



JASON E. MUMPOWER
Comptroller

**TENNESSEE STATE FUNDING BOARD
NOVEMBER 3, 2025
AGENDA**

1. Call meeting to order, establish that there is a physical quorum, and receive public comment on actionable items in accordance with Tenn. Code Ann. § 8-44-112 and Board guidelines
2. Consideration for approval of minutes from October 20, 2025, meeting
3. Revenue Estimating Presentations:

Presenters:

- A. Ms. Emily Mitchell, Regional Executive,
Federal Reserve Bank of Atlanta, Nashville Branch
- B. Dr. Don Bruce, Professor of Economics & Director,
Boyd Center for Business and Economic Research, University of Tennessee
- C. Dr. Joseph Newhard, Assistant Professor of Economics,
East Tennessee State University
- D. Mr. David Gerregano, Commissioner,
Mr. Jeff Bjarke, Director of Research,
State of Tennessee, Department of Revenue
- E. Mr. Bojan Savic, Executive Director,
Ms. Elizabeth Bransford, Staff Economist,
State of Tennessee, Fiscal Review Committee

4. Lottery Revenue Estimating Presentations:

Presenters:

- A. Mr. Bojan Savic, Executive Director,
Ms. Elizabeth Bransford, Staff Economist,
State of Tennessee, Fiscal Review Committee
 - B. Ms. Rebecca Paul, President & CEO,
Mr. Andy Davis, Chief Financial & Technology Officer,
Tennessee State Lottery Corporation
 - C. Mr. Tim Phelps, Senior Director of Grant & Scholarship Programs,
Tennessee Higher Education Commission
5. Presentation from Tennessee Sports Wagering Council
Ms. Mary Beth Thomas, Executive Director
6. Request to the Board for Consideration for Program Funding for the Fiscal Year 2026-2027 from
Net Lottery Proceeds Pursuant to Tennessee Code Annotated Section 4-51-111(c)(2)(B)
7. Recess (State Funding Board to reconvene November 24, 2025)

The Board meeting will be held in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, 425 Rep. John Lewis Way N., Nashville, TN. Board members are allowed to participate by electronic means. The public may attend in person or virtually by using the following link:

<https://comptroller.tn.gov/office-functions/sgf/sgf-calendar/2025/11/3/state-funding-board-meeting.html>

TENNESSEE STATE FUNDING BOARD
October 20, 2025

The Tennessee State Funding Board (the “Board”) met on Monday, October 20, 2025, at 2:03 p.m., in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Jason E. Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also physically present:

The Honorable Tre Hargett, Secretary of State
The Honorable David H. Lillard Jr., State Treasurer
Commissioner Jim Bryson, Department of Finance and Administration

The following member was absent:

The Honorable Bill Lee, Governor

Having established a physical quorum, Comptroller Mumpower called the meeting to order. Comptroller Mumpower, in accordance with Tenn. Code Ann. § 8-44-112 and Board guidelines, asked Ms. Sandra Thompson, Director of the Division of State Government Finance (SGF) and Assistant Secretary to the Board, if any requests for public comment had been received. Ms. Thompson responded that no requests had been received.

Comptroller Mumpower then presented the minutes from the meeting held on August 25, 2025, for consideration and approval. Commissioner Bryson made a motion to approve the minutes. Comptroller Mumpower seconded the motion, and it was unanimously approved.

Comptroller Mumpower next recognized Ms. Jamie Stitt, Assistant Commissioner of Business and Workforce Development, Department of Economic and Community Development (ECD), to present FastTrack projects for consideration, and Ms. Jessica Johnson, Assistant Commissioner of Administration and Operations, ECD, to present the “FastTrack Report to State Funding Board” (the “Report”). Ms. Johnson reported that, as of the August 25, 2025, Board meeting, the FastTrack balance was \$691,776,335.90. Since that time, \$1,784,352.00 in funds had been deobligated; \$9,518,500.00 in new grants or loans greater than \$750,000.00 had been approved; and \$237,455.79 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$683,804,732.11 as of the date of the Report. Ms. Johnson reported that total commitments had been made in the amount of \$491,857,942.41, representing 71.9% of the FastTrack balance, resulting in an uncommitted FastTrack balance of \$191,946,789.70. Ms. Johnson reported that the amount of proposed grants for the projects to be considered at this meeting totaled \$2,118,000.00, and if these projects were approved, the uncommitted balance would be \$189,828,789.70, with a total committed balance of \$493,975,942.41, which represented 72.2% of the FastTrack balance. Comptroller Mumpower then asked Ms. Stitt to present the following FastTrack projects:

- **Mahle Industries, Incorporated and Mahle Engine Components USA, Inc. – Morristown (Hamblen County)**
FastTrack Economic Development Grant \$ 910,000.00
- **Nidec Motor Corporation – Lexington (Henderson County)**
FastTrack Economic Development Grant \$ 1,000,000.00

- **Lochinvar, LLC – Lebanon (Wilson County)**

FastTrack Job Training Assistance Grant

\$ 208,000.00

The Board member packets included letters and FastTrack checklists signed by Mr. Stuart McWhorter, Commissioner of ECD, and incentive acceptance forms signed by company representatives. Comptroller Mumpower then inquired if the companies that had signed the incentive acceptance forms fully understood the agreements, and Ms. Stitt responded affirmatively. Comptroller Mumpower then inquired if the checklists had been completed for the projects, and Ms. Stitt responded affirmatively. Comptroller Mumpower then inquired if the projects included accountability agreements which would provide protection for the state in the event the entities could not fulfill the agreements. Ms. Stitt responded that accountability agreements were in place for the Mahle Industries and Nidec Motor Corporation projects but there was no agreement in place for the Lochinvar, LLC project. Ms. Stitt further responded that the job training assistance grant did not meet the threshold in which an accountability agreement is required by ECD. Ms. Stitt then explained that a training grant is reimbursed based on the company's head count so the company would only get reimbursed as jobs were created. Secretary Hargett made a motion to approve the projects. Commissioner Bryson seconded the motion, and it was unanimously approved.

Comptroller Mumpower observed no further business to come before the Board. Secretary Hargett made a motion to adjourn, and Treasurer Lillard seconded the motion. The motion was unanimously approved, and the meeting was adjourned.

Approved on this _____ day of _____ 2025.

Respectfully submitted,

Sandra Thompson,
Assistant Secretary

U.S. Economic Outlook

Emily Mitchell
Vice President and Regional Executive

November 3, 2025



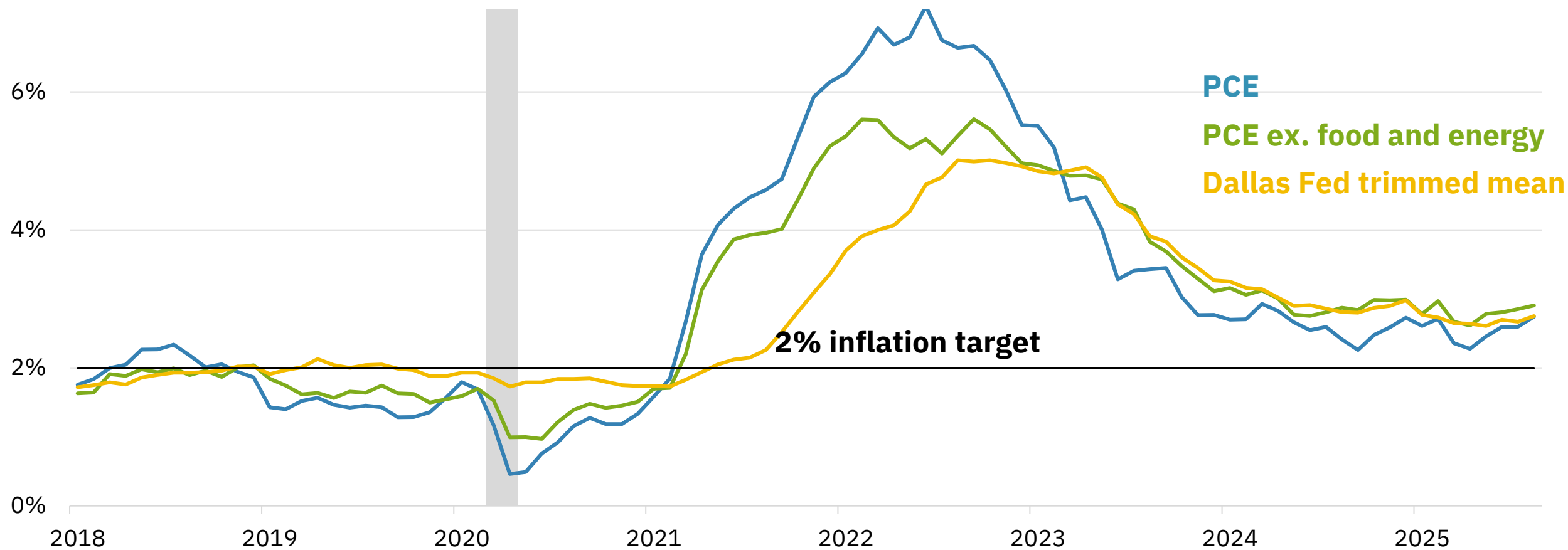
Federal Reserve
Bank of Atlanta

The views expressed in this presentation do not represent those of the Federal Reserve Bank of Atlanta, the Federal Reserve System, or anyone other than the presenter.

Inflation dynamics

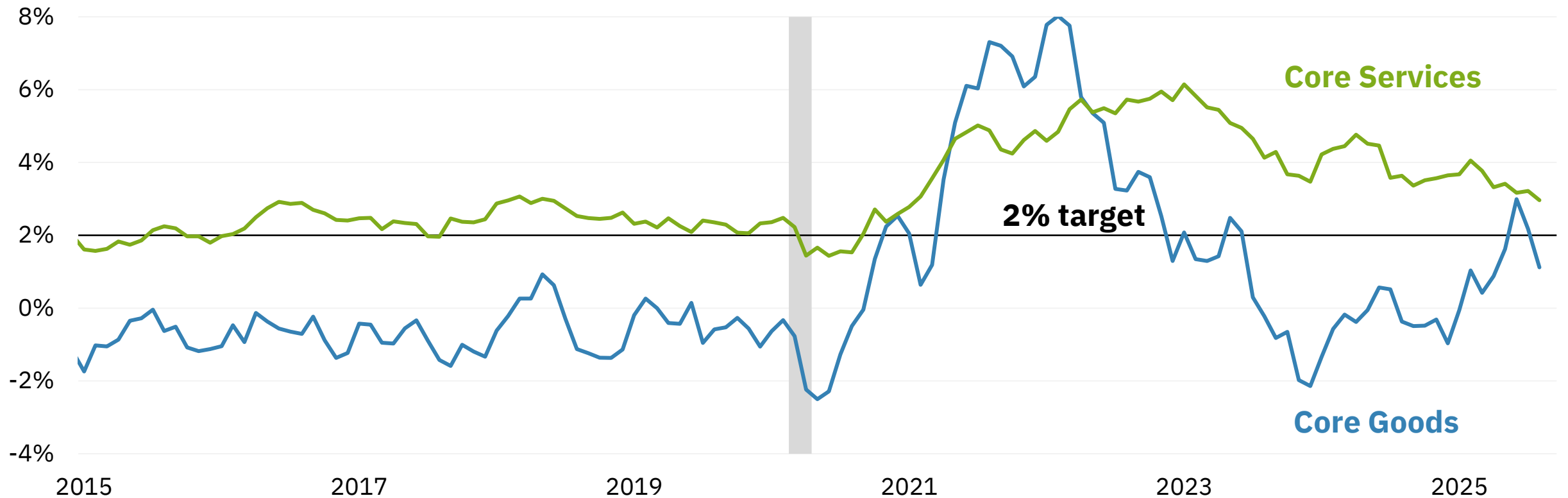
Inflation remains high and has been ticking up in recent months.

Personal Consumption Expenditures (PCE) | 12-month percent change, seasonally adjusted



The rate of increase for prices of core goods has accelerated in 2025.

Personal Consumption Expenditures (PCE) Price Index | 6-month percent change, annualized



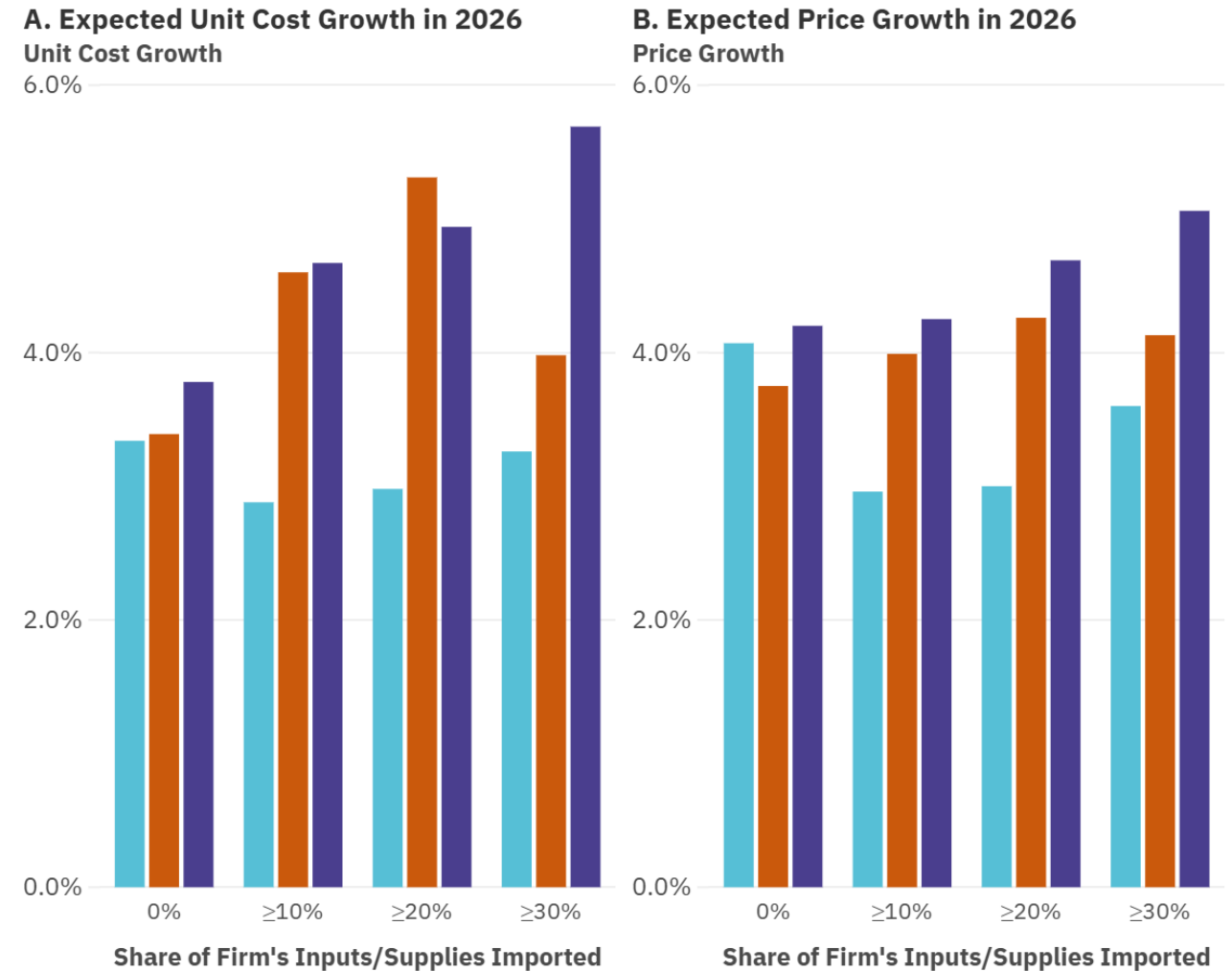
Source: Bureau of Economic Analysis

Data through Aug-2025

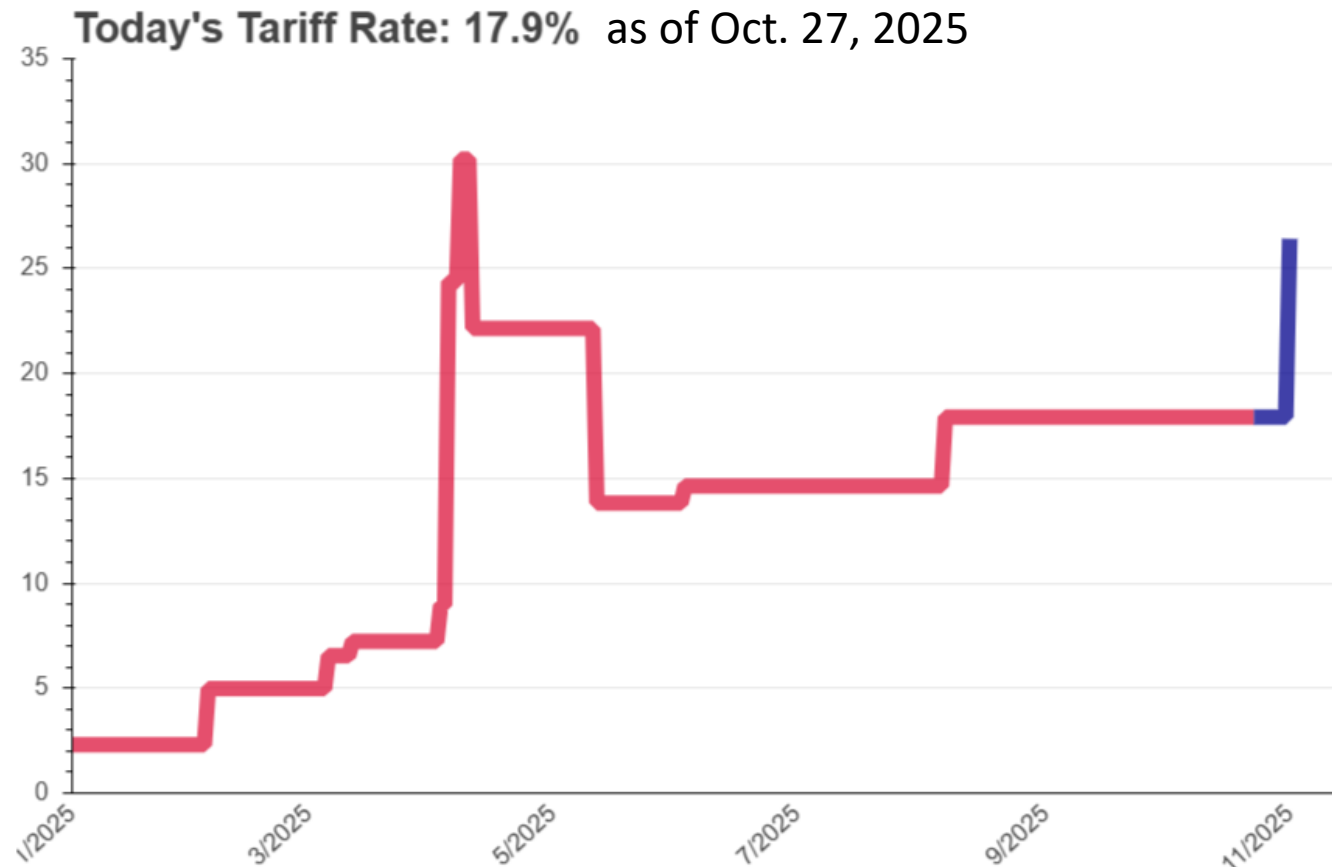
Firms' expectations for cost and price growth continue to increase.

- [Source: Winter Is Coming? Firms' Cost and Price Expectations in the Wake of Tariff Hikes - Federal Reserve Bank of Atlanta](#)

Figure 4: Firms' Expected Unit Cost and Price Growth in 2026
from The CFO Survey 1Q25 | 2Q25 | 3Q25



One challenge for businesses: it remains uncertain where tariff rates will end up.



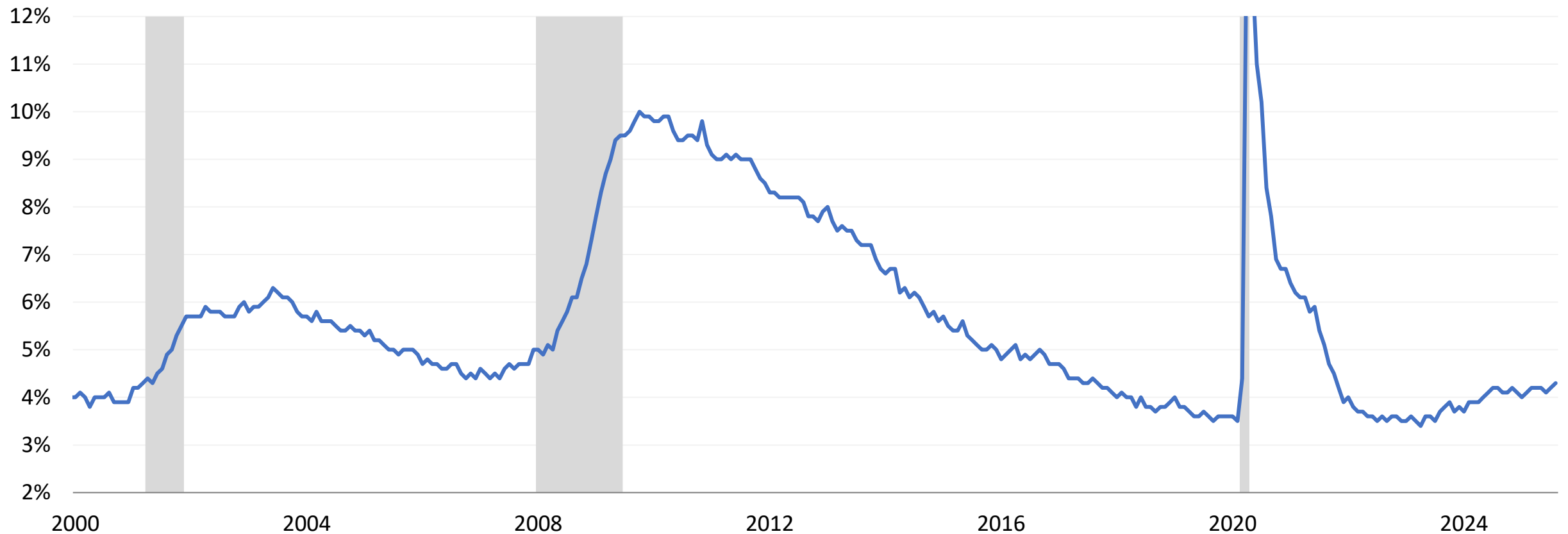
This plot displays the average daily tariff rate since January 2025 including July 31st EO and known deals (EU, Japan, etc.). The blue line projects out the tariff rate given letters sent out. Fentanyl tariffs for Canada and Mexico are calculated under the assumption that all auto imports are USMCA-compliant, and that 65% of Canadian imports and 82% of Mexican imports are USMCA-compliant. The average tariff reflects the trade-weighted average of all tariffs, including the existing 2.3% applied tariff as of February 2025.

Source: Tariff War Tracker

Labor market dynamics

The unemployment rate remains at a level that is consistent with a solid labor market.

Unemployment Rate | seasonally-adjusted

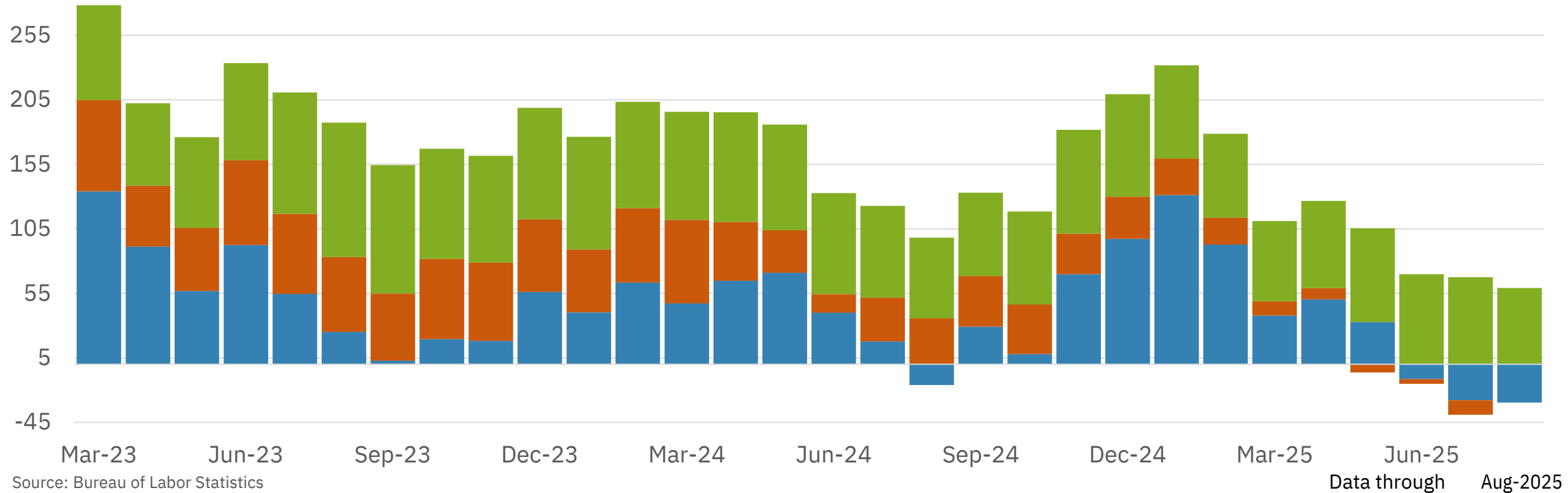


Source: Bureau of Labor Statistics

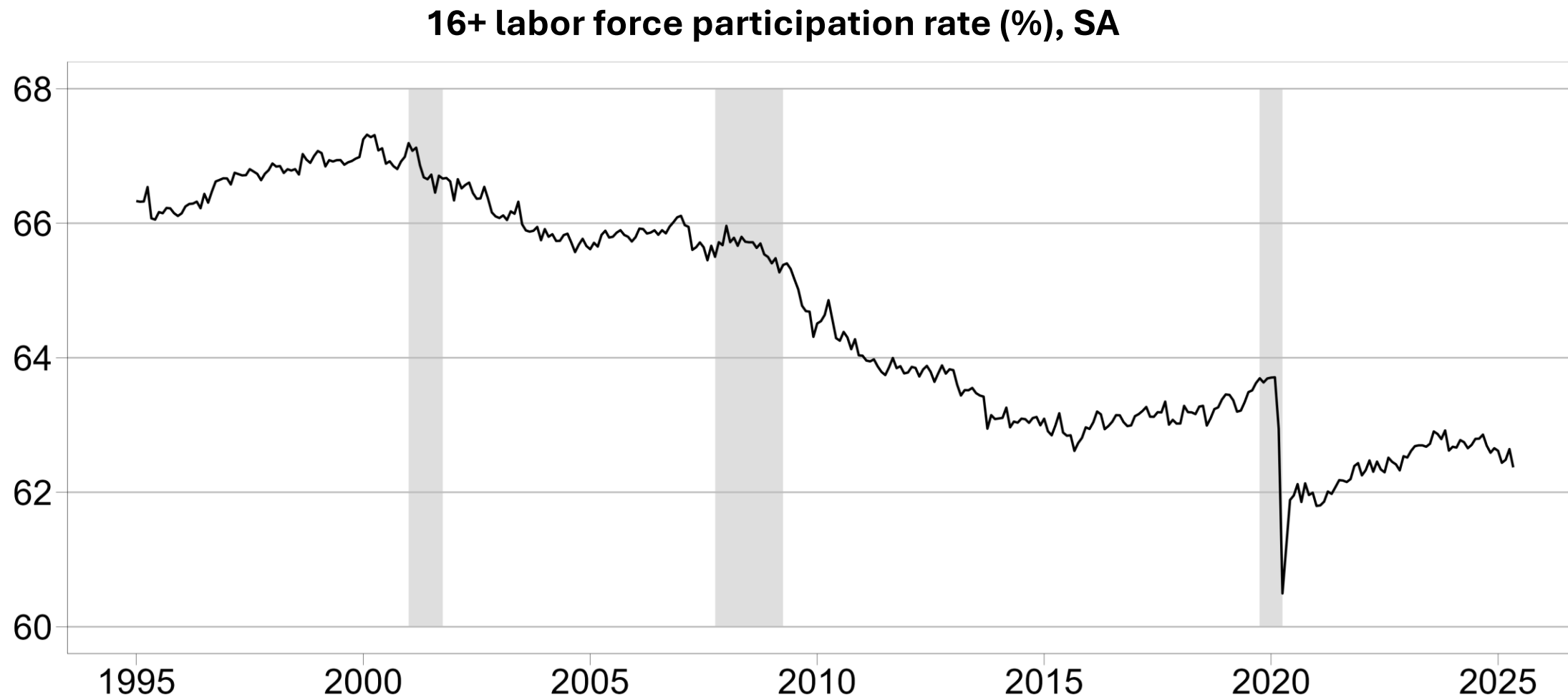
Data through Aug-2025

Employment growth continues to be supported by the healthcare sector.

Nonfarm Payroll Employment | seasonally-adjusted 3-month moving average
Total less healthcare and government **Government** **Healthcare and social assistance**
in thousands

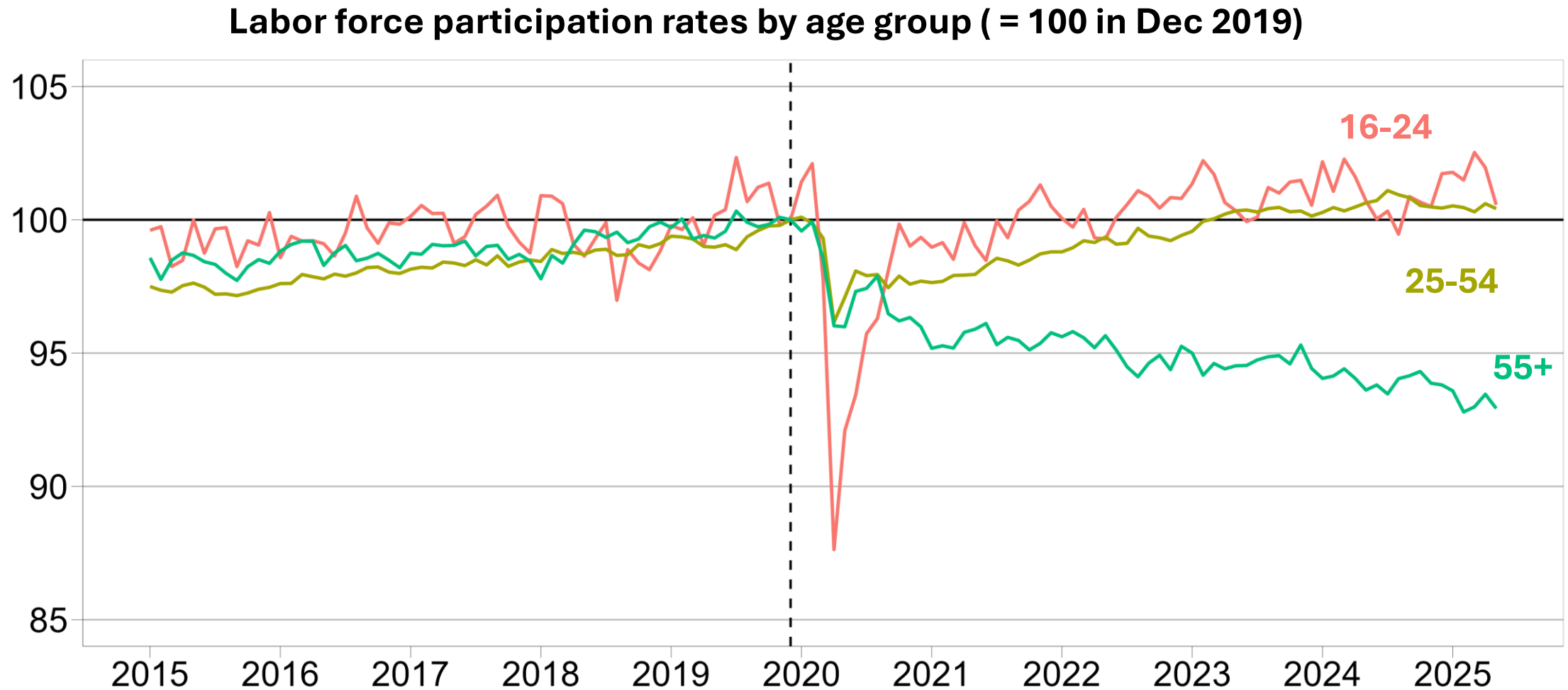


One aspect of labor supply declination since 2000.



Source: Coglianese, Murray & Nekarda (2025).

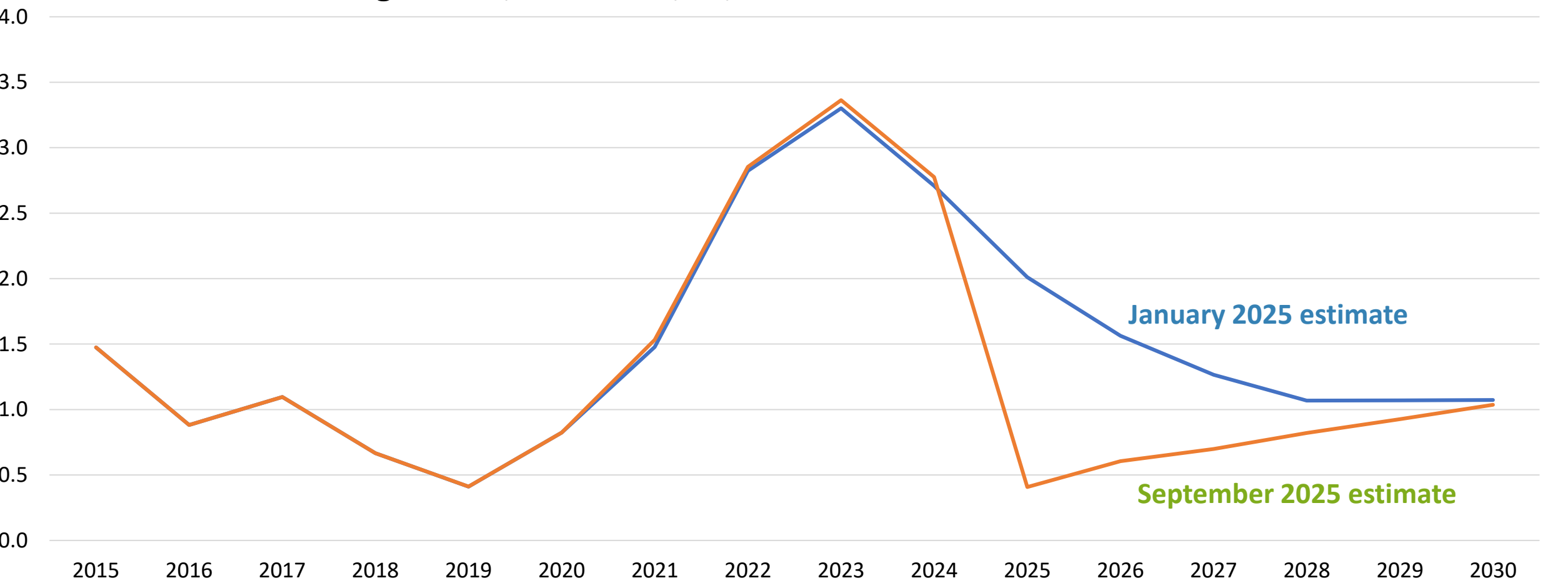
The pandemic shortfall is driven by a persistent decline in the 55+ LFPR.



Source: Coglianese, Murray & Nekarda (2025).

The CBO has revised down its estimate of net immigration for this year and the next few years.

Estimates of Net Immigration | Millions of people



Source: Congressional Budget Office

Reconciling the low employment growth and the low unemployment rate.

- All else equal, slower growth of labor supply implies less employment growth is needed to be consistent with a constant unemployment rate.
 - Population of age 55+ has reduced their labor force participation since COVID, and their participation is projected to trend down further in the next few years.
 - Recent immigration policy has led to a decline in net immigration.

**What does this mean for
economic growth?**

Prior to the shutdown, our in-house tracking model had real GDP growth in Q3 nearing 4%.

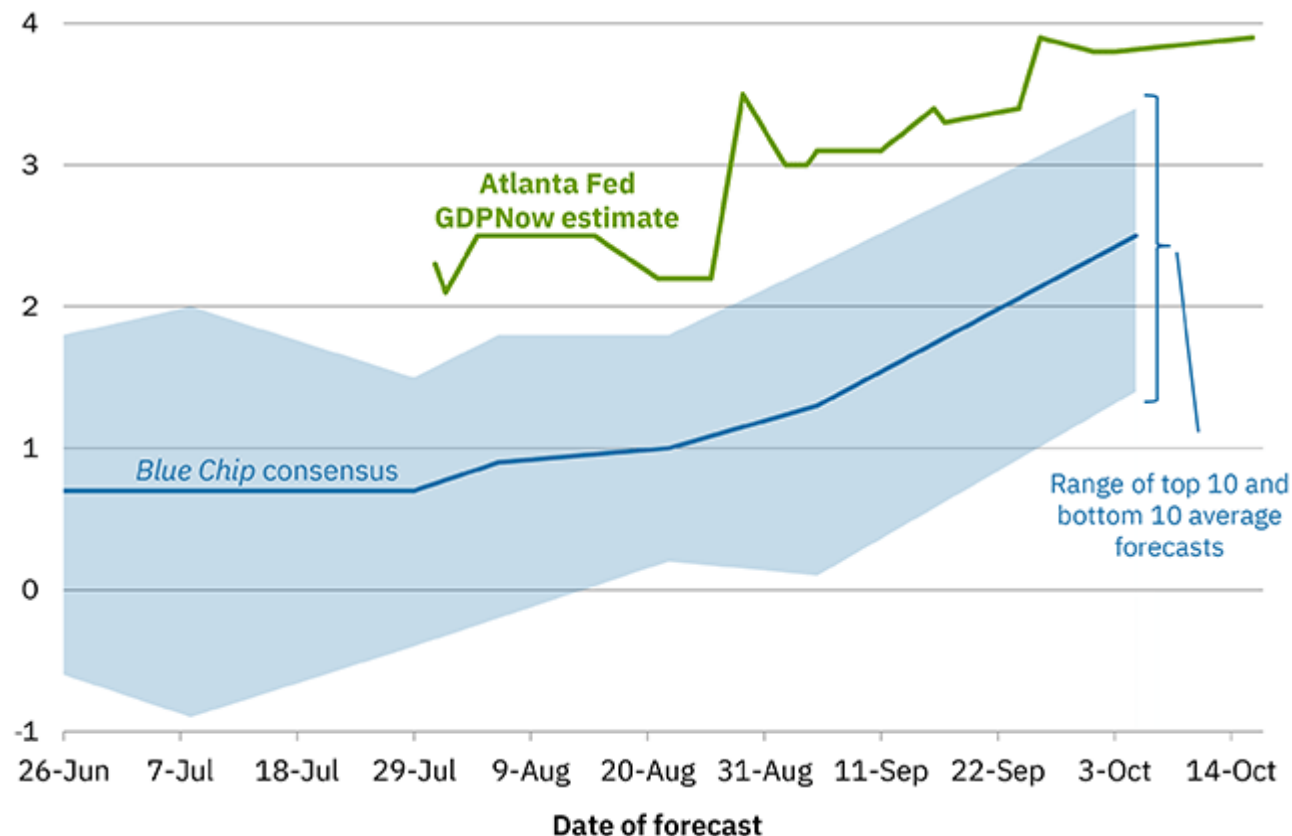


GDPNow™

GDPNow is not an official forecast of the Atlanta Fed.

Rather, it is best viewed as a running estimate of real GDP growth based on available economic data for the current measured quarter. There are no subjective adjustments made to GDPNow—the estimate is based solely on the mathematical results of the model.

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q3
Quarterly percent change (SAAR)

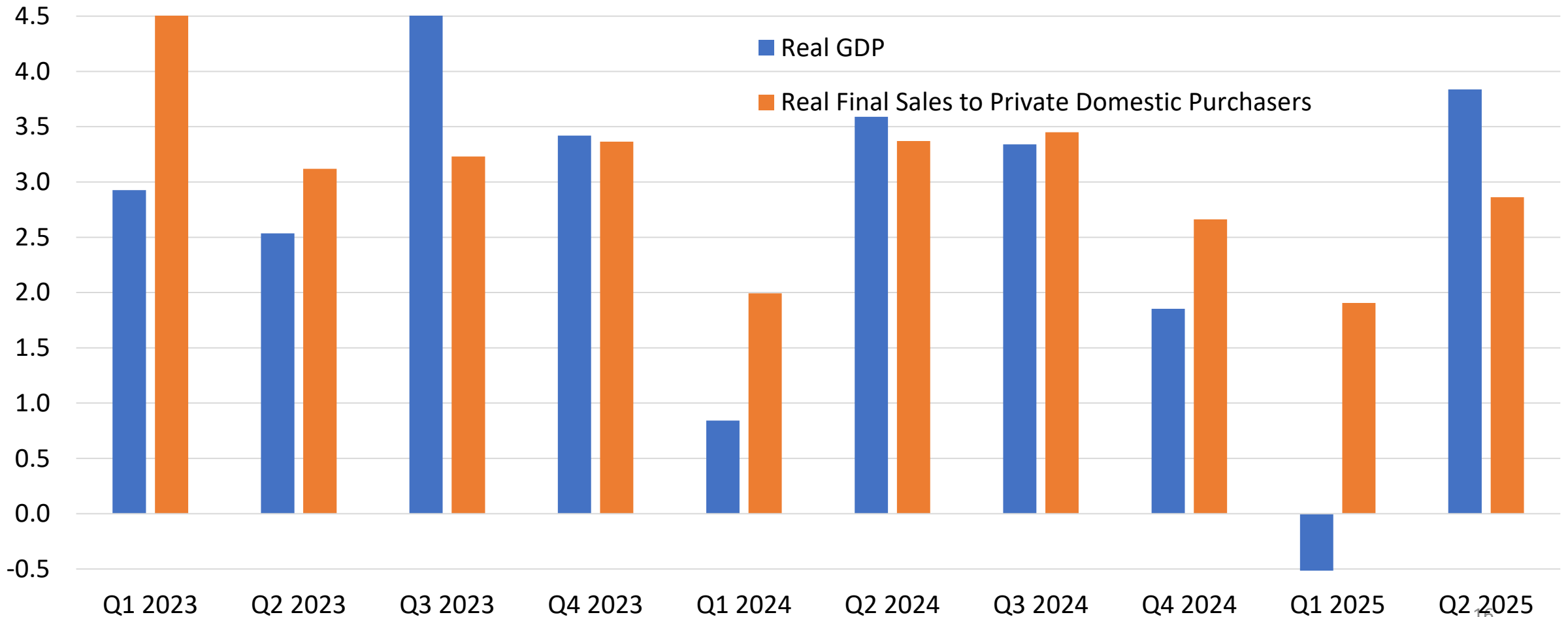


Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

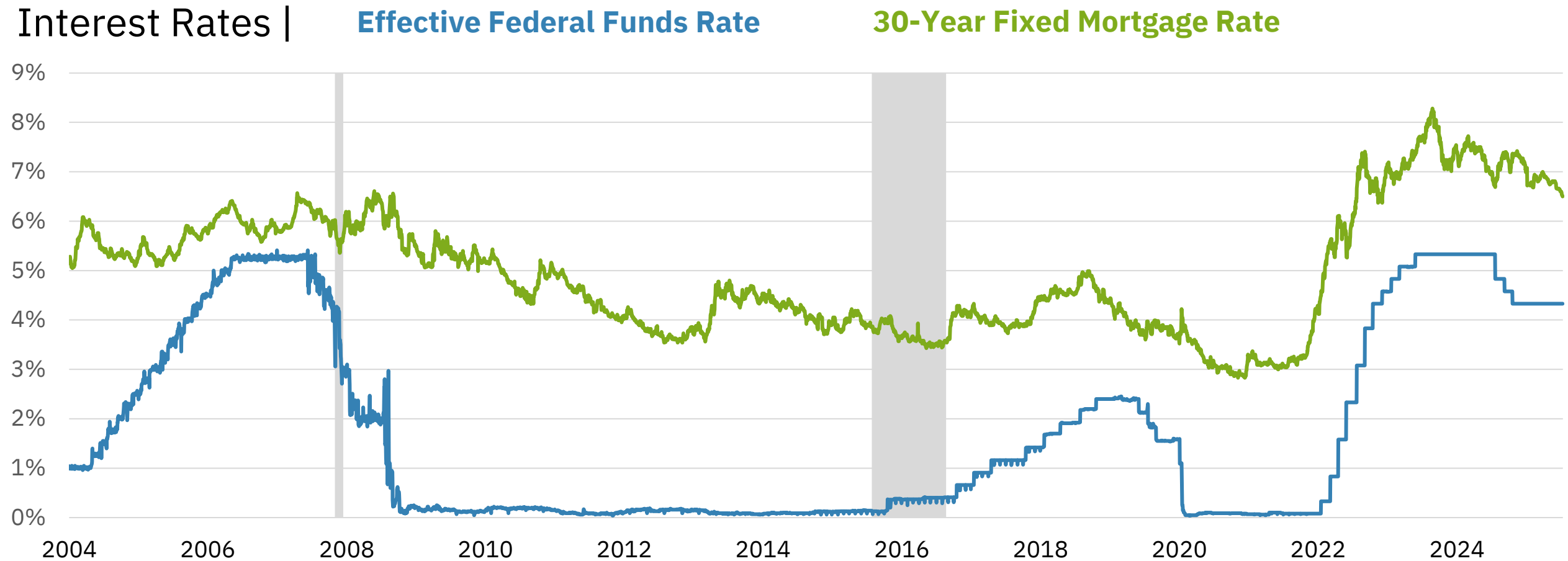
The deceleration in consumption and investment growth in recent quarters has become more apparent.

1-quarter percent change, annual rate



Source: Bureau of Economic Analysis

The Federal Reserve lowered the federal funds rates at its September and October meetings.



Source: Federal Reserve Board, Wall Street Journal

Data through 09-Sep-2025

Summary of the national economic narrative

- The pace of economic growth slowed in the first half of 2025
- Inflation has remained elevated above the Federal Reserve's longer run target of 2 percent
- Labor market conditions have softened but are still solid by historical standards
- Risks exist both to inflation and to labor markets
- Ongoing policy uncertainty continue to weigh on business and households

The U.S. Economic Outlook

Emily Mitchell
Vice President and Regional Executive

November 3, 2025



Federal Reserve
Bank of Atlanta

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Tennessee Economic Outlook and Tax Revenue Forecast

Dr. Don Bruce, Director
November 3, 2025

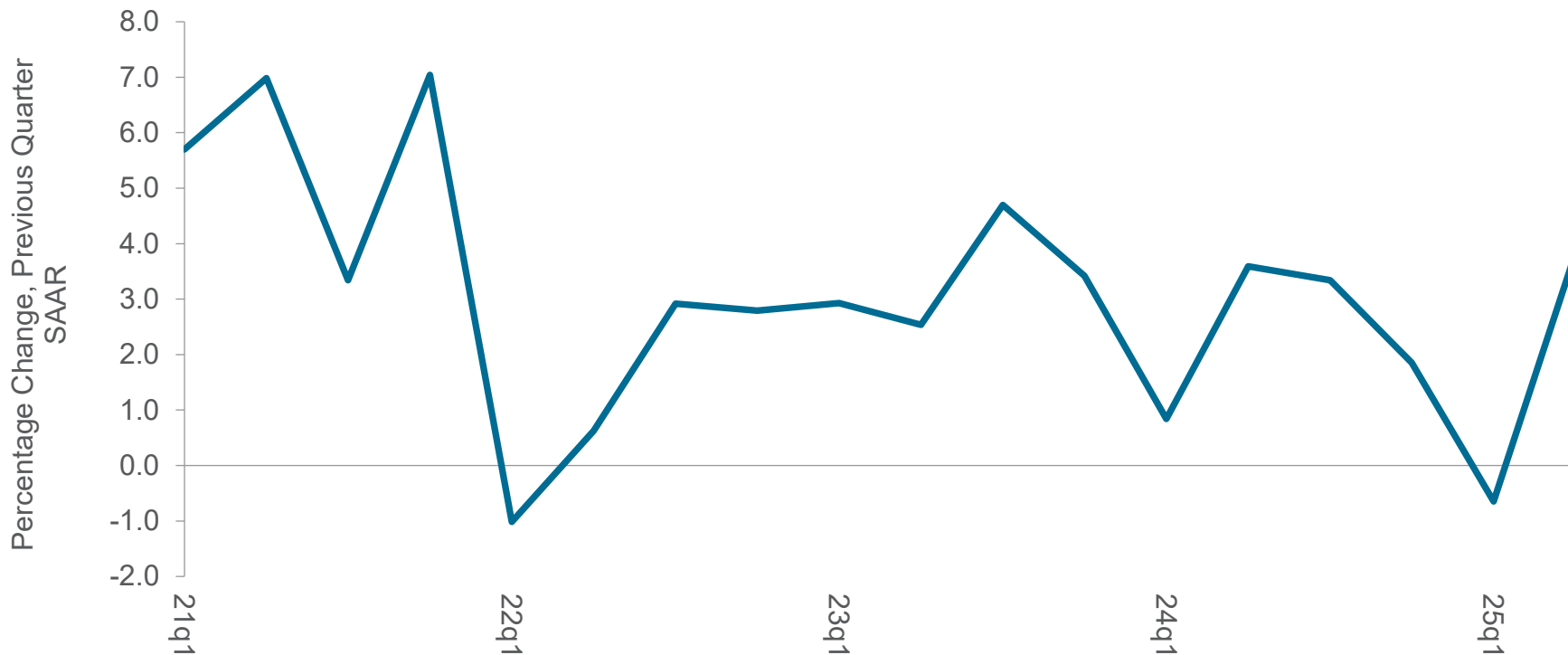


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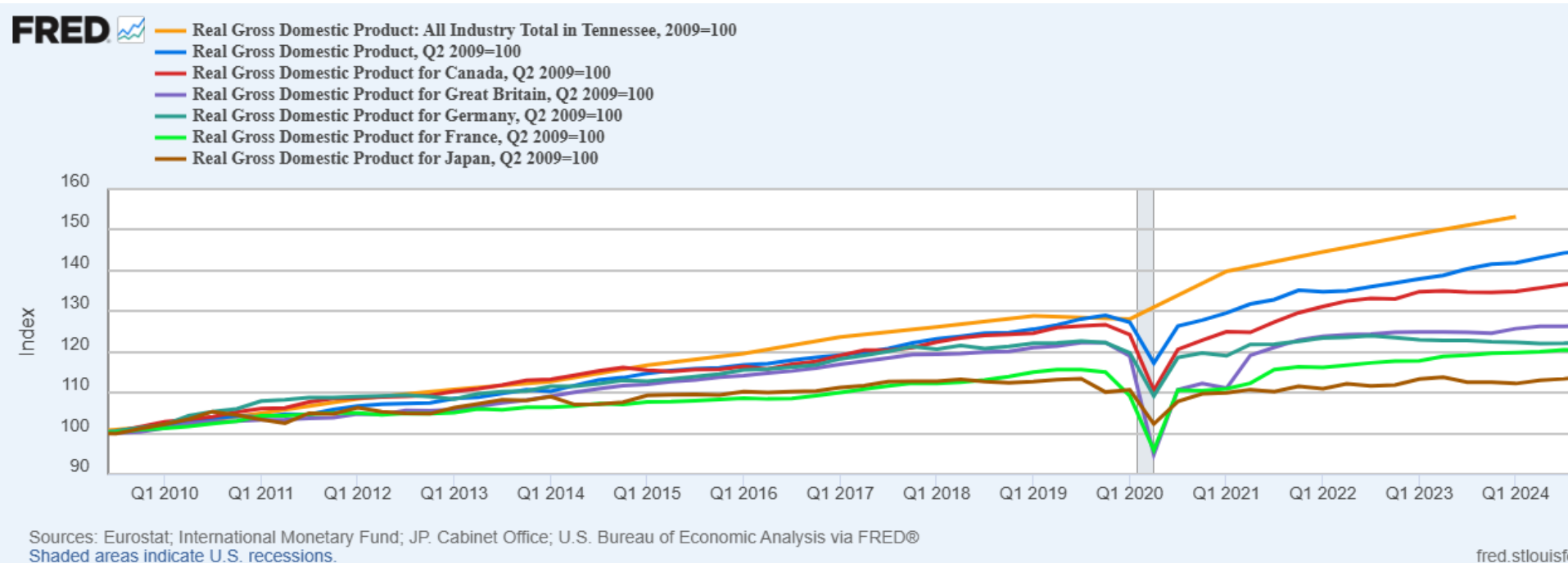
The National Economy Remains Strong Despite Pressures

