



April 02, 2025

County-Aid Funds

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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Reference Number: CTAS-837

The state provides to counties rather large sums of money in the form of "county-aid funds" primarily from the state gasoline tax. County-aid highway funds may be used in the building, repairing and improvement of county roads and bridges or for the funding of mass transit systems (not to exceed 22.2% of total). T.C.A. § 54-4-103. There are further restrictions on the use of these funds detailed in the gasoline tax distribution statute, T.C.A. § 67-3-901. If a county is to receive its full allocation of county-aid funds under the basic formula: 50% equally to all counties, 25% according to population, and 25% according to area, the county must appropriate for road purposes from local revenue sources an amount equal or greater than the average of the preceding 5 years from local sources. The county highway officials must certify these items to the DOT each year. It should be noted here that some counties have not appropriated local revenue in the past 5 years; if so, the state will not diminish the county-aid funds so long as this fact is certified by the county officials. Also, the portion of the gasoline tax proceeds from 3¢ of the total gasoline tax (effective since 1985) which become county-aid funds must be used for the purposes of resurfacing and upgrading county roads, including paving of gravel roads. T.C.A. § 67-3-901.

Source URL: <https://www.ctas.tennessee.edu/eli/county-aid-funds>