

SENATE BILL 735

By Watson

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 6, relative to the sales and use tax on
food.

WHEREAS, consumption of fresh produce and meat is an important part of a healthy diet and has been shown to improve long-term health outcomes; and

WHEREAS, all Tennesseans should be encouraged to eat healthy, nutritious foods; and

WHEREAS, reducing the sales and use tax on fresh produce and meat is an effective way to both reduce the tax burden on all Tennesseans and improve health outcomes across Tennessee; and

WHEREAS, it is the intent of this General Assembly to prioritize reductions in the sales and use tax on fresh produce and meat over other sales and use tax reductions; and

WHEREAS, separating the tax on fresh produce and meat from the general tax on food is a first step in reducing, and ultimately eliminating, the tax on these important household staples; now, therefore,

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

SECTION 1. Tennessee Code Annotated, Section 67-6-228, is amended by deleting subsection (a) and substituting instead the following:

(a)

(1) Notwithstanding this part to the contrary, except as otherwise provided in subsection (b), the retail sale of fresh produce and meat for human consumption shall be taxed at the rate of five percent (5%) of the sales price.

(2) Notwithstanding this part to the contrary, except as otherwise provided in subsection (b), the retail sale of food and food ingredients, other than

fresh produce and meat, for human consumption shall be taxed at the rate of five percent (5%) of the sales price.

SECTION 2. The commissioner of revenue is authorized to promulgate rules to effectuate the purposes of this act. The rules shall be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 3. This act shall take effect July 1, 2017, the public welfare requiring it.