

HOUSE BILL 484

By Williams R

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

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

SECTION 1. Tennessee Code Annotated, Section 67-6-102, is amended by adding the following language as a new, appropriately designated subdivision:

(_) "Unprepared food" means the following foods types which are either naturally edible when harvested or are primary ingredients used in cooking:

(A) Minimally processed food ingredients, as determined by the department, including but not limited to dry rice, dry beans, grains, and flour but not including rice or rice products in which flavorings or other ingredients are added, canned beans, or bread or other baked products or mixes that contain grains or flour;

(B) Fresh fruit and vegetables, as determined by the department, which may be repacked or trimmed by the seller including but not limited to carrots, mushrooms and melons but not including carrot sticks, sliced mushrooms, or cut melons; and

(C) Raw food, as determined by the department, which may be cut, repackaged, or pasteurized by the seller including but not limited to milk, eggs, fish, and meat but not including milk or milk products in which flavoring or other ingredients are added, unshelled egg products or egg substitutes, canned or processed fish such as fish sticks, or canned or processed meat such as delicatessen meats;

SECTION 2. Tennessee Code Annotated, Section 67-6-228, is amended by deleting the section in its entirety and substituting instead the following:

67-6-228.

(a) Notwithstanding any provision of this part to the contrary, except as otherwise provided in subsections (b) and (c), the retail sale of food and food ingredients for human consumption shall be taxed at the rate of five and one quarter percent (5.25%) of the sales price.

(b) The retail sale of food and food ingredients sold as prepared food, alcoholic beverages, candy, dietary supplements, and tobacco shall be taxed at the rate levied on the sale of tangible personal property at retail by the provisions of § 67-6-202.

(c) The retail sale of food and food ingredients sold as unprepared food shall be exempt from the state tax imposed by this chapter; provided that nothing in this subsection (c) shall be construed to exempt such retail sales from any tax levied in accordance with part 7 of this chapter.

SECTION 3. Prior to November 1, 2013, the department of revenue shall develop a list of unprepared food items that are tax exempt pursuant to this act; such list shall be maintained on the web site of the department.

SECTION 4. This act shall take effect on January 1, 2014, the public welfare requiring it.