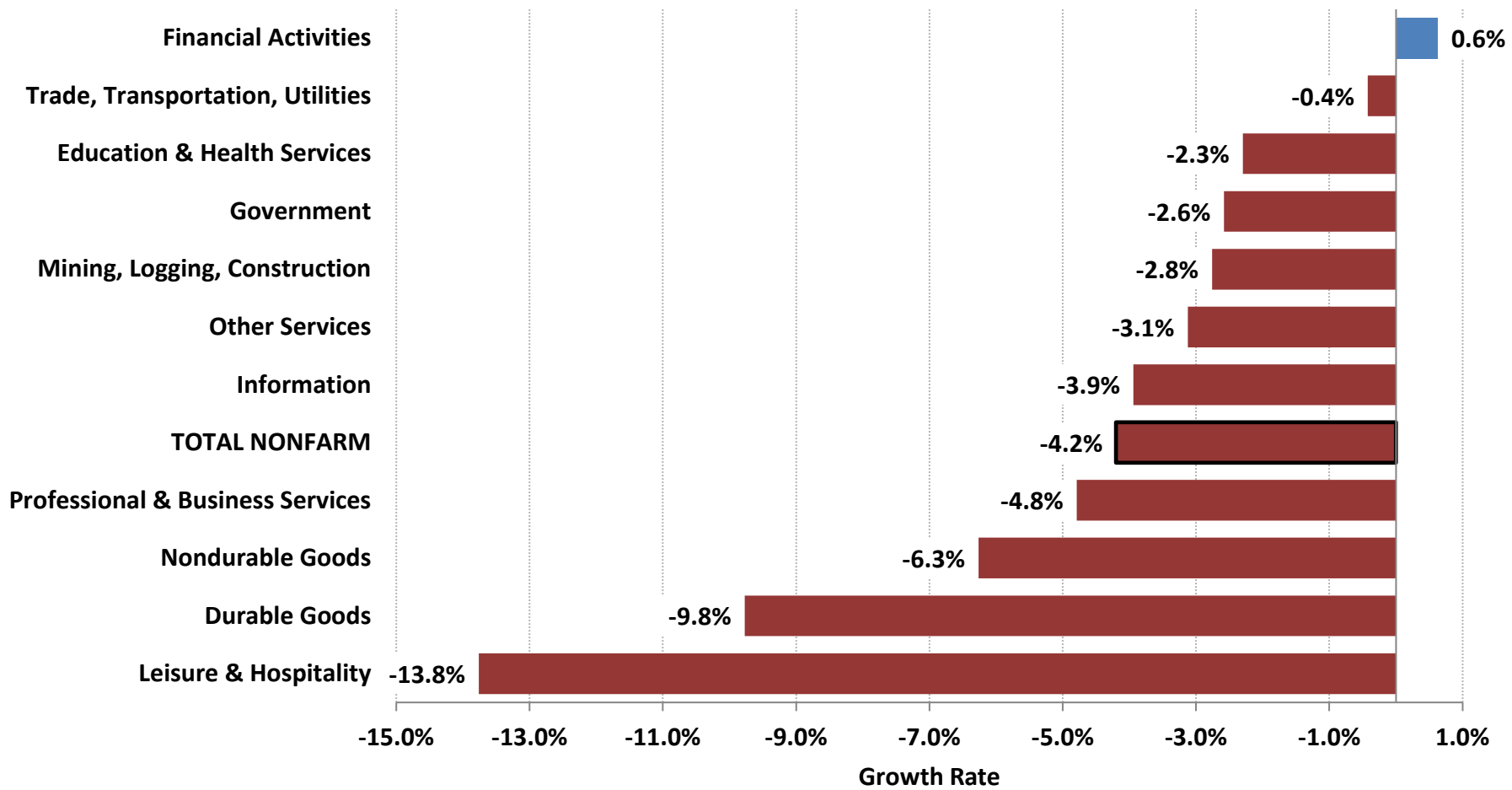
# Tennessee Employment has Rebounded Faster than the Nation, but is 4.2 Percent below Previous Peak (year-over-year growth)



# Tennessee and U.S. Unemployment Rates Rose with the Employment Declines (seasonally adjusted)

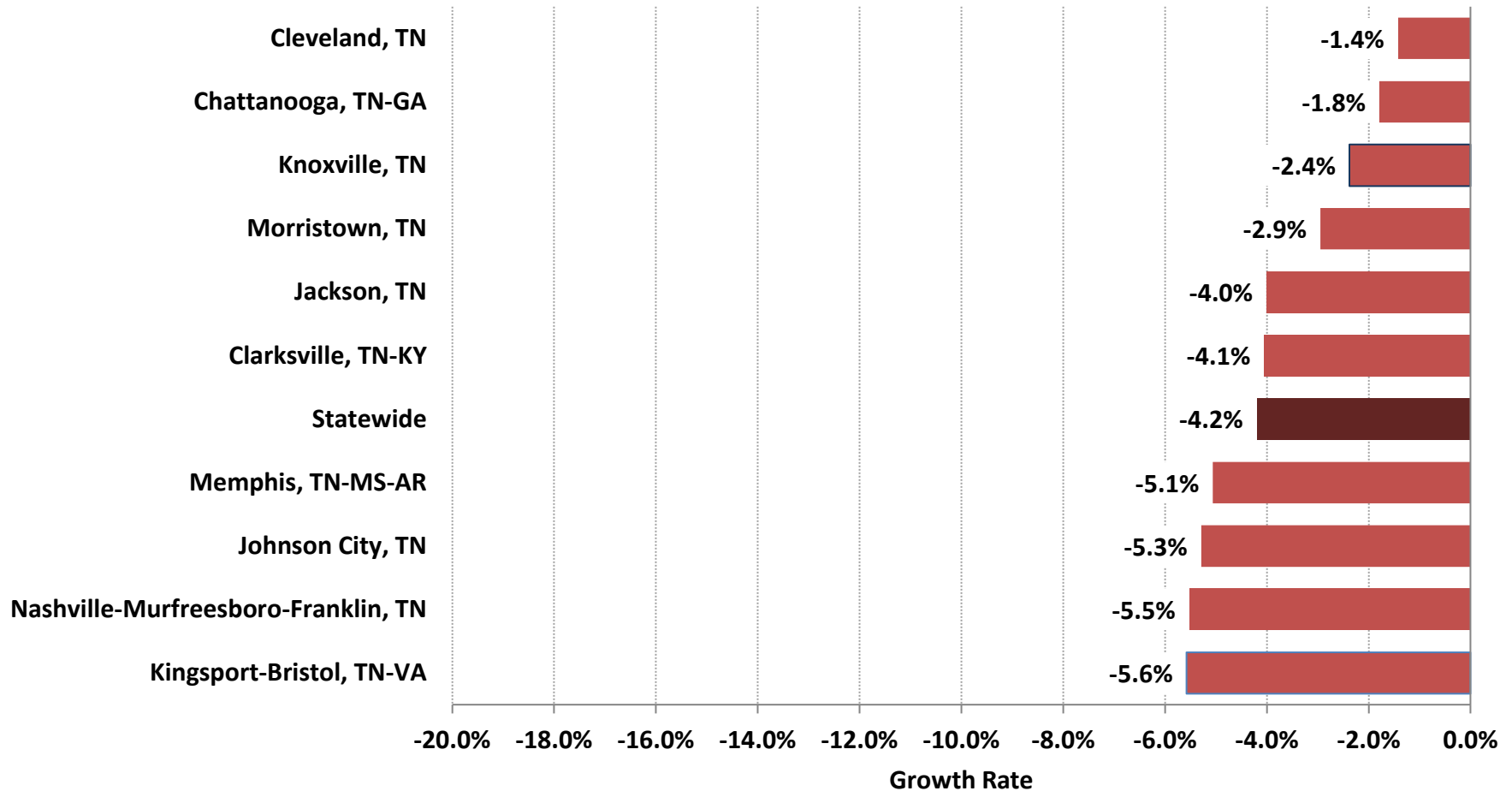


# Almost Every Sector in Tennessee has Fewer Jobs than Last Year (September Year over Year Change)



# Employment Remains down across All Metros

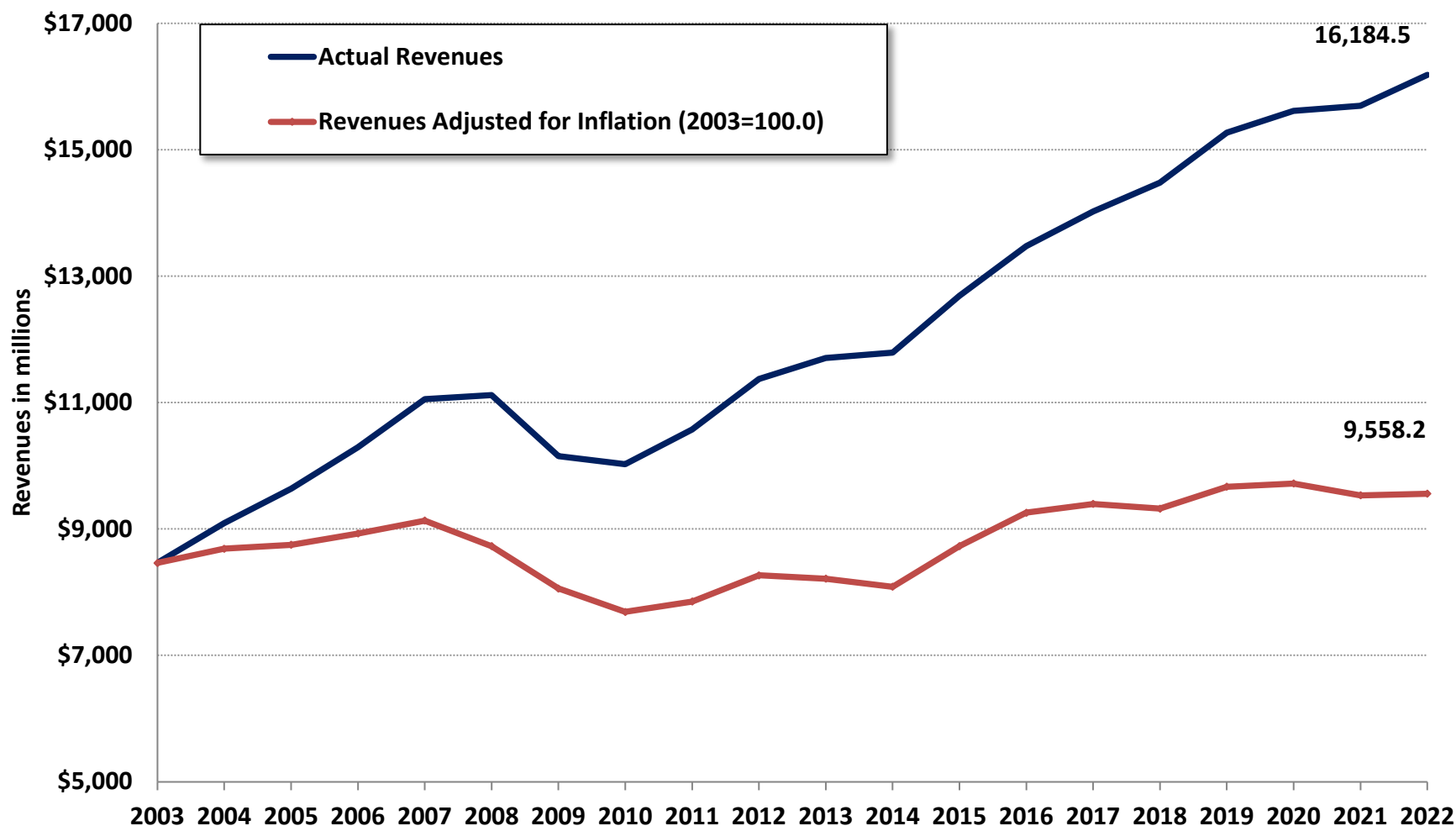
(September Year over Year Change)



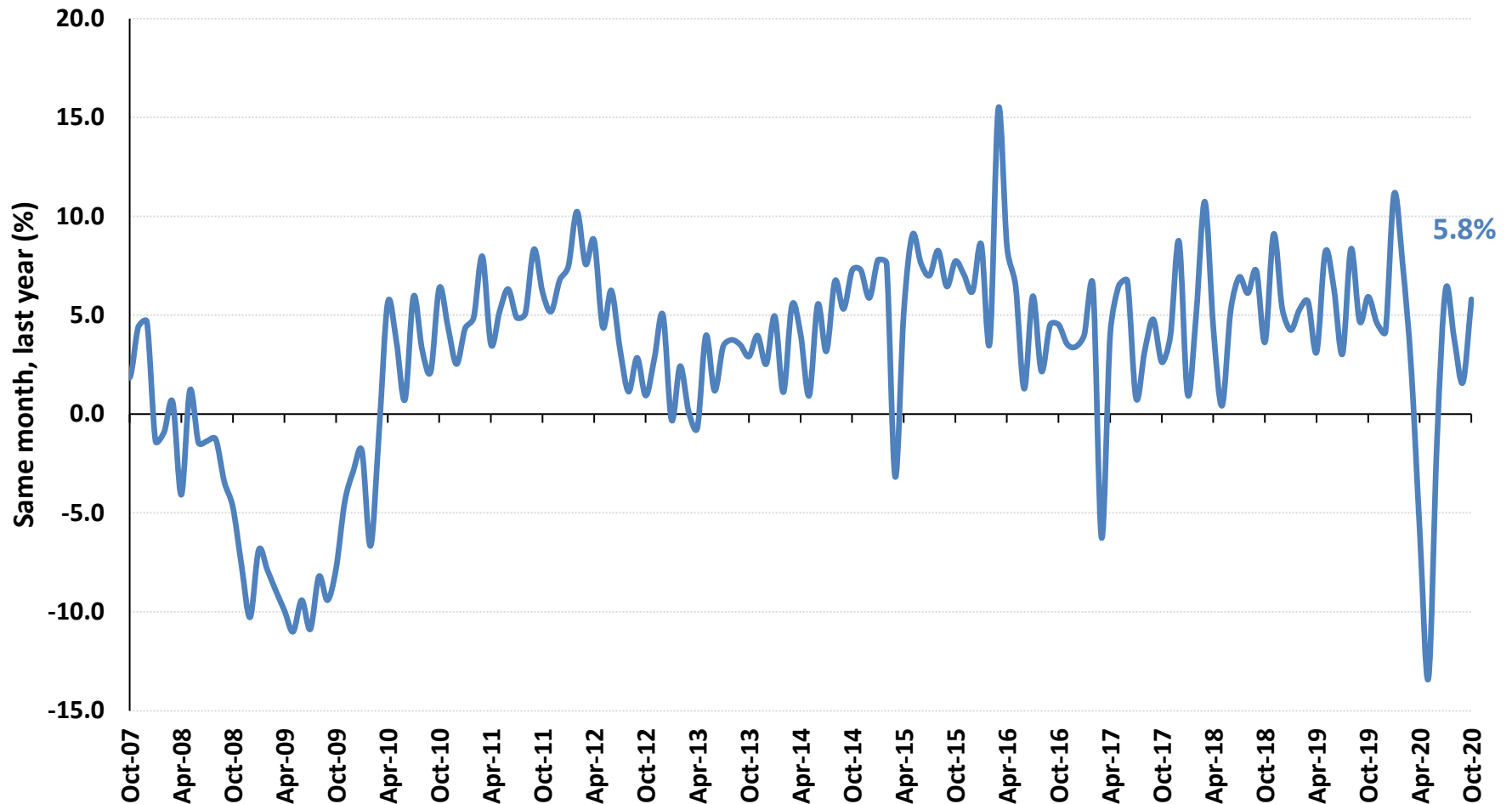


Tennessee Department of Revenue Collections (Millions of Dollars)									
	2020			2021			2022		
	Amount	Percent Change	General Fund	Amount	Percent Change	General Fund	Amount	Percent Change	General Fund
<b>Sales and Use</b>	9,619.2	3.0	8,982.1	9,928.9	3.2	9,330.1	10,306.2	3.8	9,689.2
<b>Gasoline</b>	835.1	-1.0	12.1	806.5	-3.4	11.6	822.7	2.0	11.9
<b>Motor Fuel</b>	286.9	11.3	2.1	271.1	-5.5	1.8	276.5	2.0	1.8
<b>Gasoline Inspection</b>	67.1	-3.9	19.5	66.1	-1.4	19.2	67.4	2.0	19.7
<b>Motor Vehicle Registration</b>	329.3	-2.5	50.9	337.5	2.5	52.1	347.6	3.0	53.5
<b>Income</b>	150.7	-26.1	95.5	78.3	-48.0	49.6	35.0	-55.3	22.2
<b>Privilege</b>	381.2	1.2	374.8	415.0	8.9	408.2	427.5	3.0	420.4
<b>Gross Receipts</b>	390.8	-0.6	220.1	370.0	-5.3	212.5	388.5	5.0	222.0
<b>Gross Receipts - TVA</b>	368.9	1.9	201.7	343.0	-7.0	189.3	360.0	5.0	197.5
<b>Gross Receipts - Other</b>	21.9	-29.9	18.4	27.0	23.1	23.2	28.5	5.6	24.5
<b>Beer</b>	17.0	0.1	11.4	17.3	1.9	11.6	17.5	1.2	11.7
<b>Alcoholic Beverage</b>	75.8	7.9	62.6	84.5	11.4	69.9	87.0	3.0	71.9
<b>Franchise &amp; Excise</b>	2,853.4	3.7	2,609.8	2,737.0	-4.1	2,479.5	2,791.7	2.0	2,535.3
<b>Inheritance &amp; Estate</b>	1.4	-35.3	1.4	1.1	-23.5	1.1	0.0	-100.0	0.0
<b>Tobacco</b>	240.6	-0.5	240.6	237.3	-1.3	237.3	232.6	-2.0	232.6
<b>Motor Vehicle Title</b>	22.2	-5.8	19.5	22.6	1.7	19.9	23.3	3.1	20.6
<b>Mixed Drink</b>	115.2	-15.4	57.6	90.1	-21.8	45.0	120.0	33.2	60.0
<b>Business</b>	228.6	12.4	228.6	228.6	0.0	228.6	240.1	5.0	240.1
<b>Severance</b>	0.8	-25.2	0.3	0.8	5.7	0.2	0.8	0.0	0.2
<b>Coin Amusement</b>	0.3	4.5	0.3	0.3	10.0	0.3	0.2	-33.3	0.2
<b>Unauthorized Substance</b>	0.0	-16.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	15,615.7	2.3	12,989.2	15,693.0	0.5	13,178.5	16,184.5	3.1	13,613.3
<b>General Fund Growth</b>		2.3			1.5			3.3	
November 13, 2020 William F. Fox Boyd Center for Business and Economic Research University of Tennessee, Knoxville									

# Tax Revenues will Rise Slightly through 2022



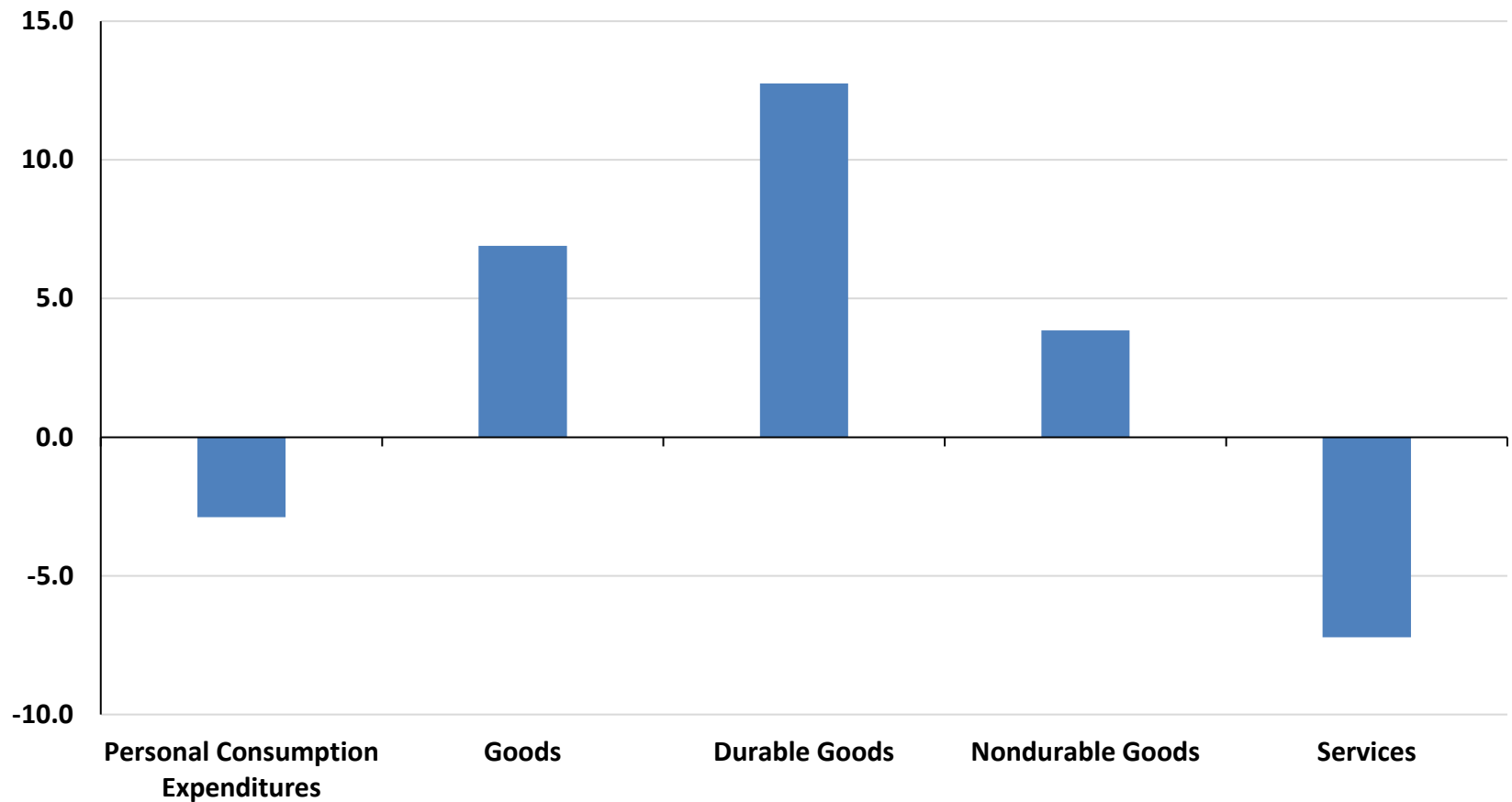
# Sales & Use Tax Growth is Very Unusual for a Recession



Note: Data by month of collection.

Source: Tennessee Department of Revenue, *Monthly Revenue Collections*.

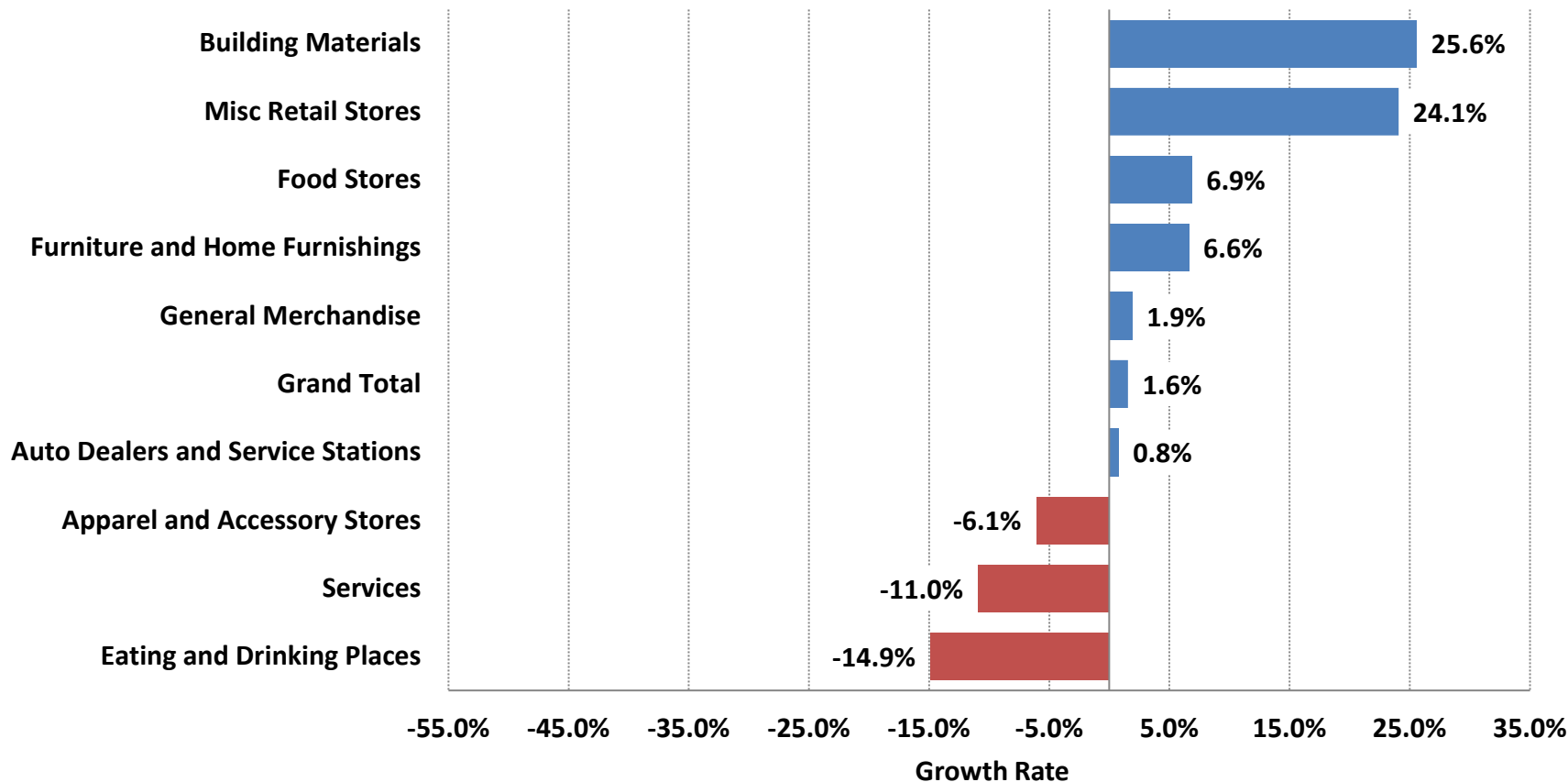
# Consumers have Shifted their Spending to Goods and away from Services (Q3, Percentage Change year-over-year)



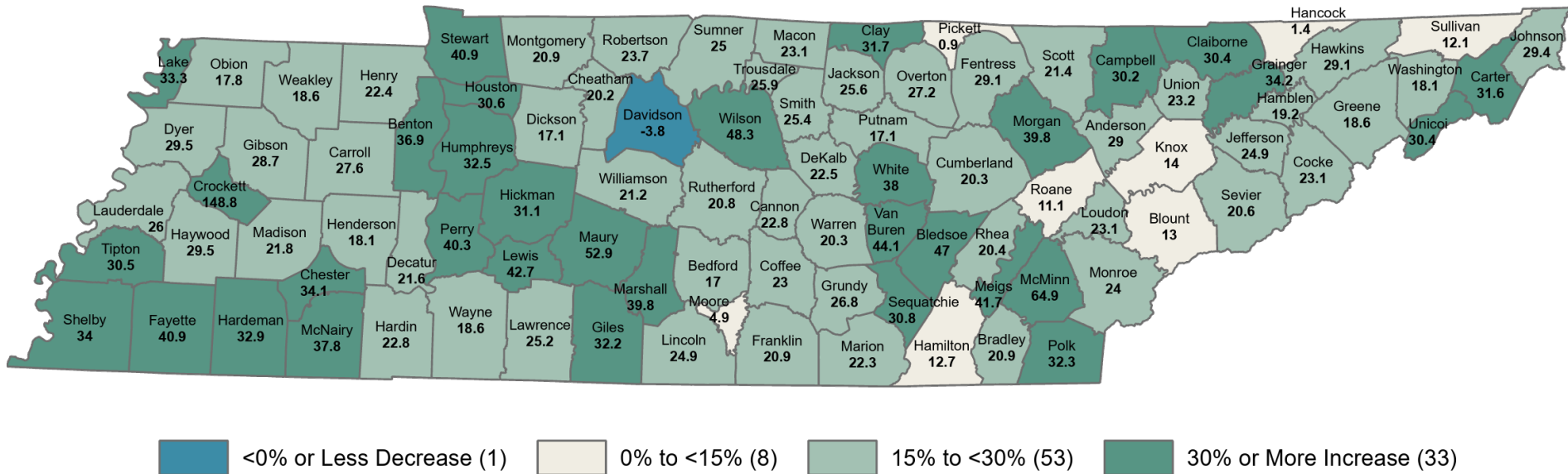
Source: Bureau of Economic Analysis.

# Sales Tax Collections Fell in Many Categories but Rose in Many Others

(September Year over Year Change)



# Local Option Sales Tax Revenue has Risen Very Rapidly in Most Counties, October 2019 – October 2020



Source: Tennessee Department of Revenue, *Monthly Revenue Collections*.

# Sales Tax Revenue Growth by County, October 2019-October 2020

Area	Oct-19 \$	Oct-20 \$	Change (%)	Area	Oct-19 \$	Oct-20 \$	Change (%)	Area	Oct-19 \$	Oct-20 \$	Change (%)	Area	Oct-19 \$	Oct-20 \$	Change (%)
Anderson	2,715,770	3,503,473	29.0	Franklin	809,580	978,588	20.9	Lewis	243,171	346,922	42.7	Scott	323,200	392,220	21.4
Bedford	1,167,822	1,366,714	17.0	Gibson	1,026,499	1,320,748	28.7	Lincoln	627,744	784,325	24.9	Sequatchie	270,138	353,326	30.8
Benton	362,845	496,728	36.9	Giles	668,276	883,548	32.2	Loudon	1,036,966	1,276,026	23.1	Sevier	9,564,327	11,530,806	20.6
Bledsoe	90,896	133,626	47.0	Grainger	217,131	291,393	34.2	McMinn	978,954	1,614,470	64.9	Shelby	27,697,433	37,119,707	34.0
Blount	4,577,070	5,173,040	13.0	Greene	1,616,242	1,917,533	18.6	McNairy	302,071	416,373	37.8	Smith	354,608	444,537	25.4
Bradley	3,085,860	3,729,403	20.9	Grundy	149,128	189,024	26.8	Macon	422,753	520,519	23.1	Stewart	168,202	237,039	40.9
Campbell	700,040	911,153	30.2	Hamblen	2,168,078	2,583,370	19.2	Madison	4,268,501	5,196,933	21.8	Sullivan	4,747,705	5,324,131	12.1
Cannon	119,915	147,295	22.8	Hamilton	12,616,669	14,218,254	12.7	Marion	776,064	949,139	22.3	Sumner	4,336,081	5,419,424	25.0
Carroll	458,497	585,120	27.6	Hancock	41,242	41,810	1.4	Marshall	617,581	863,603	39.8	Tipton	882,261	1,151,594	30.5
Carter	1,041,962	1,371,718	31.6	Hardeman	328,274	436,363	32.9	Maury	2,493,256	3,813,173	52.9	Trousdale	106,206	133,735	25.9
Cheatham	826,346	993,142	20.2	Hardin	757,249	929,536	22.8	Meigs	87,364	123,814	41.7	Unicoi	285,773	372,713	30.4
Chester	221,232	296,719	34.1	Hawkins	839,207	1,083,759	29.1	Monroe	882,871	1,094,355	24.0	Union	179,238	220,734	23.2
Claiborne	385,209	502,210	30.4	Haywood	263,032	340,645	29.5	Montgomery	5,853,902	7,078,213	20.9	Van Buren	57,809	83,305	44.1
Clay	103,993	137,005	31.7	Henderson	616,221	727,480	18.1	Moore	99,128	104,029	4.9	Warren	937,994	1,128,395	20.3
Cocke	858,066	1,056,464	23.1	Henry	889,814	1,089,330	22.4	Morgan	128,724	179,994	39.8	Washington	4,288,957	5,066,466	18.1
Coffee	1,905,976	2,345,196	23.0	Hickman	261,564	342,940	31.1	Obion	817,397	963,154	17.8	Wayne	192,594	228,403	18.6
Crockett	103,955	258,637	148.8	Houston	94,339	123,190	30.6	Overton	347,110	441,562	27.2	Weakley	646,848	767,359	18.6
Cumberland	1,729,737	2,080,768	20.3	Humphreys	382,791	507,365	32.5	Perry	105,527	148,095	40.3	White	392,036	540,884	38.0
Davidson	38,001,645	36,547,945	-3.8	Jackson	93,206	117,108	25.6	Pickett	114,088	115,171	0.9	Williamson	11,829,452	14,335,680	21.2
Decatur	208,952	254,047	21.6	Jefferson	1,088,398	1,359,554	24.9	Polk	176,887	233,949	32.3	Wilson	4,298,766	6,376,528	48.3
De Kalb	392,352	480,814	22.5	Johnson	138,060	178,645	29.4	Putnam	3,215,394	3,765,516	17.1	Out-of-state collections	20,806,104	2,807,114	-86.51
Dickson	1,765,485	2,067,346	17.1	Knox	17,528,235	19,989,466	14.0	Rhea	780,661	939,991	20.4	Telecomm collections	2,076,428	3,289,965	58.44
Dyer	1,003,823	1,300,240	29.5	Lake	59,898	79,863	33.3	Roane	2,018,208	2,241,704	11.1	Total Local Sales	241,432,131	265,744,944	10.07
Fayette	706,440	995,072	40.9	Lauderdale	310,757	391,458	26.0	Robertson	1,889,068	2,337,602	23.7				
Fentress	294,453	380,086	29.1	Lawrence	937,753	1,174,495	25.2	Rutherford	11,976,603	14,462,821	20.8				

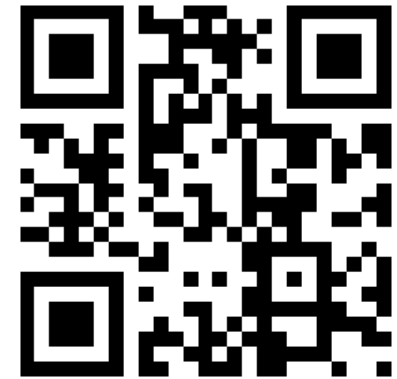
Source: Tennessee Department of Revenue, *Monthly Revenue Collections*.

**Boyd Center for Business & Economic Research  
Haslam College of Business**

The University of Tennessee, Knoxville  
716 Stokely Management Center  
916 Volunteer Boulevard  
Knoxville, Tennessee 37996-0570

phone: 865.974.5441  
fax: 865.974.3100

**<http://cber.haslam.utk.edu>**





# **Tennessee Economic Outlook and Revenue Forecast - 2020**



**Jon L. Smith, Director  
Bureau of Business and Economic Research**

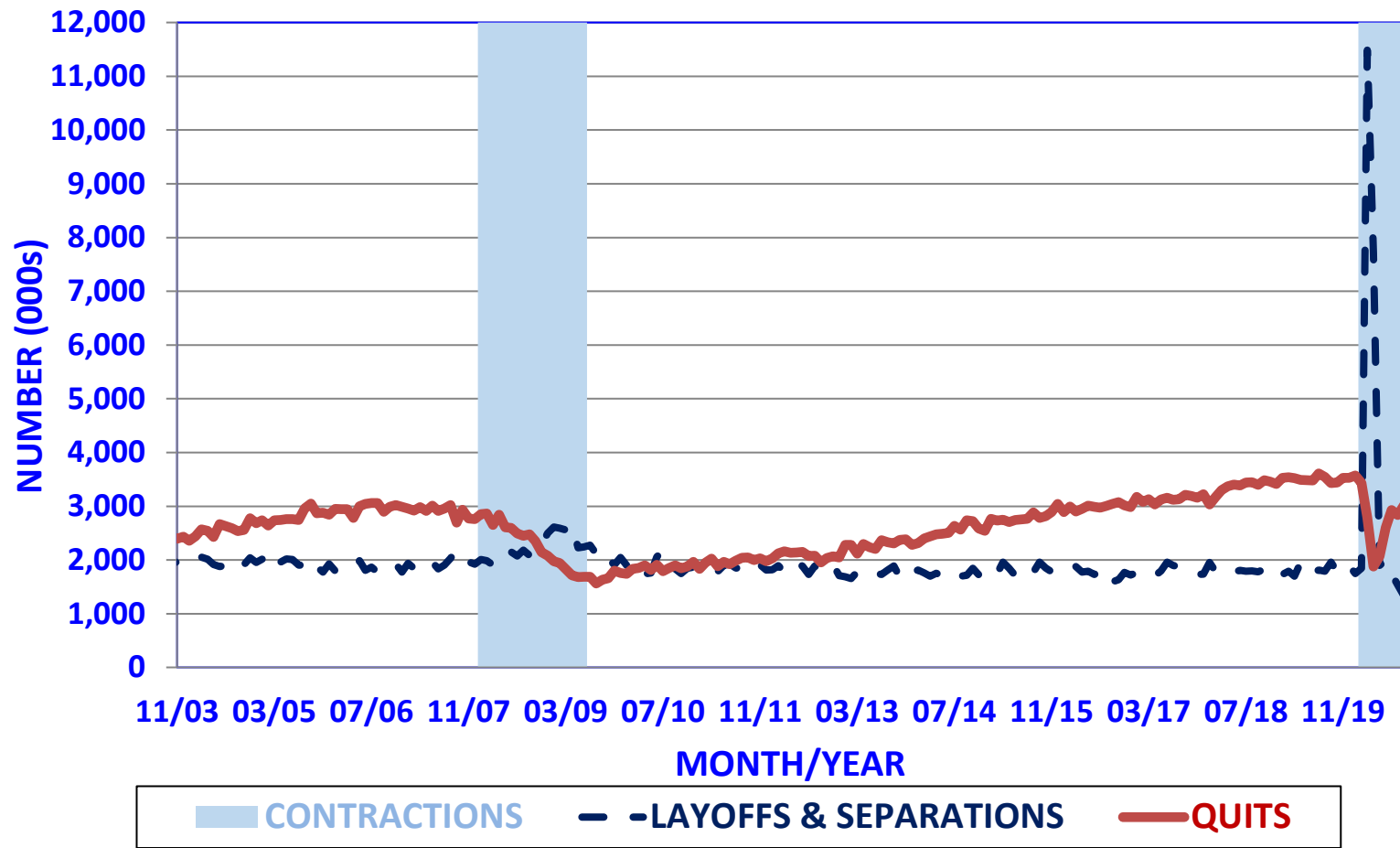
**W. Fred Mackara, Associate Professor, Department of  
Economics and Finance**

**Joseph Newhard, Assistant Professor  
Department of Economics and Finance**

# National Economy

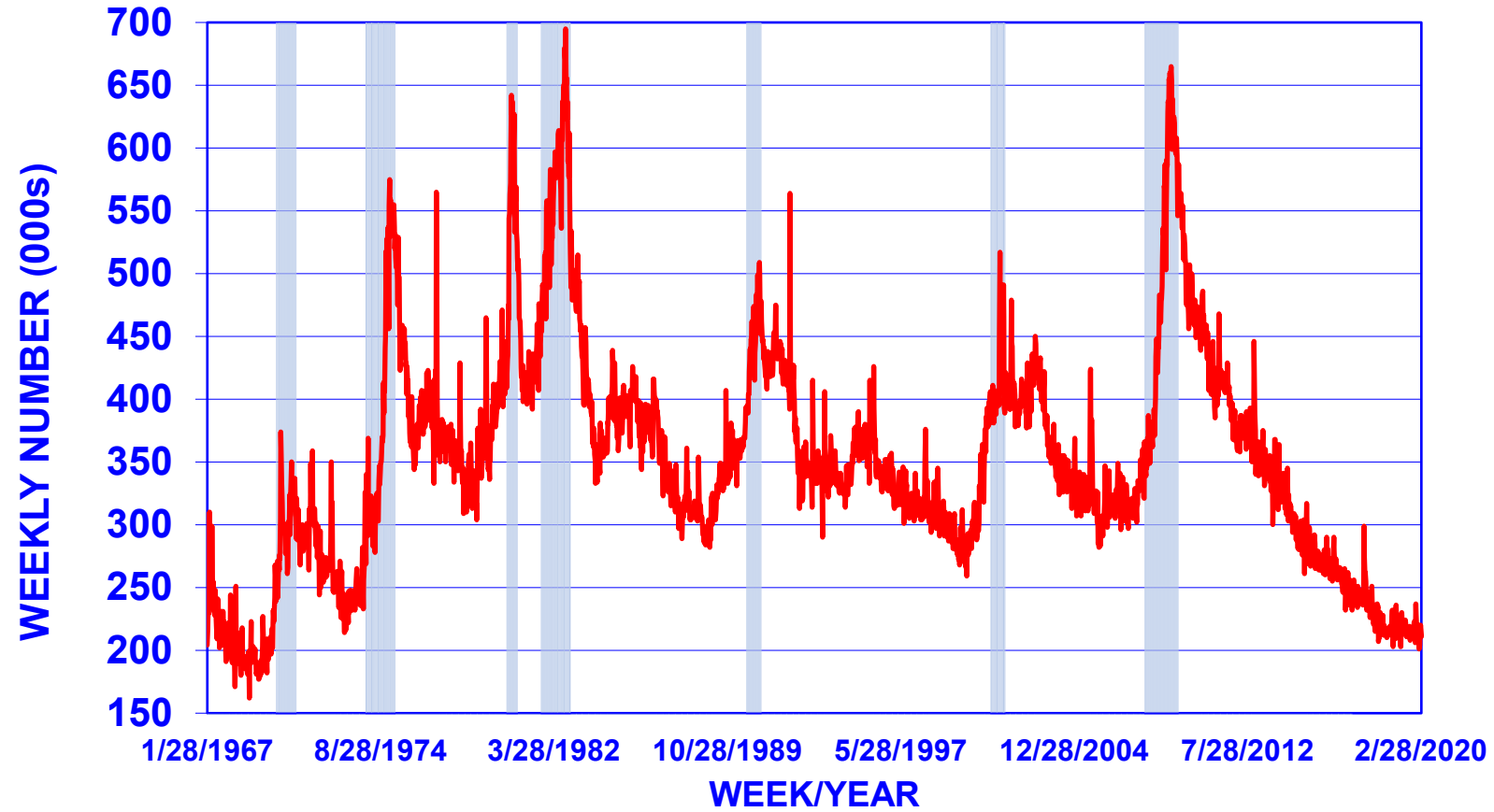
# LAYOFFS vs. QUITs

(J.O.L.T.S., 9/20)



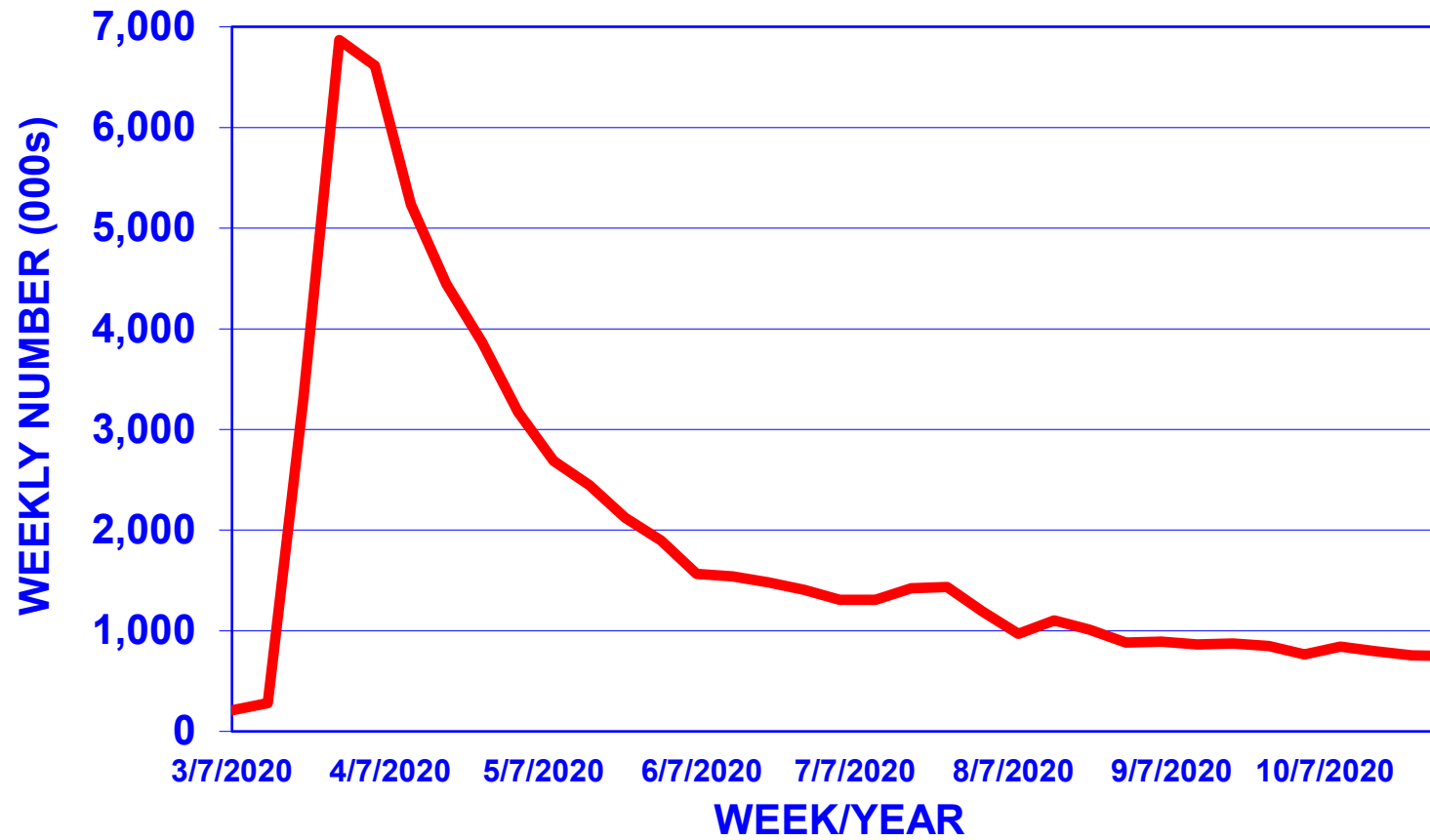
## WEEKLY NEW CLAIMS TREND

(LAST WEEK PLOTTED, 2/8/20) – “BEFORE”