Real GDP Growth Rates, SAAR

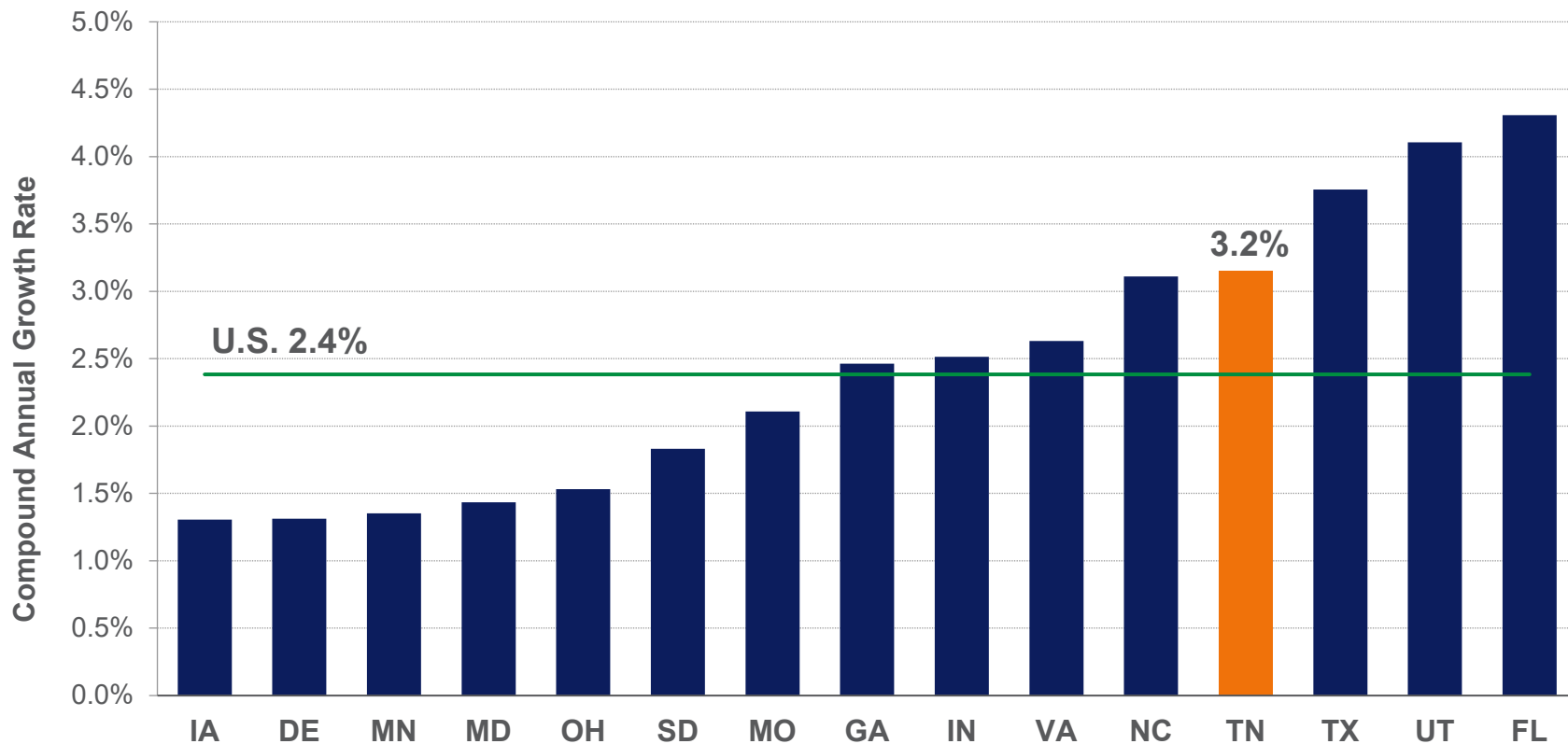


Source: Bureau of Economic Analysis

Tennessee GDP Growth has Outpaced the US and Major Trading Partners Since 2009

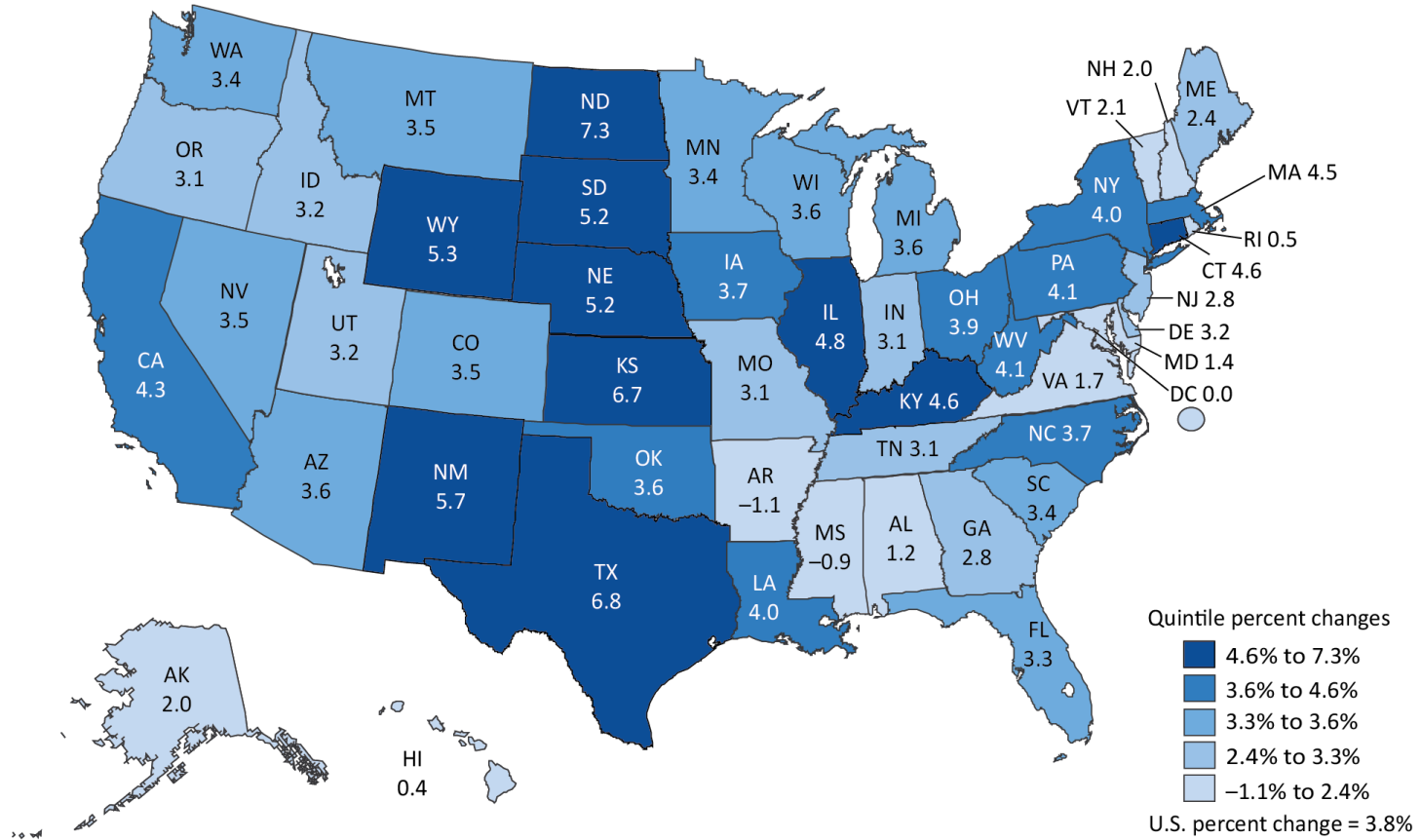


Real GDP Growth Rates, 2019 to 2024



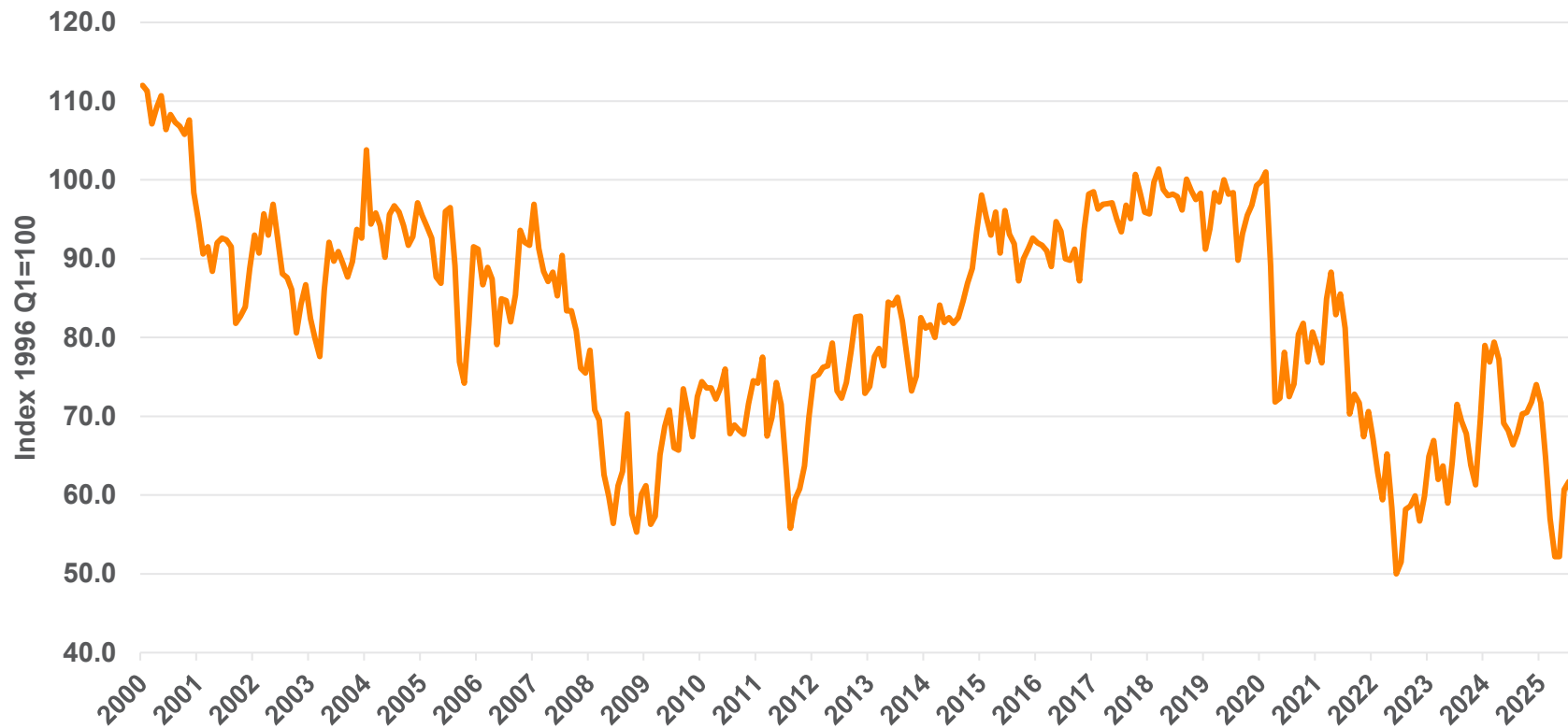
Source: Bureau of Economic Analysis

Real GDP: Percent Change at Annual Rate, 2025:Q1–2025:Q2



GDP Gross domestic product
U.S. Bureau of Economic Analysis

Consumer Sentiment Continues to Fall



Source: University of Michigan

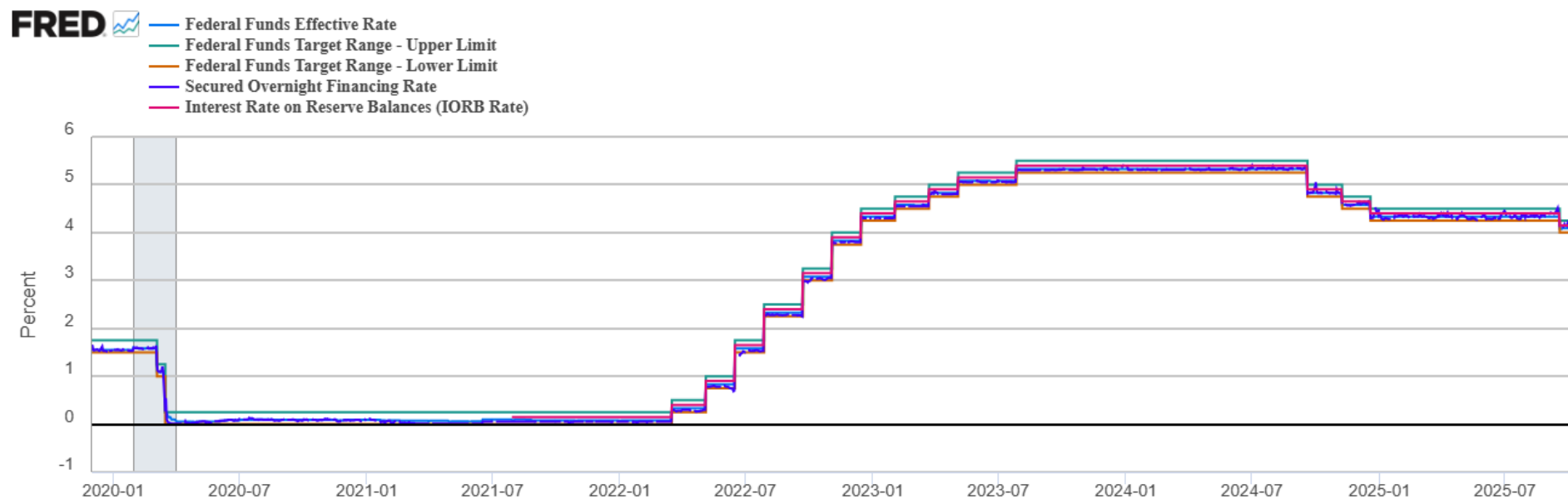
Inflation Remains Stubbornly Elevated

U.S. Consumer Price Index Growth Rate



Source: Bureau of Labor Statistics

More Rate Cuts Are Coming, But When?



Sources: Board of Governors of the Federal Reserve System (US); Federal Reserve Bank of New York via FRED®
Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

Tennessee Business Leaders Survey

Summer 2025



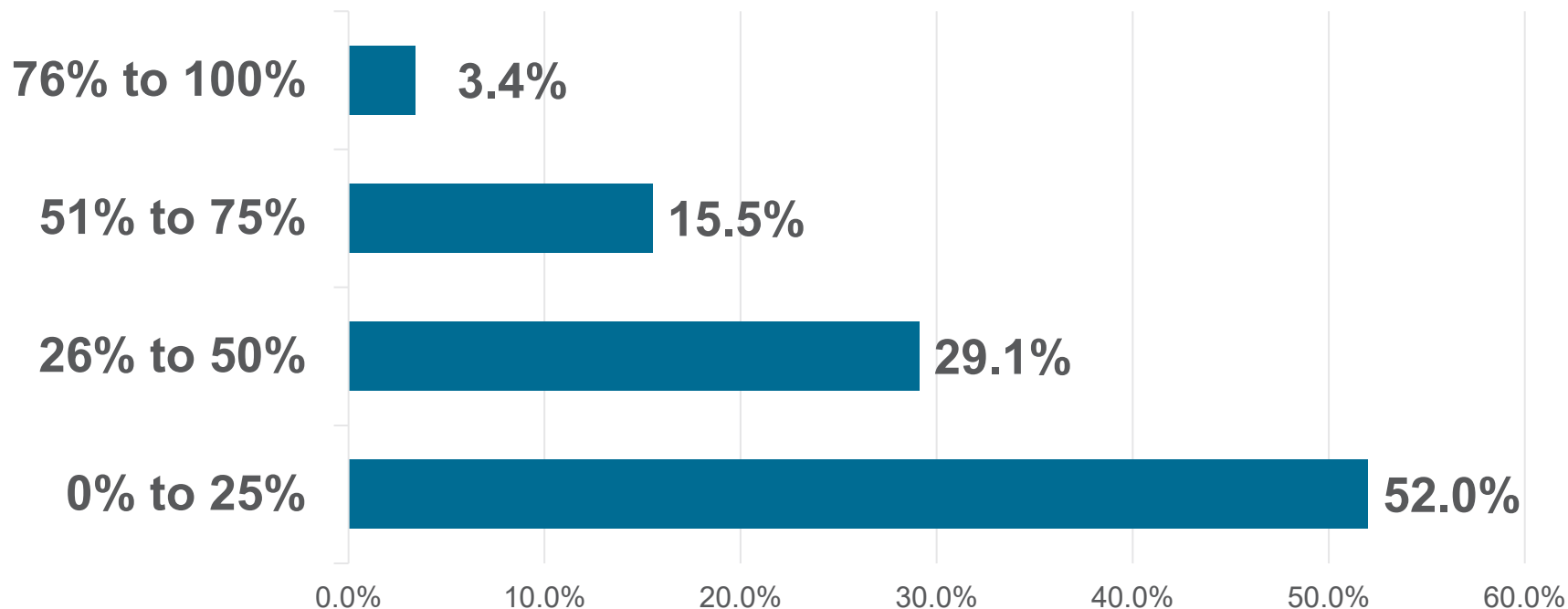
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Economic Expectations	US <i>today</i> vs. last year	US <i>next year</i> vs. last year	TN vs. US next year
Considerably Better	11.9%	17.0%	22.8%
A Little Better	22.6%	25.2%	40.5%
About the Same	21.4%	14.5%	18.4%
A Little Worse	31.4%	29.6%	15.8%
Considerably Worse	12.6%	13.8%	2.5%

Source: Boyd Center for Business & Economic Research *Tennessee Business Leaders Survey*, Summer 2025.

What are the chances that the U.S. economy will fall into a recession this year?

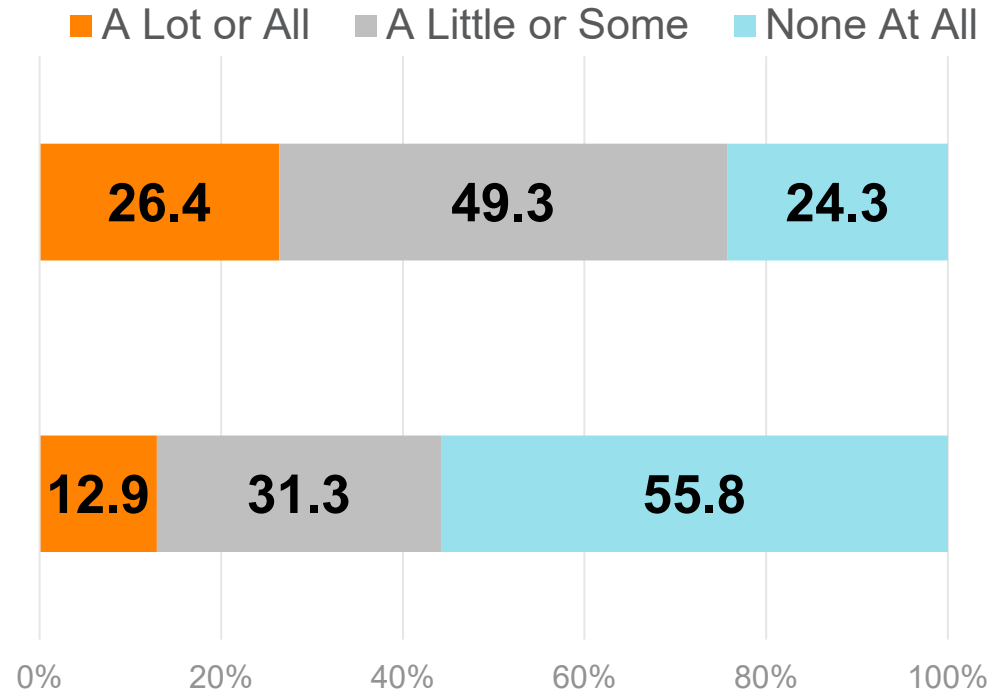


Source: Boyd Center for Business & Economic Research *Tennessee Business Leaders Survey*, Summer 2025.

Tariffs are Having an Impact in Tennessee

How much have tariffs affected your business?

How much of the tariffs have you passed on to your customers?



Source: Boyd Center for Business & Economic Research *Tennessee Business Leaders Survey*, Summer 2025.

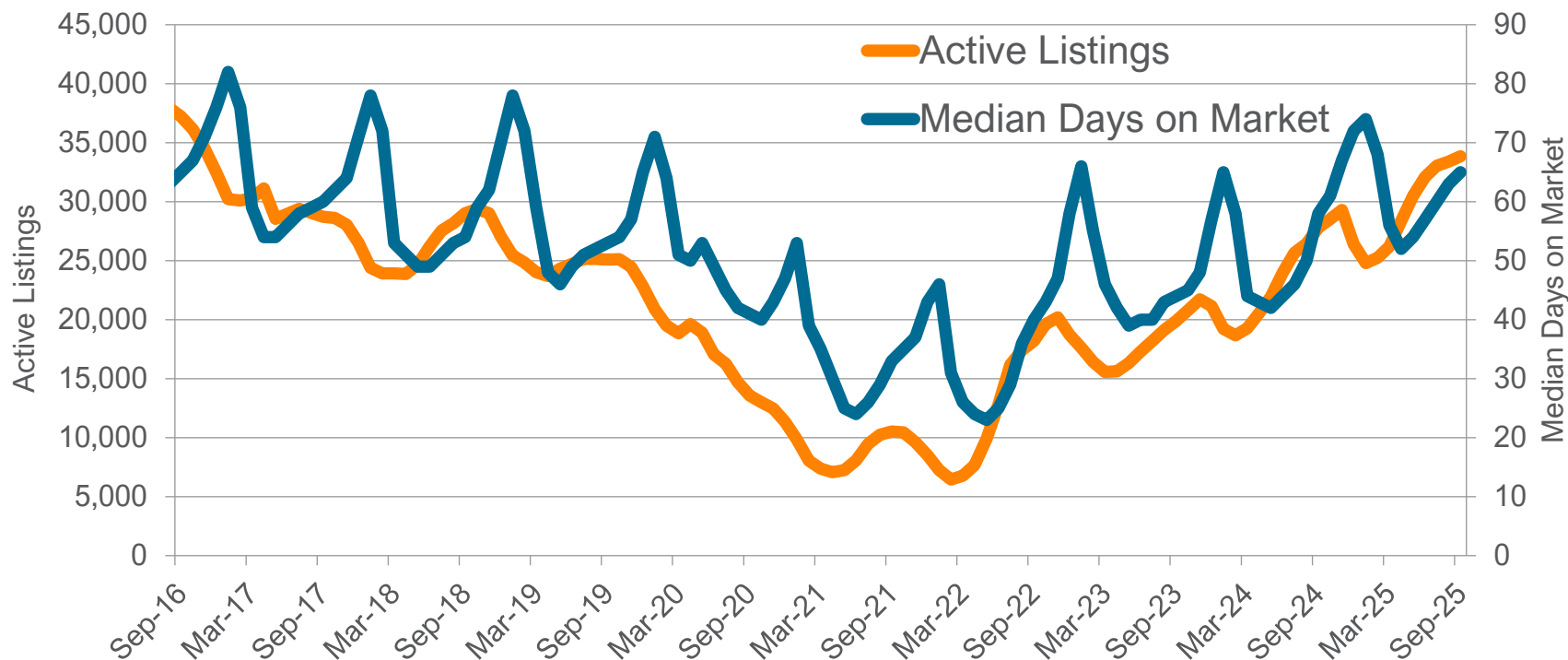
Tennessee House Price Index

(Seasonally Adjusted, Purchase-Only Index)



Source: Federal Housing Finance Agency

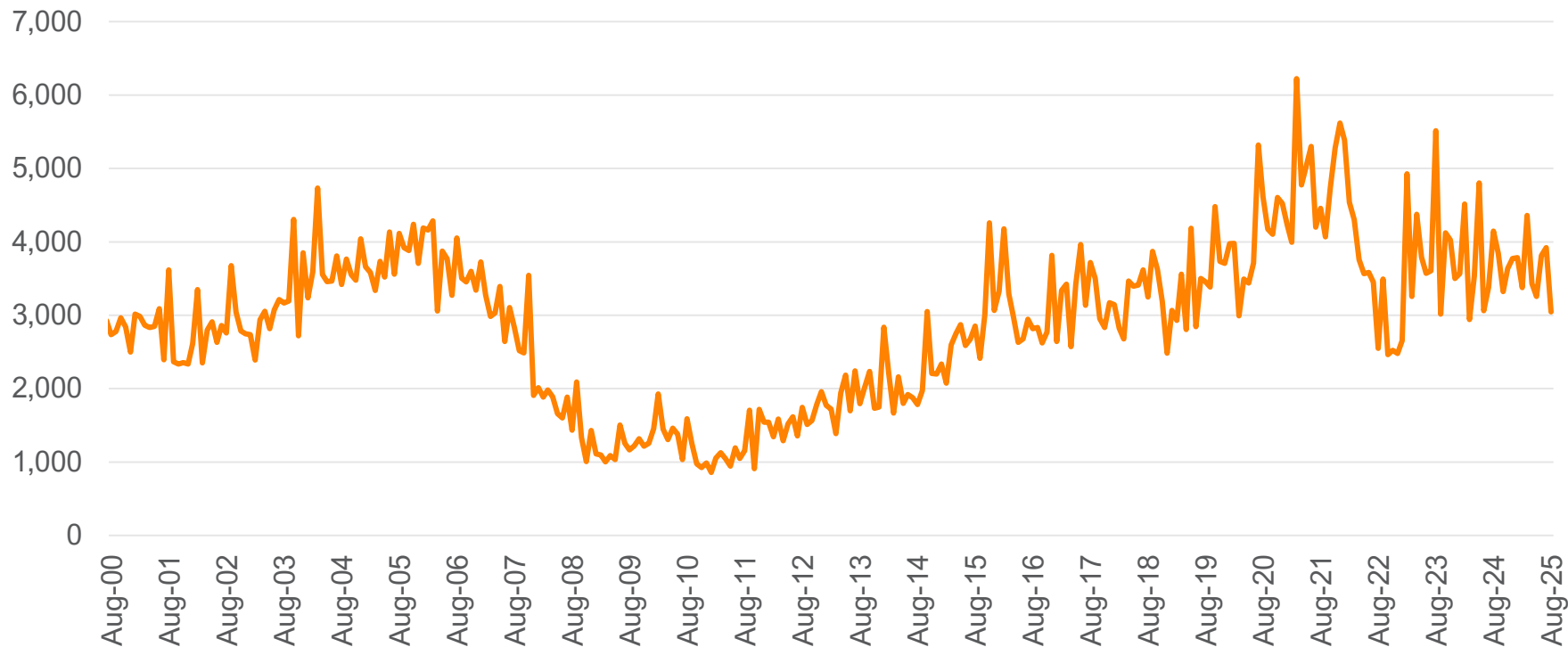
Tennessee's Housing Market is Slowly Returning to Normal



Source: Realtor.com

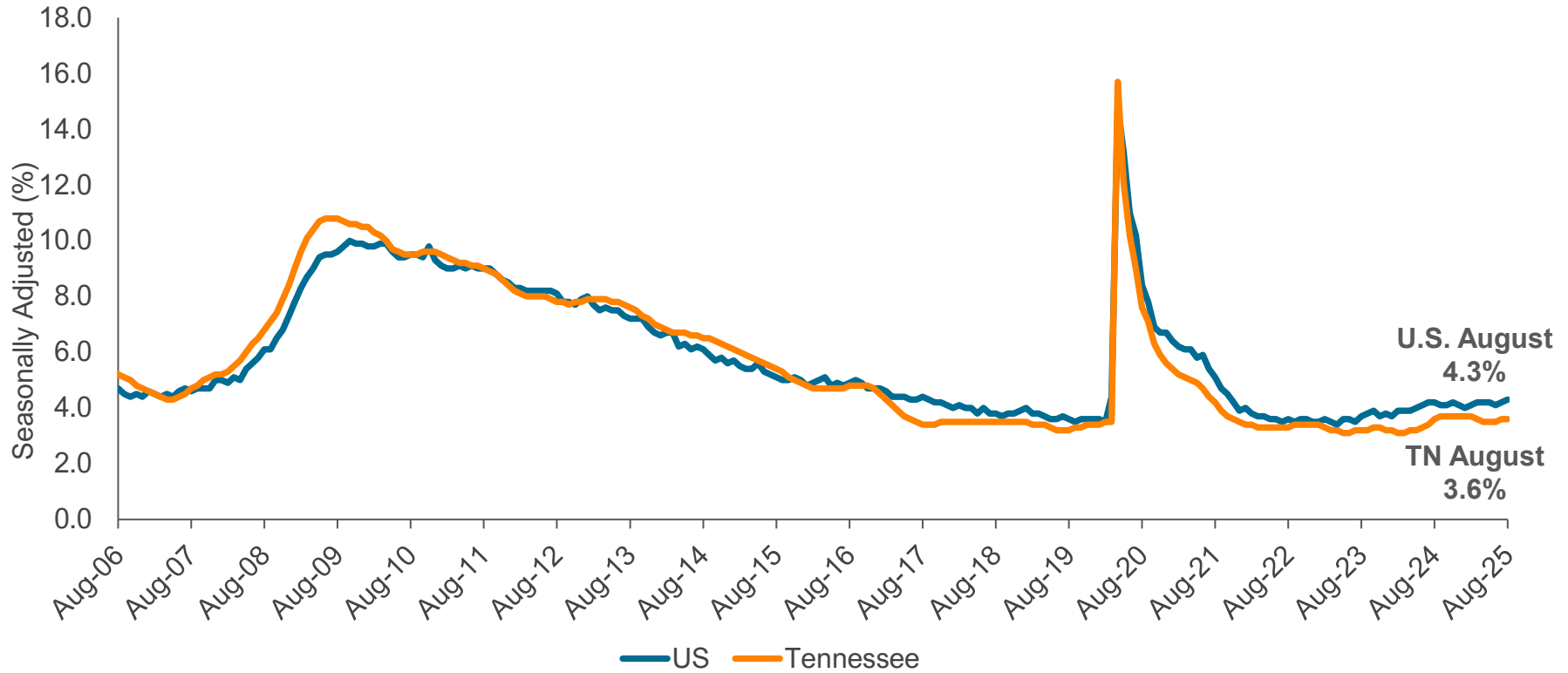
New TN Permits for Private Housing Units

Monthly, Seasonally Adjusted



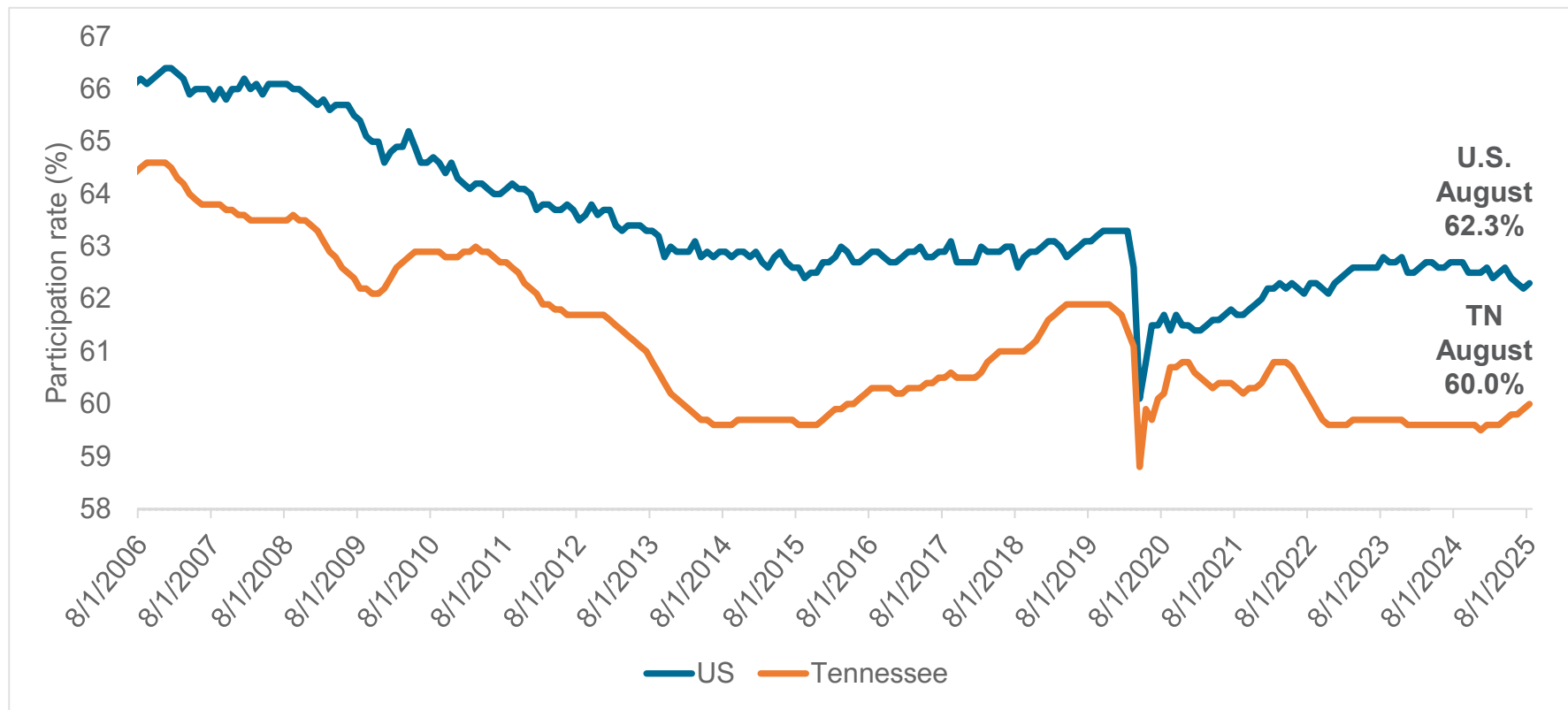
Source: U.S. Bureau of the Census

Unemployment Rates Are Low But Rising



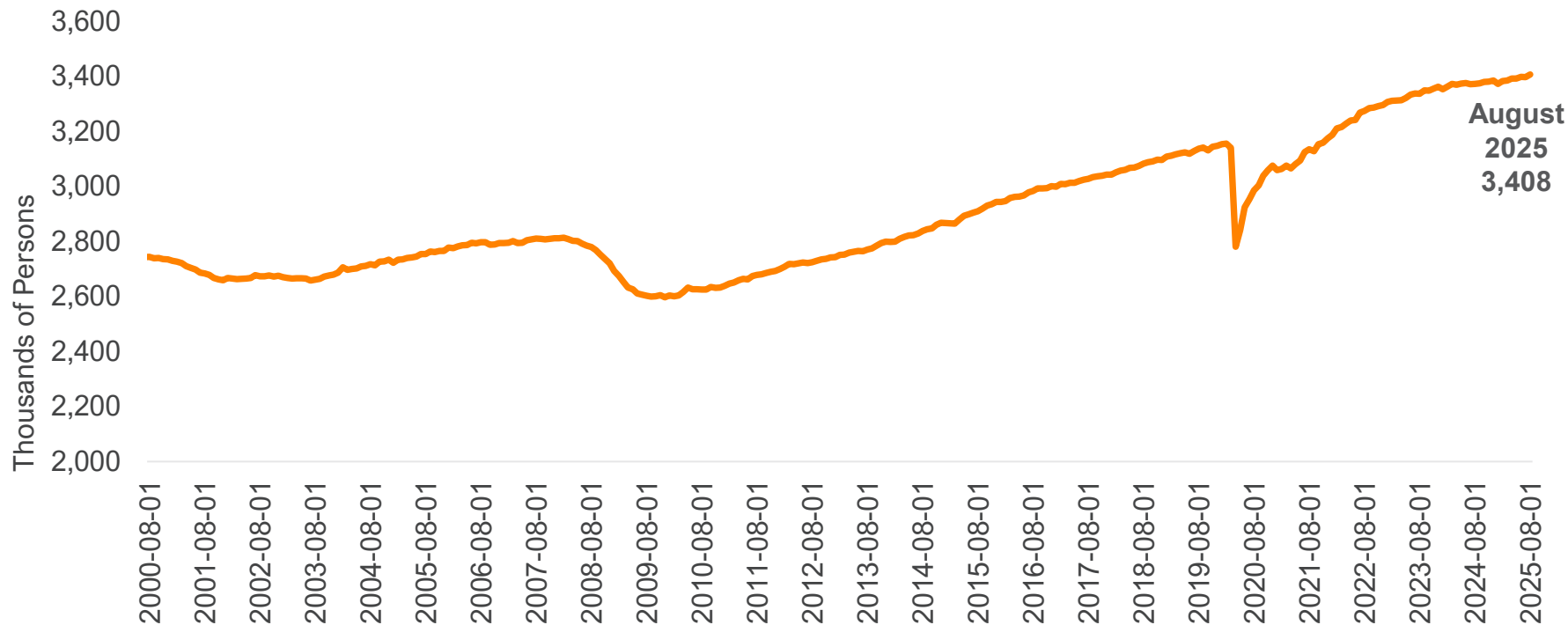
Source: Bureau of Labor Statistics

Labor Force Participation is Still Depressed



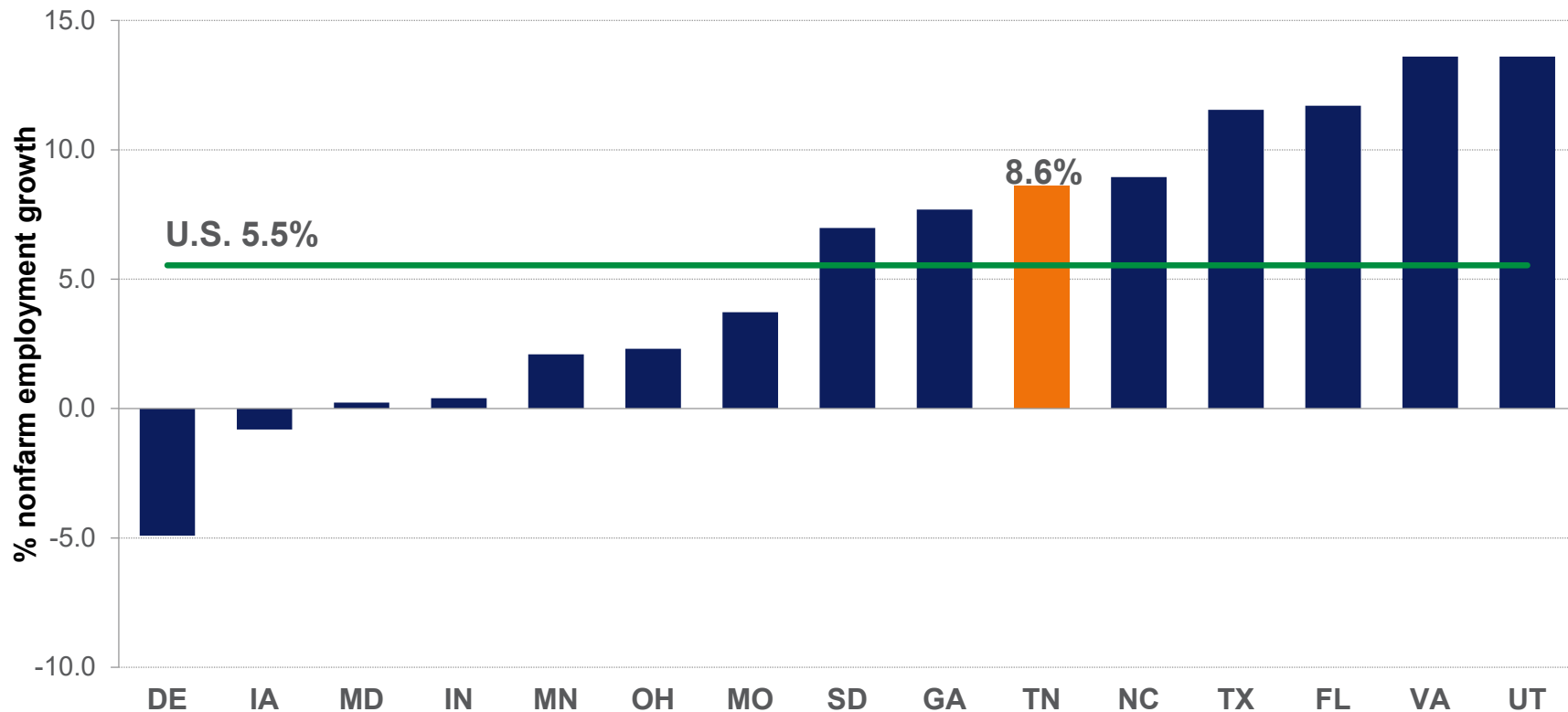
Source: Bureau of Labor Statistics

Tennessee Employment Up Over 266,000 Since March 2020



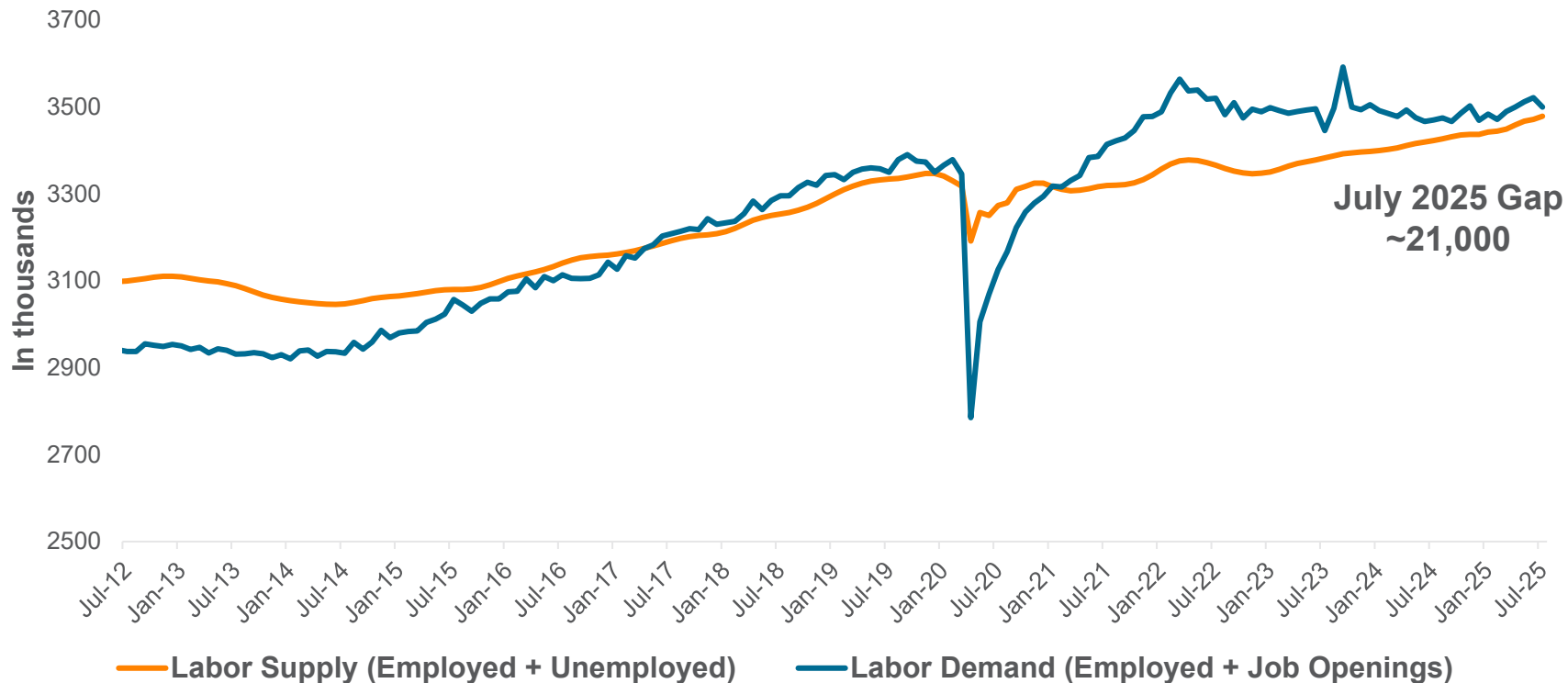
Source: Bureau of Labor Statistics

Tennessee Nonfarm Employment Growth August 2019 – August 2025



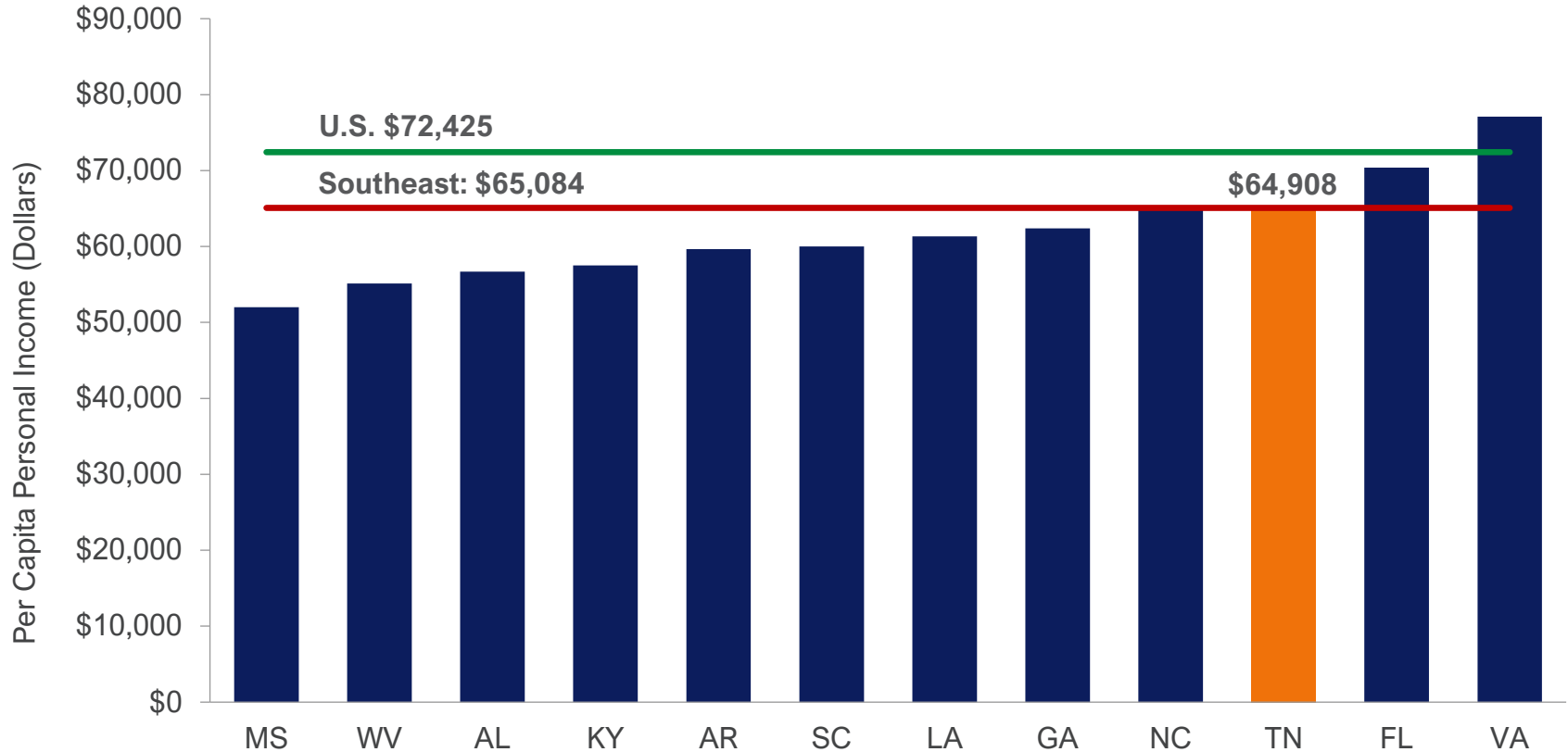
Source: Bureau of Economic Analysis

The Labor Shortage has Narrowed Significantly



Source: Bureau of Labor Statistics Job Openings and Labor Turnover Survey

Nominal Per Capita Personal Income, 2024



Source: Bureau of Economic Analysis

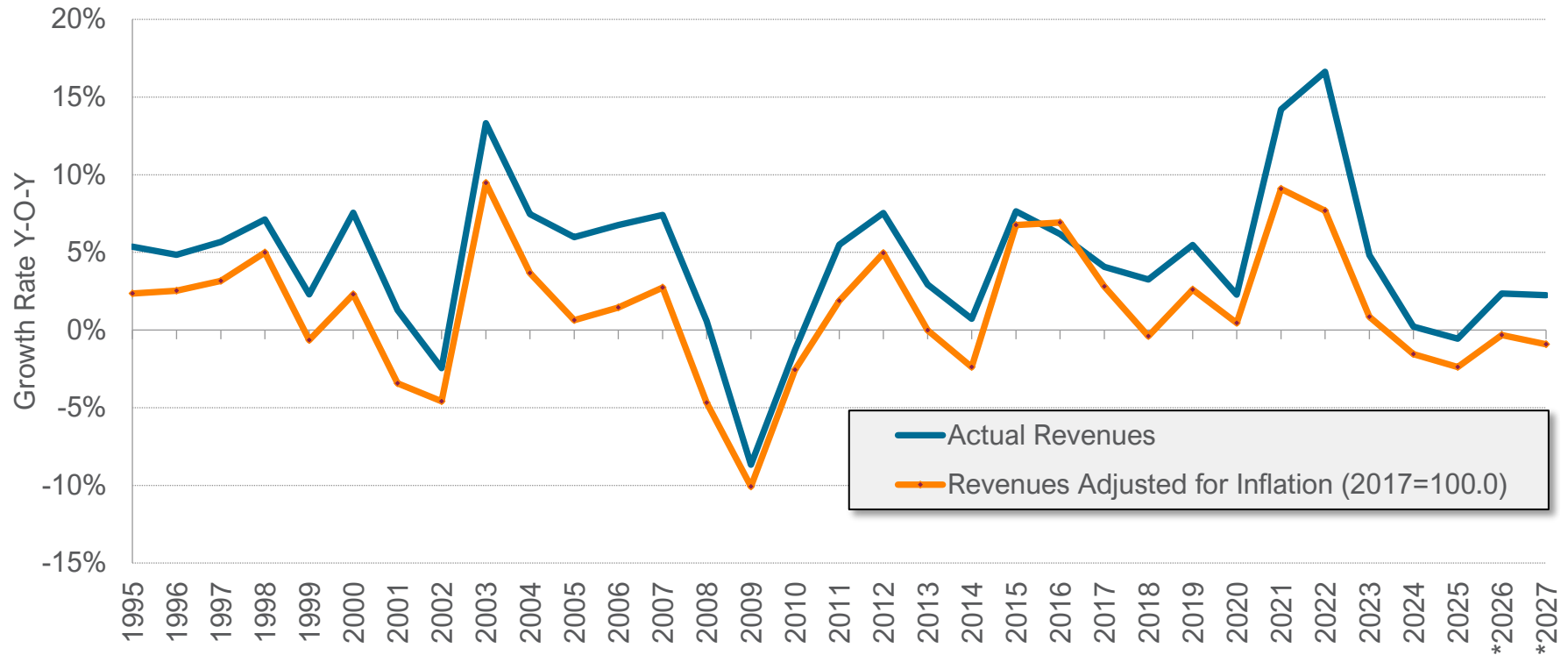
Tennessee Department of Revenue Collections (Millions of Dollars)									
	2025			2026			2027		
	Amount	Percent Change	General Fund	Amount	Percent Change	General Fund	Amount	Percent Change	General Fund
Sales and Use	14,502.0	5.1	13,573.9	14,908.1	2.8	13,874.7	15,265.9	2.4	14,207.7
Gasoline	889.8	1.0	14.2	894.3	0.5	14.3	901.4	0.8	14.4
Motor Fuel	319.5	-0.2	2.3	322.4	0.9	2.3	324.6	0.7	2.3
Gasoline Inspection	72.3	0.3	21.1	72.6	0.5	21.0	73.0	0.5	21.2
Motor Vehicle Registration	412.1	7.5	74.6	399.7	-3.0	76.4	403.7	1.0	77.2
Income	2.1	4.5	2.0	-	-100.0	-	-	0.0	-
Privilege	466.9	6.1	460.2	494.9	6.0	487.8	513.2	3.7	505.8
Gross Receipts	446.6	-2.1	270.5	450.6	0.9	241.0	450.6	0.0	241.0
Gross Receipts - TVA	400.3	2.1	232.8	404.3	1.0	203.4	404.3	0.0	203.4
Gross Receipts - Other	46.2	-28.1	37.7	46.2	0.0	38.7	46.2	0.0	38.7
Beer	16.6	-2.4	11.2	15.0	-10.0	10.1	14.4	-4.0	9.7
Alcoholic Beverage	84.7	-1.9	69.9	83.9	-1.0	69.4	83.9	0.0	69.4
Franchise & Excise	3,727.2	-19.0	3,509.7	3,736.5	0.3	3,467.9	3,781.4	1.2	3,509.5
Inheritance & Estate	0.1	318.6	0.1	-	-100.0	-	-	0.0	-
Tobacco	180.5	-7.8	180.5	169.7	-6.0	169.7	163.4	-3.7	163.4
Vapor Products	-	-	-	17.2	-	17.2	17.2	-	17.2
Hemp	-	-	-	55.8	-	55.8	111.6	100.0	111.6
Motor Vehicle Title	22.6	4.4	19.9	22.1	-2.0	22.1	22.4	1.0	22.4
Mixed Drink	229.1	2.3	114.6	232.6	1.5	204.4	234.9	1.0	206.5
Business	354.9	2.7	354.9	362.0	2.0	180.9	372.8	3.0	186.3
Severance	0.5	-9.3	0.3	0.5	0.0	0.5	0.5	0.0	0.5
Coin Amusement	0.4	-17.7	0.4	0.4	0.0	0.2	0.4	0.0	0.2
Unauthorized Substance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	21,727.8	-0.6	18,680.4	22,238.1	2.3	18,916.8	22,735.1	2.2	19,367.2
General Fund Growth		-0.5			1.3			2.4	
November 3, 2025 Donald Bruce Boyd Center for Business and Economic Research University of Tennessee, Knoxville									

TN Tax Revenue Growth Has Slowed Due to Policy Changes and the Reduction in Inflation



Source: TN Department of Revenue (* 2026 & 2027 are Boyd Center Estimates)

