



## COMMENTS

The bills on the following list have been identified by TSCPA's legislative tracker as bills of interest to the CPA profession. They may be viewed in their entirety at [www.legislature.state.tn.us/](http://www.legislature.state.tn.us/). If you have questions or comments, please email [tscpa@tscpa.com](mailto:tscpa@tscpa.com).

### KEY

- ✓ - Legislation with an active status
- - Comments
- PC - Link to Public Chapter

## 2019 LEGISLATION

### ALCOHOLIC BEVERAGES

- ✓ **SB 350 by Briggs/HB 102 by Hulsey - Distribution of liquor-by-the-drink tax proceeds to local political subdivisions.** Extends the way proceeds from liquor-by-the-drink tax collected between July 1, 2018 to June 30, 2019 are distributed to local political subdivisions by one year, from July 1, 2019 to July 1, 2020.  
*Senate Status:* **State & Local Government passed on 4/9/2019; Sent to Calendar Committee.**  
*House Status:* **State passed on 4/9/2019; Set on floor on 4/15/2019.**

### BUDGET

- SB 628 by Watson/HB 829 by Hazlewood - Grant payments under the grant assistance program for nursing home care.** Authorizes grant payments under the grant assistance program for nursing home care to be made either monthly or quarterly. → **Budget caption bill.** ←  
*Senate Status:* *Referred to Finance, Ways & Means.*  
*House Status:* *Caption bill held on clerk's desk.*
- SB 630 by Watson/HB 1017 by Lynn - Bond issuance.** Authorizes the state, acting by resolution of its funding board, to issue and sell its interest-bearing bonds and bond anticipation notes for certain purposes.  
*Fiscal Note:* (Dated February 20, 2019) Increase State Expenditures - \$3,300,000 First Year Debt Service \$48,900,000 Over the life of the bonds \$30,000,000 Principal \$18,900,000 Interest  
*Senate Status:* *Referred to Finance, Ways & Means.*  
*House Status:* *Referred to Finance, Ways & Means Subcommittee.*

**SB 1050 by Watson/HB 1019 by Lynn - Grant payments under grant assistance program for nursing home care.** Authorizes grant payments under the grant assistance program for nursing home care to be made either monthly or quarterly. → **Budget caption bill.** ←

**Senate Status:** *Referred to Finance, Ways & Means.*

**House Status:** *Referred to Finance, Ways & Means Subcommittee.*

**SB 1051 by Watson/HB 1018 by Lynn - Appropriations - legislative enactments of 2019 session of general assembly.** Makes appropriations for the purpose of defraying the expenses of certain legislative enactments passed during the 2019 session of the 111th General Assembly. Earmarks sufficient state funds for the purpose of funding any bill naming a highway or bridge in honor of a service member killed in action.

**Senate Status:** *Referred to Finance, Ways & Means.*

**House Status:** *Referred to Finance, Ways & Means Subcommittee.*

## COMMERCIAL LAW

✓ **SB 212 by Akbari/HB 396 by M. White - Fees on sales of services and tangible personal property.** Changes the language from "professional services" to "**accounting**, legal, or other professional services" regarding entities exempt from a fee on sales of services and tangible personal property within central business improvement district which is in a tourism development zone.

**Amendment:** Senate State & Local Government Committee amendment 1, House Local Committee amendment 1 (006298) rewrites the bill and specifies that approval for a public use facility after the date of December 31, 2018 must be amended by the state building commission.

**Senate Status:** *State & Local Government passed on 4/9/2019 with amendment; Sent to Calendar Committee.*

**House Status:** *Set on floor on 4/15/2019.*

✓ **SB 232 by Lundberg/HB 57 by Hulsey - Registration exemptions for charitable organizations.** Increases from over \$30,000 to over \$50,000 the amount of gross contributions that must be raised or received from the public by a charitable organization in order to trigger registration and reporting requirements with the secretary of state.

**Status:** *Governor signed on 4/9/2019.*

**SB 1221 by Niceley/HB 1115 by Coley - Prohibits multiple audits of a business entity.** Requires a state governmental entity to not conduct a financial audit of a business entity more than once in a twelve-month period unless the entity finds substantial evidence of egregious financial misconduct.

**Fiscal Note:** (Dated March 19, 2019) Decrease State Revenue - \$178,100 Decrease Local Revenue - \$72,700

**Senate Status:** *Referred to State & Local Government.*

**House Status:** *Taken off notice in Department & Agencies Subcommittee on 4/3/2019.*

## ESTATES AND TRUSTS

✓ **SB 542 by Gardenhire/HB 675 by Garrett - Trustee who has resigned or been removed.** Permits a revocable living trust that becomes irrevocable upon the death of the settlor to refer to a written statement of personal property not otherwise disposed of by the revocable trust. Gives a trustee who has resigned or been removed the right and authority to petition the court for a release and discharge from all liability related to the trust. Make other revisions regarding estates and trusts.

**Amendment:** Senate amendment 1, House Judiciary Committee amendment 1 (005328) removes language requiring the clerk deliver to the affiant small estate letters of authority,

specifying disclaimers in probate estate assets, and requiring a trustee who has been removed have the right and authority to petition the court for a release and discharge from all liability related to a trust.

**Senate Status:** *Senate passed on 4/1/2019 with amendment.*

**House Status:** *Set on floor on 4/15/2019.*

- ✓ **SB 699 by Stevens/HB 676 by Garrett - Tennessee Disclaimer of Property Interests Act.** Allows a person to disclaim, in whole or part, any interest in or power over property, including a power of appointment. Permits a person to disclaim the interest or power even if its creator imposed a spendthrift provision or similar restriction on transfer or a restriction or limitation on the right to disclaim. Allows a fiduciary to disclaim, in whole or part, any interest in or power over property, including a power of appointment, whether acting in a personal or representative capacity. Also allows a fiduciary to disclaim the interest or power even if its creator imposed a spendthrift provision or similar restriction on transfer or a restriction or limitation on the right to disclaim. Specifies requirements for disclaimer to be effective. Specifies other requirements regarding disclaimer of interest in property, disclaimer of rights of survivorship in jointly held property, disclaimer of interest by trustee, and other disclaimers. Also specifies when a disclaimer can be barred or limited.

**Amendment:** House Judiciary Committee amendment 1 (006287) clarifies the definition of a designated ancestor and a family member. Removes section 13 of the bill which included mandatory arbitration language. Establishes that trustees who have resigned or been removed have the right to petition the court for approval of its accountings and a release from liability related to such a trust. Clarifies general power of appointment. Makes technical changes.