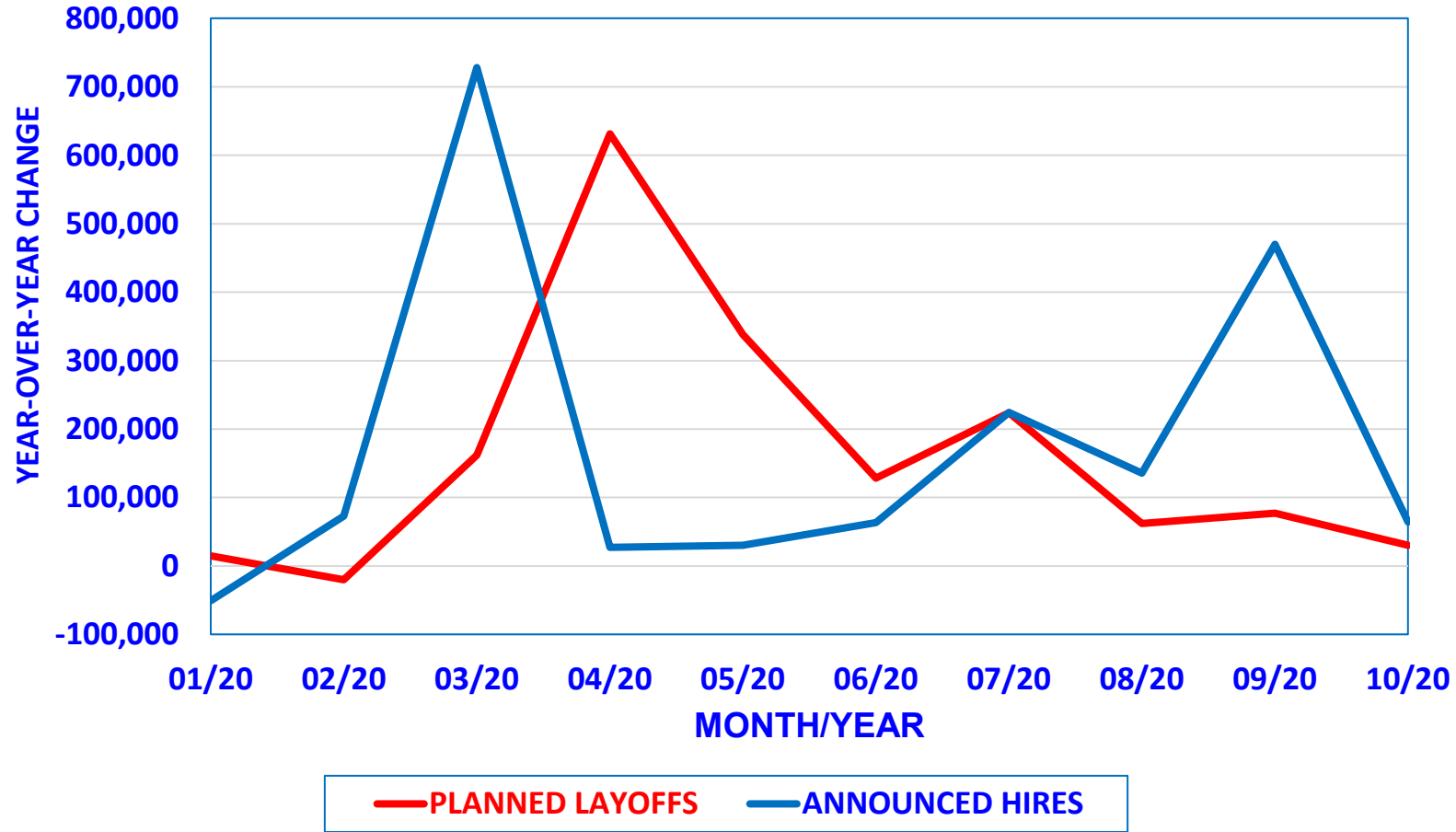
## WEEKLY NEW CLAIMS TREND

(2/8/20-10/31/20) – “AFTER”

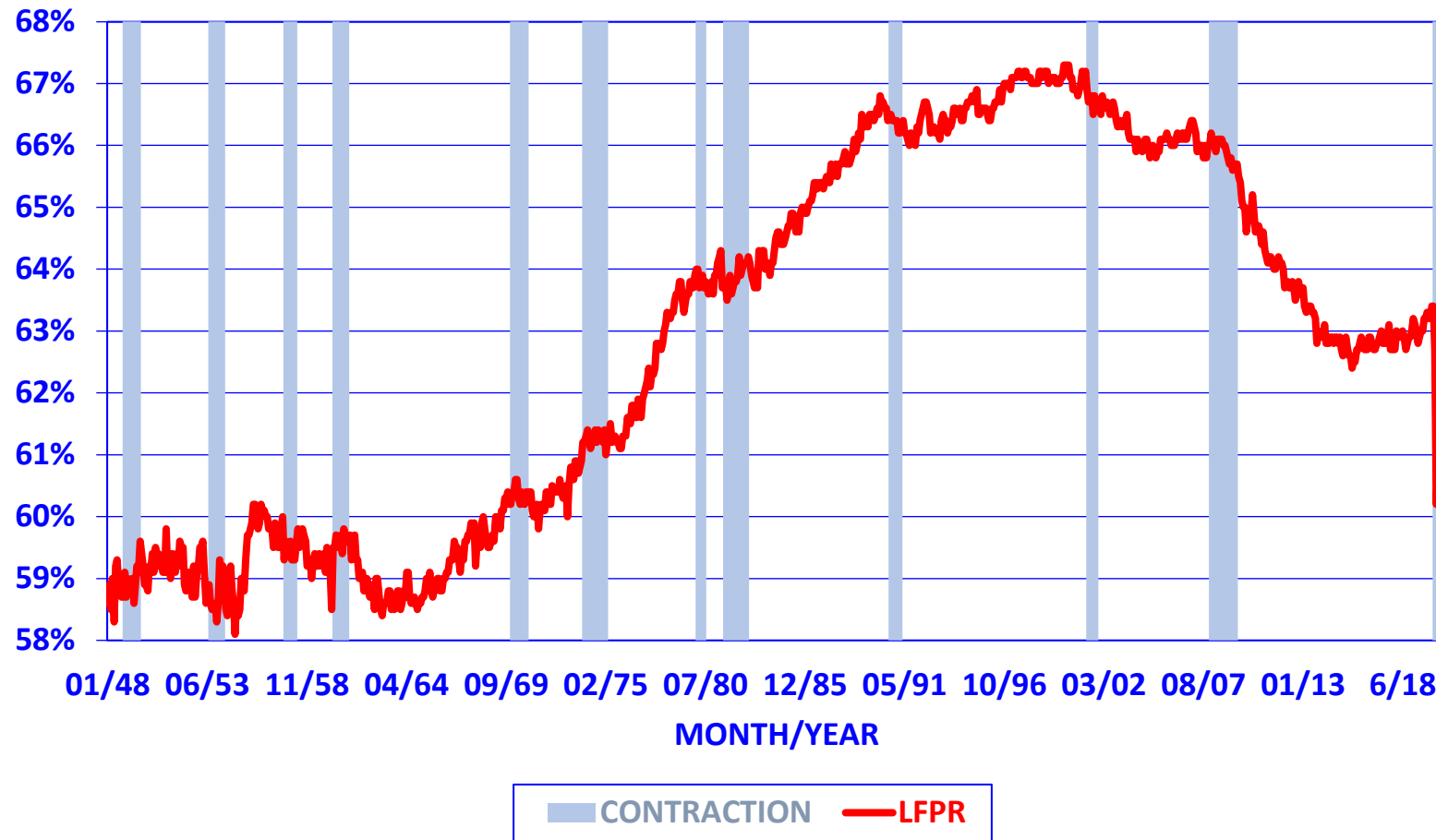


# PLANNED LAYOFFS vs. ANNOUNCED HIRES

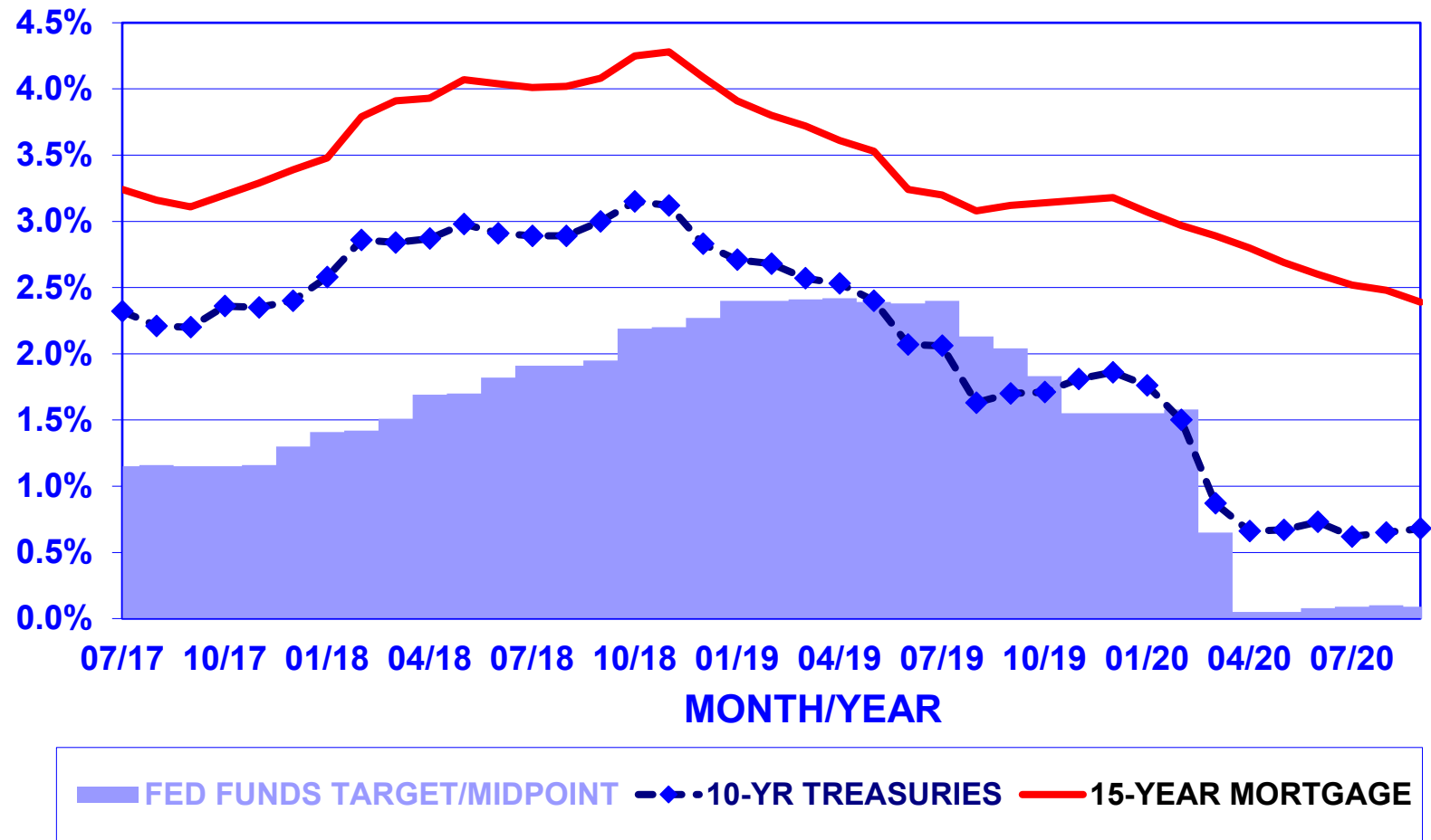
(SOURCE: CHALLENGER JOBS CUTS REPORT)



## LABOR FORCE PARTICIPATION RATE (LFPR) (LAST MONTH PLOTTED, 10/20)

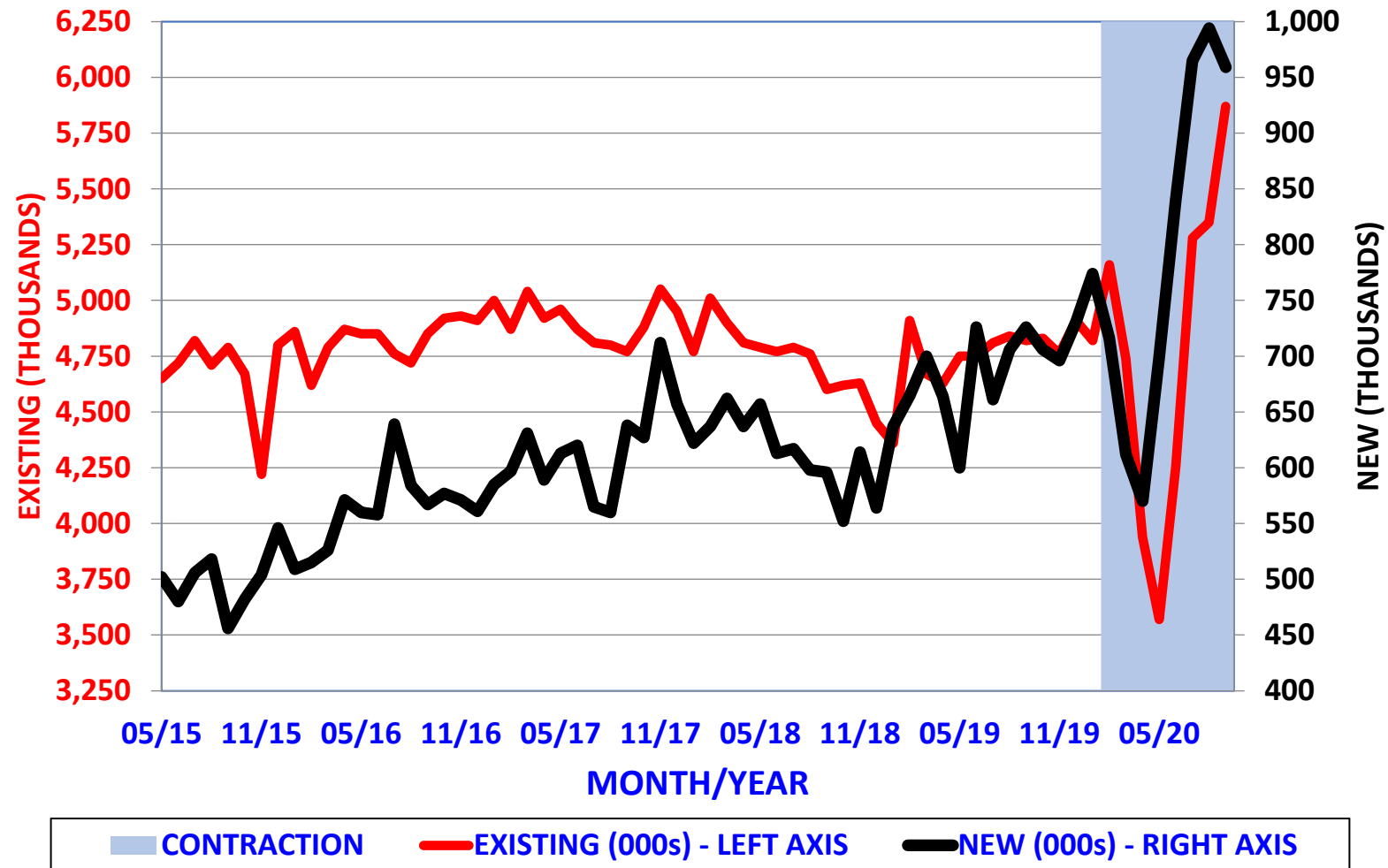


## INTEREST RATES (LAST MONTH PLOTTED, 9/20)

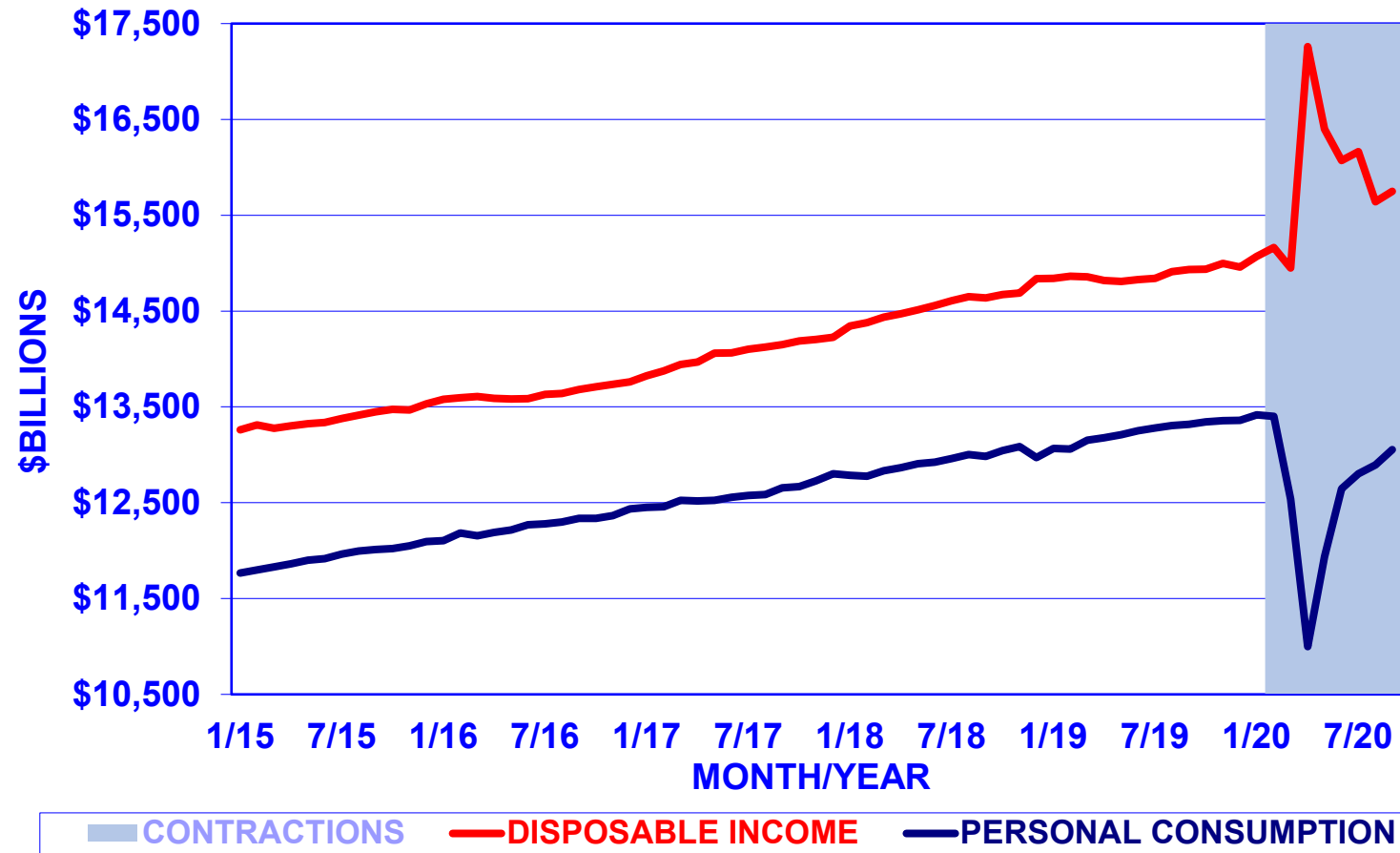




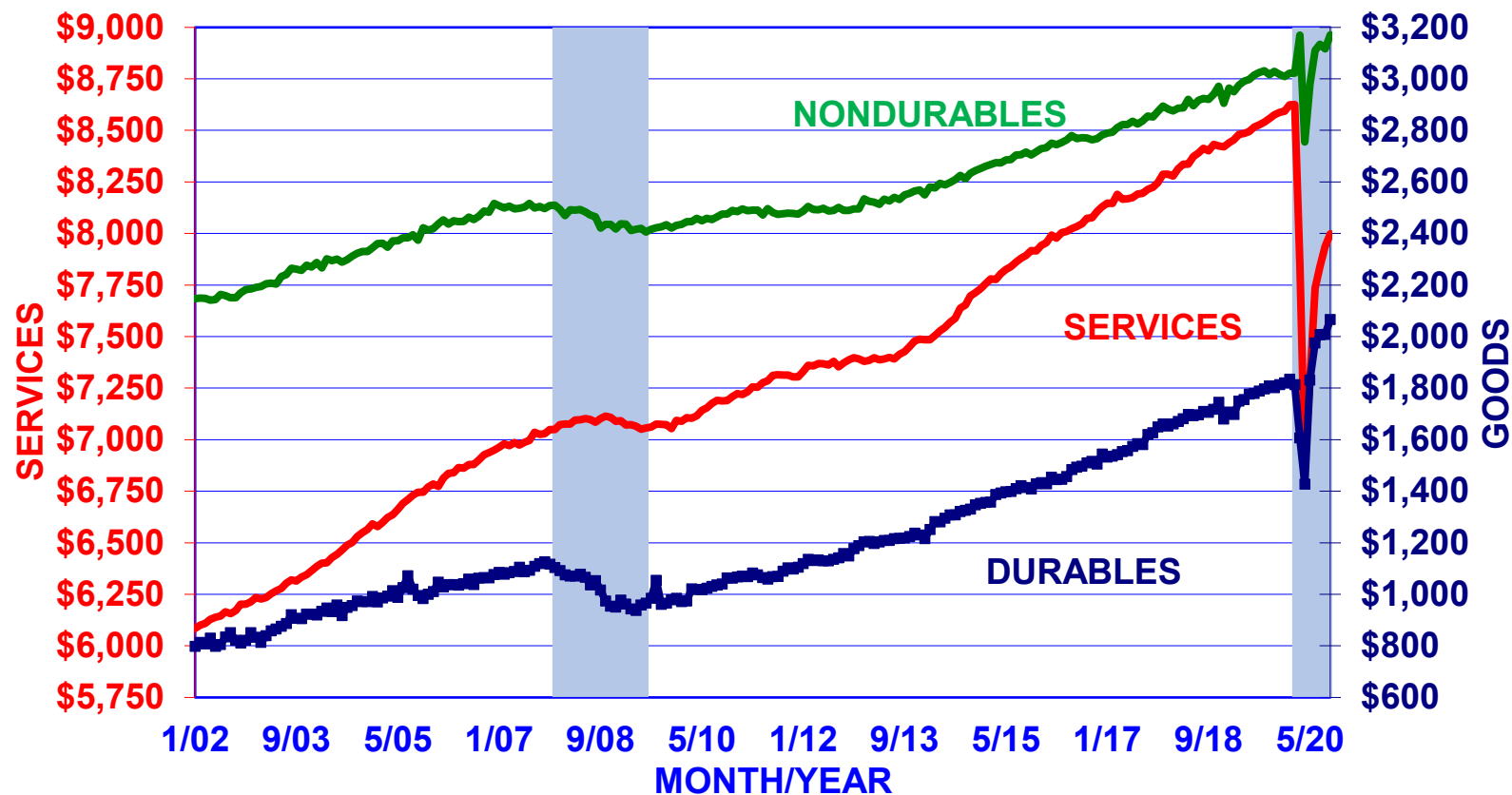
## NEW & EXISTING HOME SALES (LAST MONTH PLOTTED, 9/20)



**INFLATION-ADJUSTED  
AFTER-TAX INCOME & CONSUMPTION SPENDING**  
(LAST MONTH PLOTTED, 9/20)

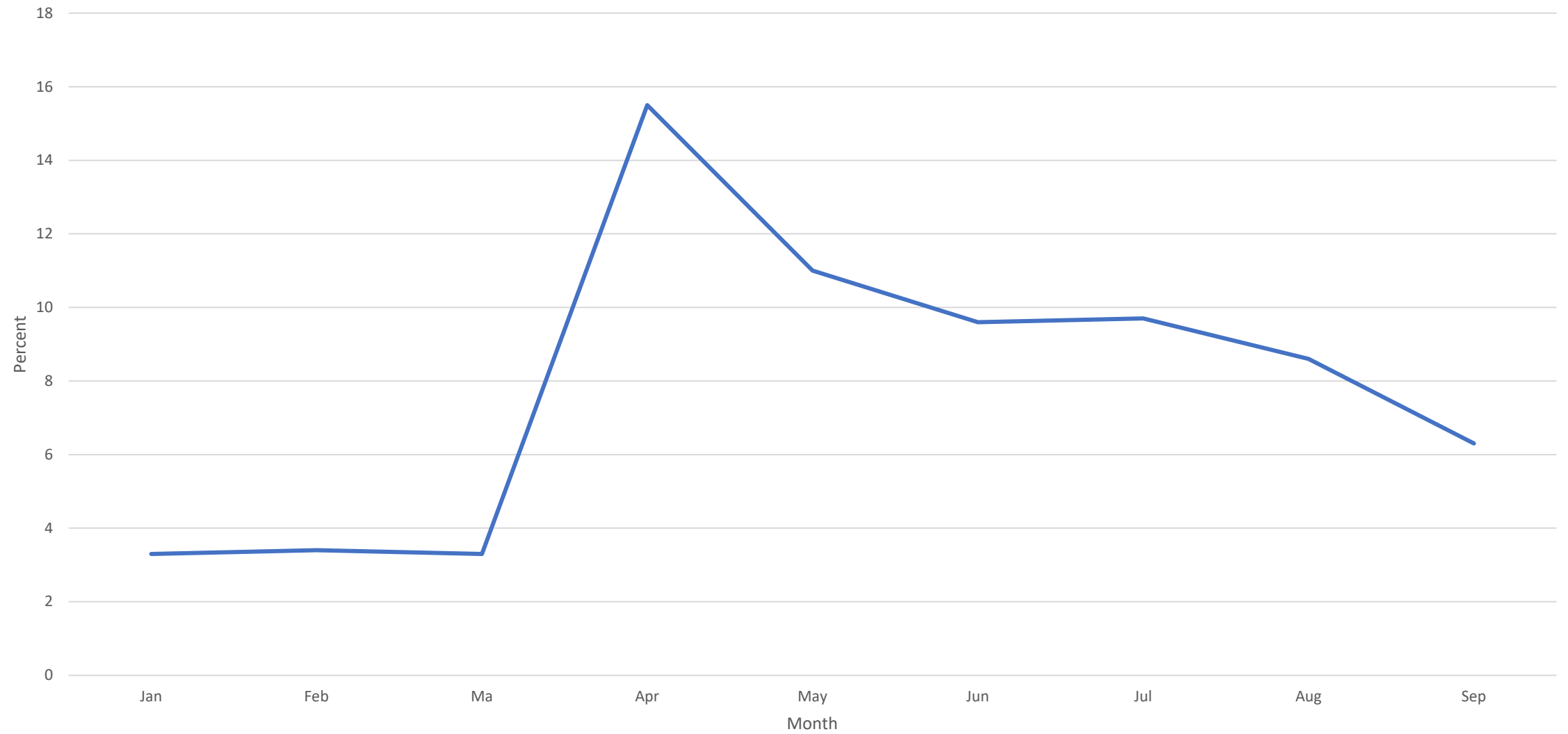


**INFLATION-ADJUSTED  
MONTHLY CONSUMPTION SPENDING  
BY CATEGORY**  
(LAST MONTH PLOTTED, 9/20)

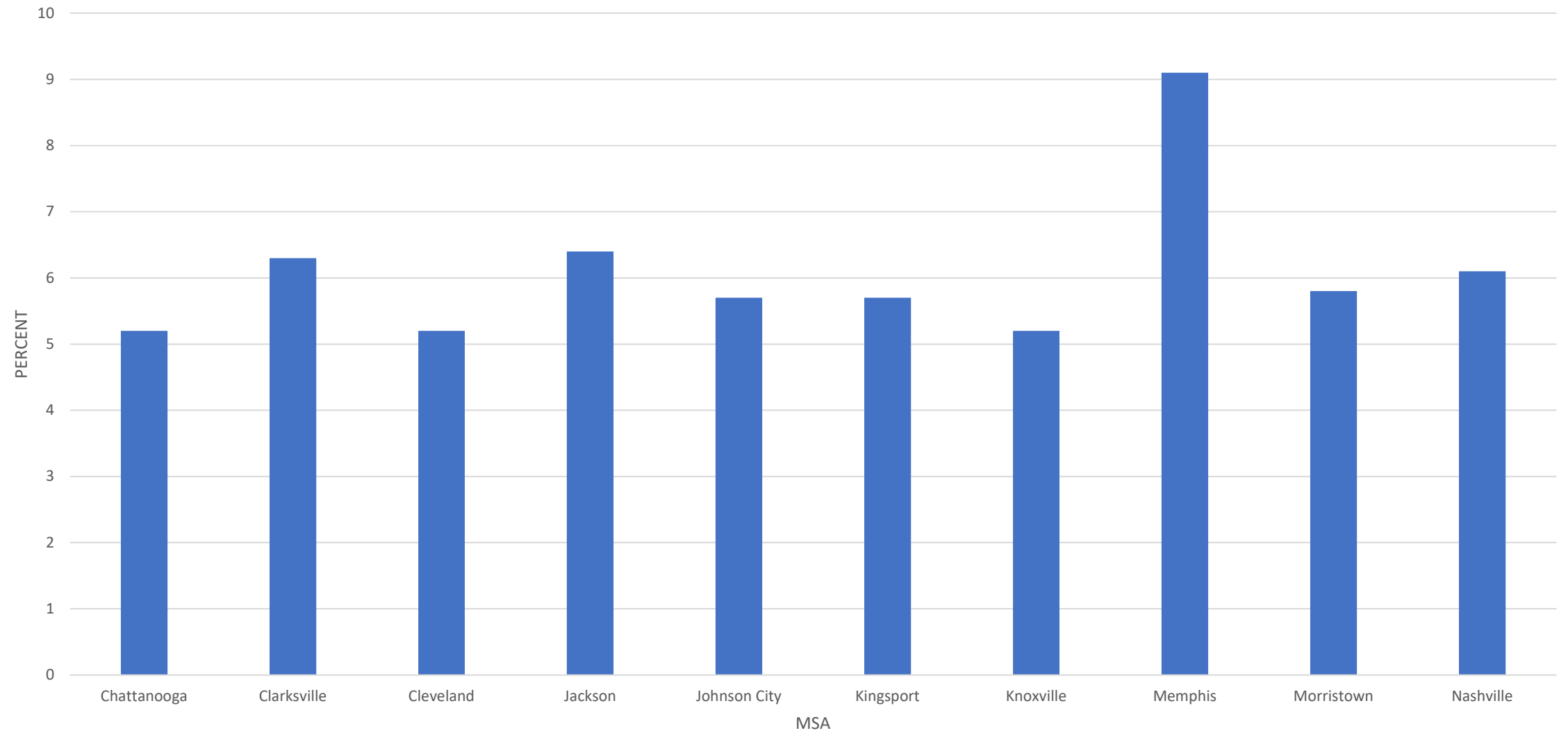


# **Tennessee State and Metro Economy**

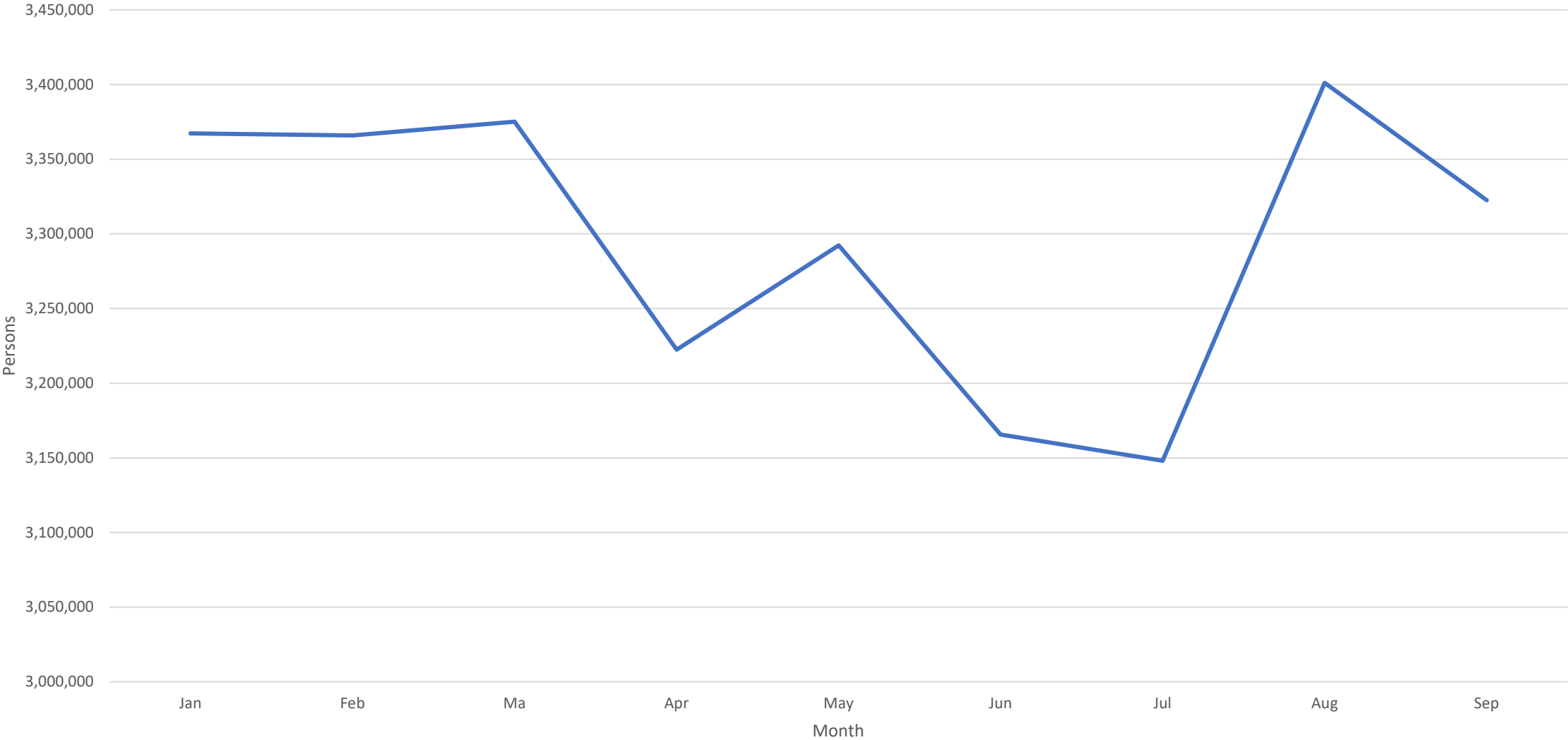
Tennessee Unemployment Rate 2020



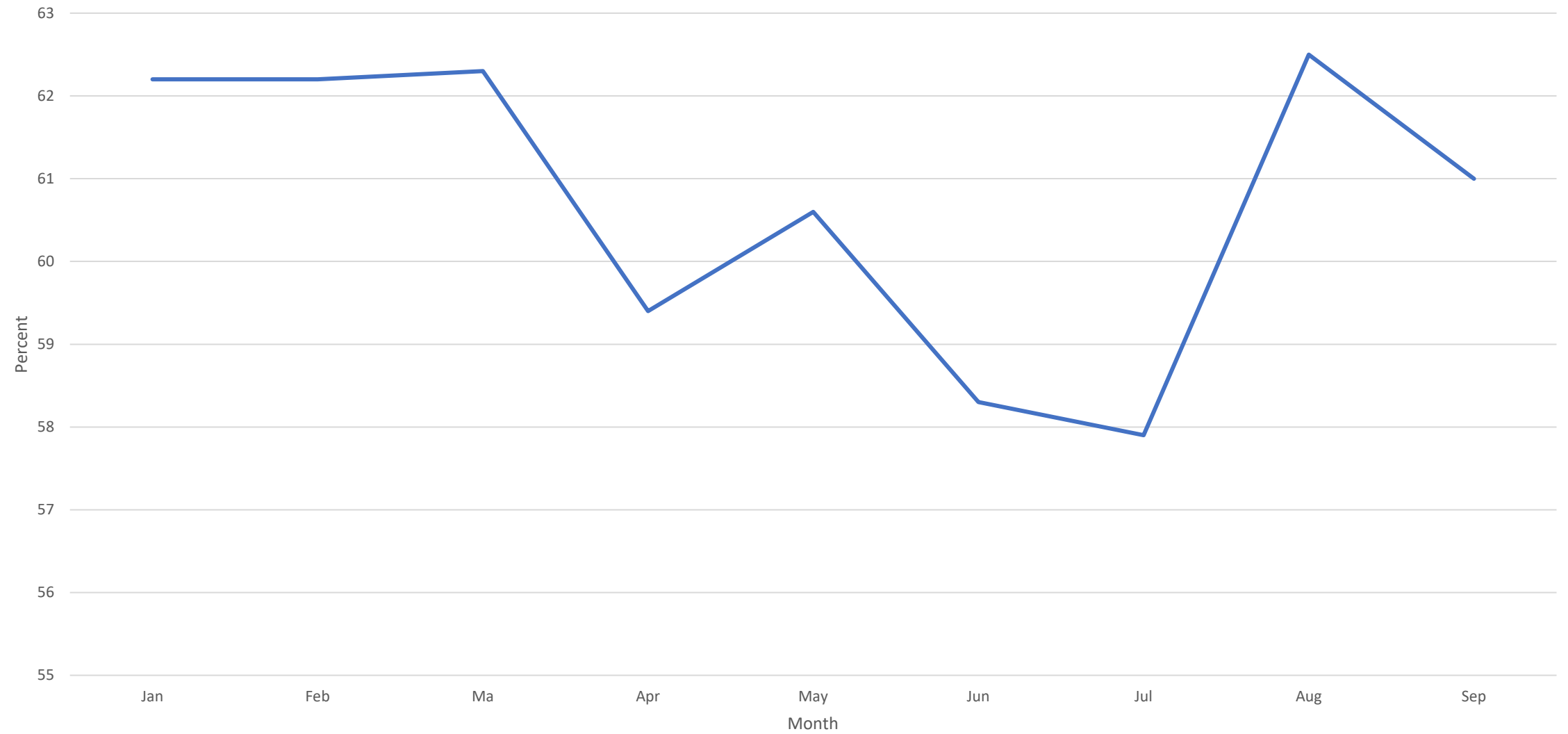
Tennessee MSA Unemployment Rates September 2020



Tennessee Civilian Labor Force 2020

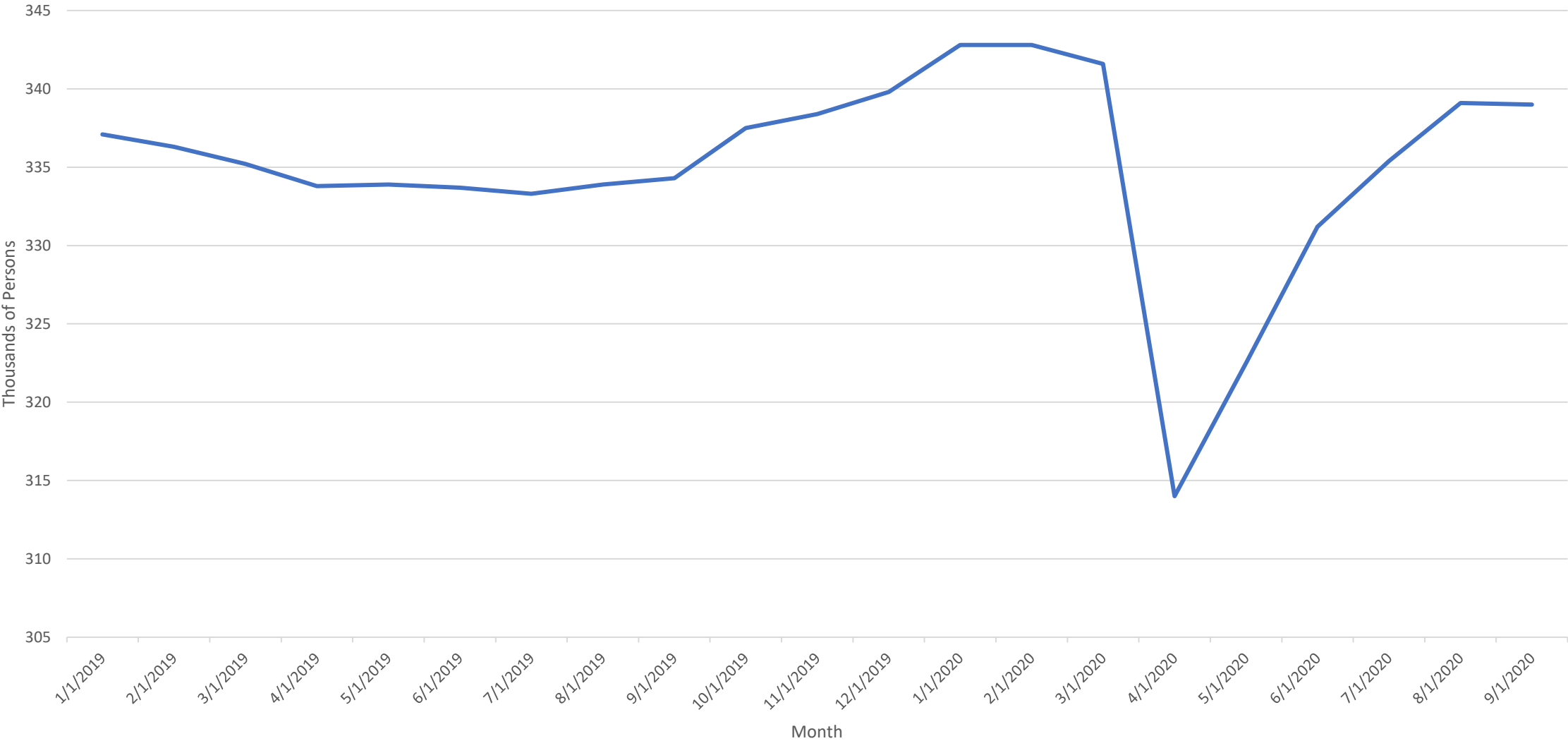


Tennessee LFPR 2020

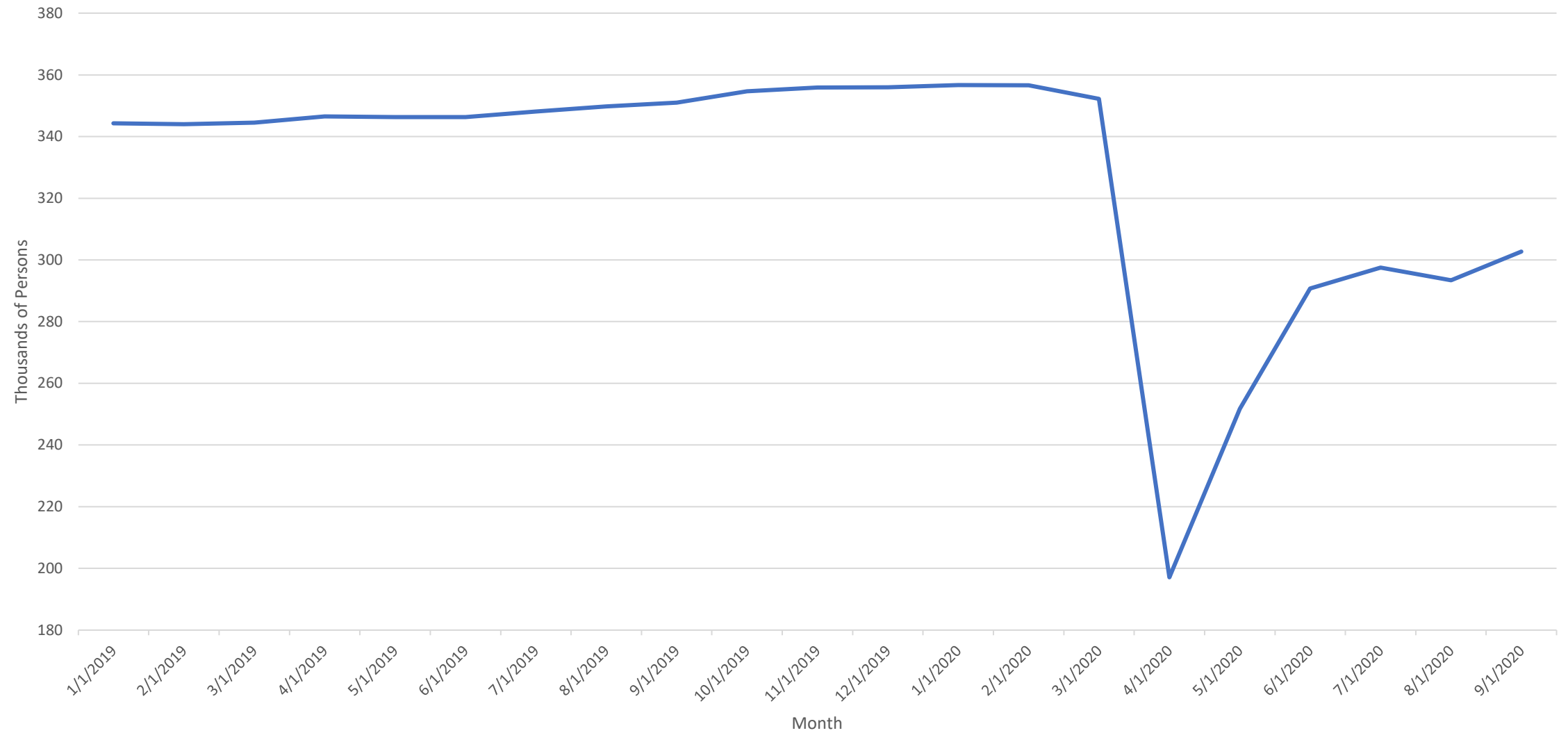




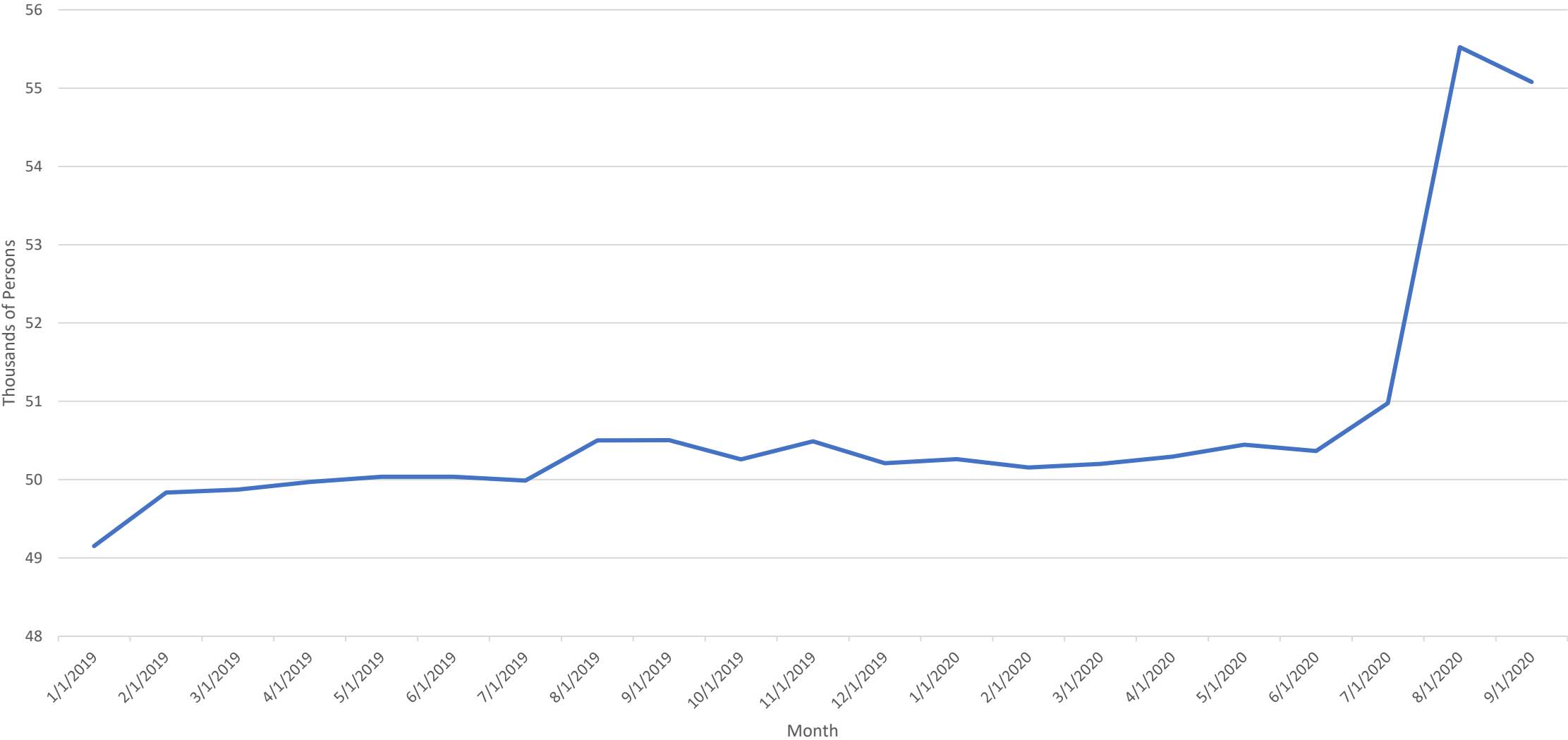
Retail Employees in Tennessee, Seasonally Adjusted



