
2020 LEGISLATIVE REPORT

**TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

COMMENTS

2020 LEGISLATION**COMMERCIAL LAW**

- ✓ **SB 1754 by Lundberg/HB 1811 by Wright - Business filings submitted to the secretary of state.** Makes various revisions related to business filings submitted to the secretary of state as follows: (1) Clarifies that business filings must meet both statutory and rule requirements. This bill also requires that filings include other information as may be required by the secretary of state; (2) Removes the requirement that filings be typewritten and instead requires that filings be capable of being printed in ink in a clear and legible fashion on one side of letter size paper. This change applies to cooperatives, for-profit corporations, nonprofit corporations, LLCs, partnerships, and limited partnerships; (3) Changes the timing of filing an annual report. Under present law, reports must be filed on or before the first day of the fourth month following the close of the corporation's fiscal year. This bill adds that the secretary of state may set a different filing date by rule. This change applies to for-profit corporations, nonprofit corporations, LLCs, and limited partnerships; (4) Authorizes the secretary of state to prescribe a mandatory form and filing method for submitted filings. Under present law, the secretary may only make certain forms and filing methods mandatory, such as an LLC's annual report. This bill relieves the secretary of the duty of furnishing on request LLC annual report forms. This bill authorizes the secretary to prescribe and furnish forms and filing methods for all filings relative to solicitation of charitable funds; (5) Clarifies that nonprofit filings must include a statement making clear that the documents are being filed pursuant to governing law; (6) Specifies for cooperatives, for-profit corporations, nonprofit corporations, LLCs, and partnerships: (A) If the secretary of state has prescribed a mandatory method of filing, then the document must be filed in the prescribed manner. This form and manner restriction will apply as well to certified copies of a partnership statement submitted to the secretary of state; and (B) A conformed copy of a document submitted to the secretary for filing must also be stamped with the word "Filed."

Senate Status: *State & Local Government passed on 2/18/2020; Sent to Calendar Committee.*

House Status: *Set in State Committee on 2/25/2020.*

ECONOMIC DEVELOPMENT

- SB 1877 by Yarbro/HB 1925 by Shaw - Establishes the rural remote worker relocation incentive program.**

Establishes a grant program within the department of economic and community development to be known as the rural remote worker incentive program for the purpose of encouraging new remote work for in-state and out-of-state employees to live in distressed rural counties, by providing financial assistance for qualifying remote worker expenses.

Senate Status: *Referred to Commerce & Labor.*

House Status: *Referred to Business Subcommittee.*

EMPLOYMENT

SB 686 by Akbari/HB 883 by Dixie – Sealing criminal history records. Allows certain felony offenders to petition to have the offender's criminal history records sealed after completion of all requirements of sentencing and at least five years without being convicted of a new offense.

Fiscal Note: (Dated March 31, 2019) Increase Local Revenue Exceeds \$125,000 Increase Local Expenditures Exceeds \$125,000*

Senate Status: *Referred to Judiciary.*

House Status: *Taken off notice in Criminal Justice Subcommittee on 2/4/2020.*

ESTATES & TRUSTS

SB 1989 by Stevens/HB 1885 by Garrett - Real property in trust. Abolishes various reverter and forfeiture provisions in estates and real property. Terminates certain interest and fees on properties after 25 years. Allows real property conveyances to a trust to vest title in the trustee of the trust. Requires that public records referencing a trust be indexed by the name of the trust, if stated in the document, and in the name of each trustee listed in the document.

Senate Status: *Referred to Judiciary.*

House Status: *Referred to Children & Families Subcommittee.*

✓ **SB 2235 by Yager/HB 2682 by T. Hill - Increases the values of homestead exemptions in various provisions.** Increases aggregate value for individuals owning homesteads acting as their principal place of residence from \$5,000 to \$35,000, and individuals jointly owning a homestead acting as their principle place of residence from \$7,500 to \$52,500. Removes homestead exemption restrictions on unmarried individuals over age 62 and individuals who have at least one minor child.

Senate Status: *Referred to Judiciary.*

House Status: *Set in Civil Justice Subcommittee on 2/25/2020.*

SB 2272 by Stevens/HB 2317 by Garrett - Makes changes to rules and regulations concerning trusts.

Exempts any received money and property in a distribution that is 20 percent (20%) or less of the gross assets from partial liquidation. Expands requirement that for a qualified beneficiary. Expands nonjudicial settlement agreements. Makes various other changes concerning trusts.

Senate Status: *Referred to Judiciary.*

House Status: *Referred to Children & Families Subcommittee.*

GOVERNMENT ORGANIZATION/REGULATION

✓ **SB 1692 by Roberts/HB 1770 by Daniel - Sunset - state board of accountancy.** Extends the state board of accountancy to June 30, 2026.

Senate Status: *Senate passed on 2/20/2020.*

House Status: *Set in Government Operations on 2/24/2020.*

✓ **SB 2074 by Pody/HB 1949 by Daniel - Allows agencies to use reserve funds to cover deficits.** Allows an agency, defined as a regulatory board, commission, or entity administratively attached to the division of regulatory boards within the department of commerce and insurance or the division of health related boards with the department of health, to use up to ten percent (10%) of their reserve funds to cover an operating deficit. Establishes requirements of the agency regarding their financial status and use of their reserve.

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

House Status: *Department & Agencies Subcommittee passed on 2/18/2020; Set in State on 2/25/2020.*

SB 2148 by J. Johnson/HB 2217 by Lamberth - Licensing Innovation Act. Allows the commissioner of commerce and insurance to issue a regulatory innovation waiver to license a person to pilot test an innovation. Specifies that any person may apply for a regulatory innovation waiver by submitting an application to the department on a form prescribed by the commissioner. Specifies requirements for such application form, including a description of how the innovation would benefit consumers. Allows the commissioner to collect a fee for the application. Specifies other requirements for regulatory innovation waivers. Part of Administration Package.

Senate Status: *Referred to Commerce & Labor.*

House Status: *Referred to Business Subcommittee.*

SB 2313 by Gardenhire/HB 2578 by Hakeem - Email communications policy to be posted on website of state agencies. Requires a state agency, institution, and political subdivision to post the electronic mail communications policy on the website of the agency, institution, and political subdivision. → **Caption bill.** ←

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

House Status: *Caption bill held on clerk's desk.*

SB 2321 by Roberts/HB 1952 by Daniel - Increases the time a government operation committee can stay a rule. Increases the period in which the house of representatives or senate government operations committee may stay a rule from 75 days to 90 days. → **Caption bill.** ←

Senate Status: *Referred to Government Operations.*

House Status: *Caption bill held on clerk's desk.*

SB 2728 by Massey/HB 2325 by Powers - Posting of email communications policies on government agency websites. Requires the state or any agency, institution, or political subdivision post written policies on any monitoring of electronic mail communications on their website. → **Caption bill.** ←

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

House Status: *Caption bill held on clerk's desk.*

✓ **SB 2769 by Bell/HB 1953 by Daniel - Uniform Administrative Procedures Act.** Requires each state agency complete periodic training to ensure compliance to the Regulatory Flexibility Act of 2007.

Senate Status: *Referred to Government Operations.*

House Status: *Set in Government Operations on 2/24/2020.*

LOCAL GOVERNMENT

✓ **SB 1862 by Lundberg/HB 1857 by T. Hill - Disposal of real property by county.** Authorizes a county, upon two-thirds vote of the county legislative body, to dispose of real property at a nominal cost by private negotiation and sale to a 501(c)(3) nonprofit corporation, incorporated under the laws of this state, whose purpose includes educational services to youth in areas including health, science, agriculture, and civic engagement through in-school and after-school programs and school and community clubs and camps.