**Senate Status:** *Set in Judiciary on 4/16/2019.*

**House Status:** *Set in Finance, Ways & Means Subcommittee on 4/17/2019.*

## **GOVERNMENT ORGANIZATION & REGULATION**

- ✓ **SB 167 by Gardenhire/HB 86 by Zachary - Email communication policy of state or state agency to be posted on website of entity.** Requires the electronic mail communications policy of the state or any agency, institution, or political subdivision of the state to be posted on the website of the entity. → **Public records caption bill.** ←

**Amendment:** Senate State & Local Government Committee amendment 1, House amendment 1 (004506) rewrites this bill and provides that any legislation of the house of representatives that creates an exception to the present law requirement deeming records of public entities to be open for inspection by the public must be referred to the government operations committee according to the rules of the house of representatives. After review, the government operations committee of the house of representatives will give the legislation a positive, neutral, or negative recommendation. This bill specifies that the government operations committee of the house of representatives, unless it is designated as the appropriate standing committee, must not delay or prevent consideration of the legislation by the house of representatives by withholding the committee's recommendation.

**Senate Status:** *State & Local Government passed on 4/9/2019 with amendment; Sent to Calendar Committee.*

**House Status:** *House passed on 3/21/2019 with amendment.*

- ✓ **SB 196 by Kelsey/HB 261 by Daniel - Expands the Right to Earn a Living Act.** Requires entry regulations, public service restrictions, and statutes to be clearly apparent and shaped to fulfill a legitimate public health

or safety objective. Allows individuals to bring civil action on relevant licensing authorities that failed to meet standards. → **Accountants are not included in the coverage of this amended bill.** ←

**Amendment:** House Government Operations Committee amendment 1 (006605), which deletes and rewrites all language after the enacting clause. Makes various changes to the Right to Earn a Living Act. Authorizes an affected person to petition a licensing authority to repeal or modify an entry regulation within its jurisdiction, including entry regulations promulgated relative to statute. Exempts any state agency, regulatory board, commission, council, or committee that regulates a person under certain circumstances.

**Link to Amendment:** <http://www.capitol.tn.gov/Bills/111/Amend/HA0151.pdf>

**Senate Status:** *Set in State & Local Government on 4/16/2019.*

**House Status:** *Finance, Ways & Means Subcommittee passed on 4/10/2019 with amendment; Set in Finance, Ways & Means on 4/17/2019.*

- ✓ **SB 621 by Hensley/HB 644 by T. Hill - Requires a preponderance of state evidence in suspension proceedings of employees violating state laws or rules prior to taking such action.** Requires a state agency in any proceeding to suspend, terminate, or discipline an employee in state service to prove by a preponderance of the evidence that the employee violated state law or a rule or policy of the agency prior to taking such action.

**Amendment:** House State Committee amendment 1 (005991) deletes all language after the enacting clause. Provides that in a Step I, Step II, and Step III appeal proceeding the state agency has the burden to prove by a preponderance of evidence that a state law, rule, or policy was not violated with respect to the complaint.

**Senate Status:** *Set in State & Local Government on 4/16/2019.*

**House Status:** *State passed on 4/9/2019 with amendment; Taken off notice in Calendar & Rules on 4/11/2019.*

- ✓ **SB 759 by Yarbro/HB 252 by Freeman - Requires accommodations for dyslexic applicants for certain licenses.** Requires reasonable accommodations to be made for a person applying for a license to engage in an occupation, trade, or profession who is diagnosed with dyslexia.

**Amendment:** House State Committee amendment 1 (006297) moves the effective date from July 1, 2019 to July 1, 2020 and requires an agency that requires a person applying for a license to engage in an occupation, trade, or profession in this state to take an examination to ensure the provision of appropriate accommodations in accordance with the Americans with Disabilities Acts. Requires a state agency that administers a required examination for licensure to promulgate rules that establish the eligibility criteria that a person must meet for an accommodation to be provided. Exempts examinations mandated and administered pursuant to federal law. Senate State & Local Government Committee amendment 1 deletes all language after the enacting clause. Requires an agency that requires a person applying for a license to engage in an occupation, trade, or profession in this state to take an examination to ensure the provision of appropriate accommodations in accordance with the Americans with Disabilities Act. Requires a state agency that administers a required examination for licensure to promulgate rules that establish the eligibility criteria that a person must meet for an accommodation to be provided. Exempts examinations mandated and administered pursuant to federal law. Changes the effective date from July 1, 2019, to July 1, 2020.

**Senate Status:** *State & Local Government passed on 4/9/2019 with amendment; Sent to Calendar Committee.*

**House Status:** *Government Operations passed on 4/8/2019; Set on floor on 4/15/2019.*

**MISCELLANEOUS**

**PC SB 233 by Lundberg/HB 87 by Zachary - Financial Literacy Week in Tennessee.** Designates the week beginning on the first Sunday in April as Financial Literacy Week in Tennessee.

**Status:** *Enacted as Public Chapter 37 effective March 22, 2019.*

**Link to Public Chapter:** <https://publications.tnsosfiles.com/acts/111/pub/pc0037.pdf>

**SB 1292 by Pody/HB 370 by Daniel - Requires government payments to private entities not be kept confidential.** Prohibits government payments, fees, and other forms of financial benefits paid or bestowed, or agreed to be paid or bestowed, to a private entity from being deemed confidential trade secret, proprietary information, or confidential business information unless the transaction or proposed transaction falls under a specific exception as prescribed by state or federal law. → **The Tennessee Chamber is concerned about this bill and economic incentives.** ←

**Amendment:** House Public Service & Employees Subcommittee amendment 1 (006307) deletes and rewrites all language after the enacting clause such that the substantive changes (1) would remove payments, fees, or other forms of financial benefits which have been agreed to be paid or bestowed upon private entities by governmental entities from applicability, and (2) specifies that private entities are not required to disclose information relating to an application submitted to a governmental entity for payment of a fee, or other form of financial benefit.

**Senate Status:** *Referred to State & Local Government.*

**House Status:** *Failed in Public Service & Employee Subcommittee on 3/20/2019.*

**PROFESSIONAL PRIVILEGE TAX**

**SB 315 by Watson/HB 338 by Reedy - Phases out professional privilege tax.** Declares the privilege tax is payable on June 1 of each tax year, with each tax year beginning on June 1 and ending on May 31. Decreases professional privilege tax from \$400 to \$300 annually for tax years ending on or after May, 31, 2022. Repeals tax for tax years ending on or after May 31, 2025.

