

HOUSE BILL 295

By Richardson

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 6, Part 1; Title 67, Chapter 6, Part 2 and Title 67, Chapter 6, Part 3, relative to sales tax on clothing.

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

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 6, Part 3, is amended by adding the following as a new, appropriately designated section:

67-6-3__.

(a) There is exempt from sales tax imposed by this chapter the sale at retail of used clothing, if the clothing is sold by an institution or organization that has received a determination of exemption from the internal revenue service under 26 U.S.C. § 501(c)(3).

(b) The exemption granted under subsection (a) shall be limited to the institutions or organizations that are not organized or operated for profit, and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

(c) No institution or organization shall be exempt under subsection (a) unless the institution or organization shall have issued to it by the commissioner an exemption certificate declaring that the institution or organization is entitled to the exemption provided for by subsection (a).

(d) The commissioner is authorized to make final determination after a hearing, if demanded, as to whether any institution or organization is entitled to the benefit of the exemption established by subsection (a).

(e) All proceeds from sales exempted by this section shall be for 26

U.S.C. § 501(c)(3) purposes.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring
it.