



# Fact Sheet

## TVA Tax Equivalent Payments

The Tennessee Valley Authority will pay an estimated \$567 million in tax equivalent payments to states and local governments in fiscal year 2012, an increase of about 7 percent over last year's payments.

### **Background:**

The TVA Act directs TVA to make payments in lieu of taxes to the states and local governments where it sells electricity or has power properties.

### **Key points:**

Tax equivalent payments are part of TVA's service-based mission outlined in the TVA Act of 1933, and they help support stronger communities across the region.

- TVA returns 5 percent of its gross proceeds from the sale of power to the states and counties where it does business and has offices, plants and other power facilities.
- TVA tax equivalent payments help fund many different state and local governmental organizations and initiatives, including:
  - Schools
  - Fire departments and other emergency response agencies, including life-saving equipment
  - Community investments that support tourism and recreation
  - Human service organizations
- The TVA board of directors approved final fiscal year 2011 payments to states and local governments totaling about \$530 million. The following table indicates amounts received in each state:

<b>Alabama</b>	<b>\$ 115,539,825</b>
<b>Georgia</b>	<b>\$ 8,553,601</b>
<b>Illinois</b>	<b>\$ 450,190</b>
<b>Kentucky</b>	<b>\$ 46,554,896</b>
<b>Mississippi</b>	<b>\$ 33,155,137</b>
<b>North Carolina</b>	<b>\$ 2,674,655</b>
<b>Tennessee</b>	<b>\$ 321,488,305</b>
<b>Virginia</b>	<b>\$ 1,218,160</b>
<b>Total</b>	<b>\$ 529,634,769</b>

- The funds paid to states are allocated by state and local governments, according to the laws of each state. TVA has no authority over how the money is spent.



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### ***Other information:***

- Since 1941, TVA has paid more than \$9.8 billion in tax equivalent payments. Payments in the past ten years have totaled \$4.2 billion.
- The payments are based on 5 percent of TVA's gross proceeds from electricity sales during the previous fiscal year, excluding power sold to other utilities and federal installations.
- The funds are distributed in monthly payments, with final payments approved at the end of each fiscal year.
- In addition to the seven states where TVA sells power, payments are also made to Illinois where TVA owns coal reserves.