Leisure and Hospitality Employees in Tennessee, Seasonally Adjusted

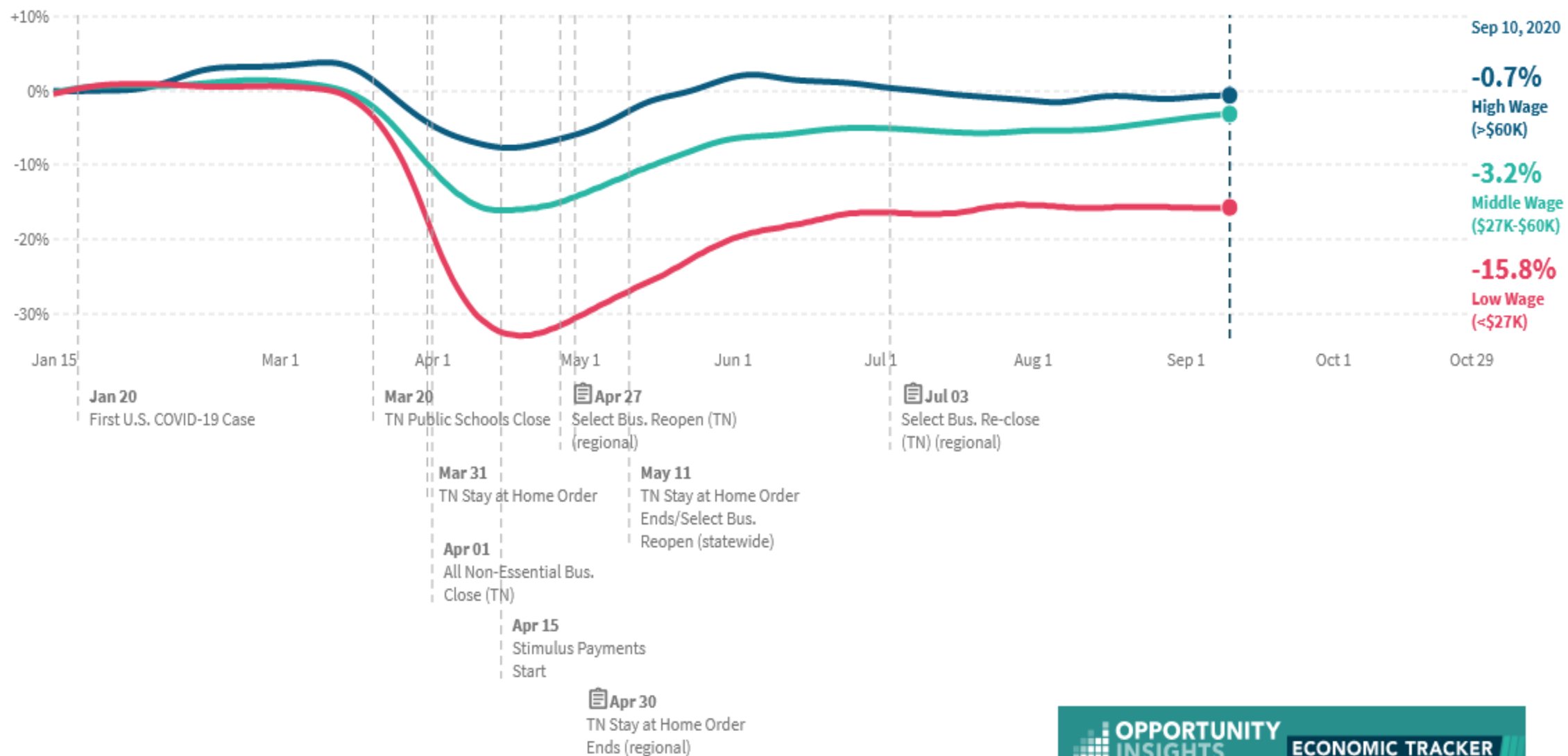


Federal Government Employees in Tennessee, Seasonally Adjusted

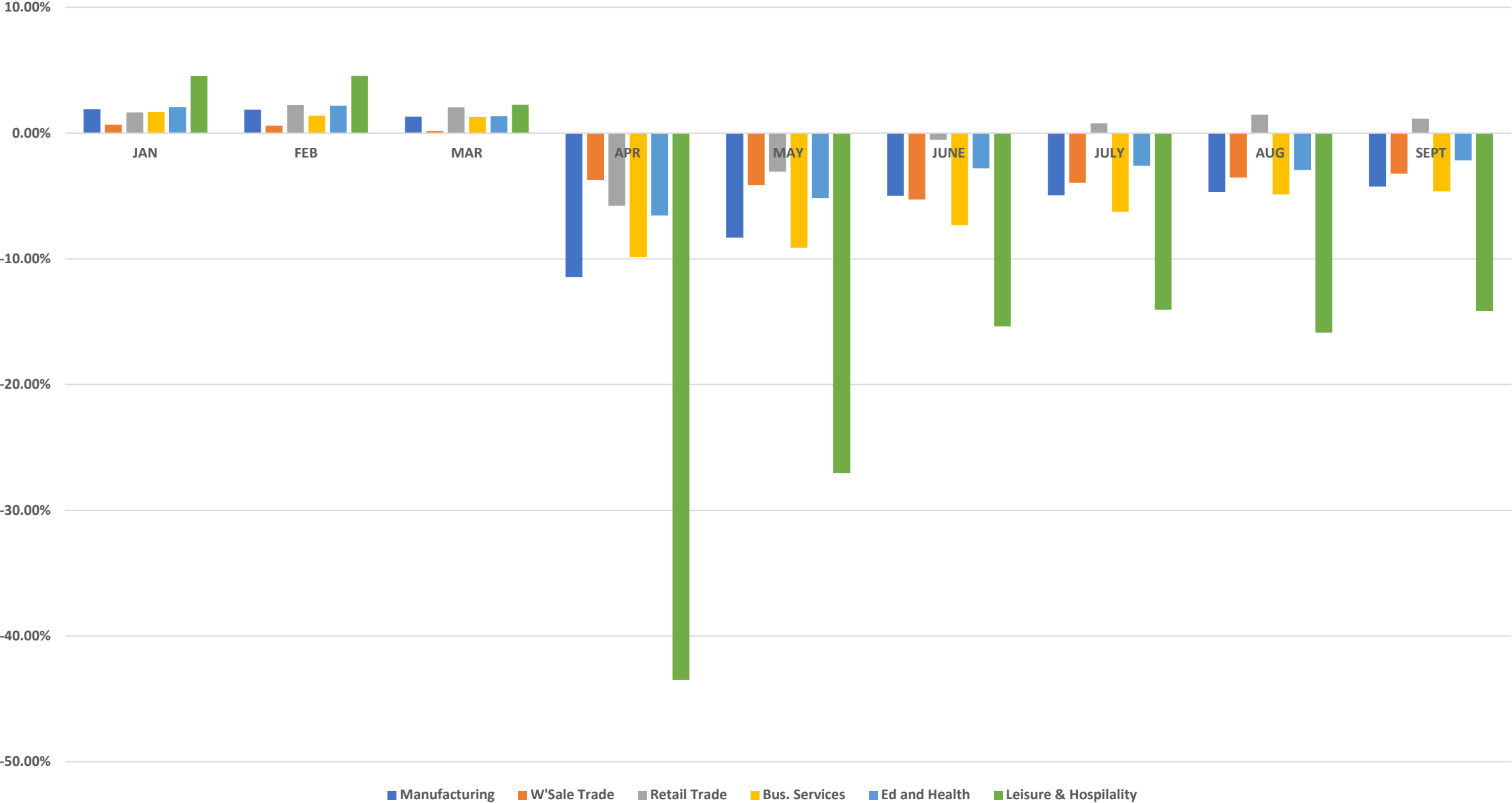


# Tennessee State Tax Collections

In **Tennessee**, as of September 10, 2020, employment rates among workers in the top wage quartile decreased by **0.7%** compared to January 2020 (not seasonally adjusted).



2019-2020 Year Over Percent Change in Employment by Sector



DISTRIBUTION OF ACTUAL REVENUE BY FUND  
FISCAL YEAR 2019-2020

SOURCE OF REVENUE

Department of Revenue Taxes	General Fund				
	Total Revenue	& Education Fund	Highway Fund	Debt Service Fund	Cities & Counties*
Sales and Use Tax <sup>1</sup>	\$ 9,619,215,200	\$ 8,982,119,200	\$ 65,249,700	\$ 67,625,500	\$ 504,220,800
Gasoline Tax	835,101,900	12,094,600	429,118,200	75,600,000	318,289,100
Motor Fuel Tax	286,896,000	2,065,300	209,779,500	-	75,051,200
Gasoline Inspection Tax	67,074,100	19,490,100	34,565,600	-	13,018,400
Motor Vehicle Registration Tax	329,336,200	50,913,500	278,422,700	-	-
Income Tax	150,708,900	95,509,600	-	-	55,199,300
Privilege Tax <sup>2</sup>	381,211,000	374,779,800	-	-	6,431,200
Gross Receipts Tax - TVA	368,883,800	201,748,900	-	-	167,134,900
Gross Receipts Tax - Other	21,924,800	18,362,100	3,562,700	-	-
Beer Tax	16,974,500	11,413,900	2,138,800	-	3,421,800
Alcoholic Beverage Tax	75,823,900	62,568,800	-	-	13,255,100
Franchise Tax	1,004,263,500	986,263,500	-	18,000,000	-
Excise Tax	1,849,166,200	1,623,560,100	-	164,674,500	60,931,600
Inheritance and Estate Tax	1,437,700	1,437,700	-	-	-
Tobacco Tax	240,580,300	240,580,300	-	-	-
Motor Vehicle Title Fees	22,230,900	19,530,900	-	2,700,000	-
Mixed Drink Tax	115,216,300	57,609,900	-	-	57,606,400
Business Tax	228,580,400	228,580,400	-	-	-
Severance Tax	757,100	265,700	-	-	491,400
Coin-operated Amusement Tax	272,800	272,800	-	-	-
Unauthorized Substance Tax	5,000	5,000	-	-	-
<b>Total Department of Revenue</b>	<b>\$ 15,615,660,500</b>	<b>\$ 12,989,172,100</b>	<b>\$ 1,022,837,200</b>	<b>\$ 328,600,000</b>	<b>\$ 1,275,051,200</b>

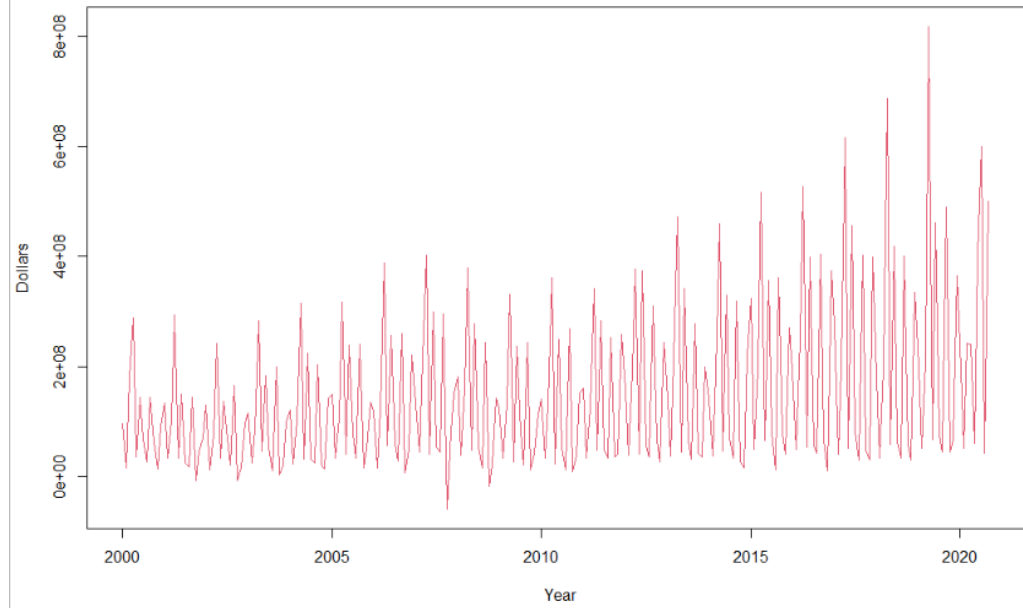
\* Sales and Use Tax - Amount apportioned from the general fund share into cities and counties state shared taxes:

County Revenue Partnership Fund	-	(1,000,000)	-	-	1,000,000
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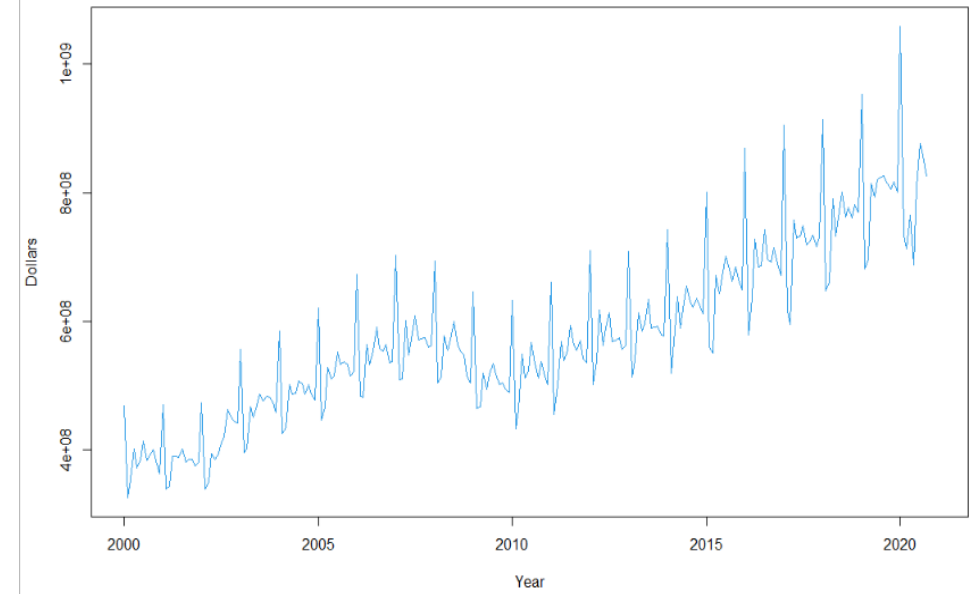
<sup>1</sup>Excludes \$108.8 million earmarked fees collected under sales tax for E911 telecommunications services.

<sup>2</sup>Excludes \$58.7 million earmarked fees collected under the privilege tax.

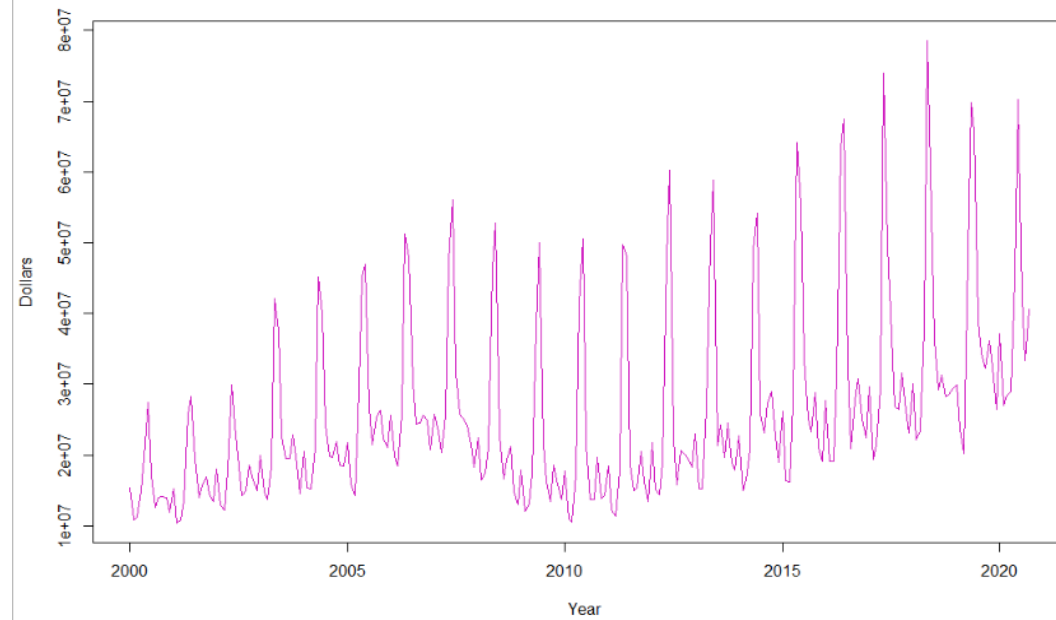
**Franchise and Excise Tax Collections: 2000 - 2020**



**Sales and Use Tax Collections: 2000-2020**

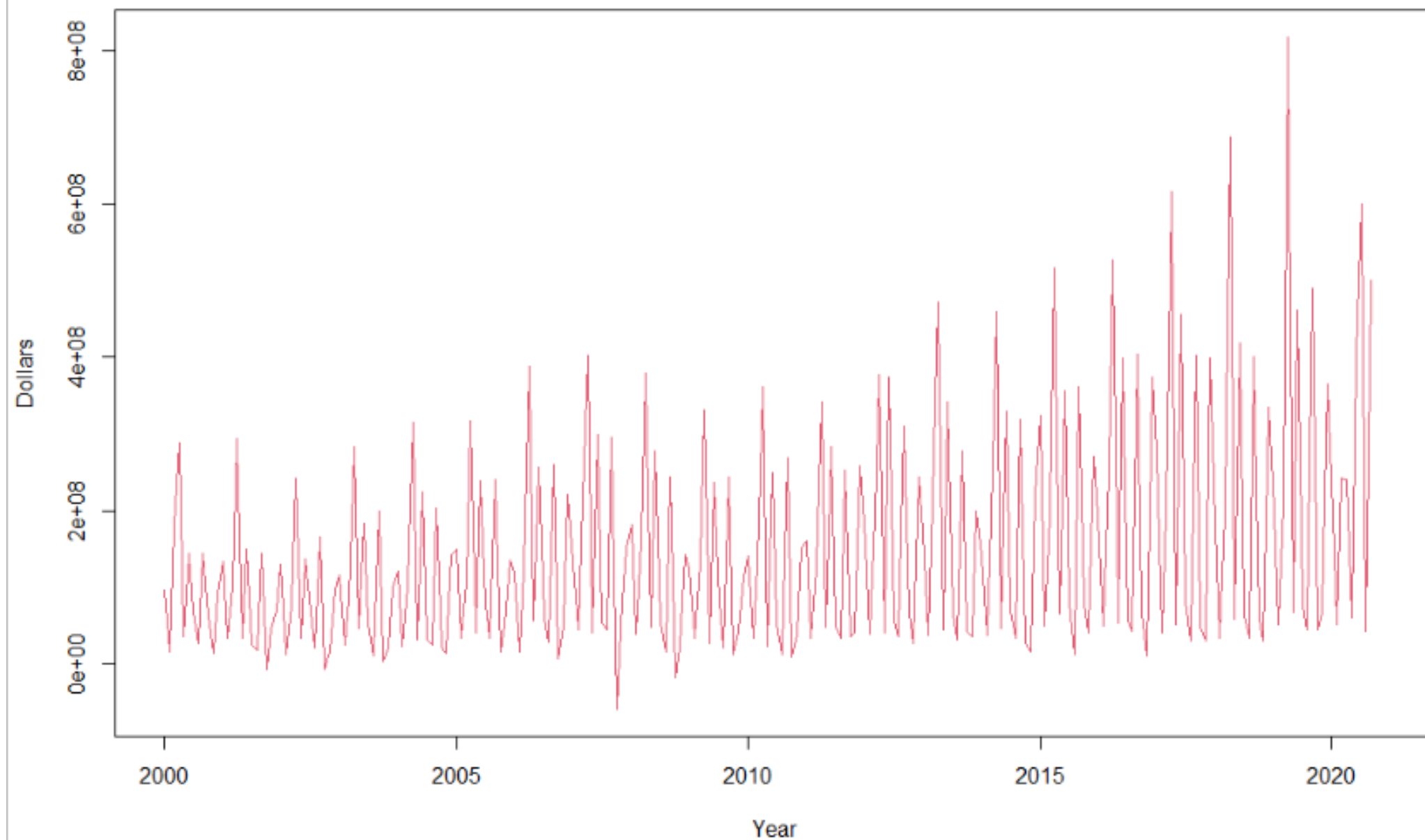


**Privilege Tax Collections: 2000-2020**

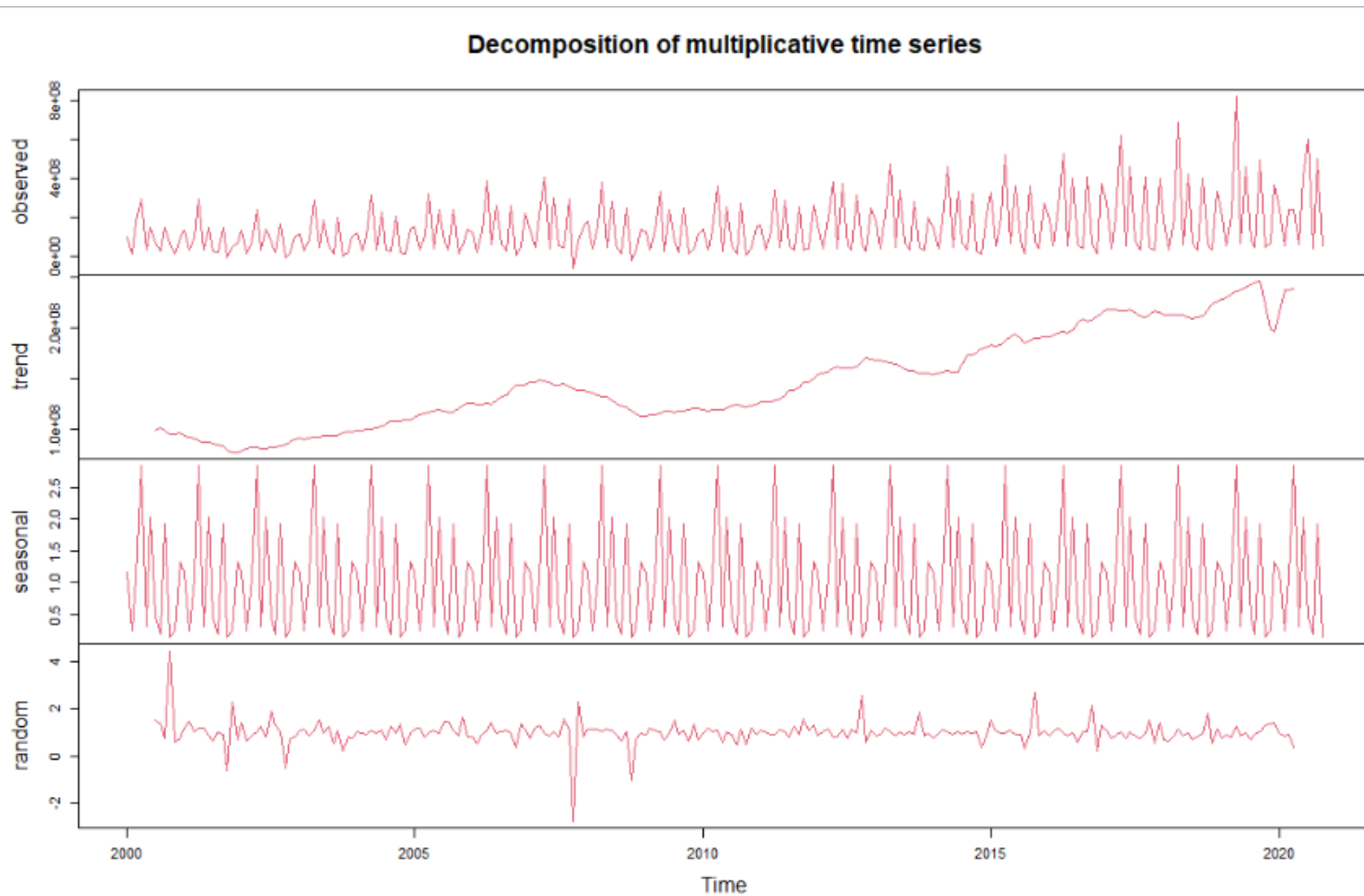




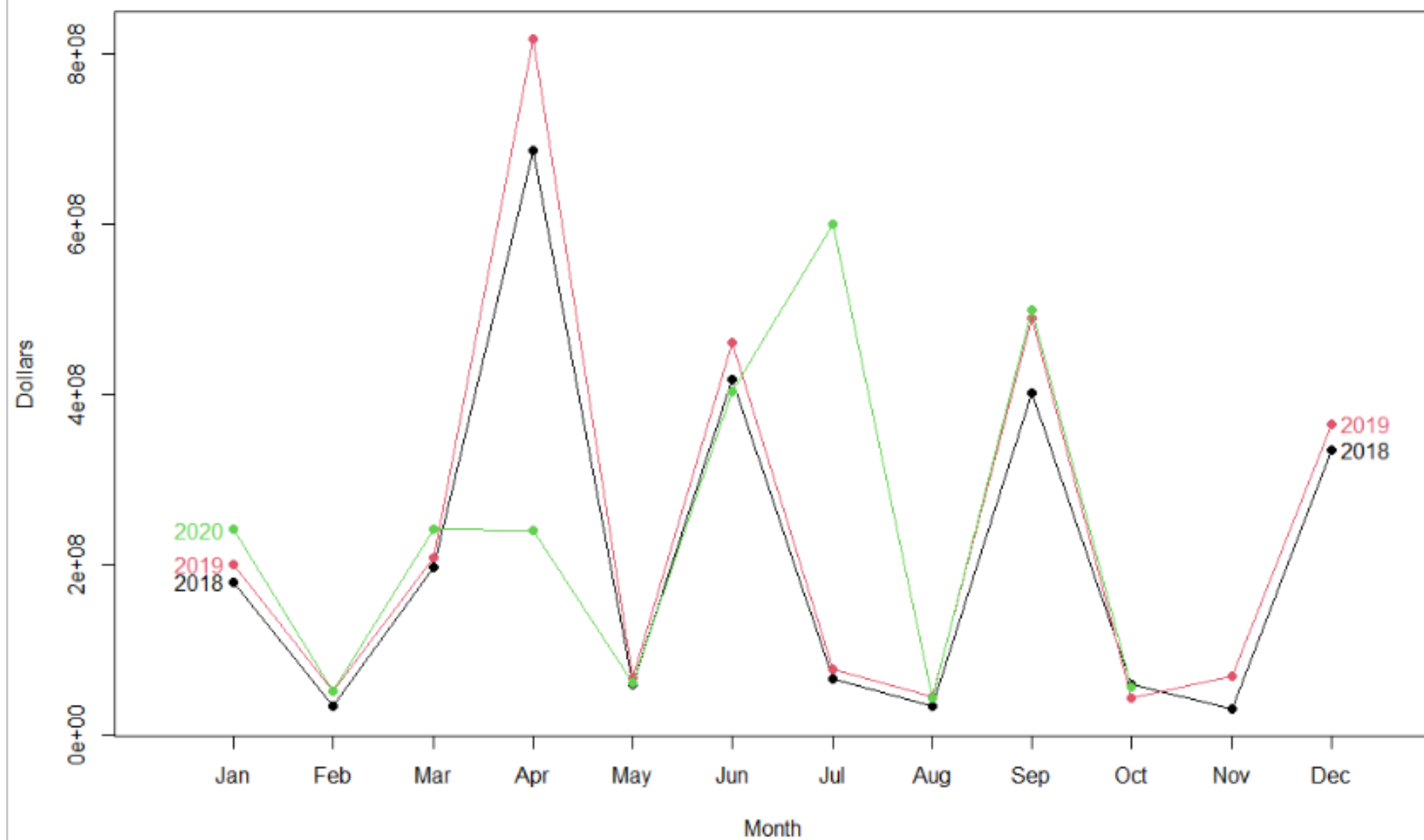
**Franchise and Excise Tax Collections: 2000 - 2020**



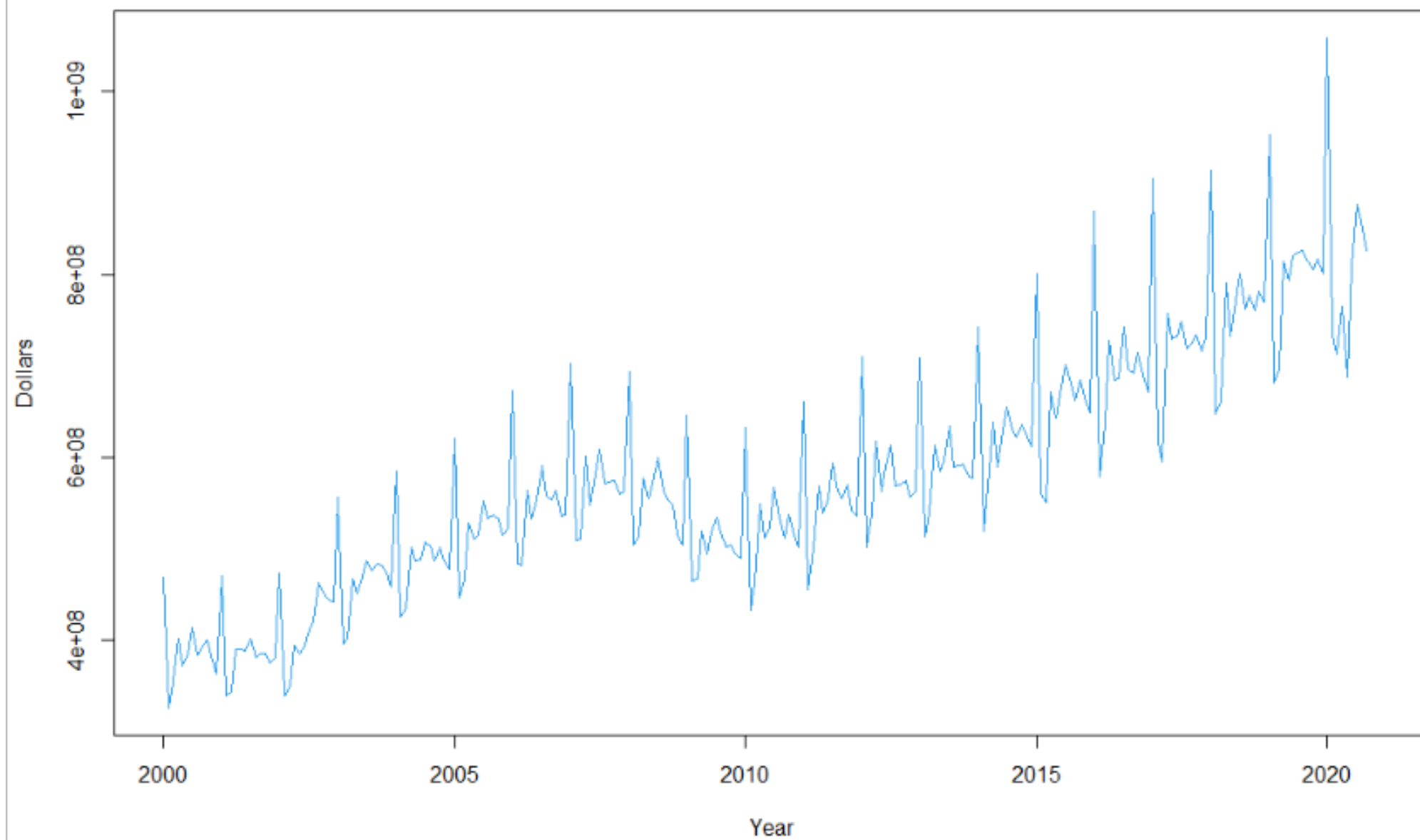
# Franchise and Excise Tax Collections



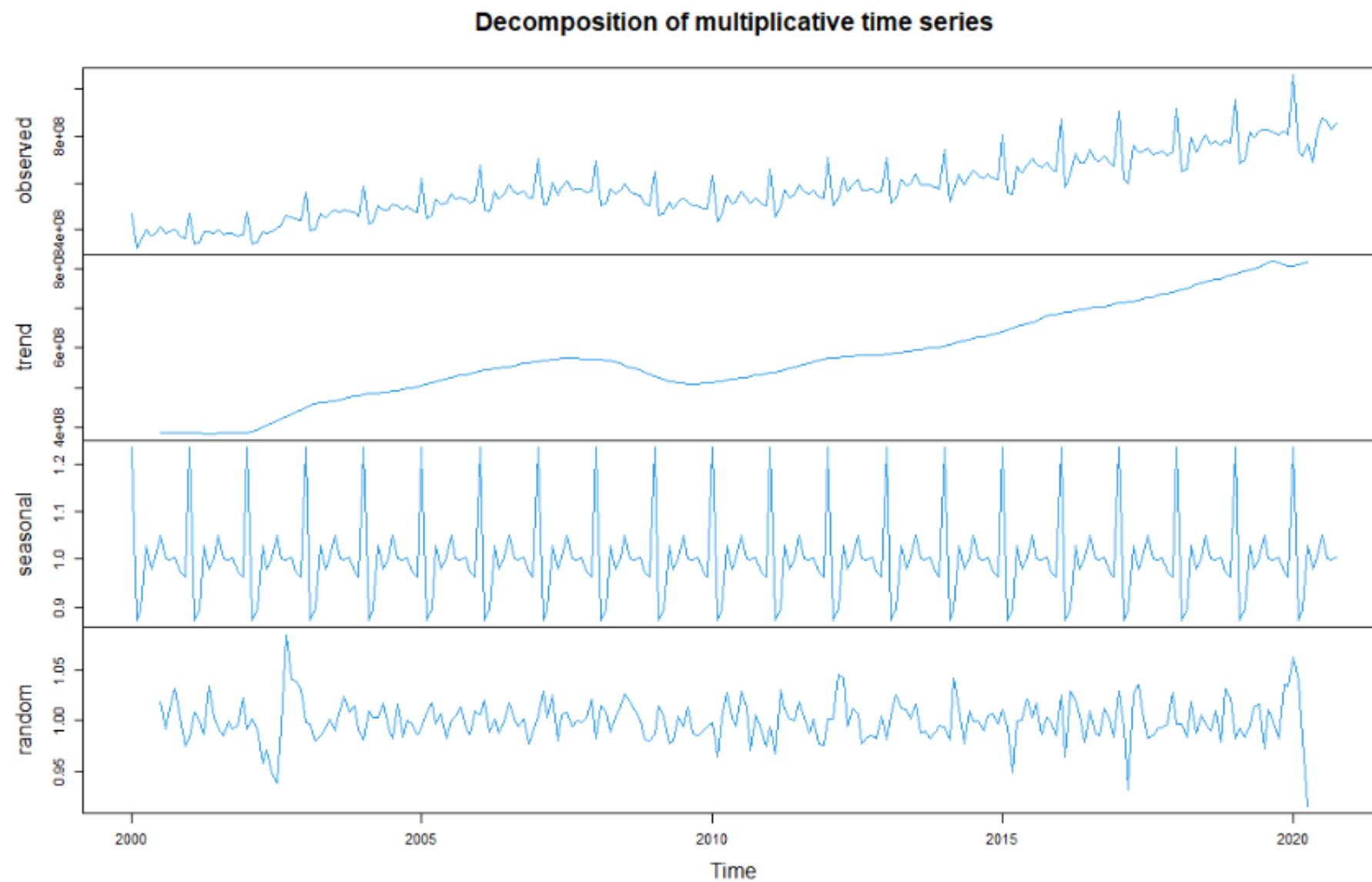
Franchise and Excise Tax Collections 2018-2020



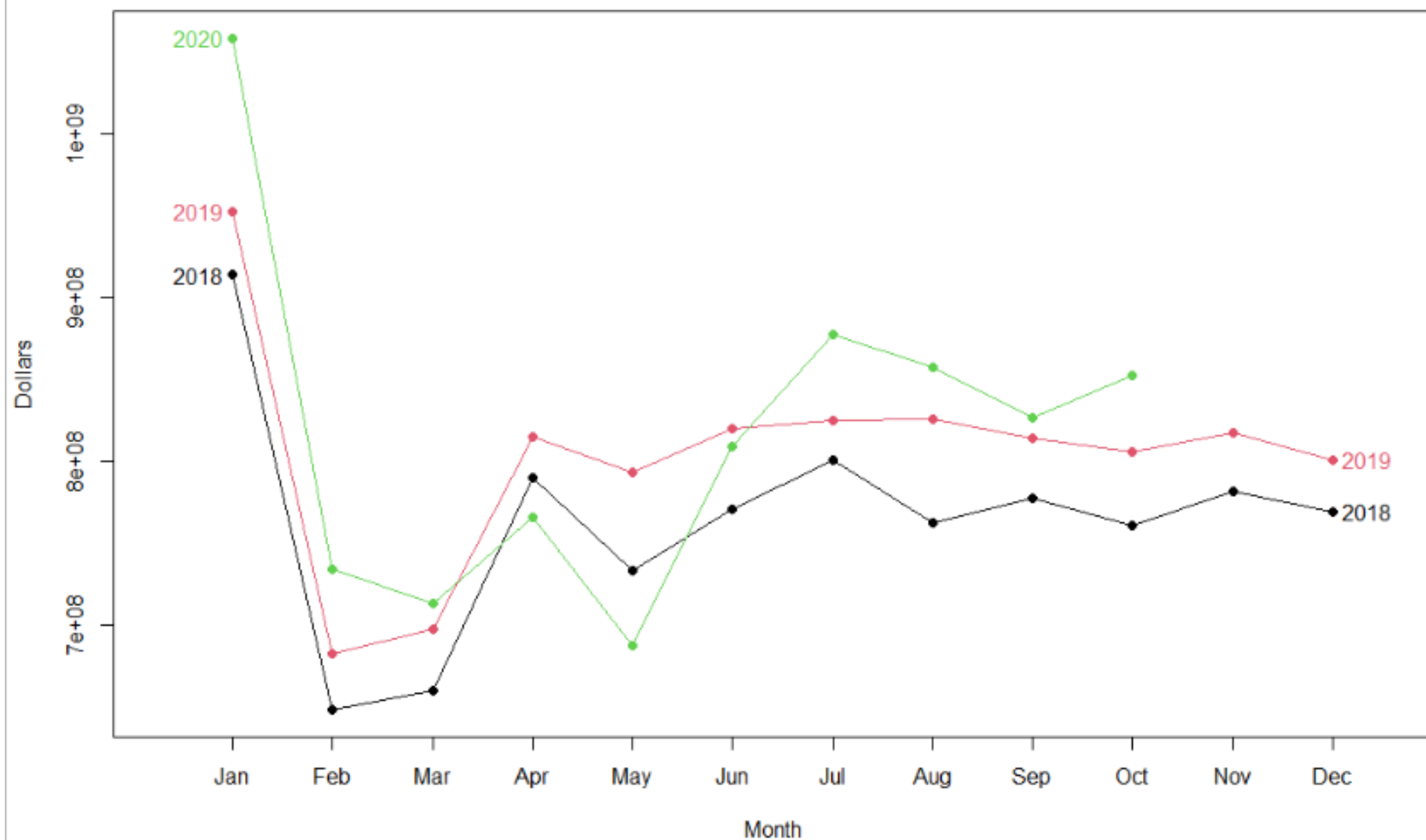
**Sales and Use Tax Collections: 2000-2020**