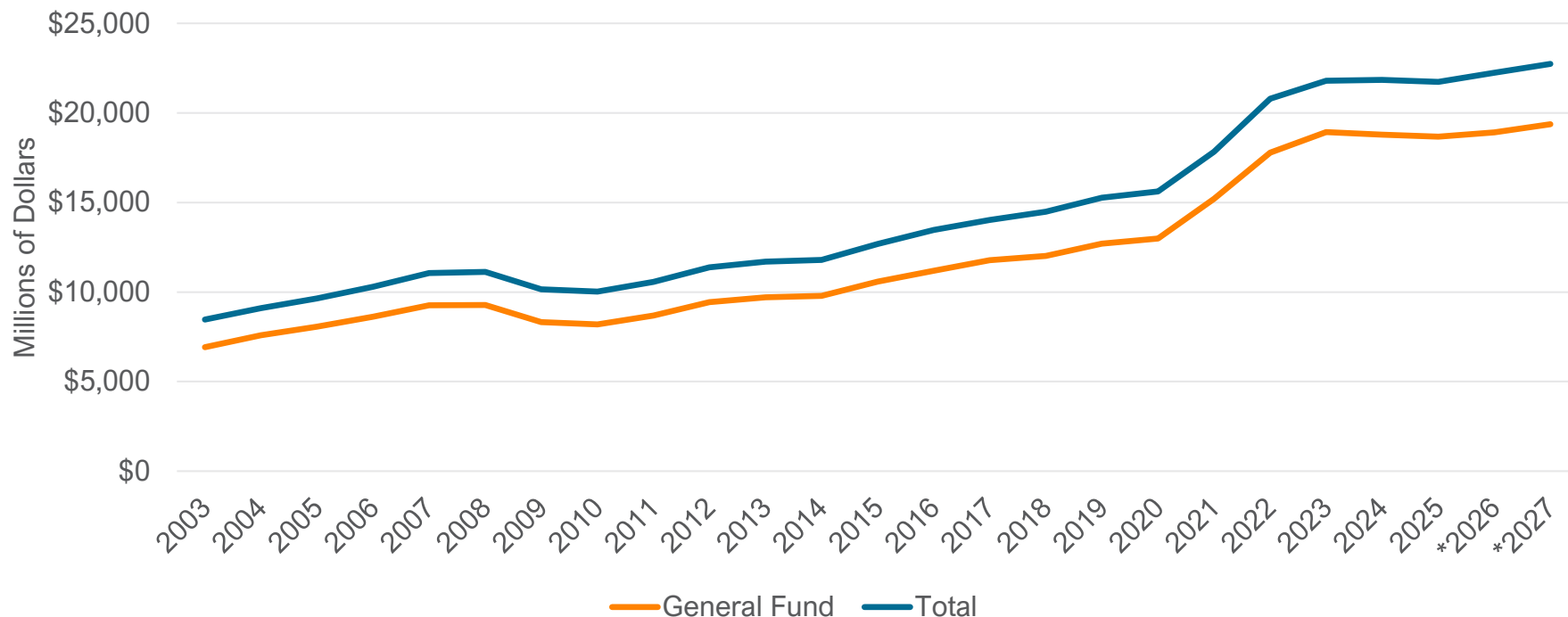
Real (Inflation-Adjusted) Revenue Growth will be Negative



Source: TN Department of Revenue (* 2026 & 2027 are Boyd Center Estimates)

Collections Remain Above Pre-COVID Trend

Nominal General Fund and Total Revenues



Source: TN Department of Revenue (* 2026 & 2027 are Boyd Center Estimates)

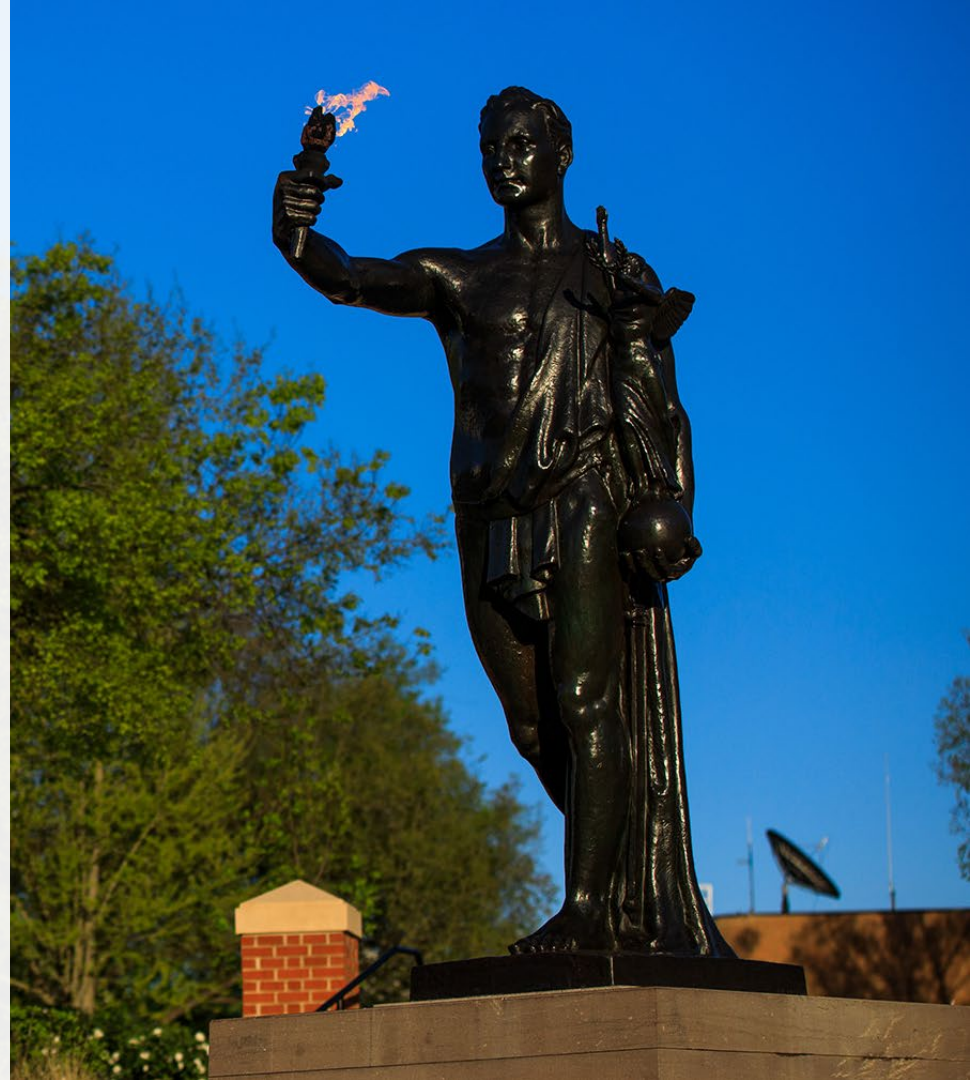
Dr. Don Bruce

dbruce@utk.edu
(865)974-6088



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THE TENNESSEE ECONOMY 2025

Population • Labor Force • Cost of Living • Consumption • Savings • Capital • Output

East Tennessee State University

FRED — Unemployment Rate in Tennessee

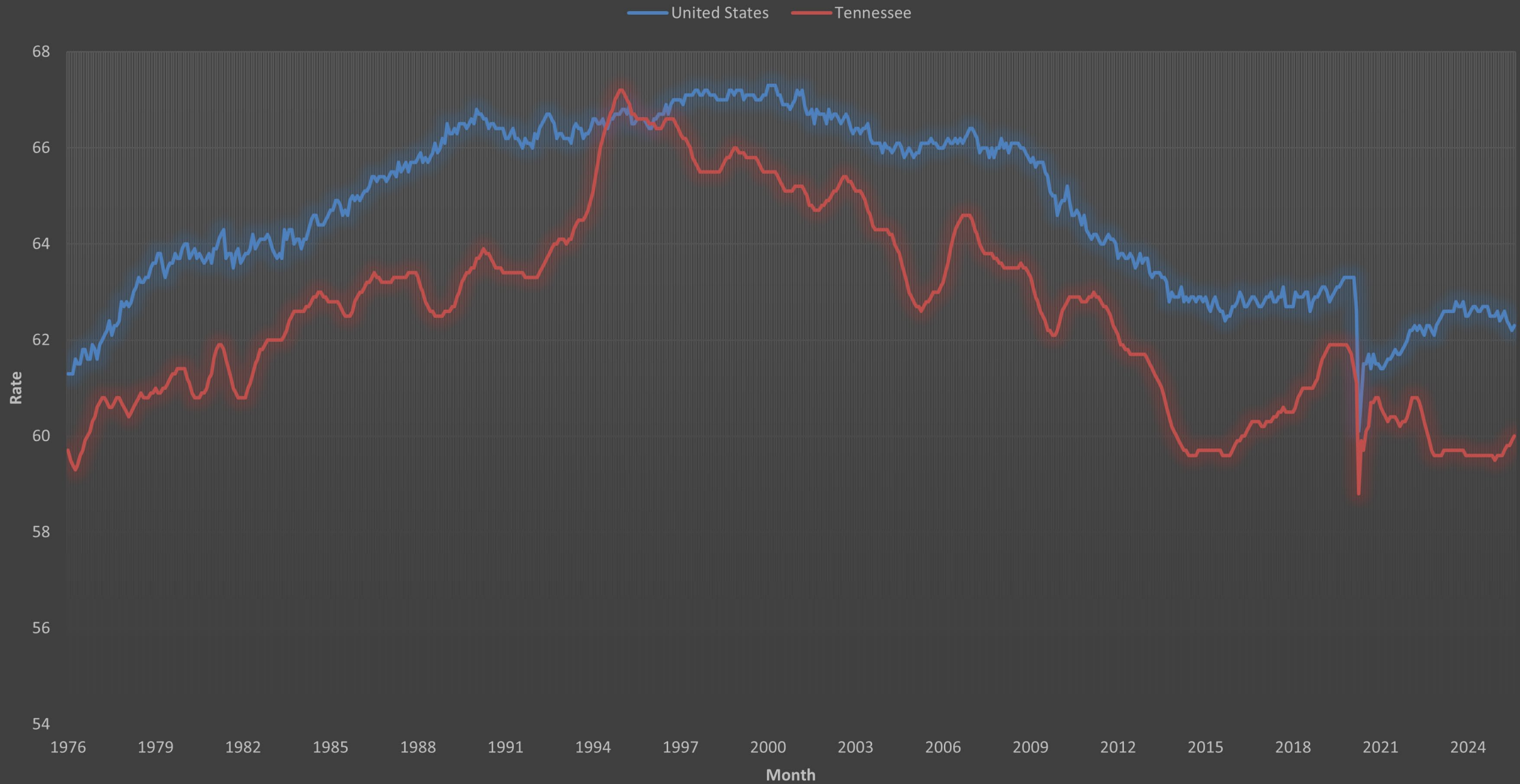


Source: U.S. Bureau of Labor Statistics via FRED®

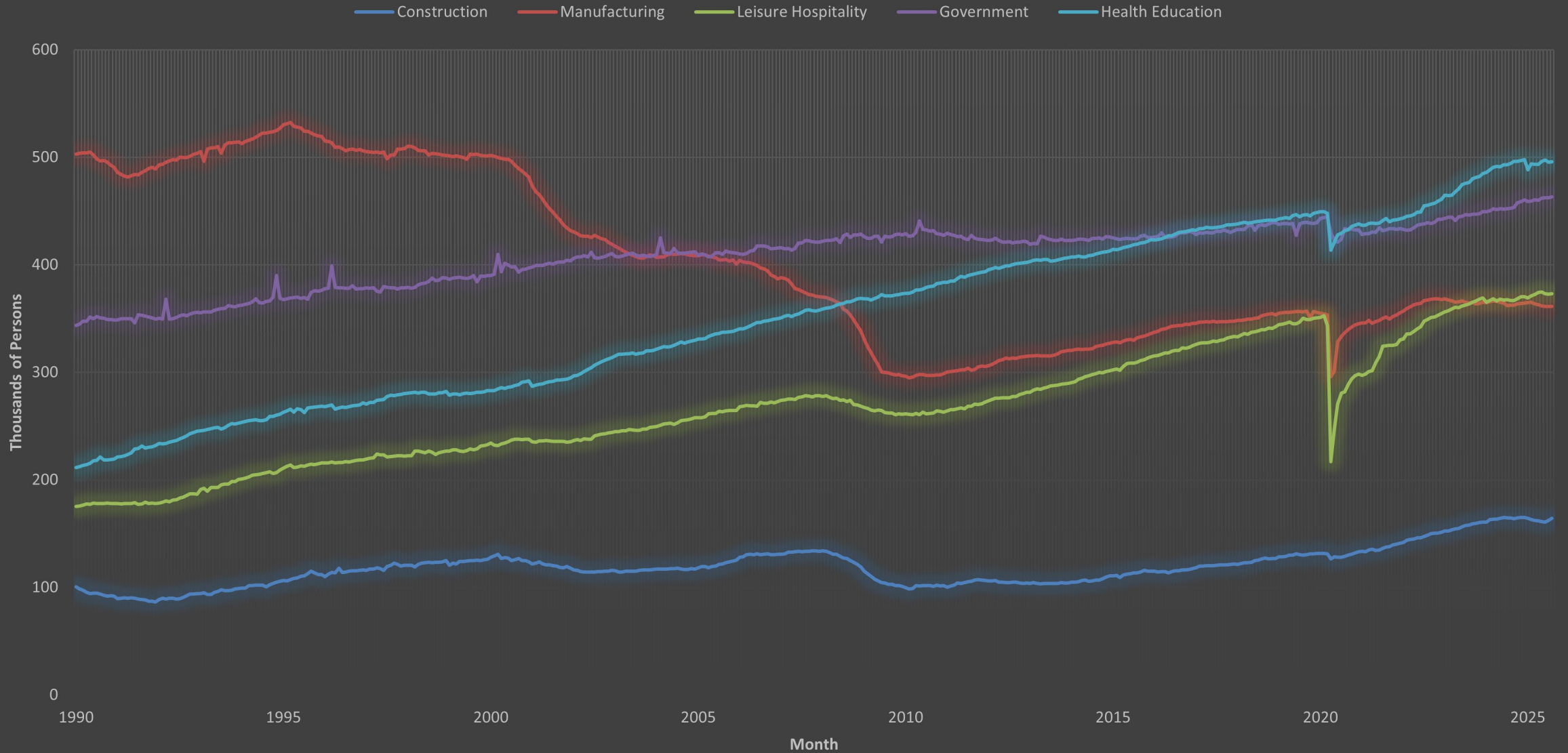
Shaded areas indicate U.S. recessions.

myf.red/g/1NhqP

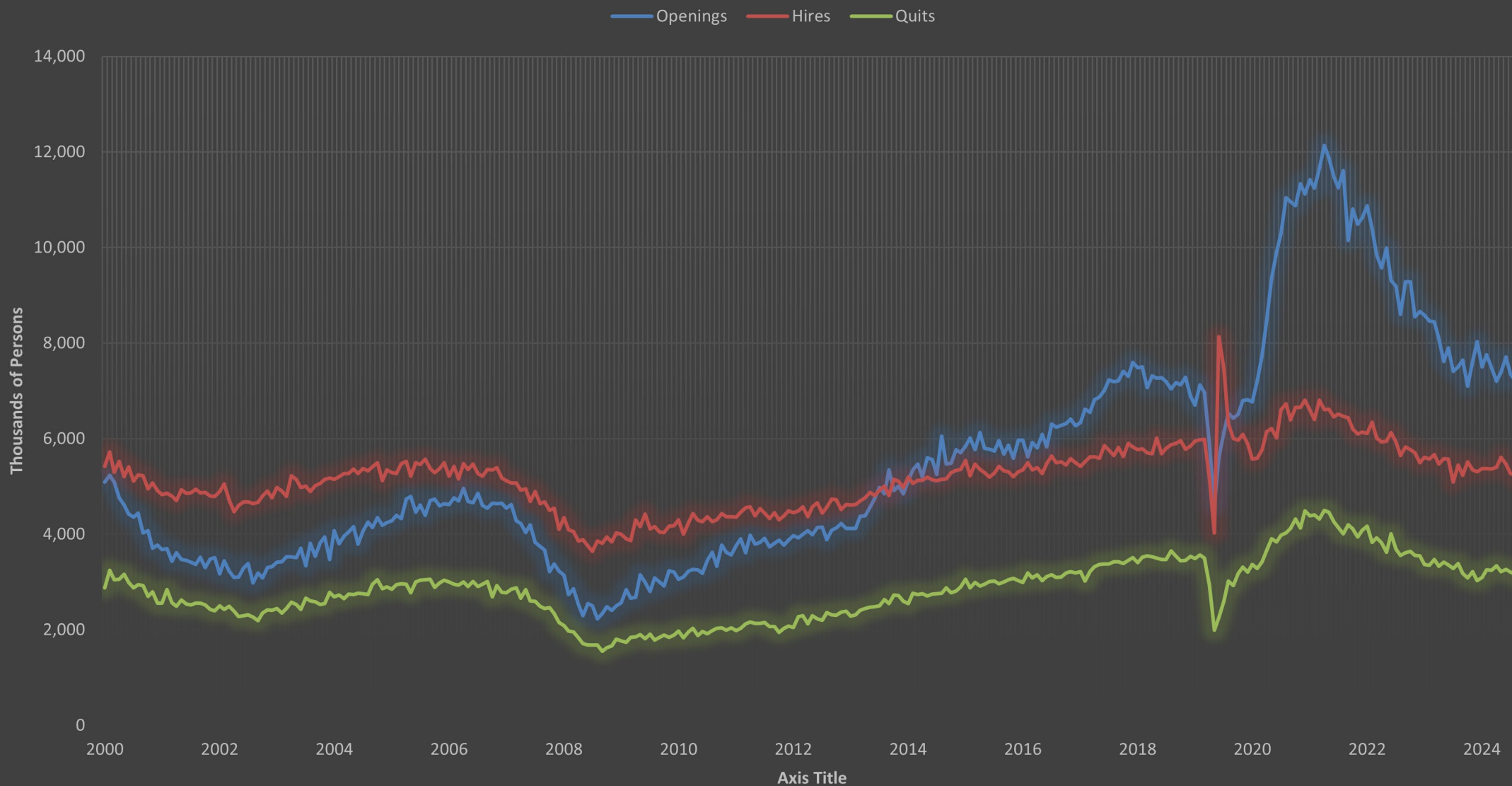
Labor Force Participation Rate 1976 - 2025



Number of Employees by Sector in Tennessee 1990 - 2025

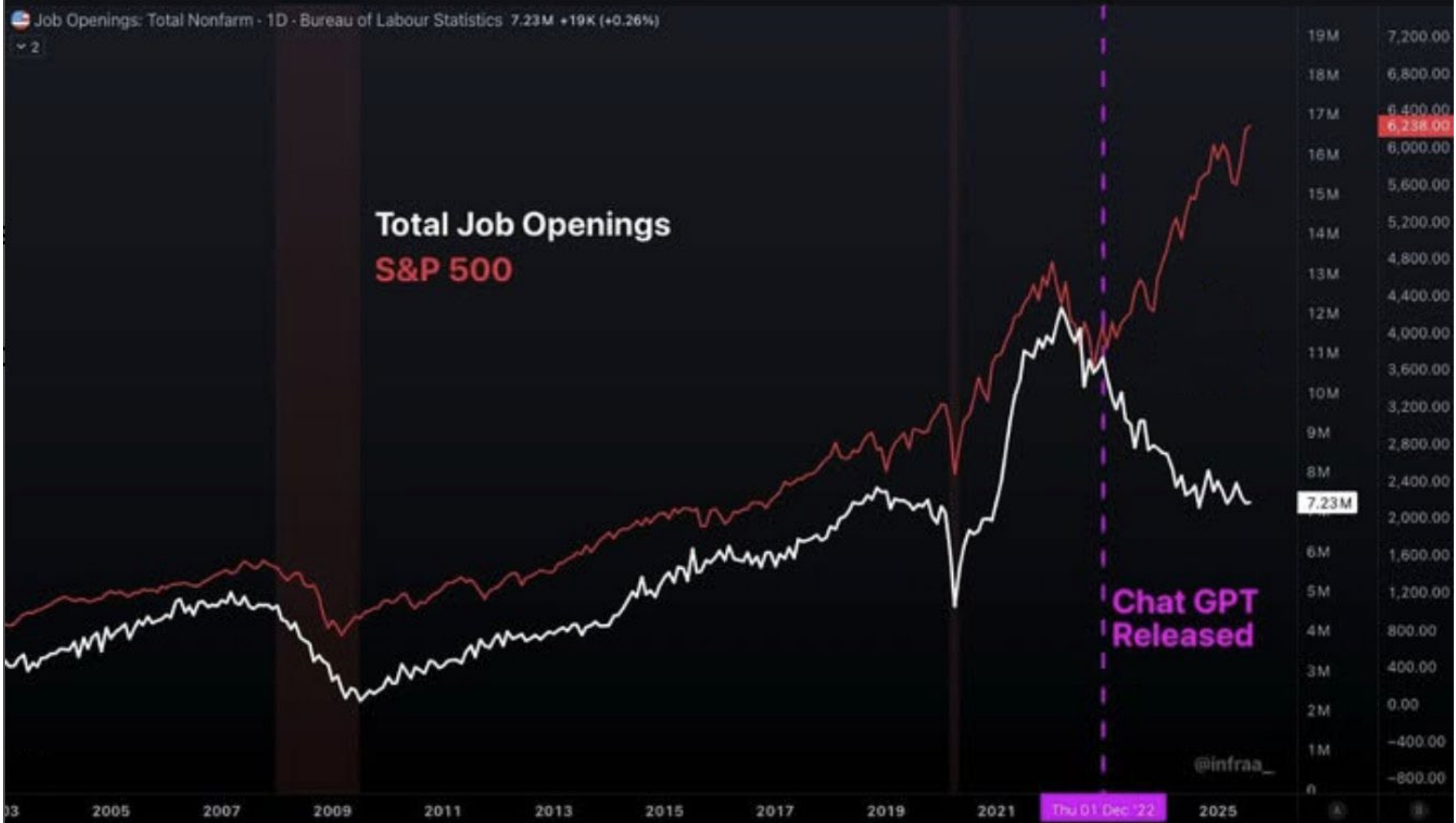


US JOLTS Total Nonfarm 2000 - 2025



2

Total Job Openings S&P 500

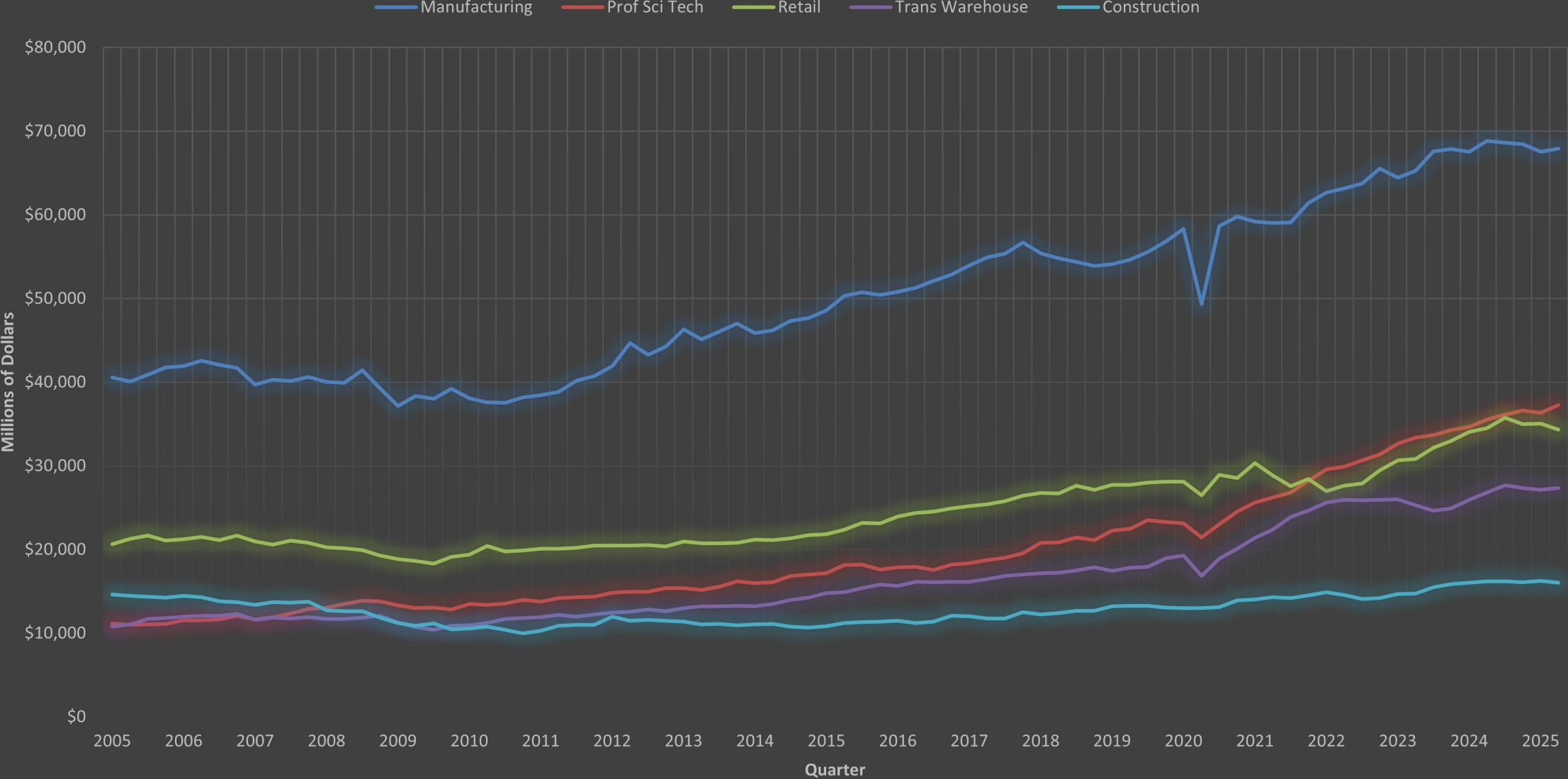


Chat GPT
Released

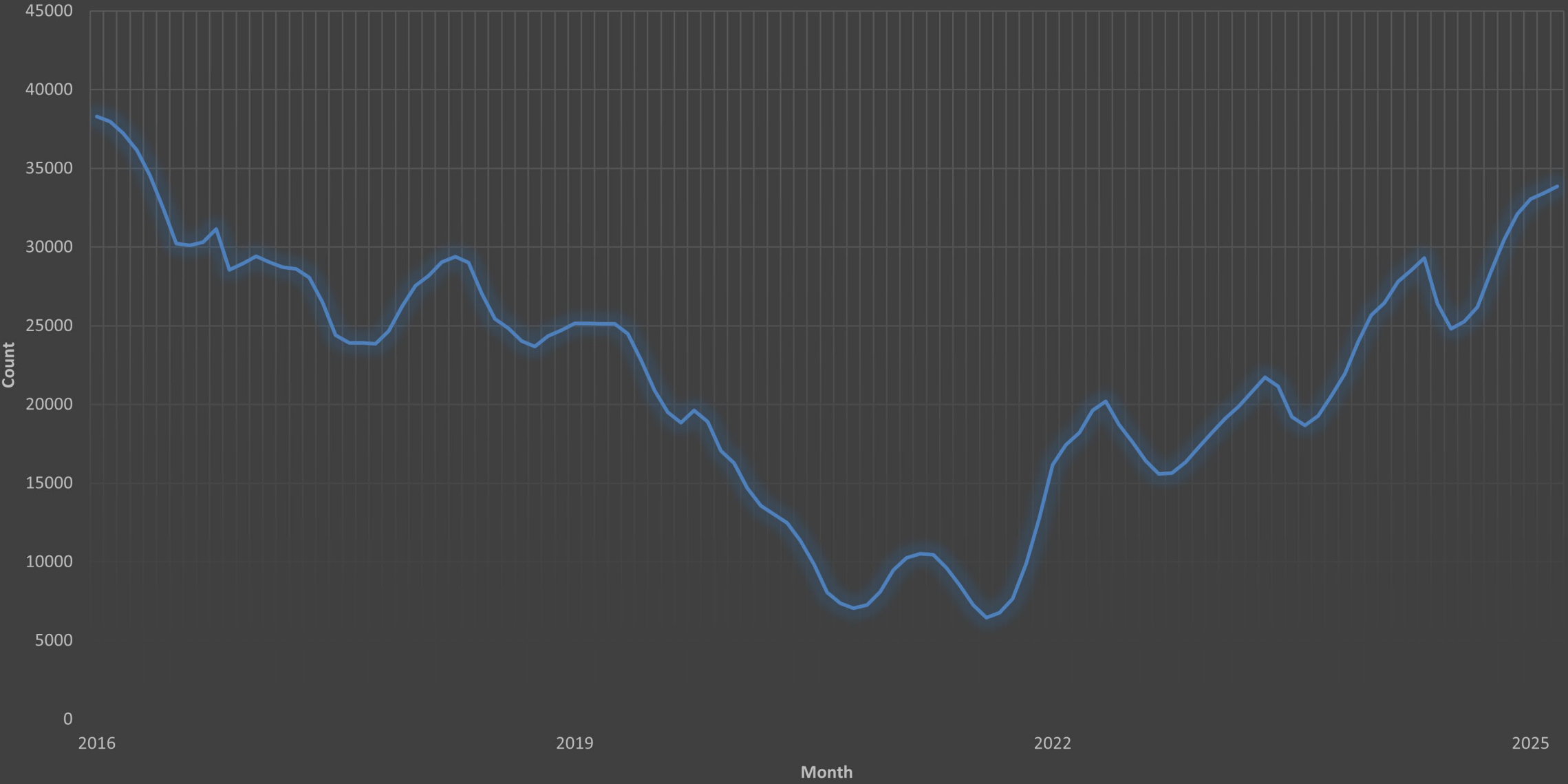
@infraa_

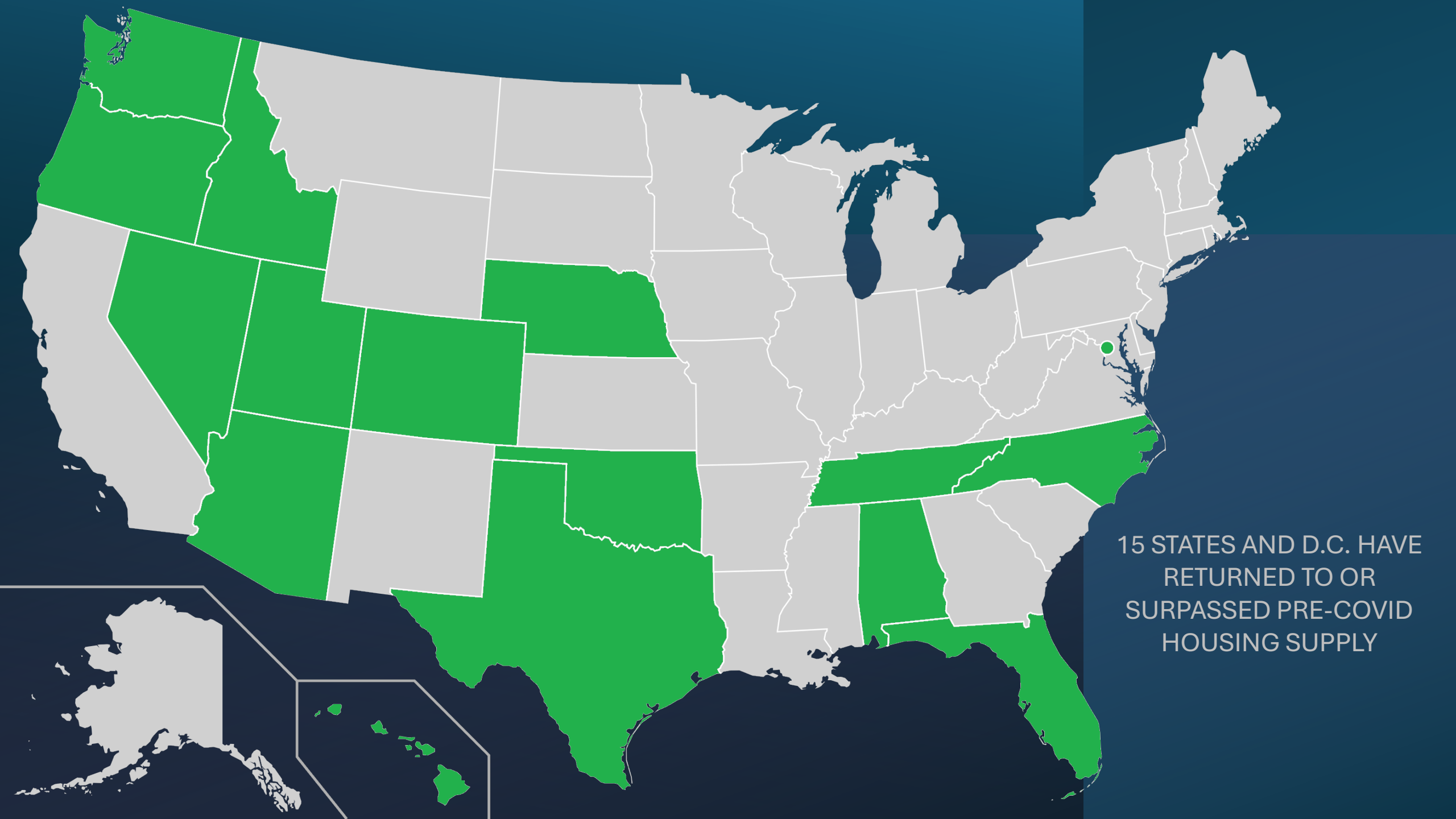
Thu 01 Dec '22

GDP by Sector in Tennessee 2005 - 2025



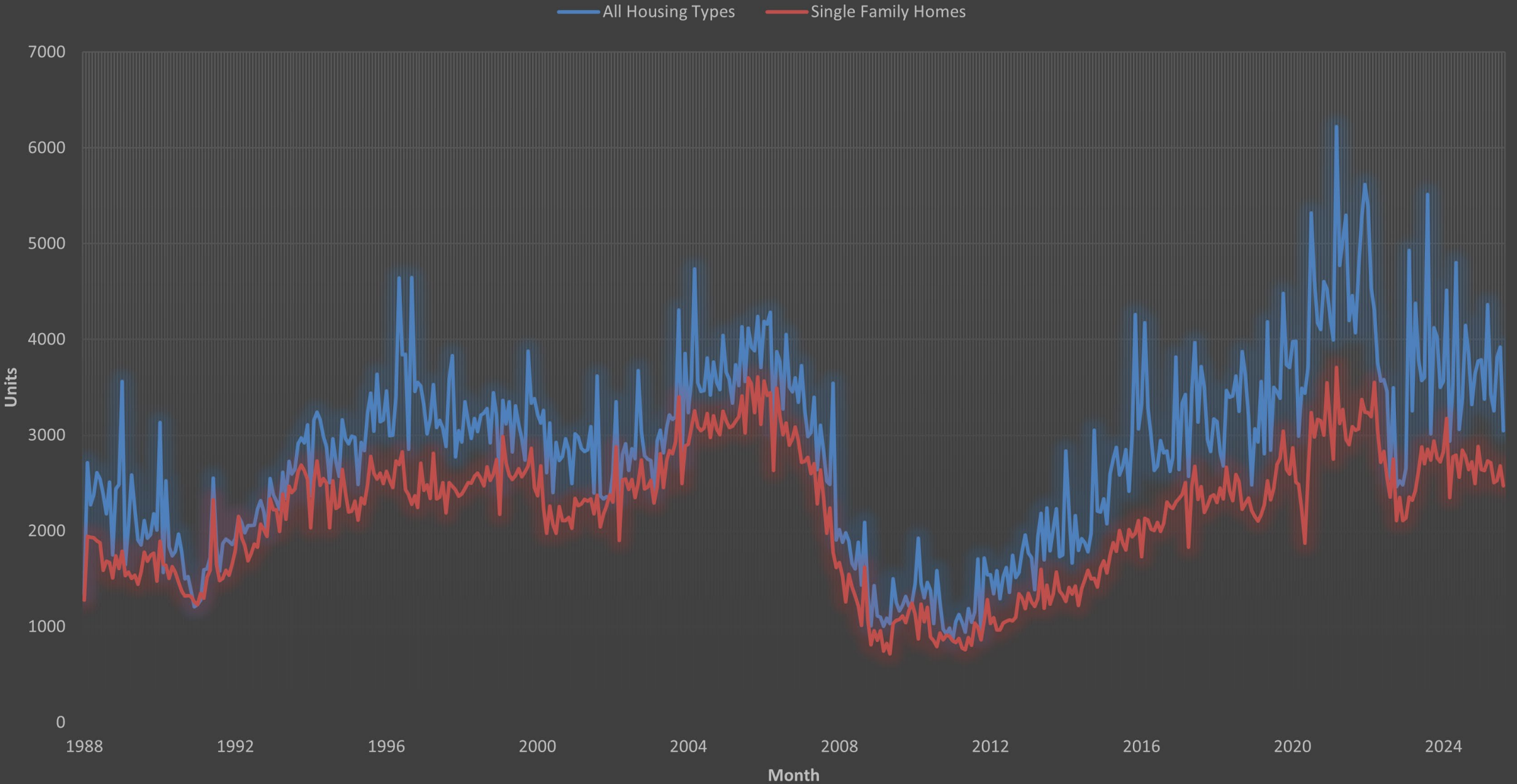
Housing Inventory: Active Listing Count 2016 - 2025



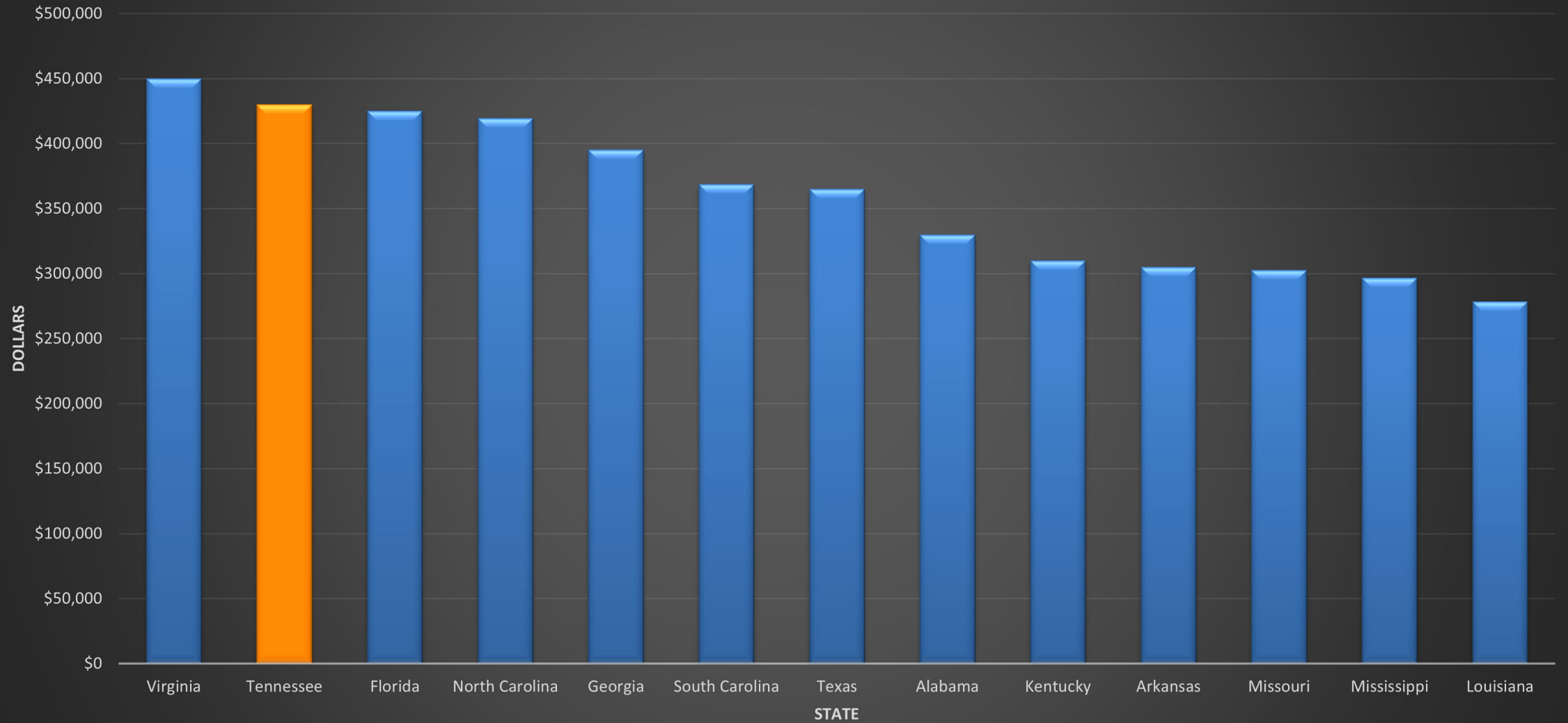


15 STATES AND D.C. HAVE
RETURNED TO OR
SURPASSED PRE-COVID
HOUSING SUPPLY

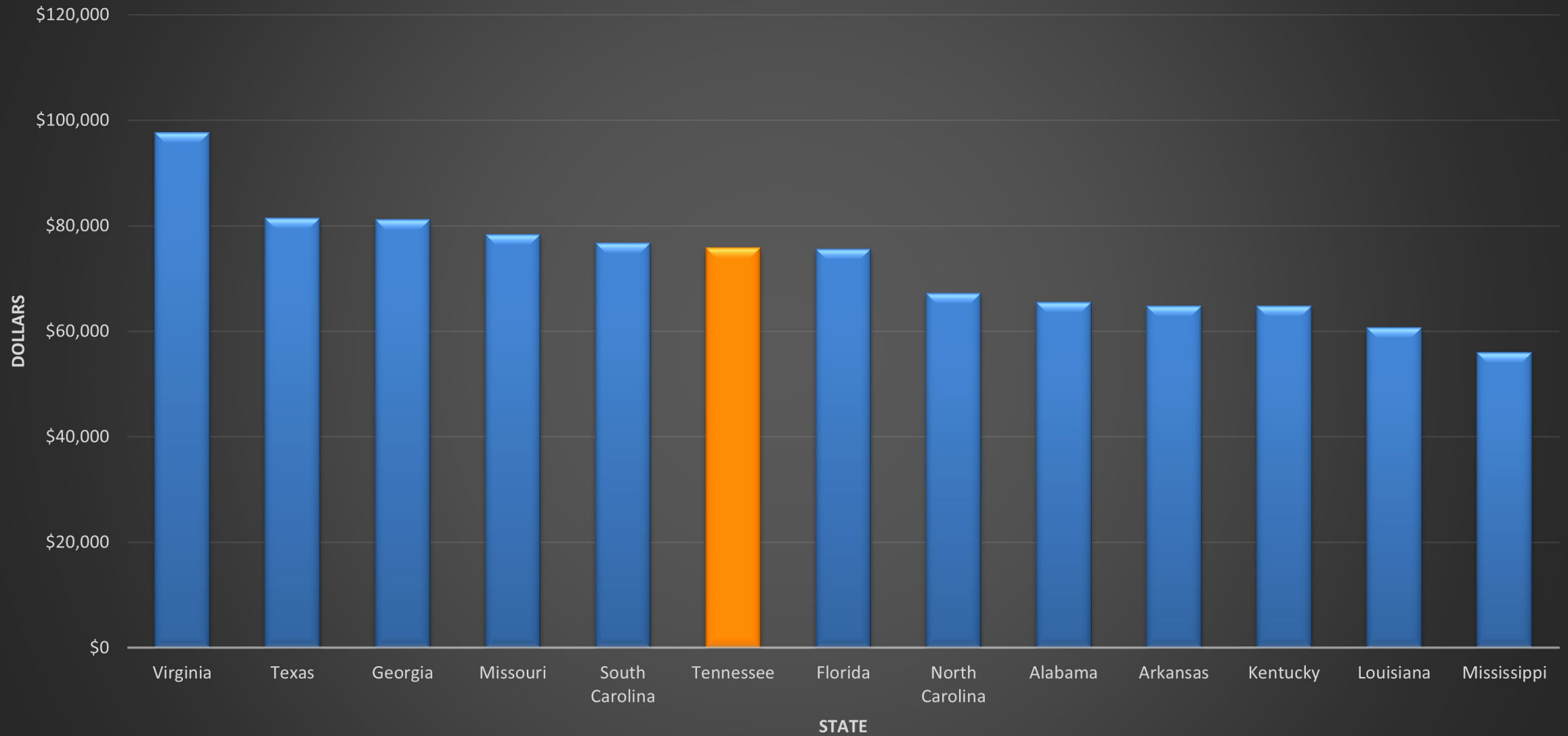
Number of Housing Units Authorized by Building Permits in Tennessee



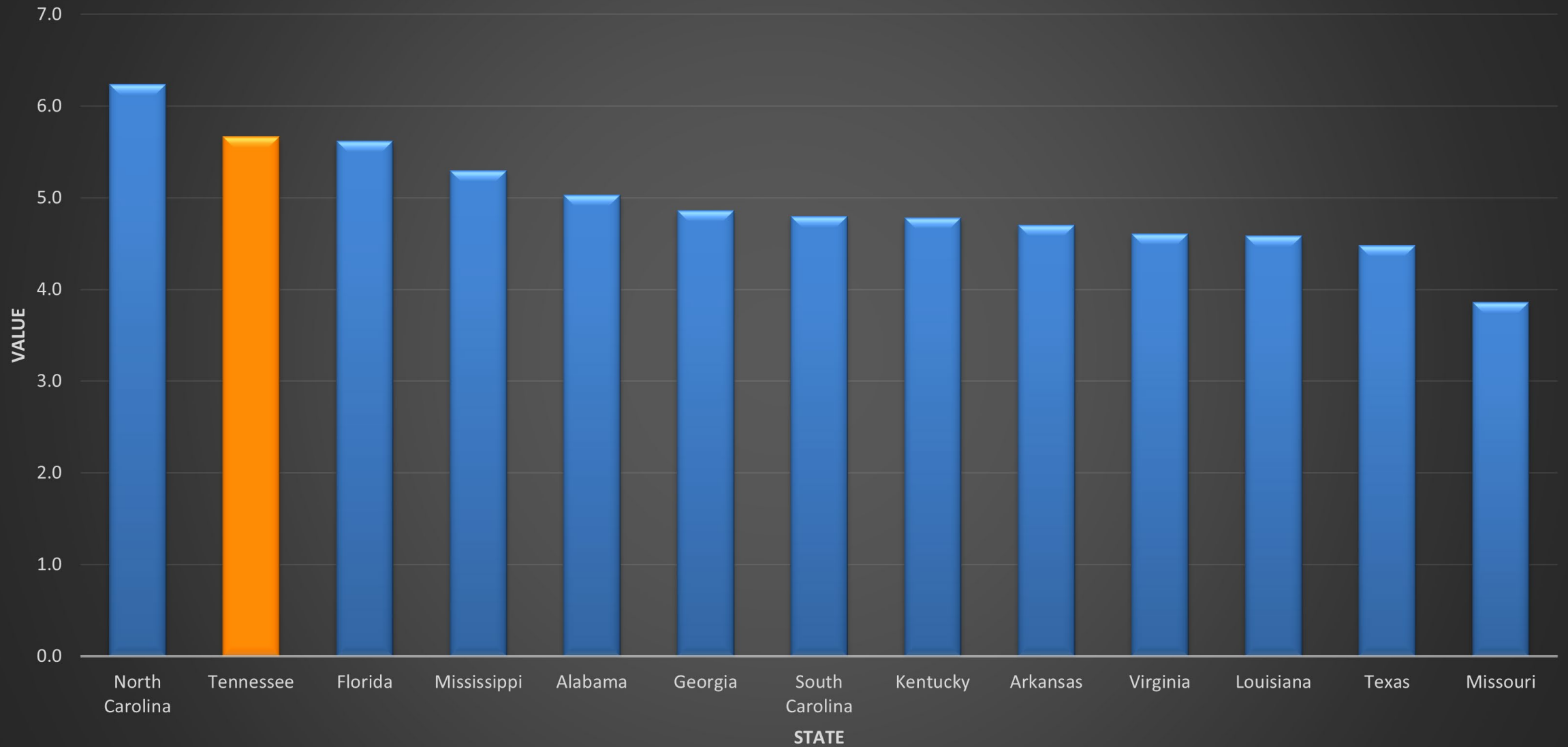
Housing Inventory: Median Listing Price September 2025



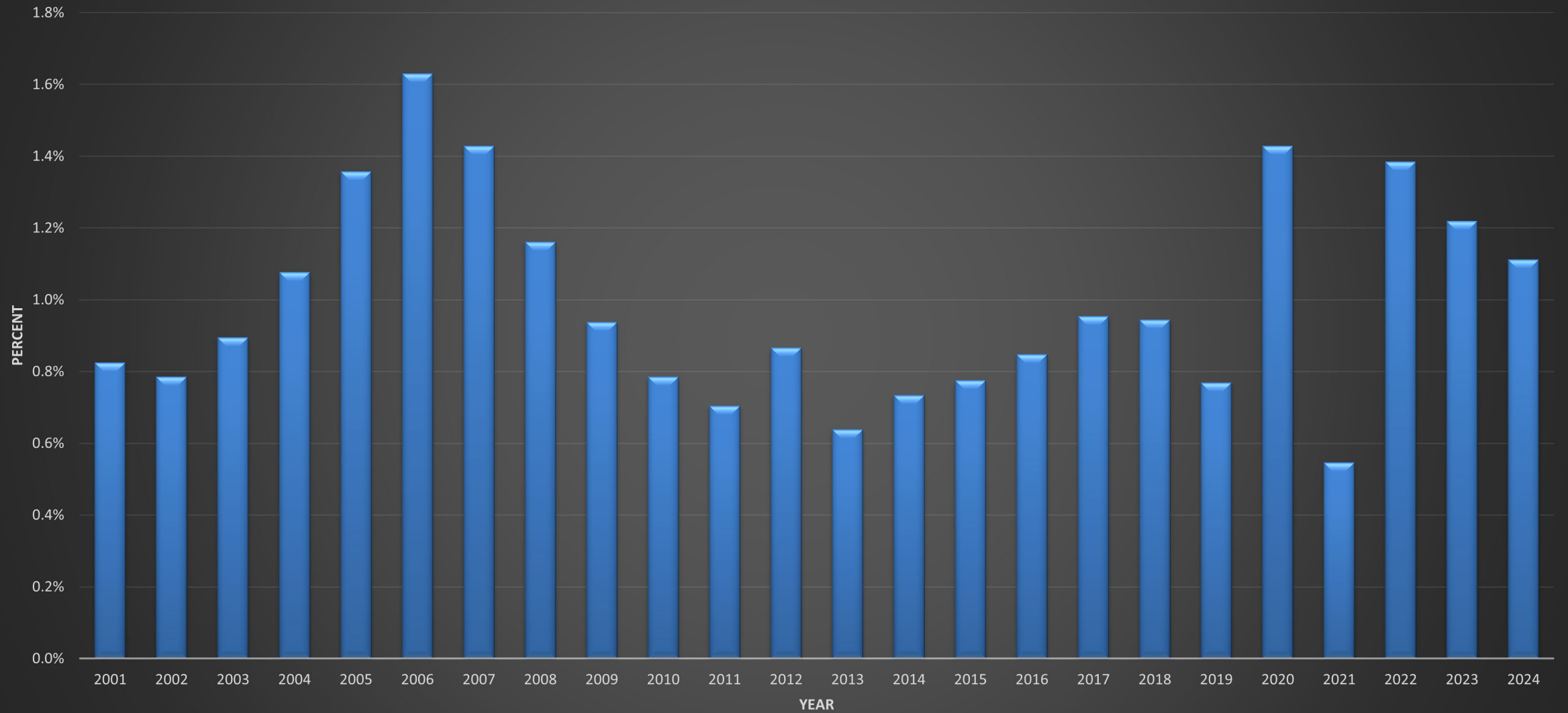
Median Household Income by State 2024



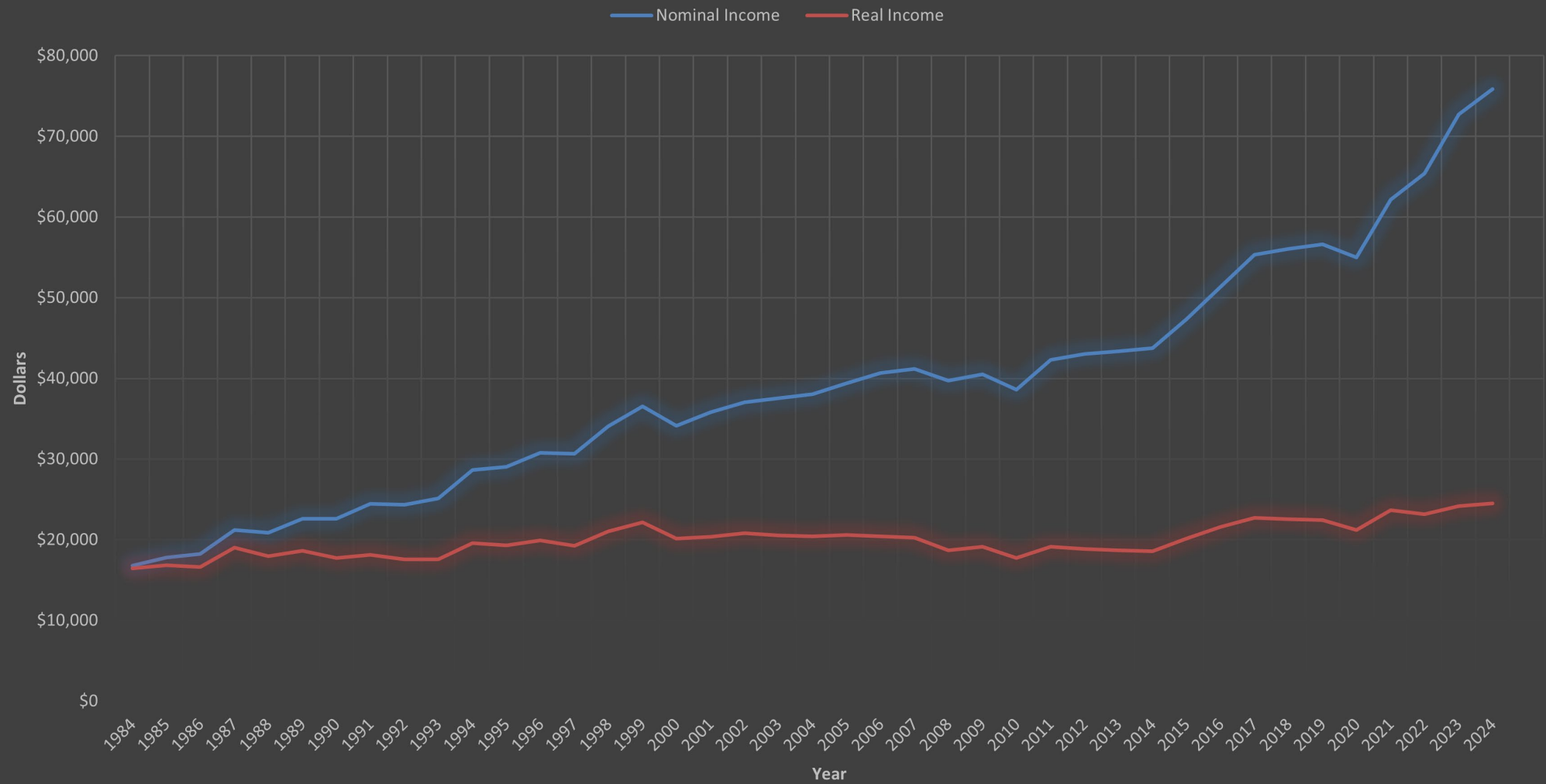
RATIO MEDIAN HOME PRICE TO MEDIAN HOUSEHOLD INCOME

