

Description of Methodology

The Research Center arrived at a result of \$0.17 daily per capita increase for Davidson County residents associated with the proposed half-cent sales tax rate increase. This analysis is based on data showing that Davidson County residents spent approximately \$8.8 billion in retail spending in Davidson County in 2016. That research can be found at this link:

https://s3.amazonaws.com/nashvillechamber.com/Sales_Tax_Research_Davidson_County.pdf

With \$8.8 billion spent annually by Davidson County residents, it is possible to calculate the sales tax that would be collected at the current sales tax rate. The calculation is as follows:

$$(\$8,800,000,000 * 1.0925) - \$8,800,000,000 = \$814,000,000$$

Then calculating the sales tax that would be collected from \$8.8 billion in spending after the half-cent increase in sales tax rate yields the following:

$$(\$8,800,000,000 * 1.0975) - \$8,800,000,000 = \$858,000,000$$

The difference between sales tax collections at the current rate and those generated from a half-cent increase shows the following:

$$\$858,000,000 - \$814,000,000 = \$44,000,000$$

Thus a change in the rate by a half cent results in an additional \$44,000,000 in sales tax collected from Davidson County residents over the course of a year. Dividing this sum by the total current population of Davidson County produces an annual per capita tax increase of the following:

$$\$44,000,000 / 697,945 = \$63.04$$

This then shows that Davidson County residents will pay \$63.04 more annually in sales tax on a per capita basis. Lastly, the annual amount is divided by 365 days for a \$0.17 daily figure.

$$\$63.04 / 365 = \$0.17$$

The result provides the \$0.17 per capita daily additional tax collection from Davidson residents.

To calculate a monthly figure, the annual amount would be divided by 12.

$$\$63.04 / 12 = \$5.25$$

For the proposed full-cent increase, the daily, monthly, and annual amounts paid by Davidson residents will double. This means individuals will pay \$0.35 daily, \$10.50 monthly, and \$126.08 annually.

Sources: ESRI, Tennessee Department of Revenue