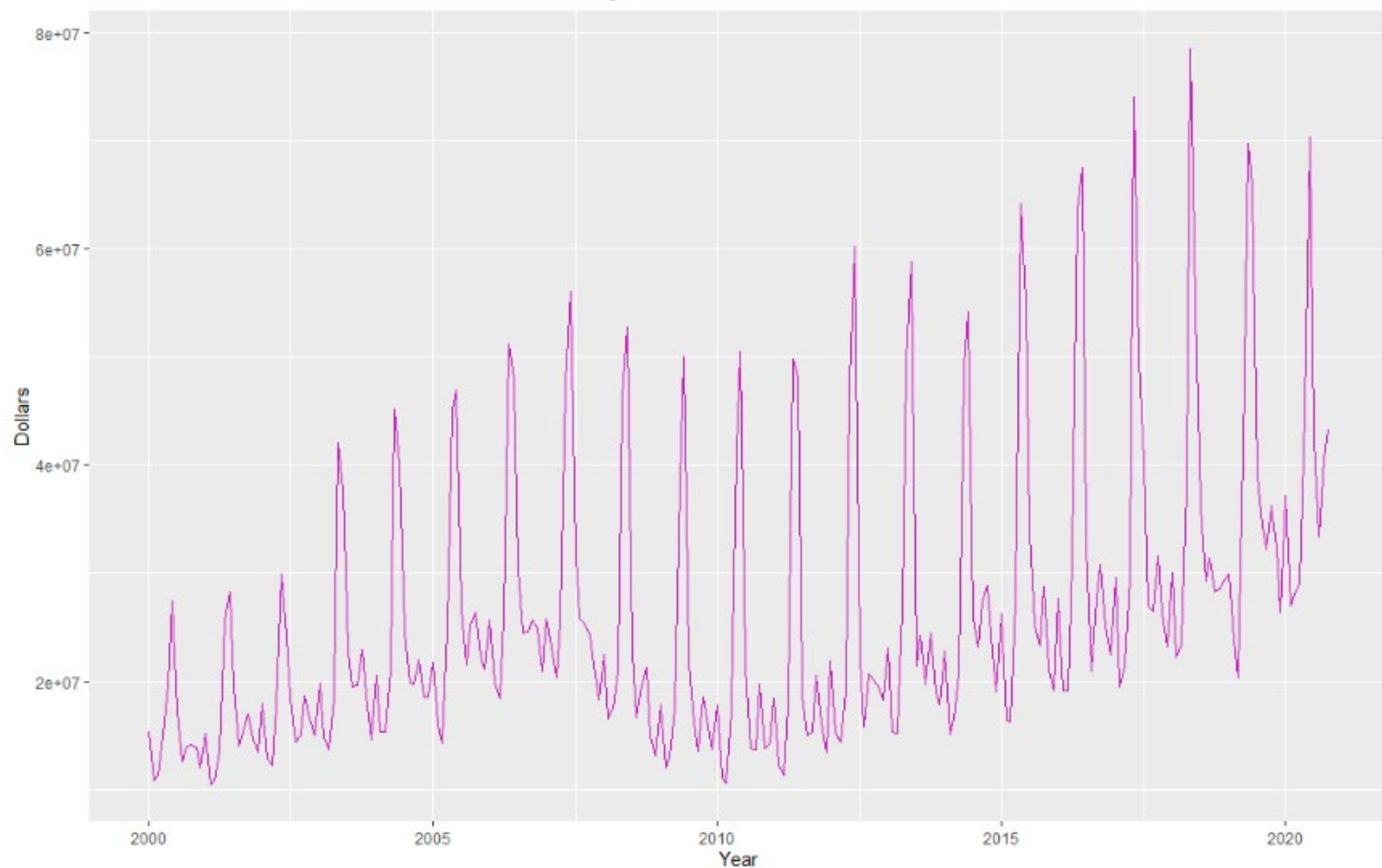
# Sales and Use Tax Collections



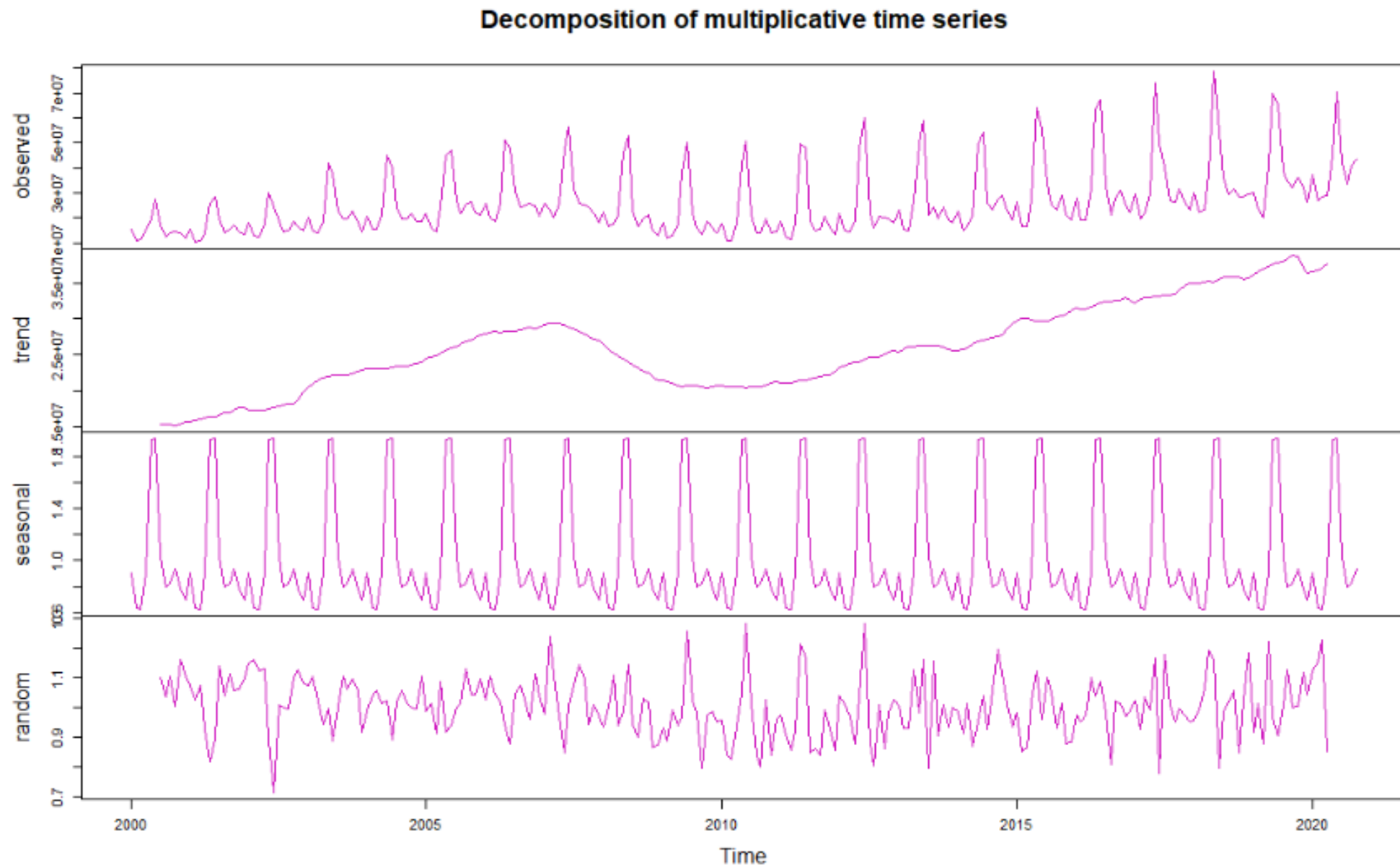
Sales and Use Tax Collections 2018-2020



Privilege Tax Collections: 2000-2020

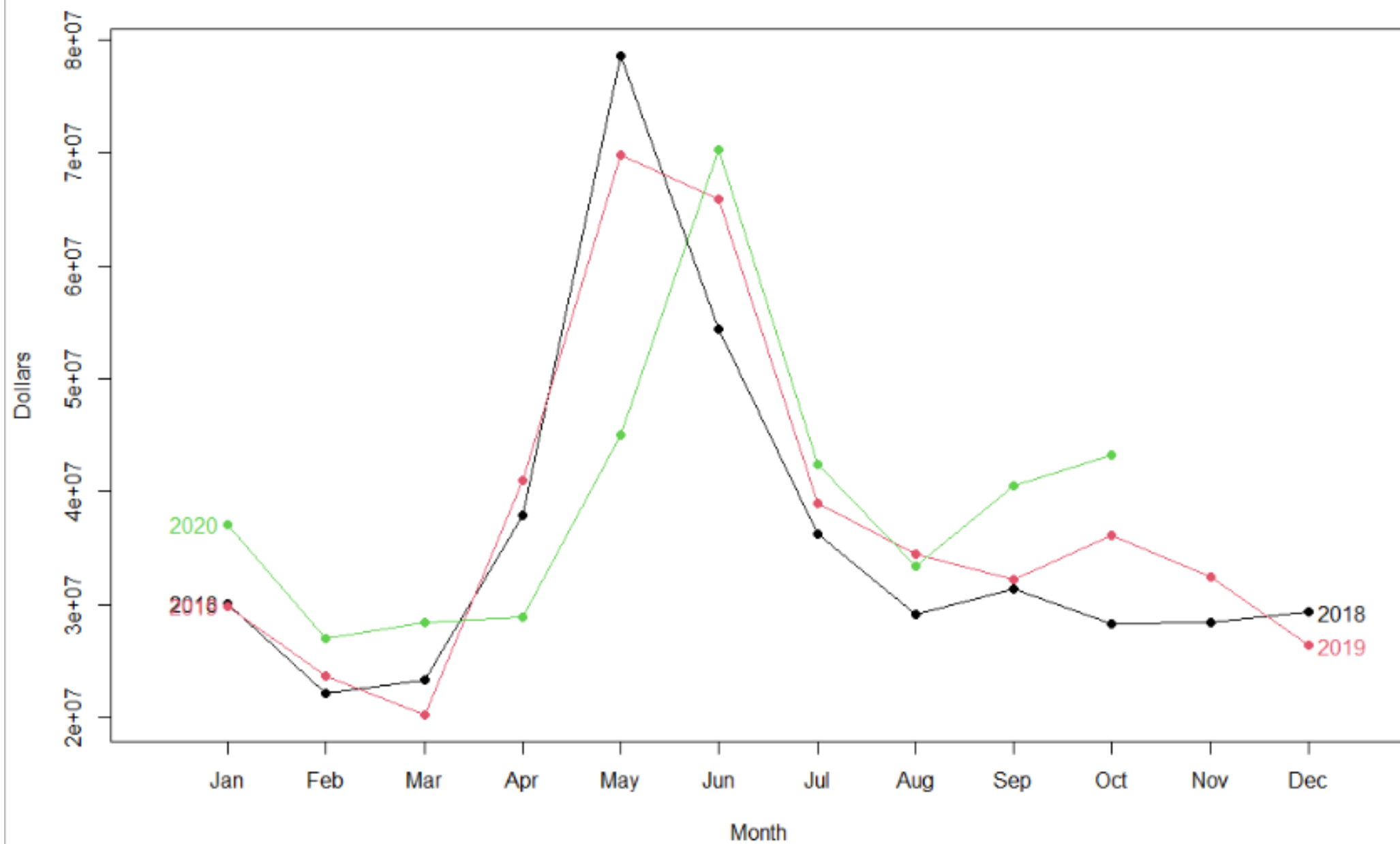


# Privilege Tax Collections



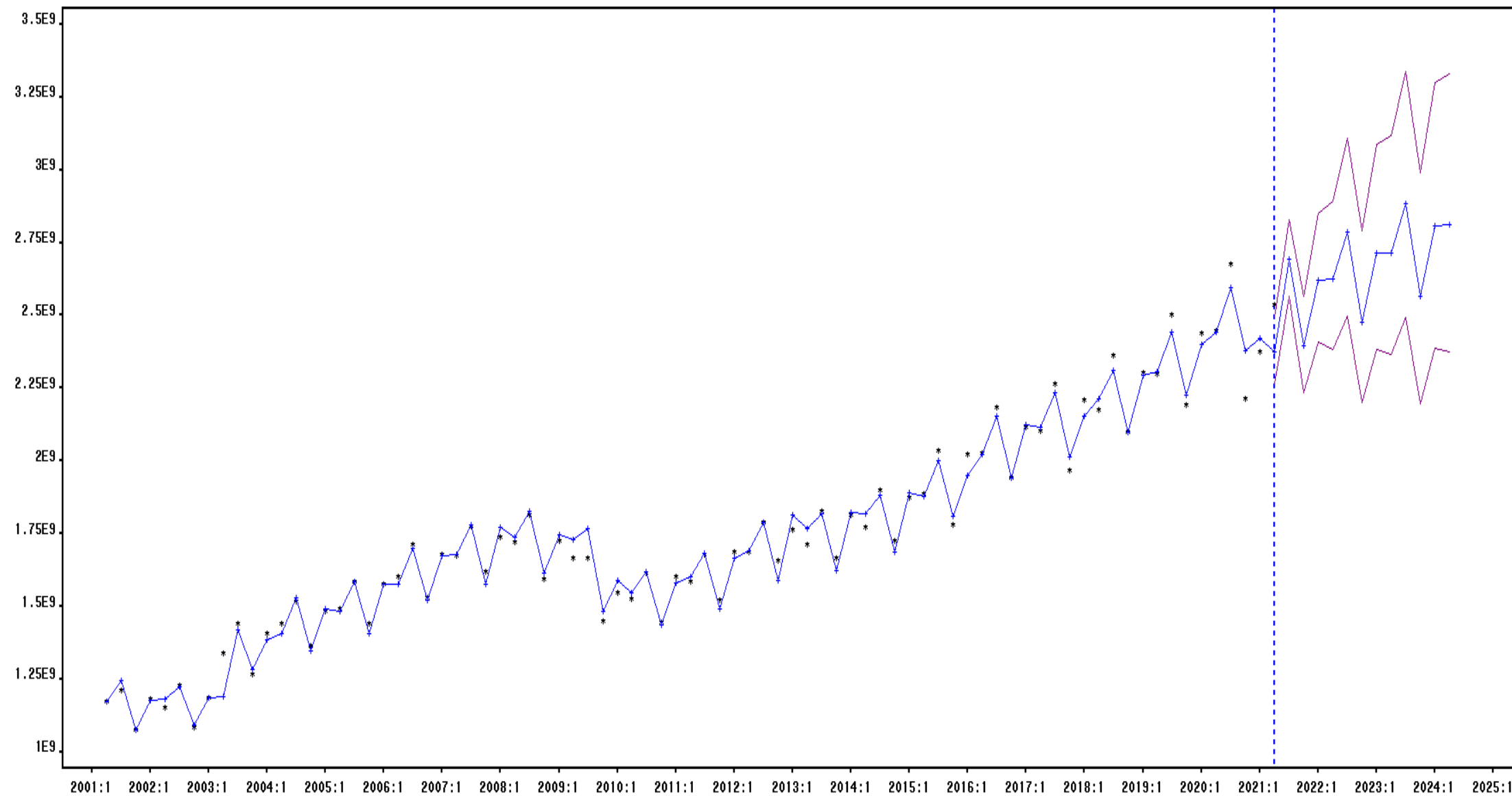


Privilege Collections 2018-2020



Log Winters Method -- Additive

Forecasts for SALES



# REVENUE FORECAST

# Forecast Assumptions:

- New Federal Aid Package of \$1 Trillion Dollars or More Within 12 Months;
- An Effective Covid 19 Vaccine Will be Available by Spring of 2021;
- No “Lock Down” in 2020-2021 Timeframe;
- Leisure and Hospitality Industry Recovery;

ACCRUAL YEAR BASIS	ESTIMATED TENNESSEE DEPARTMENT OF REVENUE COLLECTIONS:				
	FY 19 -20	FY 20 - 21		FY 21 - 22	
			PERCENT CHANGE		PERCENT CHANGE
	AMOUNT	AMOUNT	OVER PREVIOUS YEAR	AMOUNT	OVER PREVIOUS YEAR
SALES & USE <sup>1</sup>	\$9,619,215,200	\$10,105,900,000	5.06%	\$10,591,200,000	4.80%
GASOLINE TAX	\$835,101,900	\$842,100,000	0.84%	\$875,000,000	3.91%
MOTOR FUEL TAX	\$286,896,000	\$300,000,000	4.57%	\$315,000,000	5.00%
GASOLINE INSPECTION TAX	\$67,074,100	\$67,900,000	1.23%	\$69,500,000	2.36%
MOTOR VEHICLE REGISTRATION TAX	\$329,336,200	\$343,400,000	4.27%	\$352,000,000	2.50%
INCOME TAX	\$150,708,900	\$130,000,000	-13.74%	\$100,000,000	-23.08%
PRIVILEGE TAX <sup>2</sup>	\$381,211,000	\$410,000,000	7.55%	\$426,800,000	4.10%
GROSS RECEIPTS TAX	\$368,883,800	\$376,100,000	1.96%	\$383,800,000	2.05%
GROSS RECEIPTS TAX - OTHER	\$21,924,800	\$22,000,000	0.34%	\$23,000,000	4.55%
BEER TAX	\$16,974,500	\$18,700,000	10.17%	\$19,250,000	2.94%
ALCOHOLIC BEVERAGE TAX	\$75,823,900	\$83,200,000	9.73%	\$88,500,000	6.37%
FRANCHISE & EXCISE TAX	\$2,853,429,700	\$3,190,000,000	11.80%	\$3,304,500,000	3.59%
INHERITANCE TAX	\$1,437,700	\$1,250,000	-13.06%	\$0	-
TOBACCO TAX	\$240,580,300	\$236,800,000	-1.57%	\$230,000,000	-2.87%
MOTOR VEHICLE TITLE FEES	\$22,230,900	\$23,900,000	7.51%	\$25,250,000	5.65%
MIXED DRINK TAX	\$115,216,300	\$115,300,000	0.07%	\$119,500,000	3.64%
BUSINESS TAX	\$228,580,400	\$237,300,000	3.81%	\$256,500,000	8.09%
SEVERANCE TAX	\$757,100	\$273,000	-63.94%	\$295,000	8.06%
COIN AMUSEMENT TAX	\$272,800	\$257,000	-5.79%	\$265,000	3.11%
UNAUTHORIZED SUBSTANCE TAX	\$5,000	\$5,000	0.00%	\$5,000	0.00%
TOTAL	\$15,615,660,500	\$16,504,385,000	5.69%	\$17,180,365,000	4.10%

1. Excludes \$108.8 million in earmarked fees collected under sales tax for E911 telecommunications services.

2. Excludes \$58.7 million earmarked fees collected under the privilege tax.

DISTRIBUTION OF ACTUAL REVENUE BY FUND					
FISCAL YEAR 2019-2020					
SOURCE OF REVENUE		<u>General Fund &amp; Education Fund</u>	<u>Highway Fund</u>	<u>Debt Service Fund</u>	<u>Cities &amp; Counties*</u>
Sales and Use Tax <sup>1</sup>	\$10,105,900,000	\$9,436,570,088	\$68,551,013	\$71,047,016	\$529,731,883
Gasoline Tax	\$842,100,000	\$12,195,952	\$432,714,183	\$76,233,523	\$320,956,342
Motor Fuel Tax	\$300,000,000	\$2,159,633	\$219,361,197		\$78,479,170
Gasoline Inspection Tax	\$67,900,000	\$19,730,086	\$34,991,215		\$13,178,699
Motor Vehicle Registration Tax	\$343,400,000	\$53,087,683	\$290,312,317		
Income Tax	\$130,000,000	\$82,385,632			\$47,614,368
Privilege Tax <sup>2</sup>	\$410,000,000	\$403,083,117			\$6,916,883
Gross Receipts Tax - TVA	\$376,100,000	\$205,695,564			\$170,404,436
Gross Receipts Tax - Other	\$22,000,000	\$18,425,080	\$3,574,920		
Beer Tax	\$18,700,000	\$12,574,151	\$2,356,214		\$3,769,634
Alcoholic Beverage Tax	\$83,200,000	\$68,655,452			\$14,544,548
Franchise and Excise Tax	\$3,190,000,000	\$3,132,823,771		\$57,176,229	
Inheritance and Estate Tax	\$1,250,000	\$1,250,000			
Tobacco Tax	\$236,800,000	\$236,800,000			
Motor Vehicle Title Fees	\$23,900,000	\$23,900,000			
Mixed Drink Tax	\$115,300,000	\$101,296,518		\$14,003,482	
Business Tax	\$237,300,000	\$118,653,604			\$118,646,396
Severance Tax	\$273,000	\$273,000			
Coin-operated Amusement Tax	\$257,000	\$90,193			\$166,807
Unauthorized Substance Tax	\$5,000	\$5,000			\$0
Total Department of Revenue	\$16,504,385,000	\$13,929,654,525	\$1,051,861,058	\$218,460,250	\$1,304,409,166



# Estimated State Tax Revenue

November 18, 2020

# Forecasting Overview

- Forecasting process involves historical collections data along with economic indicators from Moody's.
- Models provide forecasts that are then adjusted as necessary based on business knowledge and experience.
- Forecasts may also be adjusted to account for anticipated federal and/or state legislation impacts, as well as any non-recurring revenue.



# Fiscal Year 2020 Tax Revenue

## COMPARISON OF ACCRUAL STATE TAX REVENUE

### DEPARTMENT OF REVENUE TAXES

#### YEAR OVER YEAR COMPARISON

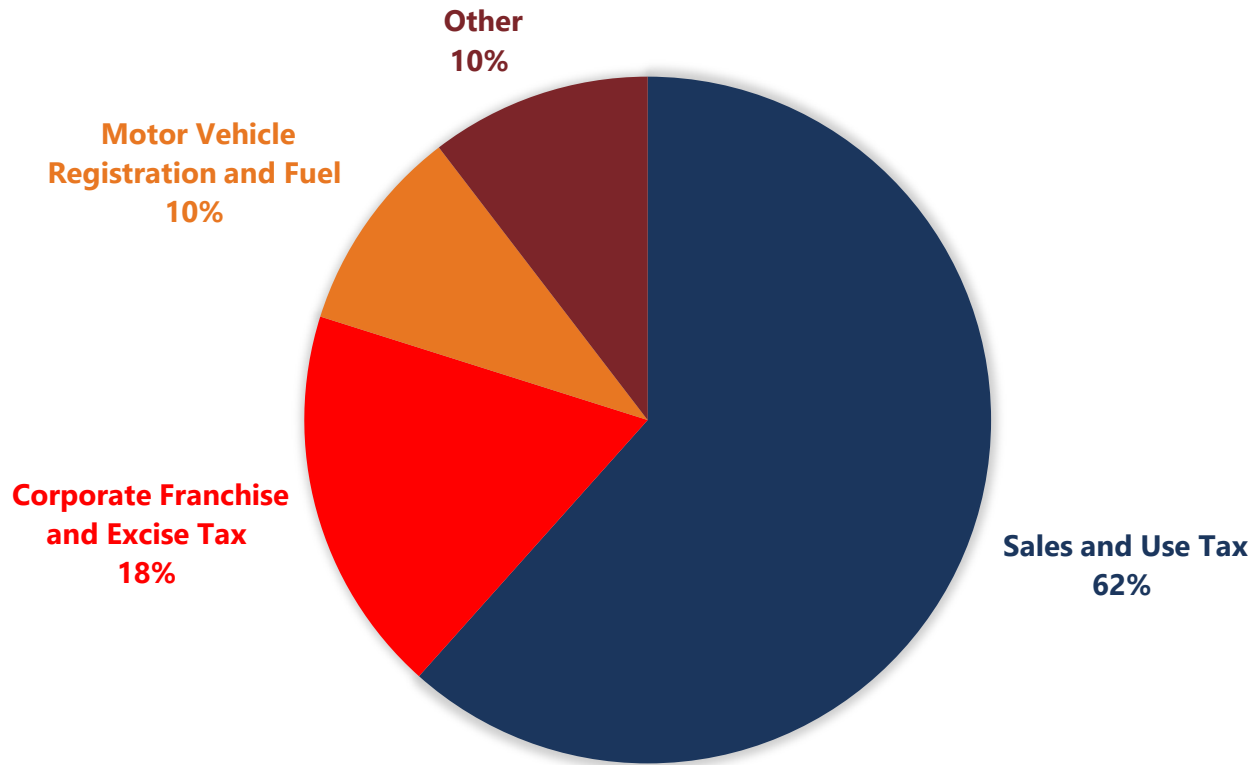
	Fiscal Year 2019	Fiscal Year 2020	% Change	Tax Weight	Total % Point Contribution
Sales and Use Tax	\$9,337,817,700	\$9,619,215,200	3.01%	62%	1.86%
Corporate Franchise and Excise Tax	\$2,752,023,800	\$2,853,429,700	3.68%	18%	0.67%
Motor Vehicle Registration and Fuel <sup>1</sup>	\$1,508,692,300	\$1,518,408,200	0.64%	10%	0.06%
Other	\$1,669,389,000	\$1,624,646,900	-2.68%	10%	-0.28%
<b>TOTAL ACCRUAL REVENUE</b>	<b>\$15,267,922,800</b>	<b>\$15,615,700,000</b>	<b>2.28%</b>	<b>100%</b>	<b>2.31%</b>

\*Data from F&A.

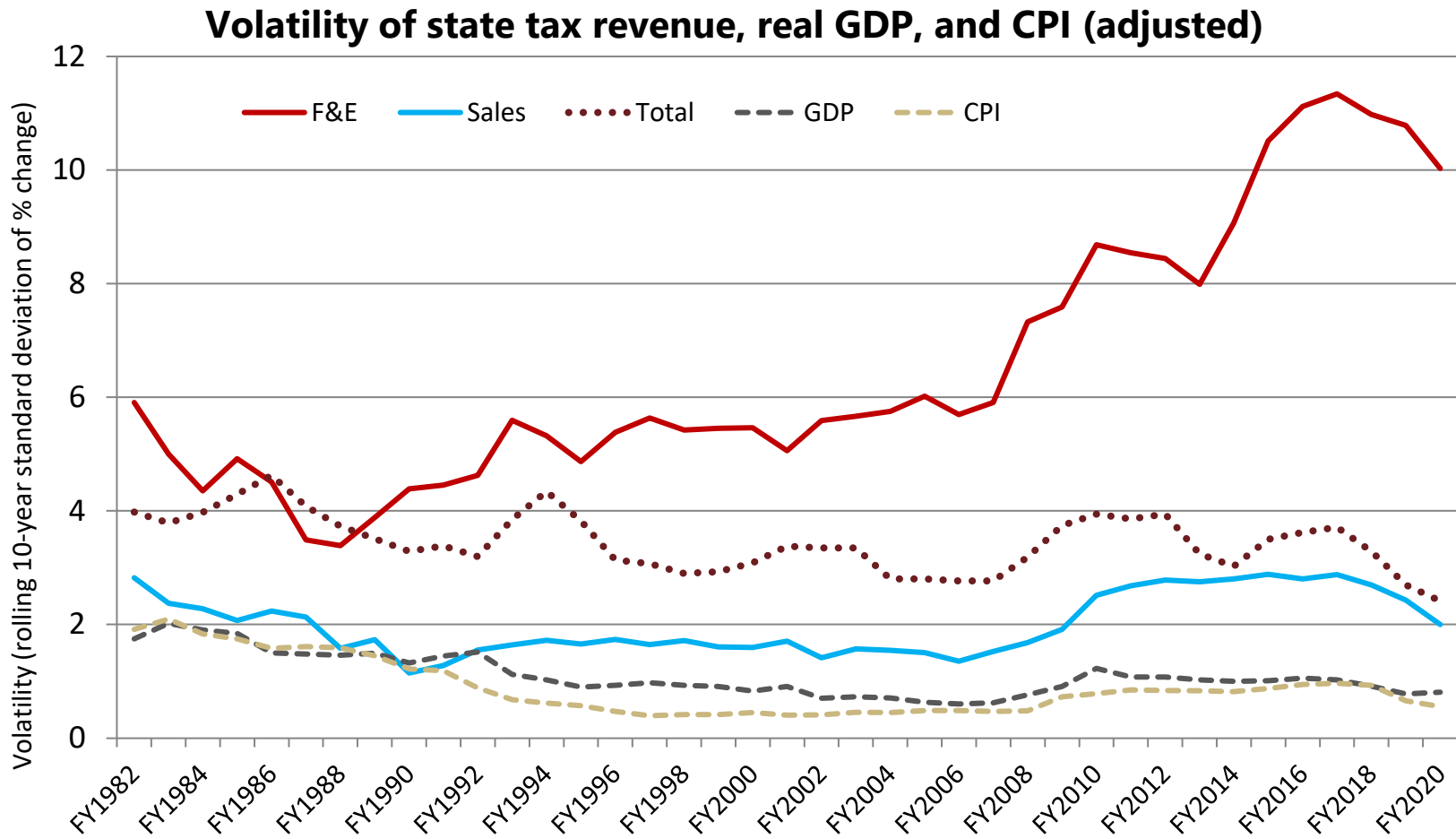
<sup>1</sup>Includes motor vehicle registrations, gasoline, motor vehicle fuel, and petroleum special taxes.

# Fiscal Year 2020 Tax Revenue

FY 2020 ACCRUAL STATE TAX COLLECTIONS



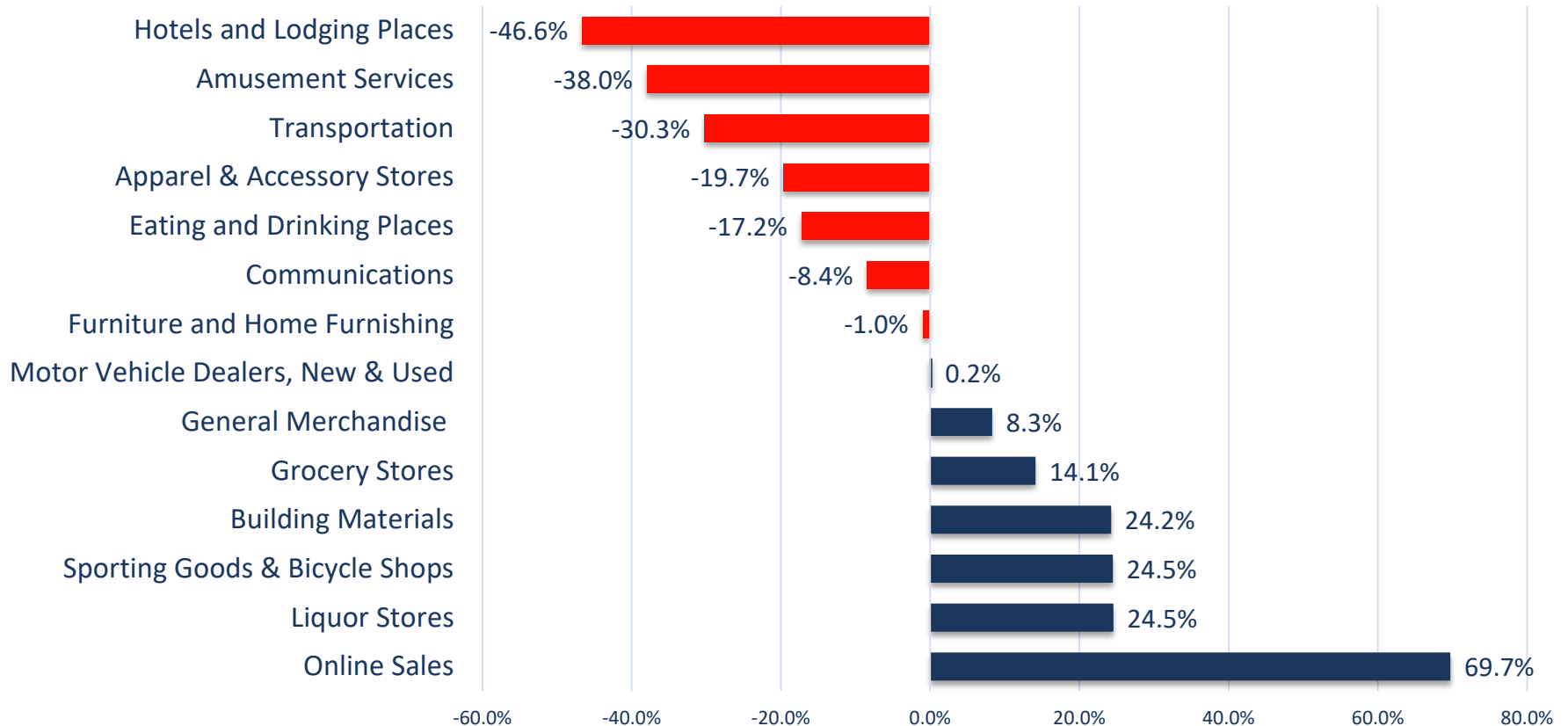
# Tennessee Tax Volatility Comparison



# Sales Tax Collection Impacts in COVID Period

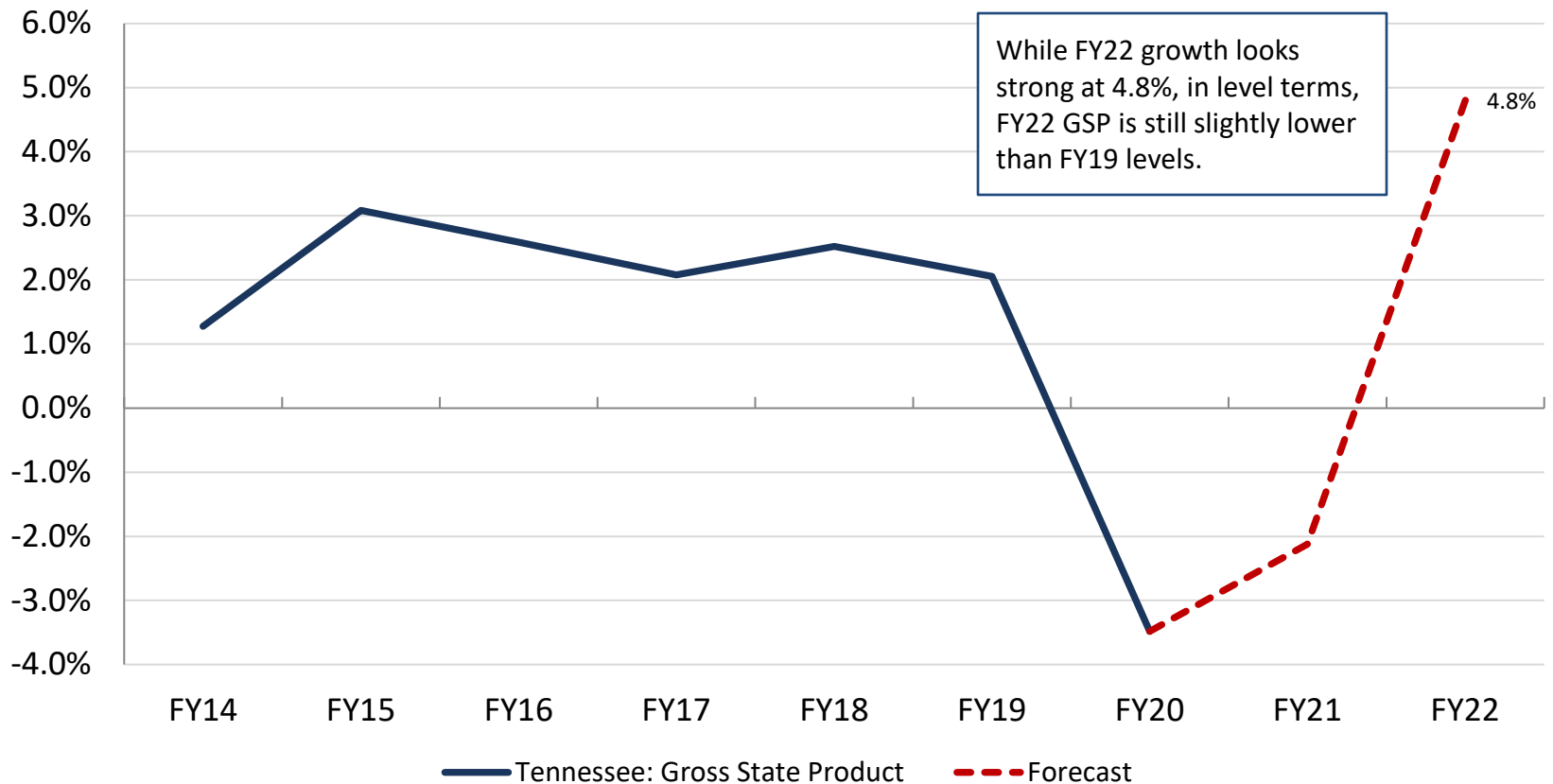
## Sales Tax Collections by Industry

Mar 2020 - Oct 2020 (Percent change from previous year)



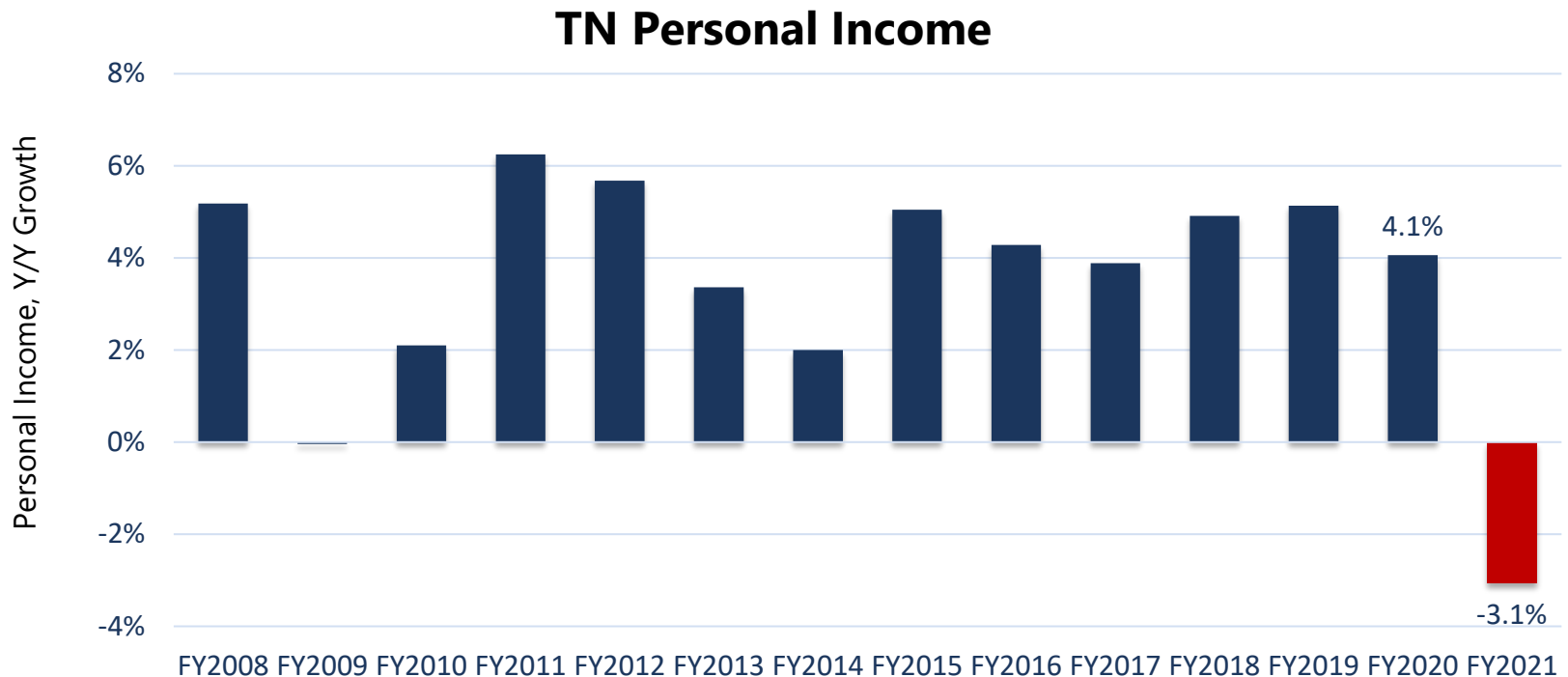
# Tennessee Gross State Product

**Tennessee: Gross State Product**  
(Y/Y Growth)



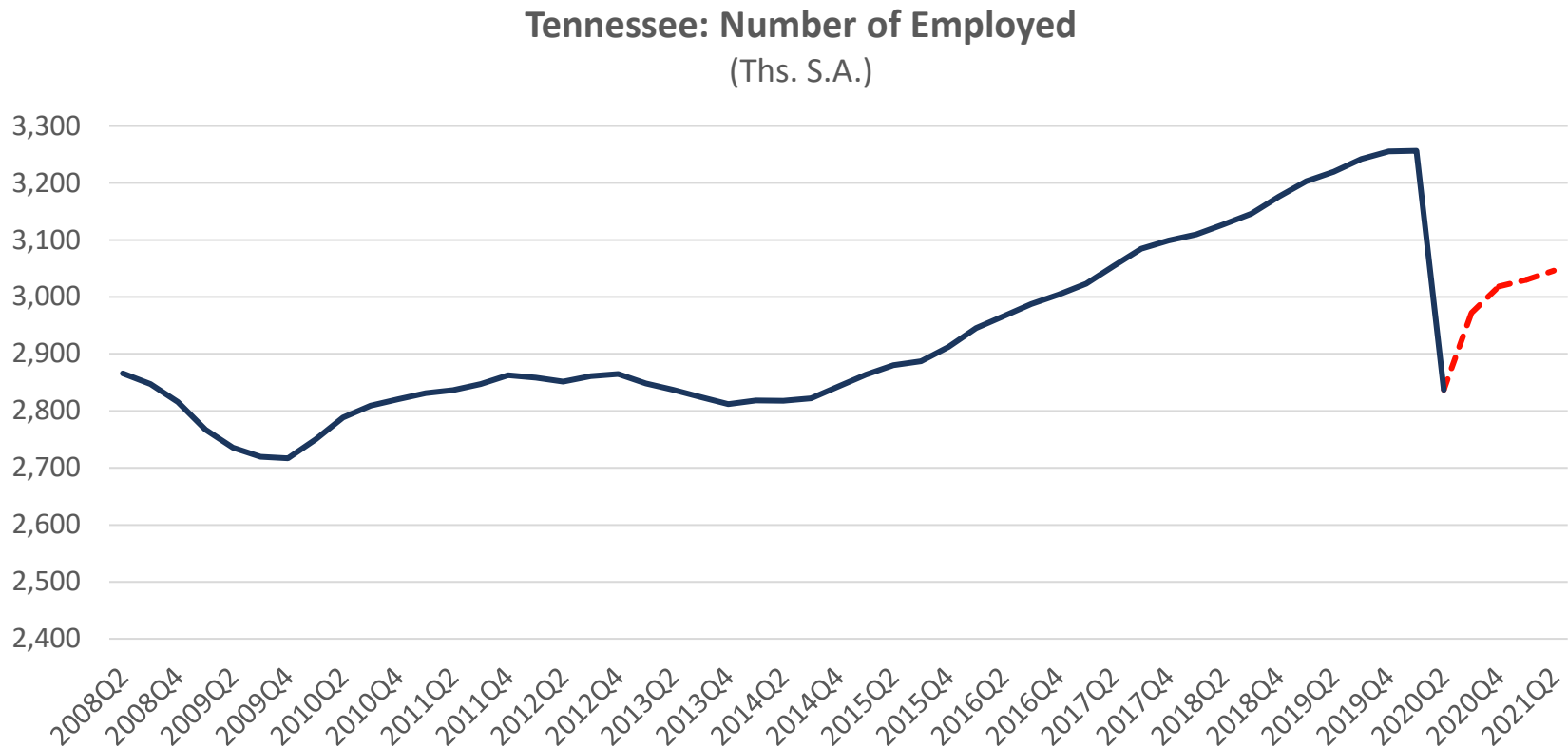
# Tennessee Personal Income

- Personal income gains of 4.1% for FY 2020
- Personal income decline of 3.1% is expected for FY 2021



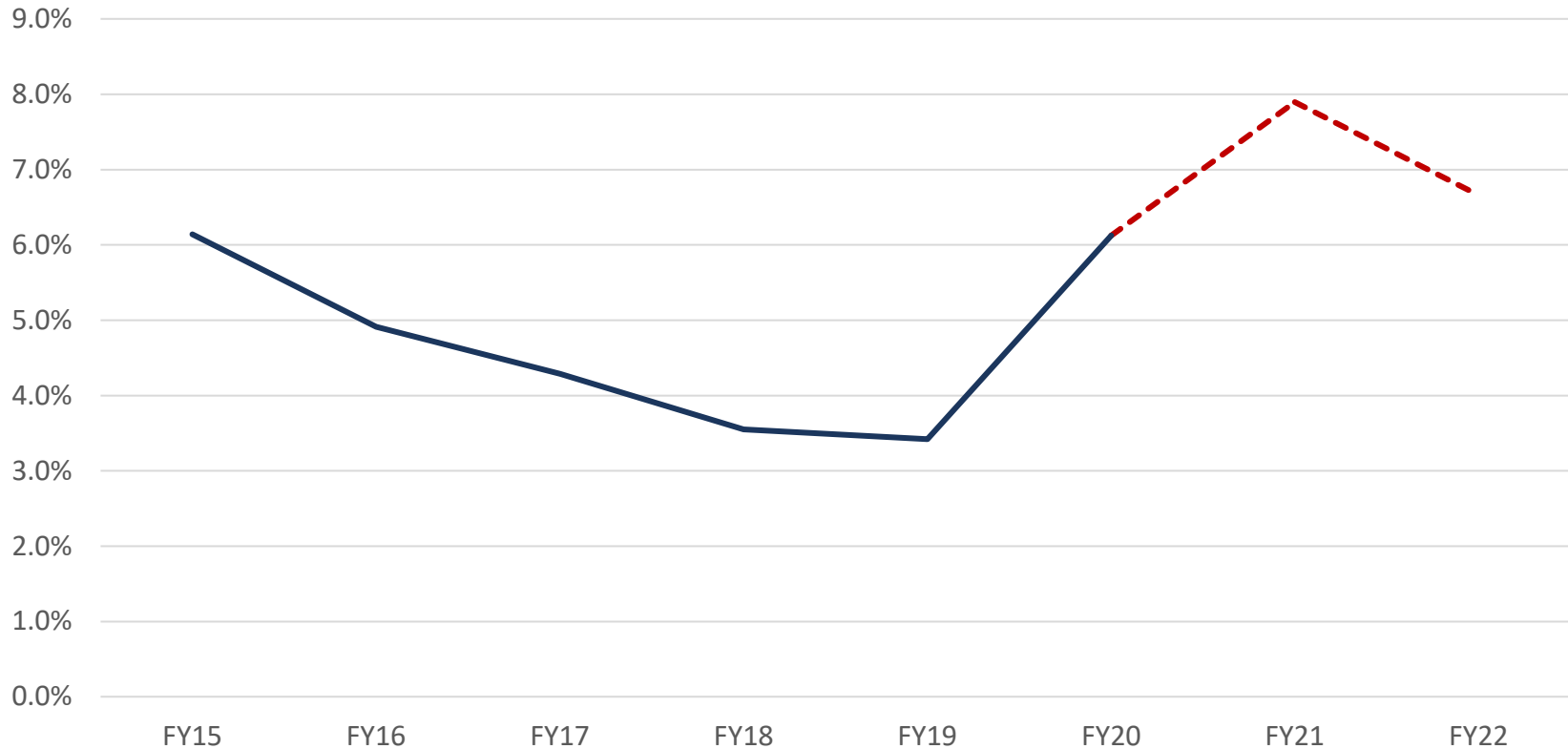
# Tennessee Employment

- Employment growth is expected to remain subdued for the foreseeable future



# Tennessee Unemployment

Tennessee: Unemployment Rate





# Auto Industry Recent Collections History

## Revenue Implications of Automotive Activity (Most Recent 6 Month Data)

Growth is presented as year over year (YOY)

