



## Fact Sheet

# TVA FY2015 Tax Equivalent Payments

### **Background**

TVA makes tax equivalent payments to the eight states where it sells electricity or owns generating plants, transmission lines, substations or other power-related assets. In addition, tax equivalent payments are made to 146 municipalities where TVA owns property.

The payments compensate state and local governments that cannot levy property or sales taxes on TVA as a federal entity. In addition to the seven states within TVA's primary service territory, the state of Illinois and two of its counties receive payments for coal reserves TVA owns there.

### **Key points**

- For fiscal year 2015, TVA made a total of \$541,997,113 in payments, which were distributed monthly, with final payments approved at the end of TVA's fiscal year.
- Each payment represents five percent of the utility's taxable gross revenues in each state, and it makes TVA one of the largest "taxpayers" in Tennessee and Alabama.
- In addition to \$18,057,141 in direct payments to the counties where the utility owns property, the following payments were made to each state in fiscal year 2015:

• Alabama	\$102,585,305
• Georgia	\$ 9,051,369
• Illinois	\$ 375,406
• Kentucky	\$ 32,017,211
• Mississippi	\$ 25,035,189
• North Carolina	\$ 2,946,672
• Tennessee	\$350,602,218
• Virginia	\$ 1,326,602
- State and local governments distribute these funds solely based on their own formulas and discretion to support a variety of initiatives, including schools, fire departments and other emergency response agencies, tourism and recreation, and human service organizations.
- Since 1941, TVA has made \$12 billion in tax equivalent payments to state and local entities, with payments in the past 10 years totaling more than \$5 billion.
- TVA expects tax equivalent payments to state and local governments in fiscal year 2016 to show a slight decrease to \$535 million based on slow load growth and lower-than-average power sales revenue.

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