**Fiscal Note:** (Dated February 4, 2019) Decrease State Revenue Net Impact \$23,375,600/FY20-21 \$23,375,600/FY21-22 \$23,375,600/FY22-23 \$93,502,500/FY23-24 and Subsequent Years Decrease State Expenditures \$243,600/FY20-21 \$243,600/FY21-22 \$243,600/FY22-23 \$974,400/FY23-24 and Subsequent Years Increase Local Revenue \$116,000/FY20-21 \$116,000/FY21-22 \$116,000/FY22-23 \$464,200/FY23-24 and Subsequent Years Other Fiscal Impact To the extent the General Assembly further reduces the privilege tax rate annually through enactment of a general bill, and that such reductions are equal to \$100 each year, beginning in FY20-21, the net decreases in state revenue\* and increases in local revenue are estimated to be: (\$23,375,600) for the state and \$116,000 for the locals in FY20-21; (\$46,751,300) for the state and \$232,100 for the locals in FY21-22; (\$70,126,900) for the state and \$348,100 for the locals in FY22-23; and (\$93,502,500) for the state and \$464,200 for the locals in FY23-24 and subsequent years. The net decrease in state expenditures for the state is estimated to be: \$243,600 in FY20-21; \$487,200 in FY21-22; \$730,800 in FY22-23; and \$974,400 in FY23-24 and subsequent years. \*net decreases in state revenue denoted parenthetically

**Senate Status:** *Finance Revenue Subcommittee returned to full committee with a negative recommendation on 3/12/2019.*

**House Status:** *Referred to Finance, Ways & Means Subcommittee.*



**SB 1290 by Pody/HB 1053 by Hall - Exemptions from professional privilege tax.** Exempts individuals from the professional privilege tax if they are exempt from the business tax on gross receipts from providing services for which they are licensed.

Fiscal Note: (Dated March 5, 2019) Decrease State Revenue Net Impact \$91,940,900/FY19-20 and Subsequent Years Decrease State Expenditures \$974,400/FY19-20 and Subsequent Years Increase Local Revenue \$456,300/FY19-20 and Subsequent Years

Amendment: Senate Finance Revenue Subcommittee amendment 1 (003959) rewrites the bill and provides exemption from the professional privilege tax, beginning with taxes due on June 1, 2020 for the professions of lobbyist, architect, broker, audiologist, chiropractor, dentist, optometrist, podiatrist, psychologist, speech pathologist, veterinarian, and attorney.

**Senate Status:** *Finance Revenue Subcommittee returned to full committee on 3/19/2019 with a negative recommendation after adopting amendment.*

**House Status:** *Taken off notice in Finance, Ways & Means Subcommittee on 3/6/2019.*

## PROFESSIONS & LICENSURE

✓ **SB 384 by Lundberg/HB 304 by Bricken - Exempts armed forces members and their spouses from licensure requirements.** Exempts armed forces members stationed within this state and their spouses from licensure requirements to practice professions and occupations regulated by the department of commerce and insurance and the department of health, subject to meeting certain requirements to practice.

Fiscal Note: (Dated February 28, 2019) Decrease State Revenue Exceeds \$1,000/Health Regulatory Boards Exceeds \$1,000/Commerce Regulatory Boards

Amendment: Senate amendment 1 (005769) deletes and rewrites all language after the enacting clause such that the substantive changes are as follows: (1) a qualifying person must register with the state agency administering the profession and subject themselves in writing to the jurisdiction of such agency in respect to harms or violations of statutes and rules; (2) a qualifying individual must apply for licensure if such license expires in the state of issuance, or within one year of practicing in Tennessee, whichever comes first; (3) regulatory boards under the Department of Health (DOH) are not required to provide license exemption under this legislation; and (4) deletes prerequisite that a person must have left employment to accompany a spouse to this state in order to qualify for an expedited full license under a DOH regulatory board. House amendment 2 (006630) specifies the person or spouse holds a valid license to practice the regulated occupation or profession issued by another state or jurisdiction having reasonably similar standards for licensure.

**Senate Status:** *Senate passed on 3/25/2019 with amendment.*

**House Status:** *House passed on 4/8/2019 with amendments.*

## PROPERTY

✓ **SB 399 by Stevens/HB 236 by Zachary - Increasing of homestead exemption.** Creates a homestead exemption for agricultural land, increases aggregate value of real property homestead exemptions while establishing that, in 3-year intervals, the fiscal review committee will recommend to the general assembly increases in the homestead exemption.

Amendment: House Judiciary Committee amendment 1 (007911) deletes and rewrites all language after the enacting clause such that the substantive changes are to increase certain homestead exemptions to \$35,000, increase the homestead exemption available to individuals jointly owning real property to \$52,500, delete certain homestead exemptions provided under current law, delete the homestead exemption for

agricultural property provided in the original bill, and delete the requirement that the Fiscal Review Committee calculate and report adjustments to the homestead exemption.

**Senate Status:** *Set in Judiciary on 4/16/2019.*

**House Status:** *Judiciary deferred on 4/9/2019 to 2020 after adopting amendment.*

## **TAXES BUSINESS**

**SB 423 by Hensley/HB 494 by Doggett - Tax on ammunition.** Eliminates the special privilege tax on ammunition.

**Fiscal Note:** (Dated February 24, 2019) Decrease State Revenue - \$455,300/Wildlife Resources Fund Decrease State Expenditures - \$19,900/Wildlife Resources Fund

**Senate Status:** *Finance Revenue Subcommittee returned to full committee on 4/2/2019 with a negative recommendation.*

**House Status:** *Finance, Ways & Means Subcommittee on 3/6/2019 placed behind the budget.*

✓ **SB 558 by J. Johnson/HB 1028 by Lynn - Net earnings and loss to be defined as federal taxable income or loss.** Requires that “net earnings” or “net loss” be defined as federal taxable income or loss according to the federal Tax Cuts and Jobs Act of 2017.

**Fiscal Note:** (Dated March 18, 2019) Forgone State Revenue Exceeds \$6,000,000/FY18-19 and Subsequent Years

**Amendment:** House Finance Subcommittee amendment 1, Senate amendment 1 (006062) excludes, for excise tax purposes, repatriated earnings and GILTI when computing net earnings or net losses or allowable deductions. Provides that 5 percent of repatriated earnings and GILT that, prior to any deductions, are included in federal taxable income will be added back when computing net earnings for excise tax purposes. These provisions would apply to tax periods beginning on or after January 1, 2018.