### Sales Tax Collections from Motor Vehicle Dealers, New & Used

	Collections	YOY % Growth	YOY \$ Growth
May	\$49,684,048	-13.48%	(\$7,742,571)
June	\$68,154,333	8.32%	\$5,232,257
July	\$65,172,713	13.03%	\$7,512,695
August	\$63,507,266	2.33%	\$1,448,413
September	\$65,450,259	-1.89%	(\$1,259,297)
October	\$63,303,651	9.39%	\$5,433,730
		<b>2.91%</b>	<b>\$10,625,226</b>

### Sales Tax Collections from Motor Vehicle Dealers, Used

	Collections	YOY % Growth	YOY \$ Growth
May	\$14,293,628	-20.32%	(\$3,646,184)
June	\$18,826,398	3.64%	\$661,732
July	\$19,874,580	16.63%	\$2,833,856
August	\$18,797,424	2.77%	\$506,934
September	\$18,993,602	-0.17%	(\$31,945)
October	\$16,502,516	3.25%	\$519,636
		<b>0.79%</b>	<b>\$844,029</b>

### Sales Tax Collections from Auto Repair, Services, and Parking

	Collections	YOY % Growth	YOY \$ Growth
May	\$17,623,704	-19.26%	(\$4,205,370)
June	\$19,328,637	-14.61%	(\$3,308,344)
July	\$21,515,817	-4.58%	(\$1,033,087)
August	\$22,061,884	-6.02%	(\$1,412,010)
September	\$21,369,173	-7.87%	(\$1,824,619)
October	\$21,182,944	-3.61%	(\$794,260)
		<b>-9.27%</b>	<b>(\$12,577,691)</b>
<b>6 Month Total Growth</b>		<b>-0.18%</b>	<b>(\$1,108,435)</b>

# Fuel Related Recent Collections History

Revenue Implications of Fuel Related Activity (Most Recent 6 Month Data)  
Growth is presented as year over year (YOY)

## Sales Tax Collections from Gasoline Services Stations

	Collections	YOY % Growth	YOY \$ Growth
May	\$13,711,670	1.95%	\$261,725
June	\$15,380,482	3.99%	\$590,025
July	\$15,691,838	8.99%	\$1,294,184
August	\$16,484,898	11.98%	\$1,763,800
September	\$15,997,614	8.12%	\$1,201,625
October	\$15,236,247	7.57%	\$1,072,084
		<b>7.16%</b>	<b>\$6,183,443</b>

## Gasoline Tax Collections

	Collections	YOY % Growth	YOY \$ Growth
May	\$45,204,686	-37.65%	(\$27,294,844)
June	\$64,645,996	-12.89%	(\$9,562,983)
July	\$72,143,284	3.20%	\$2,240,063
August	\$71,590,349	-11.80%	(\$9,574,169)
September	\$70,833,807	-8.02%	(\$6,176,145)
October	\$72,706,721	-0.98%	(\$716,932)
		<b>-11.40%</b>	<b>(\$51,085,010)</b>

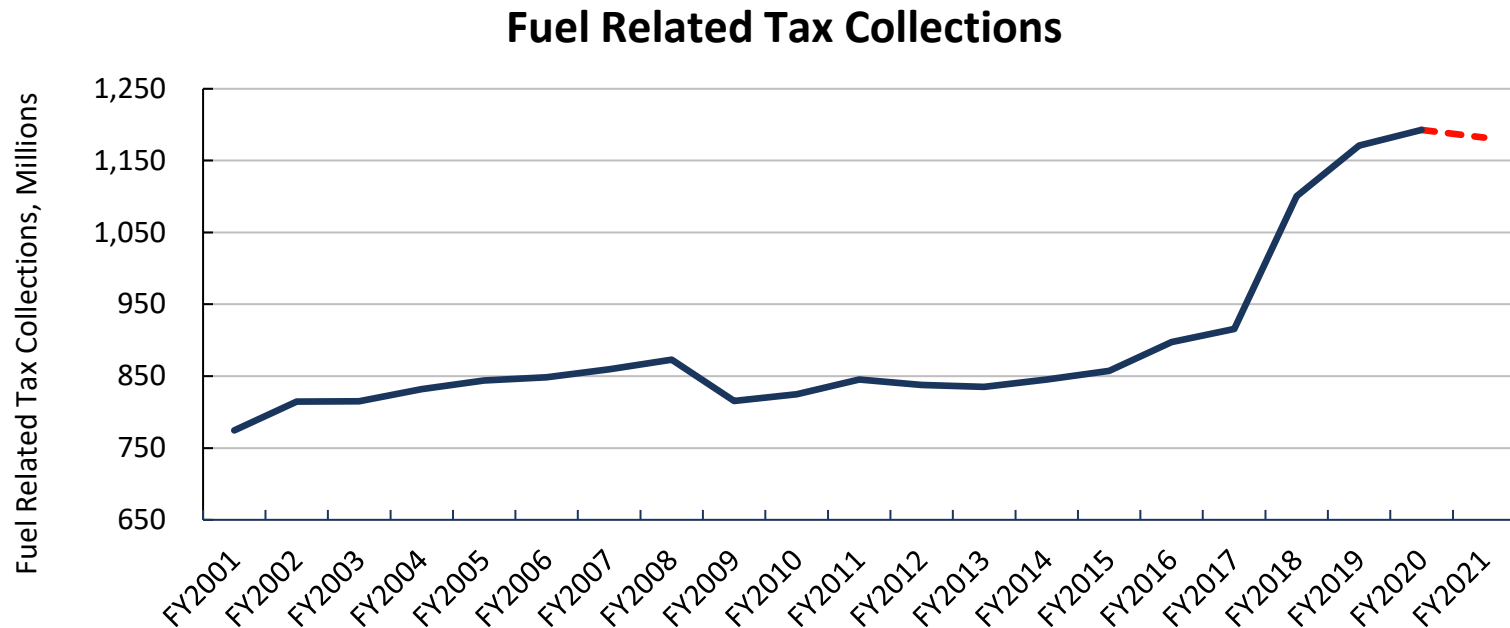
## Motor Fuel Tax Collections

	Collections	YOY % Growth	YOY \$ Growth
May	\$20,515,592	7.38%	\$1,409,137
June	\$22,880,631	-0.30%	(\$68,789)
July	\$27,408,100	13.99%	\$3,364,488
August	\$23,801,189	7.28%	\$1,615,970
September	\$25,646,530	-0.10%	(\$24,437)
October	\$29,152,882	4.71%	\$1,311,030
		<b>5.36%</b>	<b>\$7,607,399</b>

<b>6 Month Total Growth</b>	<b>-5.51%</b>	<b>(\$37,294,168)</b>
-----------------------------	---------------	-----------------------

# Fuel Related Collections\*

- Fuel related tax collections increased 1.9% in FY 2020
- By the end of FY 2021, collections are expected to decrease 0.9% from a year earlier



# Housing Related Recent Collections History

## Revenue Implications of Housing Activity (Most Recent 6 Month Data)

Growth is presented as year over year (YOY)

### Sales Tax Collections from Building Materials

	Collections	YOY % Growth	YOY \$ Growth
May	\$66,346,705	25.16%	\$13,338,639
June	\$63,667,849	25.10%	\$12,774,294
July	\$67,221,755	36.80%	\$18,081,884
August	\$59,732,107	25.36%	\$12,083,270
September	\$55,288,117	25.60%	\$11,268,674
October	\$61,457,666	27.55%	\$13,274,711
		<b>27.59%</b>	<b>\$80,821,472</b>

### Privilege Tax Collections from Realty Transfer

	Collections	YOY % Growth	YOY \$ Growth
May	\$15,836,531	2.75%	\$423,436
June	\$13,210,706	-26.97%	(\$4,878,214)
July	\$17,583,977	-6.66%	(\$1,254,879)
August	\$18,366,369	-6.61%	(\$1,300,248)
September	\$22,233,551	17.78%	\$3,356,195
October	\$22,405,348	28.76%	\$5,004,865
		<b>1.25%</b>	<b>\$1,351,156</b>

### Privilege Tax Collections from Realty Mortgage

	Collections	YOY % Growth	YOY \$ Growth
May	\$10,618,205	69.37%	\$4,349,113
June	\$8,703,675	31.77%	\$2,098,258
July	\$10,175,987	46.01%	\$3,206,844
August	\$8,568,341	13.36%	\$1,009,610
September	\$11,355,088	45.83%	\$3,568,495
October	\$11,561,738	51.53%	\$3,931,906
		<b>42.42%</b>	<b>\$18,164,226</b>

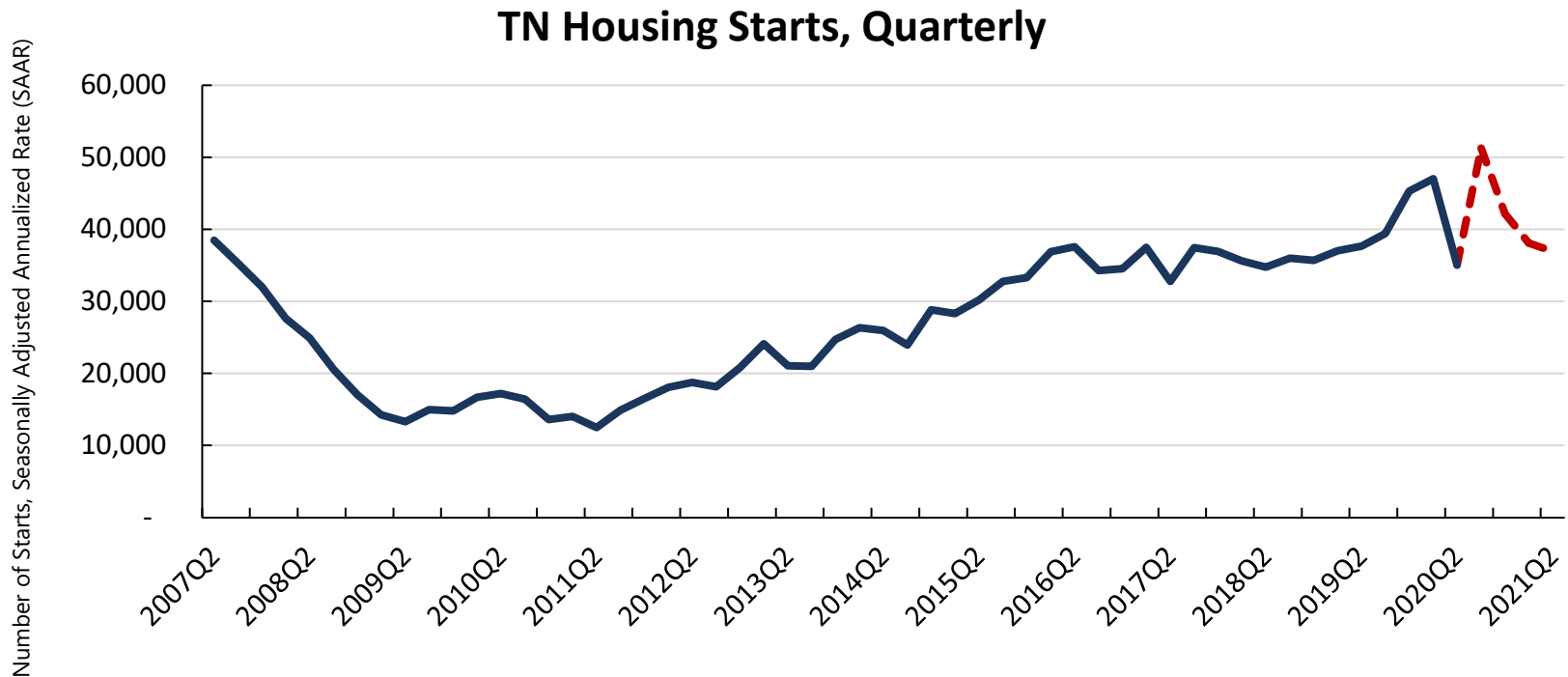
**6 Month Total Growth**

**22.60%**

**\$100,336,854**

# Housing Starts

- Housing starts increased 14.0% in FY 2020
- By the end of FY 2021, housing starts are expected to increase 7.6% from a year earlier



# Public Chapter 92 of 2015

- There are no known non-recurring items included in the Franchise and Excise tax estimates for fiscal year 2020 and the Department is not aware of any upcoming non-recurring payments in FY 2021.
- The fiscal year 2021 Franchise and Excise tax estimates do not include revenue estimates for any proposed or potential rule changes.



**REVENUE COLLECTION ESTIMATES**  
**STATE FUNDING BOARD MEETING - 11/18/2020**  
**Accrual year basis (USD)**

SOURCE OF REVENUE

Department of Revenue	Accrual Revenues FY 2020	Official Revenue Estimates FY2021	FY 2021 Revised Estimates FY 2021	% change <sup>3</sup> over FY 2020	FY 2022 Revenue Estimates FY 2022	% change <sup>3</sup> over FY 2021
	Actual					
Sales and Use Tax <sup>1</sup>	\$9,619,215,200	\$9,187,900,000	\$9,907,800,000	3.0%	\$10,304,100,000	4.0%
Gasoline Tax	\$835,101,900	\$839,000,000	\$826,800,000	-1.0%	\$851,200,000	3.0%
Motor Fuel Tax	\$286,896,000	\$310,000,000	\$289,800,000	1.0%	\$295,600,000	2.0%
Gasoline Inspection Tax	\$67,074,100	\$68,800,000	\$65,500,000	-2.3%	\$69,800,000	6.6%
Motor Vehicle Registration Tax	\$329,336,200	\$337,900,000	\$335,400,000	1.8%	\$342,100,000	2.0%
Income Tax	\$150,708,900	\$107,400,000	\$75,100,000	-50.2%	\$7,500,000	-90.0%
Privilege Tax <sup>2</sup>	\$381,211,000	\$390,500,000	\$407,900,000	7.0%	\$422,600,000	3.6%
Gross Receipts Tax - TVA	\$368,883,800	\$365,000,000	\$369,800,000	0.2%	\$377,200,000	2.0%
Gross Receipts Tax - Other	\$21,924,800	\$31,300,000	\$22,000,000	0.3%	\$22,300,000	1.4%
Beer Tax	\$16,974,500	\$17,600,000	\$16,900,000	-0.4%	\$17,200,000	1.8%
Alcoholic Beverage Tax	\$75,823,900	\$77,500,000	\$79,600,000	5.0%	\$82,300,000	3.4%
Franchise & Excise Tax	\$2,853,429,700	\$2,391,400,000	\$2,777,300,000	-2.7%	\$2,929,200,000	5.5%
Inheritance and Estate Tax	\$1,437,700	\$0	\$0	0.0%	\$0	0.0%
Tobacco Tax	\$240,580,300	\$225,200,000	\$238,200,000	-1.0%	\$234,600,000	-1.5%
Motor Vehicle Title Fees	\$22,230,900	\$24,400,000	\$22,300,000	0.3%	\$22,600,000	1.3%
Mixed Drink Tax	\$115,216,300	\$135,500,000	\$108,600,000	-5.7%	\$120,300,000	10.8%
Business Tax	\$228,580,400	\$210,400,000	\$229,300,000	0.3%	\$245,900,000	7.2%
Severance Tax	\$757,100	\$1,000,000	\$800,000	5.7%	\$800,000	0.0%
Coin-operated Amusement Tax	\$272,800	\$300,000	\$300,000	10.0%	\$300,000	0.0%
<b>Total Department of Revenue</b>	<b>\$15,615,700,000</b>	<b>\$14,721,100,000</b>	<b>\$15,773,400,000</b>	<b>1.0%</b>	<b>\$16,345,600,000</b>	<b>3.6%</b>
<b>General Fund Only</b>	<b>\$12,989,200,000</b>	<b>\$12,245,100,000</b>	<b>\$13,165,100,000</b>	<b>1.4%</b>	<b>\$13,674,300,000</b>	<b>3.9%</b>

<sup>1</sup>Excludes \$108.8 million estimated earmarked fees collected under sales tax for E911 telecommunications service (2016 PC 1047).

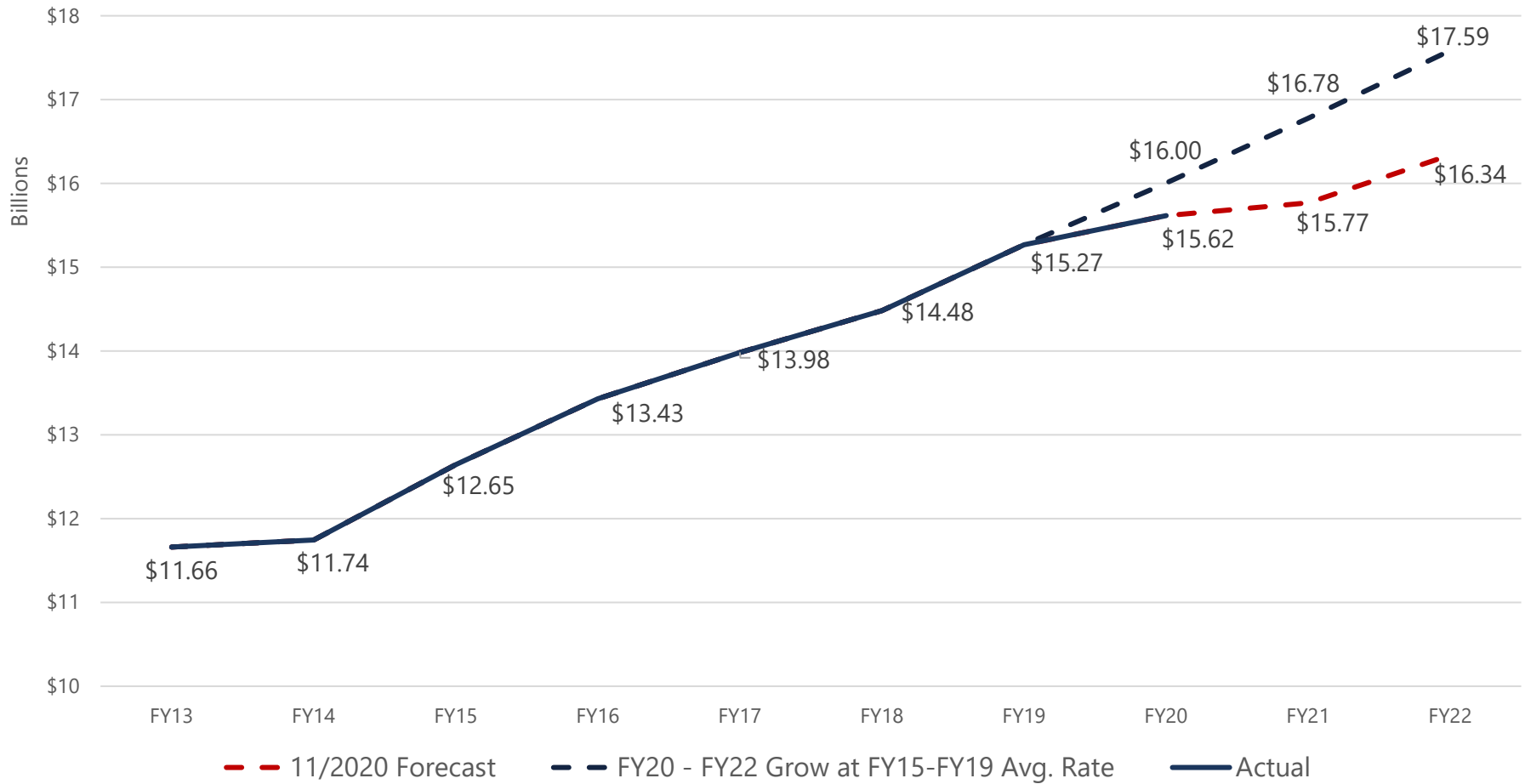
<sup>2</sup>Privilege excludes \$58.7 million dollar earmark not included by F&A.

<sup>3</sup>Percent change in revenue for each tax is the calculated percentage change *after* rounding to nearest \$100,000.

Note: Totals may differ due to rounding.

# Growth in Perspective

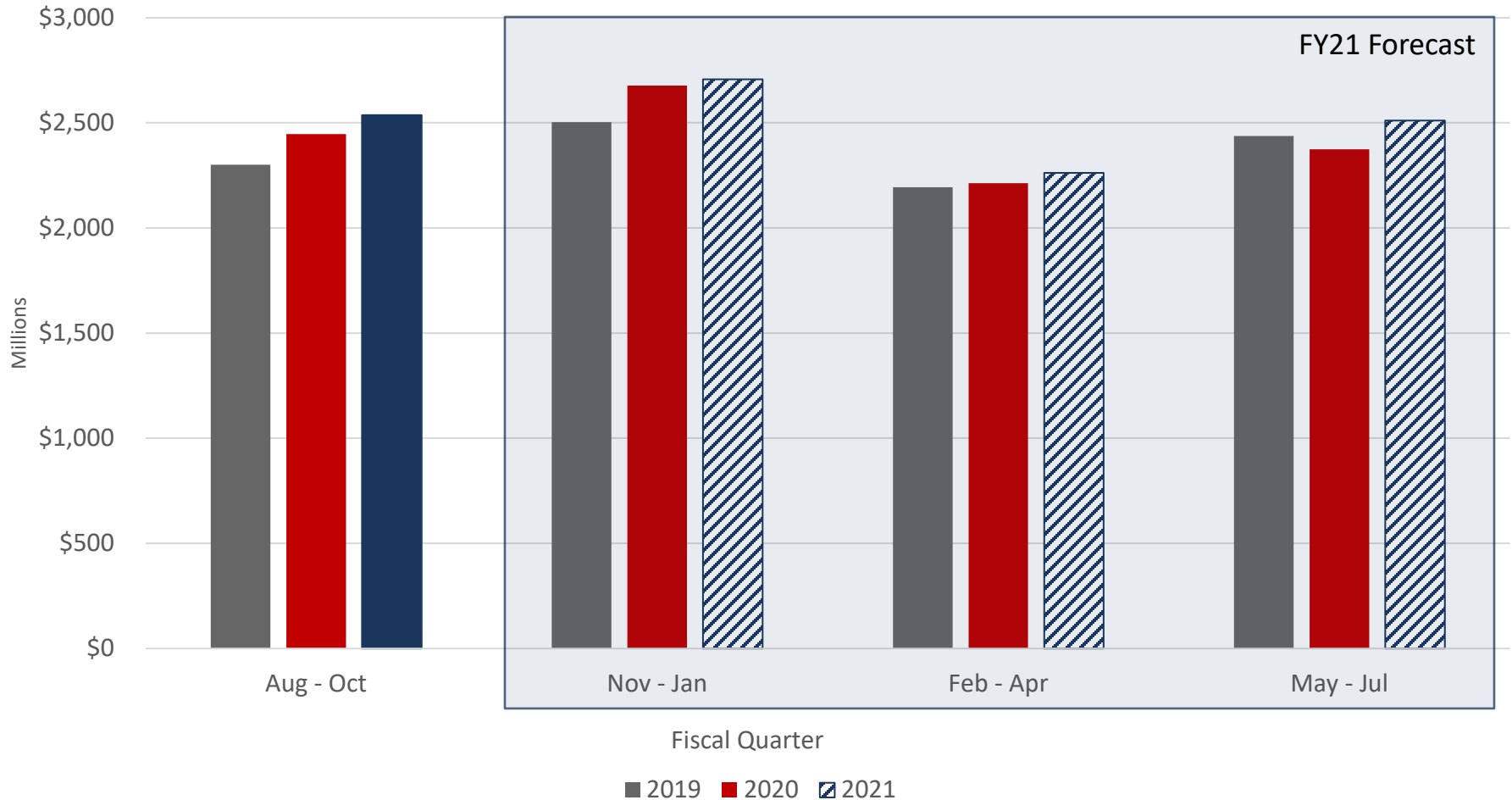
Current Forecast Vs. FY15-FY19 Avg. Growth Rate





# Sales Tax Growth Visualized

Accrual vs Forecast Sales Tax Revenues FY19 - FY20



# Sources

- Data Sourced From:
  - Moody's Analytics (Fall, 2020)
  - BEA (Fall, 2020)
  - BLS (Fall, 2020)
  - U.S. Census Bureau (Fall, 2020)
  - TN Department of Revenue (Fall, 2020)
  - TN Department of Finance & Administration (Fall, 2020)

# Economic Outlook and Tax Revenue Estimates



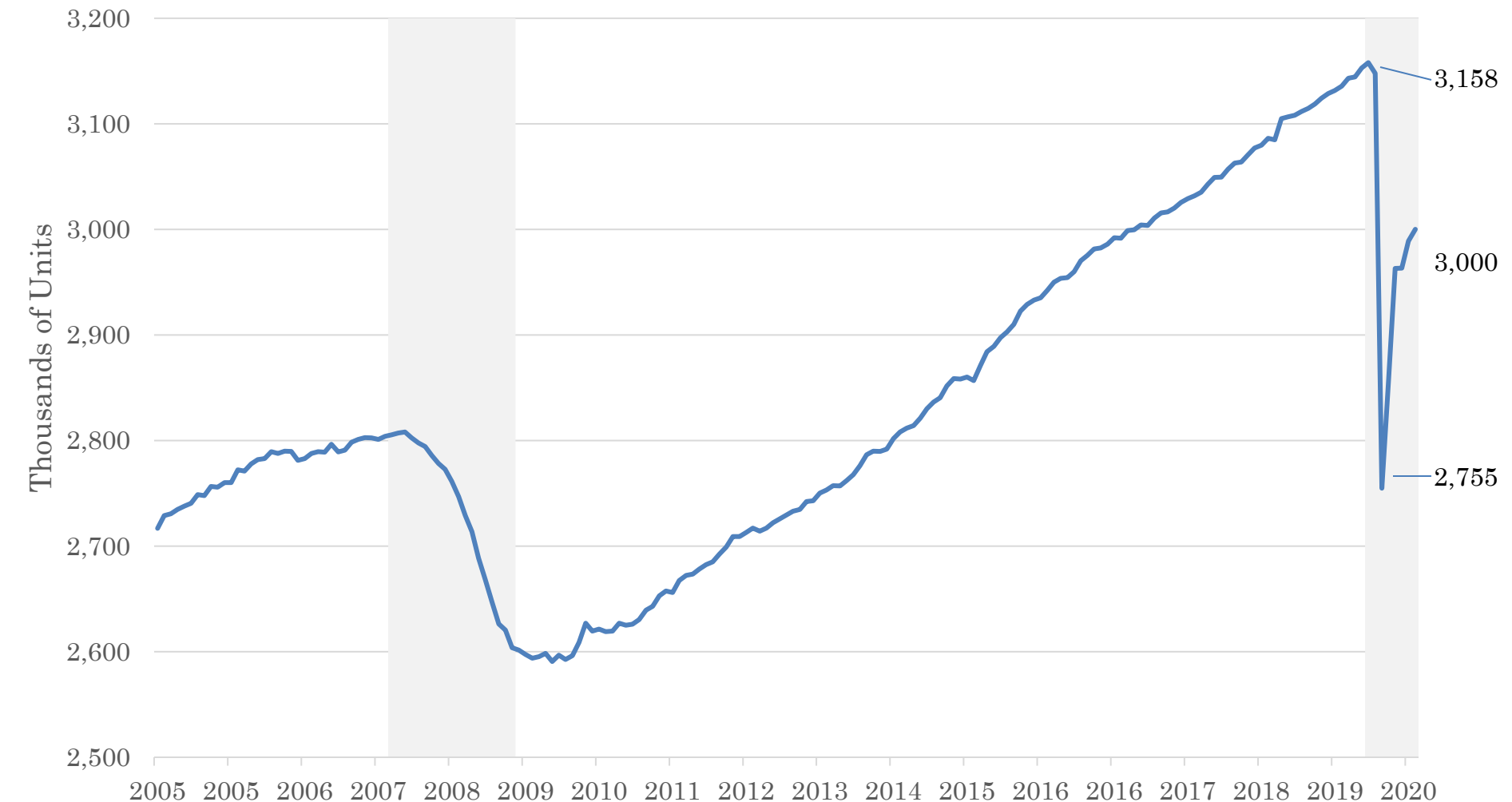
Fiscal Review Committee Staff  
November 18, 2020

# Overview

- Sales tax collections have benefited from stimulus and the state's ability to collect taxes on online purchases
- Employment has recovered much of the loss, leisure and hospitality the hardest hit
- Travel/tourism and entertainment slow to recover
- Despite recovery, full impact of pandemic on some taxes yet to be seen until taxes are paid for tax year 2020
- Tax revenue estimates

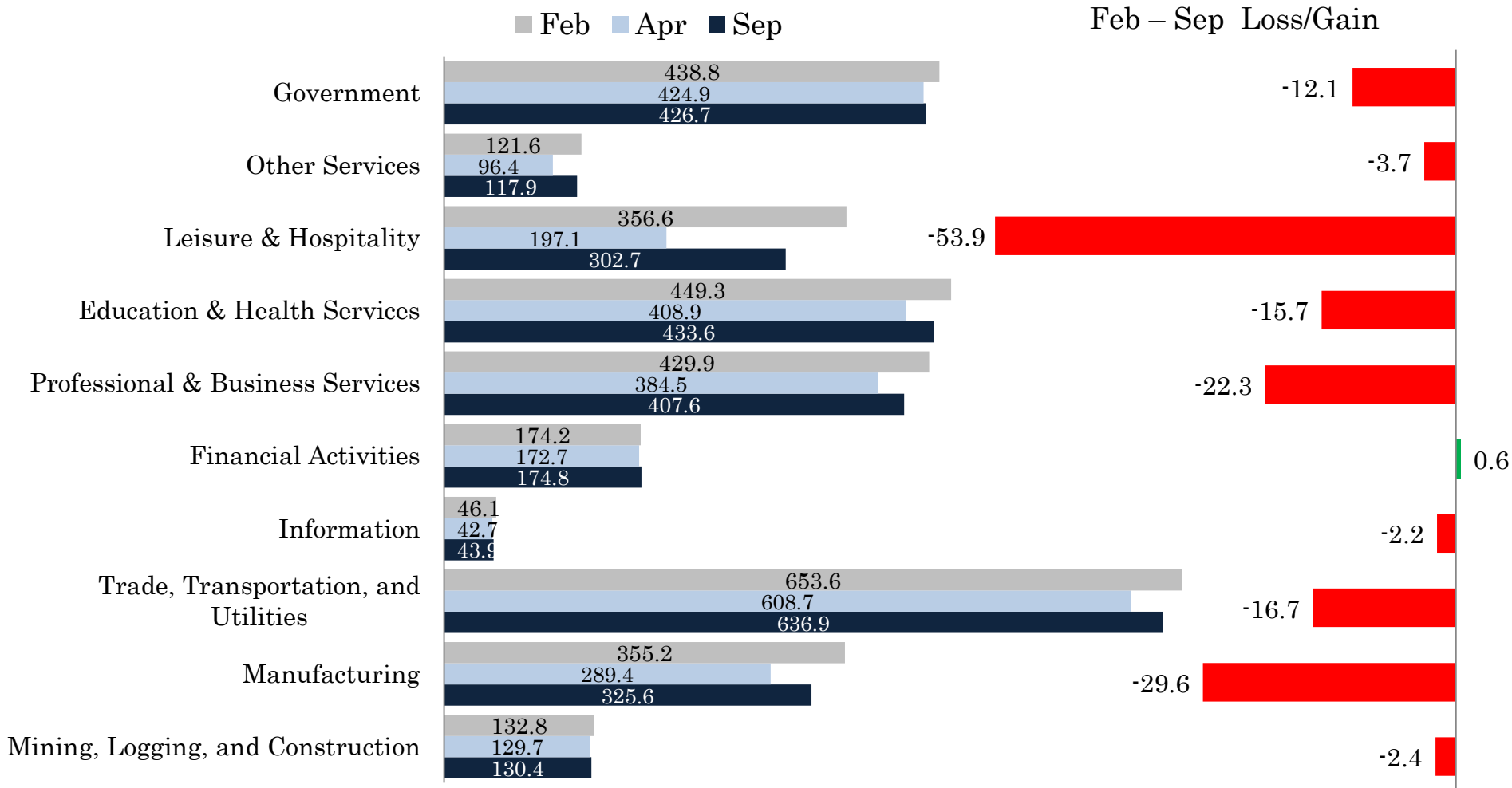
# Tennessee Employment

Total Non-Farm, Monthly, SA



Sources: U.S. Bureau of Labor Statistics, retrieved from FRED, Federal Reserve Bank of St. Louis, Oct 27, 2020.

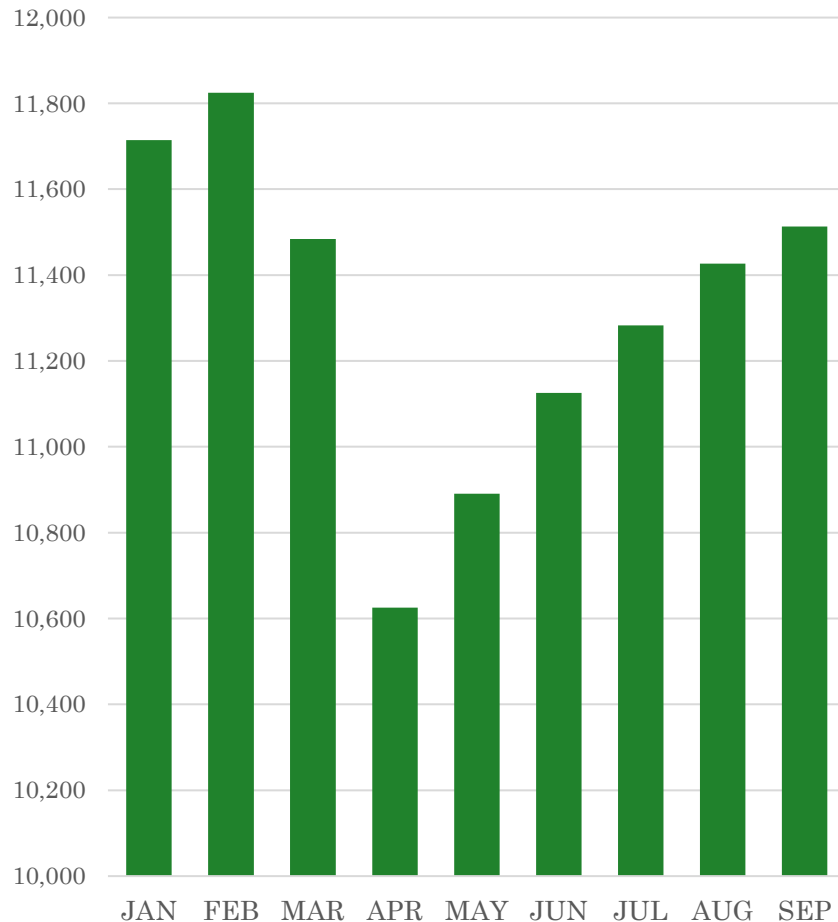
# Tennessee Employment (Thousands)



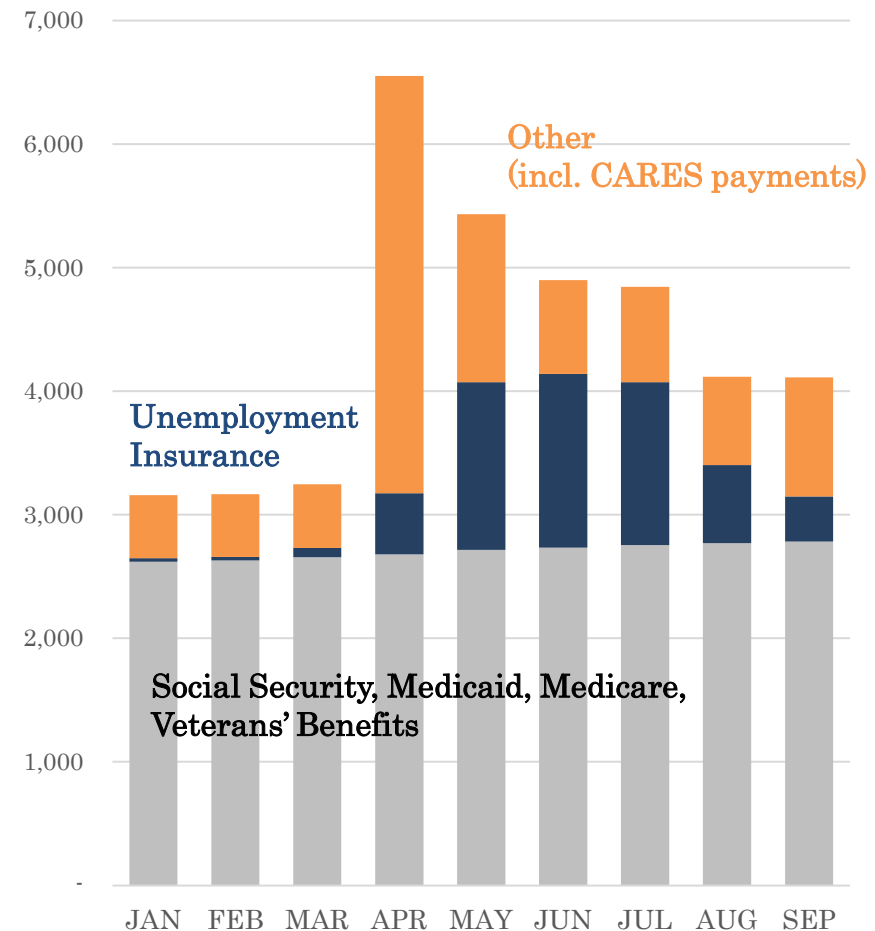
Sources: U.S. Bureau of Labor Statistics, retrieved from FRED, Federal Reserve Bank of St. Louis, Oct 27, 2020.

# Employee Compensation and Transfer Payments (SAAR, Billions \$)

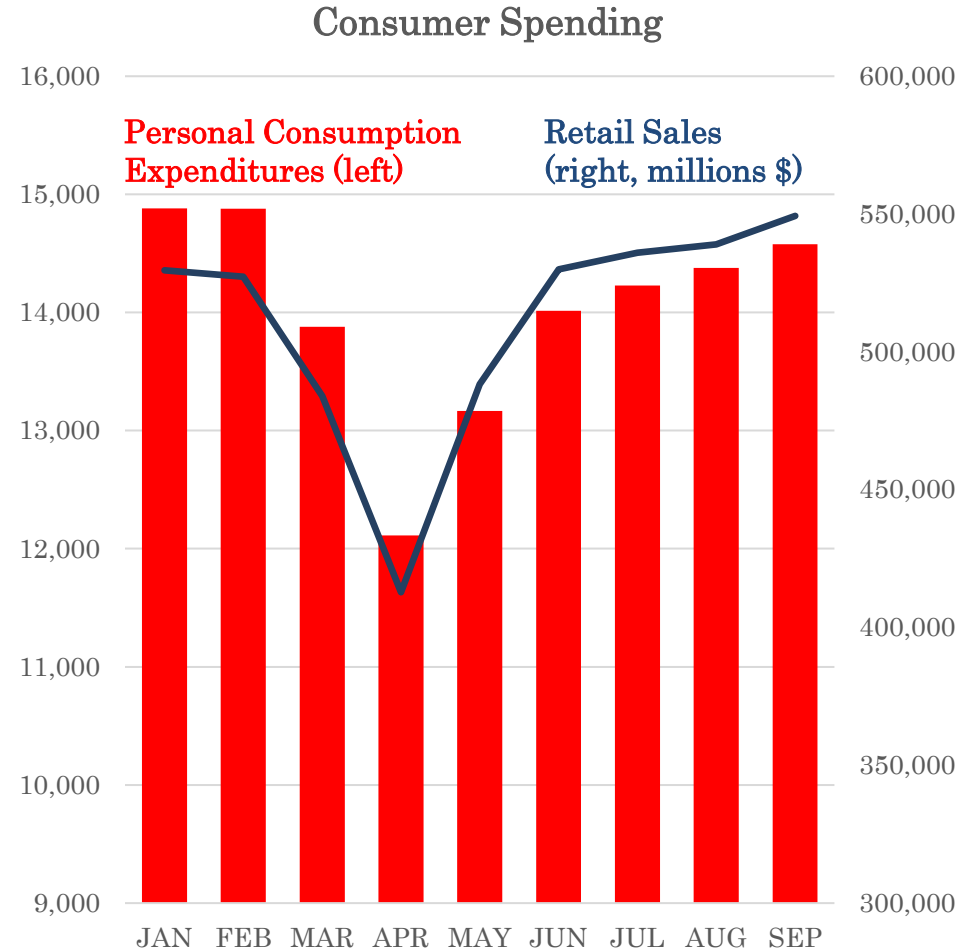
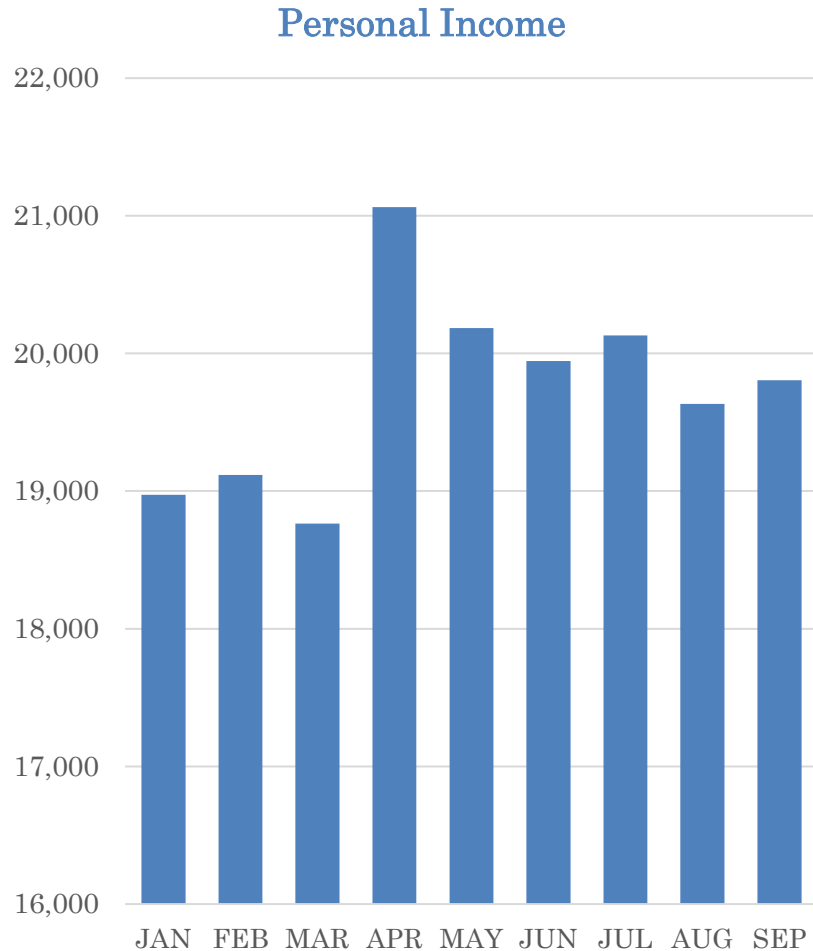
## Employee Compensation



## Government Transfer Payments



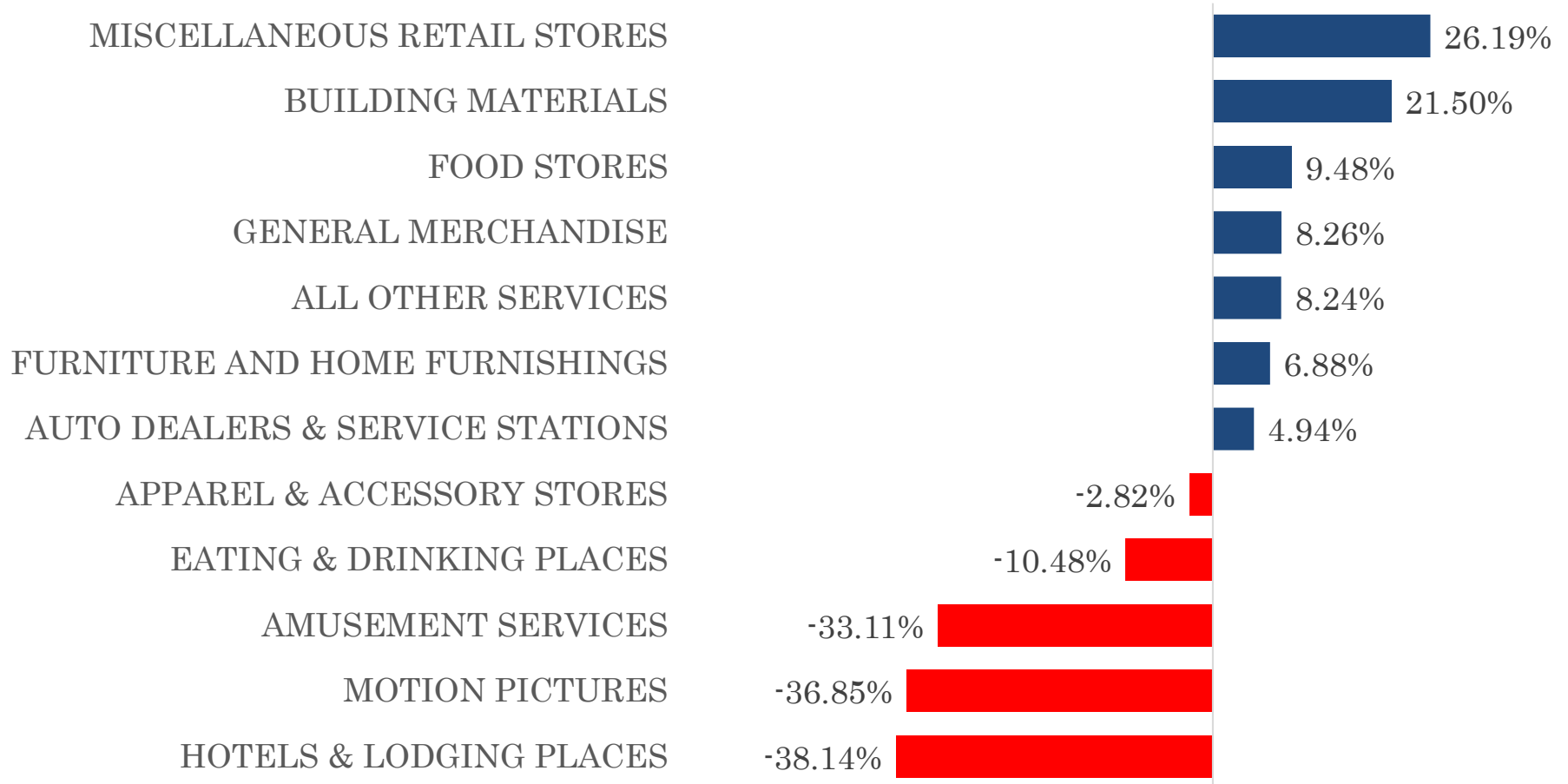
# Personal Income and Expenditures (SAAR, Billions \$)



