

HOUSE BILL 506

By Matlock

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4, Part 20 and Title 67, Chapter 4, Part 21, relative to authorizing a tax incentive for donating new, unused equipment to higher education institutions.

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

SECTION 1. Tennessee Code Annotated, Section 67-4-2109, is amended by adding the following as a new subsection:

(q)

(1) There shall be allowed to any taxpayer that makes a qualified equipment donation to a higher education institution a credit against the sum total of the franchise tax imposed by this part, in an amount equal to ten percent (10%) of the fair market value of the donated property.

(2) The credit provided by this subsection (q) shall apply only in the tax year in which the taxpayer makes the donation. To become entitled to the credit, the taxpayer shall submit documentation to the commissioner verifying that the qualified equipment donation has been made and meets the following criteria:

(A) The donation shall be made not later than two (2) years after the date the taxpayer acquired the property, or in the case of property constructed or assembled by the taxpayer, the date the construction or assembly of the property was substantially completed;

(B) The original use of the property is by the institution; and

(C) The use of the property by the institution is for the sole purpose of enhancing educational programs.

(3) The institution shall certify on a form prescribed by the department that the institution's use of the property will be in accordance with subdivision (q)(2)(C). The institution shall provide the certification to the taxpayer. The taxpayer shall maintain a copy of the certification to establish entitlement to the credit.

(4) The taxpayer shall not designate a specific person as the beneficiary of the donation.

(5) The property shall be valued at its fair market value as of the date of transfer by the taxpayer. The taxpayer shall determine the fair market value of the property for purposes of the credit in such manner as may be prescribed by the commissioner.

(6) The taxpayer shall supply any information as deemed necessary by the commissioner to verify the amount of the credit. The commissioner shall review the documentation submitted by the taxpayer and notify the taxpayer of the approved credit.

(7) As used in this subsection (q):

(A) "Higher education institution" or "institution" means any non-profit institution in this state, whether private or public, offering postsecondary or undergraduate education, including any institution operated by the board of regents of the state university and community college system, any institution in the University of Tennessee system, and any constituent schools, colleges, universities, and centers of each system; and

(B) "Qualified equipment donation" or "donation" means a gift made by a taxpayer of new, unused equipment or other new, unused tangible personal property that the higher education institution has agreed to accept.

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