

HOUSE BILL 71

By Sargent

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 2, Part 1, relative to tax levied on income
from stock dividends and interest on bonds.

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

SECTION 1. Tennessee Code Annotated, Section 67-2-104, is amended by deleting subsection (a) in its entirety and by substituting instead the following:

(a)

(1) The tax imposed by this chapter does not apply to the following amounts of initial income otherwise taxable under this chapter for a person who files an individual return:

<u>For tax years that begin</u>	<u>Income amount</u>
Prior to January 1, 2014	\$ 1,250
During calendar year 2014	2,000
During calendar year 2015	3,000
On or after January 1, 2016	4,000

(2) The tax imposed by this chapter does not apply to the following amounts of initial combined income otherwise taxable under this chapter for persons who file jointly:

<u>For tax years that begin</u>	<u>Income amount</u>
Prior to January 1, 2014	\$ 2,500
During calendar year 2014	4,000
During calendar year 2015	5,000
On or after January 1, 2016	6,000

SECTION 2. Tennessee Code Annotated, Section 67-2-104(b), is amended by deleting the last sentence of the subsection and by redesignating the existing language, as amended, as subdivision (b)(1).

SECTION 3. Tennessee Code Annotated, Section 67-2-104(b), is amended by adding the following language as a new subdivision (b)(2):

(2) Notwithstanding subdivision (b)(1), upon submission of evidence deemed acceptable by the commissioner to establish the age and income limitation stated by this subdivision (b)(2):

(A) Any person sixty-five (65) years of age or older who files an individual return having a total annual income derived from any and all sources that is equal to or less than the following amounts shall be exempt from the income tax imposed by this chapter:

<u>For tax years that begin</u>	<u>Income amount</u>
On or after January 1, 2012, and Prior to January 1, 2015	\$ 26,200
During calendar year 2015	30,000
On or after January 1, 2016	35,000

(B) Any persons who file a joint return and either spouse is sixty-five (65) years of age or older having a total annual joint income derived from any and all sources that is equal to or less than the following amounts shall be exempt from the income tax imposed by this chapter:

<u>For tax years that begin</u>	<u>Income amount</u>
On or after January 1, 2012, and prior to January 1, 2014	\$ 37,000
During calendar year 2014	50,000
During calendar year 2015	60,000
On or after January 1, 2016	70,000

SECTION 4. Tennessee Code Annotated, Title 67, Chapter 2, Part 1, is amended by adding the following language as a new section:

67-2-123. Beginning July 1, 2014, the commissioner shall reimburse counties and municipalities for loss of revenue resulting from increased exemption levels provided for in this act. To this end, a sum shall be earmarked and allocated from the general fund for this purpose. The amount of reimbursement, if any, shall be based upon the actual amount received by a county or municipality in fiscal year 2013-2014. If the amount received by a county or municipality in a subsequent fiscal year is less than the amount received in fiscal year 2013-2014, an amount equal to the difference shall be distributed to the affected county or municipality.

SECTION 5. This act shall take effect July 1, 2013, the public welfare requiring it.