Fiscal Note: (Dated February 1, 2020) Decrease Local Revenue Exceeds \$1,000/FY20-21 and Subsequent Years/Permissive Decrease Local Expenditures Exceeds \$500/FY20-21 and Subsequent Years/Permissive

Senate Status: *Set in State & Local Government on 2/25/2020.*

House Status: *Referred to Property & Planning Subcommittee.*

- ✓ **SB 1923 by D. White/HB 1992 by Terry - Property and revenues of regional and municipal airport authorities are exempt from taxation.** Declares that regional and municipal airport authorities are public and governmental bodies acting as agencies and instrumentalities of the creating and participating municipalities, and the property and revenues of the authorities are exempt from all taxation.

Senate Status: Transportation & Safety passed on 2/12/2020; Sent to Calendar Committee.

House Status: **Set in Infrastructure Subcommittee on 2/26/2020.**

- SB 2060 by D. White/HB 2361 by Rudd - Changes the amount of days with budget procedures.** Changes the amount of time the proposed annual operating budget must be published by the county commission in a newspaper from "no later than five days" to "no later than five business days." Changes the amount of time that the county's proposed annual operating budget must be published in a newspaper before the county commission adopts the budget from "until at least ten days" to "until at least ten business days."

→ **Caption bill.** ←

Senate Status: Referred to State & Local Government.

House Status: Caption bill held on clerk's desk.

- SB 2490 by Dickerson/HB 2129 by Powell - Copy of resolution designating a central business improvement district given to department of revenue.** Authorizes rather than requires metropolitan government to furnish to the department of revenue a certified copy of a resolution designating a central business improvement district.

Senate Status: Referred to State & Local Government.

House Status: Referred to Property & Planning Subcommittee.

- ✓ **SB 2510 by Dickerson/HB 2092 by Jernigan - Allows metropolitan governments to use surplus revenue for county purposes.** Removes requirement that surplus revenue retained by the metropolitan government only be used as a reserve fund for future debt service requirements and instead allows surplus to be used for any county purposes.

Fiscal Note: (Dated February 20, 2020) Other Fiscal Impact A permissive shift in surplus revenues up to \$3,020,600 within Davidson County from debt service to other county purposes.

Senate Status: **Set in Finance Revenue Subcommittee on 2/25/2020.**

House Status: Referred to Cities & Counties Subcommittee.

PROFESSIONAL PRIVILEGE TAX

- ✓ **SB 1745 by Lundberg/HB 1551 by Parkinson - Exemptions for judges and chancellors from professional privilege tax.** Exempts judges and chancellors who are prohibited from practicing law from the professional privilege tax assessed to persons licensed as attorneys.

Fiscal Note: (Dated December 2, 2019) Decrease State Revenue Net Impact - \$217,800/FY19-20 and Subsequent Years Decrease State Expenditures - \$74,000/FY19-20 and Subsequent Years Increase Local Revenue - \$2,000/FY19-20 and Subsequent Years

Senate Status: Referred to Finance, Ways & Means.

House Status: **Set in Finance, Ways & Means Subcommittee on 2/26/2020.**

- SB 1779 by Watson/HB 1854 by Zachary - Specifies dates of the tax year.** Clarifies a tax year as June 1 through May 31 of the following year. The annual \$400 privilege tax established in this section is due and payable on June 1 of each tax year.

Senate Status: Referred to Finance, Ways & Means.

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

SB 2201 by J. Johnson/HB 2268 by Lamberth - Reduces professional privilege tax on certain occupations. Reduces from \$400 to \$200 the amount of the annual professional privilege tax imposed on certain occupations. Part of Administration Package.

Fiscal Note: (Dated February 18, 2020) Decrease State Revenue Net Impact \$37,991,800/FY20-21 and Subsequent Years Decrease State Expenditures \$389,900/FY20-21 and Subsequent Years Increase Local Revenue \$130,500/FY20-21 and Subsequent Years The Governors proposed budget for FY20-21, on page A-35, recognizes a recurring decrease in state revenue to the General Fund of \$40,000,000.

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

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

✓ **SB 2238 by Jackson/HB 2314 by Stewart - Payment of privilege taxes by person in the armed forces.** Increases the number of days a person in the armed forces has to pay privilege taxes from 180 days following the conclusion of hostilities in which such person is actually engaged outside the United States or 180 days after such person is transferred from the theater of such hostilities to 240 days.

Senate Status: *Set in Finance Revenue Subcommittee on 2/25/2020.*

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

✓ **SB 2279 by Stevens/HB 2116 by Garrett - Monthly report on taxpayers who are delinquent on professional privilege tax.** Requires the commissioner of revenue to submit a monthly report to the relevant licensing board or agency and the finance, ways and means committees of the senate and house of representatives that lists taxpayers who are delinquent 90 days or more from the due date of the professional privilege tax. → **Likely a caption bill.** ←

Senate Status: *Set in Finance Revenue Subcommittee on 2/25/2020.*

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

SB 2457 by Roberts/HB 2618 by Reedy - Privilege tax for certain higher education employees. Authorizes public higher education institutions to submit to the department of revenue a list of employees for whom the institution is paying the professional privilege tax.

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

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

SB 2627 by Bowling/HB 2491 by Van Huss - Reduces privilege tax. Reduces privilege tax for any tax year ending on or after May 31, 2021 from \$400 to \$200. States that no person licensed under two taxed professions be required to pay more than one tax.

Senate Status: *Referred to Finance Revenue Subcommittee.*

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

✓ **SB 2669 by Gresham/HB 2676 by Gant - Changes requirements for persons engaged in certain professions.** Removes the \$400 privilege tax after tax years ending on or after May 31, 2021. Establishes nonresidents engaged in certain professions in Tennessee, including lobbyists, agents, broker-dealers, investment advisers, osteopathic physicians, physicians, and certain licensed attorneys, be subject to a \$400 professional registration fee collected by the commissioner of revenue and deposited into the state general fund. Gives active military service members 180 days following the conclusion of hostilities to pay any applicable professional registration fees.

Fiscal Note: (Dated February 16, 2020) Decrease State Revenue Net Impact \$17,055,100/FY20-21 and Subsequent Years Decrease State Expenditures \$779,600/FY20-21 and Subsequent Years Increase Local Revenue \$231,900/FY20-21 and Subsequent Years

Senate Status: *Referred to Commerce & Labor.*

House Status: *Set in Finance, Ways & Means Subcommittee on 2/26/2020.*

PROFESSIONS & LICENSURE**SB 1914 by Bowling/HB 1945 by Daniel - Performing work without a license or required certification.**

Authorizes a person to perform, without a license or certification, work for which a license or certification is normally required if the recipient of the work acknowledges the person's lack of licensure or certification and waives claims against the person. Requires the agreement to be in writing and specifies that such written agreement include an acknowledgement that the customer releases the person performing the work from all liability that may arise from the person's performance of the work, except for an action brought for intentional, willful, or malicious conduct. This bill applies to several professions including locksmiths, real estate brokers, land surveyors and soil scientists. → **TSCPA is very concerned about this bill.** ←

Senate Status: Referred to Commerce & Labor.

House Status: Referred to Business Subcommittee.

SB 2237 by Jackson/HB 2313 by Stewart - Licensure for a service member. Requires an agency with an applicant who is a member of the armed forces and is licensed to practice a professional service in another state to allow the member to practice in this state.

Senate Status: Referred to Commerce & Labor.

House Status: Referred to Business Subcommittee.

SB 2285 by Roberts/HB 2099 by Lafferty - Emergency meetings by teleconference for state regulatory boards, state agencies. Allows state regulatory boards, state agencies, or commissions attached to the division of regulatory boards and the division of health-related boards to conduct emergency meetings by teleconference when called by the presiding officer or upon petition by a majority of the members of such agencies. → **Caption bill.** ←

Senate Status: Referred to State & Local Government.