**Senate Status:** *Finance, Ways & Means passed on 4/9/2019; Senate passed on 4/11/2019 with amendment.*

**House Status:** *Finance, Ways & Means Subcommittee passed on 4/10/2019 with amendment; Set in Finance, Ways & Means on 4/17/2019.*

**SB 1171 by Swann/HB 508 by Gant - Taxpayer claiming not-for-profit status.** Permits a non-profit hospital to submit an electronic request for conference with the commissioner of health in the event of the issue of a civil penalty. Prohibits the commissioner from taking enforcement action until the final adjuration of the taxpayer’s appeal, in the event of denial to a taxpayer claiming non-profit status.

**Senate Status:** *Referred to Health & Welfare.*

**House Status:** *Referred to Facilities, Licensure & Regulations Subcommittee.*

**SB 1213 by Crowe/HB 818 by Rudder - Extends the business tax exemption - mental or behavioral health services.** Extends the business tax exemption to mental and behavioral health services by persons engaged in the business of providing foster care, residential treatment, therapeutic and rehabilitative care, or other social assistance programs.

**Fiscal Note:** (Dated March 9, 2019) Decrease State Revenue \$283,300/FY20-21 and Subsequent Years Decrease Local Revenue \$360,800/FY20-21 and Subsequent Years

**Amendment:** Senate Finance Revenue Subcommittee amendment 1, House Finance Subcommittee amendment 1 (005889) deletes all language after the enacting clause. Exempts family service agencies primarily engaged in providing therapeutic foster care from the business tax.

**Senate Status:** *Finance Revenue Subcommittee returned to full committee on 4/2/2019 with a negative recommendation after adopting amendment.*

**House Status:** *Finance, Ways & Means Subcommittee on 3/20/2019 placed behind the budget after adopting amendment 1.*

## **TAXES GENERAL**

- ✓ **SB 325 by Gardenhire/HB 326 by Hicks - Authorizes electronic transmission of angel investor tax credit.** Authorizes electronic transmission of the angel investor tax credit report by the technology development corporation.

**Amendment:** Senate Finance Revenue Subcommittee amendment 1 (006232) deletes the option for dealers with no location in this state that choose to pay and local sales and use tax to apply the uniform statewide local option sales tax rate of 2.25 percent. Revises the distribution of local revenue when received by the Department of Revenue from such dealers.

**Senate Status:** *Finance Revenue Subcommittee returned to full committee on 4/2/2019 with a negative recommendation.*

**House Status:** *Returned to clerk's desk on 4/10/2019.*

- ✓ **SB 398 by Kelsey/HB 1262 by Holt - Annual report on tax laws of other states.** Specifies that the commissioner of revenue's annual report on tax laws of other states is to be transmitted to the chief clerks of the senate and the house and to the legislative librarian. Authorizes the report to be transmitted electronically.

**Amendment:** Senate Finance Revenue Subcommittee amendment 1 (004321) phases out the privilege tax by decreasing the amount paid yearly by \$100 beginning in the tax year ending on or before May 31, 2020 at \$400, to \$0 for any tax year ending on or after May 31, 2024. Establishes that any person licensed for two professions taxed pursuant to this part is not required to pay more than one tax amount. Abolishes taxes levied on the privilege of engaging in a vocation after June 1, 2023.

**Senate Status:** *Finance Revenue Subcommittee returned to full committee with a negative recommendation after adopting amendment 1 on 3/26/2019.*

**House Status:** *Set in Finance, Ways & Means Subcommittee on 4/17/2019.*

- ✓ **SB 567 by Bowling/HB 630 by Bricken - Authorizes Coffee County to levy privilege of occupancy tax.** Authorizes Coffee County to levy privilege of occupancy tax in any hotel or motel of each transient, not to exceed five percent of the consideration charged to the operator.

**Amendment:** Senate amendment 1, House Local Committee amendment 1 (005920) decreases from five percent to two and one-half percent the hotel occupancy tax that Coffee County may levy against the consideration charged by the hotel operator in Coffee County and require that the proceeds of this two and one-half percent tax be used to support local tourism and economic development.

**Senate Status:** *Senate passed on 4/1/2019 with amendment.*

**House Status:** *Set on floor on 4/15/2019.*

- SB 724 Reeves/HB 773 by Todd - Redaction of confidential info from text of revenue and letter rulings.** Establishes procedures for requesting the redaction of confidential information from the text of revenue and letter rulings issued by the revenue department.

**Senate Status:** *Taken off notice in Finance Revenue Subcommittee on 3/19/2019.*

**House Status:** *Referred to Department & Agencies Subcommittee.*

- ✓ **SB 1053 by Watson/HB 1063 by Vaughan - Main Street Historic Tourism and Revitalization Act.** Declares that any person incurring costs or expenses for the rehabilitation of a certified historic structure shall receive



a credit against state tax liability in an amount equal to the applicable percentage of rehabilitation expenditures, not exceeding \$4M per certified historic structure per annual allocation with provisions of requirements established. Establishes that the entire tax credit will be earned in the year the qualified rehabilitation expenditure is placed in service and if the amount of the tax credit exceeds the total tax liability, then the amount can be carried forward for credit against the state tax liability for the succeeding five years or when the full credit is used. Defines allocation of the tax credit and how the person eligible for the tax credit can use the credit. Defines the process used for an applicant to receive approval for a tax credit regarding the rehabilitation of a historic structure. Specified that rehabilitation of a certified historic structure must begin within 18 months of approval of tax credit. Establishes that upon completion, the owner must notify the commission that the rehabilitation has been completed, along with the process of rehabilitation, schedule, and costs associated. Establishes liability to the owner in the event of an excessive tax credit. Defines the appeal process an applicant can make in the event of denial of application.

Fiscal Note: (Dated April 8, 2019) Increase State Revenue \$64,900/FY19-20 and Subsequent Years/ Historical Commission Decrease State Revenue \$13,596,700/FY19-20/General Fund \$27,193,400/FY20-21 and Subsequent Years/ General Fund Increase State Expenditures \$64,900/FY19-20 and Subsequent Years/ Historical Commission Decrease Local Revenue - \$927,200/FY19-20 \$1,854,400/FY20-21 and Subsequent Years Other Fiscal Impact Secondary economic impacts may occur as a result of this bill. However, due to multiple unknown factors, fiscal impacts directly attributable to such secondary economic impacts cannot be quantified with reasonable certainty.