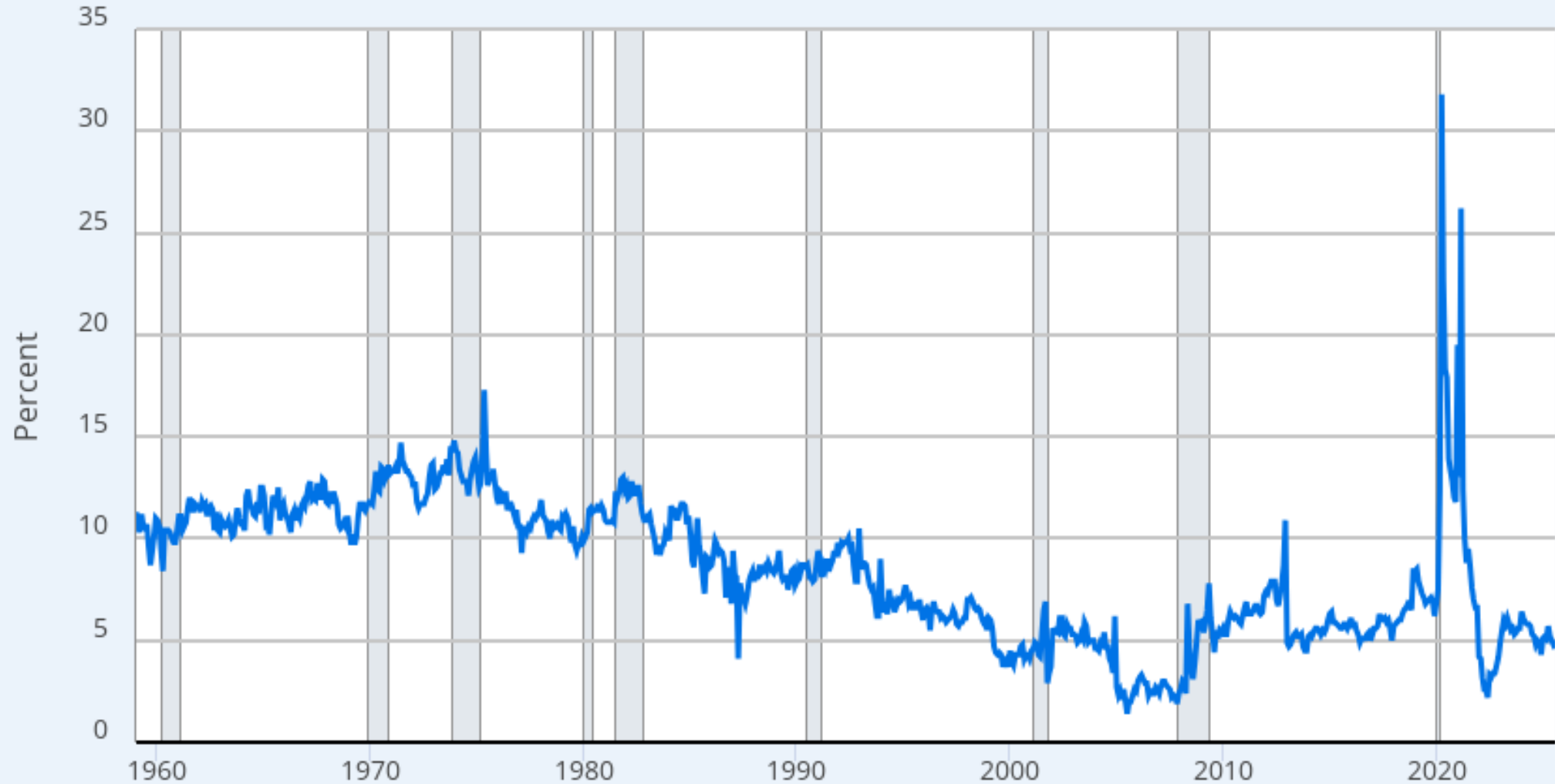


Tennessee Population Growth Year Over Year



Median Household Nominal and Real Income in Tennessee 1984 - 2024





Source: U.S. Bureau of Economic Analysis via FRED®

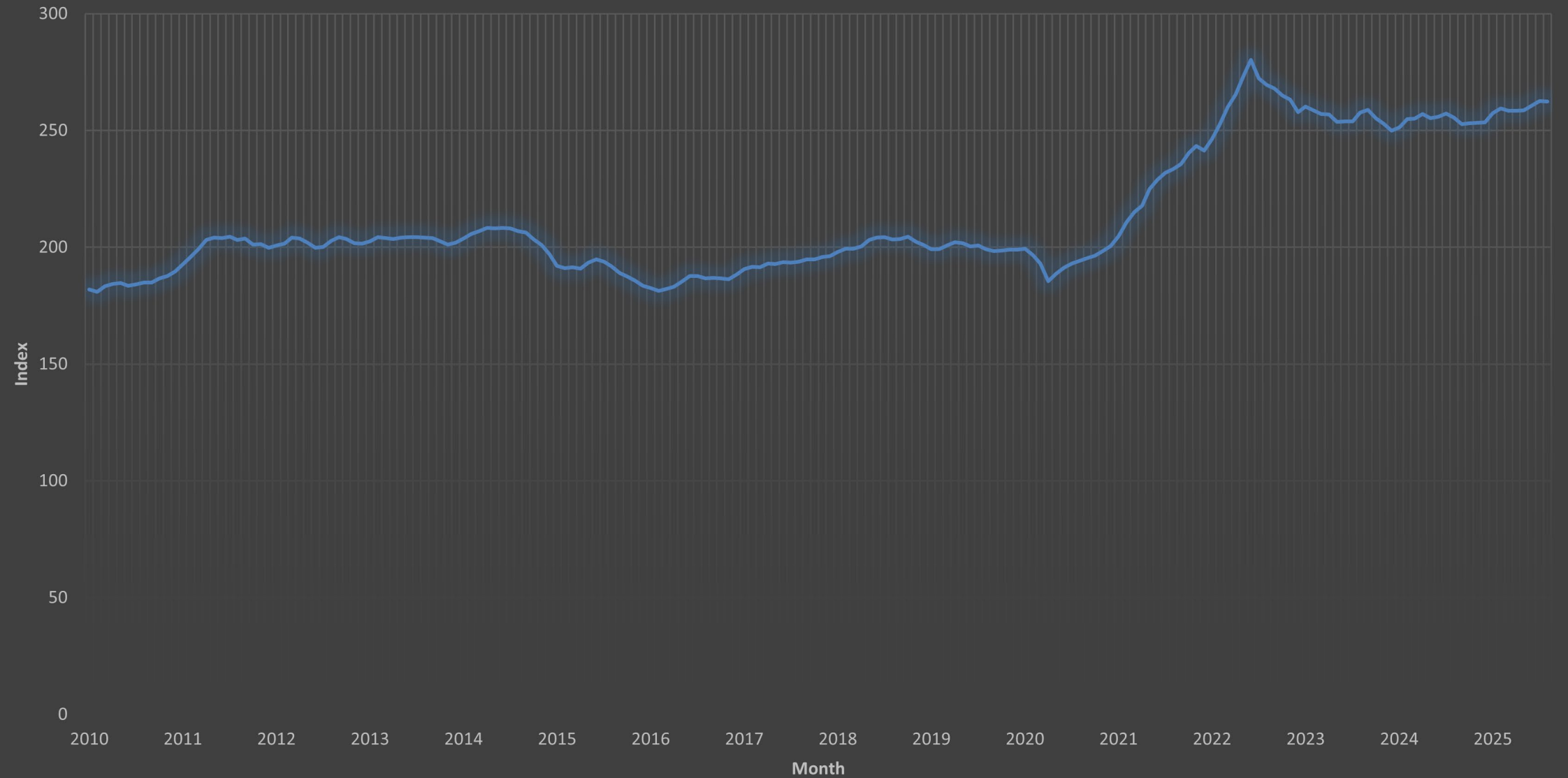
Shaded areas indicate U.S. recessions.

myf.red/g/1MDc5

Pew Research: Tariff Impact

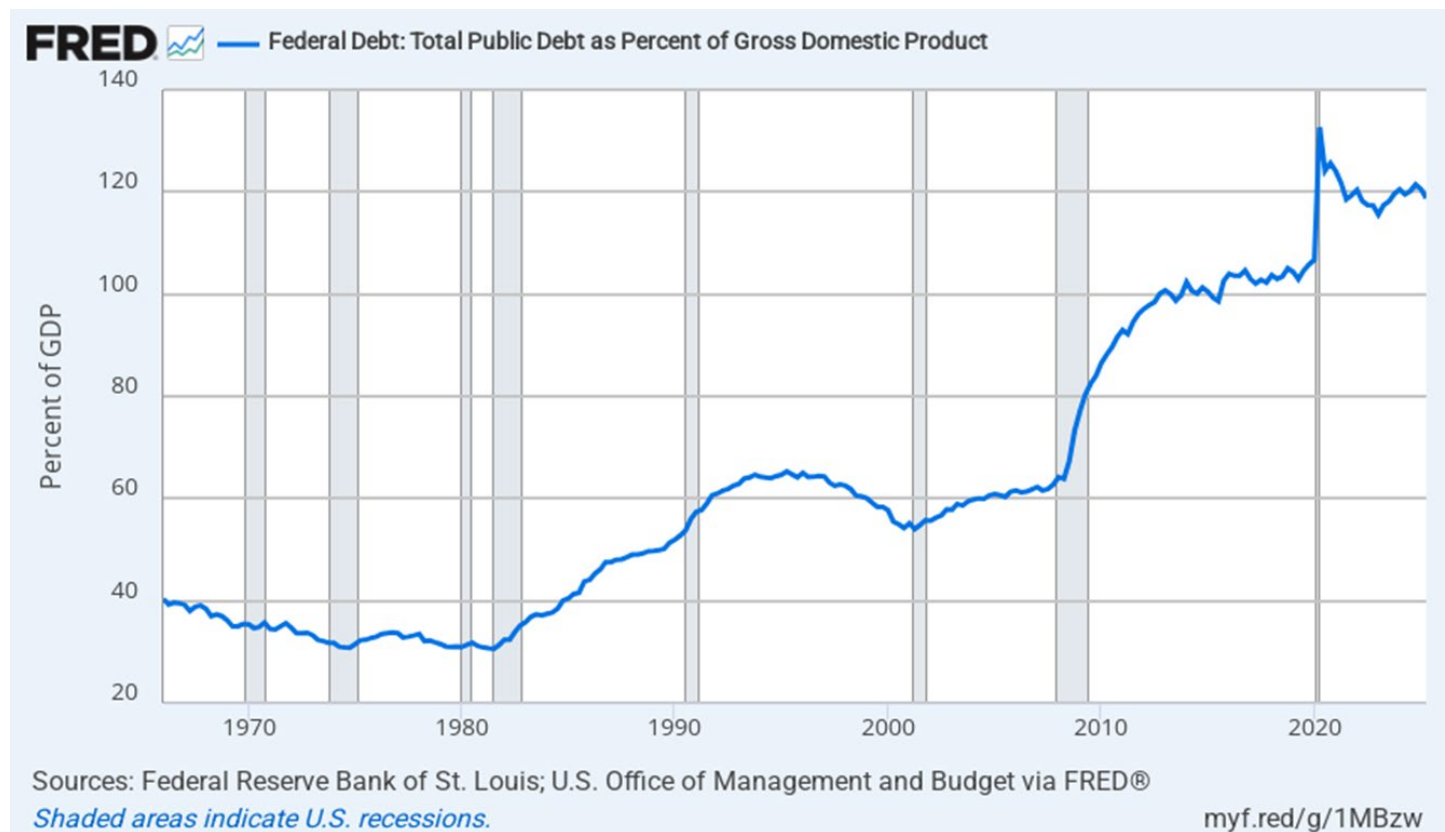
- Tennessee global imports as a share of GDP: 21.9% (\$120B)
 - Chemicals \$34B
 - Computer & electronic products \$30B
 - Transportation equipment \$20B
 - Machinery, except electrical \$7.8B
 - Electrical equipment, appliances & components \$4.8B
- 11.2% for United States
- Tennessee ranks #3 behind Kentucky and Michigan
- \$20.9B imports from China
- Tennessee global exports as a share of GDP: 7.1% (\$39B)
 - Computer & electronic products \$8.1B
 - Transportation equipment \$6.1B
 - Chemicals \$5.5B
 - Miscellaneous manufactured commodities \$5B
 - Machinery, except electrical \$3B
- 7.1% for United States
- Tennessee ranks #14
- \$3.4B exports to China

US Producer Price Index 2010 - 2025



Uncertainties and Challenges

- Tariff Policy
- Immigration Policy
- The National Debt
- Inflation and Wages
- Interest Rates
- Housing Costs
- GDP Growth and AI Spending
- Job Growth



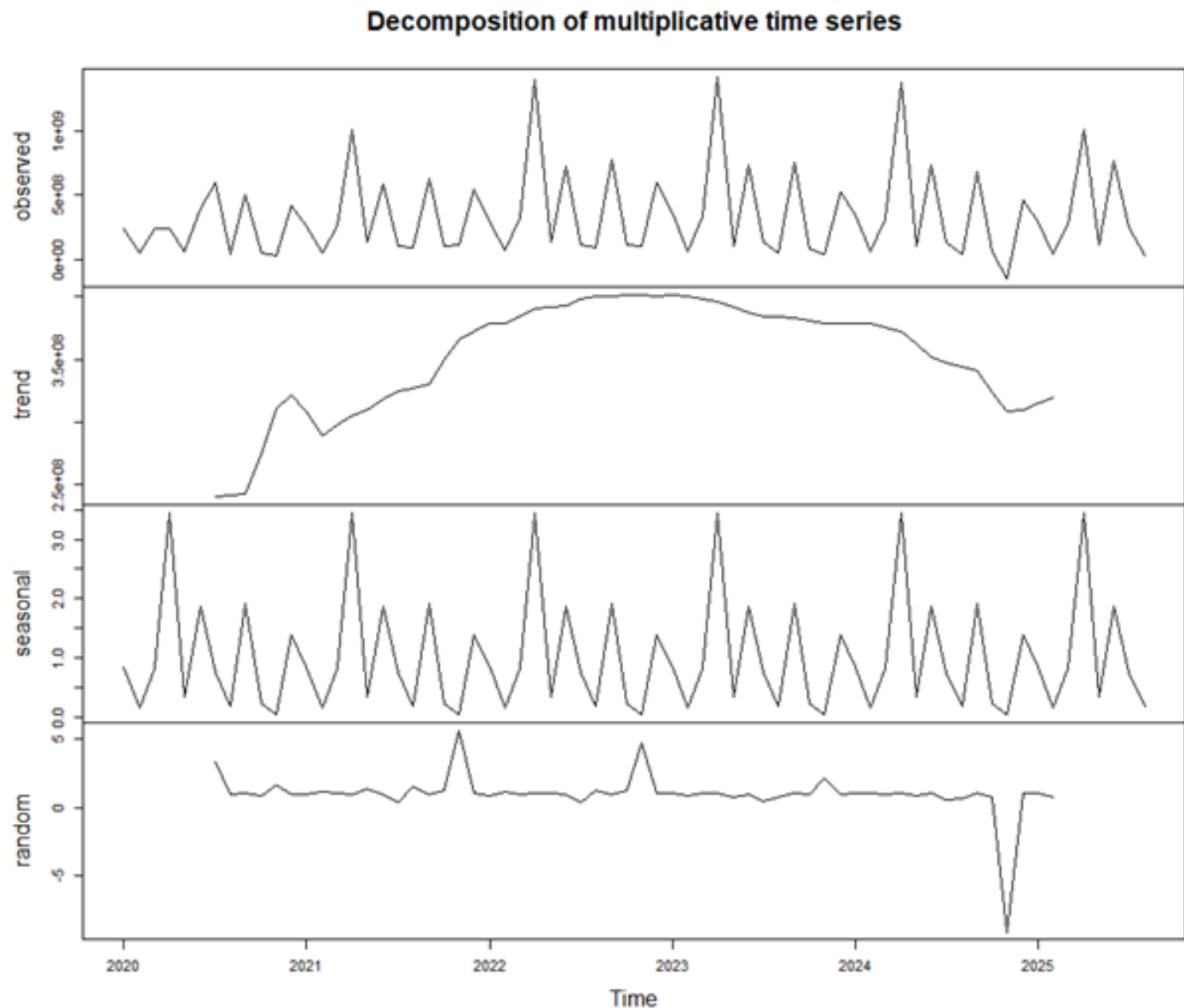
FRED**10-Year Treasury Constant Maturity Minus 2-Year Treasury Constant Maturity**

Source: Federal Reserve Bank of St. Louis via FRED®

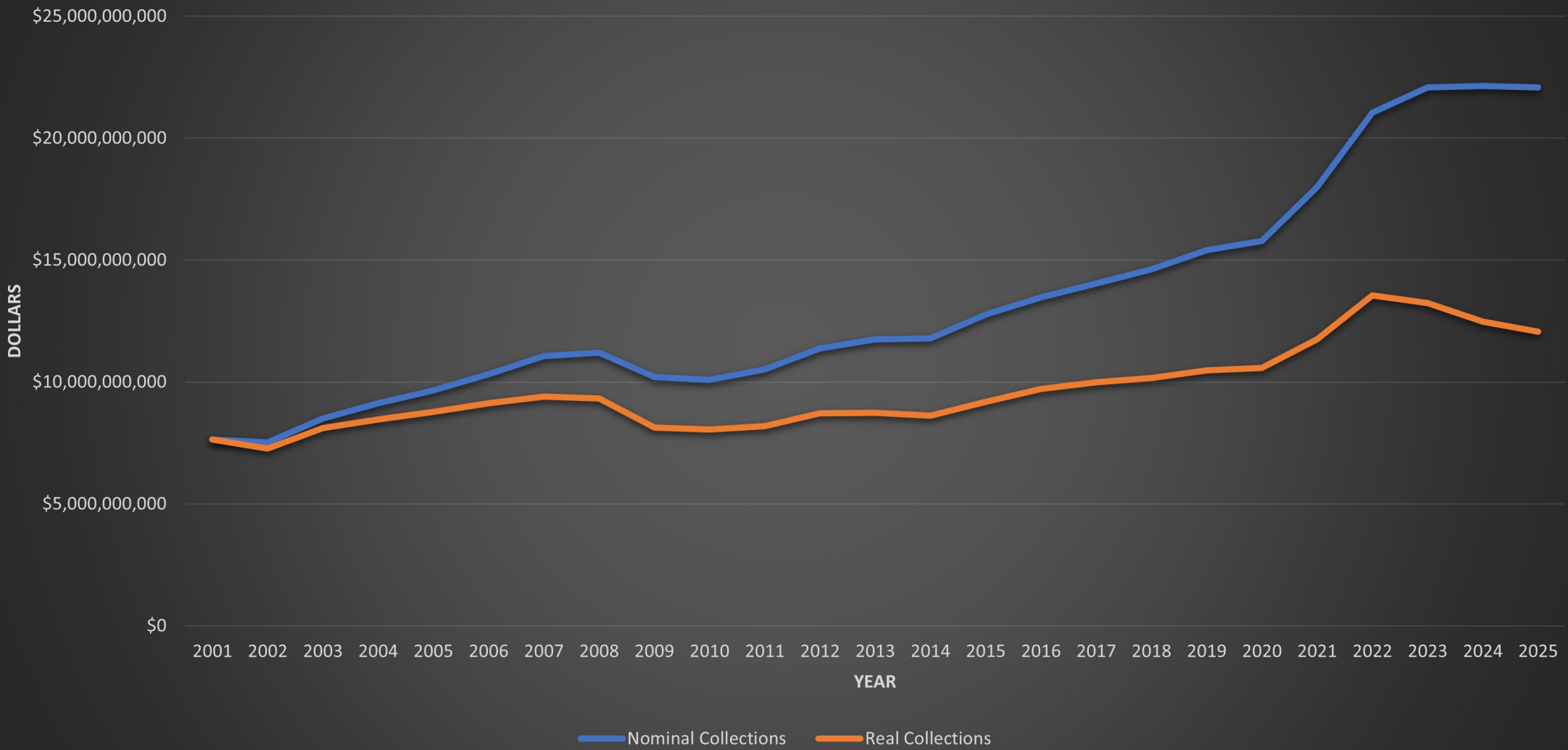
Shaded areas indicate U.S. recessions.

[myf.fred/g/1NirO](https://myf.fred.stlouisfed.org/g/1NirO)

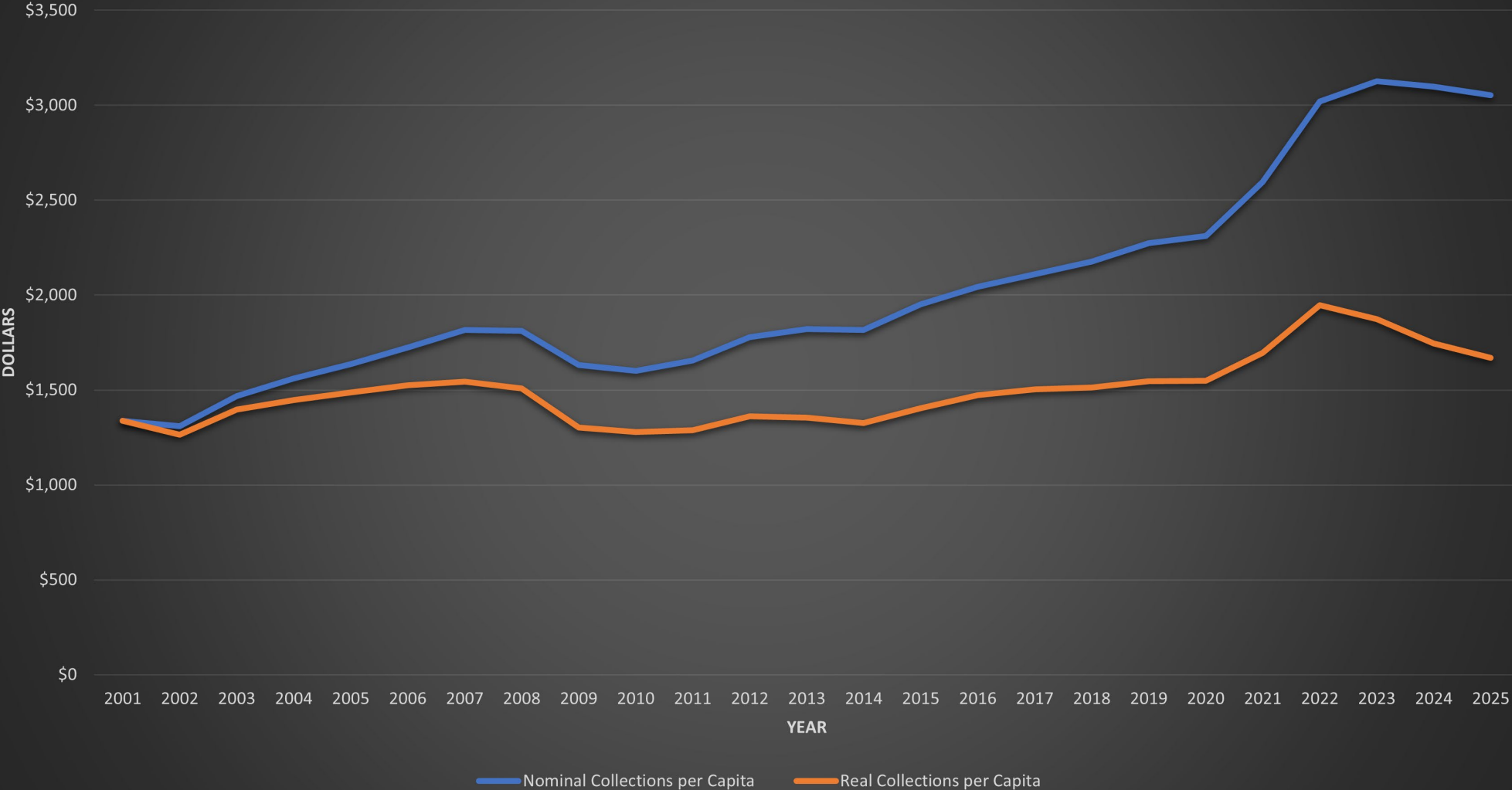
Time Series Plot Franchise and Excise Tax Collections 2020 - 2025



Nominal and Real Tennessee Collections FY2001-FY2025



Nominal and Real Tennessee Collections per Capita FY2001-FY2025



Accrual Year Basis	Estimated Tennessee Department of Revenue Collections:				
	FY 24 -25	FY 25 - 26		FY 26 - 27	
Source of Tax	Amount	Amount	Percent Change Over Previous Year	Amount	Percent Change Over Previous Year
SALES & USE ¹	\$14,502,001,400	\$15,151,000,000	4.48%	\$15,600,000,000	2.96%
GASOLINE TAX	\$889,801,100	\$897,000,000	5.67%	\$924,000,000	3.01%
MOTOR FUEL TAX	\$319,488,900	\$326,000,000	3.90%	\$344,500,000	5.67%
GASOLINE INSPECTION TAX	\$72,261,200	\$72,000,000	-0.36%	\$74,810,000	3.90%
MOTOR VEHICLE REGISTRATION TAX	\$412,087,400	\$396,800,000	-3.71%	\$307,000,000	-22.63%
INCOME TAX	\$2,069,000	-	-	-	-
PRIVILEGE TAX ²	\$466,855,300	\$459,950,000	-1.48%	\$505,500,000	9.90%
GROSS RECEIPTS TAX TVA	\$400,317,600	\$402,400,000	0.52%	\$419,000,000	4.13%
GROSS RECEIPTS TAX - OTHER	\$46,236,600	\$50,700,000	9.65%	\$29,350,000	-42.11%
BEER TAX	\$16,621,500	\$16,320,000	-1.81%	\$19,320,000	18.38%
ALCOHOLIC BEVERAGE TAX	\$84,731,000	\$88,840,000	4.85%	\$95,600,000	7.61%
FRANCHISE & EXCISE TAX	\$3,727,202,000	\$3,550,900,000	-4.73%	\$3,554,800,000	0.11%
INHERITANCE TAX	\$126,000	-	-	-	-
TOBACCO TAX	\$180,531,100	\$180,800,000	0.15%	\$211,000,000	16.70%
VAPOR TAX		\$17,200,000		\$17,200,000	0.00%
HEMP TAX		\$55,800,000		\$55,800,000	0.00%
MOTOR VEHICLE TITLE FEES	\$22,600,700	\$22,600,000	0%	\$24,505,000	8.43%
MIXED DRINK TAX	\$229,147,100	\$229,150,000	0%	\$228,050,000	-0.48%
BUSINESS TAX	\$354,870,000	\$306,800,000	-13.55%	\$318,000,000	3.65%
SEVERANCE TAX	\$468,700	\$468,700	0%	\$820,000	74.95%
COIN AMUSEMENT TAX	\$425000	\$450,000	5.88%	\$465,000	3.33%
UNAUTHORIZED SUBSTANCE TAX	\$1,700	-	-	-	-
TOTAL	\$21,727,843,000	\$22,225,178,700	2.28%	\$22,729,720,000	2.27%

1. Excludes \$159 million in earmarked fees collected under sales tax for E911 telecommunications services.

2. Excludes \$78 million earmarked fees collected under the privilege tax.

Total Revenue	Total Revenue	General Fund & Education Fund	Highway Fund	Debt Service Fund	Cities & Counties*
Sales and Use Tax ¹	\$15,151,000,000	\$14,120,000,000	\$99,395,000	\$100,300,000	\$831,305,000
Gasoline Tax	\$897,000,000	\$14,347,150	\$460,826,425	\$80,055,680	\$341,770,745
Motor Fuel Tax	\$326,000,000	\$2,140,896	\$238,417,910	\$0	\$85,441,194
Gasoline Inspection Tax	\$72,000,000	\$21,100,000	\$38,800,000	\$0	\$12,100,000
Motor Vehicle Registration Tax	\$396,800,000	\$68,115,247	\$328,684,753	\$0	\$0
Income Tax	-	-	-	-	-
Privilege Tax ²	\$459,950,000	\$454,562,227	\$0	\$0	\$5,387,773
Gross Receipts Tax - TVA	\$402,400,000	\$220,400,812	\$0	\$0	\$181,999,188
Gross Receipts Tax - Other	\$50,700,000	\$42,313,534	\$8,386,466	\$0	\$0
Beer Tax	\$16,320,000	\$10,938,811	\$2,028,973	\$0	\$3,352,216
Alcoholic Beverage Tax	\$88,840,000	\$73,441,067	\$0	\$0	\$15,398,933
Franchise & Excise Tax	\$3,550,900,000	\$3,359,875,634	\$0	\$141,195,085	\$49,829,281
Inheritance and Estate Tax	-	-	-	-	-
Tobacco Tax	\$180,800,000	\$180,800,000	\$0	\$0	\$0
Vapor Tax	\$17,200,000	\$17,200,000	\$0	\$0	\$0
Hemp Tax	\$55,800,000	\$55,800,000	\$0	\$0	\$0
Motor Vehicle Title Fees	\$22,600,000	\$20,036,134		\$2,563,866	
Mixed Drink Tax	\$229,150,000	\$114,522,991			\$114,627,009
Business Tax	\$306,800,000	\$306,800,000	\$0	\$0	\$0
Severance Tax	\$468,700	\$187,480	\$0	\$0	\$281,220
Unauthorized Substance	\$450,000	\$450,000	\$0	\$0	\$0
Total Department of Revenue	\$22,225,178,700	\$19,083,031,983	\$1,176,539,527	\$324,114,631	\$1,641,492,559



Estimated State Tax Revenue Presentation to the State Funding Board

November 3, 2025

Takeaways

- Slow to moderate growth across most revenues
- Uncertainty abounds
- Inflation still above Fed targeted rate
- Economic indicators generally at or slightly above long-term trend
- Non-farm employment growth has slowed to near national average
- Tennessee among the most manufacturing dependent southern states, susceptible to uncertainty from trade policies

Fiscal Year 2025 Tax Revenue

COMPARISON OF ACCRUAL STATE TAX REVENUE

DEPARTMENT OF REVENUE TAXES

YEAR OVER YEAR COMPARISON

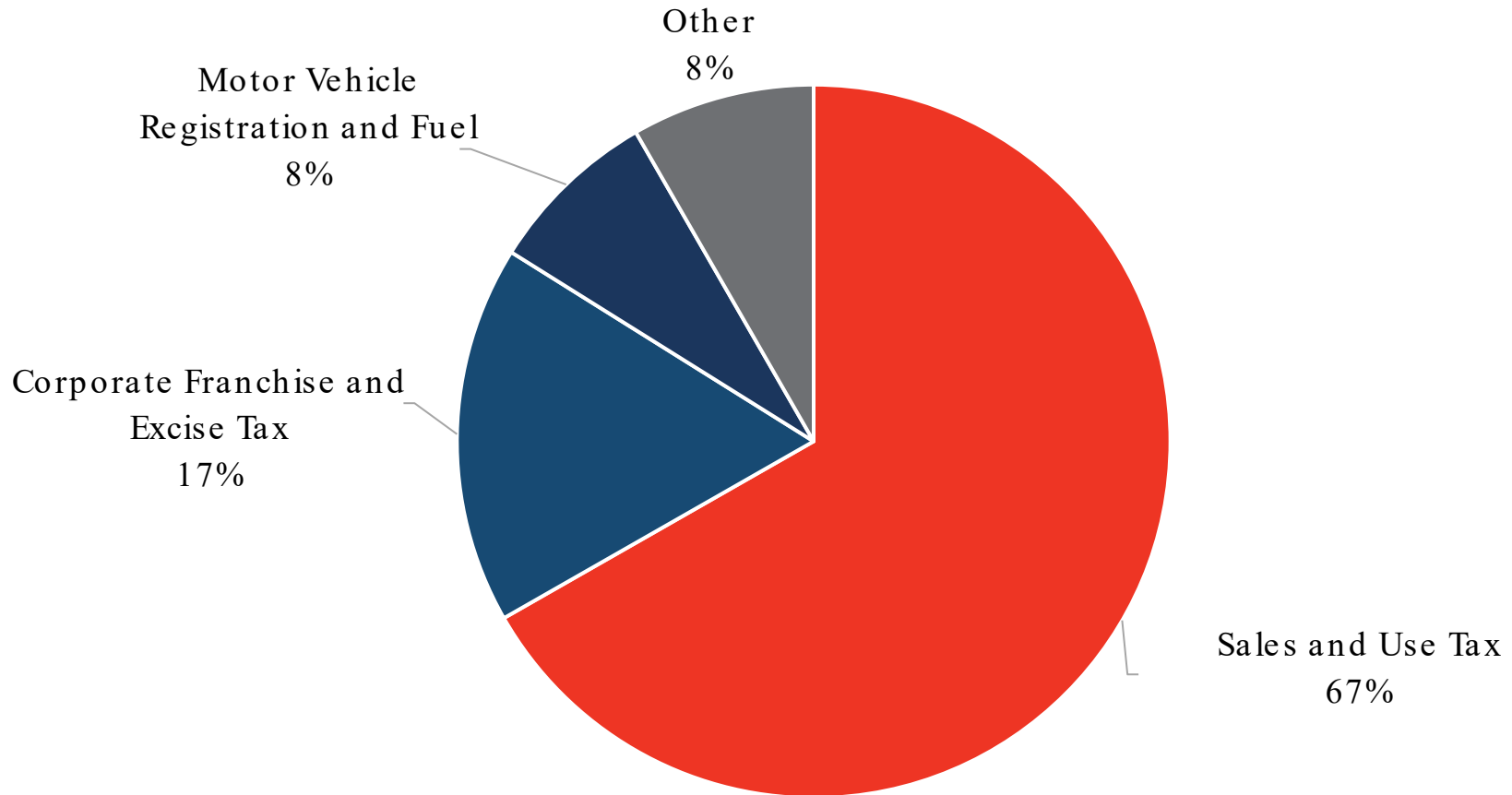
	Fiscal Year 2024	Fiscal Year 2025	% Change	Tax Weight FY 2024	Total % Point Contribution
Sales and Use Tax	\$13,802,143,900	\$14,502,001,400	5.1%	63.2%	3.2%
Corporate Franchise and Excise Tax	\$4,600,464,900	\$3,727,202,000	-19.0%	21.1%	-4.0%
Motor Vehicle Registration and Fuel ¹	\$1,656,498,800	\$1,693,638,600	2.2%	7.6%	0.2%
Other	\$1,789,892,400	\$1,804,958,000	0.8%	8.2%	0.1%
TOTAL ACCRUAL REVENUE	\$21,849,000,000	\$21,727,800,000	-0.6%	100.0%	-0.6%

*Data from F&A.

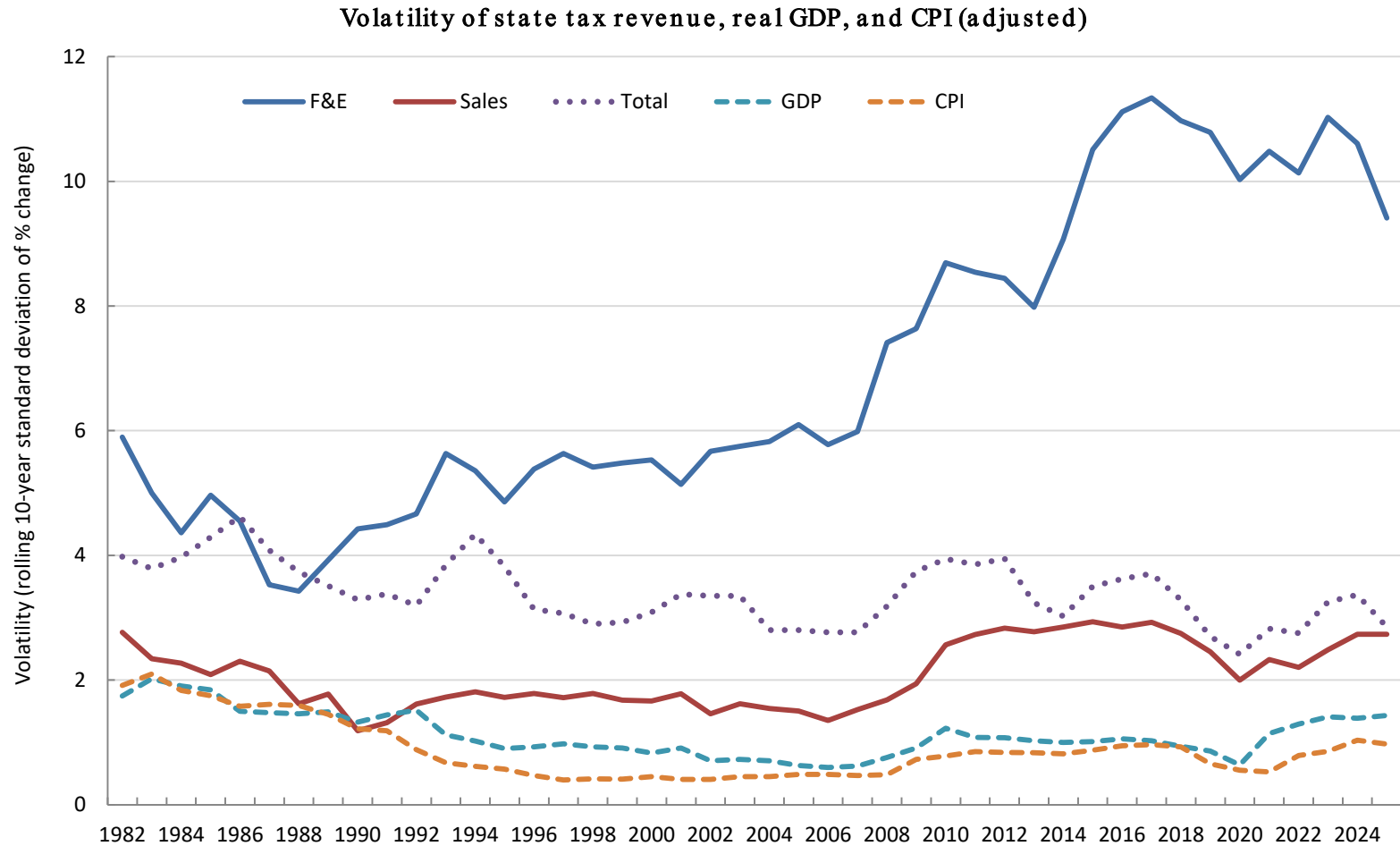
¹Includes motor vehicle registrations, gasoline, motor vehicle fuel, and petroleum special taxes.

Fiscal Year 2025 Tax Revenue

FY2025 Accrual State Tax Collections



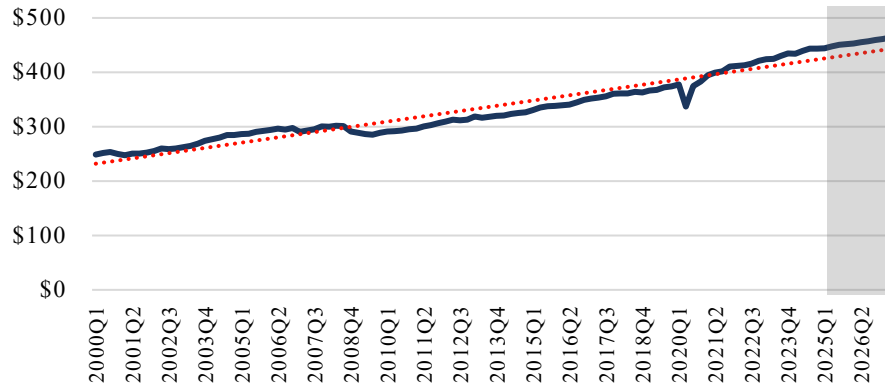
Tennessee Tax Volatility Comparison



State Level Economic Indicators

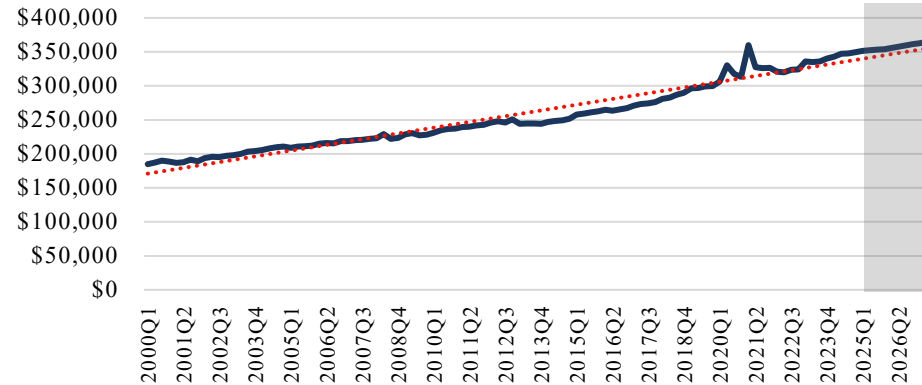
Gross State Product

Bil. Ch. 2017 USD, SAAR



Disposable Personal Income

Mil. Ch. 2017 USD, SAAR



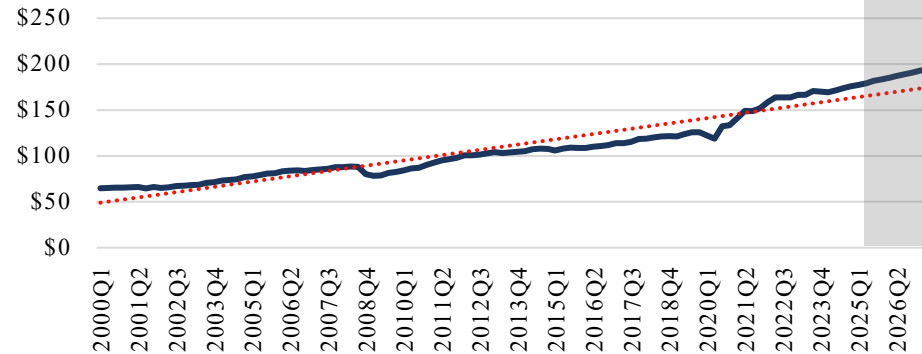
Labor: Unemployment Rate

(%, SA)

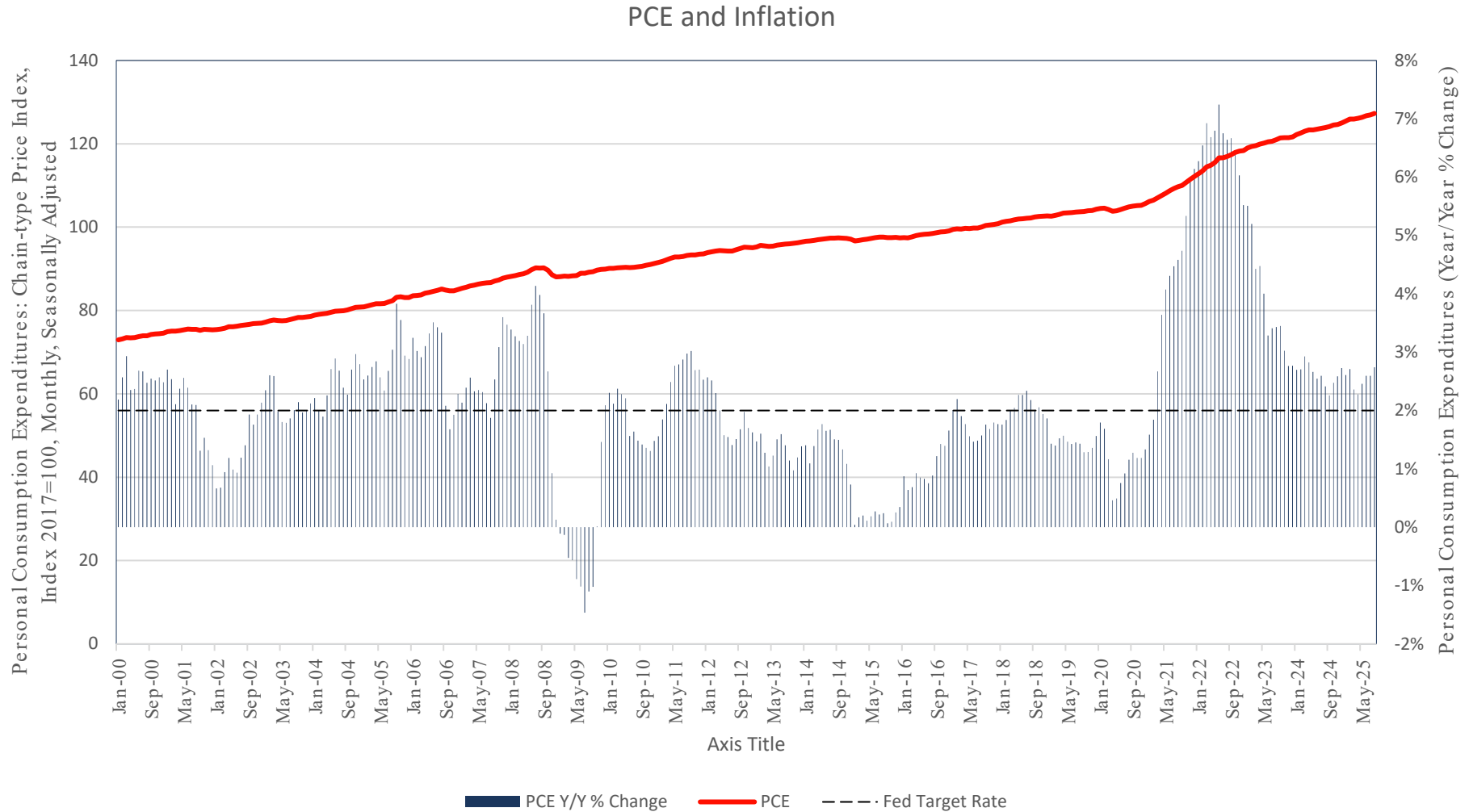


Retail Sales: Total,

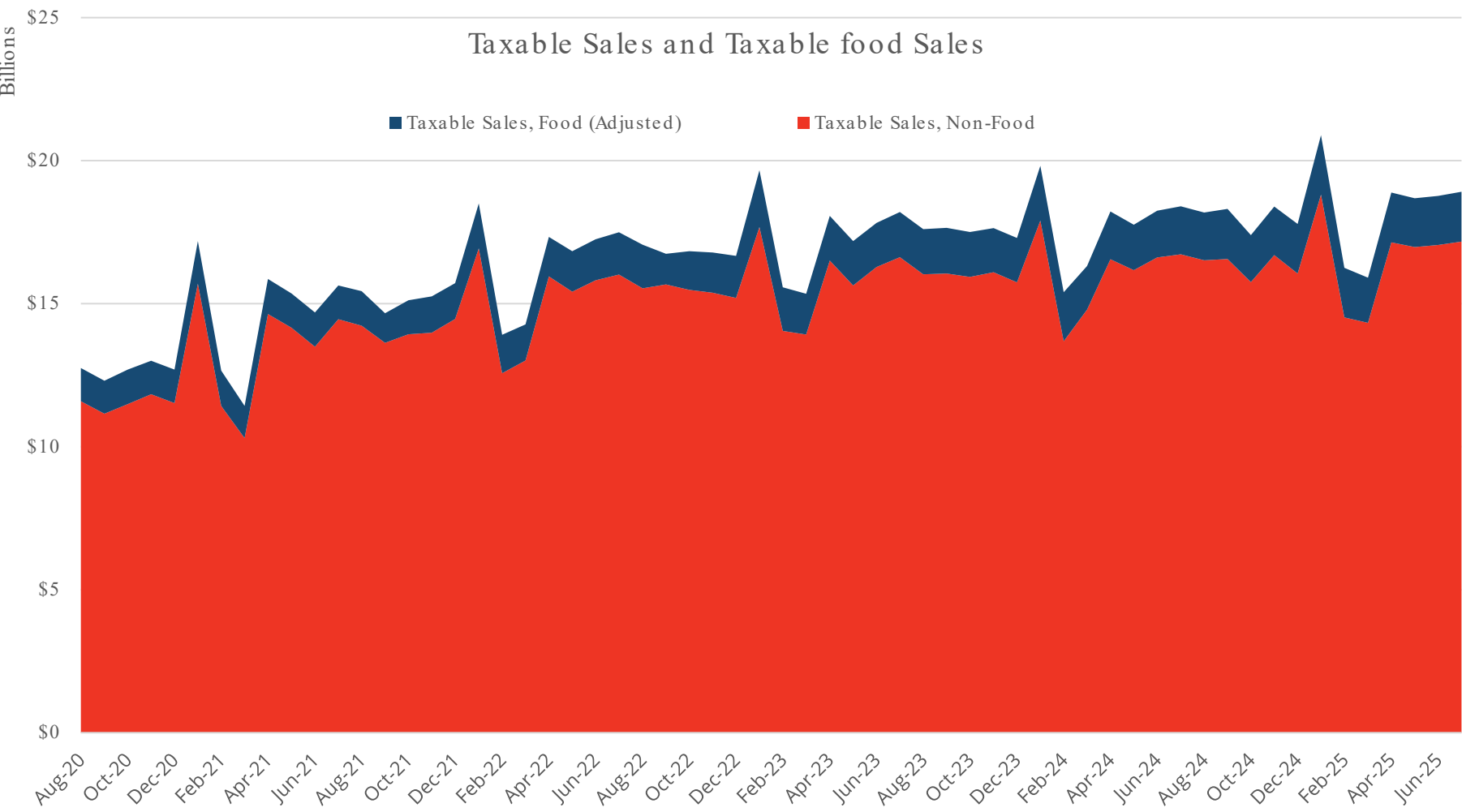
(Bil. USD, SAAR)



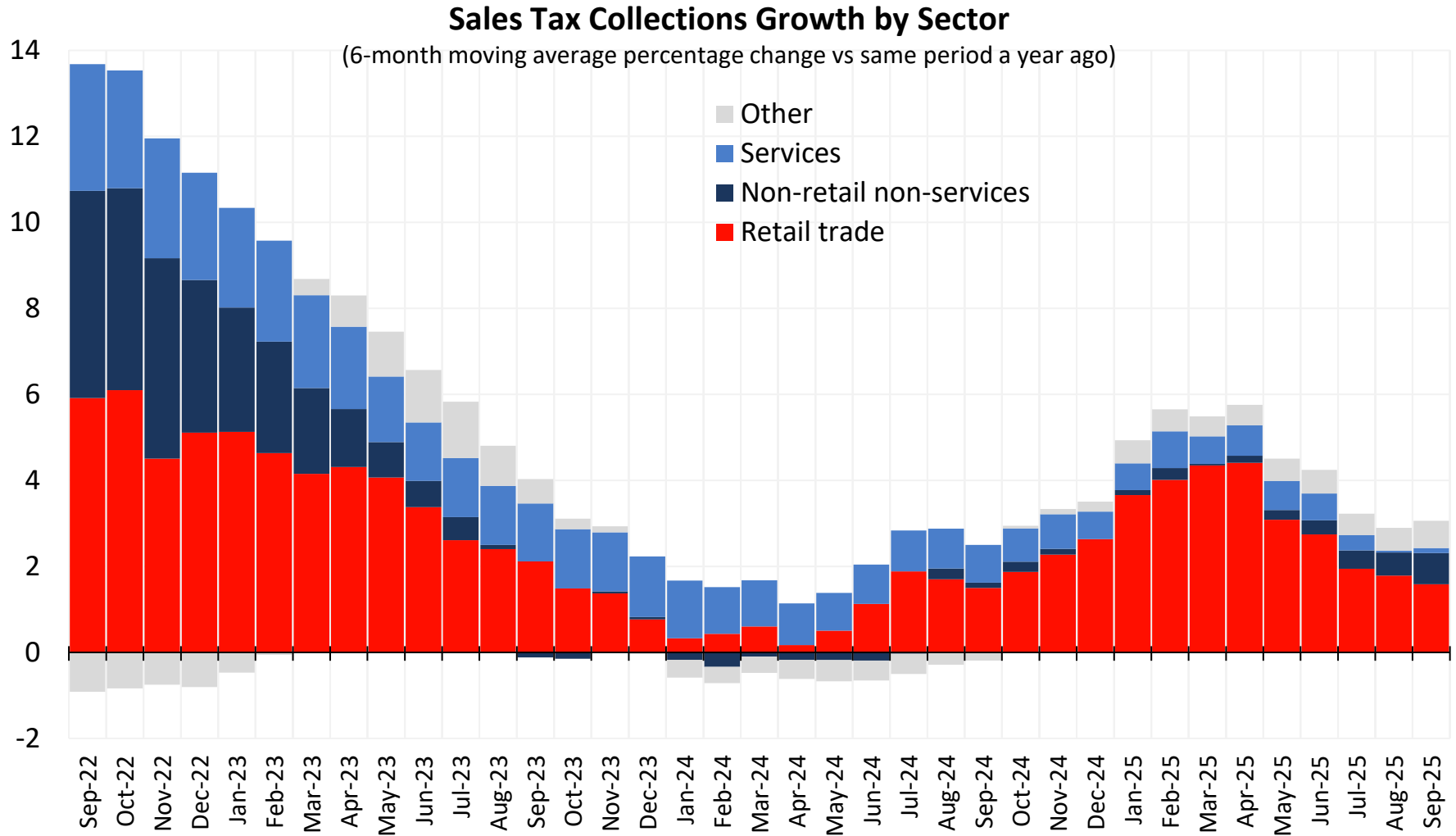
Inflation Remains Above Target Rate



Taxable Sales



Sales Tax Sectors Contributions to Growth



Housing Related Recent Collections History

Revenue Implications of Housing Activity (Calendar Year 2025 - Most Recent 6 Month Data)
Growth is presented as year over year (YOY)

