

HOUSE BILL 2301

By Gant

AN ACT to amend Tennessee Code Annotated, Section 9-4-5202 and Title 67, Chapter 4, Part 20, relative to the excise tax rate.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-2007(a), is amended by redesignating existing language as subdivision (a)(1); and is further amended by deleting the language "equal to six and one half percent (6½%) of the net earnings for the next preceding fiscal year for business done in this state during that fiscal year" and substituting instead the language "equal to the applicable rate, as calculated under subdivision (a)(2), of the net earnings for the next preceding fiscal year for business done in this state during that fiscal year".

SECTION 2. Tennessee Code Annotated, Section 67-4-2007(a), is amended by adding the following as a new subdivision (a)(2):

(2) The rate of tax imposed by this section shall be published on the department's website and calculated as follows:

(A) The maximum authorized tax rate is six and one-half percent (6.5%);

(B) For any tax year that begins on or after January 1, 2020, and prior to January 1, 2021, the tax rate is six and one-half percent (6.5%);

(C) Each December, when the state funding board presents its state revenue estimates in accordance with § 9-4-5202(e)(3), the board shall also certify the growth rate of the state general fund revenue based on actual revenue collections from the prior fiscal year;

(D) If the growth rate that is certified for the prior fiscal year under subdivision (a)(2)(C) exceeds two percent (2%), then the tax rate for the tax year

beginning on or after the subsequent January 1 shall be reduced by one-tenth of one percent (0.1%); provided, however, that the tax rate shall not be reduced below six percent (6%);

(E) If the growth rate that is certified for the prior fiscal year under subdivision (a)(2)(C) exceeds one percent (1%) but does not exceed two percent (2%), then the tax rate for the tax year beginning on or after the subsequent January 1 shall remain unchanged from the previous tax year;

(F) If the growth rate that is certified for the prior fiscal year under subdivision (a)(2)(C) is not more than one percent (1%) and does not reflect a negative growth rate, then the tax rate for the tax year beginning on or after the subsequent January 1 shall be increased by one-tenth of one percent (0.1%); provided, however, that the tax rate shall not be increased above the maximum authorized tax rate specified in subdivision (a)(2)(A); and

(G) If the growth rate that is certified for the prior fiscal year under subdivision (a)(2)(C) reflects a negative growth rate, then the tax rate for the tax year beginning on or after the subsequent January 1 shall be increased to the maximum authorized tax rate specified in subdivision (a)(2)(A).

SECTION 3. Tennessee Code Annotated, Section 67-4-2007(f)(1), is amended by deleting the language "an excise tax equal to six and one-half percent (6.5%)" and substituting instead the language "an excise tax equal to the applicable rate, as calculated under subdivision (a)(2),".

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.