**Senate Status:** *Set in Commerce & Labor on 4/16/2019.*

**House Status:** *Finance, Ways & Means Subcommittee on 4/10/2019 placed behind the budget.*

**SB 1458 by Bailey/HB 605 by Tillis - Study of tax laws.** Requires the commissioner of revenue to make a thorough study and investigation of the tax laws of other states.

Amendment: House Commerce Committee recommended with amendment 1 (004662) exempts from state and local use taxes fiber optic cable installation to allow access to internet when such cables are attached to utility poles or installed underground.

**Senate Status:** *Finance Revenue Subcommittee returned to full committee on 4/2/2019 with a negative recommendation.*

**House Status:** *Finance, Ways & Means Subcommittee on 4/10/2019 placed behind the budget.*

## **TAXES PROPERTY**

✓ **SB 241 by Jackson/HB 403 by Hall - Removes certain state provisions regarding property tax.** Eliminates certify valuation to local officials, authority to place liens, and issue distress warrants for state property tax.

**Status:** *Governor signed on 4/9/2019.*

✓ **PC SB 278 by Kurita/HB 100 by Leatherwood - Filing of year's property maps with register of deeds.** Changes date when assessors must file that year's property maps with the register of deeds from October 1 to April 15.

**Status:** *Enacted as Public Chapter 59 effective January 1, 2020.*

**Link to Public Chapter:** <https://publications.tnsosfiles.com/acts/111/pub/pc0059.pdf>

✓ **PC SB 351 by Briggs/HB 143 by R. Smith - Property tax assessments.** Allows county clerks to keep oaths prescribed for assessors and deputies in electronic or digital format. Allows assessors to provide informal reviews of assessments under certain circumstances, raises cost of taxpayer appeal fees to under \$10, except for certain appellants, and allows the appeals commission to delegate decision-making authority to a single member when an evidentiary record must remain open for under 30 days after the hearing.

Fiscal Note: (Dated February 16, 2019) Decrease State Revenue Exceeds \$4,800

*Status:* **Enacted as Public Chapter 63 effective March 28, 2019.**  
*Link to Public Chapter:* <https://publications.tnsosfiles.com/acts/111/pub/pc0063.pdf>

- ✓ **SB 393 by Dickerson/HB 51 by Whitson - Collection of property taxes by banks - evidence of payments provided to trustee.** Changes the frequency that banks that collect property taxes must provide evidence of such payments to the trustee from daily to at least every three business days. Deletes outdated references to penalties that are no longer applied and deletes and obsolete code section.  
*Senate Status:* **State & Local Government passed on 4/9/2019; Sent to Calendar Committee.**  
*House Status:* **House passed on 2/25/2019.**
- ✓ **SB 407 by Stevens/HB 404 by Hurt - Assessing authority for telecommunications tower properties.** Specifies that the comptroller of the treasury is the assessing authority for telecommunications tower properties that are owned by a public utility company.  
*Status:* **Sent to the Governor on 4/2/2019.**
- SB 408 by Stevens/HB 280 by Cepicky - Exemptions for certain non-profits.** Authorizes property tax exemption for certain nonprofit entities that occupy and use real property owned by another tax-exempt institution, including property occupied by an exempt institution that originated as part of a single exempt institution and continues to use the property for the same purpose or property occupied and actually used by the U.S. government, the state, or any agency or political subdivision of the state. Makes other revisions related to property tax exemptions for nonprofit entities.  
*Fiscal Note:* (Dated March 7, 2019) Decrease Local Revenue Exceeds \$15,900  
*Senate Status:* **Senate passed on 3/18/2019.**  
*House Status:* **Finance, Ways & Means Subcommittee on 3/27/2019 placed behind the budget.**
- ✓ **SB 712 by Stevens/HB 1112 by Powell - Delinquent property taxes due on parcel.** Allows a purchaser of a parcel subject to delinquent taxes to demand rents or profits from the occupier of the parcel only after the purchaser has made an advance demand for such rents or profits. Makes various revisions regarding delinquent tax proceedings.  
*Status:* **Sent to the Governor on 4/10/2019.**
- SB 886 by Niceley/HB 809 by Kumar - Expands definition of agricultural land for purposes of greenbelt property tax program.** Expands definition of agricultural land for purposes of greenbelt property tax program to include two noncontiguous tracts of land within same county totaling at least 15 acres and split only by public or private road.  
*Fiscal Note:* (Dated February 14, 2019) Other Fiscal Impact Due to multiple unknown variables, a precise mandatory recurring decrease in local government revenue beginning in FY20-21 cannot reasonably be determined.  
*Amendment:* Senate State & Local Government Committee amendment 1, House Agriculture and Natural Resources Subcommittee amendment 1 (004587) allows for two non-contiguous tracks of land within the same county, totaling at least 15 acres, including woodlands and wasteland separated only by a road, body of water, or public or private easement, to form as one farming unit to qualify as agriculture land.  
*Senate Status:* **State & Local Government passed on 4/2/2019 with amendment; Sent to Finance.**  
*House Status:* **Finance, Ways & Means Subcommittee on 3/27/2019 placed behind the budget.**
- ✓ **SB 1184 D. White/HB 817 by Helton - Time in which a county board of equalization must complete its assessment reviews.** Deletes reference to a repealed provision to clarify the time in which a county board of equalization must complete its assessment reviews.

**Amendment:** Senate State & Local Government Committee amendment 1, House Local Committee amendment 1 (005340) removes a requirement that the assessor of property file certain information with the register of deeds. Requires the applicable property owner to file such information in the absence of the assessor of property's filing

**Senate Status:** *State & Local Government passed on 4/9/2019 with amendment; Sent to Calendar Committee.*

**House Status:** *Local passed on 3/27/2019 with amendment; Sent to Calendar & Rules.*

## TAXES SALES

**SB 60 by Gilmore/HB 95 by Shaw - Exemption - feminine hygiene products.** Eliminates the sales tax on feminine hygiene products.

**Fiscal Note:** (Dated January 25, 2019) Decrease State Revenue Net Impact \$13,996,400 Decrease Local Revenue Net Impact \$5,711,500

**Amendment:** Senate Finance Revenue Subcommittee amendment 1 (004968) defines a "feminine hygiene pad" as a pad used by females with respect to menstruation. Eliminates the sales tax on feminine hygiene products for any female aged 13 to 17 years.

**Senate Status:** *Finance Revenue Subcommittee returned to full committee on 4/2/2019 with a negative recommendation after adopting amendment.*

**House Status:** *Finance, Ways & Means Subcommittee on 3/20/2019 placed behind the budget.*

✓ **SB 237 by Southerland/HB 84 by Hicks - Exemption - services by car wash facilities.** Exempts from sales and use tax any car wash facility where the customer remains in control and custody of the vehicle, and vehicle's wash is primarily completed by the customer or automated equipment.