Sales Tax Collections from Building Materials

	Collections	YOY% Growth	YOY\$ Growth
April	\$78,171,114	3.79%	\$2,852,016
May	\$83,901,050	1.16%	\$960,554
June	\$76,721,665	-0.60%	(\$460,183)
July	\$80,717,160	1.77%	\$1,407,222
August	\$77,564,103	-1.40%	(\$1,102,563)
September	\$69,668,033	-2.07%	(\$1,472,328)
		0.47%	\$2,184,718

Privilege Tax Collections from Realty Transfer

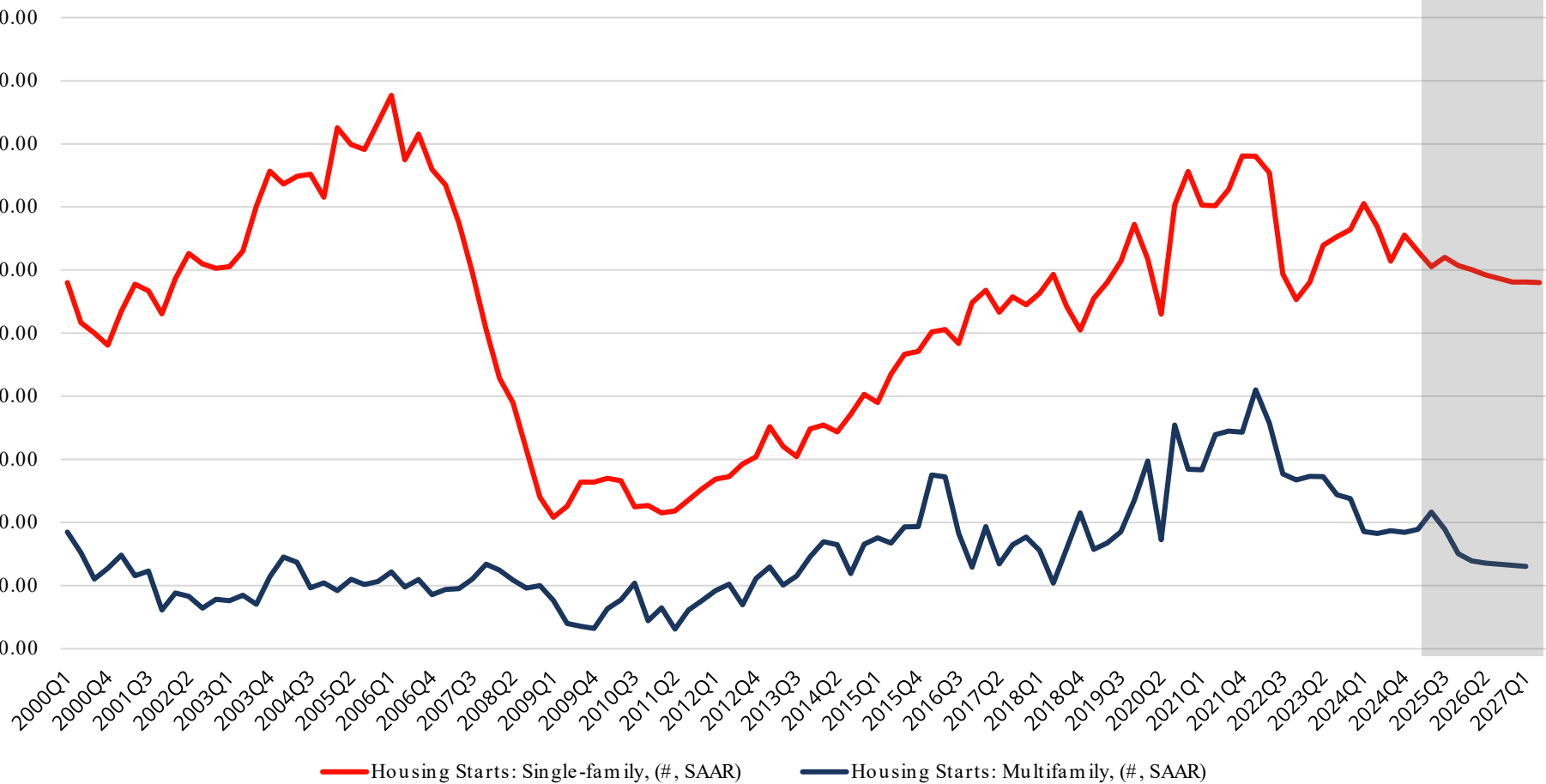
	Collections	YOY% Growth	YOY\$ Growth
April	\$22,028,661	4.07%	\$860,518
May	\$24,199,086	-2.13%	(\$525,991)
June	\$24,571,366	-2.58%	(\$651,457)
July	\$25,036,439	2.37%	\$580,082
August	\$26,445,567	5.36%	\$1,345,010
September	\$25,274,189	6.54%	\$1,550,386
		2.19%	\$3,158,548

Privilege Tax Collections from Realty Mortgage

	Collections	YOY% Growth	YOY\$ Growth
April	\$8,156,653	28.70%	\$1,818,975
May	\$8,437,875	3.42%	\$279,334
June	\$10,235,028	24.97%	\$2,044,737
July	\$9,321,999	23.72%	\$1,787,277
August	\$9,022,175	7.67%	\$642,759
September	\$9,999,503	20.92%	\$1,729,746
		17.71%	\$8,302,828
	6 Month Total Growth	2.08%	\$13,646,094

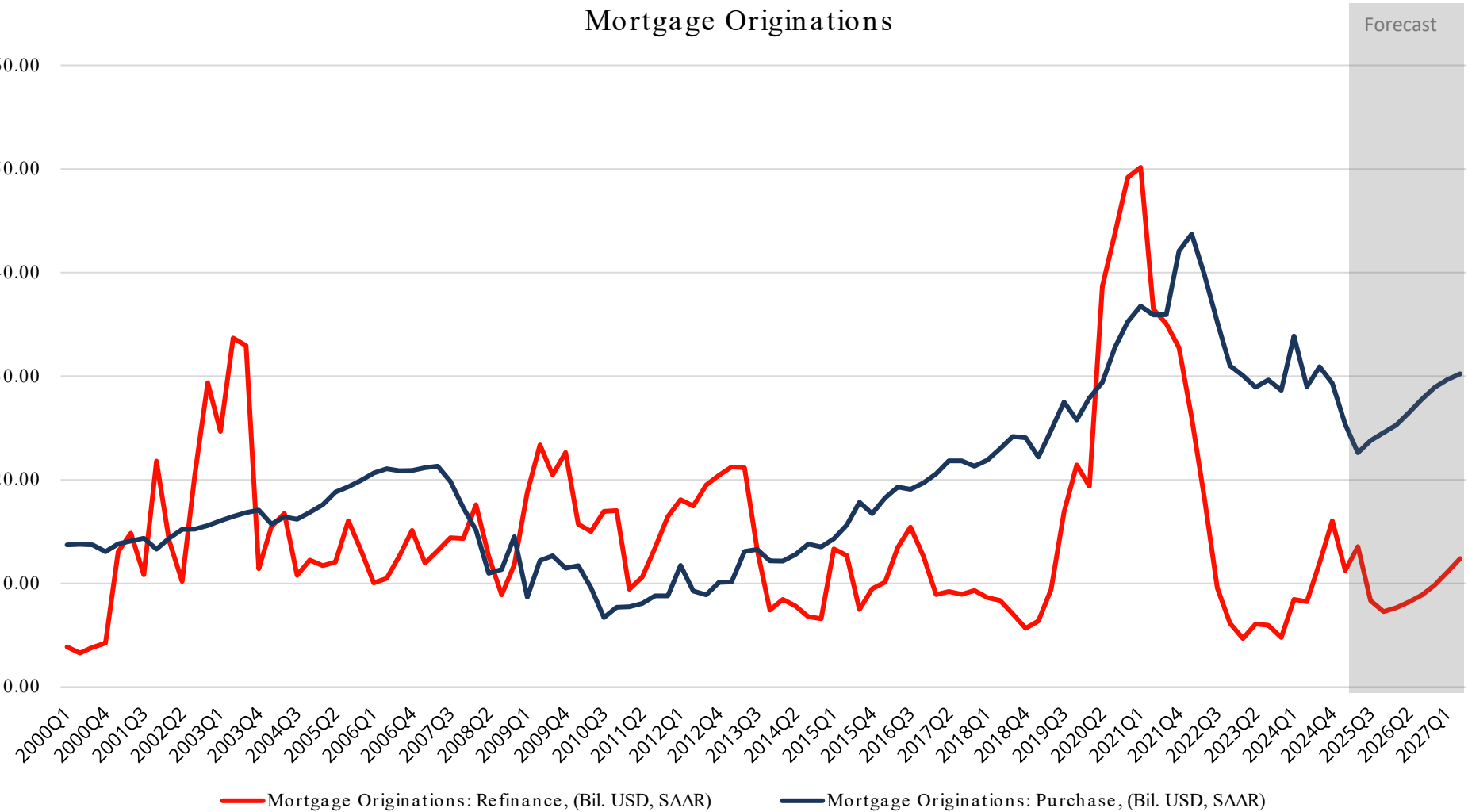
Housing Starts

Housing Starts



Forecast

Mortgage Originations



— Mortgage Originations: Refinance, (Bil. USD, SAAR)

— Mortgage Originations: Purchase, (Bil. USD, SAAR)

Note: Data from the U.S. Census Bureau, forecast from Moody's Analytics

Forecast Adjustments

- Franchise and Excise tax estimates for fiscal year 2026-27 are adjusted for the impacts of the TN Works Act legislative changes passed in 2023, and for the Franchise Tax property measure repeal passed in 2024.
- Franchise and Excise tax estimates do not include revenue estimates for any proposed or potential rule changes.



SOURCE OF REVENUE

Department of Revenue	official FY2026				FY2027	
	Actual Revenues FY2025	Revenue Estimates FY2025	Revised Estimates FY2026	% change ³ over FY2025	Revenue Estimates FY2027	% change ³ over FY2026
	Actual					
Sales and Use Tax ¹	\$14,502,001,400	\$14,388,300,000	\$14,944,300,000	3.0%	\$15,332,900,000	2.6%
Gasoline Tax	889,801,100	901,900,000	894,700,000	0.6%	901,000,000	0.7%
Motor Fuel Tax	319,488,900	318,500,000	322,000,000	0.8%	325,500,000	1.1%
Gasoline Inspection Tax	72,261,200	72,400,000	73,000,000	1.0%	73,600,000	0.8%
Motor Vehicle Registration Tax	412,087,400	378,500,000	429,000,000	4.1%	444,900,000	3.7%
Income Tax	2,069,000	-	-	-	-	-
Privilege Tax ²	466,855,300	399,900,000	497,200,000	6.5%	520,600,000	4.7%
Gross Receipts Tax - TVA	400,317,600	395,900,000	402,300,000	0.5%	404,300,000	0.5%
Gross Receipts Tax - Other	46,236,600	28,200,000	46,400,000	0.4%	46,500,000	0.2%
Beer Tax	16,621,500	17,900,000	16,700,000	0.5%	16,800,000	0.6%
Alcoholic Beverage Tax	84,731,000	89,900,000	82,000,000	-3.2%	82,400,000	0.5%
Franchise & Excise Tax	3,727,202,000	3,887,200,000	3,757,000,000	0.8%	3,802,100,000	1.2%
Inheritance and Estate Tax	126,000	-	-	-	-	-
Tobacco Tax	180,531,100	195,000,000	171,300,000	-5.1%	164,000,000	-4.3%
Vapor Products	-	-	17,500,000	-	17,900,000	2.3%
Hemp	-	-	57,500,000	-	111,800,000	94.4%
Motor Vehicle Title Fees	22,600,700	23,500,000	23,300,000	3.1%	23,800,000	2.1%
Mixed Drink Tax	229,147,100	224,300,000	234,200,000	2.2%	240,500,000	2.7%
Business Tax	354,875,300	309,500,000	363,700,000	2.5%	373,200,000	2.6%
Severance Tax	468,700	800,000	500,000	6.7%	500,000	0.0%
Coin-operated Amusement Tax	419,400	400,000	400,000	-4.6%	400,000	0.0%
Unauthorized Substance Tax	1,700	-	-	-	-	-
Total Department of Revenue	\$21,727,800,000	\$21,632,100,000	\$22,333,000,000	2.8%	\$22,882,700,000	2.5%
General Fund Only	\$18,680,380,000	\$18,598,100,000	\$19,155,300,000	2.5%	\$19,595,200,000	2.3%

¹Excludes \$153.7 million earmarked fees collected under sales tax for E911 telecommunications services.

²Excludes \$79.1 million earmarked fees collected under the privilege tax.

³Percent change in revenue for each tax is calculated percentage change *after* rounding to nearest 100,000.

Sources

- Data Sourced From:
 - Moody's Analytics (Fall, 2025)
 - BEA (Fall, 2025)
 - BLS (Fall, 2025)
 - U.S. Census Bureau (Fall, 2025)
 - TN Department of Revenue (Fall, 2025)
 - TN Department of Finance & Administration (Fall, 2025)



ECONOMIC OUTLOOK AND TAX REVENUE ESTIMATES

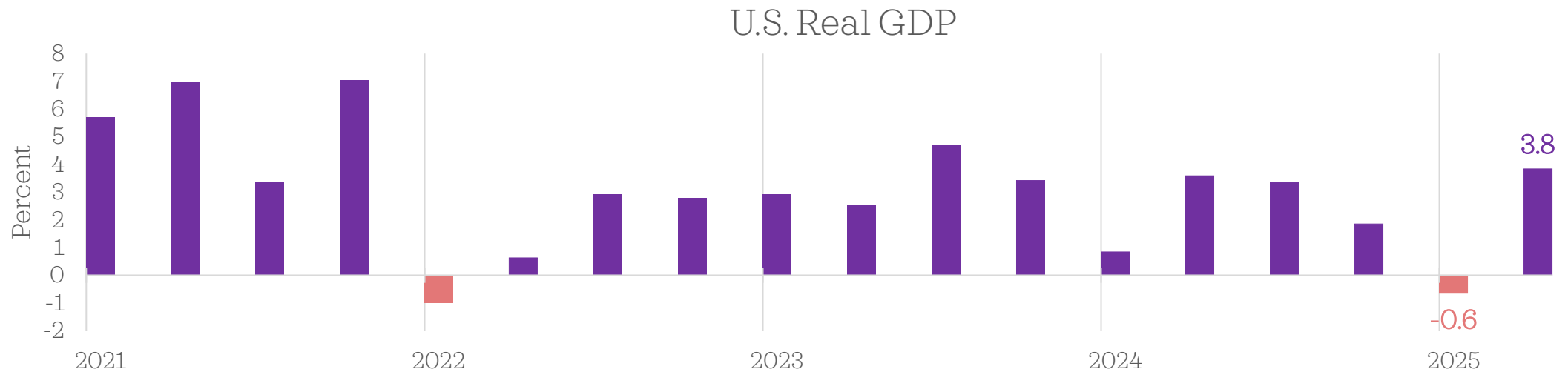
Fiscal Review Committee
November 2025

ECONOMIC ENVIRONMENT

2



Policy Uncertainty



Source: U.S. Bureau of Economic Analysis/FRED

Fiscal Review Committee Staff

ECONOMIC ENVIRONMENT

3

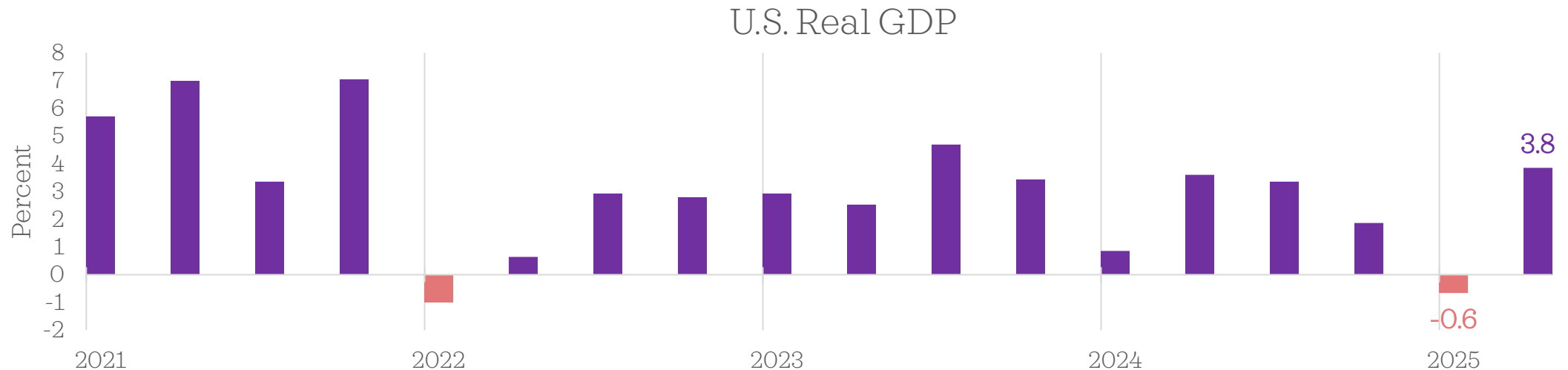


Trade Policies

Business and Consumer Expectations & Reactions

Inflation and Labor Market

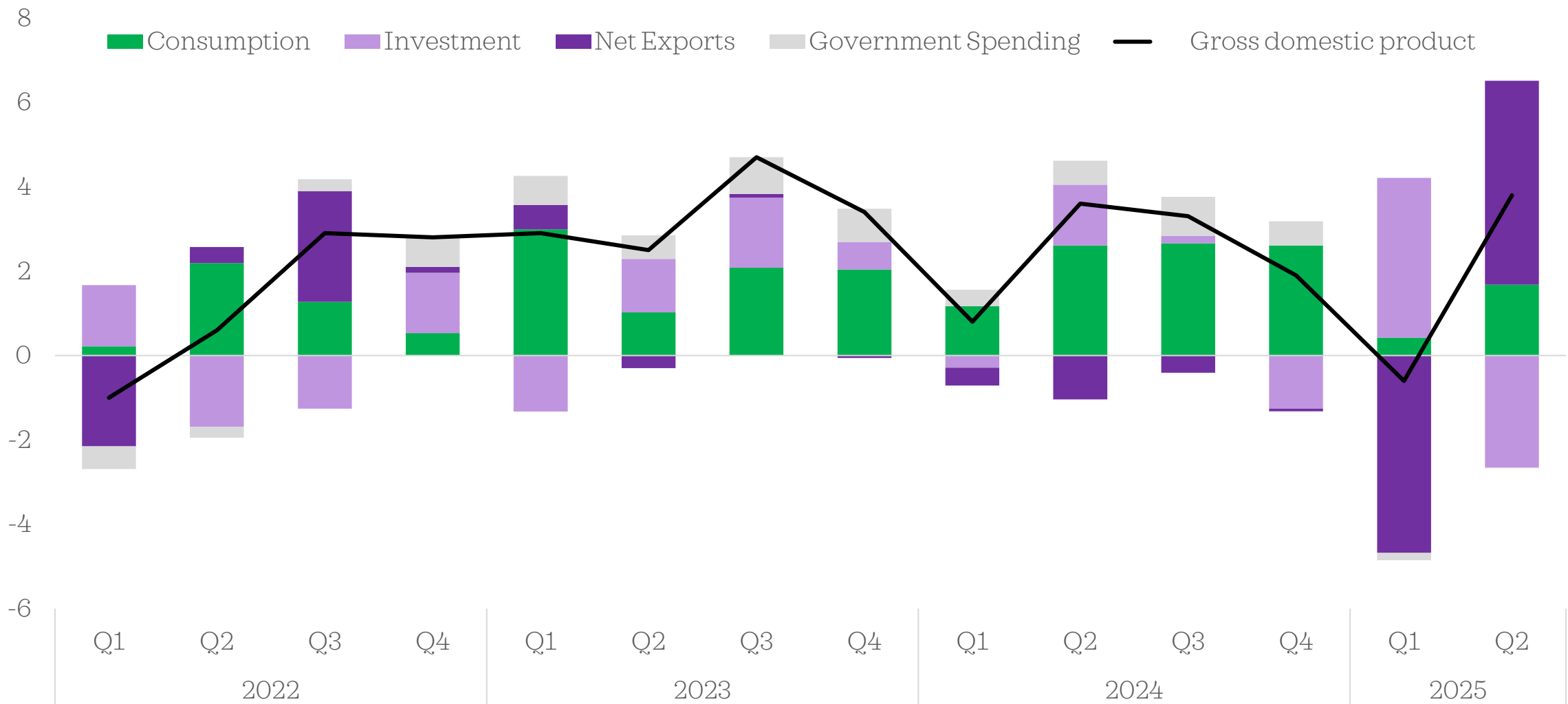
Federal Reserve Actions



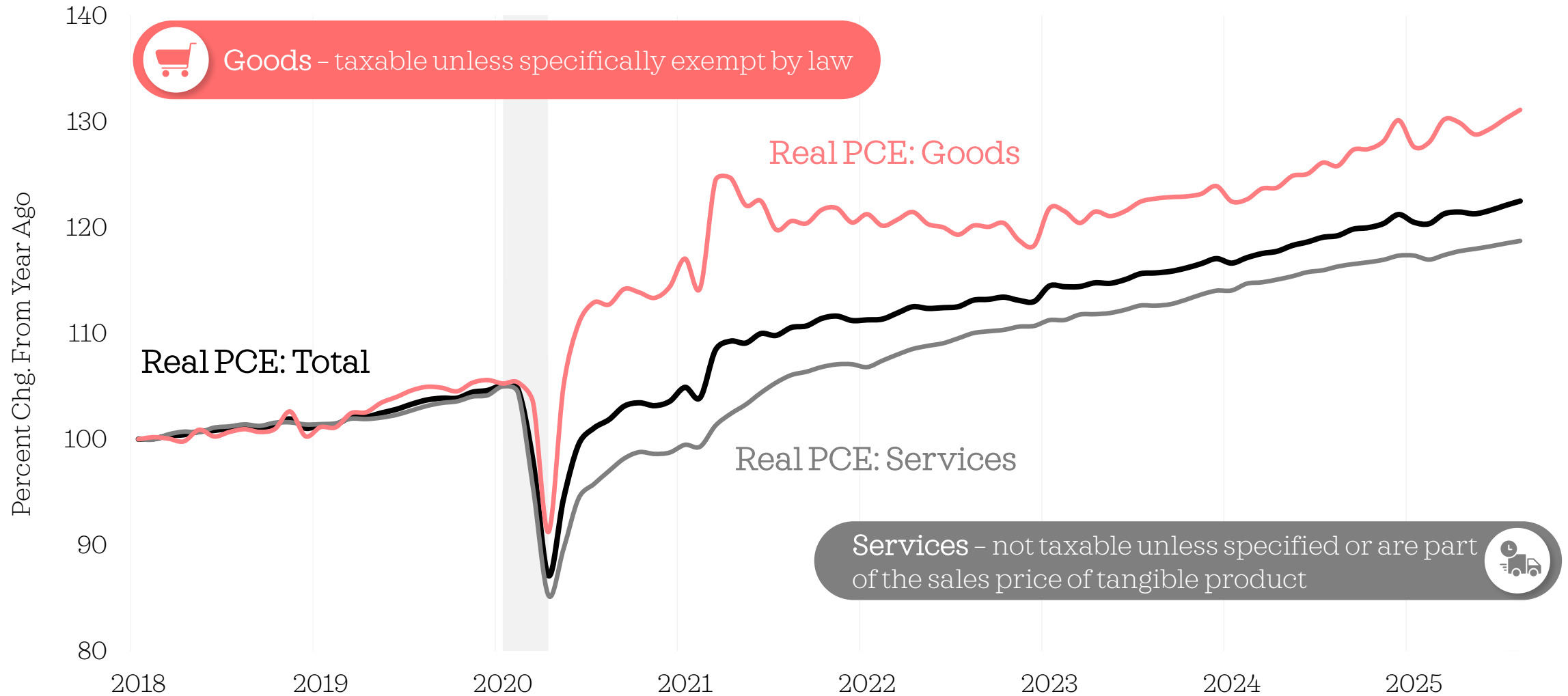
Source: U.S. Bureau of Economic Analysis/FRED