House Status: Referred to Department & Agencies Subcommittee.

SB 2451 by Roberts/HB 1944 by Daniel - Licensing Independence for Future Tennesseans Act. Enacts the Licensing Independence for Future Tennesseans Act or LIFT Act. Authorizes a licensing authority to issue a license to practice if an applicant meets certain requirements including if the applicant holds a valid license in another state, they held the license in another state for at least one year prior to application, the other state required the application to pass an examination and the applicant does not have a disqualifying criminal history. Establishes other requirements for applicants and licensing authorities. → **Beacon Center bill. TSCPA is neutral on it.** ←

Senate Status: Referred to Commerce & Labor.

House Status: Taken off notice in Business Subcommittee on 2/11/2020.

SB 2694 by Lundberg/HB 2834 by Zachary - Reporting of newly licensed corporations by the secretary of state. Increases the amount of time the secretary of state is required to report to the commissioner of revenue any new corporations that have been licensed or authorized to operate in the state in the last month from the 15th day to the 20th day of each month.

Senate Status: Referred to Commerce & Labor.

House Status: Caption bill held on clerk's desk.

SB 2764 by Bell/HB 2360 by Rudd – Educational requirements for real estate broker's license. Requires a HiSET diploma be accepted by the Tennessee real estate commission for application for an affiliate real estate broker's license.

Senate Status: Referred to Commerce & Labor.

House Status: Caption bill held on clerk's desk.

PUBLIC EMPLOYEES

- ✓ **SB 2161 by J. Johnson/HB 2230 by Lamberth - Finance and administration - federal fingerprint background checks for employees and contractors.** Authorizes the department of finance and administration to require its employees and contractors who have elevated and privileged access to data and personal information to submit to a background check to be performed by the TBI and the FBI as a condition of employment. Requires the department to develop a policy identifying which employees and contractors must supply a fingerprint sample and submit to a background check as a condition of employment. Part of Administration Package.
Senate Status: **State & Local Government passed on 2/18/2020; Sent to Calendar Committee.**
House Status: **Set in Department & Agencies Subcommittee on 2/25/2020.**

PUBLIC FINANCE

- SB 2116 by Gardenhire/HB 2731 by C. Sexton - Auditing of special funds or reserve funds by comptroller.** Requires that an insurance pool, special fund, and reserve fund, or legal or administrative entity administering any such pool or fund to be audited annually by the comptroller of the treasury or the comptroller's designee. → **Speaker's bill.** ←
Senate Status: *Referred to State & Local Government.*
House Status: *Referred to Department & Agencies Subcommittee.*
- SB 2164 by J. Johnson/HB 2233 by Lamberth - Amount maintained in the reserve for revenue fluctuations.** Revises the target amount to be maintained in the reserve for revenue fluctuations from 8 percent to 10 percent of the estimated state tax revenues to be allocated to the general fund and the education trust fund for each fiscal year. Part of Administration Package.
Senate Status: *Referred to Finance, Ways & Means.*
House Status: *Referred to Finance, Ways & Means Subcommittee.*
- SB 2466 by J. Johnson/HB 2821 by Lamberth - Appropriations- FY2019 and FY2020.** Makes appropriations for the fiscal years beginning July 1, 2019, and July 1, 2020.
Senate Status: *Referred to Finance, Ways & Means.*
House Status: *Referred to Finance, Ways & Means Subcommittee.*
- SB 2467 by J. Johnson/HB 2822 by Lamberth - Statutory provisions necessary to implement appropriations act.** Clarifies that fees paid by a defendant requesting pretrial diversion are to be deposited in the general fund. Specifies the remittance and allowed uses of certain fees under the sexual offender registry provisions. Makes other statutory revisions necessary to implementation of the annual appropriations act.
Senate Status: *Referred to Judiciary.*
House Status: *Referred to Finance, Ways & Means Subcommittee.*
- SB 2468 by J. Johnson/HB 2819 by Lamberth - Index of appropriations.** Authorizes the index of appropriations from state tax revenues for 2019-2020 fiscal year to exceed the index of estimated growth in the state's economy by \$629 million or 3.6 percent.
Fiscal Note: (Dated February 8, 2020) Other Fiscal Impact Authorizes an increase in appropriations from state tax revenue for FY19-20 by \$629,000,000.
Senate Status: *Referred to Finance, Ways & Means.*
House Status: *Referred to Finance, Ways & Means Subcommittee.*

- SB 2682 by Watson/HB 2655 by Lynn - Appropriations - bills passed during 2020 session.** Makes appropriations for the purpose of defraying the expenses of certain legislative enactments passed during

the 2020 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.*

PUBLIC RECORDS

- ✓ **SB 1626 by Haile/HB 1632 by Bricken - Revises various provisions regarding public records.** Revises various provision regarding public records including removing language that states that all contingency plans of law enforcement agencies prepared to respond to any violent incident, bomb threat, ongoing act of violence at a school or business, ongoing act of violence at a place of public gathering, threat involving a weapon of mass destruction, or terrorist incident shall not be open for inspection. Specifies that a head of a governmental entity may promulgate rules to maintain the confidentiality of records concerning adoption proceedings or records required to be kept confidential by federal statute or regulation as a condition for the receipt of federal funds.

Amendment: Senate amendment 1, House State Committee amendment 1 (013632) deletes and replaces language of the original bill such that the changes would (1) authorize, instead of require, the Comptroller of the Treasury to appoint a **certified public accountant** or direct the Department of Audit to prepare certain audits and (2) move the statutory placement of language added by the original bill. Senate amendment 2 (014462) deletes language from the original bill which deleted a reference to the governing body of a municipality and replaced it with a reference to the nonprofit or association as it relates to annual audits of the financial affairs of such organizations.

Senate Status: *Senate passed on 2/20/2020 with amendments 1 and 2.*

House Status: *State passed on 2/11/2020 with amendment; Sent to Calendar & Rules.*

- SB 1930 by Swann/HB 1882 by Carr - Confidential records for a city whose primary industry is tourism.** Specifies that records held by a city whose primary industry is tourism relating to marketing expenditures are confidential and not deemed public records include printed records and any records in the form of electronic correspondence.

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

House Status: *Taken off notice in Public Service & Employee Subcommittee on 2/12/2020.*

- ✓ **SB 2244 by Lundberg/HB 2329 by Crawford - Maintaining indexes of public records.** Removes requirement for registers to maintain electronic and hard copies of all indices, instead allowing for indices to be done solely electronically.

Fiscal Note: (Dated February 14, 2020) Decrease Local Expenditures Exceeds \$1,000/FY20-21 and Subsequent Years/Permissive

Senate Status: *Set in State & Local Government on 2/25/2020.*

House Status: *Public Service & Employee Subcommittee passed on 2/19/2020; Set in State on 2/25/2020.*

- ✓ **SB 2756 by Bell/HB 2132 by Lamberth - Increases access to public records.** Increases access to public records by establishing new requirements for government bodies to make documents available. Requires by January 1, 2021, that government bodies provide notice of meetings at least three days in advance and provide certain meeting documents within three days after the meeting, as well as post such documents on their website. Also requires a government entity to post meeting minutes, contact information of members, and financial reports. Establishes other regulations concerning public access to government documents.

Fiscal Note: (Dated February 19, 2020) Decrease Local Revenue Exceeds \$5,000/FY20-21 and Subsequent Years Increase Local Expenditures Exceeds \$10,000/FY20-21*

Senate Status: *Set in State & Local Government on 2/25/2020.*

House Status: *Set in Public Service & Employee Subcommittee on 2/26/2020.*

- ✓ **SB 2247 by Crowe/HB 2463 by Holsclaw - Confidentiality of private records held by public utilities.** Clarifies that certain provisions related to the confidentiality of private records held by public utilities only apply to those records and not to all confidential records.