**Fiscal Note:** (Dated March 4, 2019) Decrease State Revenue Net Impact - \$2,018,100 Decrease Local Revenue Net Impact - \$823,500

**Amendment:** House amendment 1 (006035) clarifies that any car wash facility where the customer remains in substantial custody of the vehicle and the preponderance of the vehicle's wash is completed by the customer or automated equipment will not be subjected to sales and use tax for those services.

**Status:** *Sent to the Governor on 4/10/2019.*

**SB 276 by Kurita/HB 237 by Kumar - Orders a study on estimated tax revenue of remote sellers collecting sales tax.** Orders a study to be done by the department of revenue to determine how much tax revenue would be estimated if remote sellers are required to collect sales tax in this state. Requires the study completed by January 1, 2020 and its finding to be reported to the speaker of the senate, the speaker of the house of representatives, and the finance, ways and means committees of both houses.

**Amendment:** Senate amendment 1 (007064) deletes all language after the enacting clause. Directs the Department of Revenue (DOR) to collect information regarding sales taxes the DOR collects on all electronic nicotine delivery services, from all sources, including online sales, vape shops, and convenience stores. The DOR must report its finding on or before February 1, 2020, and annually thereafter until February 1, 2030, to the Speaker of the Senate, the Speaker of the House of Representatives, and Chairs of the Finance, Ways and Means Committees of the Senate and House of Representatives.

**Senate Status:** *Senate passed on 4/4/2019 with amendment.*

**House Status:** *Finance, Ways & Means Subcommittee deferred on 4/10/2019 to last calendar.*

**SB 457 by Stevens/HB 992 by Gant - Exemption - sales of gold, silver, platinum, and palladium coins and bullion.** Exempts certain sales of gold, silver, platinum, and palladium coins and bullion from the sales and use tax.

Fiscal Note: (Dated February 12, 2019) Decrease State Revenue Net Impact \$360,800 Decrease Local Revenue Net Impact \$117,800

**Senate Status:** *Finance Revenue Subcommittee passed on 3/12/2019; Sent to full committee.*

**House Status:** *Finance, Ways & Means Subcommittee on 3/27/2019 placed behind the budget.*

✓ **SB 648 by Kurita/HB 690 by Hodges - Allocates a portion of sales and use tax revenue to certain counties where a new event center is to be constructed.** Allocates a portion of sales and use tax revenue to certain counties in which a new event center is to be constructed.

Fiscal Note: (Dated February 18, 2019) Decrease State Revenue \$94,900/Each FY21-22 through FY50-51 Forgone State Revenue - \$19,000/Each FY21-22 through FY50-51 Increase Local Revenue \$113,900/Each FY21-22 through FY50-51 Other Fiscal Impact An additional \$5,500 in local government revenue will shift from school purposes to debt repayment on the event center each FY21- 22 through FY50-51. HB 690 - SB 648

Amendment: Senate amendment 2, House Finance, Ways, and Means Subcommittee amendment 1 (005274) specifies that this bill will apportion "incremental" state and local sales and use tax revenue associated with an event center. This amendment removes a reference to lodging facilities located adjacent to an event center as an example of ancillary facilities that will be considered part of the event center for purposes of determining the allocations made pursuant to this bill. Senate amendment 1 (007921) limits the purpose of the apportionment and distribution of sales and use tax for debt service under this bill to payment of the original debt and limits the duration of such apportionment and distribution to the earlier of retirement of the original debt or 30 years.

**Senate Status:** *Finance, Ways & Means passed on 4/9/2019; Senate passed on 4/11/2019 with amendment.*

**House Status:** *Finance, Ways & Means Subcommittee on 3/6/2019 placed behind the budget after adopting amendment.*

✓ **SB 713 by Stevens/HB 1271 by Holt - Exemption - agricultural trailers and vehicles.** Exempts from sales and use tax the sale of agricultural trailers and agricultural vehicles. → **Bill has been funded in Budget.** ←

Amendment: Senate amendment 1 (004369) rewrites this bill to extend the present law sales tax exemption for trailers used to transport livestock to include trailers used to transport farm products, nursery stock, or equipment, supplies or products used in agriculture, or for other agricultural purposes relating to the operation and maintenance of a farm. As is the case under present law, the exemption will apply only when the trailer is sold to a qualified farmer or nurseryman.

Fiscal Note: (Dated February 16, 2019) Decrease State Revenue Net Impact - \$1,735,100 Decrease Local Revenue Net Impact - \$708,100

**Senate Status:** *Senate passed on 4/1/2019 with amendment.*

**House Status:** *House passed on 4/10/2019.*

**Other Status:** *Sent to the speakers for signatures on 4/10/2019.*

✓ **SB 786 by J. Johnson/HB 930 by Lamberth - Reports required from certain wholesalers.** Extends reporting requirement to department of revenue by wholesalers of food, candy, or nonalcoholic beverages regarding net sales of such products to retailers by deleting provision that repeals such requirement on July 1, 2019.

→ **Administration bill.** ←

Amendment: Senate amendment 1 (006070) extends the sunset date from July 1, 2019 to July 1, 2022 for the Retail Accountability Program reporting provisions for candy, food, and non-alcoholic beverages. The Retail Accountability Program is a sales tax compliance program directed insuring that taxes collected from consumer sale are properly remitted to the state. The program works by comparing sales data reported by wholesalers against the sales tax returns of beer and tobacco retailers. Clarifies the report provided by wholesalers to the department is tax information of the wholesaler and will be treated as confidential. Additionally, provides the sale of candy, food, and non-alcoholic beverages may be reported an aggregate for each retailer location in lieu of specific totals for each product.

**Senate Status:** *Senate passed on 3/28/2019 with amendment.*

**House Status:** *House passed on 4/10/2019.*

**Other Status:** *Sent to the speakers for signatures on 4/10/2019.*

- ✓ **SB 787 by J. Johnson/HB 931 by Lamberth - Delays effective date of streamlined sales tax provision.** Delays effective date of certain streamlined sales tax provisions until from July 1, 2019, to July 1, 2021.

→ **Administration bill.** ←

**Status:** *Sent to the Governor on 4/5/2019.*

- SB 864 by Bowling/HB 1086 by Bricken - Exemption - car detailing services.** Exempts car detailing services from sales and use tax.