Fiscal Review Committee Staff

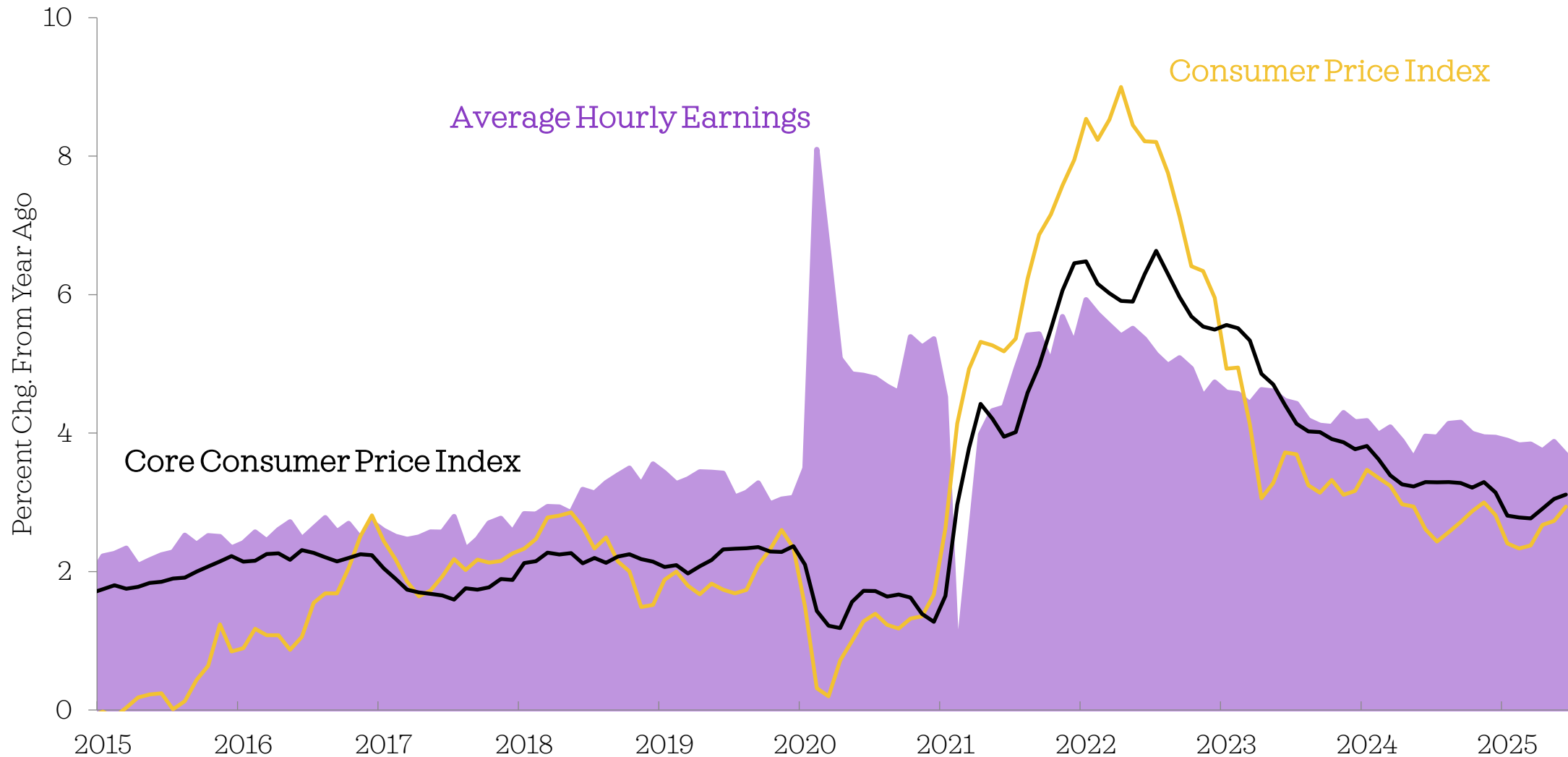
GDP



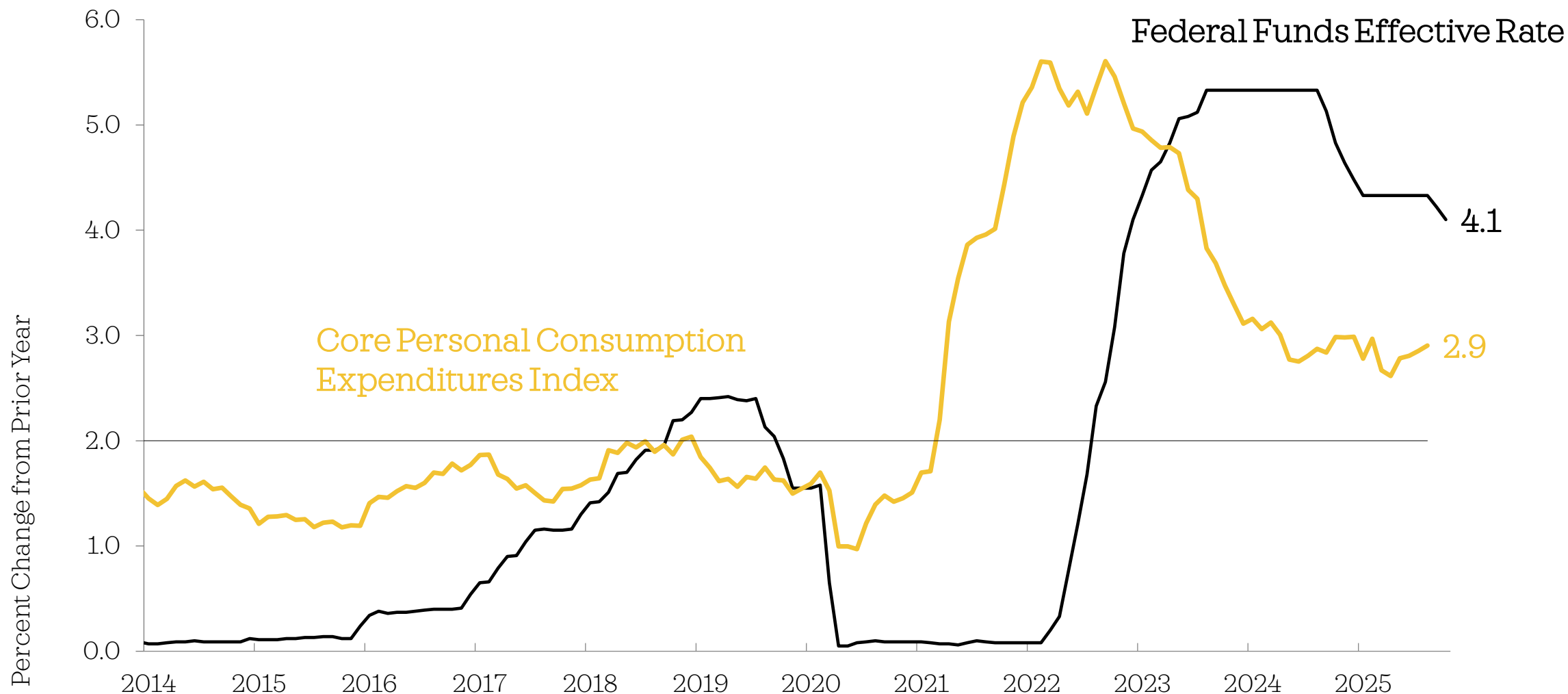
EXPENDITURES



INFLATION & EARNINGS



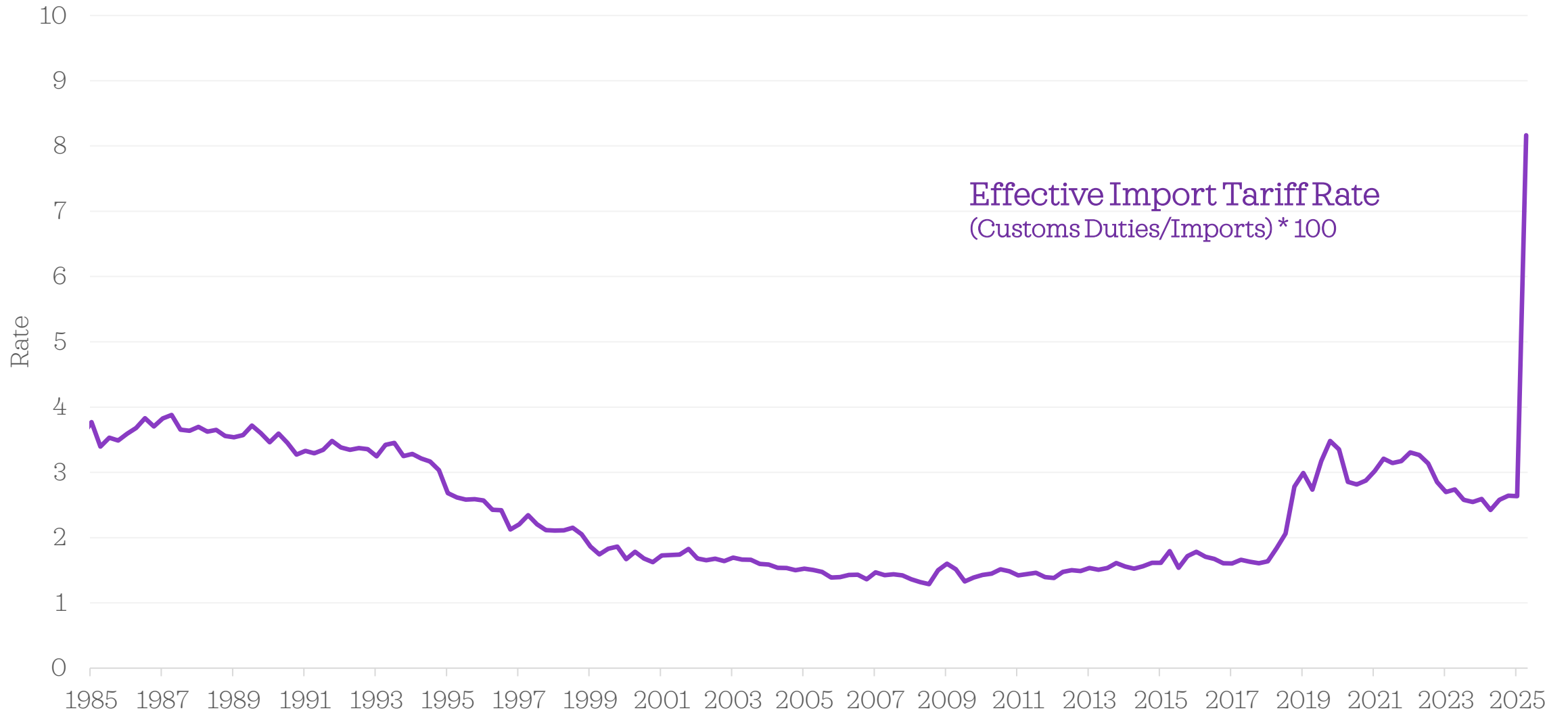
INFLATION AND FEDERAL FUNDS RATE



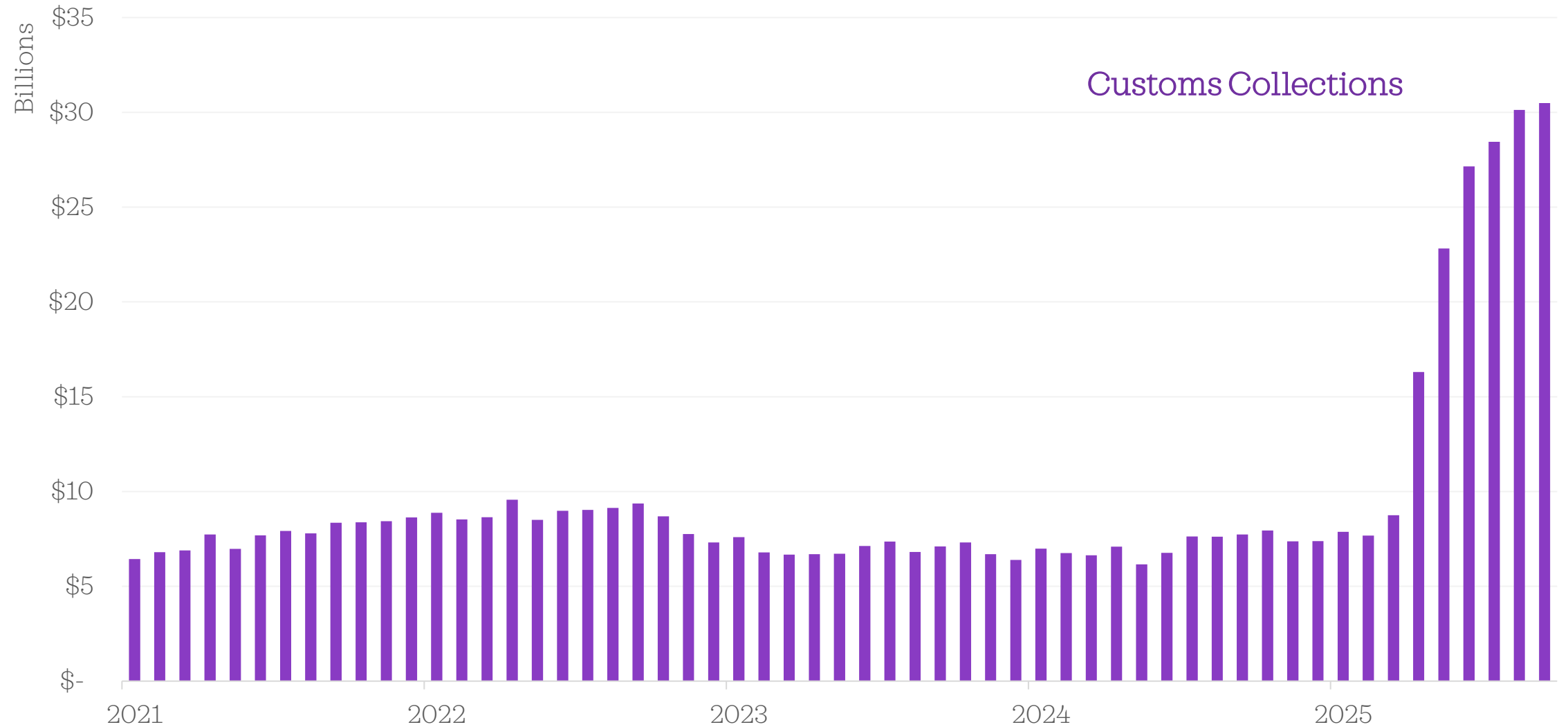
INFLATION



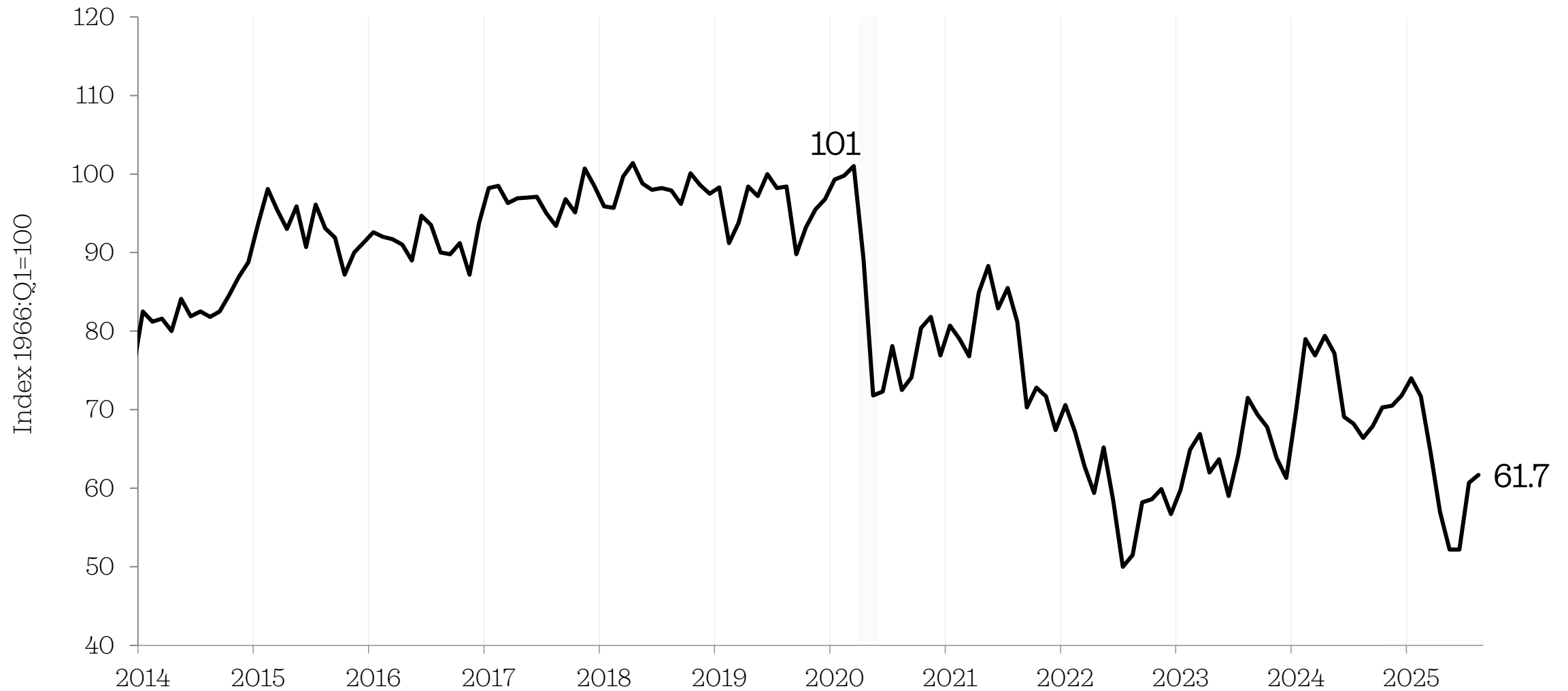
TARIFFS



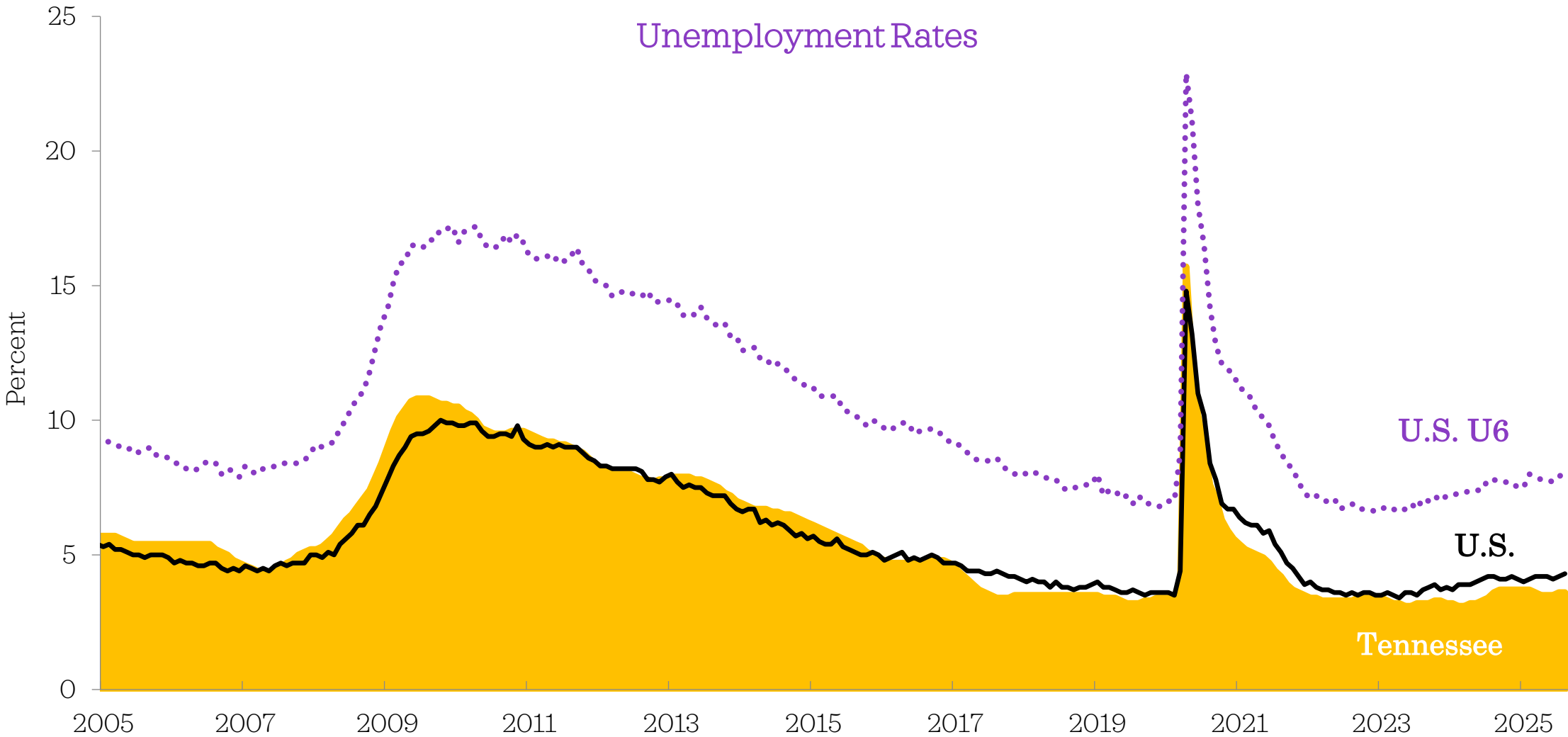
TARIFFS



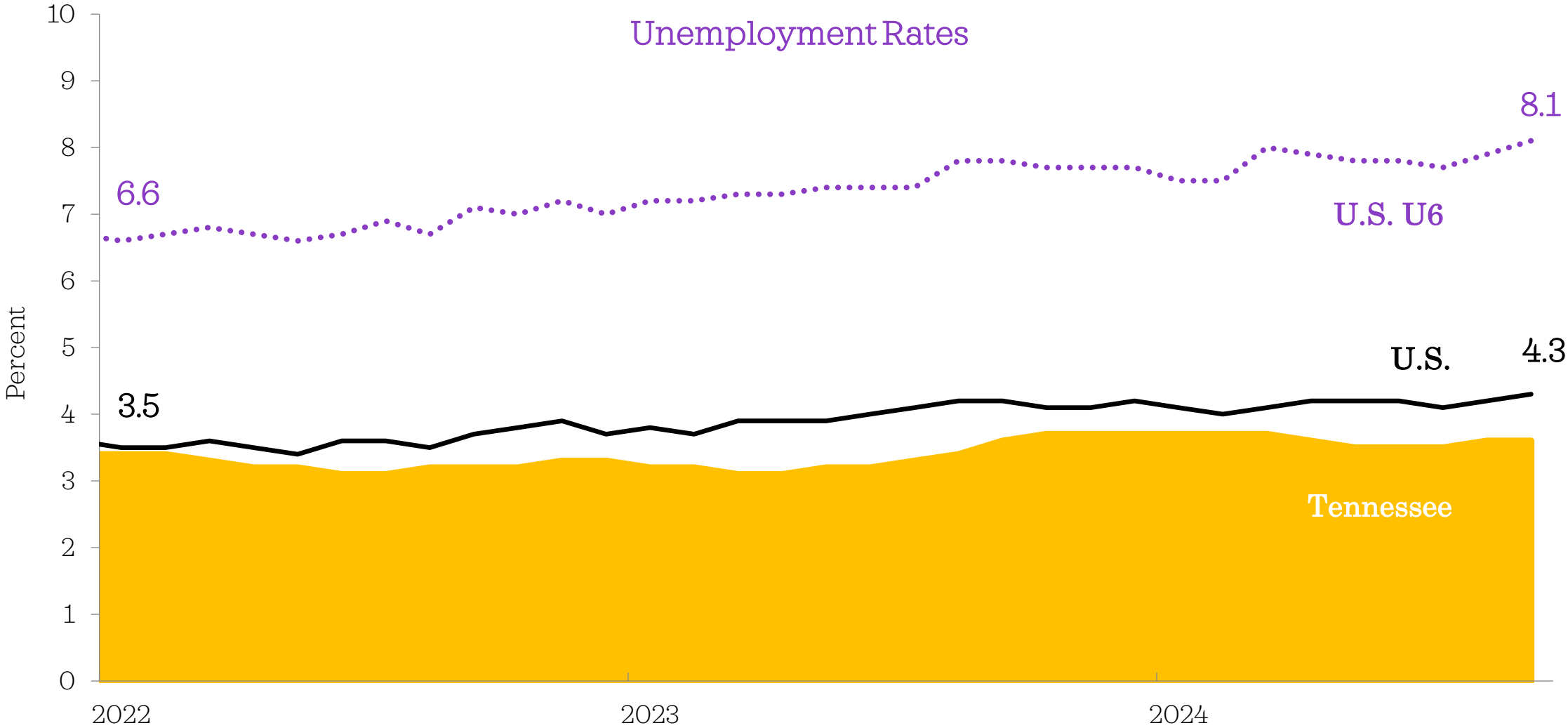
CONSUMER SENTIMENT



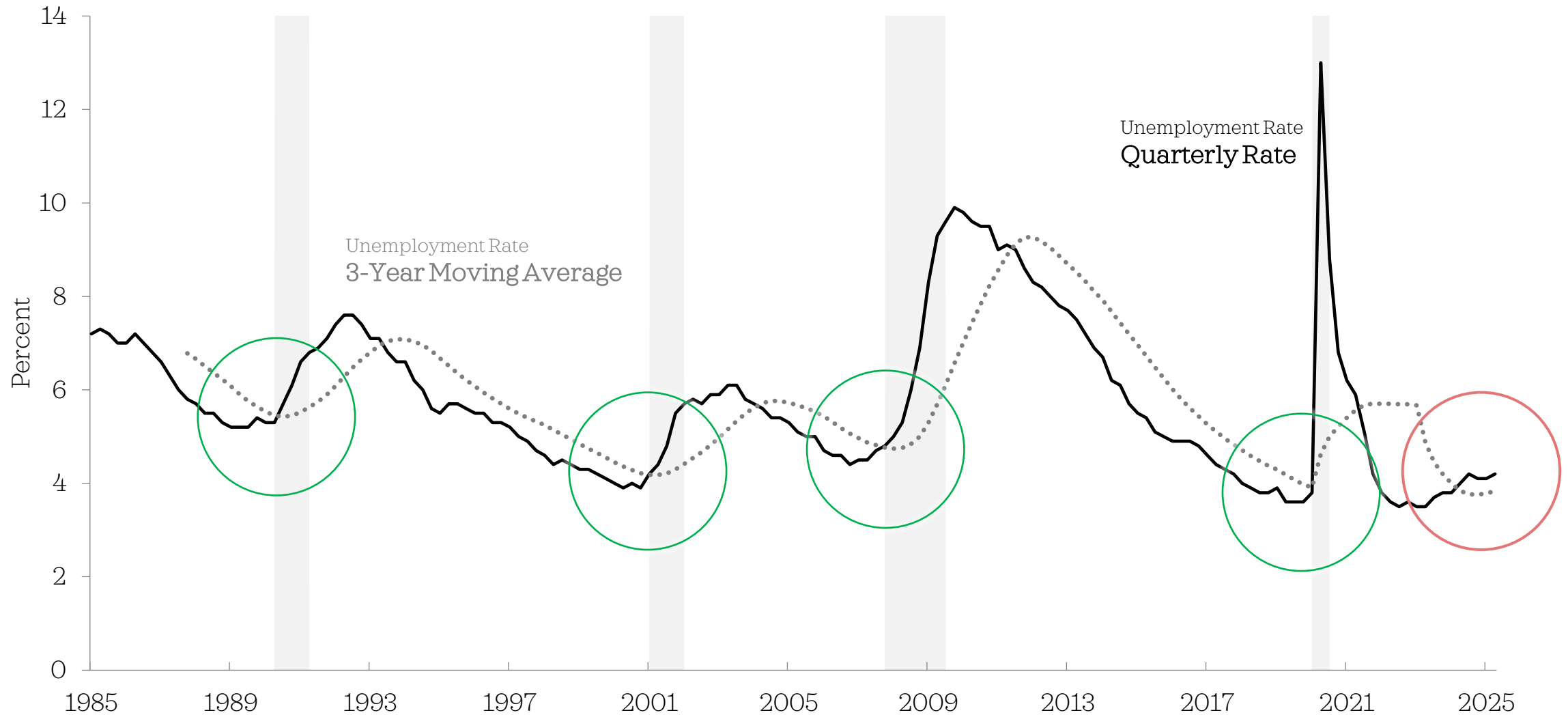
LABOR MARKET



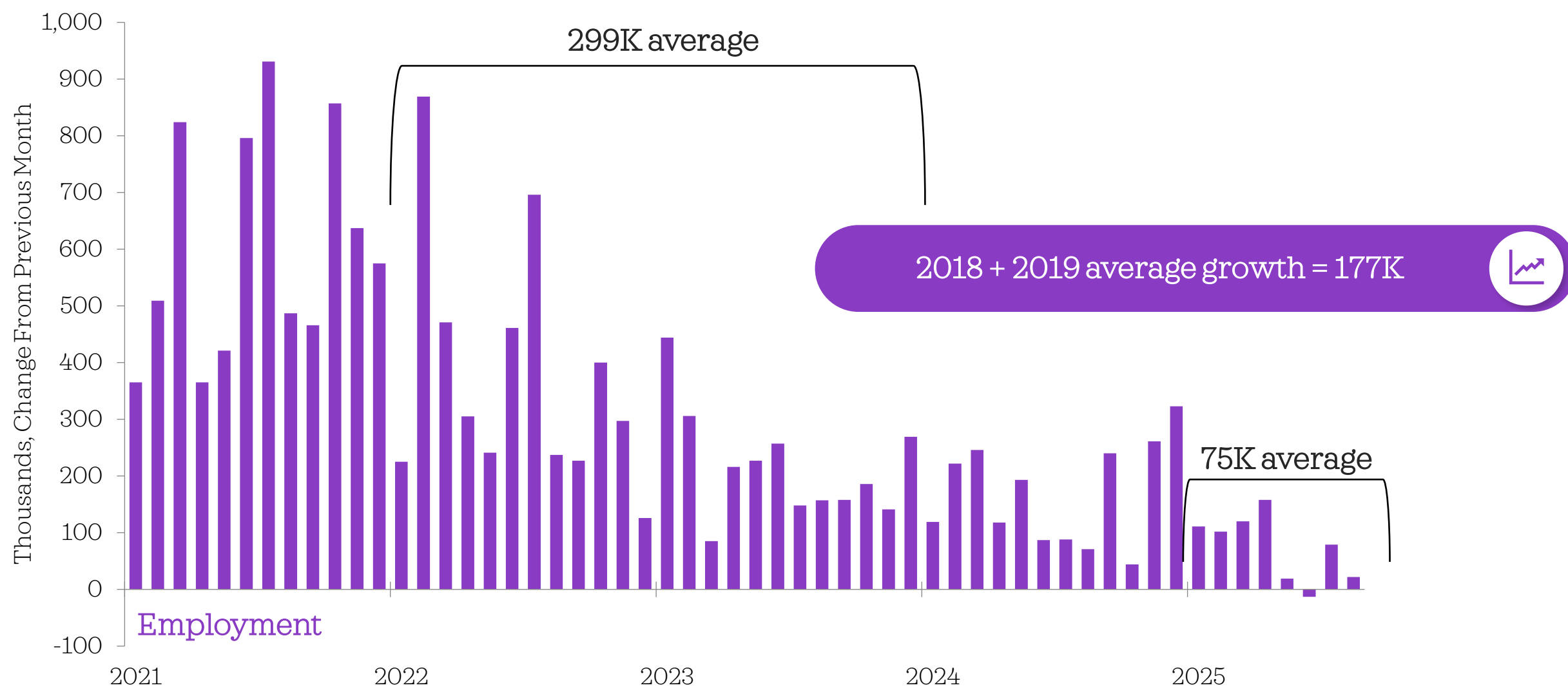
LABOR MARKET



LABOR MARKET

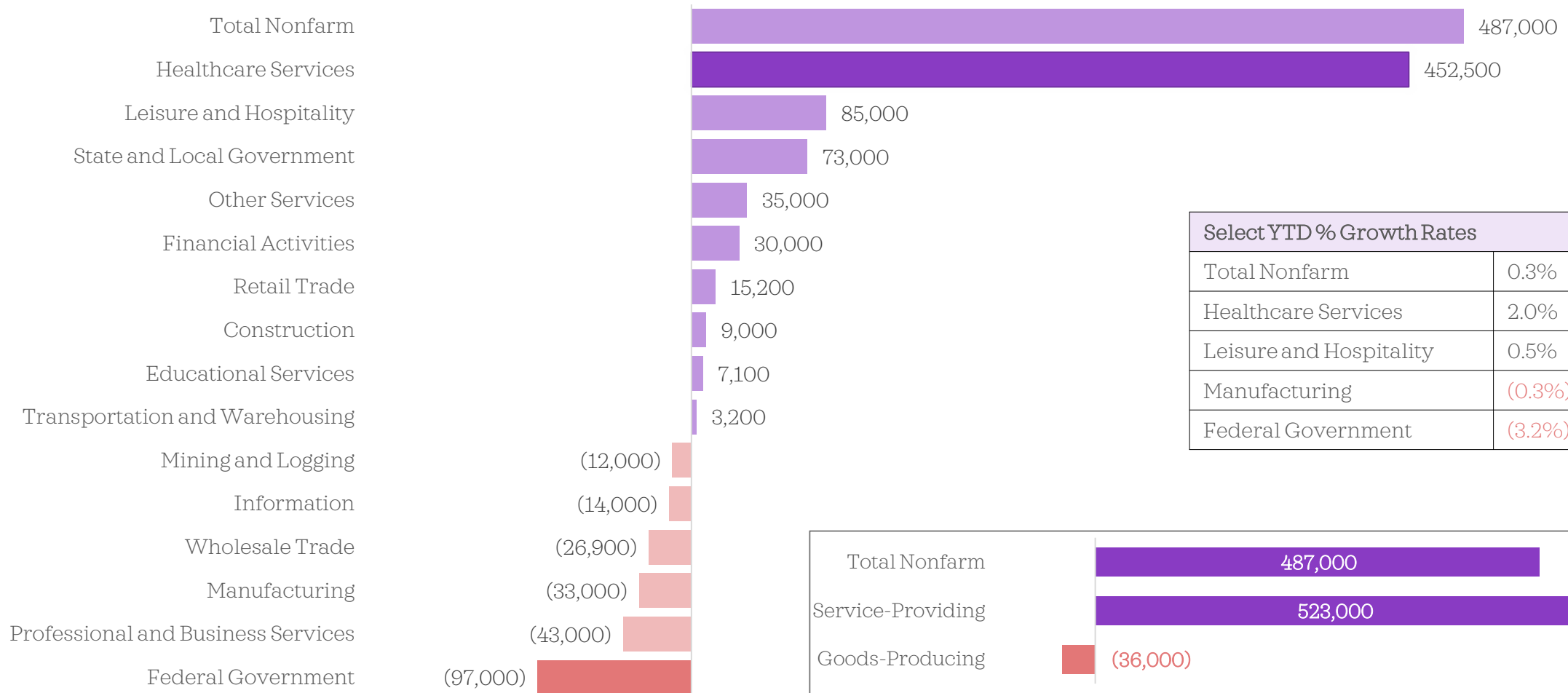


LABOR MARKET

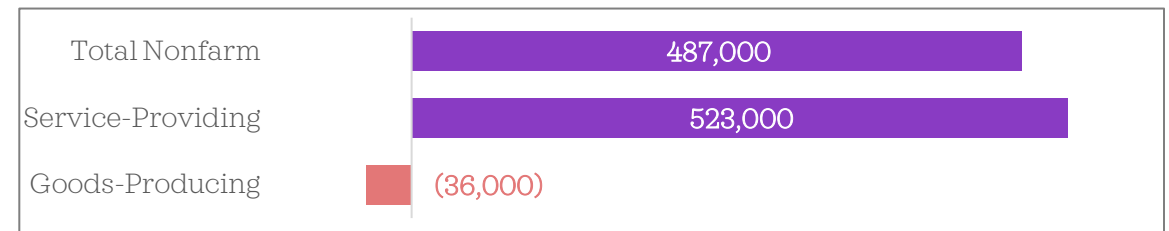


LABOR MARKET

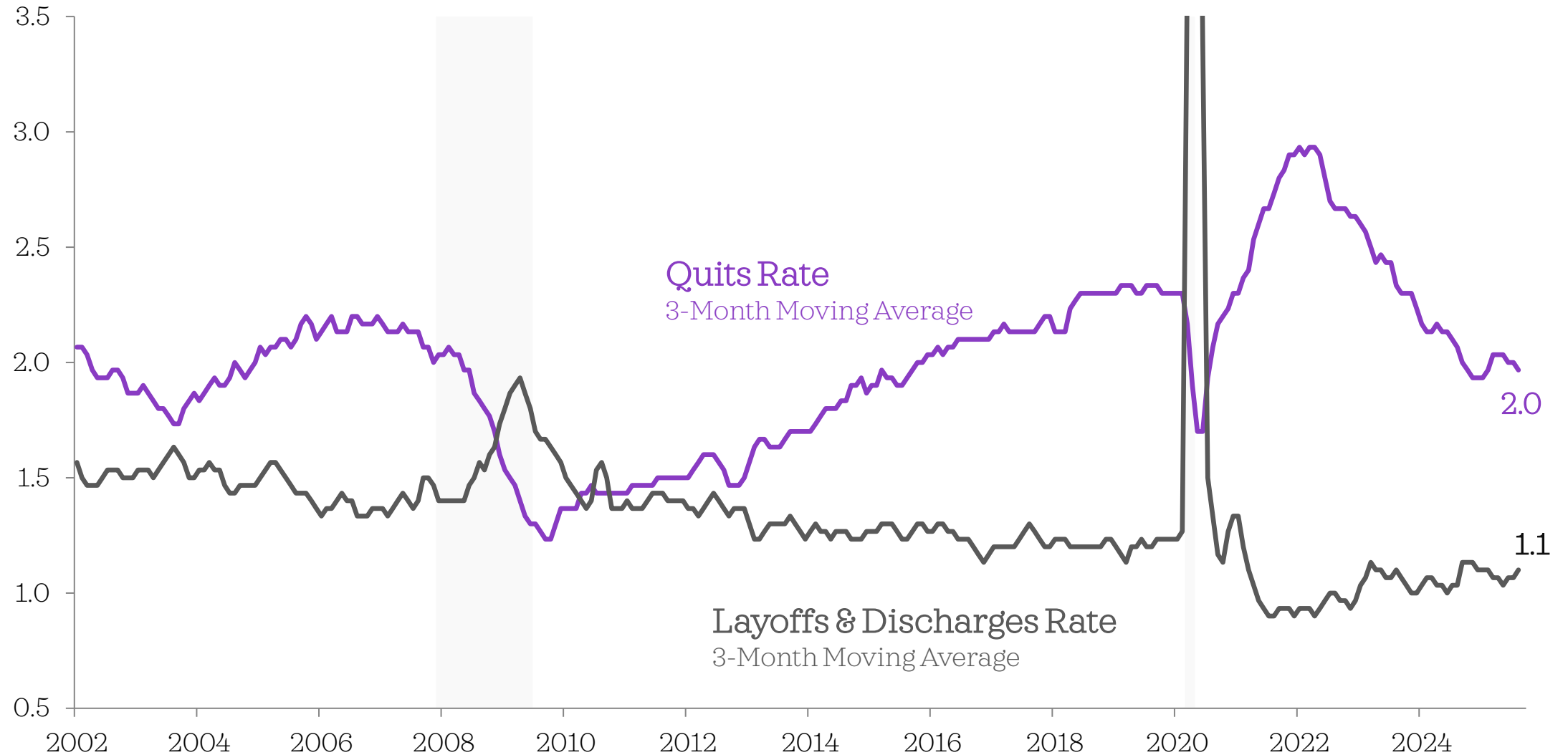
Employment (SA, YTD Growth)



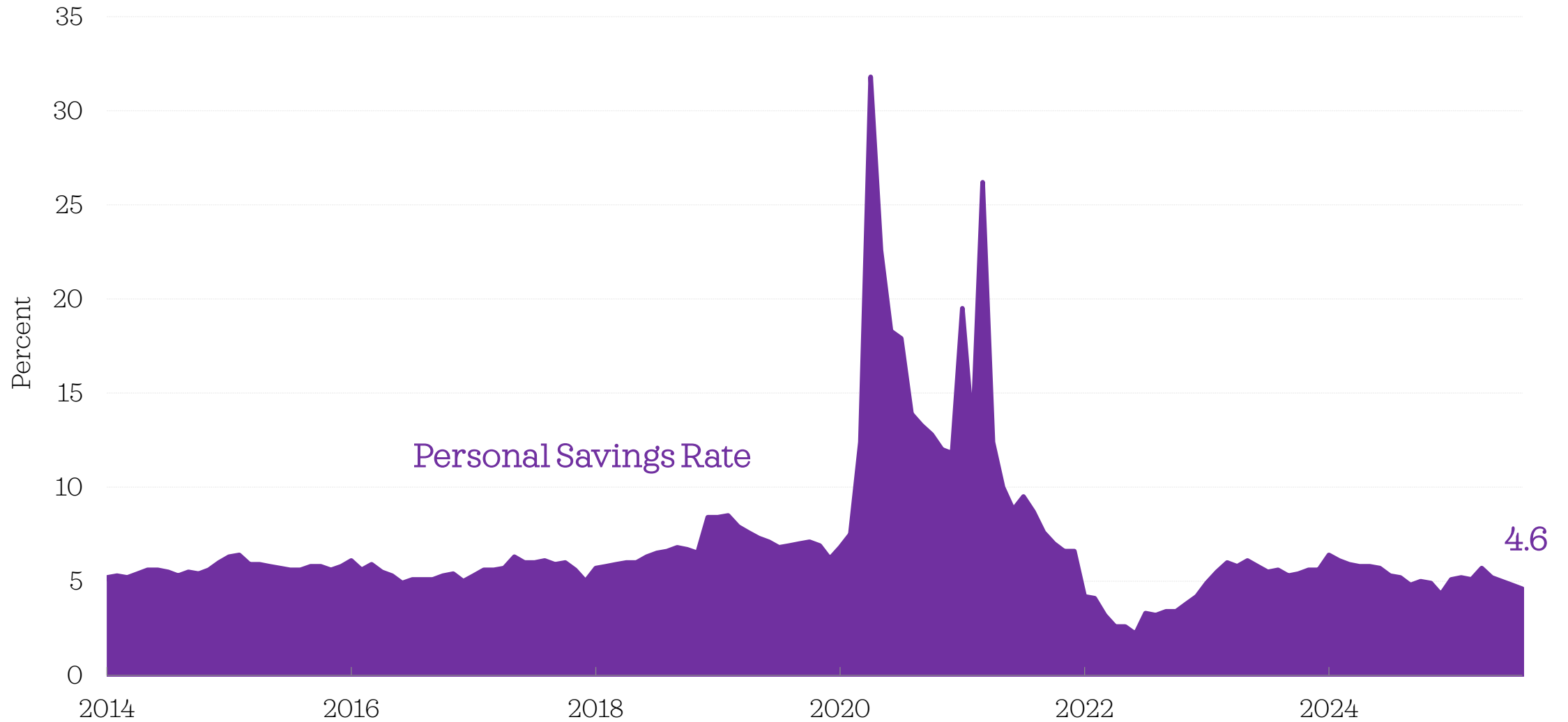
Select YTD % Growth Rates	
Total Nonfarm	0.3%
Healthcare Services	2.0%
Leisure and Hospitality	0.5%
Manufacturing	(0.3%)
Federal Government	(3.2%)



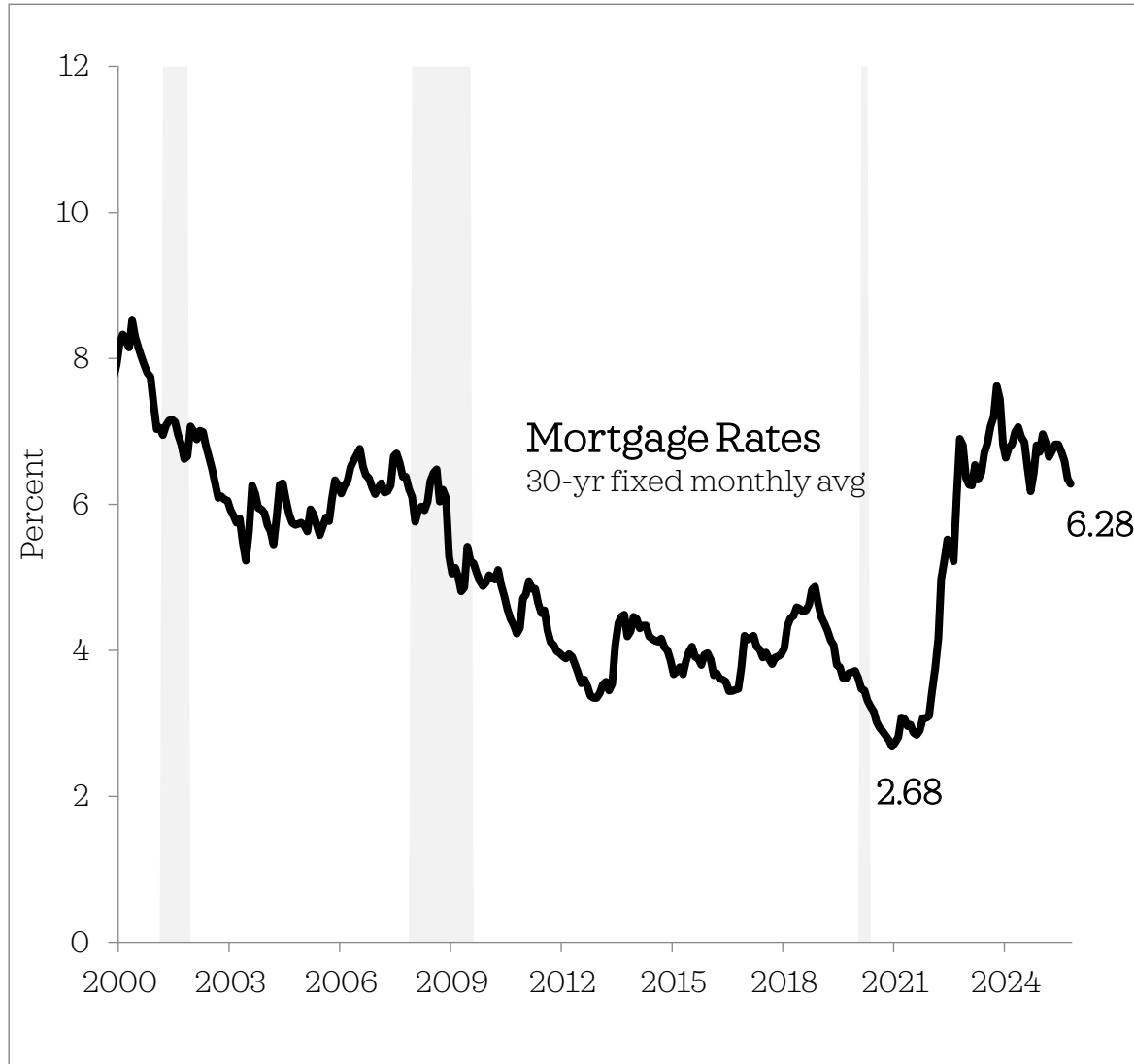
LABOR MARKET



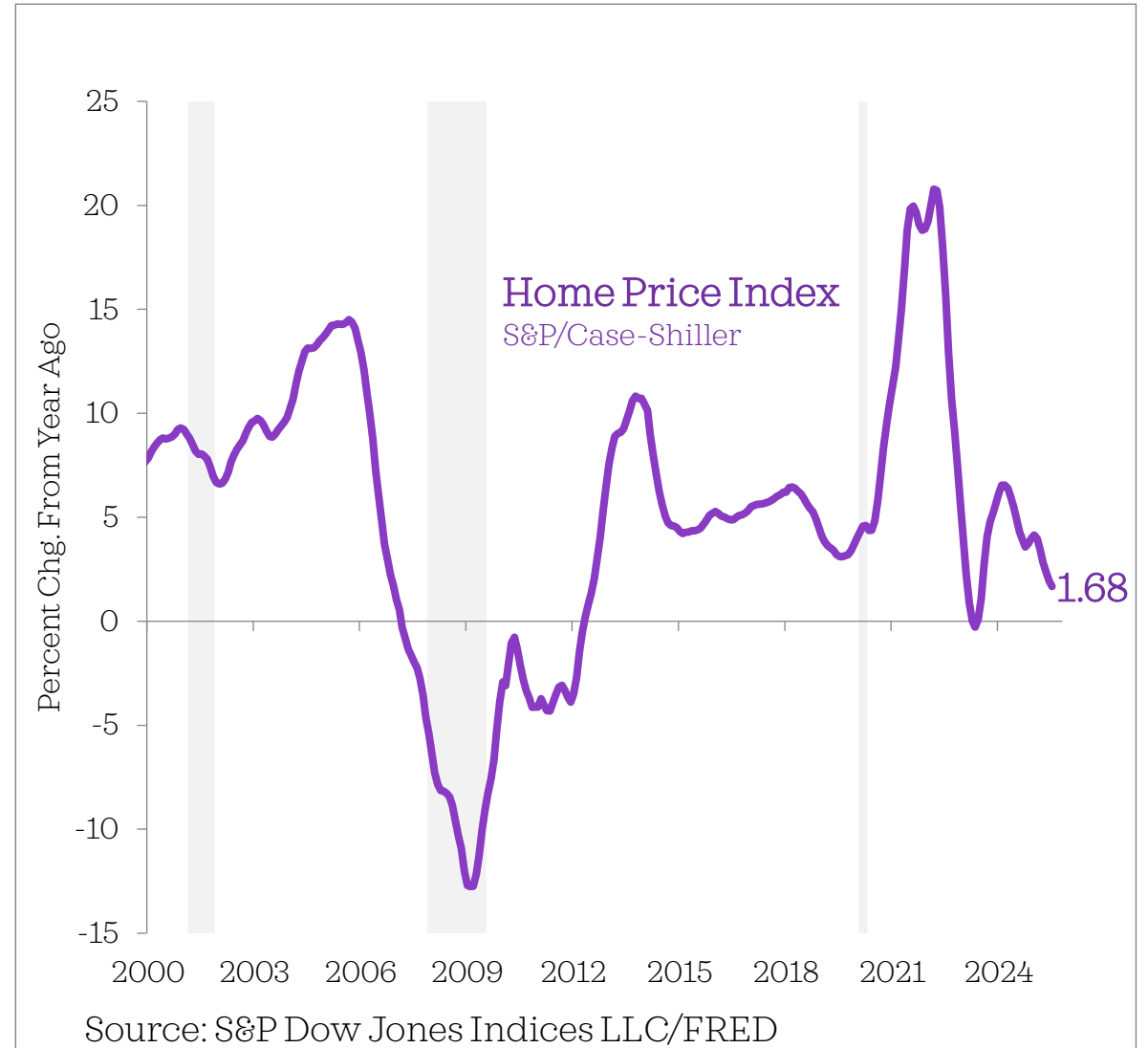
SAVINGS



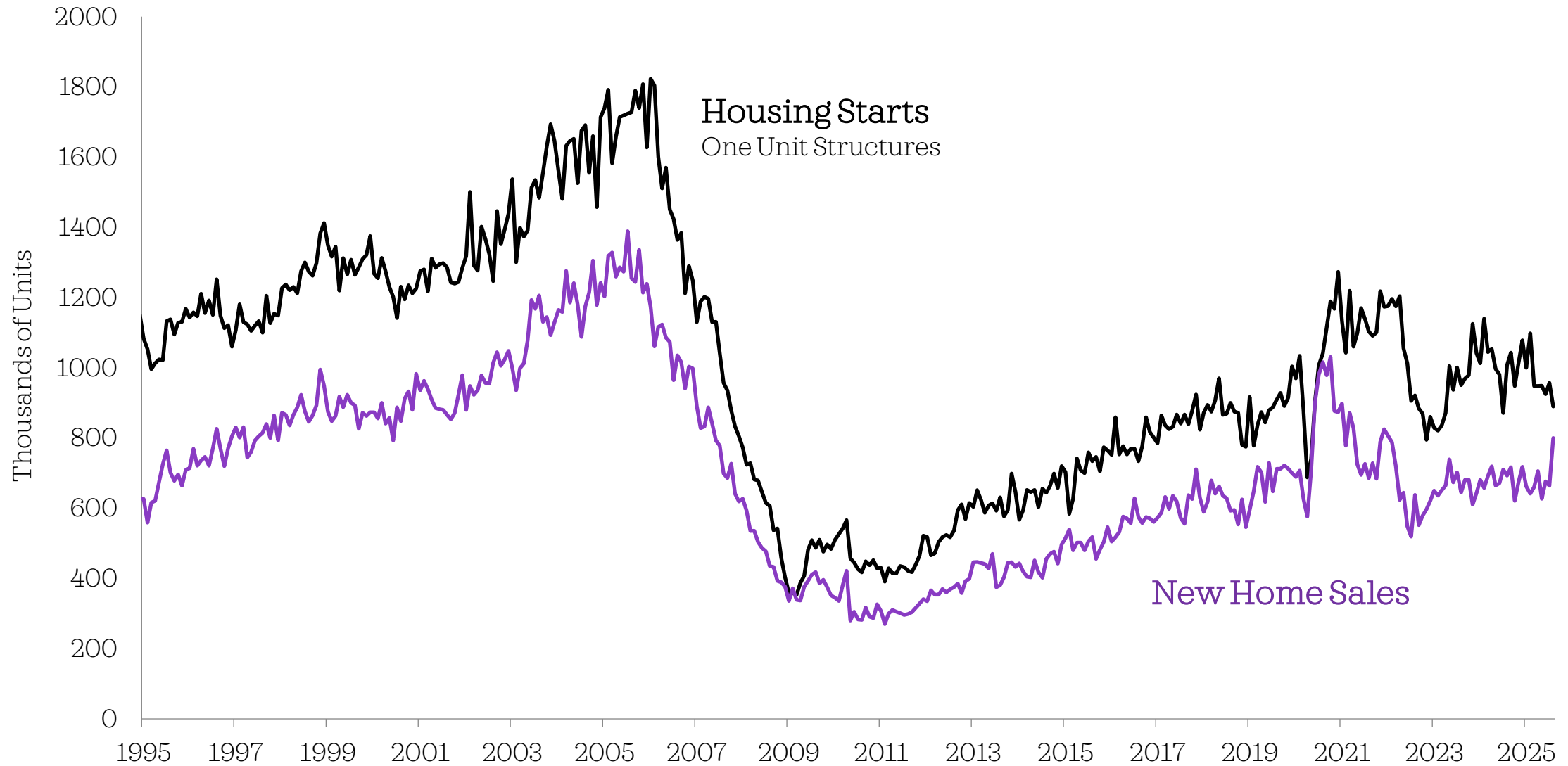
HOUSING



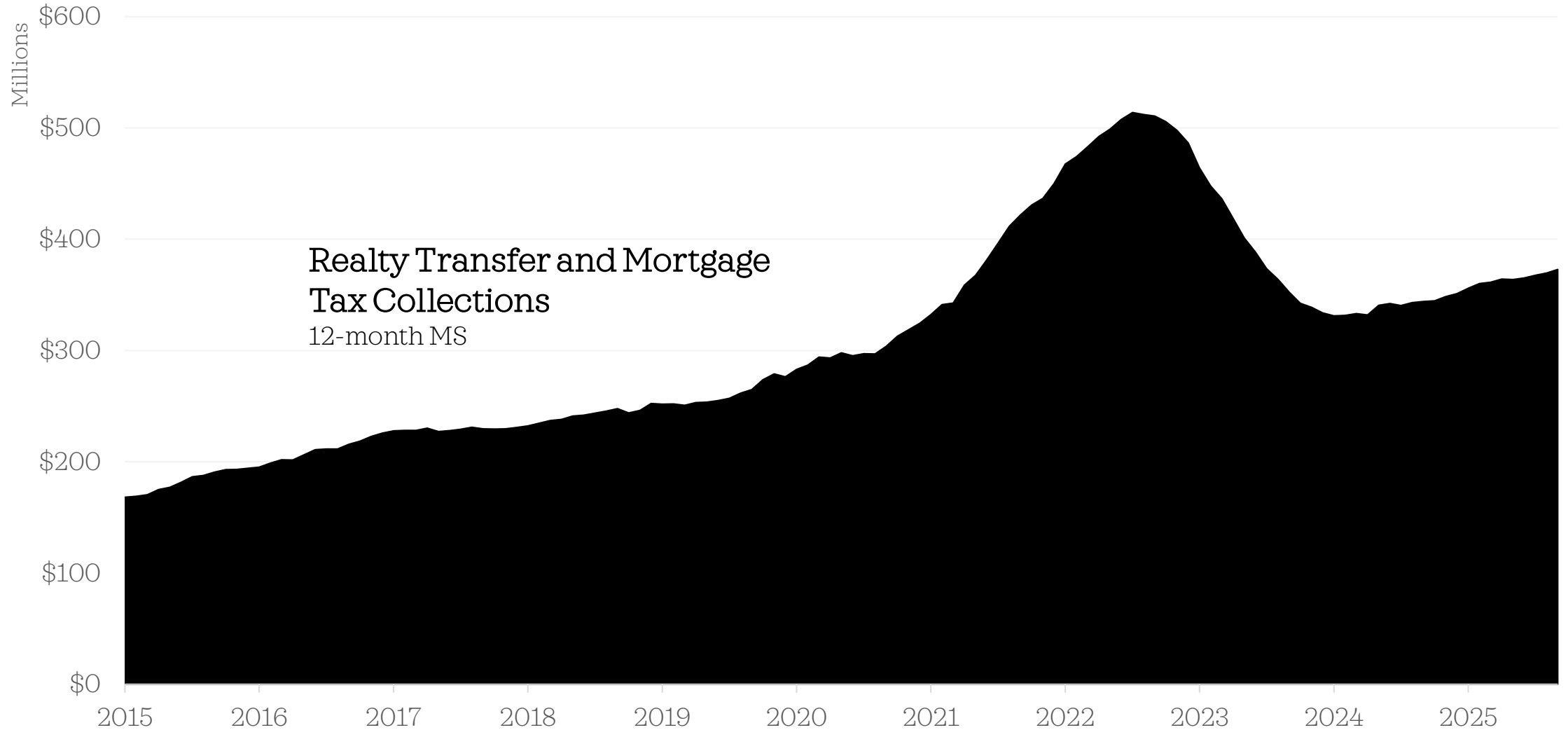
Source: Freddie Mac/FRED



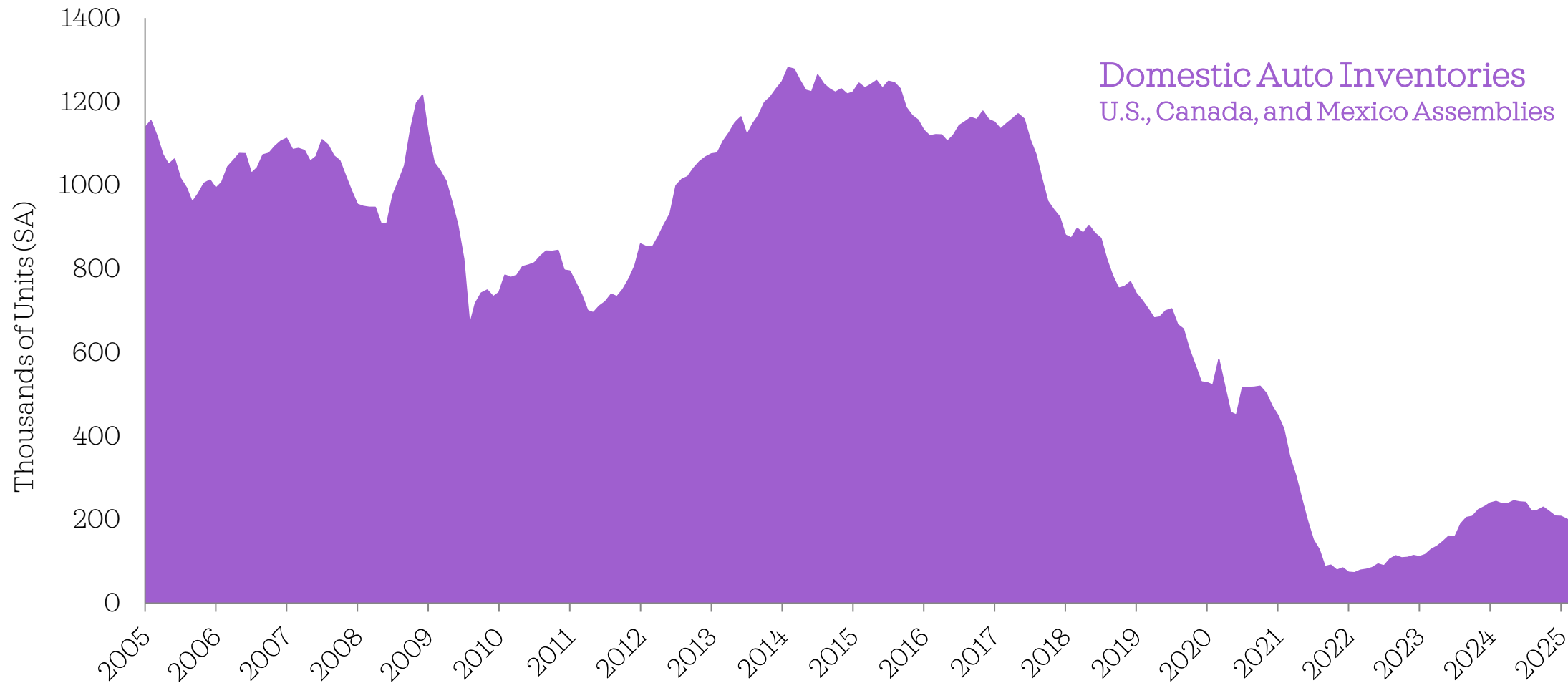
HOUSING



HOUSING

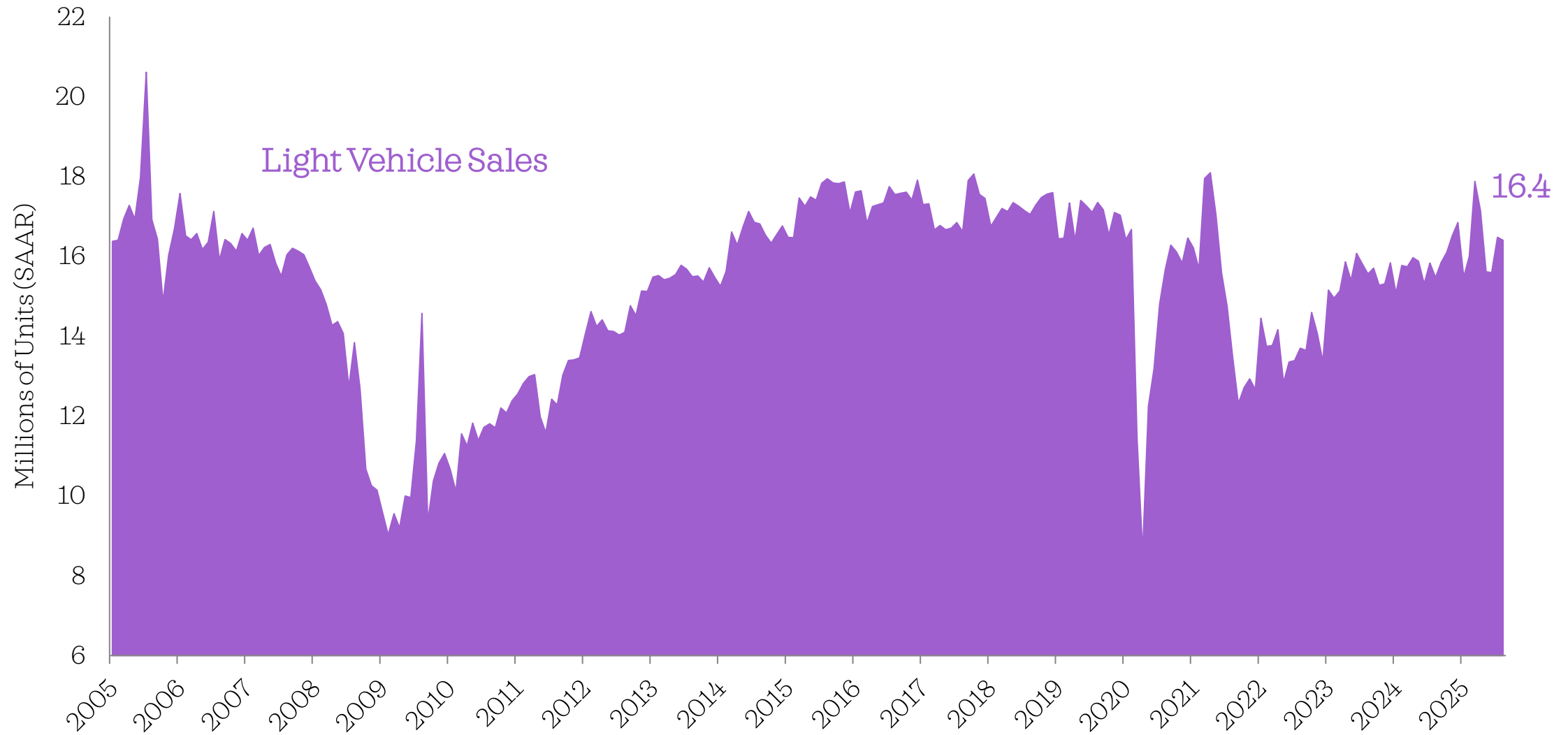


AUTO SECTOR



Source: U.S. Bureau of Economic Analysis/FRED

AUTO SECTOR



OUTLOOK

- Recession possible but expected to be avoided
- Consumer spending will remain strong in the near term but slower pace expected to follow
- Continued policy and tariff uncertainty impacting business decisions, labor market, investments
- Cool labor market - monthly job growth will remain low
 - Low hire and quit rates
- Inflationary pressures to remain
 - Core PCE around 3-3.5% as tariff impacts are realized
 - Restocking of inventories after Q1 at increased rates
 - Strong consumer demand allows firms to adjust prices
- Federal Reserve will likely continue rate cuts despite inflationary pressures due to cooling labor market

FY25-26 & FY26-27 ESTIMATES

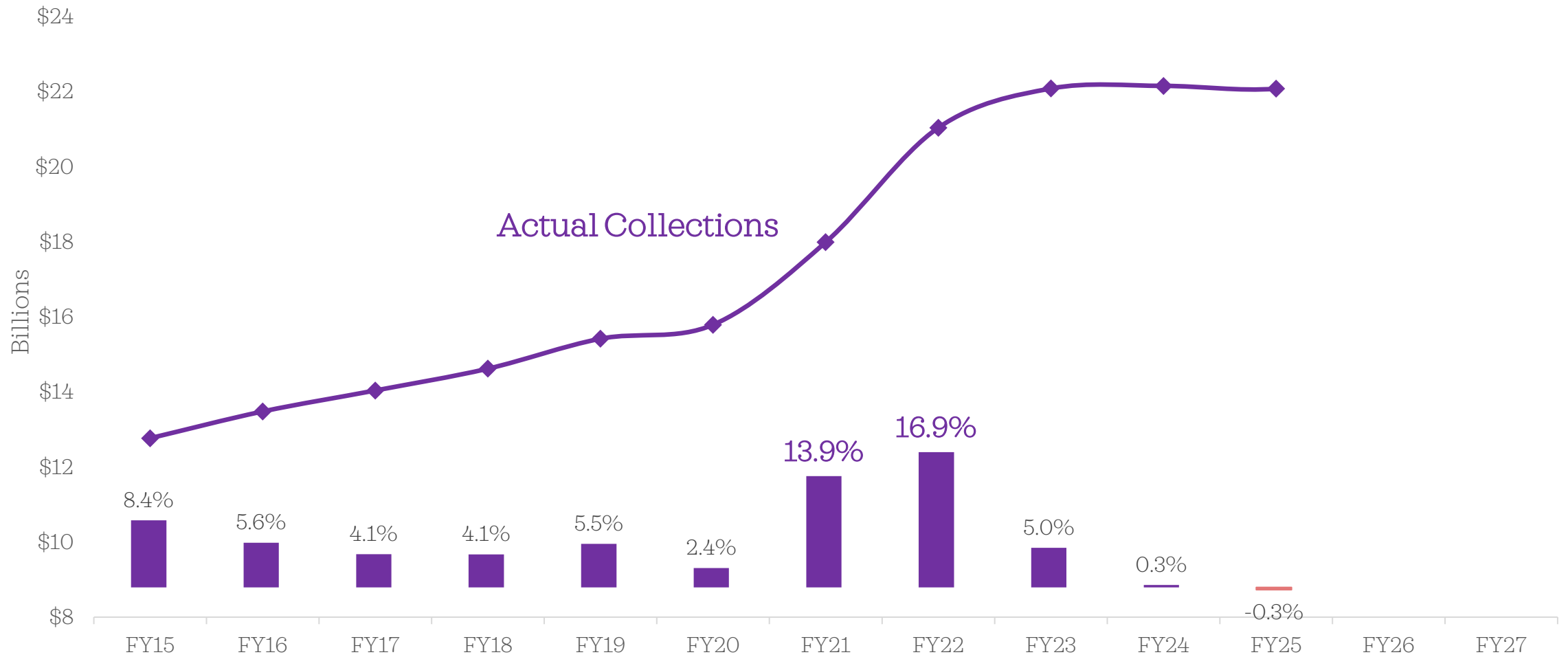
REVENUE SOURCE	ACTUAL ACCRUED COLLECTIONS FY24-25	FRC STAFF TAX REVENUE ESTIMATES FY25-26	PERCENT INCREASE OVER FY24-25	FRC STAFF TAX REVENUE ESTIMATES FY26-27	PERCENT INCREASE OVER FY25-26
SALES AND USE TAX - LESS EARMARKED*	\$14,502,001,400	\$14,991,000,000	3.37%	\$15,441,000,000	3.00%
GASOLINE TAX	\$889,801,100	\$893,300,000	0.39%	\$898,500,000	0.58%
MOTOR FUEL TAX	\$319,488,900	\$327,000,000	2.35%	\$330,000,000	0.92%
GASOLINE INSPECTION TAX	\$72,261,200	\$72,650,000	0.54%	\$73,100,000	0.62%
MOTOR VEHICLE REGISTRATION TAX	\$412,087,400	\$413,500,000	0.34%	\$418,000,000	1.09%
INCOME TAX	\$2,069,000	\$0	-100.00%	\$0	N/A
PRIVILEGE TAX - LESS EARMARKED**	\$466,855,300	\$501,200,000	7.36%	\$517,000,000	3.15%
GROSS RECEIPTS TAX – TVA	\$400,317,600	\$401,000,000	0.17%	\$403,500,000	0.62%
GROSS RECEIPTS TAX – OTHER	\$46,236,600	\$45,000,000	-2.67%	\$48,500,000	7.78%
BEER TAX	\$16,621,500	\$16,600,000	-0.13%	\$16,400,000	-1.20%
ALCOHOLIC BEVERAGE TAX	\$84,731,000	\$88,000,000	3.86%	\$88,300,000	0.34%
FRANCHISE AND EXCISE TAX	\$3,727,202,000	\$3,750,000,000	0.61%	\$3,700,000,000	-1.33%
INHERITANCE TAX	\$126,000	\$0	-100.00%	\$0	N/A
TOBACCO TAX	\$180,531,100	\$176,100,000	-2.45%	\$174,200,000	-1.08%
VAPOR PRODUCTS TAX	N/A	\$17,200,000	N/A	\$17,600,000	2.33%
HEMP TAX***	N/A	\$55,800,000	N/A	\$130,000,000	132.97%
MOTOR VEHICLE TITLE FEES	\$22,600,700	\$23,000,000	1.77%	\$23,150,000	0.65%
MIXED DRINK TAX	\$229,147,100	\$235,500,000	2.77%	\$241,200,000	2.42%
BUSINESS TAX	\$354,875,300	\$365,500,000	2.99%	\$371,000,000	1.50%
SEVERANCE TAX	\$468,700	\$500,000	6.68%	\$500,000	0.00%
COIN OPERATED AMUSEMENT TAX	\$419,400	\$430,000	2.53%	\$430,000	0.00%
UNAUTHORIZED SUBSTANCE TAX	\$1,700	\$0	-100.00%	\$0	N/A
TOTAL REVENUE	\$21,727,843,000	\$22,373,280,000	2.97%	\$22,892,380,000	2.32%
*Sales and Use Tax has been reduced by \$153.7 million in FY24-25, and \$159 million in both FY25-26 and FY26-27 for the earmarked portion of the tax.					
**Privilege Tax has been reduced by \$79.1 million in FY24-25, and \$78 million in both FY25-26 and FY26-27 for the earmarked portion of the tax.					
***Hemp Tax collections begin January 1, 2026.					



ESTIMATES VS FY24-25 & BUDGET

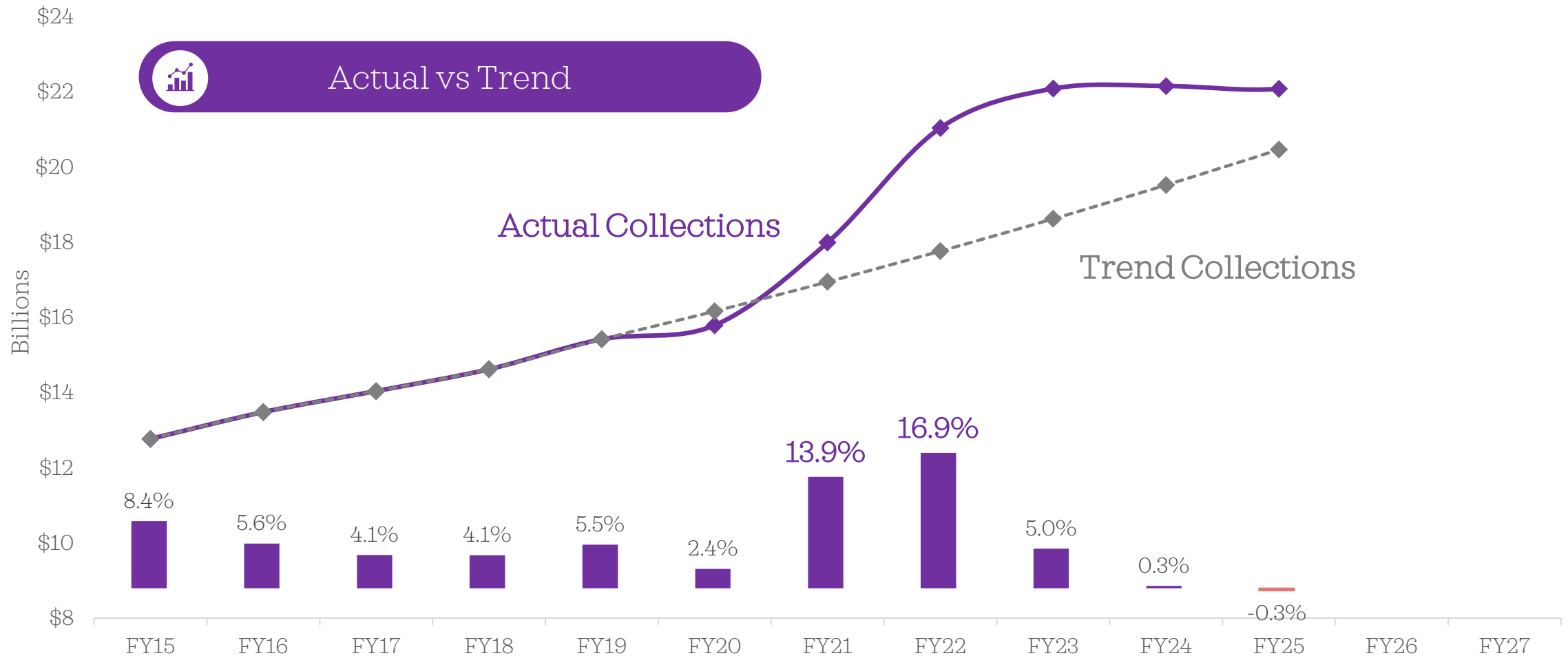
	ACTUAL FY24-25 ACCRUALS	CURRENT BUDGETED ESTIMATES FOR FY25-26	FRC ESTIMATES FOR FY25-26	INCREASE OVER FY24-25	INCREASE OVER CURRENT BUDGETED ESTIMATES
SALES AND USE*	\$14,502,001,400	\$14,852,800,000	\$14,991,000,000	\$488,998,600	\$138,200,000
FRANCHISE AND EXCISE	\$3,727,202,000	\$3,923,400,000	\$3,750,000,000	\$22,798,000	(\$173,400,000)
ALL FUNDS	\$21,727,843,000	\$22,345,500,000	\$22,373,280,000	\$645,437,000	\$27,780,000
GENERAL FUND	\$18,680,412,500	\$19,118,200,000	\$19,196,292,831	\$515,880,331	\$78,092,831
*Sales and Use Tax has been reduced by \$153.7 million in FY24-25, and \$159 million in both FY25-26 and FY26-27 for the earmarked portion of the tax.					

TAX COLLECTIONS



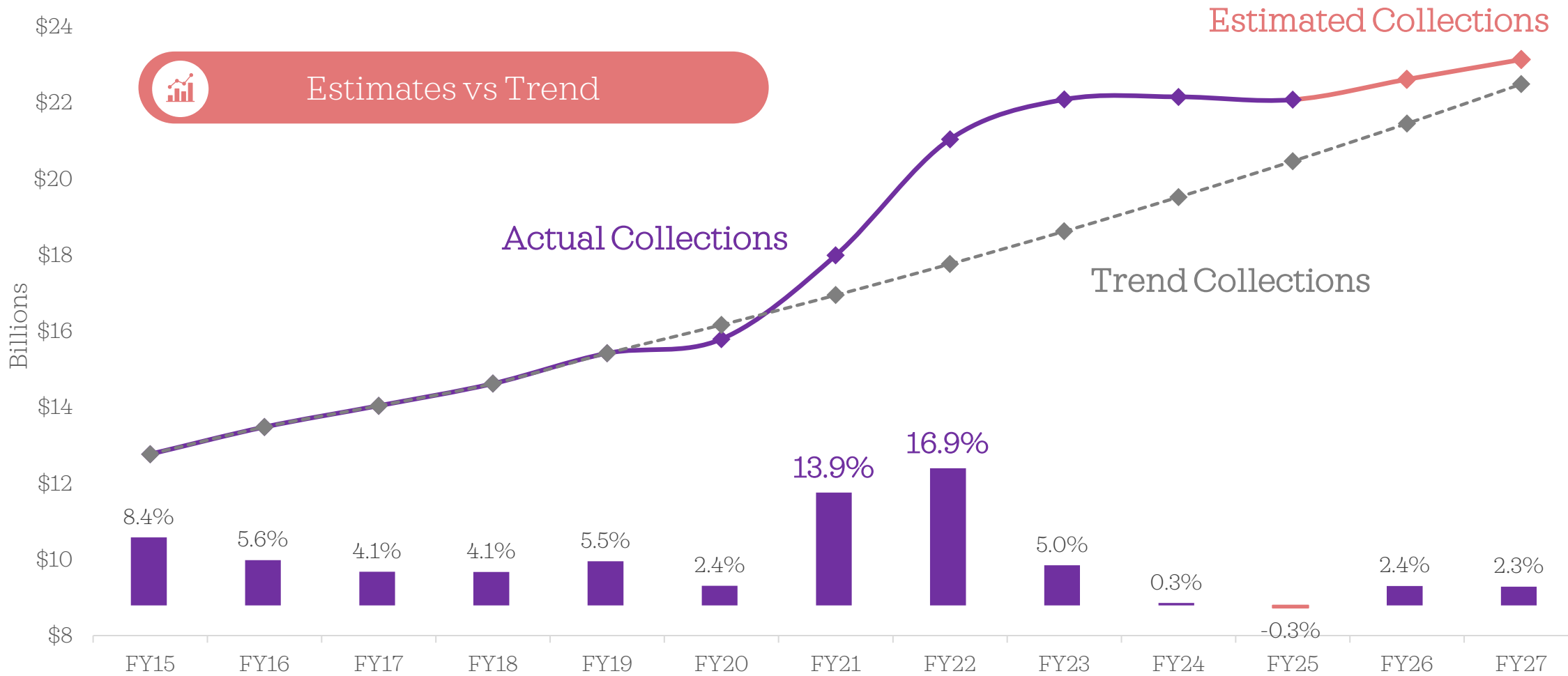
Source: TN Department of Revenue Website; Fiscal Review Staff Calculations

TAX COLLECTIONS



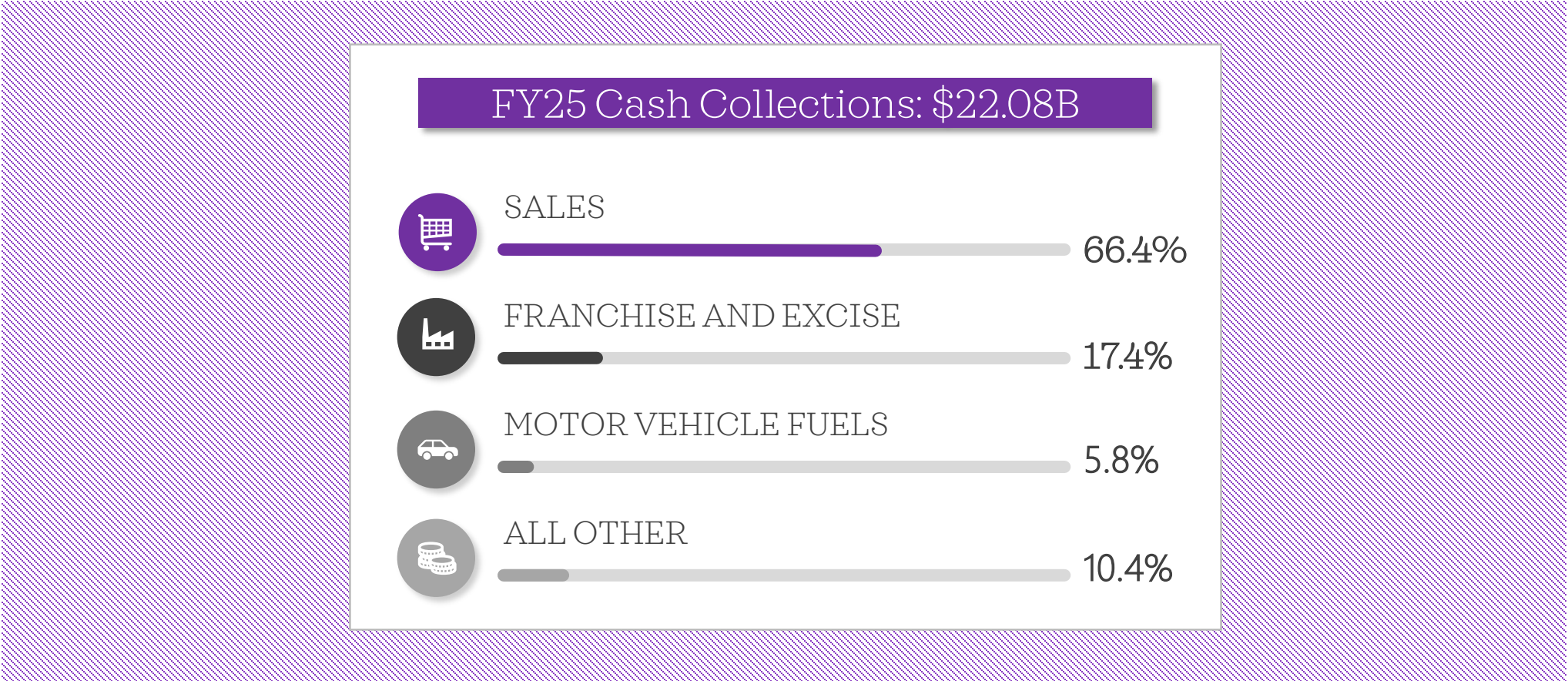
Source: TN Department of Revenue Website; Fiscal Review Staff Calculations

TAX COLLECTIONS

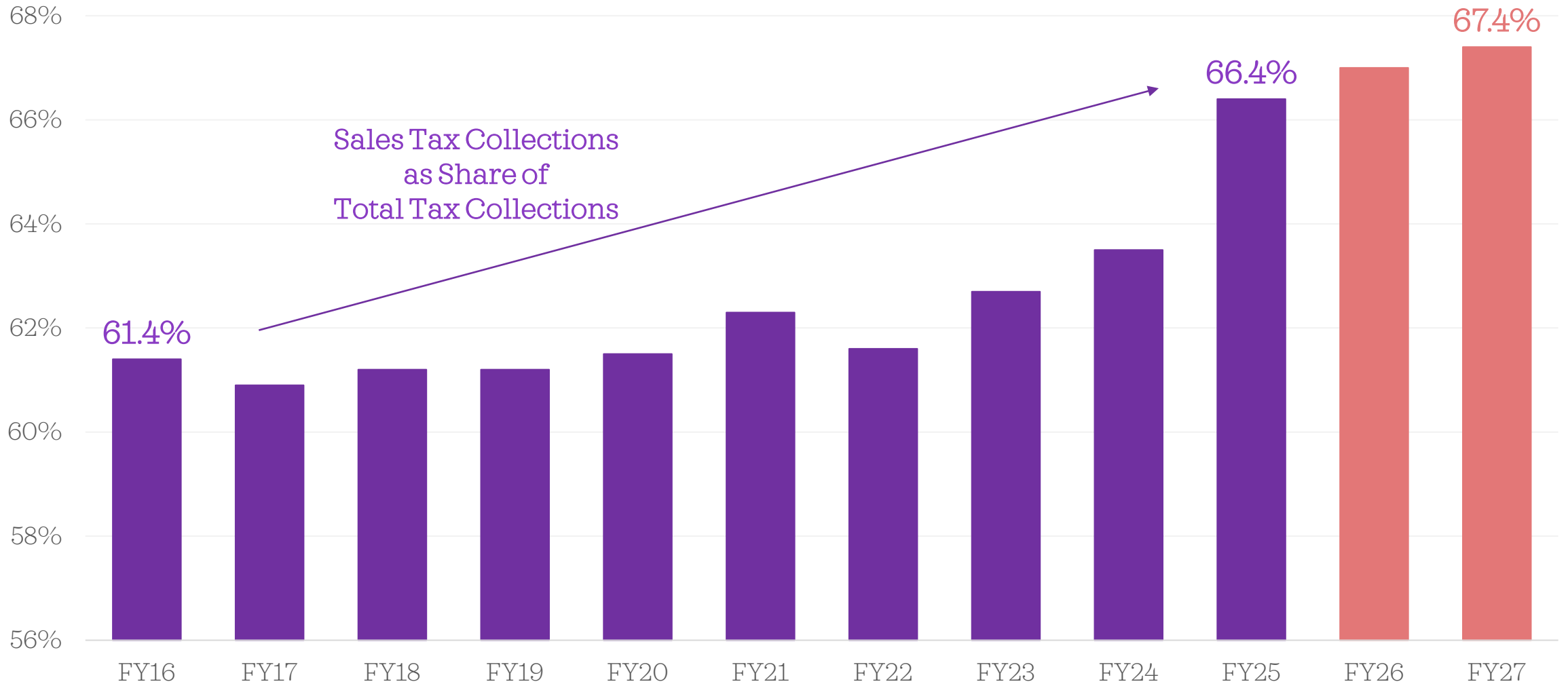


Source: TN Department of Revenue Website; Fiscal Review Staff Calculations

TAX SOURCES



TAX SOURCES



FY25-26 ALL FUNDS & GF

REVENUE SOURCE	ALL FUNDS FY25-26	GENERAL FUND FY25-26
SALES AND USE TAX - LESS EARMARKED*	\$14,991,000,000	\$13,973,767,964
GASOLINE TAX	\$893,300,000	\$14,361,736
MOTOR FUEL TAX	\$327,000,000	\$2,361,381
GASOLINE INSPECTION TAX	\$72,650,000	\$21,273,204
MOTOR VEHICLE REGISTRATION TAX	\$413,500,000	\$77,565,390
INCOME TAX	\$0	\$0
PRIVILEGE TAX - LESS EARMARKED**	\$501,200,000	\$494,056,114
GROSS RECEIPTS TAX - TVA	\$401,000,000	\$219,491,538
GROSS RECEIPTS TAX - OTHER	\$45,000,000	\$37,659,574
BEER TAX	\$16,600,000	\$11,221,229
ALCOHOLIC BEVERAGE TAX	\$88,000,000	\$72,729,700
FRANCHISE AND EXCISE TAX	\$3,750,000,000	\$3,518,600,000
INHERITANCE TAX	\$0	\$0
TOBACCO TAX	\$176,100,000	\$176,100,000
VAPOR PRODUCTS TAX	\$17,200,000	\$17,200,000
HEMP TAX***	\$55,800,000	\$55,800,000
MOTOR VEHICLE TITLE FEES	\$23,000,000	\$20,300,000
MIXED DRINK TAX	\$235,500,000	\$117,750,000
BUSINESS TAX	\$365,500,000	\$365,500,000
SEVERANCE TAX	\$500,000	\$125,000
AMUSEMENT TAX	\$430,000	\$430,000
UNAUTHORIZED SUBSTANCE TAX	\$0	\$0
TOTAL REVENUE	\$22,373,280,000	\$19,196,292,831
*Sales and Use Tax has been reduced by \$159 million in FY25-26 for the earmarked portion of the tax.		
**Privilege Tax has been reduced by \$78 million in FY25-26 for the earmarked portion of the tax.		
***Hemp Tax collections begin January 1, 2026.		



