



Fact Sheet

TVA Tax Equivalent Payments

Background

Promoting economic development is one of TVA’s primary missions. TVA makes tax equivalent payments to state and local governments in order to compensate them because they cannot levy property or sales taxes on TVA as a federal entity. States and local governments use the money to support a variety of initiatives, including schools, fire departments and other emergency response agencies, tourism and recreation, and human service organizations.

Key Facts

- TVA paid \$535 million in tax equivalent payments to states and local governments in FY2016; a slight decrease over last year.

State	FY2016
Alabama	\$94,212,514
Georgia	\$8,905,128
Illinois*	\$401,132
Kentucky	\$35,058,929
Mississippi	\$40,327,128
North Carolina	\$2,834,666
Tennessee	\$351,819,427
Virginia	\$1,283,622
Total	\$534,842,546

*TVA holds coal reserves

- The TVA board approved approximately \$517 million as the estimated tax equivalent payment for FY2017.
- The lower tax equivalent payment in FY2016 is due to milder, warmer weather last winter, which resulted in less electricity used for heating as well as consumer energy efficiency efforts.
- Five percent of TVA’s gross proceeds from power sales is returned to the states and counties where the agency does business and/or has power facilities.
- States distribute TVA tax equivalent payments to local entities using their own formulas.
- TVA is one of the largest “taxpayers” in Tennessee and Alabama.
- Since 1941, TVA has made more than \$12.5 billion in tax equivalent payments, with payments in the past 10 years totaling over \$5 billion.