Senate Status: *Set in State & Local Government on 2/25/2020.*

House Status: *Public Service & Employee Subcommittee passed on 2/19/2020; Set in State on 2/25/2020.*

- SB 2562 by Southerland/HB 2322 by Eldridge - Notification of a law enforcement officer's personal record inspection.** Changes the required notification time from within three days to within three business days from an inspection date of law enforcement officer's personnel record.

Senate Status: *Referred to Judiciary.*

House Status: *Caption bill held on clerk's desk.*

TAXES BUSINESS

- ✓ **SB 1810 by Yager/HB 1919 by Travis – Reduces capital investment for adventure tourism districts.** Reduces required capital investment from \$500,000 to \$100,000 for a business engaged in an enterprise located in an adventure tourism district to qualify for a job tax credit.

Fiscal Note: (Dated February 8, 2020) Decrease State Revenue \$22,600/FY20-21 \$45,200/FY21-22 \$67,800/FY22-23 and Subsequent Years Foregone State Revenue \$33,900/FY20-21 \$67,800/FY21-22 \$101,700/FY22-23 and Subsequent Years

Senate Status: *Set in Finance Revenue Subcommittee on 2/25/2020.*

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

- SB 1863 by Yager/HB 1899 by T. Hill - Reporting on annual amount of industrial machinery franchise and excise tax credits for fiscal years 2015-2020.** Requires the commissioner of the department of revenue to report in writing to the finance, ways and means committees of the senate and the house of representatives the total annual amount of industrial machinery franchise and excise tax credits for fiscal years 2015-2020. → **Caption bill.** ←

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

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

- SB 1968 by Southerland/HB 2118 by Eldridge - Exempts certain retired physicians from professional privilege tax.** Exempts retired physicians with active licenses used solely for the purpose of free healthcare services from the professional privilege tax.

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

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

- ✓ **SB 2059 by Niceley/HB 1853 by Reedy - Exempts hemp from tobacco tax.** Specifies that rolled, shredded, or cut hemp is not considered a cigarette and cannot be a substitute for tobacco. Exempts hemp from the tobacco tax.

Senate Status: *Finance Revenue Subcommittee passed on 2/18/2020; Sent to Finance.*

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

- ✓ **SB 2158 by J. Johnson/HB 2227 by Lamberth - Tax credits for brownfield properties.** Authorizes tax credits for privilege and excise taxes equal to 75 percent of the purchase price of brownfield property purchased in a tier 3 or tier 4 enhancement county for the purpose of a qualified development project. Revises other provisions regarding tax credits for brownfield properties. Part of Administration Package.
Fiscal Note: (Dated February 17, 2020) Foregone State Revenue - \$300,000/FY21-22 and Subsequent Years
Senate Status: *Finance Revenue Subcommittee passed on 2/18/2020; Set in Finance, Ways & Means on 2/25/2020.*
House Status: *Finance, Ways & Means Subcommittee passed on 2/19/2020; Set in Finance, Ways & Means on 2/25/2020.*
- SB 2159 by J. Johnson/HB 2228 by Lamberth - Redefines qualified production company.** Redefines "qualified production company" for the purpose of receiving franchise and excise tax credit from an entity incurring \$1 million of qualified expenses incurred in this state necessary for the production of a movie or television program to an entity incurring \$2 million. Part of Administration Package.
Senate Status: *Referred to Finance, Ways & Means.*
House Status: *Caption bill held on clerk's desk.*
- ✓ **SB 2182 by J. Johnson/HB 2249 by Lamberth - Requires marketplace facilitators to remit sales taxes.** Classifies "acting as a marketplace facilitator" as a privilege that makes a person subject to the sales and use tax laws. Defines "marketplace facilitator" as a person, including any affiliate of the person, that: (1) For consideration, regardless of whether characterized as fees from the transaction, contracts, or otherwise agrees with a marketplace seller to facilitate the sale of the marketplace seller's tangible personal property or things or services taxable under this chapter through a physical or electronic marketplace operated, owned, or otherwise controlled by the person or the person's affiliate; and (2) Either directly or indirectly through contracts, agreements, or other arrangements with third parties, collects the payment from the purchaser of the marketplace seller's tangible personal property or things or services taxable under this chapter and transmits payment to the marketplace seller. The following are not considered marketplace facilitators for purposes of this bill: a person who exclusively provides advertising services, including listing products for sale, so long as the person does not also engage directly or indirectly through one or more affiliated persons in the activities described above; a person whose activity with respect to marketplace sales is limited to providing payment processing services between two or more parties; and a derivatives clearing organization, designated contract market, or foreign board of trade or swap execution facility that is registered with the Commodity Futures Trading Commission ("CFTC registered platforms"), or any clearing members, futures commission merchants, or brokers using the services of CFTC registered platforms. Under this bill, when a marketplace seller uses a marketplace facilitator to facilitate sales of tangible personal property or any of the things or services taxable under the sales and use tax laws, the marketplace facilitator will be liable for the taxes on the sales price of the tangible personal property or the things or services regardless of whether the marketplace seller has a sales tax certificate of registration or would have been required to collect sales or use taxes had the sale not been facilitated by the marketplace facilitator unless: (1) The marketplace facilitator made or facilitated total sales to consumers in this state of \$500,000 or less during the previous 12-month period; (2) The marketplace facilitator demonstrates, to the satisfaction of the commissioner, that substantially all of the marketplace sellers for whom the marketplace facilitator facilitates sales are registered dealers, in which case the commissioner is authorized to waive the requirements of this bill. If a waiver is granted, the taxes levied will be collectible from the marketplace sellers; or (3) The marketplace facilitator and the marketplace seller contractually agree that the marketplace seller will collect and remit all applicable taxes and the marketplace seller: (A) Has annual gross sales in the United States of over \$1 billion, including the gross sales of any related entities, and in the case of franchised entities, including the combined sales of all franchisees of a single franchisor; (B) Provides evidence to the marketplace facilitator that it is registered for sales and use tax purposes in this state; and (C) Notifies the

commissioner that the marketplace seller will collect and remit all applicable sales and use taxes on its sales through the marketplace facilitator and is liable for failure to collect or remit applicable taxes on its sales. Authorizes the commissioner to audit a marketplace facilitator for sales made by marketplace sellers and facilitated by the marketplace facilitator, except with respect to transactions that are subject to (1)-(3) above. The commissioner may not audit or otherwise assess taxes against marketplace sellers for sales facilitated by a marketplace facilitator except to the extent the marketplace facilitator seeks relief as provided below or with respect to transactions that are subject to items (1)-(3) above. This bill requires a marketplace facilitator to: (1) Collect taxes on sales through its marketplace based upon the address where the taxable tangible personal property or things are shipped, if the facilitator collects and remits sales and use taxes; taxes on services sold through its marketplace shall be collected as otherwise provided in present law; (2) Report the sales and use taxes on sales through its marketplace separately from any sales and use taxes collected on sales made directly by the marketplace facilitator or affiliates of the marketplace facilitator. Under this bill, a marketplace facilitator will be relieved of liability for failure to collect and remit the correct amount of taxes to the extent that the error was due to incorrect or insufficient information regarding the nature of the product or service given to the marketplace facilitator by the marketplace seller if the marketplace facilitator demonstrates that it made a reasonable effort to obtain correct and sufficient information from the marketplace seller. This provision will not apply if the marketplace facilitator and the marketplace seller are affiliates. This bill provides that: (1) A class action lawsuit may not be brought against a marketplace facilitator in this state on behalf of purchasers relating to overcollection of sale or use taxes by the marketplace facilitator, regardless of whether that claim is characterized as a tax refund claim; (2) This bill does not affect the obligation of any purchaser to remit sales or use taxes for any taxable transaction for which a marketplace facilitator or seller does not collect and remit sales and use taxes; and (3) A marketplace facilitator will be considered the seller and retailer for each sale facilitated through its marketplace for purposes of registering with the department.

