



REASONS TO REPEAL THE WHEEL TAX

Double Taxation

The citizens of Knox County are being taxed for the “privilege” of using the public roads they’ve already paid for with their property and sales taxes.

Promises Made, Yet Not Delivered

The wheel tax was primarily sold to the public to fund a new downtown library, yet it was never built. If the government promises to do something with a special tax, it should deliver on it - or take the tax away.

Uncompetitive For Knox County Businesses

Six of the eight neighboring counties do not have a wheel tax, further incentivizing people to shop for automobiles outside of Knox County.

A Wheel Tax Is A Regressive Tax

Wheel taxes are regressive and imposes a higher percentage burden of taxation on lower-income earners than on higher-income earners.

Sec. 58-1. - Motor vehicle registration fee.




(a) For the privilege of using the public roads and highways in the county, there is levied upon motor-driven vehicles, and upon the privilege of the operation thereof, except motor-driven bicycles and scooters, farm tractors, self-propelled farm machines not usually used for operation upon public highways or roads, and motor-driven vehicles owned by any governmental agency or governmental instrumentality and except for other exemptions provided by general law, a special privilege tax for the benefit of such county, which tax shall be in the amount of \$36.00 for each such motor-driven vehicle, the owner of which resides within said county.

This tax applies to, is a levy upon, and shall be paid on each motor-driven vehicle, the owner of which resides within said county.

WHEEL TAX INTRODUCTION WAS CONTROVERSIAL & TIED TO CIVIC PROMISES

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Averting Atrophy in Knox County
by [Joe Sullivan](#)



With the benefit of hindsight, it's easy to conclude that County Mayor Mike Ragsdale erred by basing his Knox County budget on a wheel tax increase that was subject to repeal by referendum. Neither Ragsdale nor the County Commission majority that approved a \$30 wheel tax increase by a 16-3 vote in June foresaw the groundswell of opposition that manifested itself in the 25,000 signatures on a petition for a Nov. 2 referendum that seems virtually assured.

Now Ragsdale faces the daunting challenge of getting voters to approve a tax increase which is akin to making water run uphill. But without the \$12 million in new revenue from the wheel tax, Knox County is destined to go downhill in its funding of much-needed community improvements and services too numerous to name here.

Ragsdale's initial parry has been to submit to County Commission his recommendations for county budget cuts if the \$12 million in new revenues is not forthcoming. The cuts would eliminate some 30 capital projects that would bring benefits to every section of the county. Grants to more than 100 not-for-profit organizations that have relied on the county for support for many years would be cut in half. And Ragsdale would impose a 2 percent reduction in the budgets of every component of county government except for schools. Readers should carefully consider the impacts of all of these cuts as listed on the county's website (knoxcounty.org).

Topping the list is the \$40 million (later reduced to \$25 million) that Ragsdale had recommended for a new main library that would adorn downtown. The deficiencies, spacewise and otherwise, of the 30-year-old Lawson McGhee Library are apparent to its patrons, but evidently there are not enough of them to carry much political weight. In the farther reaches of the county, where most residents seem to identify with their own branch library (of which there are 17 altogether), opposition to spending \$40 million on a new downtown library is predominant. Indeed, it may well have been the primary impetus for the success of the call for a wheel tax referendum. And County Commission went further than the county mayor by voting last week to kill the \$40 million undertaking regardless of the referendum's outcome.

...connected to the commission's school board, which ... how school funds get spent.

... and the school board start pulling ... we do so, a comprehensive school ... needs in all sectors of the county should be ... the perception elsewhere that the affluent western ... all of the attention. Center city dwellers should recall that a ... decade ago suburbanites uncomplicatedly paid a big share of the cost of what ... were then the community's most pressing high school needs: namely, the \$30 ... million renovations of Fulton and Austin-East.

With election day only two months off, time is of the essence, and Ragsdale needs to start exerting the same kind of positive leadership that former city Mayor Victor Ashe did when he won voter approval for a local sales tax increase in a 1988 referendum.

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PERSPECTIVE
TWO SIDES OF AN ISSUE

Should the wheel tax roll?

Wheel tax would help diversify county revenue sources

NO: Citizens being 'blackmailed' by wheel-tax issue



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Wheel tax drives car owners' rage

By Christina Connelly Jul 2, 2004

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In a 16-3 vote, Knox County commissioners approved a \$30 wheel tax increase June 28, which will potentially generate an additional \$12 million of revenue for Knox County.

"Any time they have to raise any tax or fee or anything where people don't have a choice about paying, there's going to be some frustration that goes with that," said Mike Cohen, Knox County senior director of government relations. "We need to create more jobs, grow the per capita earning and move Knox County forward. If we could have pursued the agenda, we believe we need to pursue for Knox County without raising the wheel tax we would have done it, but it simply wasn't possible."

