



Tennessee 4th freest state in the U.S.

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Tennessee ranked fourth in the country in the CATO Institute's recent 2021 Freedom in the States **rankings**.

The rankings use 230 policy variables to rank states on how their policies promote freedom in fiscal, regulatory and personal realms. The CATO Institute is a public policy think tank based on libertarian ideals to promote limited government, free markets and peace.

Tennessee ranked second in the nation in fiscal policy freedom and also was second in economic freedom. Florida was No. 1 in fiscal policy freedom, while Nevada was first in economic freedom.

“Tennessee has long been one of the economically freest states, largely because of its outstanding fiscal policies, but it also used to be one of the personally freest states in the South,” the report said. “That edge disappeared as it became a more stereotypical red state. As a result, Tennessee fell from third in overall freedom in 2001 to seventh in 2012.”

Tennessee does not have a state income tax. Both its state and local taxes are below the national average. Overall state-level taxes fell from 5.1% of adjusted personal income in Financial Year 2007 to 4.1% in FY 2020. The national average is 5.7%.

Local taxes average 2.5% in Tennessee, below the national average.

CATO suggests that states “separate spending and tax committees in the legislature, a reform shown to correspond to lower spending over time. Sales taxes are high and could be cut.”

Tennessee ranked much lower, 39th, in personal freedoms that include victimless crimes, guns, tobacco, and education.