

HOUSE BILL 1526

By Kumar

AN ACT to amend Tennessee Code Annotated, Title 8,  
Chapter 21, Part 7; Section 50-6-904 and Title 67,  
Chapter 4, Part 7, relative to business licenses.

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

SECTION 1. Tennessee Code Annotated, Section 67-4-723, is amended by deleting the section and substituting instead:

(a)

(1) Upon receipt of the prescribed application and payment of fifteen dollars (\$15.00), together with other information reasonably required, the department shall issue a license to the taxpayer. If a taxpayer has more than one (1) location within a county or incorporated municipality, then a separate license, including payment of the fifteen-dollar fee required by this subsection (a), is required for each location.

(2) Three dollars (\$3.00) of the fifteen-dollar fee must be allocated to the department to cover the expenses of administration, and the remaining proceeds must be distributed to the county or incorporated municipality in which the taxpayer is located.

(3) In addition to the initial license issued under subdivision (a)(1), the department shall renew the license upon verification that the taxpayer has filed the return required under § 67-4-715 and remitted the amount shown to be due on the return. There is no fee charged for the renewal of a license issued under this subsection (a).

(4) Each license issued under this subsection (a) expires thirty (30) days after the date that the taxpayer's return is due under § 67-4-715.

(5) A person shall not conduct business in this state without first acquiring the license required by this subsection (a).

(6) Persons described in § 67-4-708(5) and taxable under § 67-4-709(5) are not required to obtain a license under this subsection (a).

(b)

(1) Notwithstanding another law to the contrary, the department shall issue a minimal activity license to a person that is exempt from taxation and licensing pursuant to § 67-4-712(d); provided, that the person has sales of more than three thousand dollars (\$3,000) but less than ten thousand dollars (\$10,000) per year within the jurisdiction of an incorporated municipality or county. The license must be issued upon receipt of an application, to be prescribed by the department, and payment of fifteen dollars (\$15.00). The application must require the applicant to attest that the applicant is engaged in business within the county or incorporated municipality but has sales of less than ten thousand dollars (\$10,000) per year within the county or incorporated municipality. A person with sales of more than three thousand dollars (\$3,000) but less than ten thousand dollars (\$10,000) per year within a county or incorporated municipality must not conduct business in the county or incorporated municipality without first acquiring the license required by this subsection (b). If a person has more than one (1) location within a county or incorporated municipality, a separate minimal activity license, including payment of the fifteen-dollar fee required by this subsection (b), is required for each location. The department shall verify the

identity of each licensee and other information reasonably required by the department to verify the licensee's compliance with this part.

(2) Persons with sales of three thousand dollars (\$3,000) or less per year in an incorporated municipality or county may, but do not have to, apply for a minimal activity license, as provided for in this subsection (b).

(3) Each minimal activity license issued under this subsection (b) expires thirty (30) days after the dates set forth in § 67-4-715 as if the person were filing a return.

(4) This subsection (b) does not exempt a person from filing a tax return pursuant to § 67-4-715 in the event that the person's sales exceed ten thousand dollars (\$10,000) during their tax year as otherwise provided in § 67-4-715.

(c) Each taxpayer that receives a license under this section shall exhibit the license.

(d) An amount equal to three dollars (\$3.00) per minimal activity license must be allocated to the department to cover the expenses of administration, and the remaining proceeds must be distributed to the county or incorporated municipality in which the taxpayer is located. Notwithstanding § 8-21-701, an additional fee must not be charged to a person for the filing of the application or issuance of the license provided for in this section.

(e) Licenses already in effect as of January 1, 2024, continue to be valid until their original renewal date.

SECTION 2. Tennessee Code Annotated, Section 67-4-721(e)(2), is amended by deleting the subdivision and substituting instead:

(2) In this event a licensee shall notify the department, at least five (5) days prior to the last day of business at the old location, submitting information for the new location

and payment of a fee in the amount of five dollars (\$5.00). An amount equal to one dollar (\$1.00) per transferred license must be allocated to the department to cover the expenses of administration, and the remaining proceeds must be distributed to the county or incorporated municipality in which the taxpayer is located.

SECTION 3. Tennessee Code Annotated, Section 67-4-707, is amended by deleting the section and substituting instead:

Persons described in § 67-4-708(4)(A) who are domiciled in a state other than this state shall, upon making application for a business tax license, execute and file a bond to, or establish an escrow account with, the commissioner. The bond must be executed by two (2) good and sufficient sureties, approved by the commissioner, or by a surety company duly authorized to do business in this state. The bond or escrow account must be in an amount sufficient to pay such person's anticipated business tax liability for the balance of the tax period for which the license applies, such liability to be determined by the commissioner, and may be called by the state in the event of failure by the person to pay the tax as may be due.

SECTION 4. Tennessee Code Annotated, Section 50-6-904(a)(2)(H), is amended by deleting "license issued by a local government" and substituting instead "license issued by the department of revenue".

SECTION 5. Tennessee Code Annotated, Section 8-21-701(3), is amended by deleting subdivision (3).

SECTION 6. This act takes effect January 1, 2024, the public welfare requiring it.