FY26-27 ALL FUNDS & GF

REVENUE SOURCE	ALL FUNDS FY26-27	GENERAL FUND FY26-27
SALES AND USE TAX - LESS EARMARKED*	\$15,441,000,000	\$14,382,956,936
GASOLINE TAX	\$898,500,000	\$14,445,338
MOTOR FUEL TAX	\$330,000,000	\$2,383,046
GASOLINE INSPECTION TAX	\$73,100,000	\$21,404,972
MOTOR VEHICLE REGISTRATION TAX	\$418,000,000	\$78,409,511
INCOME TAX	\$0	\$0
PRIVILEGE TAX - LESS EARMARKED**	\$517,000,000	\$509,630,908
GROSS RECEIPTS TAX - TVA	\$403,500,000	\$220,859,939
GROSS RECEIPTS TAX - OTHER	\$48,500,000	\$40,588,652
BEER TAX	\$16,400,000	\$11,086,034
ALCOHOLIC BEVERAGE TAX	\$88,300,000	\$72,977,642
FRANCHISE AND EXCISE TAX	\$3,700,000,000	\$3,468,600,000
INHERITANCE TAX	\$0	\$0
TOBACCO TAX	\$174,200,000	\$174,200,000
VAPOR PRODUCTS TAX	\$17,600,000	\$17,600,000
HEMP TAX***	\$130,000,000	\$130,000,000
MOTOR VEHICLE TITLE FEES	\$23,150,000	\$20,450,000
MIXED DRINK TAX	\$241,200,000	\$120,600,000
BUSINESS TAX	\$371,000,000	\$371,000,000
SEVERANCE TAX	\$500,000	\$125,000
AMUSEMENT TAX	\$430,000	\$430,000
UNAUTHORIZED SUBSTANCE TAX	\$0	\$0
TOTAL REVENUE	\$22,892,380,000	\$19,657,747,978
*Sales and Use Tax has been reduced by \$159 million in FY26-27 for the earmarked portion of the tax.		
**Privilege Tax has been reduced by \$78 million in FY26-27 for the earmarked portion of the tax.		
***Hemp Tax collections begin January 1, 2026.		





THANK YOU

Fiscal Review Committee
November 2025



Net Lottery Proceeds Estimates

Fiscal Review Committee Staff

November 3, 2025

Historical Results

Category	FY21-22	FY22-23	FY23-24	FY24-25	FY24-25 Growth Rate
Net Revenue	\$1,888,093,623	\$1,968,346,614	\$1,903,886,393	\$1,708,296,935	-10.27%
Total Expenses	\$1,420,890,003	\$1,470,228,453	\$1,411,590,593	\$1,295,982,640	-8.19%
Excess Unclaimed Proceeds	\$378,000	\$896,000	\$9,026,000	\$0	-100.00%
NET LOTTERY PROCEEDS	\$467,581,620	\$499,014,170	\$501,321,800	\$412,314,295	-17.75%
After-School Funding	\$18,000,000	\$18,000,000	\$18,000,000	\$17,749,538	-1.39%
Total State Proceeds	\$485,581,620	\$517,014,170	\$519,321,800	\$430,063,833	-17.19%

Historical Results

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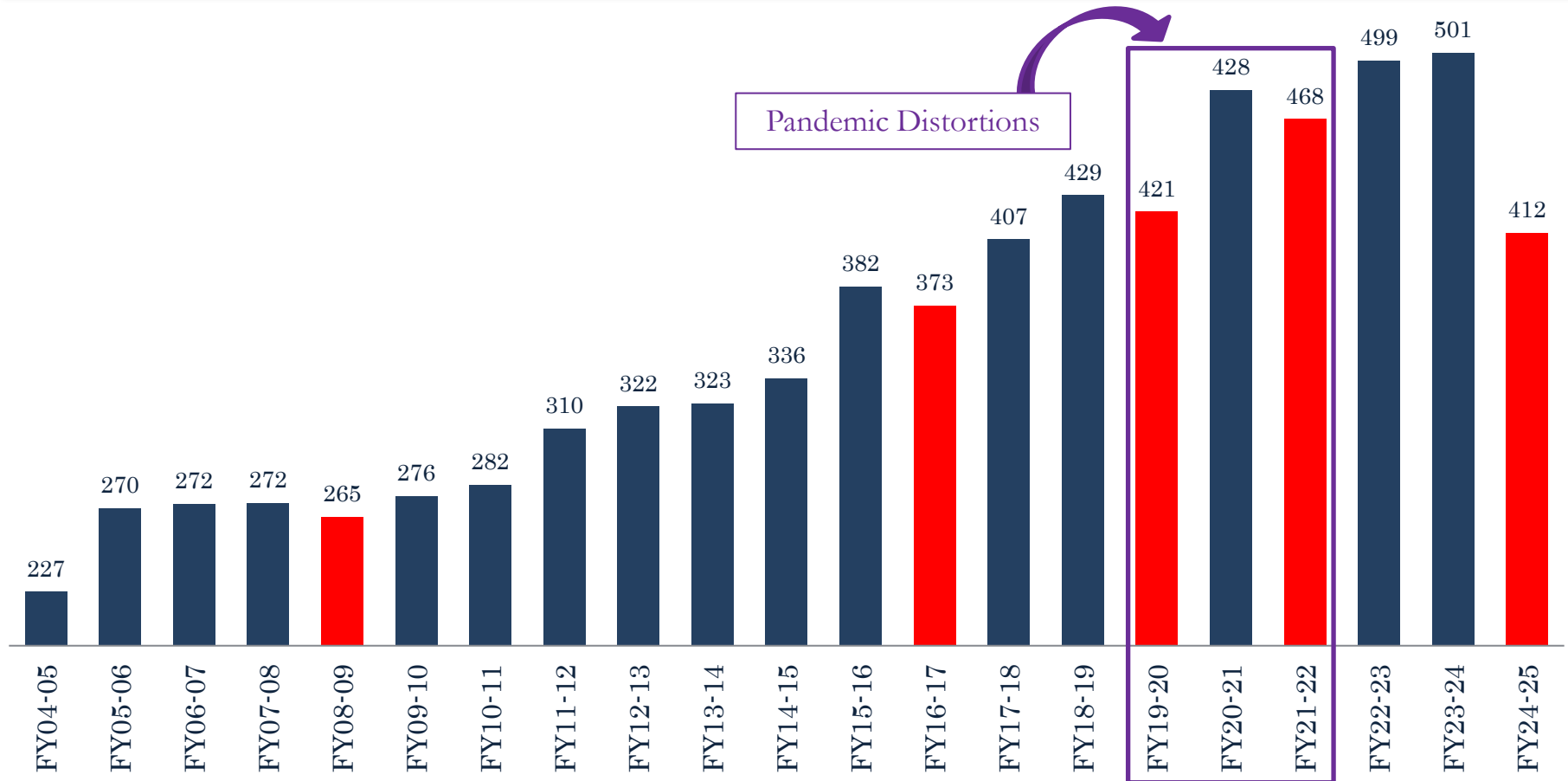
After-school funding represents unclaimed prizes and is limited to \$18M.
All excess funding is allocated to the Lottery for Education Account.

Historical Results

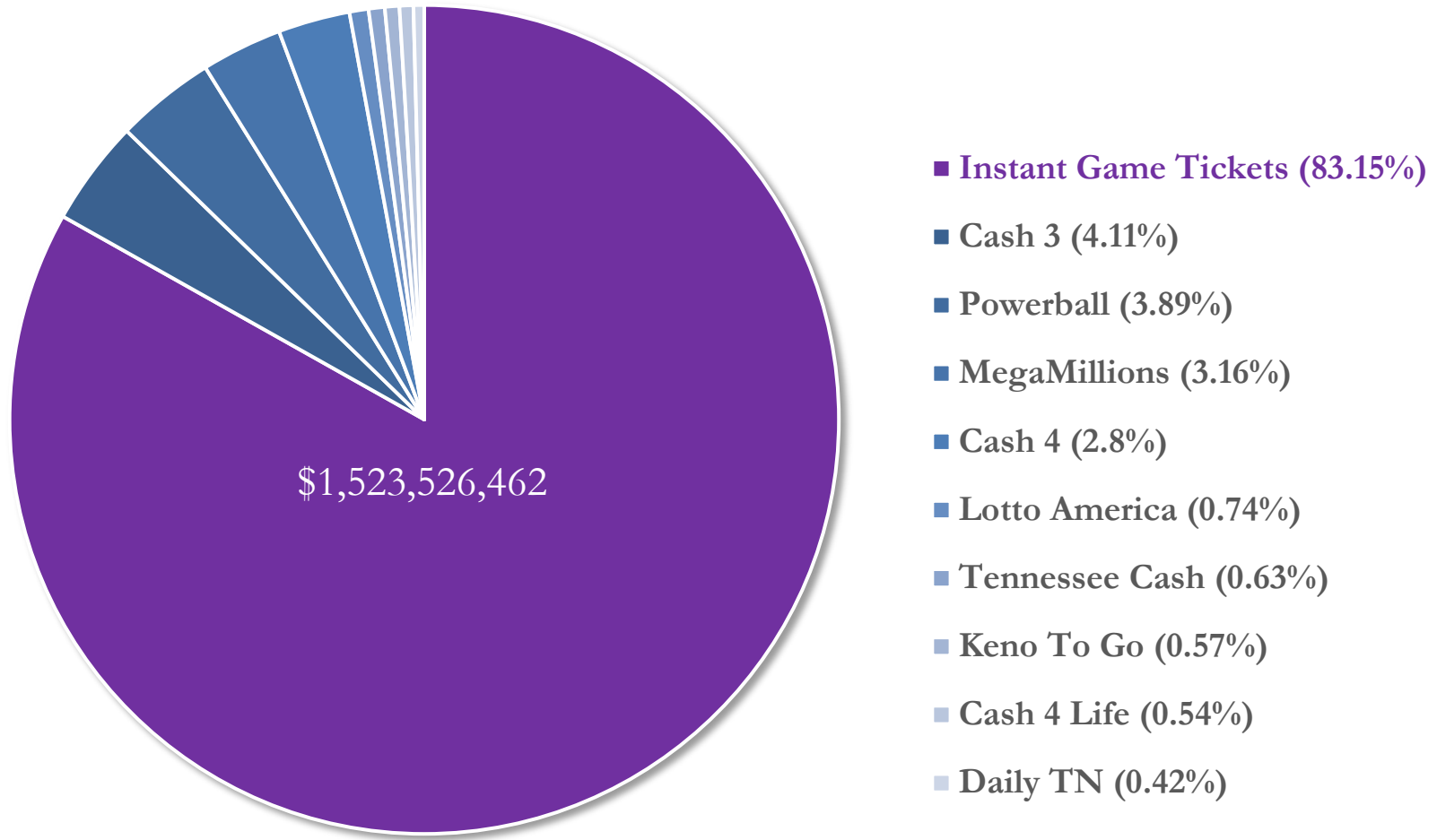
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Historical Results – NLP

Category	FY21-22	FY22-23	FY23-24	FY24-25	FY24-25 GR
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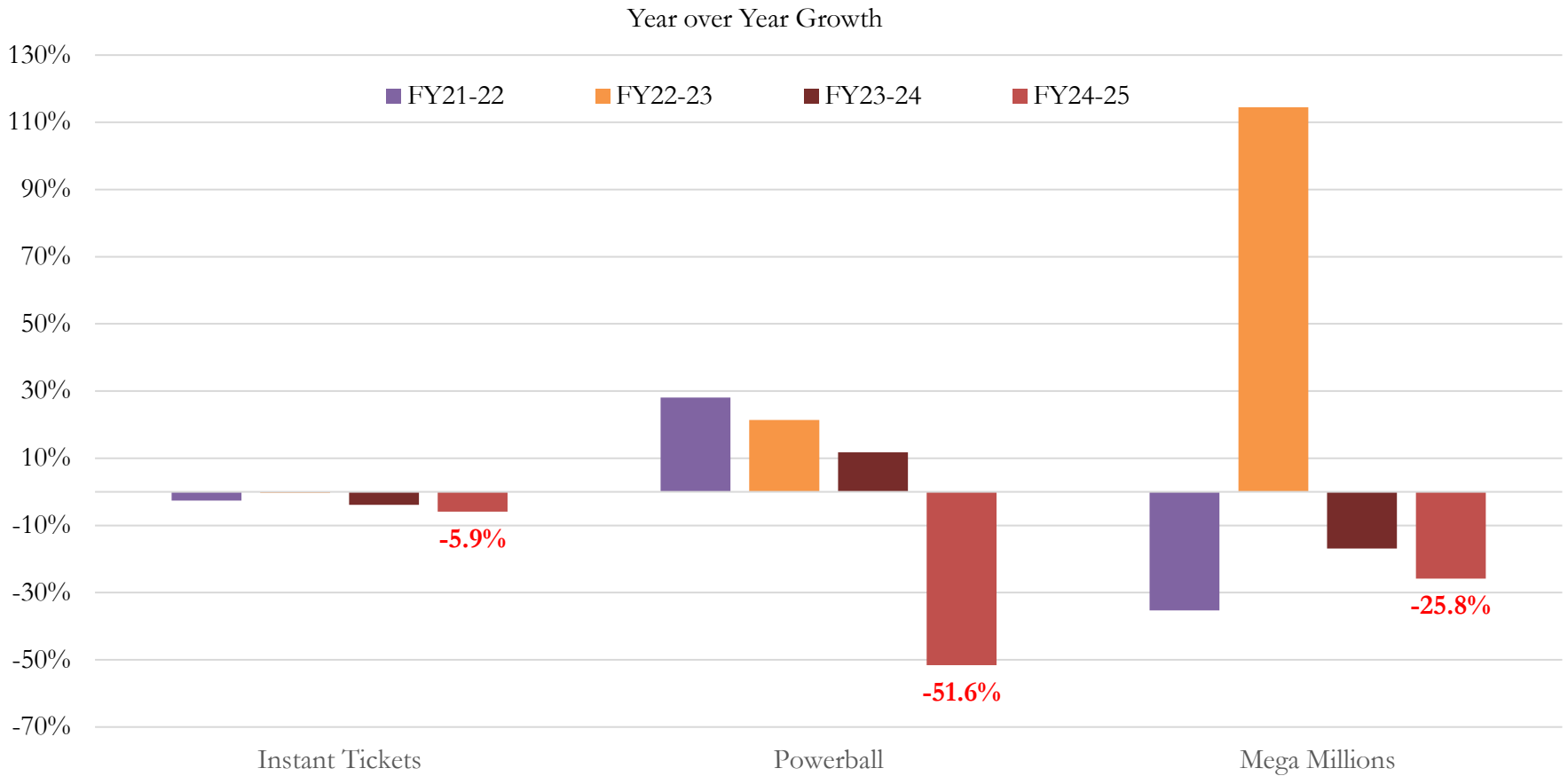
Ticket Sales Composition



FY24-25 Gross Ticket Sales: \$1,832,205,732

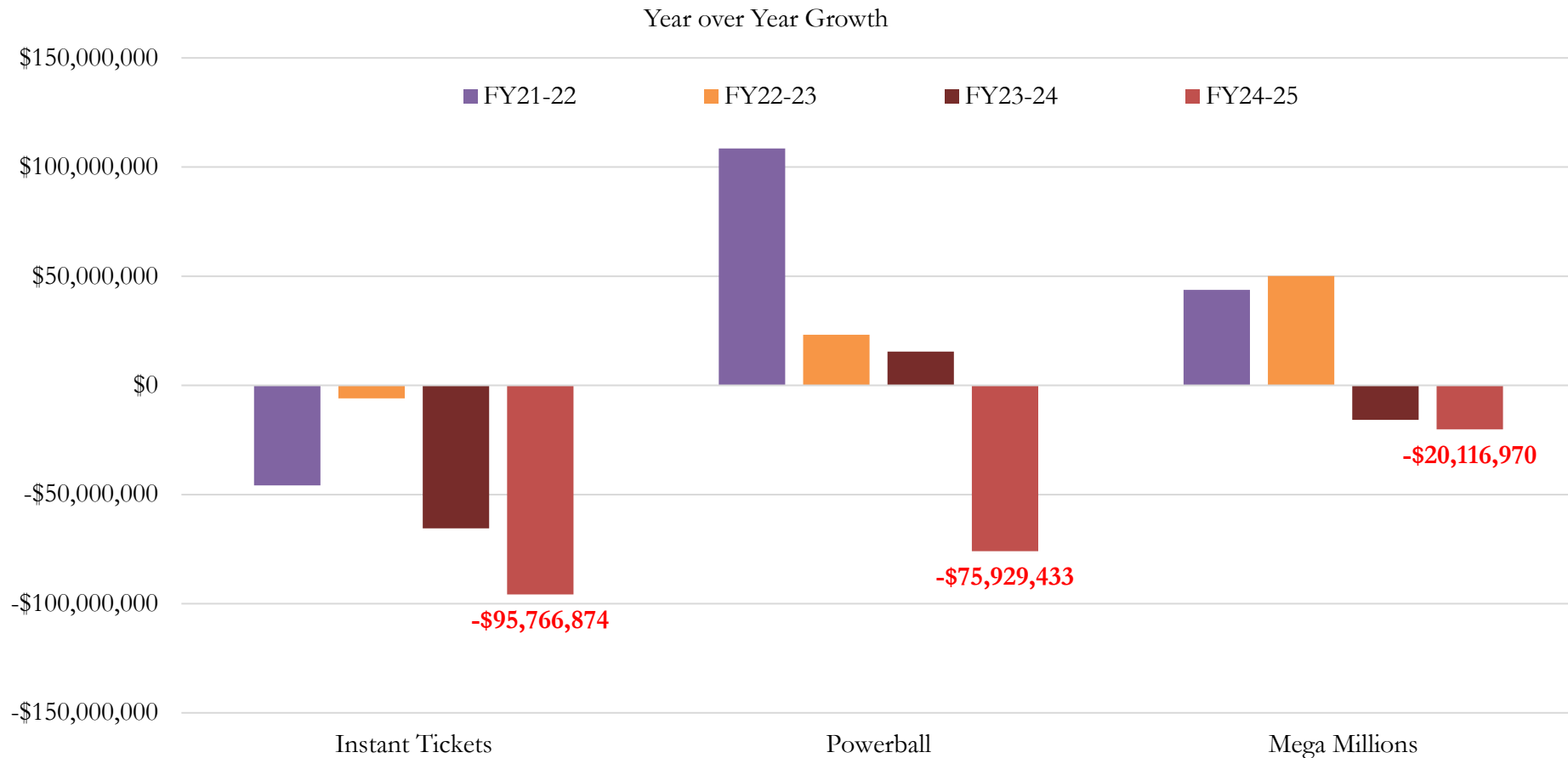
Historical Results – Select Games

Category	FY21-22	FY22-23	FY23-24	FY24-25	FY24-25 GR
NET LOTTERY PROCEEDS	\$467,581,620	\$499,014,170	\$501,321,800	\$412,314,295	-17.75%



Historical Results – Select Games

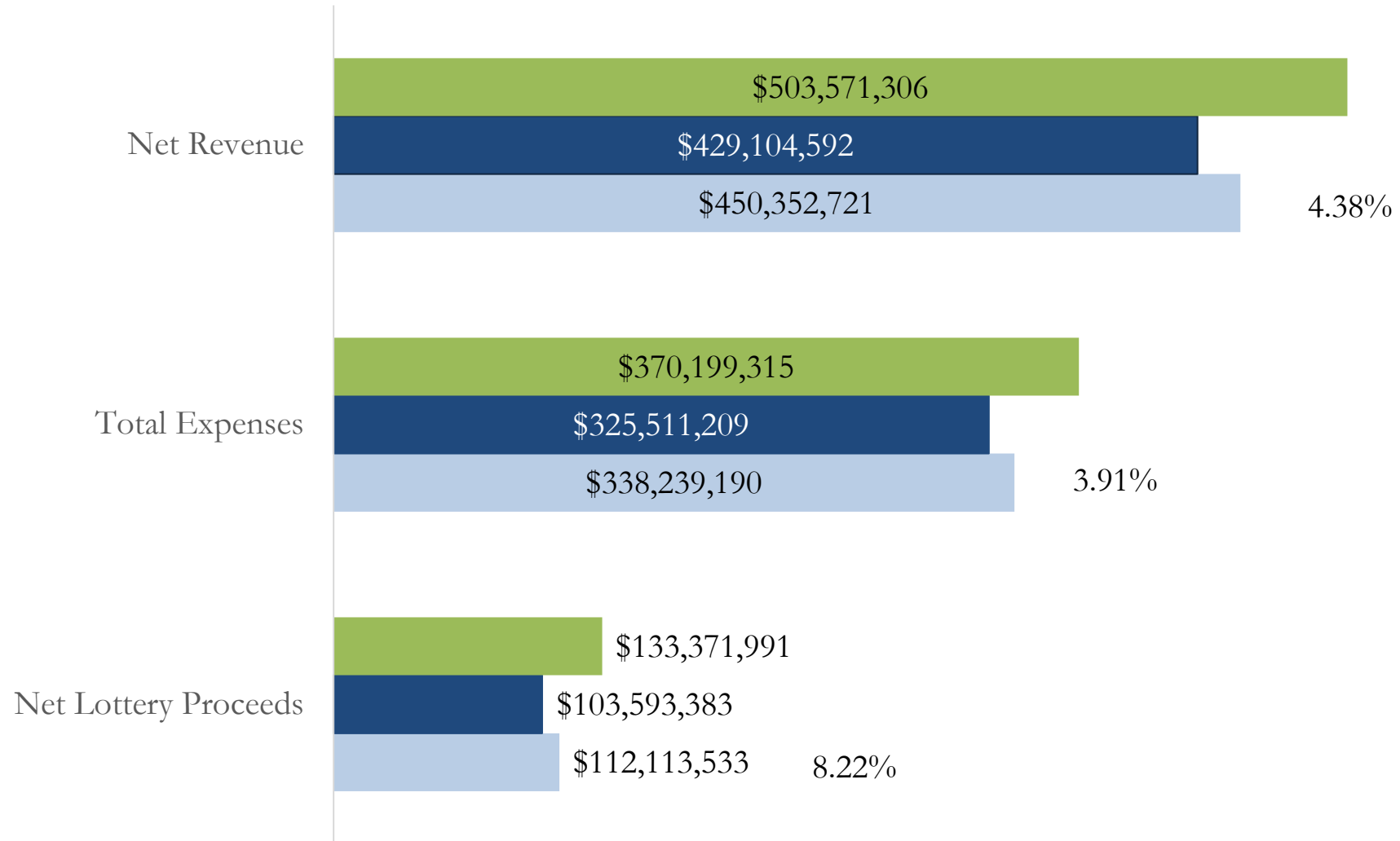
Category	FY21-22	FY22-23	FY23-24	FY24-25	FY24-25 GR
NET LOTTERY PROCEEDS	\$467,581,620	\$499,014,170	\$501,321,800	\$412,314,295	-17.75%



FY25-26 Year-to-Date

July 2025 through September 2025

FY23-24 FY24-25 FY25-26



FY25-26 Year-to-Date Powerball

\$35,760,513 (197.96%)

Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle
FY24-25 Q1	\$117,625,000	\$258,000,000
FY25-26 Q1	\$426,846,154	\$1,800,000,000

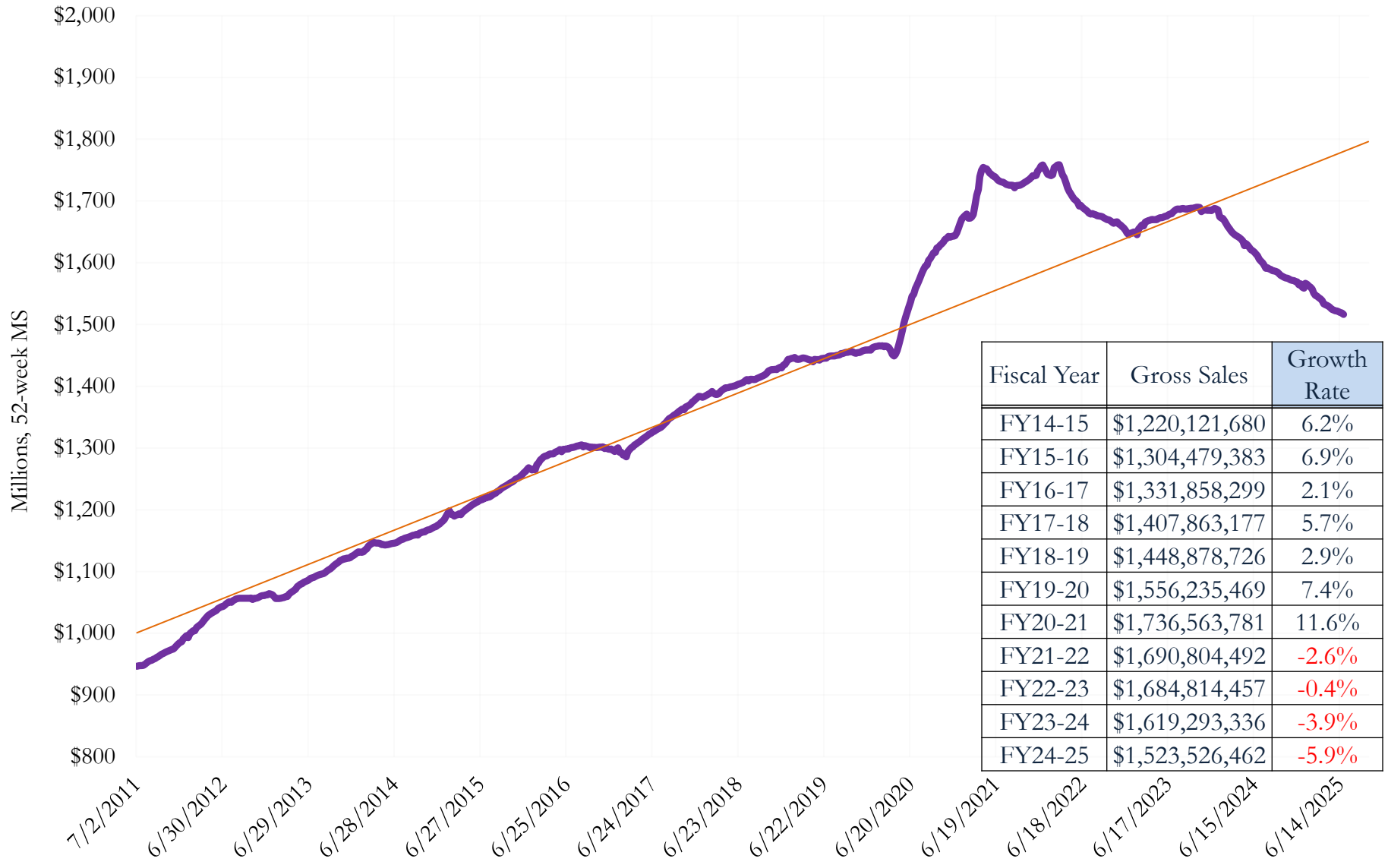
FY25-26 Year-to-Date

Mega Millions

(\$3,701,649) (-22.87%)

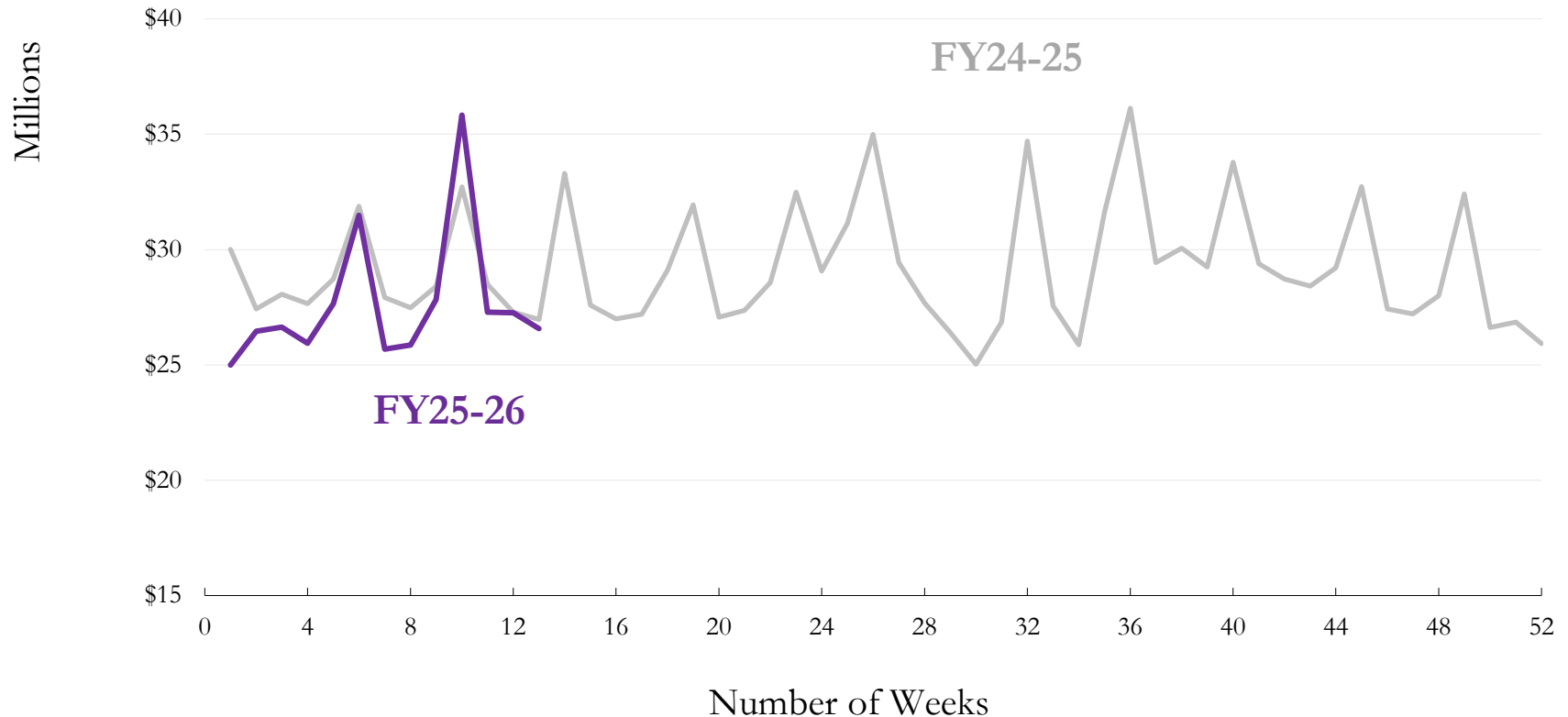
Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle
FY24-25 Q1	\$338,923,100	\$800,000,000
FY25-26 Q1	\$231,407,407	\$497,000,000

Instant Games



FY25-26 Year-to-Date Instant Tickets

(\$9,707,640) (-2.55%)



Instant Games

Category	FY23-24 Actual	FY24-25 Actual	FY25-26 Estimates	FY26-27 Estimates	Range
Instant Games (Gross Sales)	\$1,619,293,336	\$1,523,526,462	\$1,473,000,000	\$1,438,000,000	Low
			\$1,483,000,000	\$1,450,000,000	Median
			\$1,493,000,000	\$1,462,000,000	High
Tickets Provided as Prizes	\$142,227,542	\$133,004,569	\$124,910,400	\$121,942,400	Low
			\$125,758,400	\$122,960,000	Median
			\$126,606,400	\$123,977,600	High
Instant Games (Net Sales)	\$1,477,015,794	\$1,390,521,893	\$1,348,089,600	\$1,316,057,600	Low
			\$1,357,241,600	\$1,327,040,000	Median
			\$1,366,393,600	\$1,338,022,400	High

Powerball

- FY23-24 sales: \$147,153,350
- FY24-25 sales: \$71,223,917
- FY24-25 growth: (\$75,929,433) (-51.60%)

Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle	Drawings with Jackpots \$300,000,000 or More	Drawings with Jackpots \$500,000,000 or More	Jackpot Winners
FY23-24	\$363,452,229	\$1,730,000,000	71	45	6
FY24-25	\$158,490,446	\$515,000,000	20	1	9
FY25-26 YTD*	\$393,957,447	\$1,800,000,000	21	12	1

**As of October 20, 2025*

Powerball

FY23-24 Actual Sales	FY24-25 Actual Sales	FY25-26 Estimates	FY26-27 Estimates	Range
\$147,153,350	\$71,223,917	\$100,000,000	\$85,000,000	Low
		\$105,000,000	\$95,000,000	Median
		\$110,000,000	\$105,000,000	High

Mega Millions Jackpot Changes

Began April 2025

- Ticket prices increase from \$2 to \$5 per play.
- Improved jackpot winning odds.
- Increased frequency in bigger jackpots.
- Larger starting jackpots.
- Faster growing jackpots.
- Built-in multiplier on every play.
 - Improves every non-jackpot win by 2x, 3x, 4x, 5x or 10x.
 - Up to \$10 million for matching the five white balls.
- No breakeven prizes.

Too soon to see any correlation between such changes and consumer behavior.

Mega Millions

- FY23-24 sales: \$77,963,821
- FY24-25 sales: \$57,846,851
- FY24-25 growth: **(\$20,116,970) (-25.80%)**

Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle	Drawings with Jackpots \$300,000,000 or More	Drawings with Jackpots \$500,000,000 or More	Jackpot Winners
FY23-24	\$321,653,846	\$1,580,000,000	44	21	6
FY24-25	\$266,413,462	\$1,220,000,000	36	15	5
FY25-26* YTD	\$295,909,091	\$650,000,000	15	6	1

**As of October 20, 2025*

Mega Millions

FY23-24 Actual Sales	FY24-25 Actual Sales	FY25-26 Estimates	FY26-27 Estimates	Range
\$77,963,821	\$57,846,851	\$56,200,000	\$54,000,000	Low
		\$61,200,000	\$64,000,000	Median
		\$66,200,000	\$74,000,000	High

Lotto America

- FY23-24 sales: \$9,445,766
- FY24-25 sales: \$13,627,192
- FY24-25 growth: \$4,181,426 (44.27%)

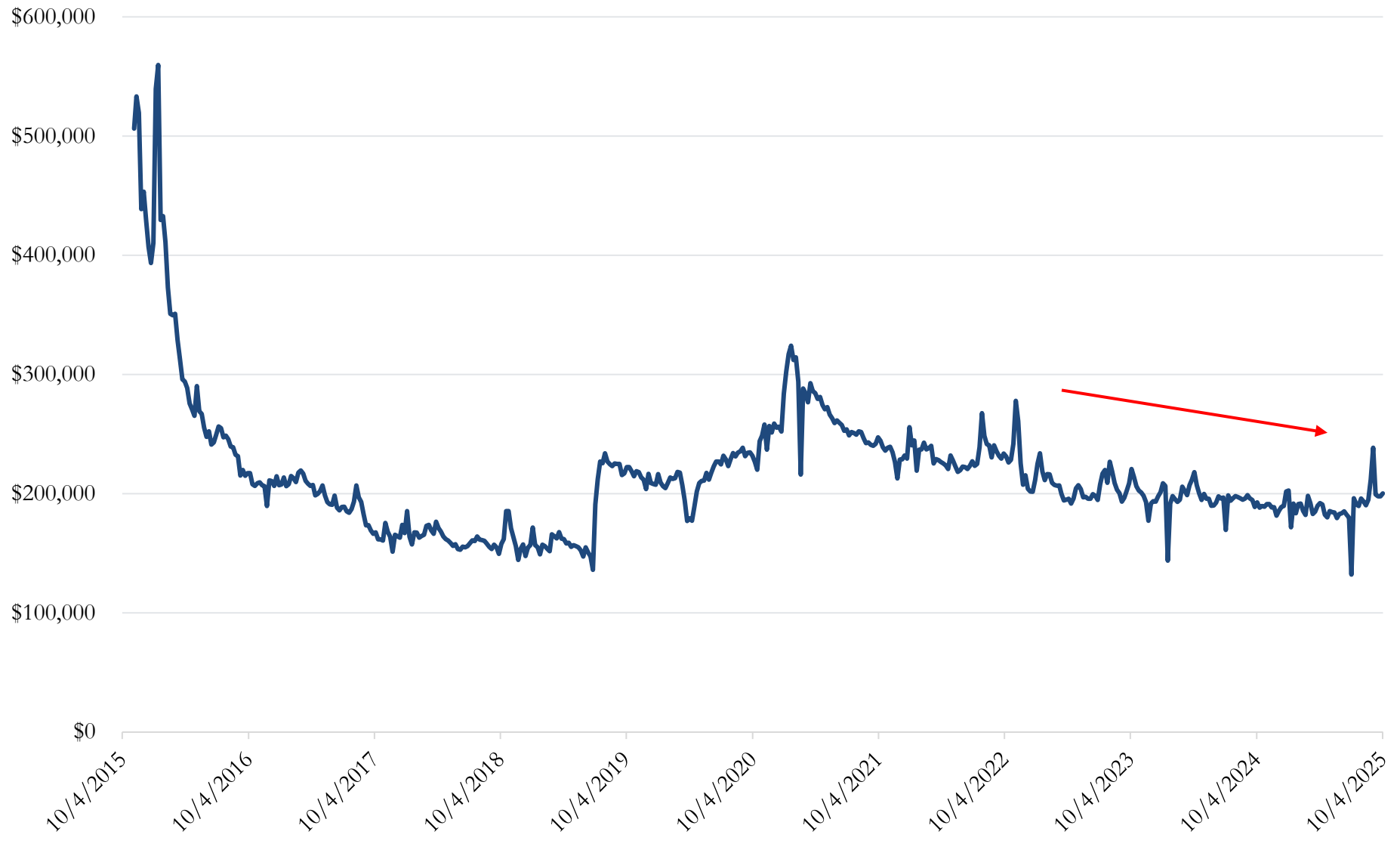
Fiscal Year	Average Jackpot Cycle	Highest Jackpot Cycle	Drawings with Jackpots \$15,000,000 or More	Drawings with Jackpots \$30,000,000 or More	Jackpot Winners
FY23-24	\$3,549,299	\$9,680,000	0	0	6
FY24-25	\$17,626,051	\$37,400,000	87	24	1
FY25-26* YTD	\$3,135,833	\$5,060,000	0	0	1

**As of October 20, 2025*

Lotto America

FY23-24 Actual Sales	FY24-25 Actual Sales	FY25-26 Estimates	FY26-27 Estimates	Range
\$9,445,766	\$13,627,192	\$9,500,000	\$10,250,000	Low
		\$10,000,000	\$11,000,000	Median
		\$10,500,000	\$11,750,000	High

Cash 4 Life



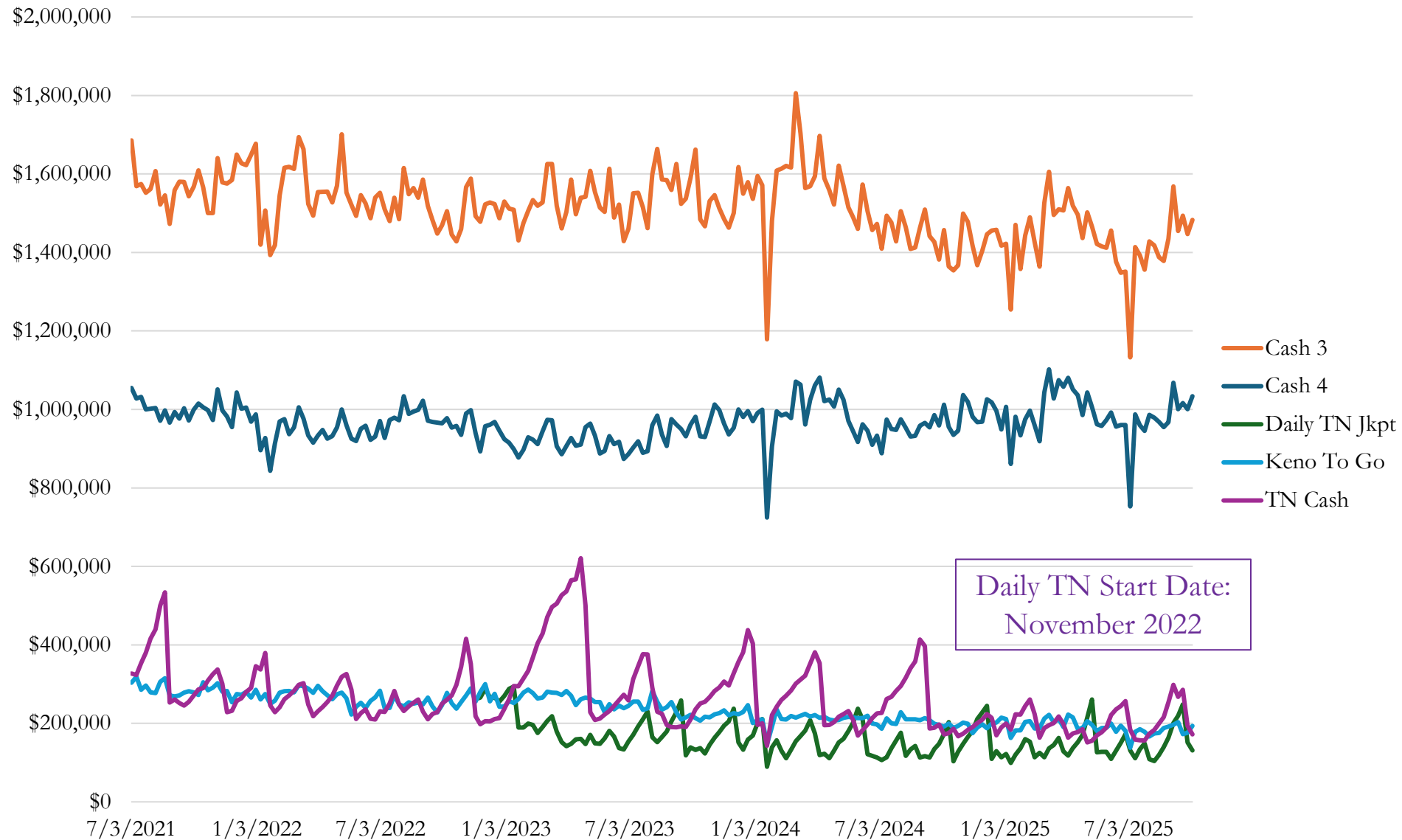
Cash 4 Life

- FY23-24 sales: \$10,489,154
- FY24-25 sales: \$9,880,482
- FY24-25 growth: (\$608,672) (-5.80%)
- Changes coming February 2026

FY23-24 Actual Sales	FY24-25 Actual Sales	FY25-26 Estimates	FY26-27 Estimates	Range
\$10,489,154	\$9,880,482	\$9,500,000	\$8,650,000	Low
		\$10,000,000	\$9,400,000	Median
		\$10,500,000	\$10,150,000	High

Tennessee Exclusive Drawing Style Games

Gross Revenue



Tennessee Exclusive Drawing Style Games

Game Type	FY23-24 Actual Sales	FY24-25 Actual Sales	FY24-25 Growth	
Cash 3 & Cash 4	\$131,752,164	\$126,619,429	(\$5,132,735)	-3.90%
Daily TN Jackpot	\$8,611,578	\$7,607,607	(\$1,003,971)	-11.66%
Keno To Go	\$11,542,184	\$10,356,530	(\$1,185,654)	-10.27%
TN Cash	\$13,727,804	\$11,517,262	(\$2,210,542)	-16.10%

Cash 3 and Cash 4

FY23-24 Actual Sales	FY24-25 Actual Sales	FY25-26 Estimates	FY26-27 Estimates	Range
\$131,752,164	\$126,619,429	\$124,700,000	\$125,300,000	Low
		\$126,200,000	\$127,000,000	Median
		\$127,700,000	\$128,700,000	High

Daily TN Jackpot

FY23-24 Actual Sales	FY24-25 Actual Sales	FY25-26 Estimates	FY26-27 Estimates	Range
\$8,611,578	\$7,607,607	\$7,300,000	\$7,000,000	Low
		\$8,300,000	\$8,000,000	Median
		\$9,300,000	\$9,000,000	High

Keno To Go

FY23-24 Actual Sales	FY24-25 Actual Sales	FY25-26 Estimates	FY26-27 Estimates	Range
\$11,542,182	\$10,356,530	\$9,000,000	\$7,850,000	Low
		\$9,500,000	\$8,600,000	Median
		\$10,000,000	\$9,350,000	High

Tennessee Cash

FY23-24 Actual Sales	FY24-25 Actual Sales	FY25-26 Estimates	FY26-27 Estimates	Range
\$13,727,804	\$11,517,262	\$9,900,000	\$8,950,000	Low
		\$10,400,000	\$9,700,000	Median
		\$10,900,000	\$10,450,000	High



Net Lottery Proceeds

FY25-26 Estimates

	FY24-25 Actuals	FY25-26 Estimates		
		Low	Median	High
Instant Games (Net)	\$1,390,521,893	\$1,348,089,600	\$1,357,241,600	\$1,366,393,600
Powerball	\$71,223,917	\$100,000,000	\$105,000,000	\$110,000,000
Mega Millions	\$57,846,851	\$56,200,000	\$61,200,000	\$66,200,000
Cash 3 and Cash 4	\$126,619,429	\$124,700,000	\$126,200,000	\$127,700,000
Other Games	\$52,989,073	\$45,200,000	\$48,200,000	\$51,200,000
Misc. Revenue	\$9,095,772	\$8,000,000	\$9,000,000	\$10,000,000
Net Revenue	\$1,708,296,935	\$1,682,189,600	\$1,706,841,600	\$1,731,493,600
Total Expenses	\$1,295,982,640	\$1,276,461,000	\$1,294,984,000	\$1,313,507,000
Excess Unclaimed Proceeds	\$0	\$0	\$0	\$500,000
NET LOTTERY PROCEEDS	\$412,314,295	\$405,228,600	\$411,857,600	\$418,486,600
After-School Funding	\$17,749,538	\$18,000,000	\$18,000,000	\$18,000,000
Total State Proceeds	\$430,063,833	\$423,228,600	\$429,857,600	\$436,486,600

FY25-26 Estimates

	FY24-25 Actuals	FY25-26 Estimates		
		Low	Median	High
Instant Games (Net)	\$1,390,521,893	\$1,348,089,600	\$1,357,241,600	\$1,366,393,600
Powerball	\$71,223,917	\$100,000,000	\$105,000,000	\$110,000,000
Mega Millions	\$57,846,851	\$56,200,000	\$61,200,000	\$66,200,000
Cash 3 and Cash 4	\$126,619,429	\$124,700,000	\$126,200,000	\$127,700,000
Other Games	\$52,989,073	\$45,200,000	\$48,200,000	\$51,200,000
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After-School Funding	\$17,749,538	\$18,000,000	\$18,000,000	\$18,000,000
Total State Proceeds	\$430,063,833	\$423,228,600	\$429,857,600	\$436,486,600

FY26-27 Estimates

	FY25-26 Median Estimate	FY26-27 Estimates		
		Low	Median	High
Instant Games (Net)	\$1,357,241,600	\$1,316,057,600	\$1,327,040,000	\$1,338,022,400
Powerball	\$105,000,000	\$85,000,000	\$95,000,000	\$105,000,000
Mega Millions	\$61,200,000	\$54,000,000	\$64,000,000	\$74,000,000
Cash 3 and Cash 4	\$126,200,000	\$125,300,000	\$127,000,000	\$128,700,000
Other Games	\$48,200,000	\$42,700,000	\$46,700,000	\$50,700,000
Misc. Revenue	\$9,000,000	\$9,500,000	\$10,500,000	\$11,500,000
Net Revenue	\$1,706,841,600	\$1,632,557,600	\$1,670,240,000	\$1,707,922,400
Total Expenses	\$1,294,984,000	\$1,239,867,000	\$1,267,937,000	\$1,296,007,000
Excess Unclaimed Proceeds	\$0	\$0	\$0	\$500,000
NET LOTTERY PROCEEDS	\$411,857,600	\$392,190,600	\$402,303,000	\$412,415,400
After-School Funding	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000
Total State Proceeds	\$429,857,600	\$410,190,600	\$420,303,000	\$430,415,400