Fiscal Note: (Dated March 2, 2019) Decrease State Revenue Net Impact Exceeds \$642,600  
Decrease Local Revenue Net Impact Exceeds \$262,200

**Senate Status:** *Finance Revenue Subcommittee returned to full committee with a negative recommendation on 3/12/2019.*

**House Status:** *Finance Subcommittee on 3/13/2019 placed behind the budget.*

- ✓ **SB 960 by J. Johnson/HB 1138 by Lamberth - Report on number of physical fitness facilities from which amusement tax was collected.** Requires the department of revenue to report, by December 1 of each year, the number of physical fitness facilities from which the amusement tax was collected in the previous calendar year to the finance, ways and means committees of the senate and the house of representatives.

→ **Administration bill.** ←

Amendment: House amendment 1 (004575) rewrites this bill. Generally present law imposes an amusement tax of 7 percent tax on the sale of certain events and activities. Present law exempts the following from the amusement tax: dues, membership application fees, admission fees, contributions or rental charges for equipment paid to any corporation or enterprise that offers, on a regular, full-time basis, services or facilities for the development or preservation of physical fitness through exercise or athletics; provided, that such corporation or enterprise claiming this exemption, in order to qualify for such exemption, must: (1) Have at least one full-time employee certified in administering health assessments, or at least one full-time employee licensed by the state that represents a medical and/or paramedical discipline; (2) Be open at least 70 hours per week; (3) Permit participation by each member each day in operation; (4) Have at least 15,000 square feet in use for physical fitness purposes; and (5) Offer three or more of the certain programs or activities such as health assessment, racquetball, and swimming. This bill revises the above-described exemption from the amusement tax to instead exempt: admission, dues, fees, or other charges paid to any person principally engaged in offering services or facilities for the development or preservation of physical fitness through exercise or other active physical fitness conditioning. This exemption will apply to services and facilities such as gyms, fitness centers, fitness studios, high intensity interval training, cross training, ballet barre,



Pilates, yoga, spin classes, aerobics classes, and other substantially similar services and facilities that principally provide for exercise or other active physical fitness conditioning. This exemption will not apply to persons principally engaged in offering recreational activities such as country clubs, tennis clubs, golf courses, and other substantially similar recreational facilities and activities.

**Status:** *Sent to the Governor on 4/5/2019.*

- ✓ **SB 1094 by Dickerson/HB 907 by Freeman - Addresses local option sales tax.** Extends the period that a county or city that held an election on a resolution or ordinance levying a local option sales and use tax that was rejected is prohibited from holding another election on such tax, from six months to one year.

**Fiscal Note:** (Dated March 8, 2019) Other Fiscal Impact A delay for permissive election expenditures for any county or city electing to hold a subsequent election after 12 months, rather than after 6 months, following a previous election where the outcome was against imposition; and a delay in collection of permissive local option sales tax revenue should the election outcome favor the imposition of such tax.

**Amendment:** Senate State & Local Government Committee amendment 1, House Cities & Counties Subcommittee amendment 1 (004916) includes Major League Soccer into the classification of sport organizations under the distribution of revenue from a municipality.

**Senate Status:** *State & Local Government passed on 4/9/2019 with amendment; Sent to Finance.*

**House Status:** *Finance, Ways & Means Subcommittee on 4/3/2019 placed behind the budget.*

- SB 1122 by Lundberg/HB 1312 by Crawford - Municipality property removal - retail tourism.** Updates outdated clause on requirements for apportionment of state sales and use taxes to reflect this year. Establishes that a municipality who elects to remove property from the district with a border region retail tourism district can adjacent property with an equal or lesser amount of acreage by resolution of the municipality. Requires a copy of this resolution to be filed with the commissioner within 60 days of adoption.

**Fiscal Note:** (Dated March 10, 2019) Other Fiscal Impact Passage of this legislation will result in direct impacts to state and local tax revenue. The timing, extent, and direction of any state revenue impact are unknown. In addition, the timing and extent of any permissive increase in local revenue is unknown. Further, passage of this legislation will result in indirect secondary economic impacts. Due to multiple unknown factors, the fiscal impact of this legislation cannot be determined with reasonable certainty.

**Senate Status:** *Senate passed on 3/18/2019.*

**House Status:** *Finance, Ways & Means Subcommittee on 4/10/2019 placed behind the budget.*

- SB 1137 by Swann/HB 779 by Ramsey - Library fundraiser organizations sales taxes.** Increases to \$200,000, the maximum amount of annual sales that charitable entities whose primary purpose is fundraising for library system may make to be excluded from the definition of "business" for sales tax purposes. Authorizes such entities to make sales during temporary sales periods that occur fewer than four times per calendar year.

**Fiscal Note:** (Dated March 5, 2019) Decrease State Revenue Exceeds \$6,700 Decrease Local Revenue Exceeds \$2,800

**Amendment:** House Finance Subcommittee amendment 1 (005096) clarifies that the definition of "business" does not include sales, including online sales, that the charitable entity elects to make in lieu of two semiannual temporary sales periods. Senate amendment 1 (006564) increases from \$100,000 to \$300,000, the annual threshold for any temporary sales, made in lieu of two semiannual temporary sales periods, to be exempt from state and local sales and use tax, that are made by charitable entities, whose primary purpose is fundraising in support of a city, county, or metropolitan library

system. Establishes that any such online sales are also exempt from the state and local sales and use tax.

**Senate Status:** *Senate passed on 4/4/2019 with amendment.*

**House Status:** *Finance, Ways & Means Subcommittee on 3/6/2019 placed behind the budget after adopting amendment.*

- ✓ **SB 1161 by Kelsey/HB 1461 by Casada - Calculation of personal property and computer software lease or rental price.** Requires a lessee or renter to notify the revenue commissioner if the lease or rental price of tangible personal property and computer software is calculated on a semi-monthly or quarterly basis.

**Senate Status:** *Set in Finance, Ways & Means on 4/16/2019.*

**House Status:** *Referred to Finance, Ways & Means Subcommittee.*

- ✓ **SB 1309 by Lundberg/HB 1441 by Todd - Notice of tax delinquency given by certified mail.** Authorizes revenue commissioner give notice of the amount of any sales and use tax delinquency by certified mail to all persons possessing or controlling credits or other personal property belonging to the dealer who is delinquent.