Although the \$12 million has not been designated to a particular project, it will most fund increased earnings for teachers, expanded parks, improvements for county schools and a new library, said Cohen.

Although the Knox County commissioners feel that the money is necessary to implement much needed improvements in Knox County, not all residents are happy about the tax increase.

Led by Knox County resident Gary Sellers, a group of residents are now petitioning against the wheel tax increase, arguing that the public should have had a chance to vote on the tax increase before the Knox County Commission approved it.

"This is not a done issue yet. We had no say in this," Sellers said. "We tried to talk to commissioners and get them to not approve it and they didn't listen, so this is our only response."

In order for the issue to be reconsidered by county commissioners in November, 12,000 Knox County registered voters must sign the petition by July 28.

Cohen said he feels the wheel tax is an unfair, because it will have a greater impact on lower income families.

"The burden is born more by one group than another group," said Paul Campbell, UT professor of work. "I think it is a regressive tax, but I don't see that as important."

According to Cohen the increased funding would have been raised in another way had the wheel tax not been implemented.

"If for some reason this effort to repeal the wheel tax took effect we would simply turn around a property tax increase to make up the difference," Cohen said.

Knox County commissioner Billy Tindell (District 2b) said the alternative property tax increase have been easier on Knox county residents.

"If we hadn't done it we would have had to cut \$12 million out of the budget somewhere," Tindell said. "The property tax goes up if it's passed to the renter. I'm not sure that it's any more regressive than a property tax."

Residents who have a renewal in July can bypass the wheel tax increase by paying before July 13, when the wheel tax officially goes into effect.

LETTERS TO THE EDITOR

Wheel tax is backdoor effort to make poor pay

What we are being misled on with the wheel tax are the numbers. How can it be that there are only 400,000 vehicles in the county? Just about everyone I know has two to four vehicles. Furthermore, if the wheel tax were \$30, then the median home property tax would go up \$60 to get the same revenue.

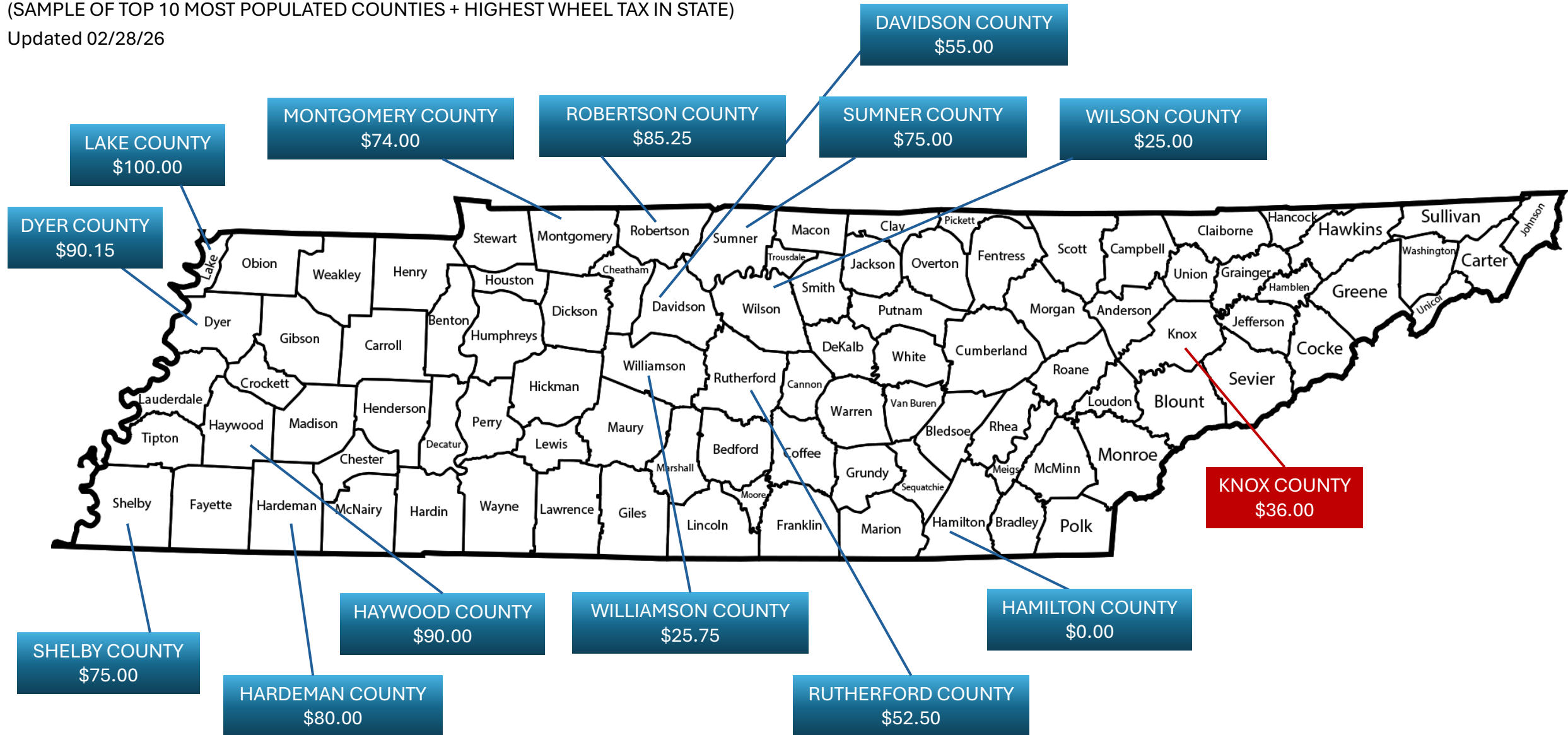
So why is it that the property tax goes up less than the implied \$60? Think a bit; it's not too hard. The property tax includes businesses — the largest property taxpayers. So the wheel tax is a backdoor way to tax the poor and protect the business. Let's all be honest and understand what we are voting on. If you are pro-business and think the poor don't pay their fair share of taxes, then vote for the wheel tax. If you're like me and believe we are already paying too much tax and that government needs to spend less, then vote down the wheel tax and lobby your county commissioners to uphold their promise of no more taxes.