FY26-27 Estimates

	FY25-26 Median Estimate	FY26-27 Estimates		
		Low	Median	High
Instant Games (Net)	\$1,357,241,600	\$1,316,057,600	\$1,327,040,000	\$1,338,022,400
Powerball	\$105,000,000	\$85,000,000	\$95,000,000	\$105,000,000
Mega Millions	\$61,200,000	\$54,000,000	\$64,000,000	\$74,000,000
Cash 3 and Cash 4	\$126,200,000	\$125,300,000	\$127,000,000	\$128,700,000
Other Games	\$48,200,000	\$42,700,000	\$46,700,000	\$50,700,000
Misc. Revenue	\$9,000,000	\$9,500,000	\$10,500,000	\$11,500,000
Net Revenue	\$1,706,841,600	\$1,632,557,600	\$1,670,240,000	\$1,707,922,400
Total Expenses	\$1,294,984,000	\$1,239,867,000	\$1,267,937,000	\$1,296,007,000
Excess Unclaimed Proceeds	\$0	\$0	\$0	\$500,000
NET LOTTERY PROCEEDS	\$411,857,600	\$392,190,600	\$402,303,000	\$412,415,400
After-School Funding	\$18,000,000	\$18,000,000	\$18,000,000	\$18,000,000
Total State Proceeds	\$429,857,600	\$410,190,600	\$420,303,000	\$430,415,400

Subsequent Years

Growth beyond FY26-27 is difficult to forecast due to a number of unknown factors, such as:

- Changes to payout ratios
- Matrix changes to jackpot based games
- Structure changes
- Legislative action
- Varying jackpot cycles
- New and discontinued games
- Changes to retailer base
- Changes to advertising
- Changes in economy

FY27-28, FY28-29, FY29-30

Category	FY27-28	FY28-29	FY29-30
Net Revenue	\$1,686,942,400	\$1,703,811,824	\$1,720,849,942
Total Expenses	\$1,280,616,370	\$1,293,422,534	\$1,306,356,759
Excess Unclaimed Proceeds	\$0	\$0	\$0
NET LOTTERY PROCEEDS	\$406,326,030	\$410,389,290	\$414,493,183
After-School Funding	\$18,000,000	\$18,000,000	\$18,000,000
Total State Proceeds	\$424,337,909	\$428,411,553	\$432,524,304



Thank you

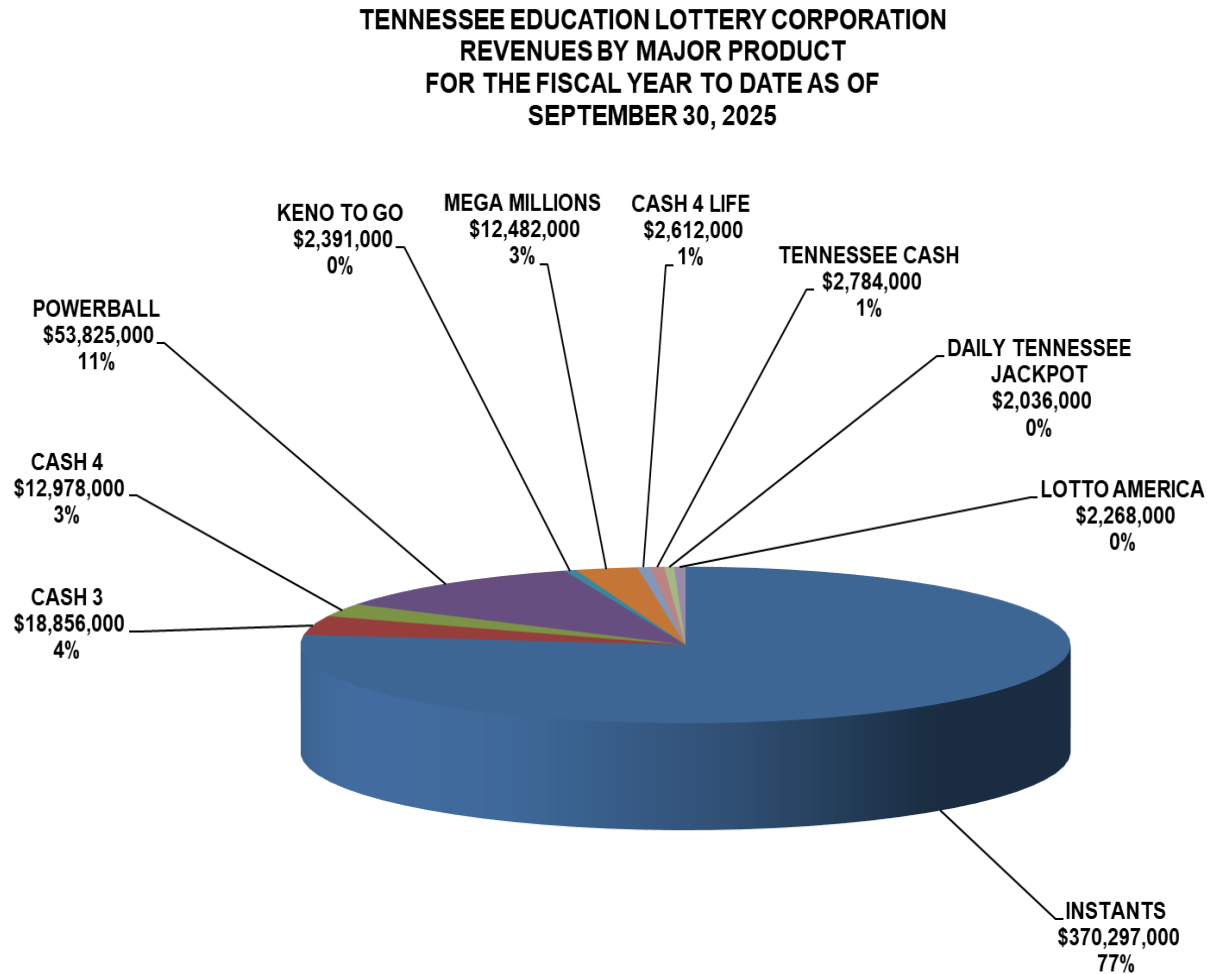
Fiscal Review Committee, Economics Division

TENNESSEE EDUCATION LOTTERY CORPORATION

November 2025

**ESTIMATION OF
TOTAL AND NET LOTTERY PROCEEDS
FOR FISCAL YEARS ENDING
JUNE 30, 2026, 2027, 2028, 2029 and 2030**

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**



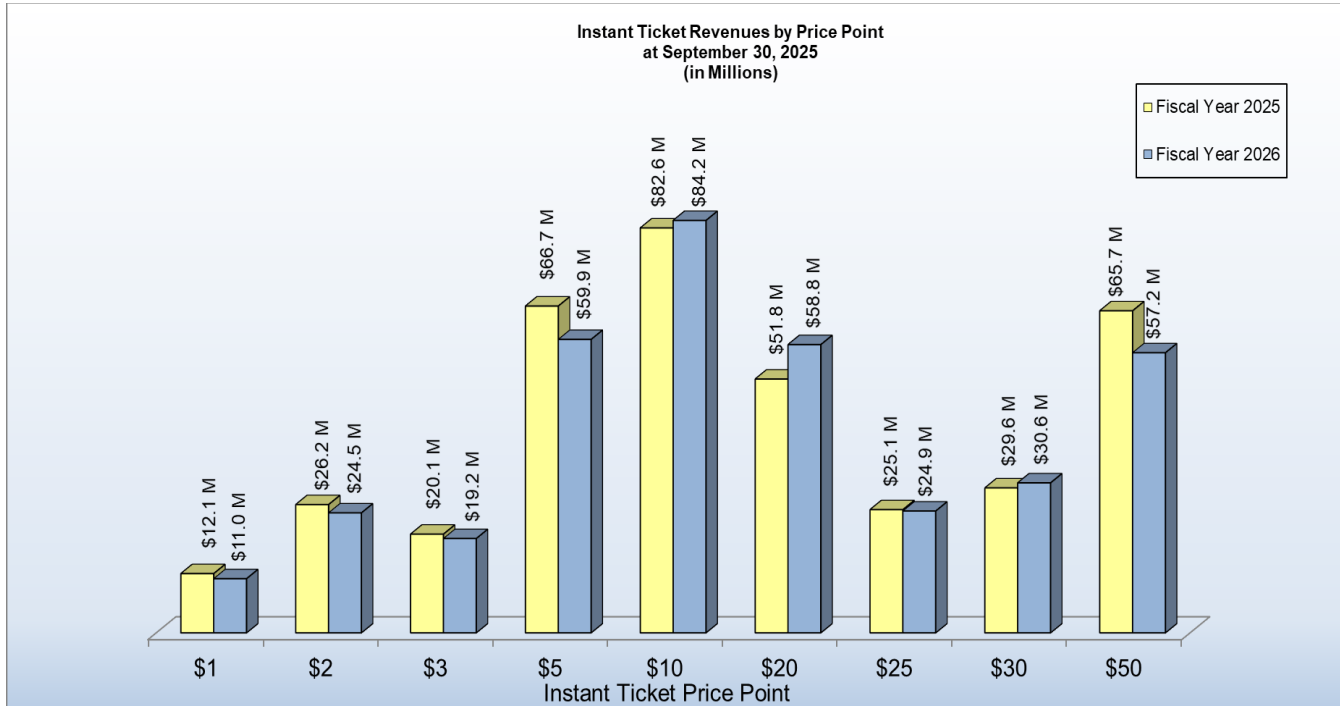
- Gross Ticket Revenues of \$480.5 million through September 30, 2025.
- *Instant ticket* revenues are \$370.3 million.
- *Drawing-Style* revenues are \$110.2 million.

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

**FY 2026
Projected
Revenue Range
(in millions)**

INSTANT GAMES

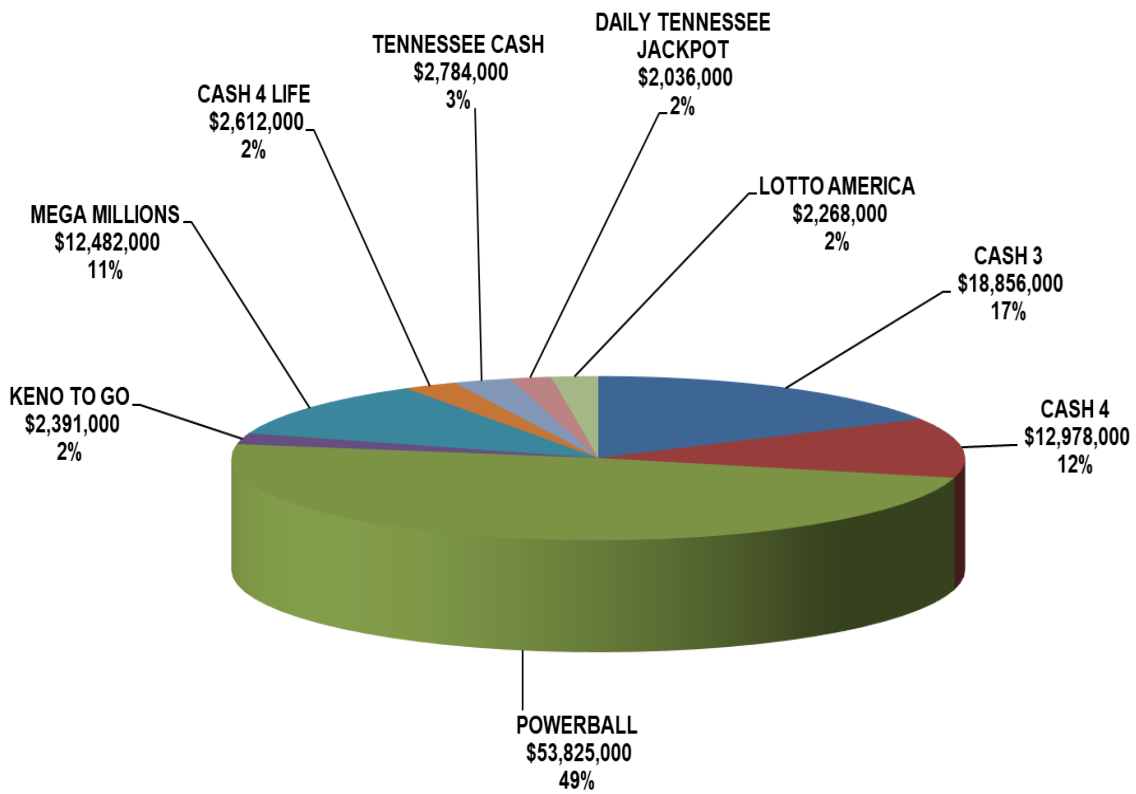
\$1,543.0 - \$1,562.2



- *Instant tickets* are 77% of our product mix at September 30, 2025.
- *Instant ticket* revenues were \$370.3 million or \$28.2 million per week through September 30, 2025. We project *instant ticket* revenues between \$29 and \$30 million per week for fiscal year 2026.
- *Instant ticket* revenues are driven primarily by game design (i.e., family game offering, etc.), player price point preferences, prize payouts, and optimization of our retailer distribution network.
- TEL anticipates launching approximately 55 games in this fiscal year.
- *Instant ticket* prize expense is projected at 68.5% of net instant game revenues for the fiscal year.

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

DRAWING-STYLE GAMES



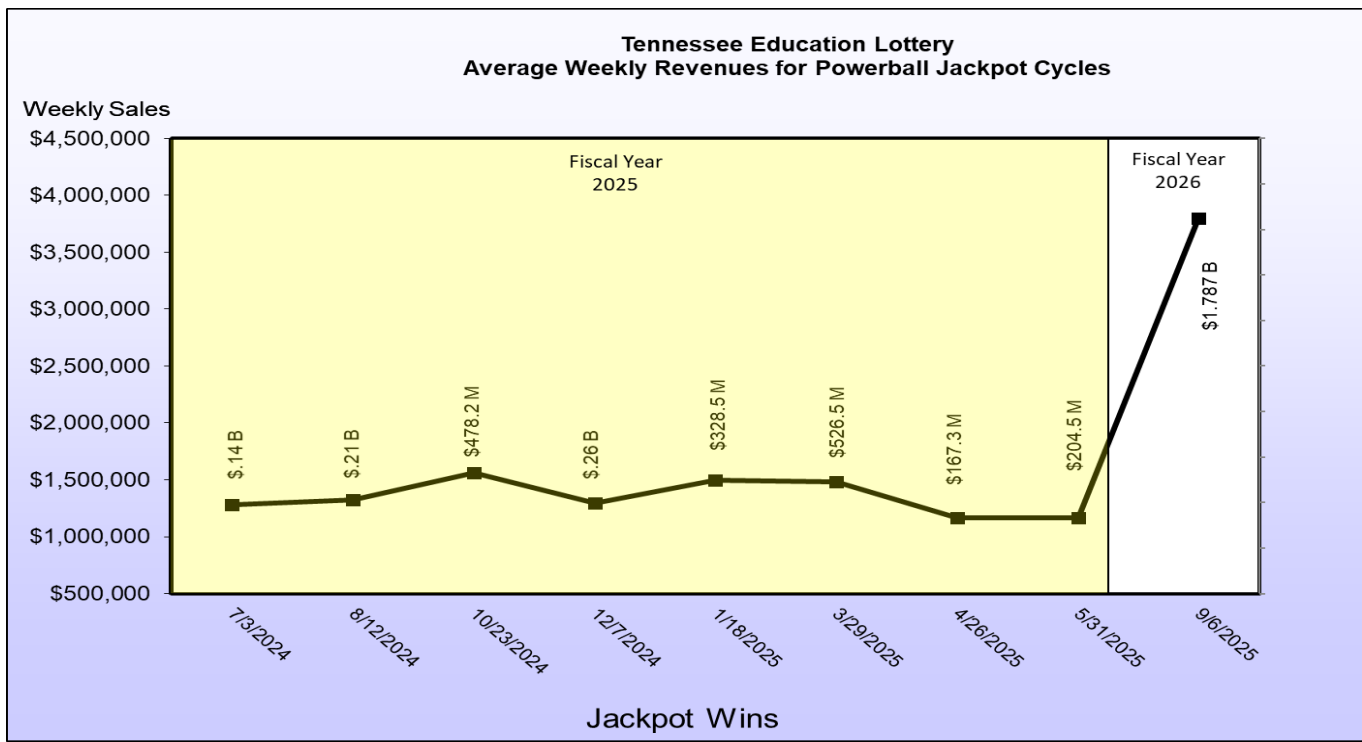
**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

**FY 2026
Projected
Revenue Range
(in millions)**

MULTI JURISDICTIONAL GAMES

\$179 - \$203

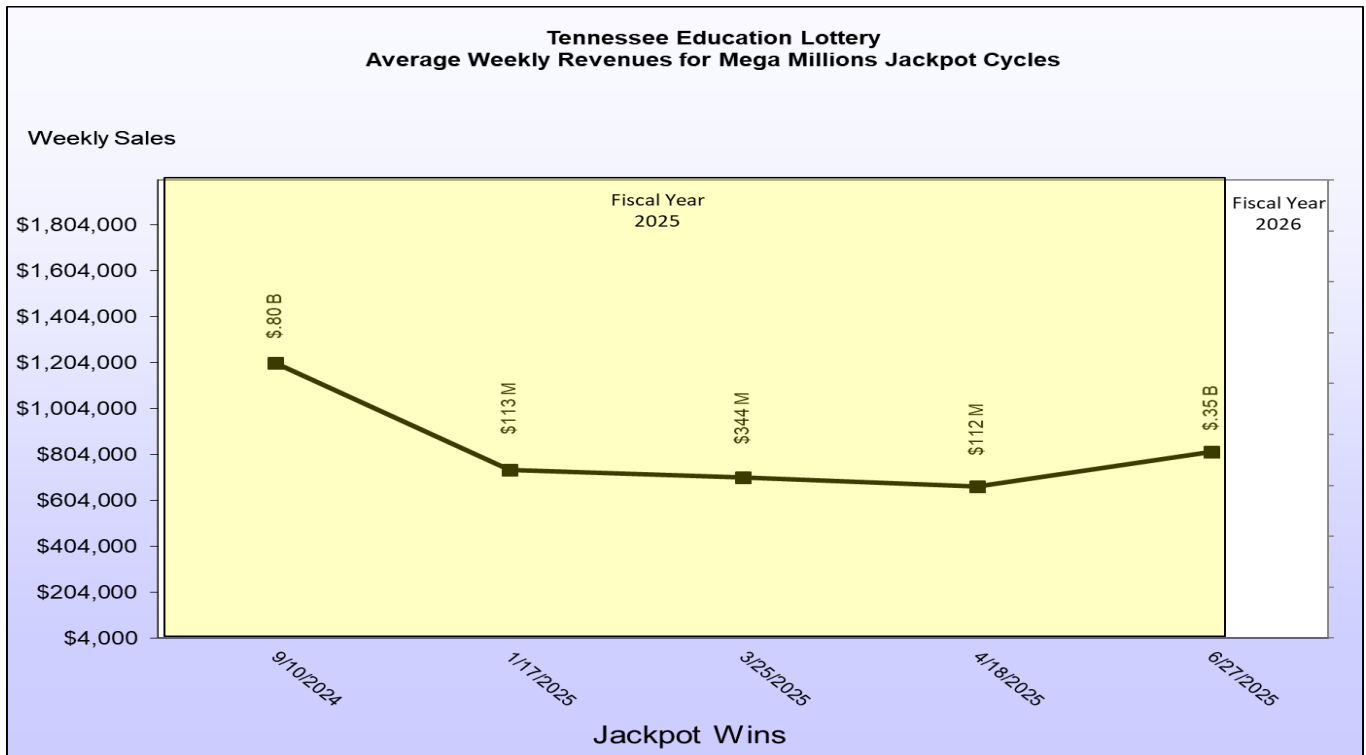
Powerball



- *Powerball* is a draw-style annuity jackpot game with expected jackpot cycles in the range of \$400 million to \$450 million.
- *Powerball* is currently sold in 48 jurisdictions, including the District of Columbia, Puerto Rico and U.S. Virgin Islands.
- TEL projects revenues in FY 2026 in the range of \$105.2 million and \$116.4 million. The range includes two jackpot cycles between \$400 million and \$500 million and one in the range of \$1.7 billion which occurred in September 2025.

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

Mega Millions



- *Mega Millions* is a draw-style annuity jackpot game with expected jackpot cycles in the range of \$450 million to \$500 million.
- *Mega Millions* is currently sold in 47 jurisdictions, including the District of Columbia and U.S. Virgin Islands.
- TEL projects revenues in FY 2026 in the range of \$59 million and \$62 million, to include one jackpot cycle between \$500 million and \$800 million.

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

Lotto America

- Jackpots for this game start at \$2 million, with drawings held Monday, Wednesday and Saturday.
- *Lotto America* is currently sold in 13 jurisdictions.
- TEL projects revenues in the range of \$9 million for this fiscal year.

Cash 4 Life

- *Cash 4 Life* is drawn 7 days per week.
- *Cash 4 Life* provides two opportunities for a lifetime prize:
 - * Top Prize is \$1,000 dollars a day for life.
 - * Second Prize is \$1,000 dollars a week for life.
- *Cash 4 Life* will be replaced in February 2026 with the Millionaire for Life game.

Millionaire for Life

- *Millionaire for Life* will be drawn 7 days per week.
- *Millionaire for Life* provides two opportunities for a lifetime prize:
 - * Top Prize of \$1,000,000 per year for life.
 - * Second Prize of \$100,000 per year for life
- *Millionaire for Life* will launch in February 2026 with 33 lottery jurisdictions that are currently expected to offer the game.

TEL projects revenues for the *Cash 4 Life* and *Millionaire for Life* games in the range of \$14 million for this fiscal year.

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

**FY 2026
Projected
Revenue Range
(in millions)**

TENNESSEE DRAW-STYLE GAMES

\$157 - \$160

Cash 3 and Cash 4

- *Cash 3* and *Cash 4* games are drawn three (3) times daily six (6) days a week, and once on Sunday.
- TEL is projecting revenues for these two games in the range of \$129 million and \$131 million for this fiscal year.

Tennessee Cash

- *Tennessee Cash* is a drawing-style cash jackpot game available three days per week only in Tennessee.
- Revenues are driven by the cash jackpots, with an average jackpot cycle of \$600 to \$700 thousand.
- TEL currently projects revenues in FY 2026 in the range of \$10 million and \$11 million range.

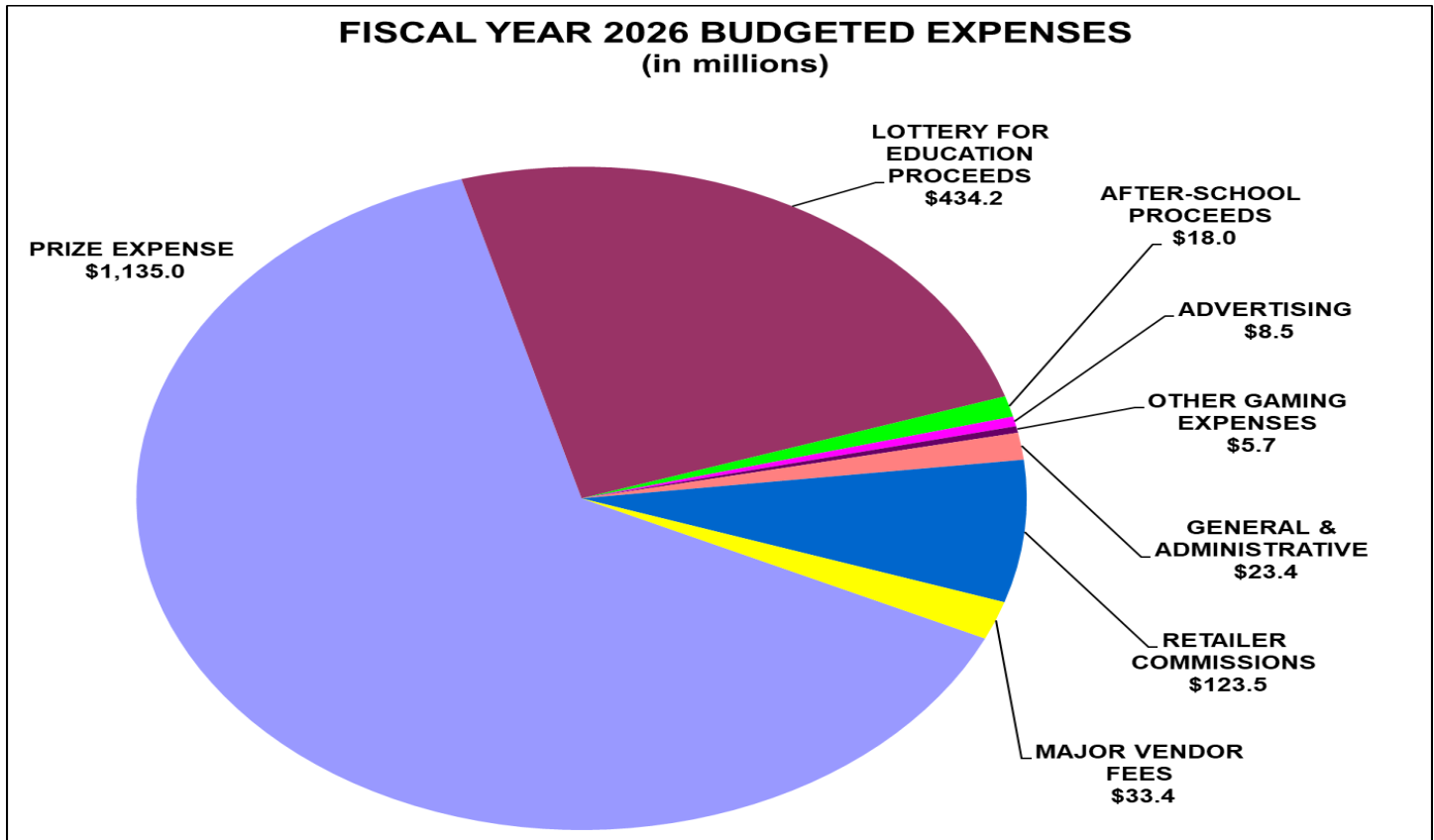
Keno to Go

- *Keno to Go* is a draw-style game with drawings every 4 minutes.
- TEL projects revenues to be in the range of \$10 million this fiscal year.

Daily Tennessee Jackpot

- *Daily Tennessee Jackpot* is a daily cash jackpot game available only in Tennessee.
- TEL projects revenues in the range of \$7.5 million for this fiscal year.

TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS



Direct Gaming-Related Expenses

- Aggregate Prize Expense for all Games is budgeted at **\$1.135 billion** or **64.6%** of total net revenues.
 - *Instant Games* aggregated prize expense is budgeted at **\$972 million** or **68.5%** of net instant games' revenue.
 - *Drawing-style Games* aggregated prize expense is budgeted at **\$163 million** or **49.4%** of total draw-style games' revenue.
- Retailer commissions are budgeted at **\$123.5 million**.
- Major gaming vendors' fees are budgeted at **\$33.4 million**.

Non-Direct Expenses

- Non-direct expenses are budgeted at **\$37.7 million** or **2%** of Gross Revenues.
 - Advertising expenses are budgeted at **\$8.5 million**.
 - Other Gaming expenses are budgeted at **\$5.7 million**.
 - General and Administrative expenses are budgeted at **\$23.4 million**.

TENNESSEE EDUCATION LOTTERY CORPORATION

ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS



Projected Fiscal Year 2026

Lottery for Education Proceeds

\$434 - \$445 million

After-School Program Proceeds

\$18 million

After-School Programs Proceeds are projected based on the TEL's five-year historical unclaimed prize experience of approximately 1.5% of prize expense.

Unclaimed proceeds are significantly impacted by the timing of instant games' closings and large drawing-style game prizes not claimed.

TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS

	FY 2025 Actuals	FY 2026 Low	FY 2026 High	FY 2026 Approved
	June 30, 2025	Projections	Projections	Budget
Instant Ticket Games	\$ 1,523,527,000	\$ 1,543,019,000	\$ 1,562,194,000	\$ 1,562,194,000
Powerball	\$ 71,224,000	\$ 105,186,000	\$ 116,414,000	\$ 80,000,000
Mega Millions	\$ 57,847,000	\$ 59,349,000	\$ 62,193,000	\$ 65,000,000
Cash 3	\$ 75,287,000	\$ 77,366,000	\$ 79,009,000	\$ 78,620,000
Cash 4	\$ 51,332,000	\$ 52,046,000	\$ 52,046,000	\$ 51,561,000
Tennessee Cash	\$ 11,517,000	\$ 10,564,000	\$ 11,500,000	\$ 11,500,000
Lotto America	\$ 13,627,000	\$ 8,944,000	\$ 9,692,000	\$ 14,200,000
Keno to Go	\$ 10,357,000	\$ 9,439,000	\$ 9,998,000	\$ 10,500,000
Cash 4 Life	\$ 9,880,000	\$ 5,961,000	\$ 6,121,000	\$ 10,000,000
Millionaire for Life	\$ -	\$ 8,571,000	\$ 8,571,000	\$ -
Daily TN Jackpot	\$ 7,608,000	\$ 7,400,000	\$ 7,871,000	\$ 7,400,000
GROSS TICKET REVENUES	\$ 1,832,206,000	\$ 1,887,845,000	\$ 1,925,609,000	\$ 1,890,975,000
Less: Tickets Provided as Prizes	\$ (133,005,000)	\$ (133,547,000)	\$ (135,270,000)	\$ (135,270,000)
Net Ticket Revenues	\$ 1,699,201,000	\$ 1,754,298,000	\$ 1,790,339,000	\$ 1,755,705,000
Other Revenues	9,096,000	8,625,000	8,625,000	8,625,000
TOTAL LOTTERY PROCEEDS	\$ 1,708,297,000	\$ 1,762,923,000	\$ 1,798,964,000	\$ 1,764,330,000
EXPENSES				
Prize Expense	\$ 1,109,125,000	\$ 1,134,598,000	\$ 1,156,567,000	\$ 1,135,427,000
Retailer Commissions	119,513,000	123,334,000	125,794,000	123,528,000
Vendor Fees	32,546,000	33,252,000	33,832,000	33,424,000
Direct Expense	\$ 1,261,184,000	\$ 1,291,184,000	\$ 1,316,193,000	\$ 1,292,379,000
Non-Direct Expenses	\$ 34,799,000	\$ 37,722,000	\$ 37,722,000	\$ 37,722,000
TOTAL EXPENSES	\$ 1,295,983,000	\$ 1,328,906,000	\$ 1,353,915,000	\$ 1,330,101,000
EXCESS UNCLAIMED PROCEEDS	\$ -	\$ -	\$ -	\$ -
LOTTERY FOR EDUCATION PROCEEDS	\$ 412,314,000	\$ 434,017,000	\$ 445,049,000	\$ 434,229,000
AFTER SCHOOL PROGRAM PROCEEDS	\$ 17,750,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000

FISCAL YEARS ENDING JUNE 30, 2027, 2028, 2029 and 2030

	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030
Total Lottery Proceeds	\$1,794 - \$1,838 Million	\$1,825 - \$1,880 Million	\$1,857 - \$1,922 Million	\$1,890 - \$1,965 Million
Lottery for Education Proceeds	\$442 - \$455 Million	\$449 - \$465 Million	\$457 - \$476 Million	\$465 - \$486 Million
After-School Programs Proceeds	\$18 Million	\$18 Million	\$18 Million	\$18 Million

DR. STEVEN GENTILE
Executive Director



BILL LEE
Governor

STATE OF TENNESSEE
HIGHER EDUCATION COMMISSION
312 ROSA L. PARKS AVENUE, 9TH FLOOR
NASHVILLE, TENNESSEE 37243
(615) 741-3605

November 3, 2025

MEMORANDUM

TO: State Funding Board

FROM: Tim Phelps, Senior Director for Grant & Scholarship Programs
Tennessee Higher Education Commission

SUBJECT: Tennessee Education Lottery Scholarship Program Projections

Pursuant to T.C.A 4-51-111(c)(2)(A)(ii), the Tennessee Higher Education Commission (THEC) is providing projected expenditures for the lottery scholarship and grant programs through the 2029-30 academic year.

The expenditures below incorporate data for all lottery-funded programs, including the HOPE Scholarship, General Assembly Merit Scholarship, ASPIRE award, Wilder-Naifeh Technical Skills Grant, Nontraditional Student Grant, Dual Enrollment Grant, Helping Heroes Grant, Foster Child Tuition Grant, STEP UP Scholarship, TCAT Reconnect, the Tennessee Middle College Scholarship, and Tennessee Reconnect.

<u>Fiscal Year</u>	<u>TELS Low</u>	<u>TELS Baseline</u>	<u>TELS High</u>	<u>Recipients</u>
2024-25 actual*	N/A	\$481.2M	N/A	156,100
2025-26 estimated*	\$498.1M	\$508.3M	\$523.5M	157,700
2026-27 estimated*	\$503.1M	\$513.4M	\$528.8M	159,300
2027-28 estimated*	\$508.1M	\$518.5M	\$534.1M	160,900
2028-29 estimated*	\$513.2M	\$523.7M	\$539.4M	162,500
2029-30 estimated*	\$518.4M	\$558.9M	\$544.8M	164,100

**Does not include estimated administrative costs and Tennessee Promise Scholarship estimated expenditures.*

These projections are based on the latest student enrollment data, the size of the annual high school graduating class, the scholarship take-up rate of eligible students, and the renewal rate of recipients. Please let me know if you have questions or need anything further.



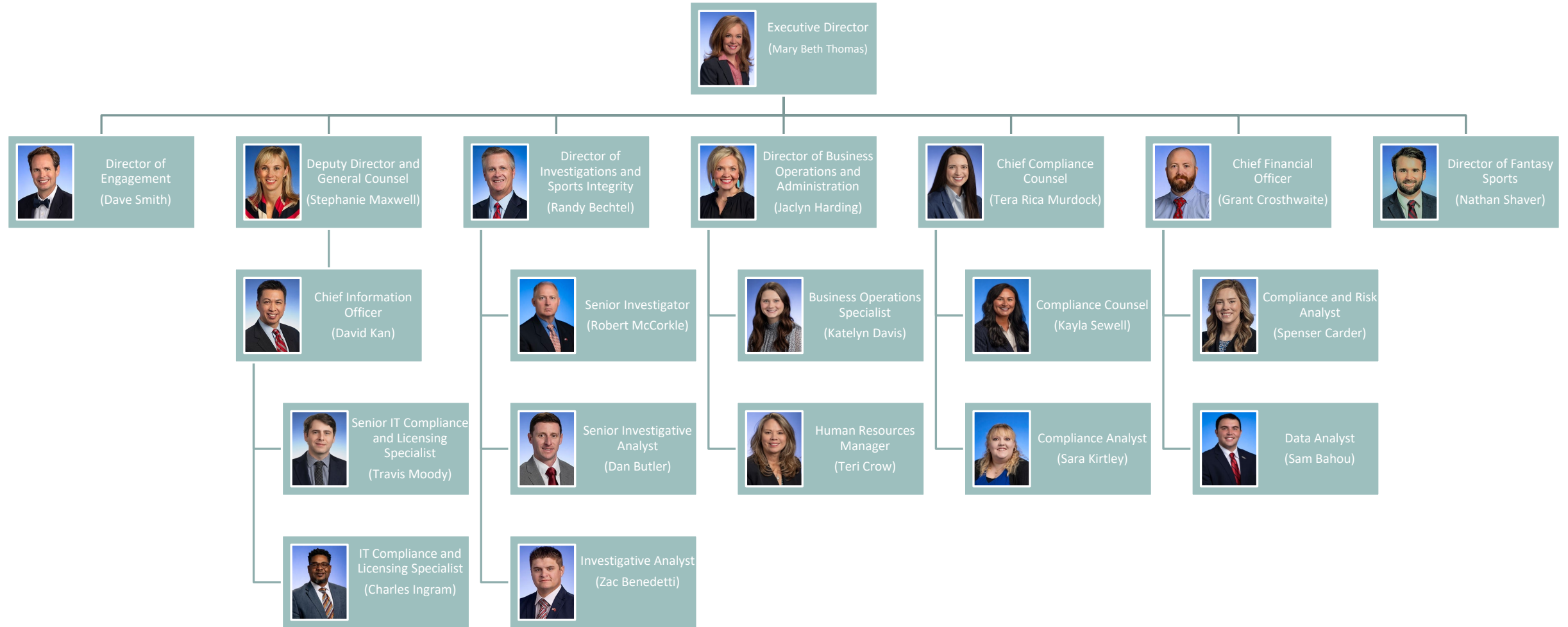
Tennessee
Sports Wagering Council

State Funding Board

NOVEMBER 3, 2025

MARY BETH THOMAS, EXECUTIVE DIRECTOR

The SWC Team



The SWC's Regulatory Responsibility

Compliance Oversight

Privilege Tax Collection
Technical and Financial Audit
Day to Day Reporting
Education and Outreach

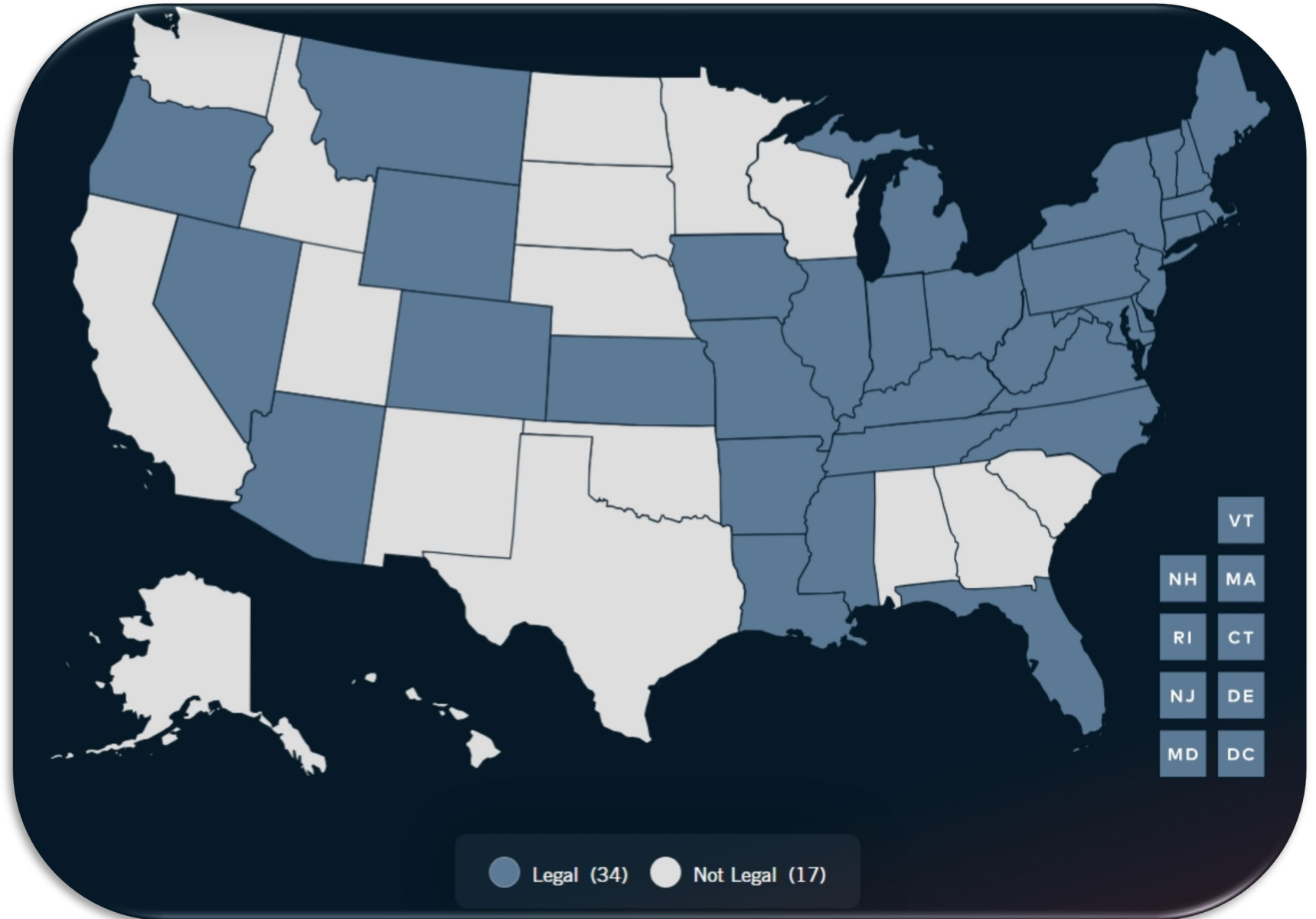
Enforcement

Illegal Betting Operations
Fines and Civil Penalties
Law Enforcement Referrals
Player Complaint Assistance

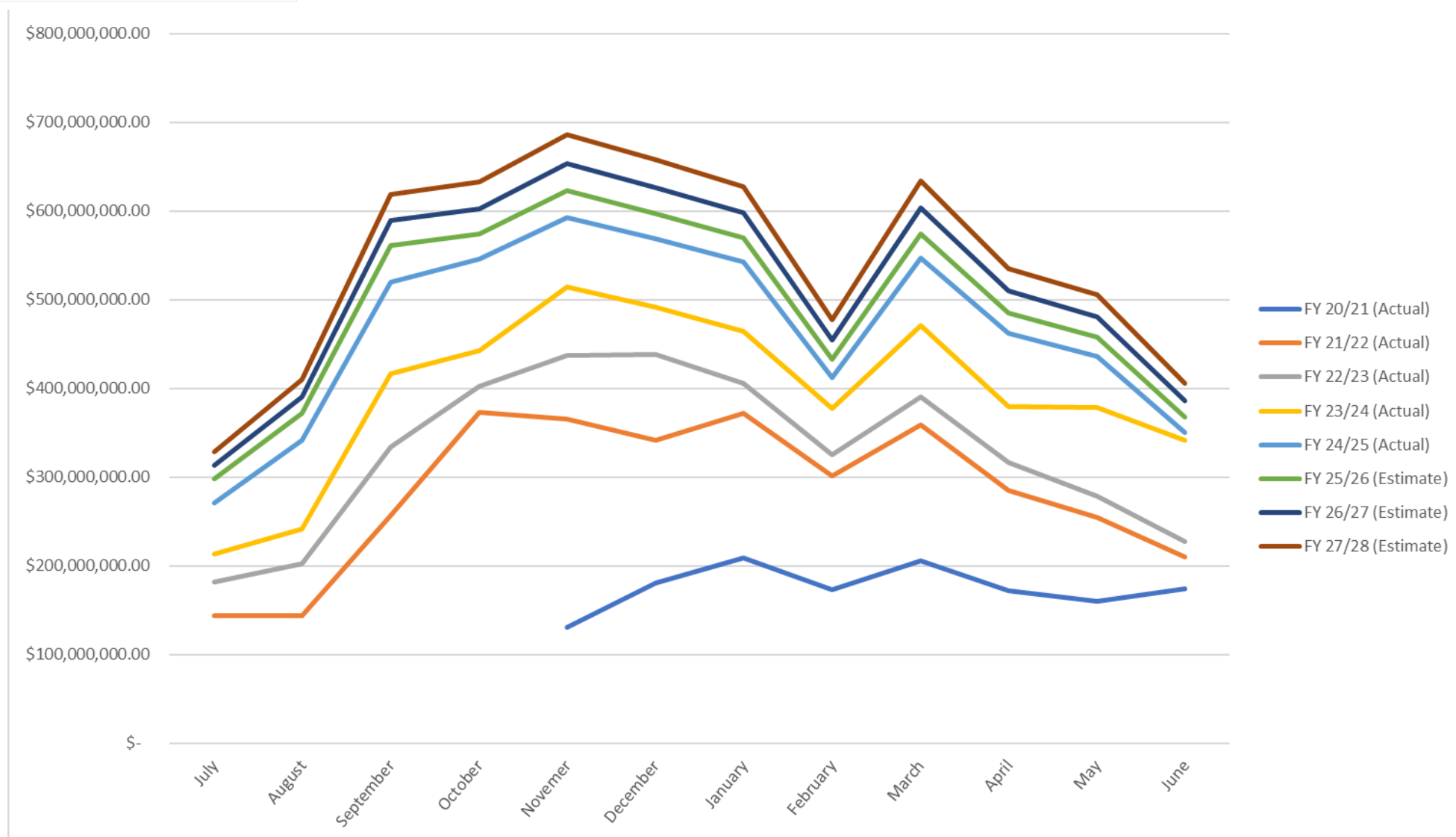
Licensing and Registration

12 Sportsbooks
59 Sportsbook Vendors
19 Fantasy Sports Operators

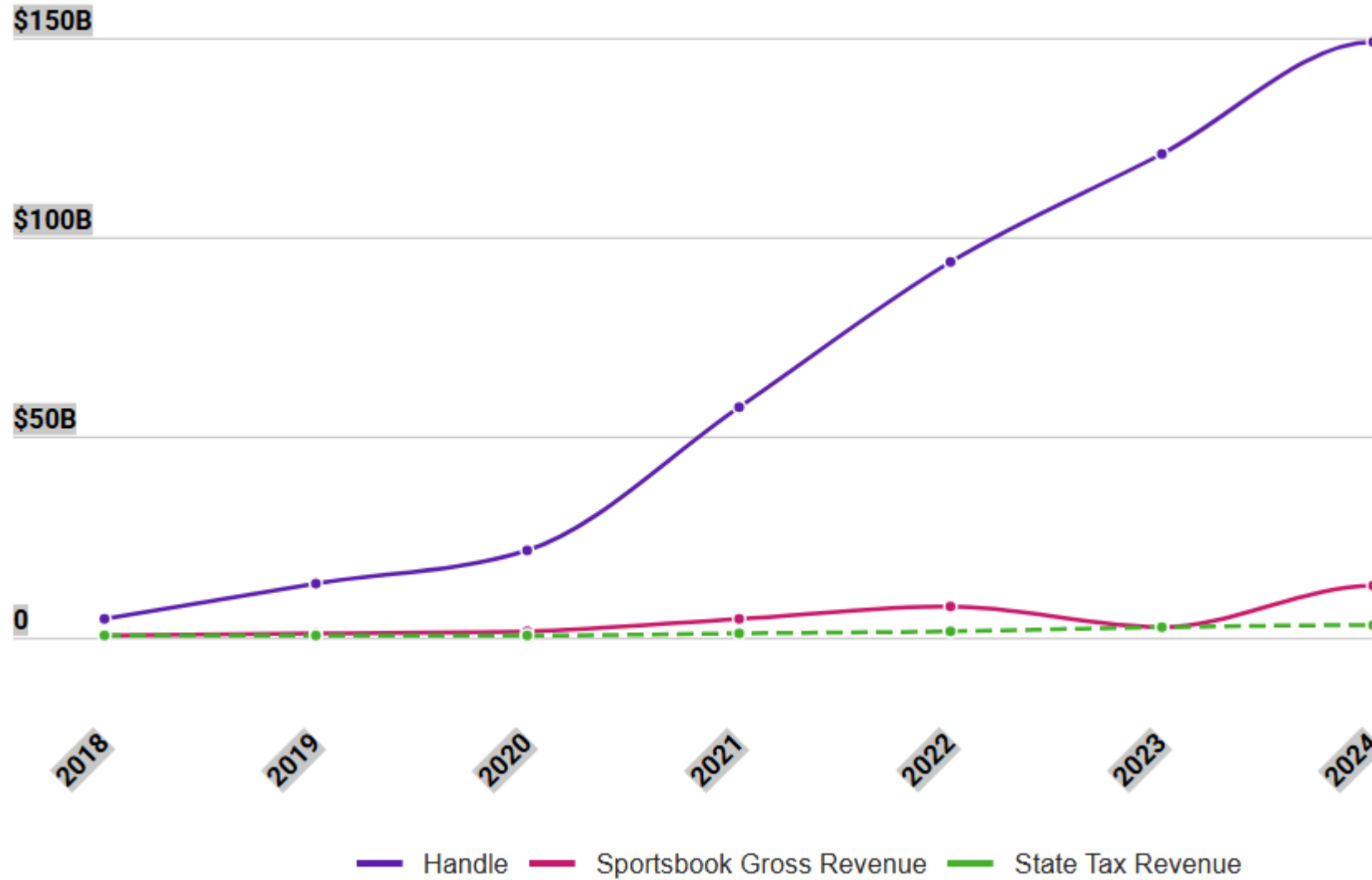
Online Sports
Betting is now
legal in 34 states



Year over Year Gross Handle by Month



US Sports Betting Handle vs. Sportsbook Revenue and State Tax Revenue Since Legalization





	State	Tax Revenue
1	New York	\$1,072,376,830.00
2	Illinois	\$240,822,626.00
3	Pennsylvania	\$197,368,181.00
4	Ohio	\$189,490,281.00
5	New Jersey	\$162,213,236.00
6	Massachusetts	\$133,102,917.00
7	North Carolina	\$103,476,630.00
8	Tennessee	\$97,427,676.00
9	Virginia	\$92,654,093.00
10	Maryland	\$85,831,813.00
11	Louisiana	\$67,090,425.00
12	Oregon	\$49,449,737.00
13	Indiana	\$48,808,977.00
14	Arizona	\$45,298,943.00
15	Kentucky	\$41,339,332.00
16	New Hampshire	\$34,990,877.00
17	Nevada	\$34,330,515.00
18	Colorado	\$34,195,366.00
19	Connecticut	\$27,136,308.00
20	Michigan	\$23,512,645.00
21	Rhode Island	\$18,245,730.00
22	District of Columbia	\$18,150,286.00
23	Iowa	\$15,480,918.00
24	Kansas	\$13,495,279.00
25	Vermont	\$12,277,159.00
26	Delaware (a)	\$10,855,193.00
27	Arkansas	\$7,830,998.00
28	Maine	\$5,849,814.00
29	West Virginia	\$5,743,175.00
30	Wyoming	\$1,542,737.00
	TOTAL	\$2,890,388,697.00

Sports Betting Tax Revenue by State for Calendar Year 2024 (Highest to Lowest)

Source: United States Tax Foundation, www.taxfoundation.org

TN Sports Betting Handle and Privilege Taxes

	Gross Handle	Privilege Tax
FY 23/24	\$ 4,733,448,859	\$ 87,568,810
FY 24/25	\$ 5,590,550,325	\$ 103,425,694
FY 25/26 (Estimate)	\$ 5,913,069,893	\$ 109,391,793
FY 26/27 (Estimate)	\$ 6,208,723,388	\$ 114,861,383
FY 27/28 (Estimate)	\$ 6,519,159,557	\$ 120,604,452

- Tennessee assesses a 1.85% privilege tax on gross betting handle.
- 18% average growth rate of handle historically.
- 5% conservative growth rate estimated moving forward.

Distribution of Sports Betting Privilege Tax

	Lottery For Education Fund (through 6/30/25)	School Construction and Maintenance (Effective 7/1/25)	Department of Mental Health	Local Governments
FY 23/24	\$ 70,055,048.34		\$ 4,378,441	\$ 13,135,322
FY 24/25	\$ 82,740,555.15		\$ 5,171,285	\$ 15,513,854
FY 25/26 (Estimate)		\$ 87,513,434	\$ 5,469,590	\$ 16,408,769
FY 26/27 (Estimate)		\$ 91,889,106	\$ 5,743,069	\$ 17,229,207
FY 27/28 (Estimate)		\$ 96,483,561	\$ 6,030,223	\$ 18,090,668

- The SWC collects privileges taxes from sports betting operators each month, then transfers the funds to the Department of Revenue for distribution.
- The Department of Mental Health utilizes privilege taxes for responsible gaming prevention and treatment programs, with the excess available for juvenile mental health treatment.
- Local governments may use privilege tax funds for local infrastructure projects and emergency services. Funds are distributed on a per capita basis according to the most recent census data.

Other Revenue to the State: SWC Licensure Fees

	Licensure Fees	SWC Operational Expenses and 10% Reserve	TN Promise Distribution
FY 23/24	\$ 8,300,000.00	\$ 4,662,565.91	\$ 3,637,434.09
FY 24/25	\$ 8,825,000.00	\$ 4,557,757.11	\$ 4,267,242.89

- Licensure fees collected from sports betting operators fund the operations of the SWC.
- All remaining licensure fees, less a 10% reserve, are remitted to the Tennessee Promise at the end of the fiscal year.
- The SWC's spending authority was \$6,265,500 in FY23/24. The SWC utilized 74% of its spending authority in FY23/24.
- The SWC's spending authority was \$6,384,900 in FY24/25. The SWC utilized 71% of its spending authority in FY24/25.
- The SWC has asked for four additional positions, but no increase in spending authority for FY 26/27.

Other Revenue to the State: Fantasy Sports Tax

	Fantasy Sports Tax (6% of Adjusted Revenues)	Year over Year Growth
FY 23/24	\$ 444,751	31%
FY 24/25	\$ 1,535,013	245%

Distributed as follows:

	General Fund (68%)	Counties (20%)	Fantasy Sports Fund (10%)	Dept. of Revenue (2%)
FY 23/24	\$ 302,430.92	\$ 88,950.27	\$ 44,475.14	\$ 8,895.03
FY 24/25	\$ 1,043,808.75	\$ 307,002.57	\$ 153,501.29	\$ 30,700.26



Tennessee
Sports Wagering Council

Thank You

EXECUTIVE DIRECTOR MARY BETH THOMAS



BILL LEE
GOVERNOR

STATE OF TENNESSEE
DEPARTMENT OF EDUCATION
NINTH FLOOR, ANDREW JOHNSON TOWER
710 JAMES ROBERTSON PARKWAY
NASHVILLE, TN 37243-0375

LIZZETTE REYNOLDS
COMMISSIONER

TO: Members of the Tennessee State Funding Board

FROM: Lizzette Reynolds, Commissioner

Lizzette
Reynolds_srp

Digitally signed by
Lizzette Reynolds_srp
Date: 2025.10.20 14:33:29
-05'00'

DATE: October 20, 2025

SUBJECT: Request for \$23,000 from Net Lottery Proceeds for Lottery Scholarship Day for FY2026-2027

Pursuant to Tenn. Code Ann. 4-51-111(c)(2)(B) which states prior to December 15, "appropriate state agencies shall submit to the funding board and to the governor their recommendations for other education programs and purposes consistent with article XI, § 5 of the Tennessee Constitution", the Department of Education requests the allotment of \$23,000 from net lottery proceeds in FY 2026-2027 for Lottery Scholarship Day.

These funds will support improvements and enhancements for educational programs and purposes and such net proceeds shall be used to supplement, not supplant, non-lottery educational resources for educational programs and purposes.

Your consideration and approval of this request is appreciated.

cc: David Thurman