Senate Status: *Set in Finance Revenue Subcommittee on 2/25/2020.*

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

SB 2302 by Watson/HB 2724 by C. Sexton - Main Street Historic Tourism and Revitalization Act. Requires that any person who incurs costs or expenses for rehabilitating a certified historic structure after July 1, 2020, must receive a tax credit equal to the applicable percentage of the expenditures; cannot exceed \$4 million a year. Percentages include ten percent (10%) for Williamson and Davidson County, twenty percent (20%) for Hamilton, Knox, and Shelby County, and thirty percent (30%) for any other county. Rehabilitations must meet certain criteria to qualify. Places caps on the amount of money the Tennessee historical commission can approve in credits in given fiscal years. Creates other regulations and requirements for the tax credits.

Senate Status: *Referred to Commerce & Labor.*

House Status: *Caption bill held on clerk's desk.*

✓ **SB 2474 by Yager/HB 2076 by Powers - Privilege taxes levied by municipalities.** Expands eligibility criteria for certain municipalities to be authorized to levy and impose certain additional privilege taxes within the corporate limits of the municipality, including the privilege of a consumer paying consideration for admission into or for an amusement within the corporate limits of the municipality.

Fiscal Note: (Dated February 7, 2020) Increase Local Revenue \$74,800/FY20-21 and Subsequent Years/Permissive/City of Jellico

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

House Status: *Set in Finance, Ways & Means Subcommittee on 2/26/2020.*

SB 2477 by Stevens/HB 2738 by Moon - Maintaining records in regard to hotel/motel tax. Lengthens the time a hotel operator in a home rule municipality that levies an occupancy tax is required to maintain tax records from three years to four years.

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

House Status: Referred to Property & Planning Subcommittee.

- ✓ **SB 2612 by Robinson/HB 2528 by Hakeem - Taxes on stock share purchases.** Declares purchasers of stock shares during a tax year are subject to a six and one-quarter percent (6.25%) tax on the purchase price of the shares, excluding purchases made for retirement accounts. Clarifies that any person having a legal domicile or who has maintained a place of residence in Tennessee for more than six months is subject to tax.

Senate Status: **Set in Finance Revenue Subcommittee on 2/25/2020.**

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

- ✓ **SB 2686 by Haile/HB 2301 by Gant - Adjustments to the excise tax rate.** Changes the excise tax persons doing business in Tennessee must pay the commissioner of revenue to be equal to the applicable rate of the net earnings for the next preceding fiscal year for business done during the fiscal year. Requires the department of revenue publish imposed tax rates on their website as well as how to calculate the rate of tax imposed.

Fiscal Note: (Dated February 15, 2020) Decrease State Revenue - \$12,225,000/FY20-21 \$43,643,300/FY21-22 Other Fiscal Impact General Fund revenue estimates beyond FY20-21 are currently not available; therefore, fiscal impacts in FY22-23 and subsequent years cannot be quantified with reasonable certainty.

Senate Status: **Set in Finance Revenue Subcommittee on 2/25/2020.**

House Status: **Finance Subcommittee on 2/19/2020 placed behind the budget.**

- ✓ **SB 2716 by Reeves/HB 2174 by Todd - Exempts charitable organizations from taxes on tangible property sales.** Exempts tangible personal property from the sales and use tax when sold by a charitable organization for fundraising purposes.

Senate Status: **Set in Finance Revenue Subcommittee on 2/25/2020.**

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

- SB 2821 by Akbari/HB 2106 by M. White - Exempts accounting and legal services from a service sale fees.** Exempts **accounting** and legal services from the fee on sales of services and tangible personal property within central business improvement districts within tourism development zones.

Senate Status: Referred to Energy, Agriculture & Natural Resources.

House Status: Referred to Property & Planning Subcommittee.

- SB 2826 by Akbari/HB 2111 by M. White - Increases percent of voters needed to petition against a levied tax.** Increases percent of voters from ten percent (10%) to 15 percent (15%) of qualified voters needed for a petition filed with the county election commission within 30 days of final approval of the ordinance by the municipal legislative body. Requires county election commission to call an election on the question of levying the tax.

Senate Status: Referred to State & Local Government.

House Status: Referred to Property & Planning Subcommittee.

- SB 2837 by Watson/HB 2675 by Vaughan - Tennessee Historic Buildings Revitalization Act.** Requires the commissioner of commerce and insurance provide persons incurring expenses from the rehabilitation of a certified historic structure with a credit against the state tax liability not to exceed \$300,000 per structure, and \$6 million per fiscal year, in the year the qualified rehabilitation expenditure is placed in service. Allows credit amounts exceeding the state tax liability be carried forward for credit against the state tax liability for the succeeding five years. Requires persons applying for approval of tax credits submit applications to commissioner and commence rehabilitation work within 18 months of application approval, receiving credit at completion of the rehabilitation. Requires the commission submit a report to

the governor, the speakers of the house and senate, the fiscal review committee, and the finance, ways, and means committee detailing activities for the prior fiscal year beginning on February 1, 2026.

Senate Status: *Referred to Commerce & Labor.*

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

TAXES GENERAL

SB 1928 by Swann/HB 1800 by Ramsey - Severance tax of minerals - exemption for marble and granite.

Specifies that marble and granite are exempt from the severance tax on minerals.

Fiscal Note: (Dated February 21, 2020) Decrease Local Revenue - \$413,100/FY20-21 and Subsequent Years

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

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

SB 1948 by Hensley/HB 1942 by Holt - Angel investor tax credit - reports required. Authorizes the report of the review of the cumulative effectiveness of the credit conducted by the Tennessee technology development corporation to be sent in electronic format to the governor, speakers of the house of representatives and senate, chairs of the finance, ways and means committees, commissioner of economic and community development, and commissioner of revenue.

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

House Status: *Caption bill held on clerk's desk.*

SB 2178 by J. Johnson/HB 2247 by Lamberth - Taxes collected upon imposition of a bankruptcy stay. Tolls the six-year period in which taxes may be collected upon imposition of a bankruptcy stay or filing of other proceeding prohibiting collection action. Part of Administration Package.

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

House Status: *Caption bill held on clerk's desk.*

✓ **SB 2509 by Dickerson/HB 2285 by Beck - Changes commissioner of revenue tax credit reporting date.**

Changes the date the commissioner of revenue must report to the members of the finance, ways and means committees of the house of representatives and the senate on certain franchise and excise tax credits from January 1 to January 31 of each year.

Senate Status: *Set in Finance Revenue Subcommittee on 2/25/2020.*

House Status: *Caption bill held on clerk's desk.*

✓ **SB 2799 by Akbari/HB 2749 by Miller - Taxpayer Protection Act.** Requires public agencies that reward subsidies to cross-check job creations and other performance data submitted by recipients against information sources including employment insurance records or to conduct audits. A corporation is subject to subsidy recapture or rescission if they fail to achieve job creations, wage and healthcare requirements within two years, they fail to maintain wage and benefit achievements as long as the subsidy is in effect or for a period of five years, whichever is longer, and the corporate parent of the corporation fails to maintain for the duration of the subsidy or for a period of five years, whichever is longer, at least 90 percent (90%) of its employment in the state. Creates other requirements and regulations regarding subsidy recapture or rescission.

Senate Status: *Set in Finance Revenue Subcommittee on 2/25/2020.*

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

SB 2844 by Niceley/HB 2851 by Hicks - Tax debts owed to governmental claimants. Specifies that when a taxpayer reports that any debt is owed to a claimant, and if the commissioner determines such taxpayer is

entitled to a refund, then the commissioner shall notify in writing or by email the treasurer and each claimant identified in the documentation.