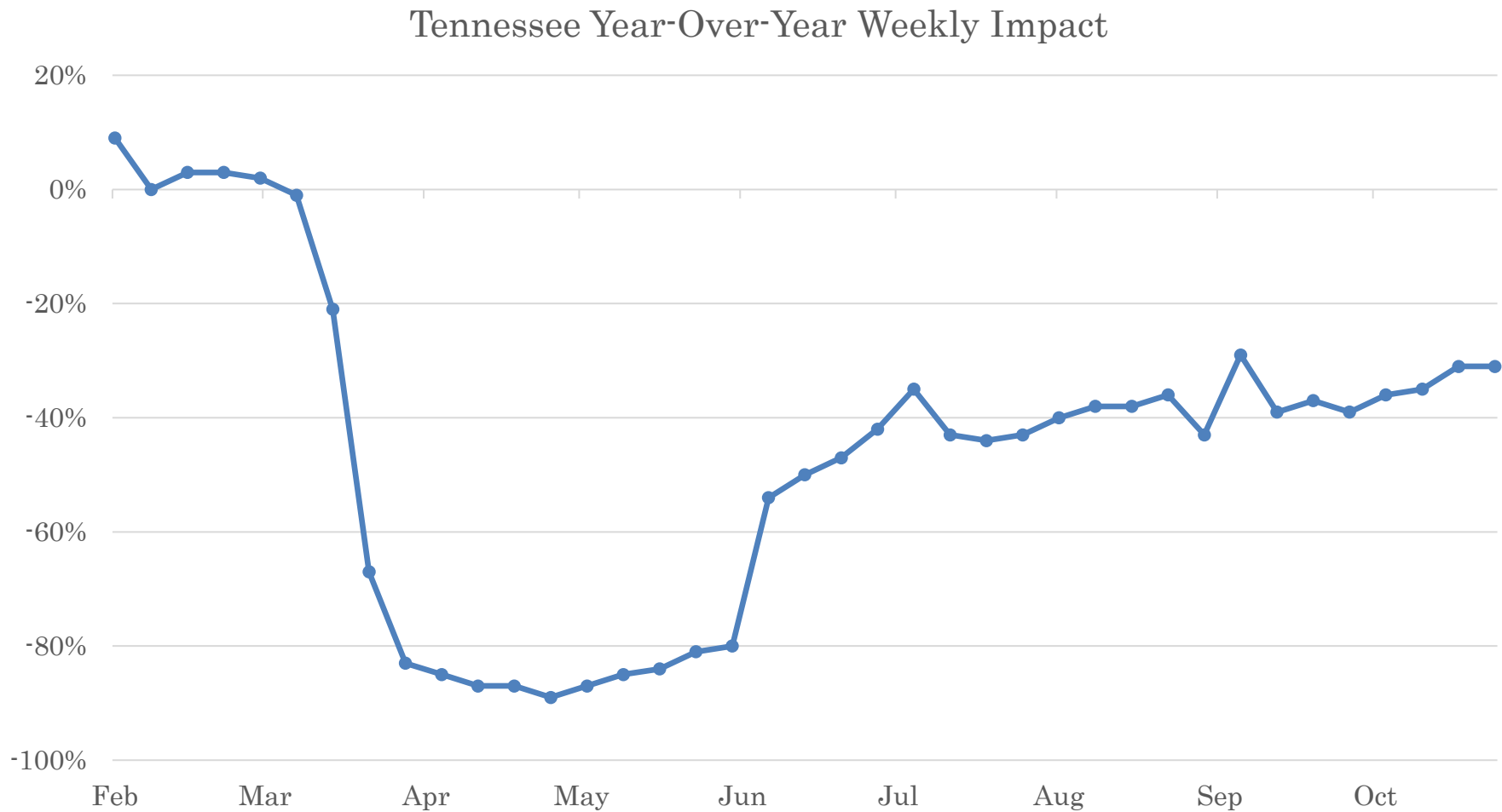


# Sales Tax Collections

## YTD FY20-21 over FY19-20



# Year-Over-Year Percent Change in Weekly Travel Spending



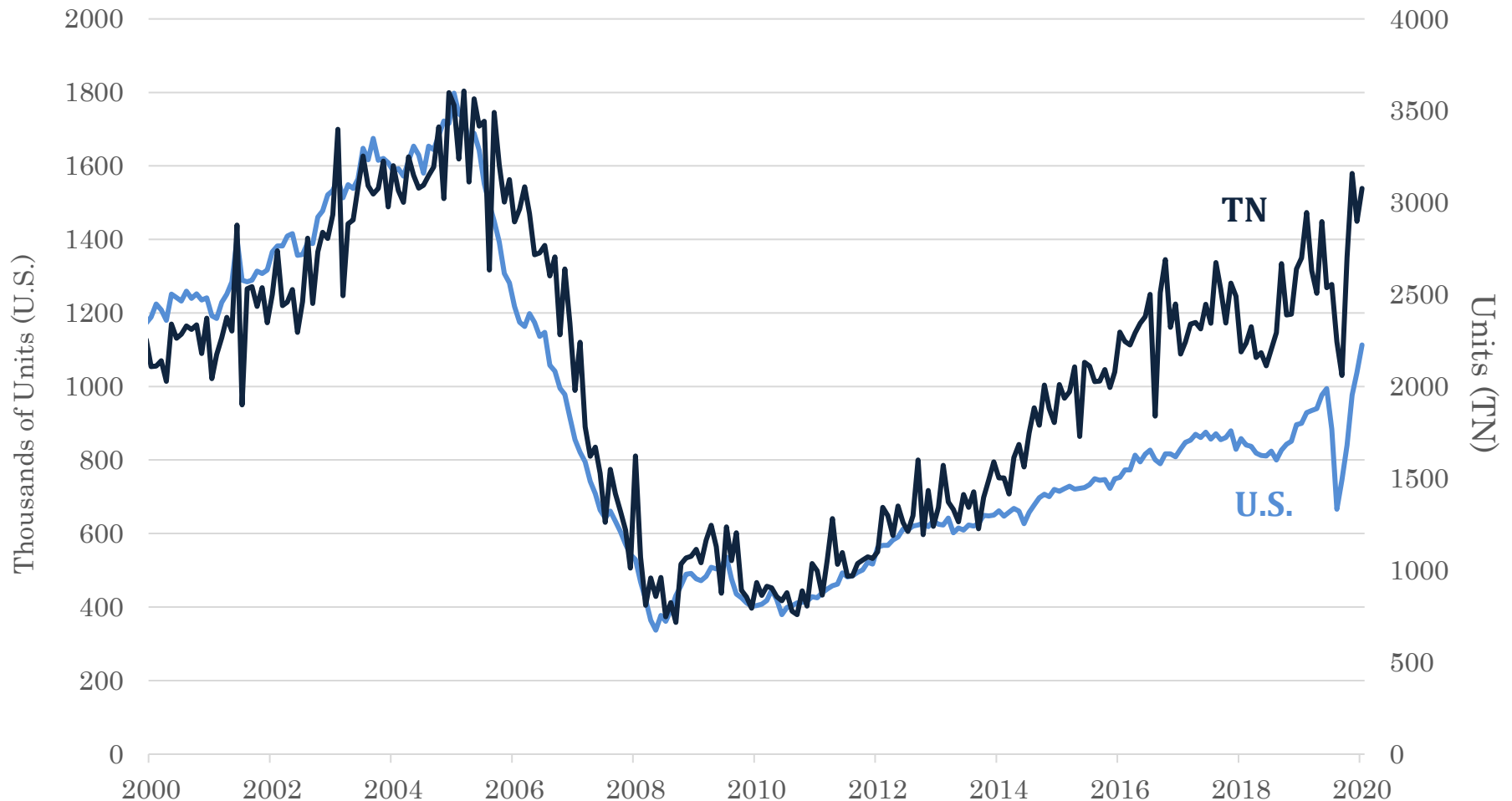
Source: U.S. Travel Association Weekly Travel Data Reports – Through October 29, 2020

# Sales Tax Collection by Tourism-Generating Counties

	FY19-20 YTD	FY20-21 YTD	Percent Change
Entire State	1,997,054,815	2,019,860,121	1.14%
Top Counties Ranked by the 2019 Economic Impact of Travel Report:			
Davidson	359,515,380	294,397,364	-18.11%
Shelby	260,287,216	263,264,355	1.14%
Sevier	83,121,761	88,817,752	6.85%
Knox	177,228,746	180,437,584	1.81%
Hamilton	121,797,643	124,438,430	2.17%

- YTD growth for the entire state, excluding Davidson county, is 5.37%.

# Housing Sector (Building Permits 1-Unit)



Sources: U.S. Bureau of the Census, retrieved from FRED, Federal Reserve Bank of St. Louis, Oct 27, 2020.

# Auto Sector

## U.S. Light Weight Vehicle Sales (Millions of Units)



Sources: U.S. Bureau of Economic Analysis, retrieved from FRED, Federal Reserve Bank of St. Louis, Nov 2, 2020.

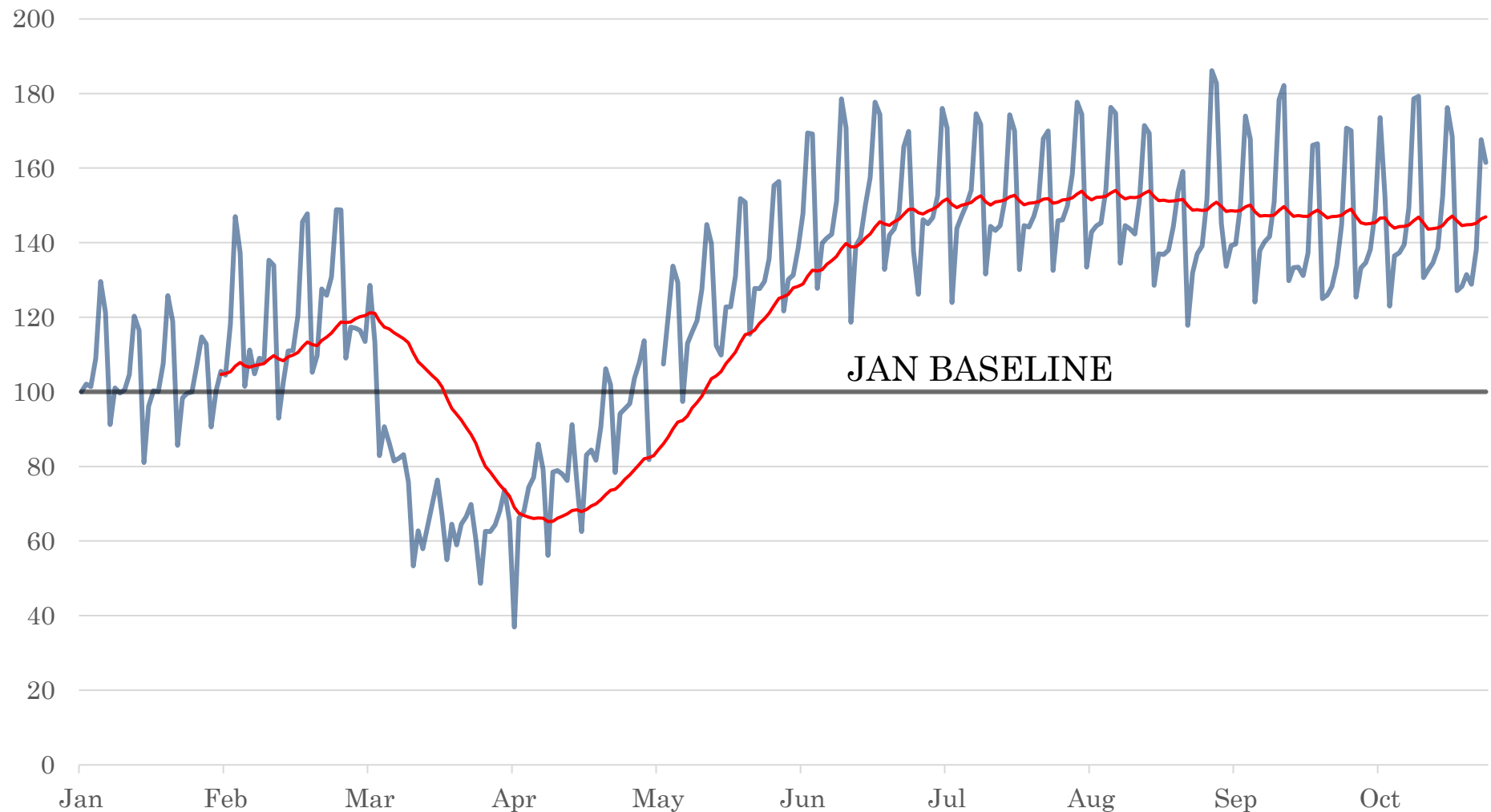
# Stock Market



Sources: S&P Dow Jones Indices LLC; retrieved from FRED, Federal Reserve Bank of St. Louis, Nov 2, 2020.

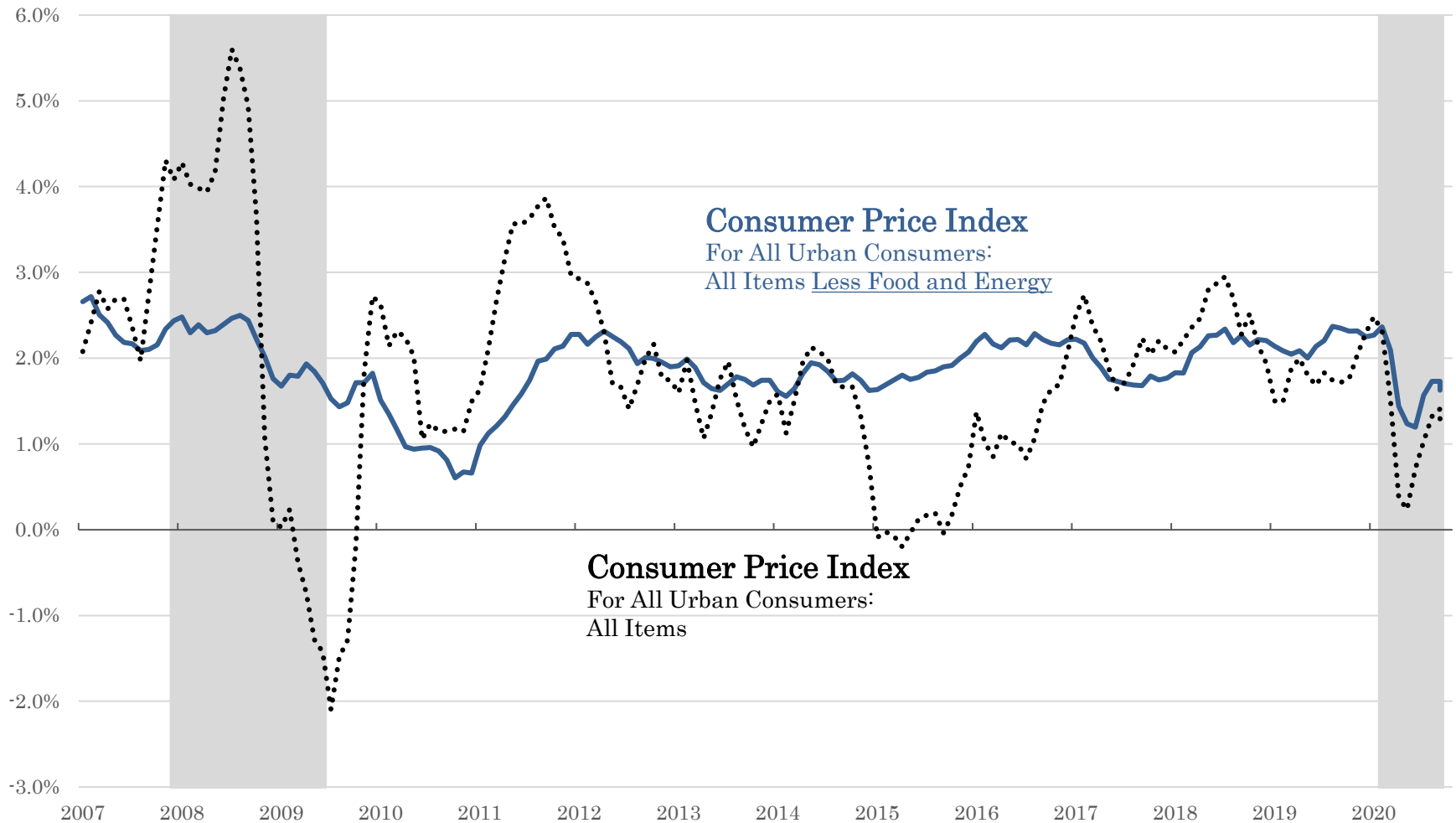
# Tennessee Mobility

## Change in Routing Requests



Source: Apple Mobility Trends Reports, retrieved Nov 2, 2020.

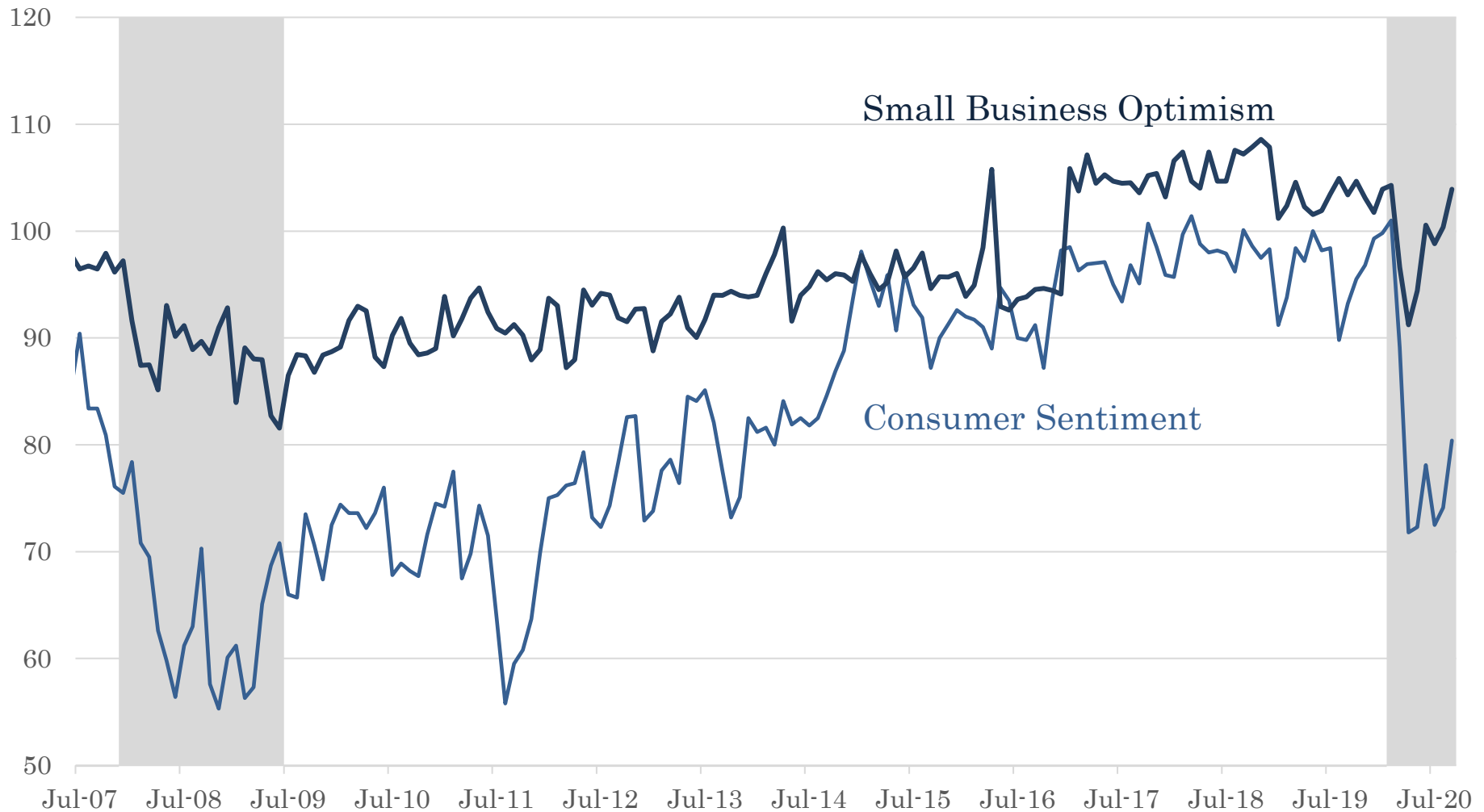
# Inflation



Sources: U.S. Bureau of Labor Statistics, retrieved from FRED, Federal Reserve Bank of St. Louis, Nov 3, 2020.



# Consumer Sentiment & Small Business Optimism



Sources: UofM, retrieved from FRED, Federal Reserve Bank of St. Louis; NFIB, retrieved from nfib-sbet.org, Nov 3, 2020.

# Outlook

- Potential for large growth in sales and other consumption taxes in the spring this year over low FY19-20 bases
- Yet to see the full impact of the pandemic on F&E and business taxes
- Additional stimulus likely
- Vaccine likely available in FY20-21
- In FY21-22, potential for large growth rates over low FY20-21 bases, at or closer to fully reopening of the economy; tourism and pent up demand
- Assuming split Congress, we don't expect major economic policy changes at the federal level during the forecast period

# FY20-21 & FY21-22 Estimates

REVENUE SOURCE	ACTUAL ACCRUED COLLECTIONS FY19-20	FRC STAFF TAX REVENUE ESTIMATES FY20-21	PERCENT INCREASE OVER FY19-20	FRC STAFF TAX REVENUE ESTIMATES FY21-22	PERCENT INCREASE OVER FY20-21
SALES AND USE TAX - LESS EARMARKED*	\$9,619,215,200	\$10,108,000,000	5.08%	\$10,505,000,000	3.93%
GASOLINE TAX	\$835,101,900	\$837,000,000	0.23%	\$865,000,000	3.35%
MOTOR FUEL TAX	\$286,896,000	\$303,000,000	5.61%	\$317,900,000	4.92%
GASOLINE INSPECTION TAX	\$67,074,100	\$66,600,000	-0.71%	\$69,900,000	4.95%
MOTOR VEHICLE REGISTRATION TAX	\$329,336,200	\$345,500,000	4.91%	\$350,650,000	1.49%
INCOME TAX	\$150,708,900	\$78,000,000	-48.24%	\$0	-100.00%
PRIVILEGE TAX - LESS EARMARKED**	\$381,211,000	\$406,000,000	6.50%	\$417,500,000	2.83%
GROSS RECEIPTS TAX – TVA	\$368,883,800	\$342,291,000	-7.21%	\$348,000,000	1.67%
GROSS RECEIPTS TAX – OTHER	\$21,924,800	\$27,500,000	25.43%	\$26,200,000	-4.73%
BEER TAX	\$16,974,500	\$18,250,000	7.51%	\$18,700,000	2.47%
ALCOHOLIC BEVERAGE TAX	\$75,823,900	\$82,000,000	8.15%	\$84,450,000	2.99%
FRANCHISE AND EXCISE TAX	\$2,853,429,700	\$2,700,000,000	-5.38%	\$3,025,000,000	12.04%
INHERITANCE TAX	\$1,437,700	\$0	-100.00%	\$0	N/A
TOBACCO TAX	\$240,580,300	\$237,000,000	-1.49%	\$234,500,000	-1.05%
MOTOR VEHICLE TITLE FEES	\$22,230,900	\$22,800,000	2.56%	\$23,500,000	3.07%
MIXED DRINK TAX	\$115,216,300	\$105,000,000	-8.87%	\$133,000,000	26.67%
BUSINESS TAX	\$228,580,400	\$205,000,000	-10.32%	\$229,000,000	11.71%
SEVERANCE TAX	\$757,100	\$750,000	-0.94%	\$785,000	4.67%
AMUSEMENT TAX	\$272,800	\$265,000	-2.86%	\$275,000	3.77%
UNAUTHORIZED SUBSTANCE TAX	\$5,000	\$0	-100.00%	\$0	N/A
<b>TOTAL REVENUE</b>	<b>\$15,615,660,500</b>	<b>\$15,884,956,000</b>	<b>1.72%</b>	<b>\$16,649,360,000</b>	<b>4.81%</b>
*Sales and Use Tax has been reduced by \$108.8 million in FY19-20 and \$112 million FY20-21, and FY21-22 for the earmarked portion of the tax.					
**Privilege Tax has been reduced by \$58.7 million in FY19-20, \$52 million in FY20-21, and \$59 million in FY21-22 for the earmarked portion of the tax.					

# FY20-21: All Funds and GF

REVENUE SOURCE	ALL FUNDS FY20-21	GENERAL FUND FY20-21
SALES AND USE TAX - LESS EARMARKED	\$10,108,000,000	\$9,460,786,100
GASOLINE TAX	\$837,000,000	\$13,368,100
MOTOR FUEL TAX	\$303,000,000	\$2,639,000
GASOLINE INSPECTION TAX	\$66,600,000	\$19,554,100
MOTOR VEHICLE REGISTRATION TAX	\$345,500,000	\$54,601,100
INCOME TAX	\$78,000,000	\$49,530,700
PRIVILEGE TAX - LESS EARMARKED	\$406,000,000	\$399,346,000
GROSS RECEIPTS TAX - TVA	\$342,291,000	\$188,025,600
GROSS RECEIPTS TAX - OTHER	\$27,500,000	\$23,722,000
BEER TAX	\$18,250,000	\$12,235,800
ALCOHOLIC BEVERAGE TAX	\$82,000,000	\$67,821,900
FRANCHISE AND EXCISE TAX	\$2,700,000,000	\$2,461,400,000
INHERITANCE TAX	\$0	\$0
TOBACCO TAX	\$237,000,000	\$237,000,000
MOTOR VEHICLE TITLE FEES	\$22,800,000	\$20,100,000
MIXED DRINK TAX	\$105,000,000	\$52,500,000
BUSINESS TAX	\$205,000,000	\$205,000,000
SEVERANCE TAX	\$750,000	\$225,000
AMUSEMENT TAX	\$265,000	\$265,000
UNAUTHORIZED SUBSTANCE TAX	\$0	\$0
<b>TOTAL REVENUE</b>	<b>\$15,884,956,000</b>	<b>\$13,268,120,400</b>

# FRC Estimates vs. FY19-20 and Current Budgeted Estimates

	ACTUAL FY19-20 ACCRUALS	CURRENT BUDGETED ESTIMATES FOR FY20-21	FRC ESTIMATES FOR FY20-21	INCREASE/ (DECREASE) OVER FY19-20	INCREASE/ (DECREASE) OVER CURRENT BUDGETED ESTIMATES
SALES AND USE*	\$9,619,215,200	\$9,187,900,000	\$10,108,000,000	\$488,784,800	\$920,100,000
FRANCHISE AND EXCISE	\$2,853,429,700	\$2,391,400,000	\$2,700,000,000	(\$153,429,700)	\$308,600,000
ALL FUNDS	\$15,615,660,500	\$14,721,100,000	\$15,884,956,000	\$269,295,500	\$1,163,856,000
GENERAL FUND	\$12,989,172,100	\$12,123,400,000	\$13,268,120,400	\$278,948,300	\$1,144,720,400
*Sales and Use Tax has been reduced by \$108.8 million in FY19-20 and \$112 million FY20-21 for the earmarked portion of the tax.					

# FY21-22: All Funds and GF

REVENUE SOURCE	ALL FUNDS FY21-22	GENERAL FUND FY21-22
SALES AND USE TAX - LESS EARMARKED	\$10,505,000,000	\$9,832,366,300
GASOLINE TAX	\$865,000,000	\$13,815,300
MOTOR FUEL TAX	\$317,900,000	\$2,768,800
GASOLINE INSPECTION TAX	\$69,900,000	\$20,523,000
MOTOR VEHICLE REGISTRATION TAX	\$350,650,000	\$55,415,000
INCOME TAX	\$0	\$0
PRIVILEGE TAX - LESS EARMARKED	\$417,500,000	\$410,657,500
GROSS RECEIPTS TAX - TVA	\$348,000,000	\$191,161,600
GROSS RECEIPTS TAX - OTHER	\$26,200,000	\$22,600,600
BEER TAX	\$18,700,000	\$12,537,500
ALCOHOLIC BEVERAGE TAX	\$84,450,000	\$69,848,300
FRANCHISE AND EXCISE TAX	\$3,025,000,000	\$2,786,400,000
INHERITANCE TAX	\$0	\$0
TOBACCO TAX	\$234,500,000	\$234,500,000
MOTOR VEHICLE TITLE FEES	\$23,500,000	\$20,800,000
MIXED DRINK TAX	\$133,000,000	\$66,450,900
BUSINESS TAX	\$229,000,000	\$229,000,000
SEVERANCE TAX	\$785,000	\$235,500
AMUSEMENT TAX	\$275,000	\$275,000
UNAUTHORIZED SUBSTANCE TAX	\$0	\$0
<b>TOTAL REVENUE</b>	<b>\$16,649,360,000</b>	<b>\$13,969,355,300</b>



**Thank You**  
**Fiscal Review Committee Staff**

# Net Lottery Proceeds & After-School Funding Estimates



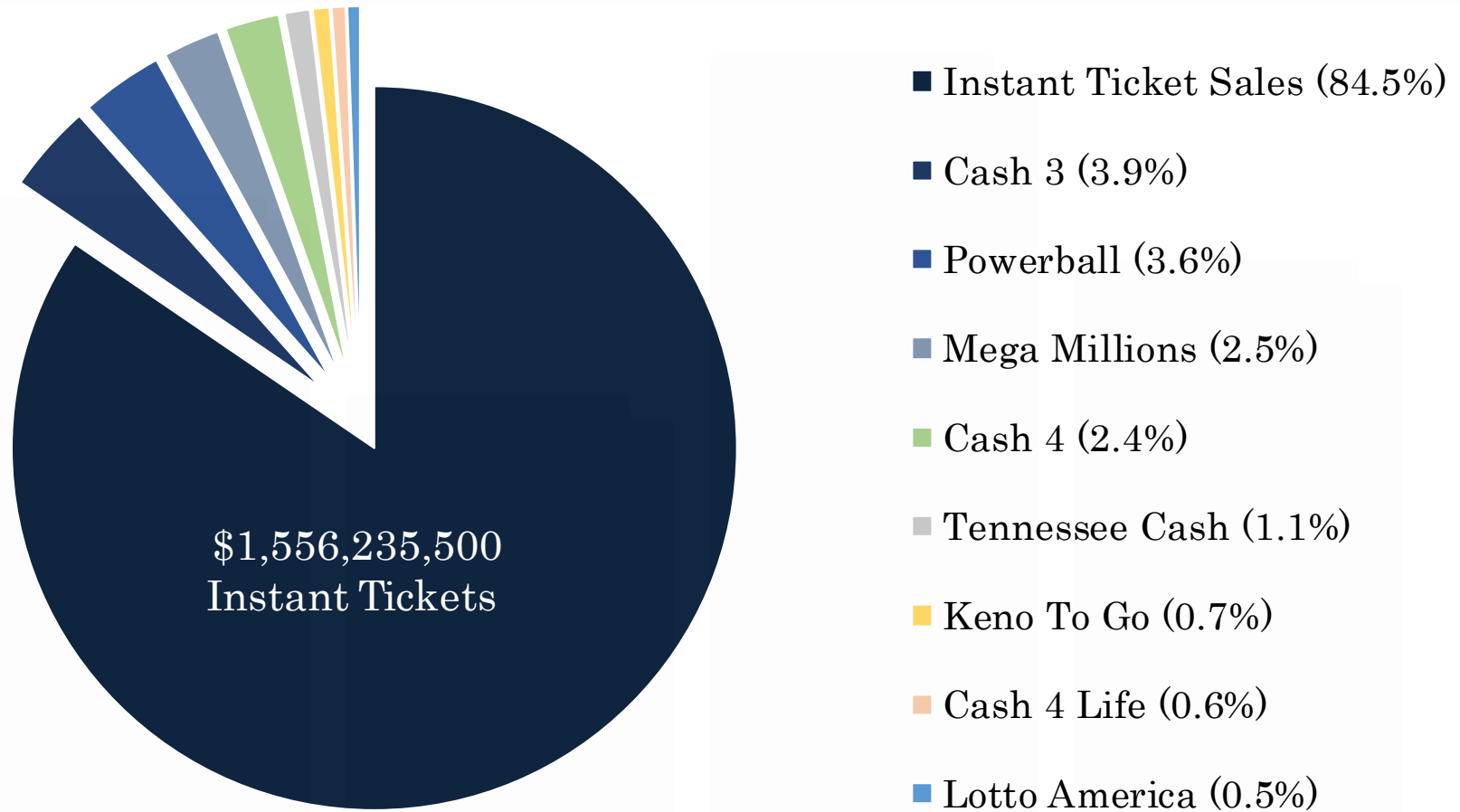
Fiscal Review Committee Staff  
November 18, 2020



# Historical Results

Category	FY16-17	FY17-18	FY18-19	FY19-20	FY19-20 Growth Rate
Net Revenue	\$1,500,083,029	\$1,622,043,134	\$1,695,925,302	\$1,717,366,573	1.26%
Total Expenses	\$1,127,299,870	\$1,215,530,214	\$1,266,963,791	\$1,296,742,086	2.35%
NET LOTTERY PROCEEDS	\$372,783,159	\$406,512,920	\$428,961,511	\$420,624,487	-1.94%
After-School Funding	\$13,914,882	\$15,168,045	\$18,000,000	\$17,604,763	-2.20%
Total State Proceeds	\$386,698,041	\$421,680,965	\$446,961,511	\$438,229,250	-1.95%

# Ticket Sales Composition

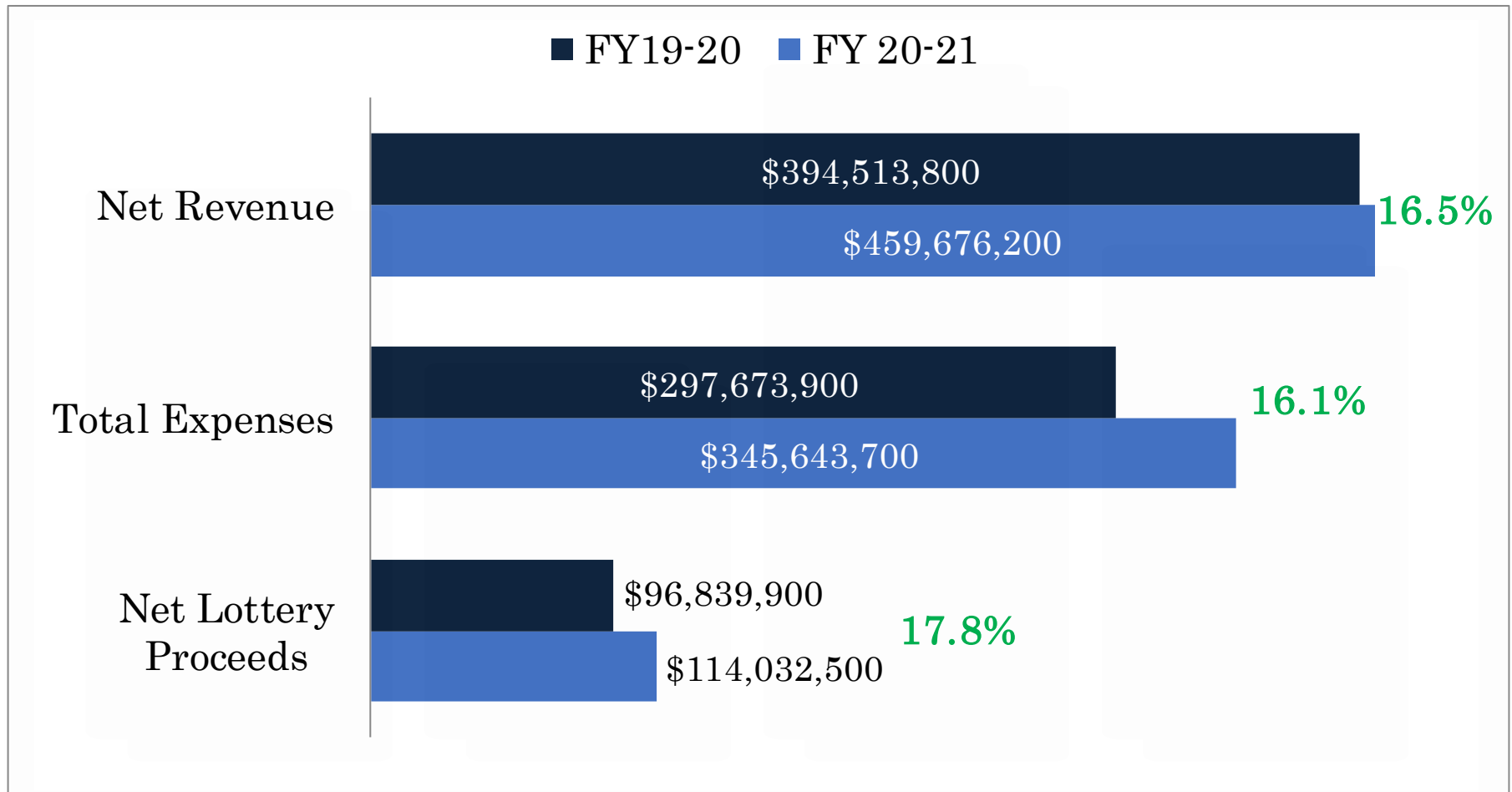


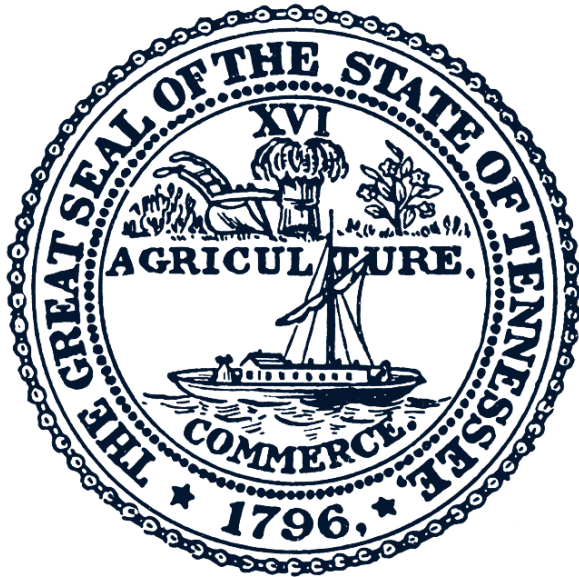
\$1,556,235,500  
Instant Tickets

FY19-20 Gross Ticket Sales: \$1,840,799,900

# FY20-21 Year-to-Date

July 2020 through September 2020

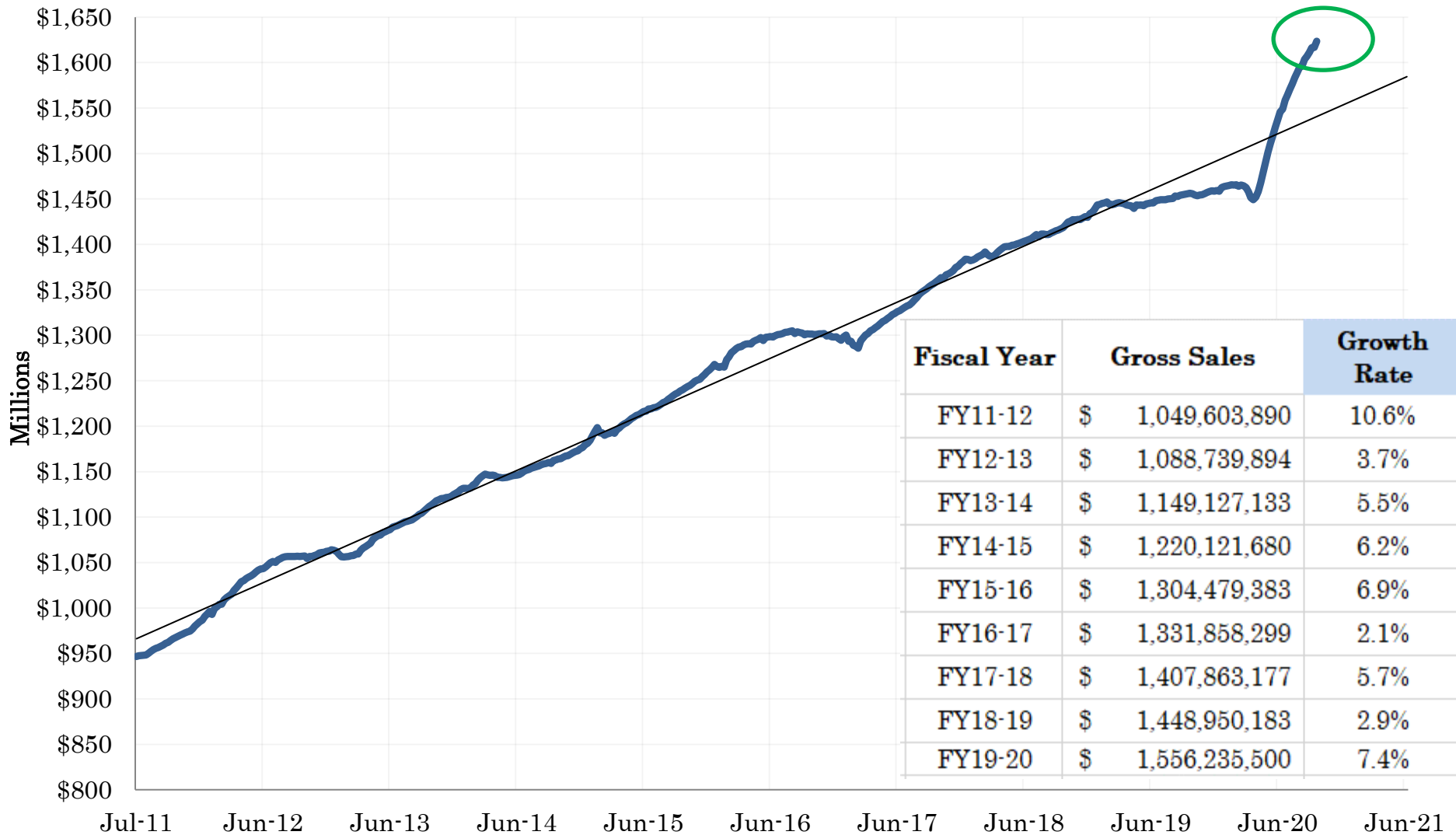




# Instant Games

# Instant Games

## 52-Week Moving Sum



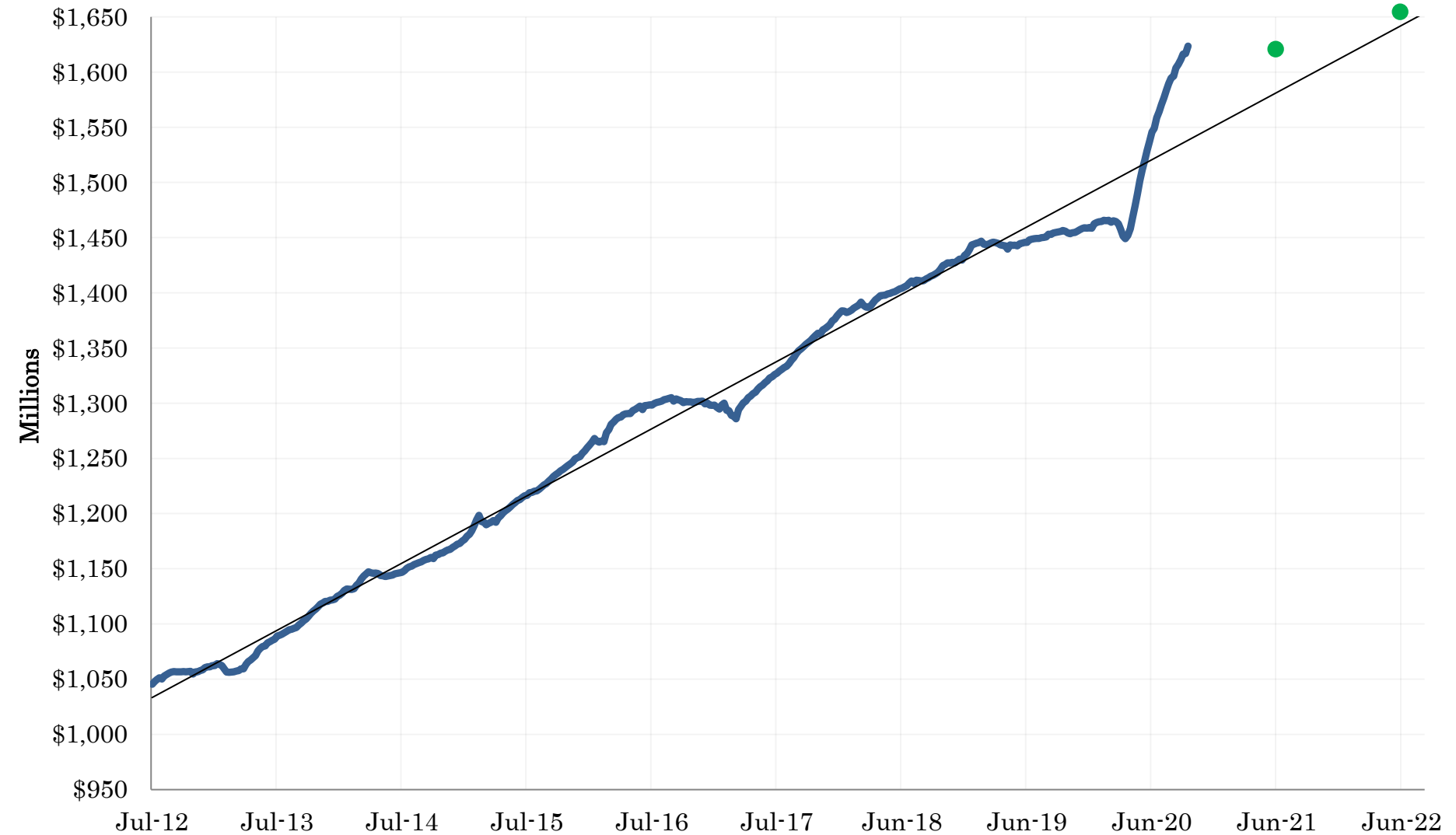
# Instant Games

## Estimates

Category	FY18-19 Actual	FY19-20 Actual	FY20-21 Estimates	FY21-22 Estimates	Range
Instant Games (Gross Sales)	\$1,448,878,726	\$1,556,234,460	\$1,605,000,000	\$1,650,000,000	Low
			\$1,615,000,000	\$1,665,000,000	Median
			\$1,625,000,000	\$1,680,000,000	High
Tickets Provided as Prizes	\$122,552,622	\$128,464,552	\$135,827,450	\$139,658,950	Low
			\$136,677,450	\$140,908,950	Median
			\$137,527,450	\$142,158,950	High
Instant Games (Net Sales)	\$1,326,326,104	\$1,427,769,917	\$1,469,172,550	\$1,510,341,050	Low
			\$1,478,322,550	\$1,524,091,050	Median
			\$1,487,472,550	\$1,537,841,050	High

# Instant Games

## 52-Week Moving Sum





# Powerball & Mega Millions



# Powerball & Mega Millions Jackpot Changes

- Mega Millions:
  - Previously would reset to \$40 million, and grow by a minimum of \$5 million after each drawing.
  - Now resets at \$20 million and grows by a set amount based on interest and sales.
- Powerball:
  - Previously would reset to \$40 million, and grow by a minimum of \$10 million after each drawing.
  - Now resets at \$20 million and grows by a set amount based on interest and sales.
- Permanent changes or just during COVID-19?

