Sheet 1 — When You Spend $1 in Atoka vs. Outside Tipton County

Why this matters: Local sales tax dollars fund Atoka's day-to-day services (police, fire/EMS, streets, parks, library) and our public schools. Where you shop decides where those pennies go.

$1 spent **in Atoka** (at an Atoka business or delivered to an Atoka address)

- **State sales tax (7%)**: **7.00¢** goes to the State of Tennessee.*
- **Local option tax (Atoka total 2.75%)**: **2.75¢** stays **here**. It's split roughly:
  - **≈1.35¢** to the **Town of Atoka's General Fund** (for local services),
  - **≈1.35¢** to **Tipton County Schools** (education fund).

  The split above reflects the standard 50/50 education vs. local jurisdiction distribution. Small administrative fees are taken before distribution (see fine print).

Bottom line: A portion of every local purchase directly funds Atoka's services **and** our schools.

$1 spent **outside Tipton County** (e.g., in Memphis/Shelby County or picked up outside the county)

- **State sales tax (7%)**: **7.00¢** goes to the State of Tennessee.*
- **Local option tax (varies by location)**: **100%** of the local tax goes to **that** city/county **and their schools**.

Atoka receives: $0.00 of the local tax from that purchase.

Bottom line: Spending outside Tipton County sends local tax dollars to other communities' services and schools.

What about **online** purchases?

- **Delivered to an Atoka address**: Treated like an Atoka purchase — the local portion benefits **Atoka/Tipton County**.
- **Delivered or picked up outside Tipton County**: Treated like an out-of-county purchase — **none** of the local portion comes back to Atoka.

Fine print

- **Local option tax cap:** Local tax applies only to the **first $1,600** of a single item's price (the "single-article" cap). A separate **state single-article tax of 2.75%** applies to the portion from $1,600.01 to $3,200.
- **Groceries:** The state tax rate on many grocery items is **4%**, not 7%. The local rate is the same.
- **Administrative fees:** The Department of Revenue retains a small **state admin fee** on local collections; the County Trustee retains a **1% admin fee** for distributing the local share. The examples above show approximate **net** pennies after those small fees.

Call to action: *Shop Atoka first.* Keeping your spending local keeps services strong and helps avoid added pressure on property taxes.

Sheet 2 — How Tennessee Collects & Distributes Local Sales Tax (Step-by-Step)

1) **At the register / checkout**
   The retailer charges **state sales tax (7%)** + the **local option rate** for the place where the sale happens or the item is delivered. In Atoka, the combined local rate is **2.75%** (county + city).

2) **Retailer files & pays**
   The retailer files a **monthly** sales tax return with the **Tennessee Department of Revenue (DOR)** and remits both **state** and **local** portions.

3) **State processing**
   DOR processes returns and retains a small **administrative fee** from the **local portion** to cover collection costs.

4) **County pass-through**
   DOR sends the remaining **local** collections to the **County Trustee** for the place where the sale occurred (or where the item was delivered).

5) **County administrative step**
   The **County Trustee** retains a **1% administrative fee** for handling distributions.

6) **Local distribution (the important part)**
   The **local option** tax is **split 50/50**:

   - **50% to Education** — goes into the **county school fund** and is shared among the public school systems as state law requires.
   - **50% to the Place of Sale (the "situs")** — if the sale happens **inside a city**, that **half** is sent to the **city/town's general fund**; if it's in the **unincorporated county**, that half goes to the **county's general fund**.

7) **Separate, smaller state-shared sales tax**
   Separately from the local option tax, cities receive a small **per-capita share** of the state sales tax each month. Helpful, but it's **not tied** to where shoppers made their purchases.

8) **Why this matters for Atoka**
   When purchases happen **in Atoka** (or are **delivered to Atoka**), the 50% **situs share** of the **local** tax flows directly to Atoka's General Fund, and the **education share** supports **Tipton County Schools**. When purchases happen **elsewhere**, **those dollars fund someone else's** services and schools.

This handout is intended for general public understanding. Sales tax law includes item-specific rules and exemptions; always consult the Tennessee Department of Revenue or your tax professional for case-specific questions.