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

House Status: *Caption bill held on clerk's desk.*

TAXES PROPERTY

- ✓ **SB 1625 by Briggs/HB 1813 by Crawford - Revisions to the property tax appeal process.** Removes language that prohibits taxpayers in certain counties from filing an appeal directly with the state board of equalization. Specifies that any additional tax due following an appeal will accrue interest from the delinquency rate at the composite prime rate published by the federal reserve board minus two points. Makes other revisions to the property tax appeal process.

Senate Status: *Senate passed on 2/10/2020.*

House Status: *Set on floor on 2/24/2020.*

- SB 1909 by Lundberg/HB 1928 by Hicks - Sale or termination of business - notification to local assessor.**

Increases from 15 to 20 the number of days after the sale or termination of a business within which the operator of the business must notify the local assessor and pay any personal property taxes due on account of the operation of the business. → **Caption bill.** ←

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

House Status: *Referred to Property & Planning Subcommittee.*

- ✓ **SB 2120 by Bowling/HB 2199 by Tillis - Counties using an agent to collect money from delinquent taxpayers.** Allows a county trustee to retain an agent to collect delinquent taxpayers' personal property taxes, interest, costs, and attorneys' fees along with the fees the county is taking on to retain an agent for these collection purposes.

Fiscal Note: (Dated February 12, 2020) Other Fiscal Impact The precise permissive increase in local government revenue cannot be determined due to multiple unknown factors.

Senate Status: *State & Local Government passed on 2/18/2020; Sent to Finance.*

House Status: *Referred to Property & Planning Subcommittee.*

- SB 2324 by Kyle/HB 2207 by Lamar - Exempts certain programs from property taxes.** Exempts the Neighborhood Preservation Act and the Tennessee Local Land Bank Pilot Program from property tax proceedings, property tax liens, or the enforcement of such property tax liens.

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

House Status: *Referred to Property & Planning Subcommittee.*

- SB 2335 by Rose/HB 2533 by Doggett - Allowable acreage for property labeled as agricultural, forest, or open space land.** Increases the amount of allowed acreage a person can place within one taxing jurisdiction from 1,500 to 5,000 acres. Also applies to owners of land classified as forest or open space.

Fiscal Note: (Dated February 17, 2020) Decrease Local Revenue Exceeds \$3,000,000/FY21-22 and Subsequent Years

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

House Status: *Referred to Agriculture & Natural Resources Subcommittee.*

- SB 2453 by Roberts/HB 2348 by Helton - Property designated as agricultural.** Extends, from March 1 to March 15, the deadline by which an owner of land may submit an application to the assessor of property for its classification to be designated as agricultural.

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

House Status: *Referred to Property & Planning Subcommittee.*

- ✓ **SB 2516 by Dickerson/HB 1627 by Parkinson - Property purchased at tax sale conveyed to veteran under certain conditions.** Permits property purchased at a tax sale by the state, a county, a municipality of the state, or a county and a municipality to be conveyed to a veteran if the veteran provides documentation verifying the veteran's income does not exceed \$150,000 per year and agrees to bring the property into compliance with all applicable local building codes and ordinances within 12 months of acquiring the property. Waives property taxes on the conveyed property for up to 12 months and provides various restrictions on the use of the property by the veteran.

Fiscal Note: (Dated January 30, 2020) Other Fiscal Impact Due to multiple unknown factors the precise timing and impact to local government revenue cannot reasonably be determined; however any impact on local revenue is considered permissive.

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

House Status: *Set in Property & Planning Subcommittee on 2/25/2020.*

- SB 2729 by Kyle/HB 2898 by Thompson - Revised assessment - property that is destroyed, demolished or substantially damaged.** Requires the assessor of property to notify the county or municipal tax collector of a revised or corrected assessment.

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

House Status: *Referred to Property & Planning Subcommittee.*

- SB 2751 by Bell/HB 2638 by Holt - Levying of real property taxes by local governments.** Restricts local governments from increasing a real property tax rate by an amount that would cause the local government to realize an increase in total revenue exceeding inflation plus two percent (2%), or plus six percent (6%) over the preceding three tax years, unless an election is held by the county election commission receiving a two-thirds (2/3) vote. Requires the governing body specify the tax rate to be voted on and the effective date.

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

House Status: *Referred to Property & Planning Subcommittee.*

- ✓ **SB 2752 by Bell/HB 2056 by Russell - Real property tax notice to include language regarding flood zone.** Requires any tax entity that issues a real property tax notice to a taxpayer to determine whether the real property subject to the tax notice is located in a special flood hazard area on a flood hazard boundary map or flood insurance rate map created under the national flood insurance program. If the tax entity determines that such property is located in a special flood hazard area, the tax entity is required to include the language "FLOOD ZONE" in bold-face type on the real property tax notice issued to the taxpayer.

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

House Status: *Set in Property & Planning Subcommittee on 2/25/2020.*

- SB 2908 by Dickerson/HB 2013 by Jernigan - Posting tax information on county websites.** Requires county governing body levying a tax post the administrative guidelines, procedures, regulations, and forms to the county's website.

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

House Status: *Caption bill held on clerk's desk.*

- SJR 892 by Gilmore - Constitutional amendment - property tax relief for owners of real property.** Proposes an amendment to Article II, Section 28, of the Tennessee Constitution to authorize local legislative bodies to provide property tax relief for owners of real property.

Senate Status: *Referred to Judiciary.*

- ✓ **HJR 806 by Baum - Constitutional amendment - property tax relief for owners of historic properties.** Proposes an amendment to Article II, Section 28, of the Tennessee Constitution to provide property tax

relief for owners of historic properties and the preservation, restoration, or improvement of such properties.

Fiscal Note: (Dated February 13, 2020) Increase State Expenditures \$10,000/FY19-20

House Status: *Taken off notice in Property & Planning Subcommittee on 2/18/2020.*

TAXES SALES

SB 1717 by Massey/HB 1552 by Staples - Tax relief for disability accessibility improvements. Establishes a sales and use tax rebate of up to \$2,500 for certain homeowners who make eligible purchases of appliances, fixtures, and materials to improve disability accessibility in the homeowner's principal residence.

Fiscal Note: (Dated January 16, 2020) Increase State Expenditure \$8,667,400/FY20-21 \$5,791,500/FY21-22 and Subsequent Years

Senate Status: *Finance Revenue Subcommittee returned to Finance with a negative recommendation on 2/11/2020.*

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

✓ **SB 1724 by Kyle/HB 1921 by Lamar - Adds feminine hygiene products to sales tax holiday.** Adds feminine hygiene products such as pads, tampons, liners, cups, and douches to eligible items for the sales tax holiday, which allows certain items purchased between 12:01 a.m. on the last Friday of July and 11:59 p.m. the following Sunday.

Fiscal Note: (Dated January 21, 2020) Decrease State Revenue Net Impact \$132,700/FY20-21 and Subsequent Years Decrease Local Revenue Net Impact \$54,100/FY20-21 and Subsequent Years

Senate Status: *Finance Revenue Subcommittee returned to Finance on 2/18/2020 with a negative recommendation.*

House Status: *Set in Finance, Ways & Means Subcommittee on 2/26/2020.*

SB 1799 by White/HB 1717 by Littleton - Sales tax exemption for disabled veterans. Exempts veterans who acquired 100 percent (100%) service-connected permanent or total disability from paying a tax on any food or food ingredient. Requires submission of proof of eligibility for exemption to the commissioner of revenue.