RUDY ESCHER
Knoxville

WHEEL TAX – STATE RATES

(SAMPLE OF TOP 10 MOST POPULATED COUNTIES + HIGHEST WHEEL TAX IN STATE)

Updated 02/28/26



WHEEL TAX REPEAL ORDINANCE BREAKDOWN

Phased-Out Approach Over 5 Years

In consideration of the annual financial needs of Knox County, it is proposed to phase out the Wheel Tax fee of \$36.00 over a five-year period beginning with the FY'27 budget with a full repeal in FY'31.

| | | |
|--------------------------------------|---------|---------------------|
| FY'27 (July 1, 2026 – June 30, 2027) | -\$4.00 | Wheel Tax = \$32.00 |
| FY'28 (July 1, 2027 – June 30, 2028) | -\$8.00 | Wheel Tax = \$24.00 |
| FY'29 (July 1, 2028 – June 30, 2029) | -\$8.00 | Wheel Tax = \$16.00 |
| FY'30 (July 1, 2029 – June 30, 2030) | -\$8.00 | Wheel Tax = \$08.00 |
| FY'31 (July 1, 2030 – June 30, 2031) | -\$8.00 | Wheel Tax = \$00.00 |

Keeps Current Funding Levels for Core Services

The ordinance directs Knox County to fund the services currently being supported by the Wheel Tax – **at their current levels** – only allocated / budgeted within the General Fund budget.

WHEEL TAX – 5 YEAR PHASED OUT APPROACH / FINANCIALS

(Source: Knox County Finance, FY'26 Adopted Budget)

| Wheel Tax Revenue | | | |
|-------------------------|------------------|------------------|-----------------|
| Fund | FY'24 Actuals | FY'25 Actuals | FY'26 Budget |
| General | 607,980 | 632,732 | 620,000 |
| Public Library | 12,576,931 | 13,088,960 | 13,050,000 |
| General Purpose Schools | 912,721 | 949,879 | - |
| EPW | 914,222 | 951,441 | 1,825,000 |
| Totals | 15,011,854 | 15,623,012 | 15,495,000 |



Adopted FY'26 Knox County Budget = \$1,118,995,156

% of Knox Co. FY'26 Budget

Full Repeal of Wheel Tax (\$15,495,000) = 01.38 %

Proposed FY'27 (-\$4) Repeal of Wheel Tax (-\$1,721,667) = 00.15 %

Proposed FY'28 (-\$8) Repeal of Wheel Tax (-\$3,443,334) = 00.31 %

Proposed FY'29 (-\$8) Repeal of Wheel Tax (-\$3,443,334) = 00.31 %

Proposed FY'30 (-\$8) Repeal of Wheel Tax (-\$3,443,334) = 00.31 %

Proposed FY'31 (-\$8) Repeal of Wheel Tax (-\$3,443,334) = 00.31 %

The percentage of the annual Knox County budget is likely to be lower if the overall budget amount increases at a higher growth rate (which is likely).