**Amendment:** House Finance Subcommittee amendment 1, Senate Finance Revenue Subcommittee amendment 1 (005848) makes exclusions for providing a dumpster or other container for waste or debris removal for a fixed indeterminate period of time along with the delivery and pickup of the dumpster, condition of this exclusion is that the provider of the dumpster is exclusively responsible for delivery and pickup of the dumpster. House Finance Subcommittee amendment 2, Senate Finance Revenue Subcommittee amendment 2 (006159) prohibits the act from being retroactive and applied only to tax liabilities set at the date of the effectiveness of the act.

**Senate Status:** *Finance Revenue Subcommittee returned to full committee on 3/19/2019 with a negative recommendation after adopting amendments.*

**House Status:** *Finance, Ways & Means Subcommittee on 4/10/2019 placed behind the budget after adopting amendments.*

- ✓ **SB 1351 by Yager/HB 1359 by Calfee - Reallocates sales and use tax revenues.** Allocates state sales and use tax revenues from the construction of a uranium processing facility that is funded by the U.S. Department of Energy to an eligible industrial development corporation that submits a completed application to the commissioner of finance and administration together with an application fee in an amount established by the department. Establishes requirements for such allocation.

**Fiscal Note:** (Dated March 1, 2019) Decrease State Revenue \$1,000,000/Each FY19-20 through FY38-39 Increase Local Revenue - \$1,000,000/Each FY19-20 through FY38-39 Other Fiscal Impact The Department of Finance and Administration will receive an unknown amount of application fee revenue as a result of this legislation. The extent and timing of any such increase in revenue is unknown.

**Amendment:** Senate Finance Revenue Subcommittee amendment 1 (006045) apportions and distributes an amount, if a training facility is constructed in a city where a uranium processing facility is located and it is in the best interest of the state as defined, to the industrial development corporation (IDC) representing the country in which the city lies in an amount equal to the amount of state tax revenue derived that is attributable to taxable activities at the training facility. Requires the apportioned and distributed amount be for the exclusive use of the IDC for the indebtedness incurred by the IDC in financing the construction of the training facility. Limits distribution to the point the IDC retires the debt on the training facility, or the IDC receives \$15,000,000 whichever occurs sooner. Apportions and distributes an amount, if a conference facility is constructed in a city where a federal science and energy museum is located and it is in

the best interest of the state as defined, to the IDC representing the city in an amount equal to the amount of state tax revenue derived that is attributable to taxable activities at the conference facility. Requires the apportioned and distributed amount, be for the exclusive use of the IDC for the indebtedness incurred by the IDC in financing the construction of the conference facility. Limits distributions to the point the IDC retires the debt on the conference facility, or the IDC receive \$2,900,000, whichever occurs sooner. Requires the Commissioner of the Department of Revenue, on or before May 1 of each year to submit a report annually to the Finance, Ways and Means Committees of the Senate and the House of Representatives, the State and Local Government Committee of the Senate, the State Government Committee of the House of Representatives, and the Office of Legislative Budget Analysis, regarding each allocation of tax revenues in the proposed legislation.

**Senate Status:** *Finance, Ways & Means deferred on 4/2/2019 to last calendar.*  
**House Status:** *Set in Government Operations on 4/16/2019.*

**SB 1455 by Bailey/HB 695 by Russell - Exemption - certain goods sold to certain nonprofit property owners associations.** Exempts sales and use tax for any sales of public safety or public works-related goods to a nonprofit property owners association that has received a determination of exemption from the internal revenue service and that has more than 100 miles of road maintained by the property owners association. No exemption for sales made to an independent contractor with any such exempt association. Requires no dealer sell and no property owners association use tangible personal property under the claim that it is exempt because the user is entitled to an exemption unless the user has issued to it by the commissioner an exemption certificate declaring that such association is entitled to the exemption. If a property owners association uses its exemption authorization to purchase other goods not exempted, the association will be liable for applicable tax, penalty, and interest.

**Fiscal Note:** (Dated March 9, 2019) Other Fiscal Impact Recurring decreases in state and local sales and use tax revenue; the extent of which is dependent upon several unknown factors and cannot be reasonably determined.

**Amendment:** Senate Finance Revenue Subcommittee amendment 1 (006594) adds language to the bill to define “public safety” or “public works-related goods” and further limits the proposed exemption to \$25,000 in sales and use taxes each year that would otherwise be imposed.

**Senate Status:** *Finance Revenue Subcommittee returned to full committee on 4/2/2019 with a positive recommendation after adopting amendment.*

**House Status:** *Finance, Ways & Means Subcommittee on 4/3/2019 placed behind the budget.*

**SB 1457 by Bailey/HB 1387 by R. Williams - Remitting of sales tax by out-of-state sellers.** Requires a dealer with no physical presence in the state to collect and remit sales tax as if he or she were in the state if within a 12 month period the dealer's gross revenue from sales made in the state exceeds \$100,000 or the dealer made 200 or more separate sales transactions in the state. Any dealer required to collect and remit sales tax must register with the department of revenue. Allows a dealer with no physical presence in the state to choose to pay local tax at the rate of 2.25 percent of the sales price on all sales made in the state. Proceeds of the tax must be distributed to the counties based on the ratio of local tax collections in the county over total tax collections in all counties. Authorizes the department to provide dealers with no physical presence in the state access to sales tax administration software free of charge. Eliminates restriction prohibiting department of revenue from collecting any internet sales or use taxes until a court's ruling has been fully reviewed.

**Fiscal Note:** (Dated March 17, 2019) Increase State Revenue - \$79,267,500 Increase Local Revenue - \$29,409,700

**Senate Status:** *Taken off notice in Finance Revenue Subcommittee on 3/19/2019.*

**House Status:** *Referred to Finance, Ways & Means Subcommittee.*

**SB 1460 by Bailey/HB 634 by Halford - Taxation of water used in a farming operation.** Exempts water furnished by a utility district and used exclusively in a farming operation from sales and use tax.

Fiscal Note: (Dated March 9, 2019) Decrease State Revenue Net Impact \$589,900 Decrease Local Revenue Net Impact \$240,700 The Governors proposed budget document for FY19-20 (page A-37) reflects a recurring decrease in revenue to the General Fund of \$567,200 for this purpose.

Amendment: Senate Finance Revenue Subcommittee amendment 1, House amendment 1 (005235) includes water used directly in the production of food or fiber for human or animal consumption or to aid in the growing of a horticultural product for sale to the list of items exempted from sales and use tax when sold to a qualified farmer or nurseryman.

**Senate Status:** *Finance Revenue Subcommittee returned to full committee on 4/2/2019 with a positive recommendation after adopting amendment.*

**House Status:** *House passed on 3/25/2019 with amendment.*