Fiscal Note: (Dated January 23, 2020) Decrease State Revenue Net Impact - \$1,654,500/FY20-21 and Subsequent Years Decrease Local Revenue Net Impact - \$1,179,000/FY20-21 and Subsequent Years

Senate Status: *Finance Revenue Subcommittee returned to Finance with a negative recommendation on 2/11/2020.*

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

SB 1873 by Gilmore/HB 2029 by Love - Use of collected tax money for special events and marketing planning. Requires ten percent (10%) of funds collected from additional sales fees in fiscal year 2020-2021 be distributed to special event and marketing fund accounts for the metropolitan government where taxes were collected. Allows accounts to fund recruitment and promotional conventions, group meetings, and festivals focused on multicultural or minority affairs.

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

House Status: *Referred to Property & Planning Subcommittee.*

✓ **SB 1905 by Robinson/HB 2032 by Love - Eliminates the sales tax on diapers and wipes.** Removes the sales tax on diapers and wipes.

Fiscal Note: (Dated February 13, 2020) Decrease State Revenue Net Impact \$9,781,800/FY20-21 and Subsequent Years Decrease Local Revenue Net Impact \$3,991,700/FY20-21 and Subsequent Years

Senate Status: *Set in Finance Revenue Subcommittee on 2/25/2020.*

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

SB 1924 by D. White/HB 2857 by Grills - Exemption - motor vehicles purchased by part-time members of the TN National Guard. Extends the current sales tax exemption on motor vehicles purchased by members of the armed forces to include Tennessee national guard military technicians and members of the Tennessee national guard who are on part-time duty.

Fiscal Note: (Dated February 7, 2020) Decrease State Revenue Net Impact \$4,529,500/FY20-21 and Subsequent Years Decrease Local Revenue Net Impact \$247,900/FY20-21 and Subsequent Years

Senate Status: *Finance Revenue Subcommittee returned to finance with a negative recommendation on 2/11/2020.*

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

SB 1949 by Hensley/HB 2538 by Doggett - Exemption - water for private residences. Exempts water sold by a public utility to a consumer for residential use from sales and use taxes.

Senate Status: *Referred to Finance Revenue Subcommittee.*

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

SB 1977 by Southerland/HB 2015 by Faison - Allocation of sales and use tax revenues for a special district.

Allocates sales and use tax revenues for a special district to an eligible county or a municipality within the eligible county that is economically distressed for the purpose of funding certain capital outlay or other projects. In order to receive an apportionment of sales and use tax revenues under this part, each participating local governmental body is required to adopt a resolution or ordinance, as applicable. Requires each eligible county and municipality receiving proceeds from the apportionment of sales and use tax revenue under this part to maintain a record of each and every project for which the proceeds of the tax revenue are used and to publish information regarding the projects in the newspaper annually. Establishes other requirements for such allocation.

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

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

✓ **SB 2014 by D. White/HB 2124 by Baum - Fraudulent application for refund of sales and use tax paid on items bought due to natural disaster.** Increases maximum civil penalty for submitting a fraudulent application for a refund of sales tax paid on appliances bought due to a natural disaster from \$25,000 to \$25,500.

Senate Status: *Set in Finance Revenue Subcommittee on 2/25/2020.*

House Status: *Caption bill held on clerk's desk.*

SB 2075 by Pody/HB 1706 by Griffey - Money transmissions to locations outside the United States.

Classifies a money transmission originating in this state to a location outside of the United States or its territories as a service transaction subject to the sales and use tax. Specifies that revenue generated from such tax must be deposited in a special account in the state general fund to be known as the international money transmission tax fund. Specifies that revenues must be retained in the account until such time as the revenues are unencumbered.

Senate Status: *Referred to Commerce & Labor.*

House Status: *Referred to Banking & Investments Subcommittee.*

SB 2127 by Hensley/HB 2673 by R. Williams - Micro markets - single monthly sales tax return. Broadens sales taxes to cover tangible personal property sold at a micro market. Defines "micro market" and "micro market display" for purposes of sales and use taxes. Allows owners and operators of micro markets in multiple locations to submit on a monthly basis single returns and payments arising from all taxable sales made at markets.

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

House Status: *Referred to Criminal Justice Subcommittee.*

SB 2197 by J. Johnson/HB 2264 by Lamberth - Increases frequency of reports on sale of aviation fuel. Requires each dealer of aviation fuel to file a quarterly report, instead of monthly report, stating the total amount in gallons of aviation fuel sold and the dollar amount collected from such sales. Part of Administration Package.

Senate Status: *Referred to Transportation.*

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

✓ **SB 2306 by Stevens/HB 2637 by Holt - Exemption - fencing materials used in a farming operation.** Exempts fencing materials used in a farming operation from sales and use taxes.

Senate Status: *Set in Finance Revenue Subcommittee on 2/25/2020.*

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

✓ **SB 2424 by Niceley/HB 2375 by Faison - Exemption from taxes imposed on the sale of farm equipment and machinery.** Grants exemption from taxes imposed on the sale of farm equipment and machinery to out-of-state residents who possess valid certificates of qualification for exemption issued by their resident state.

Fiscal Note: (Dated February 11, 2020) Decrease State Revenue Exceeds \$303,600/FY20-21 and Subsequent Years Decrease Local Revenue Exceeds \$123,900/FY20-21 and Subsequent Years

Senate Status: *Set in Finance Revenue Subcommittee on 2/25/2020.*

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

✓ **SB 2438 by Kyle/HB 2430 by Mitchell - Exemption - gun safes and gun safety devices.** Exempts from sales tax purchases of gun safes and gun safety devices.

Fiscal Note: (Dated February 11, 2020) Decrease State Revenue Net Impact \$321,300/FY20-21 and Subsequent Years Decrease Local Revenue Net Impact \$131,100/FY20-21 and Subsequent Years

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

House Status: *Set in Finance, Ways & Means Subcommittee on 2/26/2020.*

SB 2488 by Dickerson/HB 2640 by Carr - Changes regulations for purchases requiring additional sales tax. Raises the amount that a levied tax applies to on the sale or use of any single article of personal property from the first \$1,600 to the first \$3,200 made from the sale. Automatically increases the local sales tax cap on a single article of personal property to \$3,200. Removes the additional two and three quarters percent (2.75%) levied tax on the sale of any single article of personal property at an amount between \$1,600 and \$3,200.

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

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

✓ **SB 2506 by Dickerson/HB 2052 by Lynn - Tax exemption - private nonprofit college or university.** Defines "private nonprofit college or university" for purposes of the tax exemption where the title holder of certain tangible personal property used by a contractor or subcontractor is a private nonprofit college or

university. Specifies that private nonprofit college or university includes a nonprofit academic medical center and teaching hospital that operates as a separate nonprofit corporation, but which, when founded, was operated as a division of a private nonprofit college or university and that continues to provide education and training of physicians, nurses, and other allied healthcare professional.

Senate Status: *Set in Finance Revenue Subcommittee on 2/25/2020.*

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

✓ **SB 2567 by Jackson/HB 2828 by Clemmons - Allocation of revenue earmarked for education purposes.**

Removes requirements for revenue generated from increases in the sales and use tax be deposited in the state general fund earmarked for education purposes for kindergarten through grade 12.

Senate Status: *Set in Finance Revenue Subcommittee on 2/25/2020.*

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

✓ **SB 2645 by Yarbrow/HB 2651 by Towns - Taxes on vapor products and e-cigarettes.** Adds dealers of distributors of liquid nicotine and vapor products to list of persons required to pay privilege taxes. Adds liquid nicotine to the definition of tobacco products. Levies a tax a tax on liquid nicotine for vapor products at a rate of three cents (3¢) per milligram of liquid nicotine. Requires each dealer and distributor of vapor products to pay an enforcement and administration fee to the department of revenue of five hundredths of one cent (0.05¢) per packaged unit of liquid nicotine for sale in Tennessee and an additional one-tenth of one cent (0.1¢) on each milligram of liquid nicotine.

