

## TVA Tax Equivalentents in 2011 Total \$530 Million

The Tennessee Valley Authority paid \$529,634,769 in tax equivalent payments in fiscal year 2011 to states and local governments where it sells electricity or has power properties. TVA records show that amount is actually down from \$550 million in fiscal year 2010, due mainly to decreased sales revenue.

TVA provides tax equivalent payments annually in the eight states where TVA sells electricity or owns generating plants, transmission lines, substations and other assets as well as directly to 144 local governments where TVA has acquired existing power facilities.

“As part of TVA’s service-based mission outlined in the TVA Act of 1933, these payments provide revenues that help spur economic development and support stronger communities in our service area,” said TVA President and CEO Tom Kilgore. The TVA board of directors on Nov. 17 approved the final tax equivalent payment for 2011 and the estimated payments of \$567 million for 2012, about a 7 percent increase over 2011. The following payments were made to each state in fiscal year 2011:

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

TVA returns 5 percent of gross power sales from the prior year in the form of tax equivalent payments. The payments compensate state and local governments that cannot levy property or sales taxes on TVA as a federal entity. State and local governments distribute the funds according to their own formulas and discretion to support a variety of initiatives, including schools, emergency response agencies, tourism and recreation, and human service organizations.

Since 1941, TVA has made more than \$9.8 billion in tax equivalent payments, with payments in the past 10 years totaling \$4.2 billion. In addition to the seven states where TVA sells power, payments are made to Illinois where TVA owns coal reserves. The Tennessee Valley Authority, a corporation owned by the U.S. government, provides electricity for 9 million people in parts of seven southeastern states at prices below the national average. TVA, which receives no taxpayer money and makes no profits, also provides flood control, navigation and land management for the Tennessee River system and assists utilities and state and local governments with economic development.