# Powerball

- FY18-19 sales: \$109,010,760
- FY19-20 sales: \$66,681,663
- FY19-20 growth: **-\$42,329,097 (-38.8%)**

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
FY18-19	\$200,461,500	\$750,000,000	18	5	5
FY19-20	\$108,490,400	\$394,000,000	4	0	9
FY20-21 YTD	\$84,850,000	\$169,000,000	0	0	2

# Powerball

## Estimates

FY18-19 Actual Sales	FY19-20 Actual Sales	FY20-21 Estimates	FY21-22 Estimates	Range
\$109,010,760	\$66,681,663	\$57,000,000	\$62,000,000	Low
		\$62,000,000	\$69,000,000	Median
		\$67,000,000	\$76,000,000	High

# Mega Millions

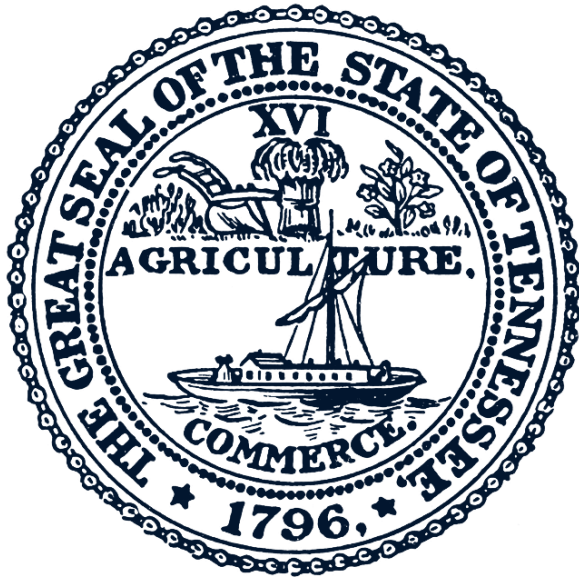
- FY18-19 sales: \$93,420,871
- FY19-20 sales: \$46,348,298
- FY19-20 growth: **-\$47,072,573 (-50.4%)**

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
FY18-19	\$219,048,100	\$1,600,000,000	26	6	5
FY19-20	\$136,914,300	\$410,000,000	8	0	5
FY20-21 YTD	\$73,923,100	\$165,000,000	0	0	4

# Mega Millions

## Estimates

FY18-19 Actual Sales	FY19-20 Actual Sales	FY20-21 Estimates	FY21-22 Estimates	Range
\$93,420,871	\$46,348,298	\$34,000,000	\$41,000,000	Low
		\$44,000,000	\$51,000,000	Median
		\$54,000,000	\$61,000,000	High



# Other Games

# Cash 3 and Cash 4

- CASH 3

- FY18-19 sales: \$67,310,077
- FY19-20 sales: \$71,900,530
- FY19-20 growth: **+\$4,590,453 (+6.8%)**

- CASH 4

- FY18-19 sales: \$40,724,405
- FY19-20 sales: \$44,311,825
- FY19-20 growth: **+\$3,587,420 (+8.8%)**

# Cash 3 and Cash 4

## Estimates

FY18-19 Actual Sales	FY19-20 Actual Sales	FY20-21 Estimates	FY21-22 Estimates	Range
\$108,034,482	\$116,212,355	\$119,600,000	\$123,800,000	Low
		\$121,600,000	\$125,800,000	Median
		\$123,600,000	\$127,800,000	High



# Tennessee Cash

- FY18-19 sales: \$17,067,553
- FY19-20 sales: \$20,600,681
- FY19-20 growth: **+\$3,533,128 (+20.7%)**

Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle	Drawings with Jackpots \$1,000,000 or More	Jackpot Winners
FY18-19	\$502,200	\$1,670,000	12	7
FY19-20	\$481,369	\$1,500,000	10	9
FY20-21 YTD	\$500,593	\$1,120,000	3	2

# Tennessee Cash

## Estimates

FY18-19 Actual Sales	FY19-20 Actual Sales	FY20-21 Estimates	FY21-22 Estimates	Range
\$17,067,553	\$20,600,681	\$17,800,000	\$17,800,000	Low
		\$18,300,000	\$18,600,000	Median
		\$18,800,000	\$19,400,000	High

# Cash 4 Life

## Estimates

- FY18-19 sales: \$8,245,760
- FY19-20 sales: \$11,155,698
- FY19-20 growth: **+\$2,909,938 (+35.3%)**

FY18-19 Actual Sales	FY19-20 Actual Sales	FY20-21 Estimates	FY21-22 Estimates	Range
\$8,245,760	\$11,155,698	\$11,300,000	\$11,200,000	Low
		\$11,800,000	\$11,700,000	Median
		\$12,300,000	\$12,200,000	High

# Lotto America

- FY18-19 sales: \$14,112,087
- FY19-20 sales: \$10,081,142
- FY19-20 growth: **-\$4,030,945 (-28.6%)**

Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle	Drawings with Jackpots \$15,000,000 or More	Jackpot Winners
FY18-19	\$13,122,300	\$21,190,000	40	0
FY19-20	\$5,094,300	\$21,600,000	3	2
FY20-21 YTD	\$2,992,500	\$4,270,000	0	1

# Lotto America

## Estimates

FY18-19 Actual Sales	FY19-20 Actual Sales	FY20-21 Estimates	FY21-22 Estimates	Range
\$14,112,087	\$10,081,142	\$9,350,000	\$10,400,000	Low
		\$9,850,000	\$10,900,000	Median
		\$10,350,000	\$11,400,000	High

# Keno To Go

## Estimates

- FY18-19 sales: \$13,834,522
- FY19-20 sales: \$13,484,606
- FY19-20 growth: **-\$349,916 (-2.5%)**

FY18-19 Actual Sales	FY19-20 Actual Sales	FY20-21 Estimates	FY21-22 Estimates	Range
\$13,834,522	\$13,484,606	\$13,000,000	\$12,800,000	Low
		\$13,500,000	\$13,600,000	Median
		\$14,000,000	\$14,400,000	High



# Summary & Net Lottery Proceeds

# FY20-21 Estimates

	FY19-20 Actuals	FY20-21 Estimates		
		Low	Median	High
Instant Games (Net)	\$1,427,770,917	\$1,469,168,900	\$1,478,322,600	\$1,487,476,300
Powerball	\$66,681,663	\$57,000,000	\$62,000,000	\$67,000,000
Mega Millions	\$46,348,298	\$34,000,000	\$44,000,000	\$54,000,000
Cash 3 and Cash 4	\$116,212,355	\$119,600,000	\$121,600,000	123,600,000
Other Games	\$55,322,127	\$51,450,000	\$53,450,000	\$55,450,000
Misc. Revenue	\$5,031,213	\$4,900,000	\$5,200,000	\$5,500,000
Net Revenue	\$1,717,366,573	\$1,736,118,900	\$1,764,572,600	\$1,793,026,300
Total Expenses	\$1,296,742,086	\$1,300,395,000	\$1,323,031,000	\$1,345,667,000
<b>NET LOTTERY PROCEEDS</b>	<b>\$420,624,487</b>	<b>\$435,723,900</b>	<b>\$441,541,600</b>	<b>\$447,359,300</b>
After-School Funding	\$17,604,763	\$16,900,000	\$17,900,000	\$18,900,000
<b>Total State Proceeds</b>	<b>\$438,229,250</b>	<b>\$452,623,900</b>	<b>\$459,441,600</b>	<b>\$466,259,300</b>



# FY21-22 Estimates

	FY20-21 Median Estimate	FY21-22 Estimates		
		Low	Median	High
Instant Games (Net)	\$1,478,322,600	1,510,360,500	\$1,524,091,100	\$1,537,821,700
Powerball	\$62,000,000	\$62,000,000	\$69,000,000	\$76,000,000
Mega Millions	\$44,000,000	\$41,000,000	\$51,000,000	\$61,000,000
Cash 3 and Cash 4	\$121,600,000	\$121,800,000	\$125,800,000	\$129,800,000
Other Games	\$53,450,000	\$52,200,000	\$54,800,000	\$57,400,000
Misc. Revenue	\$5,200,000	\$4,800,000	\$5,400,000	\$6,000,000
Net Revenue	\$1,764,572,600	\$1,792,160,500	\$1,830,091,100	\$1,868,021,700
Total Expenses	\$1,323,031,000	\$1,342,276,000	\$1,371,781,000	\$1,401,285,000
<b>NET LOTTERY PROCEEDS</b>	<b>\$441,541,600</b>	<b>\$449,884,500</b>	<b>\$458,310,100</b>	<b>\$466,736,700</b>
After-School Funding	\$17,900,000	\$16,900,000	\$17,900,000	\$18,900,000
<b>Total State Proceeds</b>	<b>\$459,441,600</b>	<b>\$466,784,500</b>	<b>\$476,210,100</b>	<b>\$485,636,700</b>

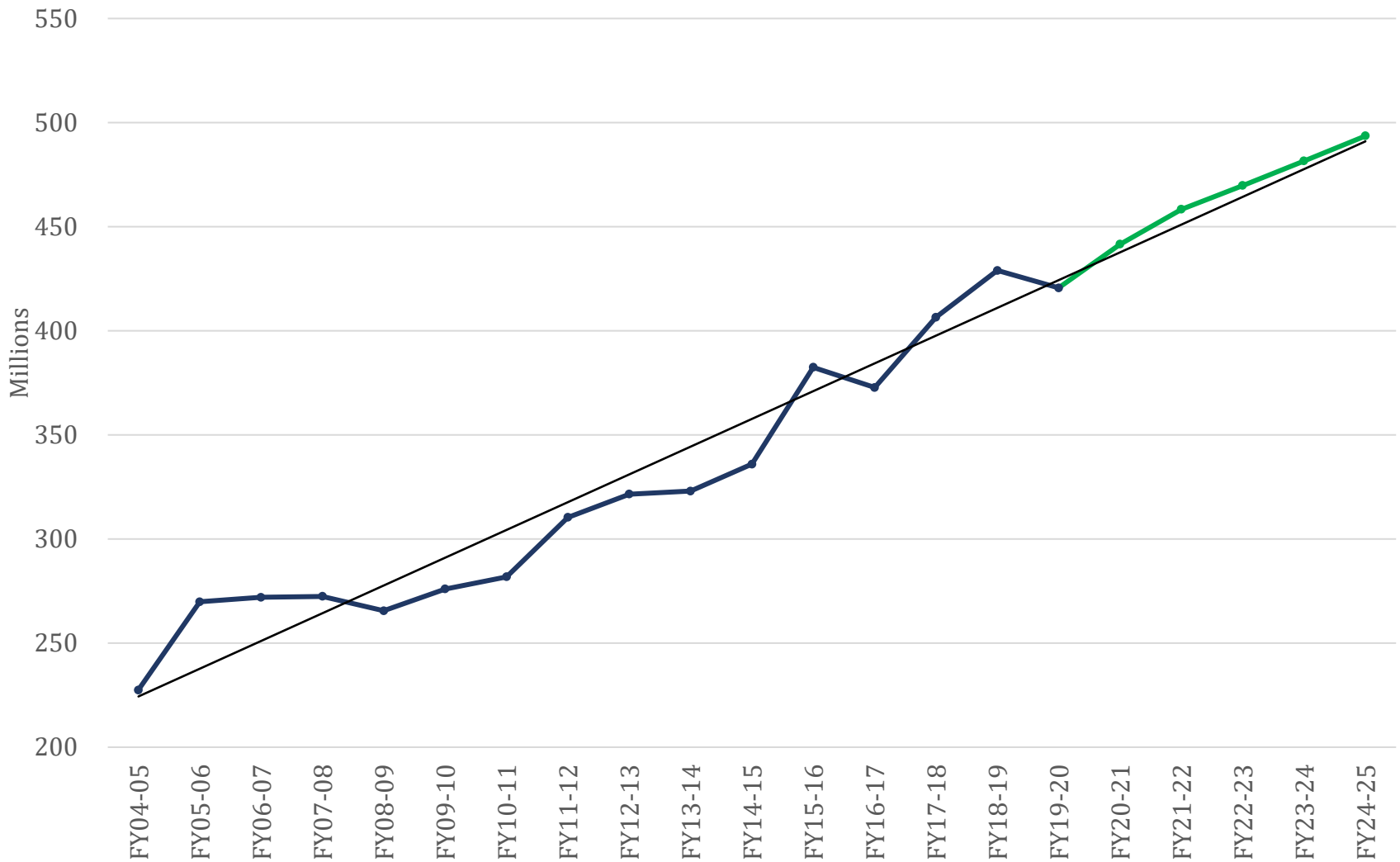
# Subsequent Years

- Growth beyond FY21-22 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 to pari-mutuel and online games
  - Legislative action
  - Varying jackpot cycles
  - New and discontinued games
  - Changes to retailer base
  - Changes to advertising
  - Changes in economy

# FY22-23, FY23-24, FY24-25

Category	FY22-23	FY23-24	FY24-25
Net Revenue	\$1,894,115,000	\$1,968,400,000	\$2,037,307,900
Total Expenses	\$1,424,350,000	\$1,486,891,000	\$1,543,761,200
NET LOTTERY PROCEEDS	\$469,765,000	\$481,509,000	\$493,546,700
After-School Funding	\$18,400,000	\$18,900,000	\$19,400,000
Total State Proceeds	\$488,165,000	\$500,409,000	\$512,946,700

# Net Lottery Proceeds



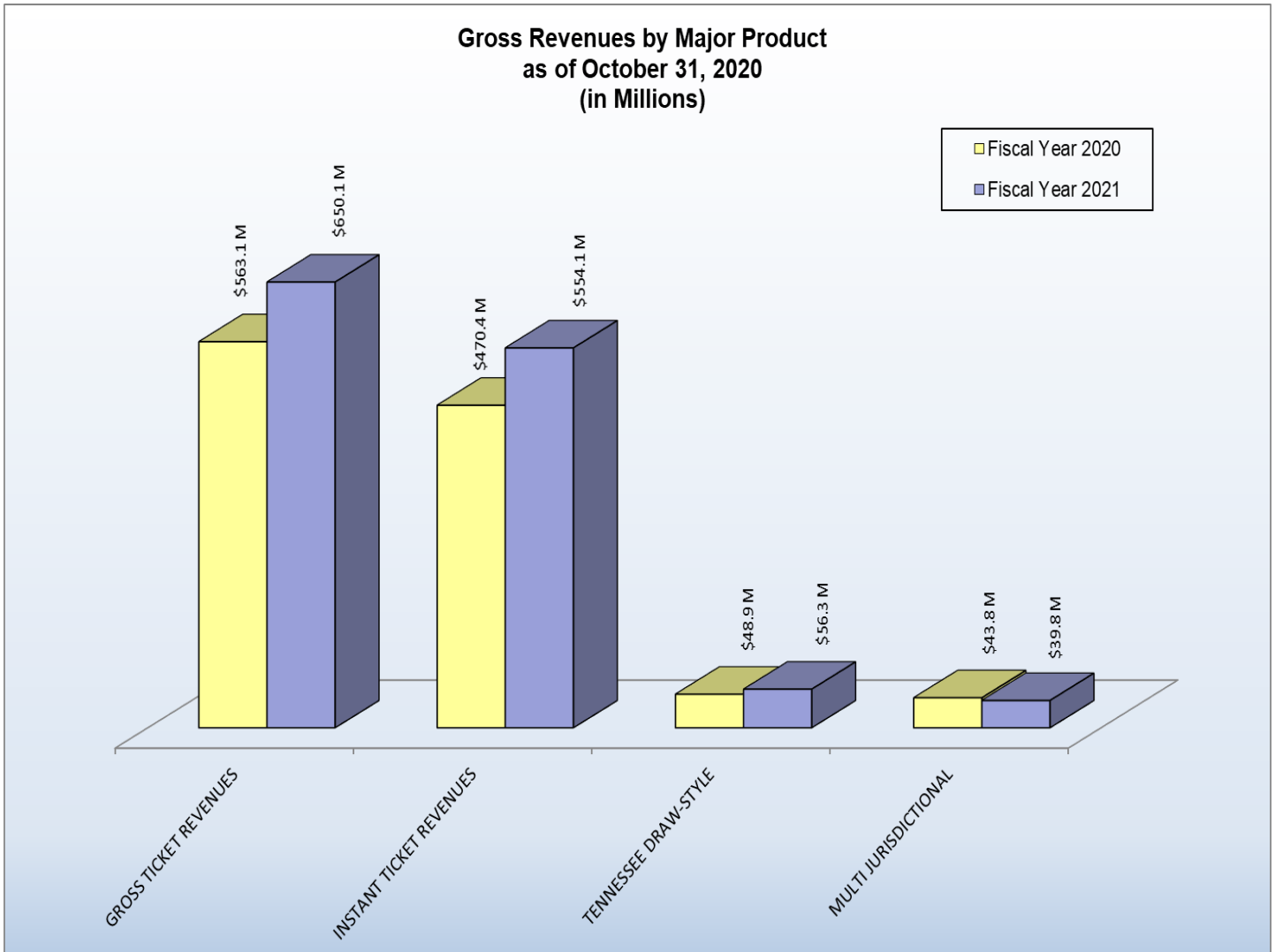


**Thank You**  
**Fiscal Review Committee Staff**

**TENNESSEE EDUCATION LOTTERY CORPORATION**  
**November 2020**

**ESTIMATION OF**  
**TOTAL AND NET LOTTERY PROCEEDS**  
**FOR FISCAL YEARS ENDING**  
**JUNE 30, 2021, 2022, 2023, 2024 and 2025**

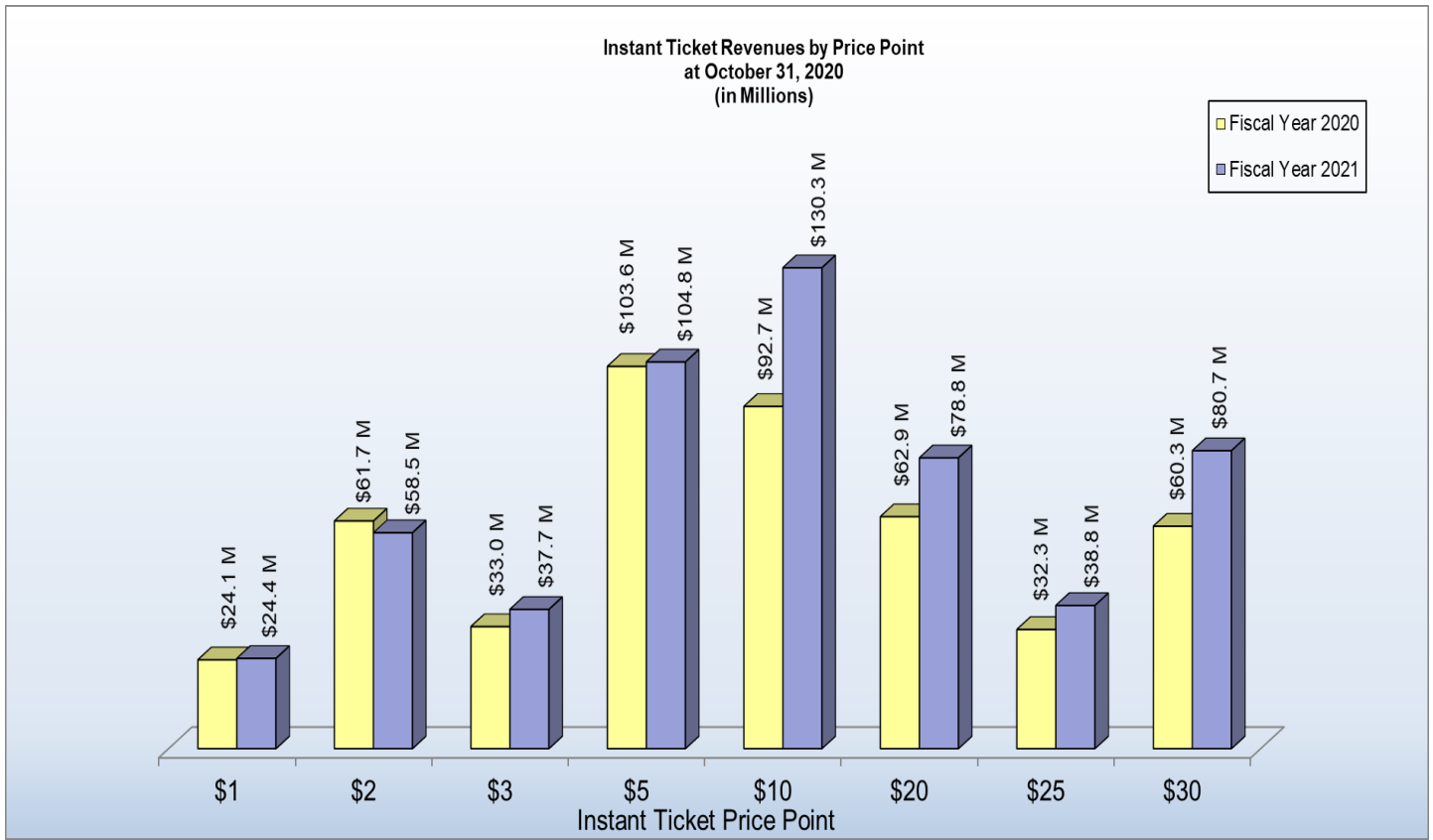
**TENNESSEE EDUCATION LOTTERY CORPORATION**  
**ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**



- Gross Ticket Revenues of \$650.1 million through October 31, 2020 are up \$87 million year over year.
- *Tennessee Instant ticket* revenues are \$554.1 million compared to \$470.4 million the prior year.
- *Tennessee draw-style* games (*Cash 3, Cash 4, Tennessee Cash and Keno to Go*) revenues are \$56.3 million compared to \$48.9 million the prior year.
- Multijurisdictional games (*Powerball, Mega Millions, Cash 4 Life and Lotto America*) revenues are \$39.8 million compared to \$43.8 million the prior year.

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

	<b>As of 10/31/2020 (in millions)</b>	<b>FY 2021 Projected Revenue Range (in millions)</b>
<b>INSTANT GAMES</b>	\$ 554.1	\$1,665 - \$1,711

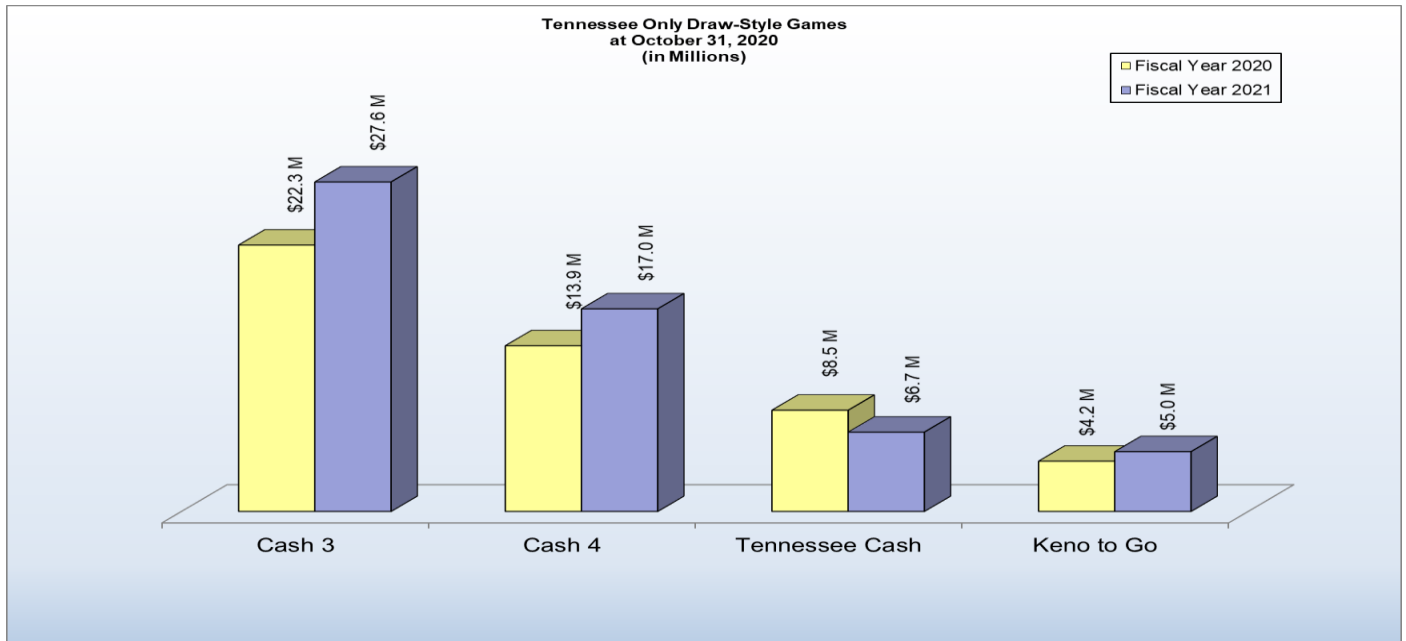


- *Instant tickets* are 85.2% of our product mix at October 31, 2020.
- *Instant ticket* revenues were \$554.1 million or \$31.5 million per week at October 31, 2020 compared to \$470.4 million or \$26.7 million per week the prior year, representing a 17.7% increase in instant ticket revenues year over year.
- *Instant ticket* revenues are driven primarily by game design (i.e., family game offering, etc.), player price point preferences and prize payouts.
- TEL anticipates launching approximately 55 games in this fiscal year.
- *Instant ticket* prize expense is projected at 67.7% for the fiscal year.



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

	<b>As of 10/31/2020 (in millions)</b>	<b>FY 2021 Projected Revenue Range (in millions)</b>
<b><i>TENNESSEE ONLY DRAWING-STYLE GAMES</i></b>	\$56.3	\$154.4 - \$159.4



### **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 \$123 and \$128 million for FY 2021.

### **Tennessee Cash**

- *Tennessee Cash* is a drawing-style cash jackpot game available only in Tennessee.
- Revenues are driven primarily by the cash jackpots, with an average jackpot cycle of \$600 to \$700 thousand.
- TEL projects revenues in FY 2021 to be approximately \$17 million.

### **Keno to Go**

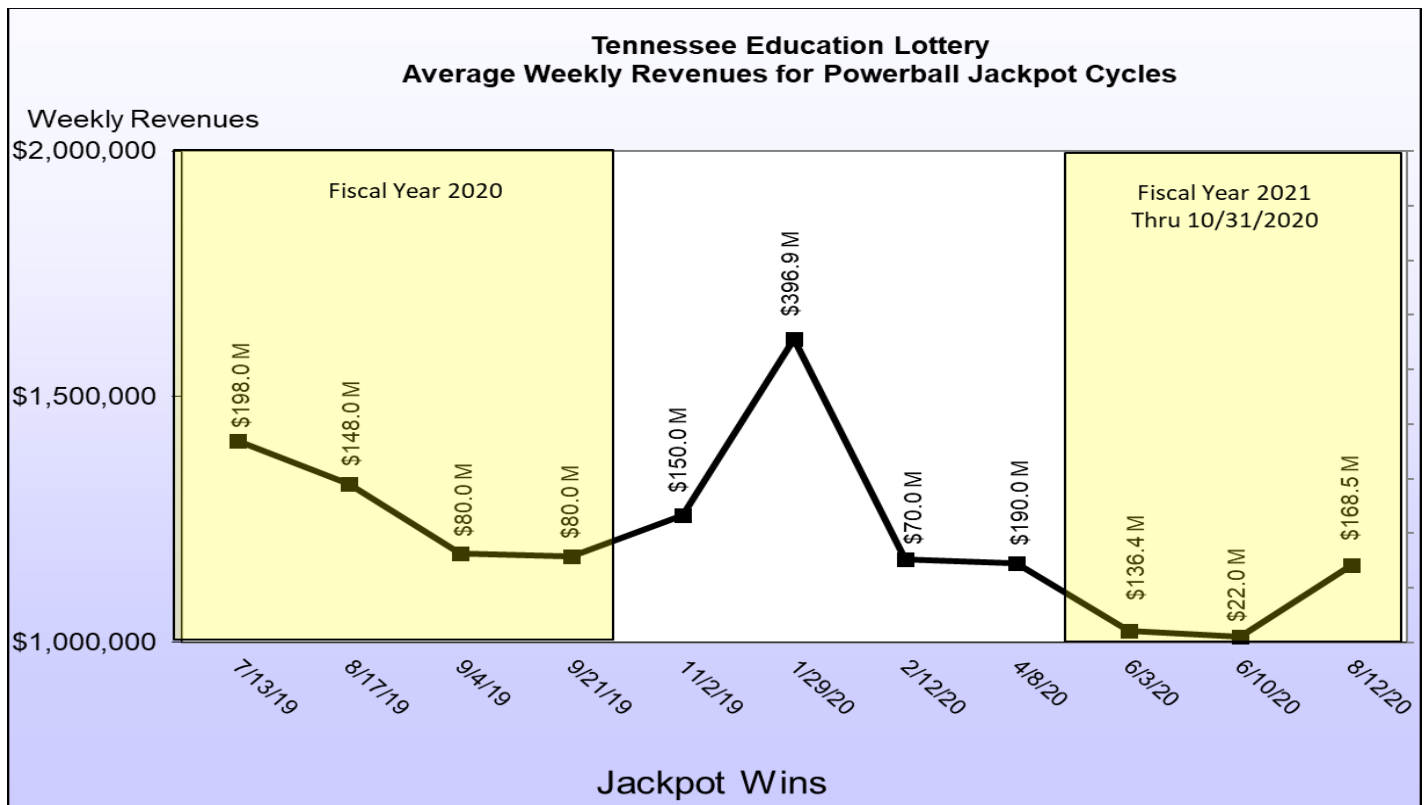
- *Keno to Go* is a draw-style game with drawings every 4 minutes.
- TEL projects revenues to be approximately \$14.5 million for FY 2021.

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

	As of 10/31/2020 (in millions)	FY 2021 Projected Revenue Range (in millions)
<b><i>MULTI-JURISDICTIONAL GAMES</i></b>	\$39.8	\$121.6 - \$124.5

Multi-jurisdictional game revenues, with the exception of the *Cash 4 Life*, are directly impacted by the size of the games' jackpots.

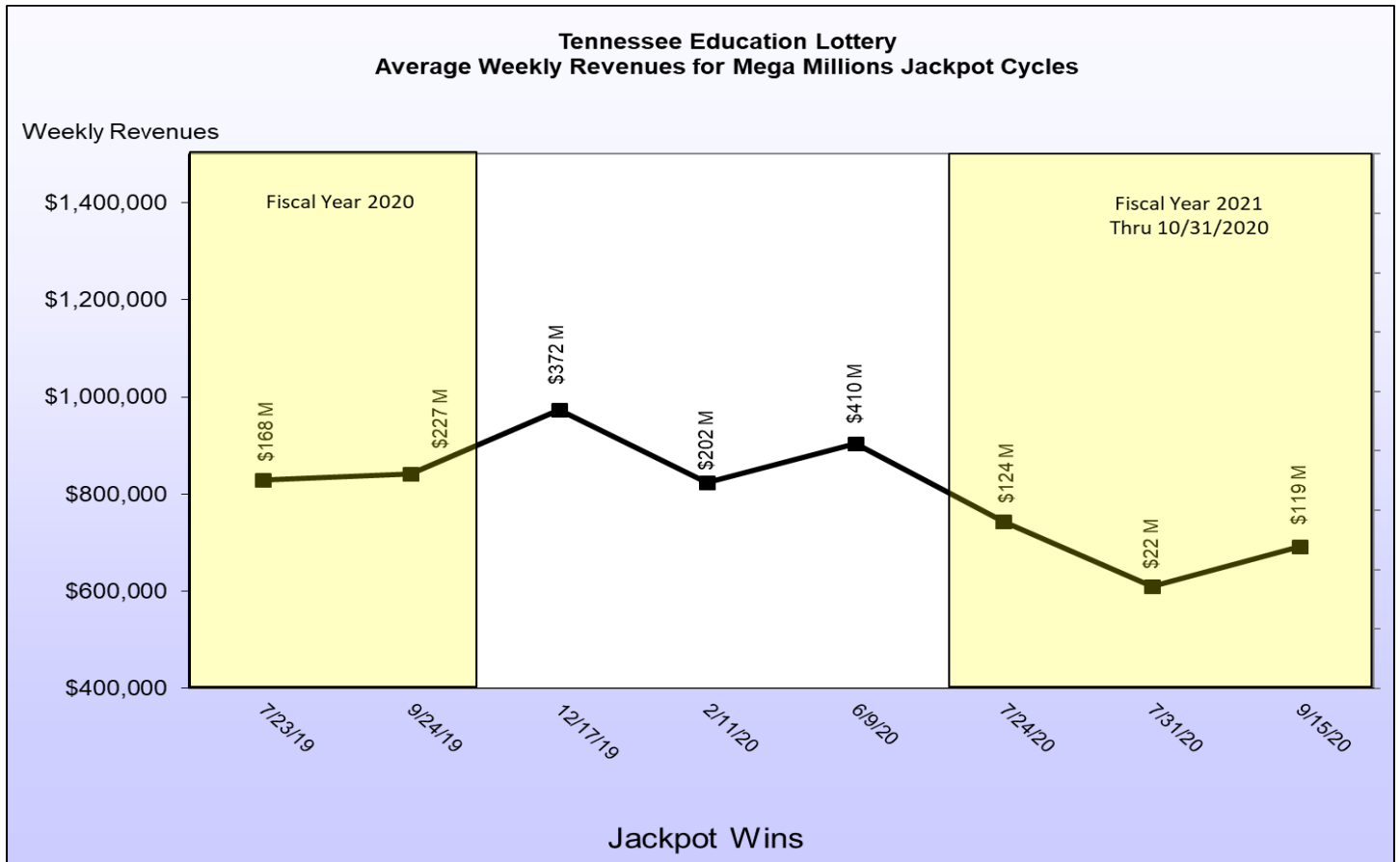
**Powerball**



- *Powerball* is a draw-style annuity jackpot game with expected jackpot cycles in the range of \$300 million to \$450 million.
- *Powerball* is currently sold in 47 jurisdictions, including the District of Columbia, Puerto Rico and U.S. Virgin Islands.
- TEL projects revenues in FY 2021 in the range of \$62.5 million to \$63.5 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 \$250 million to \$350 million.
- *Mega Millions* is currently sold in 46 jurisdictions, including the District of Columbia and U.S. Virgin Islands.
- TEL projects revenues in FY 2021 in the range of \$38.3 million to \$40.3 million.

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

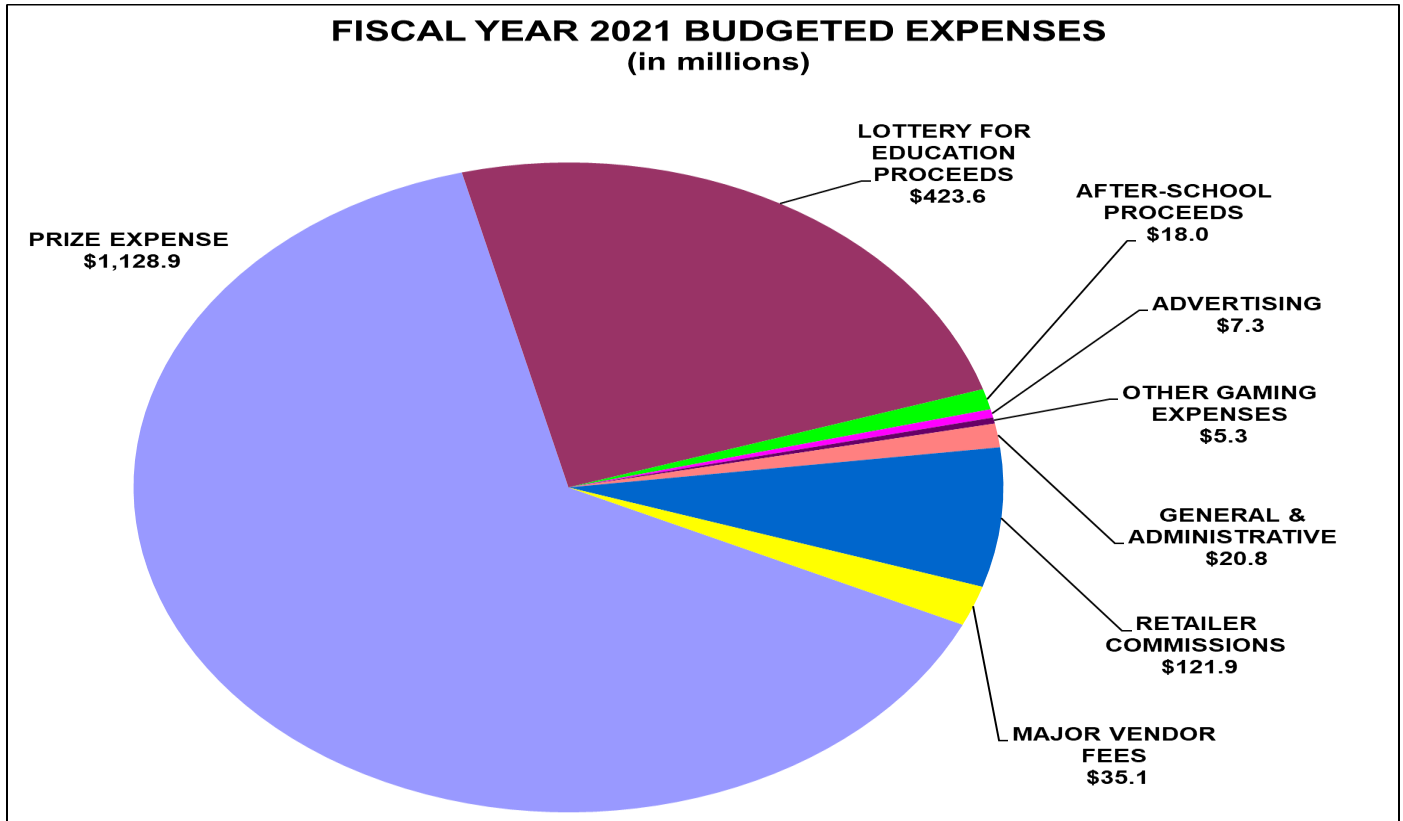
**Lotto America**

- Jackpots for this draw-style game start at \$2 million, with drawings held Wednesday and Saturday.
- *Lotto America* is currently sold in 13 jurisdictions.
- TEL projects revenues in FY 2021 to be approximately \$9 million.

**Cash 4 Life**

- *Cash 4 Life* is drawn 7 days per week.
- The game is the only drawing-style game that 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.
- On October 19, 2020, *Cash 4 life* was enhanced with the *Quickcash* feature that gives players a chance to win instantly.
- *Cash 4 Life* is currently sold in 9 jurisdictions.
- TEL projects revenues in FY 2021 to be approximately \$12 million.

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



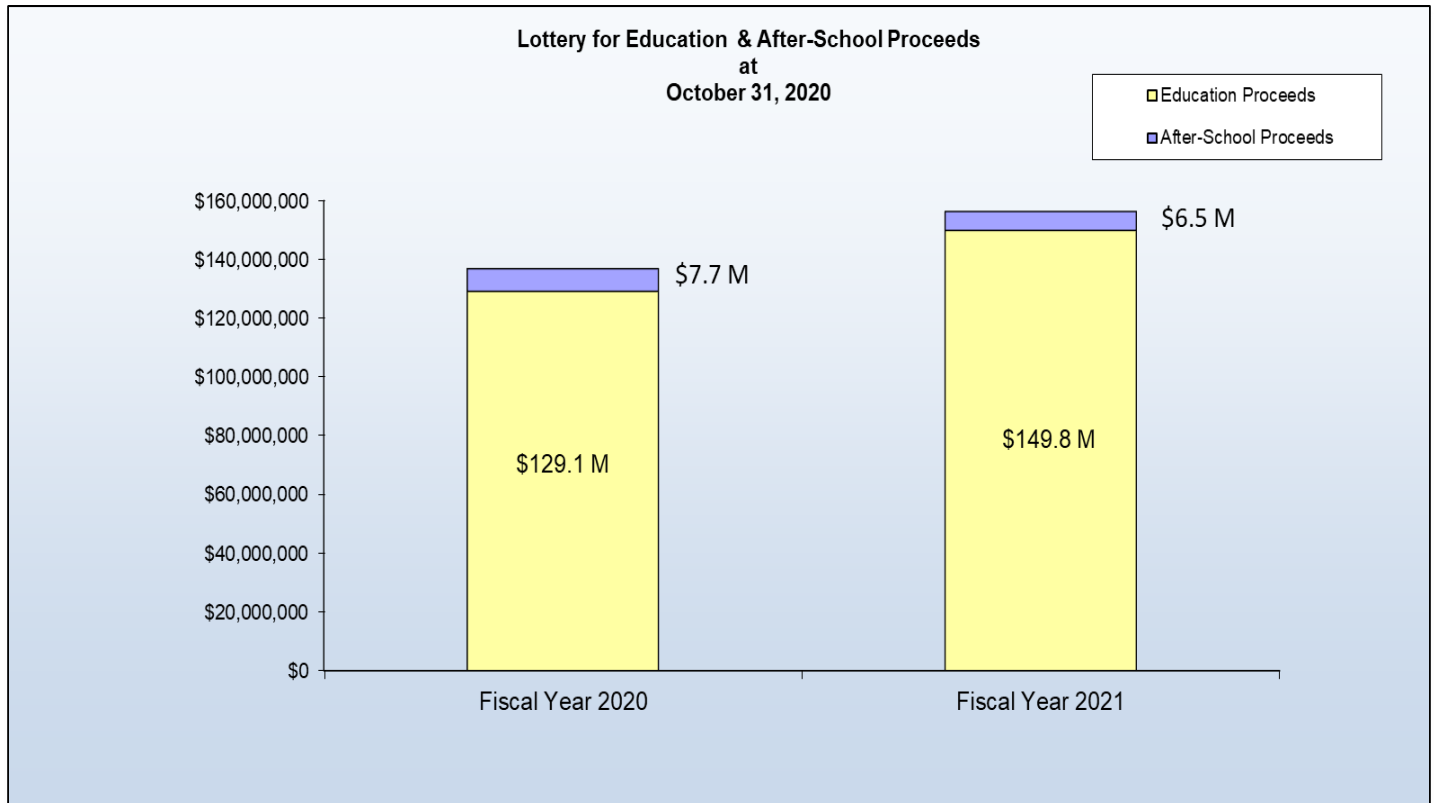
**Direct Gaming-Related Expenses**

- Aggregate Prize Expense for all Games is budgeted at **\$1.128 billion** or **60.4%** of Total Revenues.
  - *Instant Games* aggregated prize expense is budgeted at **\$984.2 million** or **67.7%** of Total Revenues.
  - *Drawing-style Games* aggregated prize expense is budgeted at **\$144.7 million** or **50.5%** of Total Revenues.
- Retailer commissions are budgeted at **\$121.9 million**.
- Major gaming vendors' fees are budgeted at **\$35.1 million**.

**Non-Direct Expenses**

- Non-direct expenses are budgeted at **\$33.4 million** or **1.8%** of Gross Revenues.
  - Advertising expenses are budgeted at **\$7.3 million**.
  - Other Gaming expenses are budgeted at **\$5.3 million**.
  - General and Administrative expenses are budgeted at **\$20.8 million**.
- Actual non-direct expenses have trended between \$32 million and \$34 million annually over the last five years.