Senate Status: *Referred to Finance Revenue Subcommittee.*

House Status: *Set in Public Health Subcommittee on 2/25/2020.*

SB 2677 by J. Johnson/HB 2760 by Ogles - Changes required date for department of revenue report on collected sales taxes. Changes from February 1 to February 15 the required date for the department of revenue to report findings and recommendations regarding sales taxes collected on electronic nicotine delivery devices to the speakers of the senate and the house of representatives and the chairs of the respective finance, ways and means committees.

Senate Status: *Referred to Finance Revenue Subcommittee.*

House Status: *Caption bill held on clerk's desk.*

SB 2683 by Watson/HB 1697 by Hazlewood - Food Tax Holiday Act. Exempts food and food ingredients taxed at four percent (4%) purchased between June 1, 2020 at 12:01 a.m. and 11:59 p.m. on July 31, 2020 from sales tax. Starting July 1, 2020, the Commissioner of Revenue will reimburse counties and municipalities for the loss of revenue.

Fiscal Note: (Dated January 31, 2020) Decrease State Revenue Net Impact - \$44,010,500/Each FY19-20 and FY20-21 Increase State Expenditures \$1,914,200/Each FY19-20 and FY20-21 Increase Local Revenue Net Impact - \$654,300/Each FY19-20 and FY20-21

Senate Status: *Referred to Finance Revenue Subcommittee.*

House Status: *Finance, Ways & Means Subcommittee on 2/12/2020 placed behind the budget.*

SB 2834 by Watson/HB 2699 by Kumar - Sales and use tax on food. Separates the 4 percent tax on unprepared food into a 4 percent tax on fresh produce and meat and a 4 percent tax on all other unprepared food.

Senate Status: *Referred to Finance Revenue Subcommittee.*

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

SB 2841 by Watson/HB 2503 by Hawk - Taxing of leases of motor vehicles to out-of-state residents. Adds leasing of motor vehicles in this state to out of state residents as subject to sales and use taxes.

Senate Status: *Referred to Finance Revenue Subcommittee.*

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

- ✓ **SB 2878 by Bailey/HB 2734 by C. Sexton - Required date for submission of counties eligible for tax apportionment.** Changes, from July 1 to July 15, the date by which a list of economically distressed counties eligible for apportionment of sales and use tax revenue to commercial development districts is to be published by the commissioners of finance and administration, economic and community development and revenue.
Senate Status: **Set in Finance Revenue Subcommittee on 2/25/2020.**
House Status: *Caption bill held on clerk's desk.*
- ✓ **SB 2879 by Bailey/HB 2392 by Hicks - Apportionment of state sales and use tax revenue to the county revenue partnership fund.** Removes the prohibition on apportionment of state sales and use tax revenue to the county revenue partnership fund for fiscal years 2007-2008 and 2008-2009.
Senate Status: **Set in Finance Revenue Subcommittee on 2/25/2020.**
House Status: *Referred to Finance, Ways & Means Subcommittee.*

UAPA

- SB 1716 by Roberts/HB 1794 by Daniel - UAPA - training for heads of state agencies.** Requires each state agency head to complete periodic training for purposes of complying with the requirements of the "Regulatory Flexibility Act of 2007." → **Caption bill.** ←
Senate Status: *Referred to Government Operations.*
House Status: *Caption bill held on clerk's desk.*
- SB 2286 by Roberts/HB 2098 by Lafferty - Clarifies recovery of attorney fees in contested case hearings.** Clarifies that attorney fees may be recovered by parties seeking judicial review of contested case hearings.
Senate Status: *Referred to Judiciary.*
House Status: *Referred to Department & Agencies Subcommittee.*
- ✓ **SB 2322 by Roberts/HB 1951 by Daniel - UAPA - rulemaking hearings by state agencies.** Requires state agencies to hold rulemaking hearings when promulgating proposed administrative rules that may affect a person's rights.
Senate Status: *Referred to Government Operations.*
House Status: **Set in Government Operations on 2/24/2020.**
- SB 2593 by Niceley/HB 2785 by Rudder - Contested case hearing where a declaratory order is issued.** Removes the limitation that only the chancery court of Davidson County is authorized to review a contested case hearing where a declaratory order is issued.
Senate Status: *Referred to Government Operations.*
House Status: *Caption bill held on clerk's desk.*
- SB 2783 by Bell/HB 2406 by Ragan - Final decisions of four-year higher education institutions - filing petition for contested case hearing.** Allows persons aggrieved by a final decision of a state university board, including the board of trustees of the University of Tennessee, to file a petition for a contested case hearing.
Senate Status: *Referred to Education.*
House Status: *Referred to Higher Education Subcommittee.*
- HB 1995 by Daniel - UAPA - government operations committee to review an agency's statements, orders.** Allows a member of the general assembly to petition the government operations committee of the house of representatives or senate to determine if an agency's statement, order, or intra-agency memorandum

qualifies for exception from the rule requiring promulgation. Requires chairmen of the government operations committees to direct the joint government operations committee to review the statement, order, or intra-agency memorandum to determine if a rule requires promulgation. If request by either government operations committees to promulgate the statement, order, or intra-agency memorandum as a rule is ignored, the government operations committees may vote to suspend any or all of the noncomplying agency's rule-making authority by legislative enactment.

House Status: Withdrawn in House on 1/30/2020.

UTILITIES

- ✓ **SB 2853 by Bailey/HB 2667 by R. Williams - Removes privilege tax on modern market telecommunications providers.** Removes the repeal date of December 31, 2022 for privilege taxes charged to interstate and international telecommunications services sold to businesses. Requires the imposed tax on telecommunications services equal the sum of the taxpayer's pro rata share percentage multiplied by \$1 million for tax imposed in and after 2021 and \$500,000 for the tax imposed in and after 2021. Removes requirement that broadband service providers providing competitive local exchange telephone or interconnected voice over internet protocol services through a dedicated telecommunications division be classified and assessed in the same manner as the operating property of a modern market telecommunications provider for the purpose of calculating tax payments.

Senate Status: Withdrawn in Senate on 2/20/2020.

House Status: Withdrawn in House on 2/20/2020.

2019 LEGISLATION

ESTATE & TRUSTS

SB 404 by Stevens/HB 631 by Bricken – Uniform Fiduciary Income and Principal Act. Specifies that this chapter applies when this state is the principal place of administration of a trust or estate or the situs of property that is not held in a trust or estate and is subject to a life estate or other term interest. Defines "fiduciary" for purposes of this chapter and specifies duties of fiduciary. Prohibits the court from ordering a fiduciary to change a fiduciary decision unless the court determines that the fiduciary decision was an abuse of the fiduciary's discretion. If the court determines that a fiduciary decision was an abuse of the fiduciary's discretion, the court may order a remedy authorized by law. Allows fiduciary, in a record, without court approval, to adjust between income and principal if the fiduciary determines the exercise of the power to adjust will assist the fiduciary to administer the trust or estate impartially. Permits a fiduciary to release or delegate to a co-fiduciary the power to adjust. Defines "unitrust" and establishes application, duties, and remedies for unitrust. Makes other revisions regarding trusts and estates.

Senate Status: *Referred to Judiciary.*

House Status: *Referred to Children & Families Subcommittee.*

GOVERNMENT ORGANIZATION & REGULATION

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 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. House Finance Committee amendment 1 (007904) adds language to Amendment 006605 that states a prevailing plaintiff is not entitled to and shall not be awarded damages, costs, or attorney fees, for a cause of action; and deletes the provision that states a cause of action does not exist under Title 1, Chapter 3 to seek damages, costs, or attorney fees.

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

Senate Status: *Taken off notice in State & Local Government on 4/16/2019.*

House Status: *Taken off notice in Finance, Ways & Means on 4/17/2019.*