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



**Lottery for Education Proceeds**

- \$149.8 million as of 10/31/2020
- \$129.1 million as of 10/31/2019

**Projected Fiscal Year 2021**

\$436 million - \$450 million

**After-School Program Proceeds**

- \$6.5 million as of 10/31/2020
- \$7.7 million as of 10/31/2019

**Projected Fiscal Year 2021**

\$17 million - \$18 million

After-School Programs Proceeds are projected based on the TEL's five-year historical unclaimed prize experience of slightly less than 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**

		<b>FY 2021</b>	<b>FY 2021</b>	<b>FY 2021</b>
	<b>FY 2020</b>	<b>Approved</b>	<b>Low</b>	<b>High</b>
	<b>Actuals</b>	<b>Budget</b>	<b>Projections</b>	<b>Projections</b>
Instant Ticket Games	\$ 1,556,235,000	\$ 1,581,016,000	\$ 1,665,150,000	\$ 1,711,236,000
Tennessee Only Draw-Style Games	\$ 150,298,000	\$ 147,107,000	\$ 154,416,000	\$ 159,416,000
Multi Jurisdictional Games	\$ 134,267,000	\$ 140,139,000	\$ 121,591,000	\$ 124,500,000
<b>GROSS TICKET REVENUES</b>	<b>\$ 1,840,800,000</b>	<b>\$ 1,868,262,000</b>	<b>\$ 1,941,157,000</b>	<b>\$ 1,995,152,000</b>
Less: Tickets Provided as Prizes	\$ (128,464,000)	\$ (130,269,000)	\$ (137,258,000)	\$ (141,023,000)
<b>Net Ticket Revenues</b>	<b>\$ 1,712,336,000</b>	<b>\$ 1,737,993,000</b>	<b>\$ 1,803,899,000</b>	<b>\$ 1,854,129,000</b>
<b>Other Revenues</b>	<b>5,031,000</b>	<b>4,932,000</b>	<b>4,932,000</b>	<b>4,932,000</b>
<b>TOTAL LOTTERY PROCEEDS</b>	<b>\$ 1,717,367,000</b>	<b>\$ 1,742,925,000</b>	<b>\$ 1,808,831,000</b>	<b>\$ 1,859,061,000</b>
<b>EXPENSES</b>				
Prize Expense	\$ 1,109,655,000	\$ 1,128,896,000	\$ 1,175,341,000	\$ 1,207,958,000
Retailer Commissions	120,069,000	121,968,000	126,688,000	130,215,000
Vendor Fees	35,012,000	35,079,000	36,627,000	37,645,000
<b>Direct Expense</b>	<b>\$ 1,264,736,000</b>	<b>\$ 1,285,943,000</b>	<b>\$ 1,338,656,000</b>	<b>\$ 1,375,818,000</b>
<b>Non-Direct Expenses</b>	<b>\$ 32,007,000</b>	<b>\$ 33,382,000</b>	<b>\$ 33,382,000</b>	<b>\$ 33,382,000</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,296,743,000</b>	<b>\$ 1,319,325,000</b>	<b>\$ 1,372,038,000</b>	<b>\$ 1,409,200,000</b>
<b>LOTTERY FOR EDUCATION PROCEEDS</b>	<b>\$ 420,624,000</b>	<b>\$ 423,600,000</b>	<b>\$ 436,793,000</b>	<b>\$ 449,861,000</b>
<b>AFTER SCHOOL PROGRAM PROCEEDS</b>	<b>\$ 17,605,000</b>	<b>\$ 18,000,000</b>	<b>\$ 17,000,000</b>	<b>\$ 18,000,000</b>

**FISCAL YEARS ENDING JUNE 30, 2022, 2023, 2024 and 2025**

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Total Lottery Proceeds	\$1,840- \$1,901 Million	\$1,872- \$1,944 Million	\$1,905- \$1,987 Million	\$1,938- \$2,032 Million
Lottery for Education Proceeds	\$446-\$461 Million	\$453-\$472 Million	\$461-\$482 Million	\$469-\$493 Million
After-School Programs Proceeds	\$16 - \$17 Million	\$16 - \$17 Million	\$17 - \$18 Million	\$17 - \$18 Million

Mike Krause  
Executive Director



Bill Lee  
Governor

State of Tennessee  
**Tennessee Higher Education Commission**  
**Tennessee Student Assistance Corporation**

WRS Tennessee Tower, 9<sup>th</sup> Floor  
312 Rosa L. Parks Avenue  
Nashville, TN 37243  
(615) 741-3605

November 18, 2020

**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 2024-25 academic year.

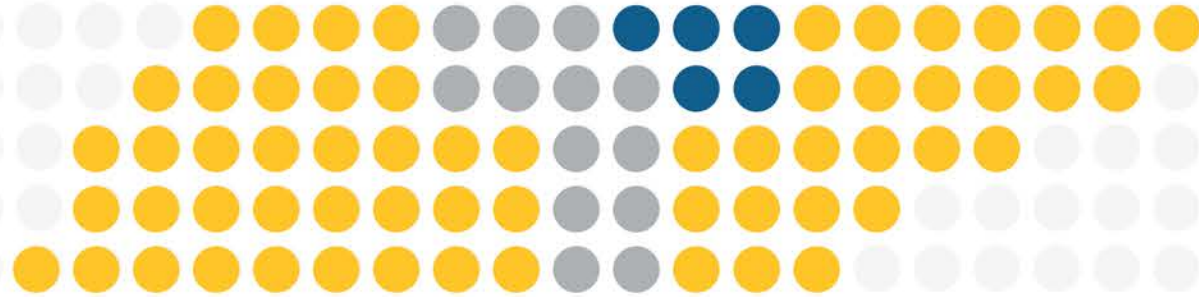
The expenditures below incorporate data for all lottery-funded programs, including the HOPE Scholarship, General Assembly Merit Scholarship, ASPIRE award, HOPE Access Grant, Wilder-Naifeh Technical Skills Grant, Nontraditional Student Grant, Dual Enrollment Grant, Helping Heroes Grant, Foster Child Tuition Grant, STEP UP Scholarship, TCAT Reconnect, the Math & Science Teacher Loan Forgiveness Program, 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>
2019-20 actual	N/A	\$371.4M	N/A	134,900
2020-21 estimated*	\$340.6M	\$347.5M	\$357.9M	126,200
2021-22 estimated*	\$344.0M	\$351.0M	\$361.5M	127,500
2022-23 estimated*	\$347.4M	\$354.5M	\$365.1M	128,700
2023-24 estimated*	\$350.9M	\$358.0M	\$368.8M	130,000
2024-25 estimated*	\$354.4M	\$361.6M	\$372.5M	131,300

*\*Does not include estimated administrative costs of \$9.0M and Tennessee Promise estimated expenditures of \$32M.*

These projections are based on 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 CENTRAL**  
ECONOMIC AUTHORITY

**20192020**

ANNUAL REPORT

**5** COUNTRIES

MACON  
SMITH  
SUMNER  
TROUSDALE  
WILSON

**STRONG**

# BOARD OF DIRECTORS



**Chairman**  
**Randall Hutto**  
Wilson County Mayor



**Vice Chairman**  
**Anthony Holt**  
Sumner County Executive



**Secretary/Treasurer**  
**Jeff Mason**  
Smith County Mayor



**Trousdale County Mayor**  
**Stephen Chambers**



**Macon County Mayor**  
**Steve Jones**



**Senate Appointee**  
**Mae Wright**  
President, TCAT-Hartsville



**House Appointee**  
**Betty Sue Hibdon**  
Former President/CEO  
Citizens Bank-Hartsville



**TCEA Attorney**  
**Bob Rochelle**



The Tennessee Central Economic Authority has experienced numerous enhancements during its thirty four-year history, including a complete transformation. This was accomplished with a durable Board of Directors with the understanding that their vision and leadership will impact communities and the future generations of this region.

We appreciate the Tennessee Central Board of Directors and mentors providing the time and reflections to make our five counties stronger. You have the assurance of the staff that Tennessee Central will strive in elevating our communities.

Thank you for your guardianship and trust of TN Central Economic Authority.

# SPOTLIGHT

ON OUR STAKEHOLDERS



OUR SUCCESS DEPENDS ON THE DEDICATION OF OTHERS!

# SHINING STARS OF 2019-2020



## Angela Regitko



Angela Regitko works in the Department of Economic and Community Development for the State of TN. She is the business development consultant in the Upper Cumberland region, working with local leaders, existing businesses and new companies looking at our area. Angela has been with the State for three and a half years; prior to that she was in the insurance industry.

Working with communities, helping them prepare for growth and educating industries on the incentives that are available from the State are her basic job duties. She worked with Hormann in White County for their new facility, the expansion in Cumberland County for Stonepeak and many other projects.

Angela and her husband, George, have three daughters, five grandchildren, and one more on the way! Being a Cookeville native, the Upper Cumberland is not only home, but where her heart is!





## Robert T. (Bob) Bibb



Bob enjoys his commitments to being a guardian of economic development for Middle TN. He has served TN Central as a mentor, supporter, resource, and as an economic developer. He has been on the cutting edge of technology with drone services, mapping, and coordinating the logistics of consultants with customized transportation. Bob has served over 30 years in helping others promote, develop product, recruit, and land projects. Bob is one of our many valuable stakeholders.

Bob Bibb is a lifelong resident of Springfield, Robertson County, TN. Bob earned a bachelor's degree in Agriculture from the University of TN and started managing the family farming operation until 1988. Their operation had approximately 1000 acres of corn, wheat, soybeans, tobacco, and small cattle. He currently serves as the Executive Director of Middle Tennessee Industrial Development Association (MTIDA). MTIDA is an economic development organization representing the electric power companies of Middle Tennessee and is responsible for a 38-county region.

In 2006, Bob served in the 105th General Assembly in the TN House of Representatives, representing the 66th District (Robertson County). Bob and his wife Kim have been married for 35 years and have three children and four grandchildren. They are active members of Cedar Hill Baptist Church, where Bob serves as the Worship Leader.

# KEY EVENTS

- » Governor's Conference
- » Commissioner Rolfe Meetings (2)
- » TVA's Economic Developers' Forum
- » TCAT's Governor Lee Tour
- » Tennessee State Funding Board
- » MTIDA Annual Meeting
- » SEDC Annual Meeting New Orleans 2019
- » InvestPrep Presentation
- » Trousdale Local Workforce Development
- » Smith County Career Day
- » Macon, Smith, Sumner, Trousdale, & Wilson Chamber Meetings
- » Legislator Meetings on The Hill
- » Project Genesis (multiple meetings)
- » Upper Cumberland Annual Meeting & Grand Opening
- » Tennessee Central FAM Tour, ECD & TVA Recruiters
- » Tennessee Economic Development Council, Fall Meeting
- » Congressman Rose's Rep. Ray Render
- UT: Center of Industrial Services (4 sessions)
- » TVA's Workforce Institute
- » TVA's Certification Tennessee Economic Partnership
- » TEP Quarterly Board Meetings
- » Association of Tennessee Valley Governments
- » TN Chamber of Commerce & Industry Annual Meeting
- » Watertown Industrial Park Sign Installation
- » TVA's "Preparing For a Virtual Visit"
- » TVA's "Economic Development Showcase"
- » Trousdale Leadership Presentation
- » UCDD: Macon & Smith Counties
- » Industrial Appreciation Lunch assisted by TCAT
- » Volunteer State Community College P-16
- » Dale Hollow RPO
- » Commissioner Rolfe Conference Calls
- » ECD & TVA project Submissions
- » State Representative Weaver Meeting
- » Forward Sumner Annual Meeting
- » GNRC Annual Meeting





**CHRISTMAS  
MEETING & LUNCH**







## TROUSDALE INDUSTRY APPRECIATION LUNCHEON







## GOVERNOR LEE TOURS TCAT





# TCEA ANNUAL MEETING

HELD ON JULY 26, 2019 AT THE MILL IN LEBANON, TN





# TCEA ANNUAL MEETING

HELD ON JULY 26, 2019 AT THE MILL IN LEBANON, TN





# TCEA ANNUAL MEETING

HELD ON JULY 26, 2019 AT THE MILL IN LEBANON, TN



# ECONOMIC OVERVIEW

OF THE TN CENTRAL ECONOMIC REGION



## POPULATION

2025 PROJECTED: **424,342**

2020 ESTIMATE: **295,567**

## POPULATION GROWTH

2020-2025 PROJECTED: **7.27%**

2010-2020 GROWTH: **22.12%**

2000-2010 GROWTH: **22.42%**



# ECONOMIC OVERVIEW

OF THE TN CENTRAL ECONOMIC REGION



		MACON	SMITH	SUMNER	TROUSDALE	WILSON	TN CENTRAL
POPULATION	2000	20,386	17,712	130,438	7,259	88,806	264,601
	2010	22,248	19,166	160,645	7,870	113,993	323,922
	2020	24,769	20,227	192,556	11,792	141,859	395,567
	2025	26,170	21,084	206,090	12,858	153,872	424,342
% GROWTH	2000-2010	9.13%	8.21%	23.16%	8.42%	28.36%	22.42%
	2010-2020	11.33%	5.54%	19.86%	49.84%	24.45%	22.12%
	2020-2025	5.66%	4.24%	7.03%	7.72%	8.47%	7.27%

# ECONOMIC OVERVIEW

OF THE TN CENTRAL ECONOMIC REGION



POPULATION		TN CENTRAL	DAVIDSON	RUTHERFORD	WILLIAMSON	TENNESSEE	UNITED STATES
	2000	264,601	569,913	182,019	126,638	5,689,277	281,421,942
	2010	323,922	626,681	262,604	183,182	6,346,105	308,745,538
	2020	395,567	700,931	337,508	241,165	6,853,435	330,342,293
	2025	424,342	734,122	364,742	260,931	7,128,465	341,132,738
% GROWTH	2000-2010	22.42%	9.96%	44.27%	44.65%	11.54%	9.71%
	2010-2020	22.12%	11.85%	28.52%	31.65%	7.99%	7.00%
	2020-2025	7.27%	4.74%	8.07%	8.19%	4.01%	3.27%



# EDUCATION OVERVIEW

OF THE TN CENTRAL ECONOMIC REGION



AREA/SCHOOL	ACT AVERAGE	GRADUATION RATE
MACON COUNTY	19.3	87.8%
SMITH COUNTY	19.4	93.6%
SUMNER COUNTY	21.4	94.3%
TROUSDALE COUNTY	19.7	92.9%
WILSON COUNTY	21.2	95.6%
<b>TN CENTRAL REGION</b>	<b>20.2</b>	<b>92.8%</b>
DAVIDSON COUNTY	18.9	80.2%
RUTHERFORD COUNTY	21.0	95.6%
WILLIAMSON COUNTY	25.4	95.9%
TENNESSEE	20.2	89.1%
UNITED STATES	20.9	85.0%

# EDUCATION OVERVIEW

OF THE TN CENTRAL ECONOMIC REGION



## COLLEGES & UNIVERSITIES

Belmont University

Cumberland University

Fisk University

Lipscomb University

Meharry Medical College

Middle Tennessee State University

Tennessee State University

Tennessee Technological University

TN College of Applied Technology in Gallatin

TN College of Applied Technology in Hartsville

TN College of Applied Technology in Lebanon

TN College of Applied Technology in Portland

TN College of Applied Technology in Red Boiling Springs

Trevecca Nazarene University

Vanderbilt University

Volunteer State Community College

Welch College

Union University

# EDUCATION OVERVIEW

OF THE TN CENTRAL ECONOMIC REGION



## EDUCATION ATTAINMENT

**10.36%**

Less than  
High School  
Diploma

**32.34%**

High School  
Diploma  
(GED)

**22.38%**

Some  
College, No  
Degree

**8.32%**

Associate  
Degree

**18.35%**

Bachelor's  
Degree

**8.25%**

Master's  
Degree &  
Beyond



# PERFORMANCE INDEX

2019-2020

- » One hundred fifty jobs in Macon County (Nestle's Building)
- » USDA Grant for PCIC Entrance sign with message board
- » Renovated Clift Building in PowerCom
- » Fifty new jobs in Hartsville/Trousdale
- » ECD/TVA Recruiters Regional Tour
- » State of Tennessee Funding Board
- » UT Center of Industrial Services
- » Watertown Industrial Sign Build
- » Twenty-two RFP/RFI Responses to ECD & TVA
- » Added four new tenants to PowerCom
- » Grants awarded to Trousdale, Smith, & Wilson Counties
- » Master Concept Plan for Lafayette Macon Industrial Park Expansion
- » CBD processor start-up in Smith County in the Texas Boot building expecting 40 jobs
- » 170 Spicer (71k SF) is under contract for a material supplier to Bonnell 15-30 jobs
- » Assistance with the Paycheck Protection Program to manufactures resulted in an average \$100k in assistance
- » Assisted Trousdale County Industrial Development Board with Land Sale

The Legislators of the State of Tennessee created this organization in 1986 to build up industrial economic development after a shocking and devastating loss of the power plant. Our legislators continue to work to overcome that setback with new jobs and investment in the citizens of our five-county region. Their efforts have led to new jobs in food processing, welding, printing and metal fabrications. Tennessee Central appreciates their support, dedication, and governance as we work together to enhance the rural communities for a stronger Tennessee. Thank you.

**- Charly**



# SENATORS & REPRESENTATIVES

## SENATORS



Mark Pody



Ferrell Haile

## REPRESENTATIVES



Clark Boyd



Johnny Garrett



Kelly Keisling



Susan Lynn



Terri Lynn Weaver



William Lamberth

# FISCAL OVERVIEW

2018-2019 GENERAL FUND

## REVENUES

**\$241,036.08**

RENT

**\$195,523.00**

OTHER

**TOTAL REVENUES:**

**\$436,599.08**

## EXPENDITURES

**\$243,752.55**

SALARIES & BENEFITS

**\$27,982.14**

CONTRACT SERVICES

**\$29,967.07**

OFFICE EXPENSES

**\$16,353.26**

ADVERTISING & MARKETING

**\$10,525.98**

MEETING & EVENT EXPENSES

**\$14,598.31**

TRAVEL

**\$1,765.20**

MISCELLANEOUS

**\$6,952.50**

DUES & FEES

**TOTAL EXPENDITURES: \$351,897.01**



# FISCAL OVERVIEW

2018-2019 CAPITAL INVESTMENT FUND

## REVENUES

**\$938,340.34**

TVA IN-LIEU-OF-TAX FUNDING

**\$150,368.73**

OTHER

**TOTAL REVENUES:**

**\$1,088,709.07**

## EXPENDITURES

**\$243,752.55**

GRANT PROGRAMS

**\$29,967.07**

POWERCOM EXPENSES  
(INFRASTRUCTURE, SITE DEVELOPMENT  
& REPAIR/MAINTENANCE)

**\$27,982.14**

CONTRACT SERVICES & LABOR

**\$16,353.26**

ADMIN FEE & OTHER  
MISCELLANEOUS EXPENSES

**TOTAL EXPENDITURES: \$721,400.82**



# BUSINESS & WORKFORCE DEVELOPMENT

TCAT Hartsville fully supports the ongoing efforts of the TN Central Economic Authority and serves as the premier supplier of workforce development for Trousdale, Sumner, Wilson, Smith and Macon Counties.

With adult campuses located in both Wilson and Trousdale, we work closely with companies such as Beretta Industries, ABC Fuel Group, NIC Global, CIP, Fabricated Tube Products, Taiho-Mfg, Destaco, Tacle Seating, Teknia Group and many others to develop training programs and provide qualified employees.



TENNESSEE COLLEGE  
OF APPLIED TECHNOLOGY  
HARTSVILLE

The College fulfills its mission by:

- » Providing competency-based training through superior quality traditional and distance learning instruction methods that qualify completers for employment and job advancement.
- » Contributing to the economic and community development of the communities served by training and retraining employed workers.
- » Ensuring that programs and services are economical and accessible to all residents of Tennessee.
- » Building relationships of trust with community, business, and industry leaders to supply highly skilled workers in areas of need.

At TCAT Hartsville, the focus is on your success in today's ever-changing, state-of the-market economy. Our faculty and staff believe in providing the highest quality services and instruction to ensure an exciting learning experience. Our instructors are qualified and dedicated to the responsive changes needed by business and industry, students, and the community. We are proud to train citizens for the skilled careers of today's workforce. Education is about creating new possibilities for career and personal growth. As the economy becomes increasingly global and competitive, the facilities and curriculum at TCAT Hartsville will provide the education and training that are required to compete in the global market.



# BUSINESS & WORKFORCE DEVELOPMENT



## TCAT HARTSVILLE RECONSTRUCTION





# BUSINESS & WORKFORCE DEVELOPMENT

The TN Central office assists and houses a satellite location of the Volunteer State Community College TN Small Business Development Center (TSBDC). The Center provides group sessions and one-on-one counseling & training for small business owners and entrepreneurs needing assistance in the TN Central region. Charles Alexander, the Center's Director, as well as Dave Jose, Counselor, provide private counseling at the following locations in the TN Central region during the third full week of each month.

Tuesday 9-12 pm

[Mt. Juliet Chamber](#)

(615-758-3478 for appointment)

Thursday 9-11am, & 1-3pm

[Lebanon Chamber](#)

(615-444-5503 for appointment)



**Charles Alexander**

Director

SBDC - Tennessee

# WORK STRATEGIES

2020-2021

## ECONOMIC DEVELOPMENT PROGRAM

- » Improve existing industrial acreage in the five-county region by assisting each county with project processes & property opportunities.
- » Respond to Request for Proposals for the region or individual counties.
- » Apply for and process grants to improve economic development standards.
- » Market & promote the Tennessee Central as a five-county region.
- » Utilize the master plan for PCIC to develop building sites and infrastructure.
- » Provide networking assistance to incubator clients as required (financing, marketing, etc.).
- » Facilitate partnership & cooperation with elected officials, EDOs, and all stakeholders in the region.
- » Manage our industrial property in PowerCom Industrial Center & the Hartsville Industrial Park.
- » Research PCIC South Campus with development plans for Cumberland River dock/barge access and partnership with the Corps of Engineers.
- » Participate with RPO and TDOT for regional highway infrastructure.



# WORK STRATEGIES

2020-2021

## BUSINESS & WORKFORCE DEVELOPMENT ASSISTANCE

- » Sustain communications with all companies to enhance growth in the region.
- » Support the SBA's TN Small Business Development Centers partnership to create entrepreneurs and start-up companies, plus assist small business seminars throughout the five-county region.
- » Expand communications with existing businesses (Create a CEO Roundtable).
- » Serve on the Tennessee College (TCAT)/Hartsville's Advisory Board.
- » Market the training services of TCAT and VSCC to industries in the region.
- » Participate in the North Central P-16 Council (VSCC).
- » Assist with job fairs in the region.
- » Assist Workforce Development programs in the Tennessee Central Region.

# WORK STRATEGIES

2020-2021

## PROGRAM ADMINISTRATION

- » Comply with reporting requirements of the State of Tennessee (Sunset Review & State Funding Board), Board of Directors, funding agencies, and others as an operating standard.
- » Maintain financial reporting, audits, and budget management.
- » Provide an informative web site and news updates.
- » Manage the daily operations of the office and admin processes.
- » Search & pursue grants and funding applications.
- » Management of the PowerCom Industrial Center and tenant relationships.
- » Maintain professional affiliations with governments entities, funding agencies, TN Dept. of ECD, Chambers of Commerce, UT/CTAS, the Greater Nashville Regional Council, MTIDA, the Upper Cumberland Development District, TN Economic Development Council, TVA, TEP, ATVG, USDA, RPO and the region's electric and utility districts.

# WORK STRATEGIES

2020-2021

## ADDITIONAL RESPONSIBILITIES

- » Increase public awareness & regional vision of the Tennessee Central Economic Authority.
- » Promote Tennessee Central internally for our region as an active partner for economic development.
- » Provide quarterly reports to the Board of Directors.
- » Respond to the Board of Director's request for other regional opportunities.
- » Aggressively pursue new projects and tenants.
- » Partner & support MTIDA's programs for our communities within the Middle TN region.



# OUR PARTNERS

TN CENTRAL'S PARTNERS FOR SUCCESS





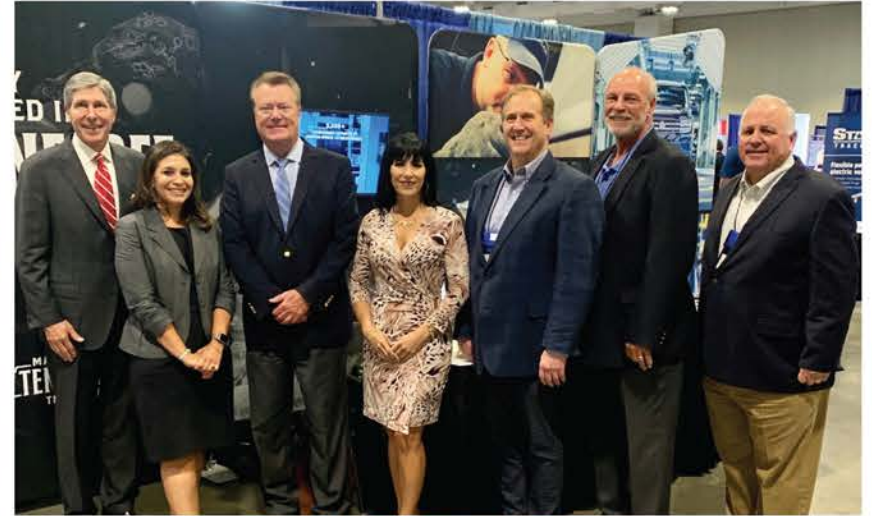
# ACROSS THE REGION



CHARLY LYONS WITH CODY HUDDLESTON, THE REGIONAL DIRECTOR FOR TN ECD UPPER CUMBERLAND REGION



SMITH COUNTY CAREER FAIR



2019 SEPT SOUTHERN AUTO SHOW



UCDD RIBBON CUTTING



SMITH COUNTY CAREER FAIR



CONGRESSMAN ROSE



# ACROSS THE REGION



2019 FAM TOUR



UCDD BOARD MEETING



SEN. HAILE PRESENTS THREESTAR  
AWARD TO TROUSDALE COUNTY



2019 NOV. SMITH COUNTY LEADERSHIP PROGRAM GRADUATES



CHARLY LYONS WITH TVA'S  
STEPHANIE HAMBY AND WILL WEST



# POWERCOM INDUSTRIAL CENTER IMPROVEMENTS



NEW POWERCOM SIGN



TCEA FLAG



POWERCOM FOUNDERS RON FULTS & FRANK MCKEE

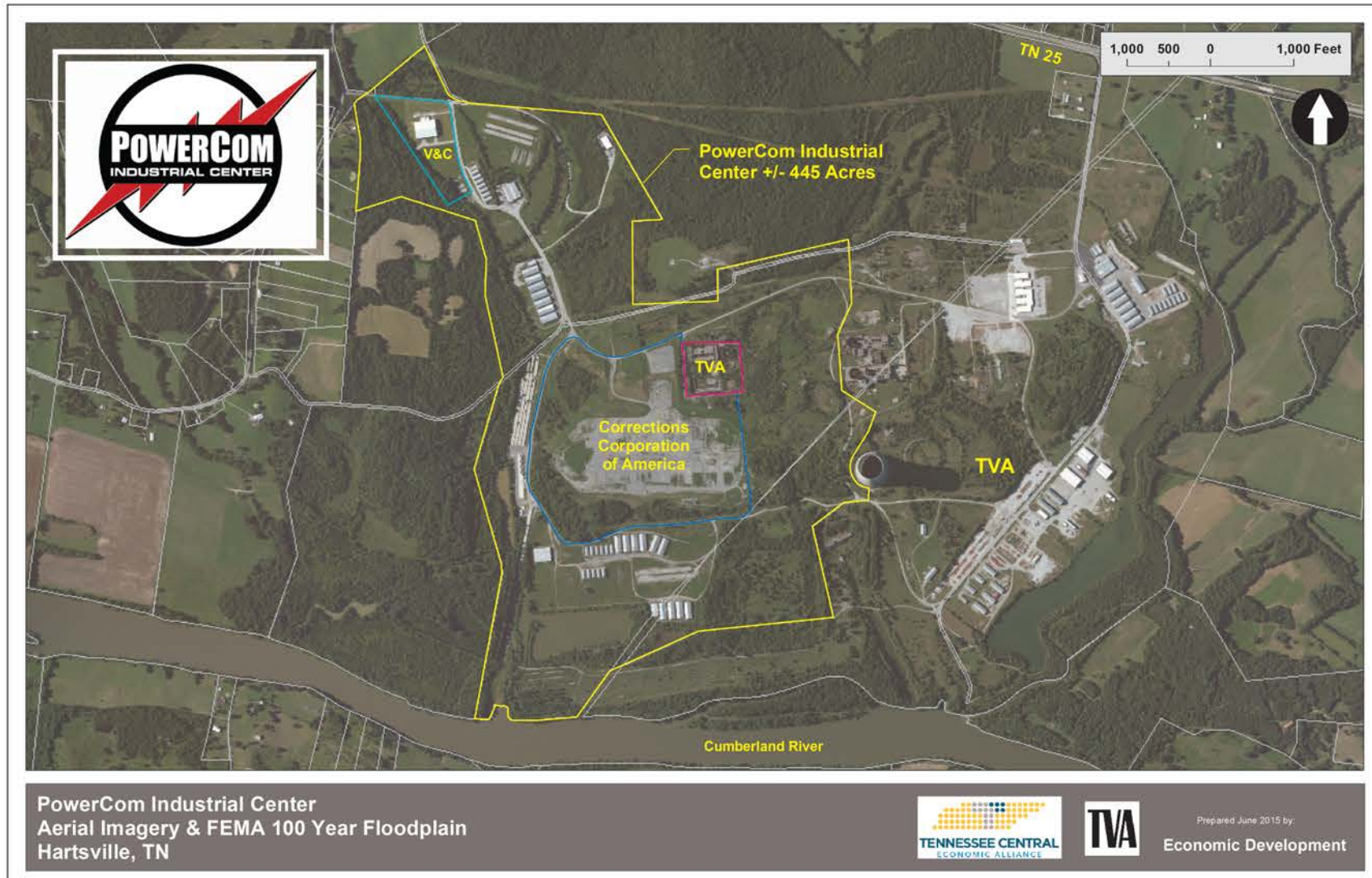


V&C ADHESIVES





# POWERCOM INDUSTRIAL CENTER IMPROVEMENTS



POWERCOM AERIAL BOUNDARIES



# POWERCOM INDUSTRIAL CENTER IMPROVEMENTS



## POWERCOM RENOVATIONS





**CHARLY LYONS, PRESIDENT/CEO**

**P 615.374.4607**

**C 615.426.2520**

**F 615.374.4608**

**702 MCMURRY BLVD E**

**HARTSVILLE, TENNESSEE 37074**

**CLYONS@TENNESSEECENTRAL.ORG**

**SERVING THE MIDDLE  
TENNESSEE COUNTIES OF:**

**MACON**

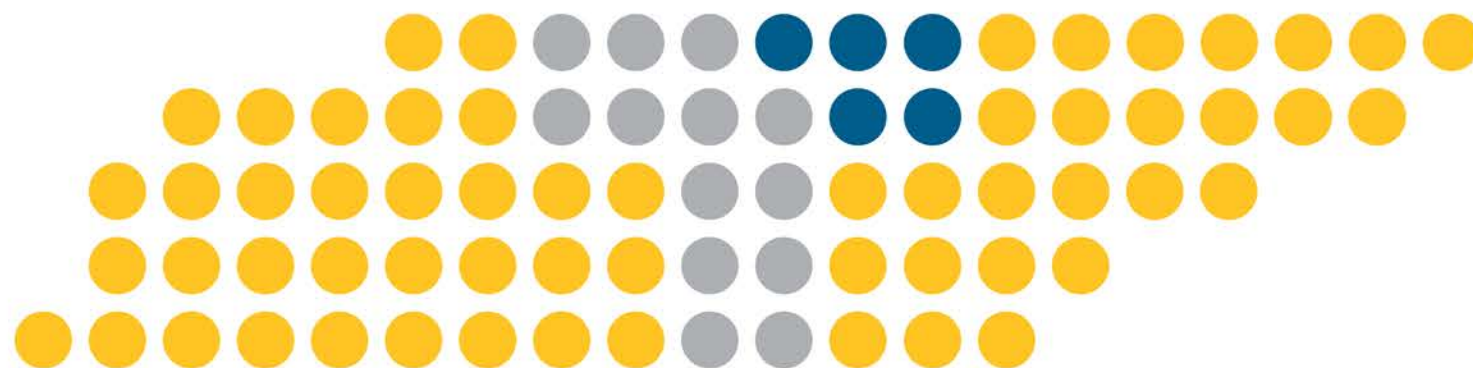
**SMITH**

**SUMNER**

**TROUSDALE**

**WILSON**





**TENNESSEE CENTRAL**

ECONOMIC AUTHORITY

TENNESSEECENTRAL.ORG

# Tennessee Central Economic Authority

## BUDGET VS. ACTUALS: FY\_2020\_2021 - FY21 P&L

July - October, 2020

	TOTAL			
	ACTUAL	BUDGET	REMAINING	% OF BUDGET
<b>Income</b>				
44500 Government Grants				
44510 TVA Grants (CR to #60930)	2,000.00	1,000.00	-1,000.00	200.00 %
<b>Total 44500 Government Grants</b>	<b>2,000.00</b>	<b>1,000.00</b>	<b>-1,000.00</b>	<b>200.00 %</b>
46400 Other Types of Income				
46410 Interest	10,840.31	10,000.00	-840.31	108.40 %
46420 Administrative Services Fee		180,000.00	180,000.00	
46430 Miscellaneous				
46431 Mtg Lunch Fees (CR to #60910)		600.00	600.00	
46432 Event Sponsors (CR to #60930)	1,000.00	1,000.00	0.00	100.00 %
<b>Total 46430 Miscellaneous</b>	<b>1,000.00</b>	<b>1,600.00</b>	<b>600.00</b>	<b>62.50 %</b>
<b>Total 46400 Other Types of Income</b>	<b>11,840.31</b>	<b>191,600.00</b>	<b>179,759.69</b>	<b>6.18 %</b>
47500 Rentals	111,737.29	256,600.00	144,862.71	43.55 %
Unapplied Cash Payment Income	100.00		-100.00	
<b>Total Income</b>	<b>\$125,677.60</b>	<b>\$449,200.00</b>	<b>\$323,522.40</b>	<b>27.98 %</b>
<b>GROSS PROFIT</b>	<b>\$125,677.60</b>	<b>\$449,200.00</b>	<b>\$323,522.40</b>	<b>27.98 %</b>
<b>Expenses</b>				
60900 Business Expenses				
60910 Meeting Related Expenses	1,177.90	9,800.00	8,622.10	12.02 %
60920 Dues/Fees/Renewals	2,625.20	8,500.00	5,874.80	30.88 %
60930 Events	1,414.60	8,000.00	6,585.40	17.68 %
<b>Total 60900 Business Expenses</b>	<b>5,217.70</b>	<b>26,300.00</b>	<b>21,082.30</b>	<b>19.84 %</b>
62100 Contract Services				
62110 Accounting Fees		3,200.00	3,200.00	
62140 Legal Fees	7,016.00	21,048.00	14,032.00	33.33 %
62150 Other Contract Services		6,500.00	6,500.00	
<b>Total 62100 Contract Services</b>	<b>7,016.00</b>	<b>30,748.00</b>	<b>23,732.00</b>	<b>22.82 %</b>
65000 Office Operations				
65010 Rent	3,000.00	9,000.00	6,000.00	33.33 %
65020 Postage/Printing		500.00	500.00	
65030 Utilities	1,093.77	4,200.00	3,106.23	26.04 %
65040 Supplies & Equip.	731.63	5,300.00	4,568.37	13.80 %
65050 Communications	2,135.82	5,500.00	3,364.18	38.83 %
65120 Insurance - Office, D&O, WC	3,713.00	6,600.00	2,887.00	56.26 %
<b>Total 65000 Office Operations</b>	<b>10,674.22</b>	<b>31,100.00</b>	<b>20,425.78</b>	<b>34.32 %</b>
65100 Misc.	291.97	3,000.00	2,708.03	9.73 %
65110 Marketing	8,264.60	20,500.00	12,235.40	40.32 %
66000 Payroll Expenses				
66010 President/CEO	29,400.00	88,200.00	58,800.00	33.33 %
66020 Project Manager	17,700.00	53,100.00	35,400.00	33.33 %
66030 Executive Admin Assistant	13,194.72	39,000.00	25,805.28	33.83 %



# Tennessee Central Economic Authority

## BUDGET VS. ACTUALS: FY\_2020\_2021 - FY21 P&L

July - October, 2020

	TOTAL			
	ACTUAL	BUDGET	REMAINING	% OF BUDGET
66040 Performance Expense	5,409.00	10,818.00	5,409.00	50.00 %
66050 Benefits	21,838.86	69,000.00	47,161.14	31.65 %
<b>Total 66000 Payroll Expenses</b>	<b>87,542.58</b>	<b>260,118.00</b>	<b>172,575.42</b>	<b>33.65 %</b>
68300 Travel	1,203.25	26,000.00	24,796.75	4.63 %
<b>Total Expenses</b>	<b>\$120,210.32</b>	<b>\$397,766.00</b>	<b>\$277,555.68</b>	<b>30.22 %</b>
NET OPERATING INCOME	<b>\$5,467.28</b>	<b>\$51,434.00</b>	<b>\$45,966.72</b>	<b>10.63 %</b>
Other Expenses				
80100 Capital Purchases	585.00		-585.00	
<b>Total Other Expenses</b>	<b>\$585.00</b>	<b>\$0.00</b>	<b>\$ -585.00</b>	<b>0.00%</b>
NET OTHER INCOME	<b>\$ -585.00</b>	<b>\$0.00</b>	<b>\$585.00</b>	<b>0.00%</b>
NET INCOME	<b>\$4,882.28</b>	<b>\$51,434.00</b>	<b>\$46,551.72</b>	<b>9.49 %</b>

# Tennessee Central Economic Authority

## BALANCE SHEET

As of October 31, 2020

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
6804 25M CD	159,717.22
7535 24M CD	632,451.27
Checking	10,631.45
Savings	354,591.82
<b>Total Bank Accounts</b>	<b>\$1,157,391.76</b>
Accounts Receivable	
11001 allowance for doubtful accounts	0.00
<b>Total Accounts Receivable</b>	<b>\$0.00</b>
Other Current Assets	
12000 Undeposited Funds	0.00
<b>Total Other Current Assets</b>	<b>\$0.00</b>
<b>Total Current Assets</b>	<b>\$1,157,391.76</b>
<b>TOTAL ASSETS</b>	<b>\$1,157,391.76</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Credit Cards	
24110 MASTERCARD	6,016.46
<b>Total Credit Cards</b>	<b>\$6,016.46</b>
Other Current Liabilities	
24000 Payroll Liabilities	1,482.63
<b>Total Other Current Liabilities</b>	<b>\$1,482.63</b>
<b>Total Current Liabilities</b>	<b>\$7,499.09</b>
<b>Total Liabilities</b>	<b>\$7,499.09</b>
Equity	
30000 Opening Balance Equity	554,517.95
32000 Retained Earnings	590,492.44
Net Income	4,882.28
<b>Total Equity</b>	<b>\$1,149,892.67</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$1,157,391.76</b>

# Capital Improvements

BUDGET VS. ACTUALS: FY\_2020-2021 - FY21 P&L

July - October, 2020

	TOTAL			
	ACTUAL	BUDGET	REMAINING	% OF BUDGET
Income				
43300 In-Lieu-of-Tax Funds		825,000.00	825,000.00	
46400 Other Types of Income				
46430 Interest	59,732.96	45,000.00	-14,732.96	132.74 %
46440 Reimbursements & Misc	66,433.05	100,000.00	33,566.95	66.43 %
<b>Total 46400 Other Types of Income</b>	<b>126,166.01</b>	<b>145,000.00</b>	<b>18,833.99</b>	<b>87.01 %</b>
<b>Total Income</b>	<b>\$126,166.01</b>	<b>\$970,000.00</b>	<b>\$843,833.99</b>	<b>13.01 %</b>
<b>GROSS PROFIT</b>	<b>\$126,166.01</b>	<b>\$970,000.00</b>	<b>\$843,833.99</b>	<b>13.01 %</b>
Expenses				
60300 Regional Development				
60310 Select TN Grant Program				
60312 Smith County		11,130.00	11,130.00	
60314 Trousdale County		7,749.55	7,749.55	
60315 Wilson County		20,000.00	20,000.00	
<b>Total 60310 Select TN Grant Program</b>		<b>38,879.55</b>	<b>38,879.55</b>	
60320 4L ED Grant Program				
60321 Macon County		120,222.43	120,222.43	
60322 Smith County		53,200.47	53,200.47	
60323 Sumner County		180,000.00	180,000.00	
60324 Trousdale County		92,907.99	92,907.99	
60325 Wilson County		113,526.27	113,526.27	
<b>Total 60320 4L ED Grant Program</b>		<b>559,857.16</b>	<b>559,857.16</b>	
<b>Total 60300 Regional Development</b>		<b>598,736.71</b>	<b>598,736.71</b>	
62100 Contract Services				
62140 Legal Fees	300.00	9,500.00	9,200.00	3.16 %
62150 Prof. & Eng. Services	8,260.00	125,000.00	116,740.00	6.61 %
<b>Total 62100 Contract Services</b>	<b>8,560.00</b>	<b>134,500.00</b>	<b>125,940.00</b>	<b>6.36 %</b>
62800 PowerCom Expenses				
62810 Property Insurance	1,691.33	7,500.00	5,808.67	22.55 %
62820 Existing Bldg Upgrades/R&M	28,960.12	300,000.00	271,039.88	9.65 %
62821 Powercom Building Pads		850,000.00	850,000.00	
62822 Site Development	3,200.00	200,000.00	196,800.00	1.60 %
62831 Waterline Exts/Inst/R&M		500,000.00	500,000.00	
62835 Sewerline Exts/Inst/R&M		750,000.00	750,000.00	
62840 Road Upgrades & Maint.	916.96	125,000.00	124,083.04	0.73 %
62850 Dock/Port Development		950,000.00	950,000.00	
62860 Signs/Gate/Fence Adds/R&M		75,000.00	75,000.00	
62870 Utility Expenses (w/s/g/e)	1,208.86	6,500.00	5,291.14	18.60 %
62880 Contract Labor				
62881 Site R&M, Security	4,208.27	22,500.00	18,291.73	18.70 %
62882 Dozer & Bush Hogging	1,650.00	75,000.00	73,350.00	2.20 %

# Capital Improvements

BUDGET VS. ACTUALS: FY\_2020-2021 - FY21 P&L

July - October, 2020

	TOTAL			
	ACTUAL	BUDGET	REMAINING	% OF BUDGET
<b>Total 62880 Contract Labor</b>	<b>5,858.27</b>	<b>97,500.00</b>	<b>91,641.73</b>	<b>6.01 %</b>
62890 Supplies/Equip R&M		75,000.00	75,000.00	
<b>Total 62800 PowerCom Expenses</b>	<b>41,835.54</b>	<b>3,936,500.00</b>	<b>3,894,664.46</b>	<b>1.06 %</b>
65100 Other Expenses	85.00		-85.00	
65160 Other Costs		30,000.00	30,000.00	
75000 Admin. Services Fee		180,000.00	180,000.00	
<b>Total 65100 Other Expenses</b>	<b>85.00</b>	<b>210,000.00</b>	<b>209,915.00</b>	<b>0.04 %</b>
<b>Total Expenses</b>	<b>\$50,480.54</b>	<b>\$4,879,736.71</b>	<b>\$4,829,256.17</b>	<b>1.03 %</b>
<b>NET OPERATING INCOME</b>	<b>\$75,685.47</b>	<b>\$ -3,909,736.71</b>	<b>\$ -3,985,422.18</b>	<b>-1.94 %</b>
<b>NET INCOME</b>	<b>\$75,685.47</b>	<b>\$ -3,909,736.71</b>	<b>\$ -3,985,422.18</b>	<b>-1.94 %</b>

# Capital Improvements

## BALANCE SHEET

As of October 31, 2020

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
6806 25M CD	532,390.72
6888 13M CD	626,535.99
7533 24M CD	3,162,256.42
Money Market Acct	1,316,572.85
NOW Checking Acct	55,695.87
<b>Total Bank Accounts</b>	<b>\$5,693,451.85</b>
Other Current Assets	
12000 Undeposited Funds	0.00
<b>Total Other Current Assets</b>	<b>\$0.00</b>
<b>Total Current Assets</b>	<b>\$5,693,451.85</b>
<b>TOTAL ASSETS</b>	<b>\$5,693,451.85</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 Accounts Payable	0.00
<b>Total Accounts Payable</b>	<b>\$0.00</b>
Credit Cards	
24100 MASTERCARD	585.00
<b>Total Credit Cards</b>	<b>\$585.00</b>
<b>Total Current Liabilities</b>	<b>\$585.00</b>
Long-Term Liabilities	
27200 USDA/RD Loan	0.00
<b>Total Long-Term Liabilities</b>	<b>\$0.00</b>
<b>Total Liabilities</b>	<b>\$585.00</b>
Equity	
30000 Opening Balance Equity	3,045,305.18
32000 Retained Earnings	2,571,876.20
Net Income	75,685.47
<b>Total Equity</b>	<b>\$5,692,866.85</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$5,693,451.85</b>

TO: Members of the Tennessee State Funding Board  
FROM: Dr. Penny Schwinn, Commissioner  
DATE: November 16, 2020  
SUBJECT: **Request for \$23,000 from Net Lottery Proceeds for Lottery Scholarship Day for FY21-22**

Pursuant to Tennessee Code Annotated §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 FY2021-2022 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.

Cc: David Thurman