

HOUSE BILL 1529

By Powers

AN ACT to amend Tennessee Code Annotated, Section 67-4-504, relative to privilege taxes.

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

SECTION 1. Tennessee Code Annotated, Section 67-4-504(a), is amended by designating the existing language as subdivision (1) and adding the following as a new subdivision (2):

(2) Notwithstanding any other law to the contrary, an eligible city may, after notice and public hearing, levy and impose, by ordinance adopted by a two-thirds (2/3) vote of its legislative body, a privilege tax not to exceed two percent (2%) of the consideration charged by restaurants located in such eligible city that made total sales to consumers in this state of two hundred thousand dollars (\$200,000) or more during the previous twelve-month period. Adequate public notice of the hearing and the matters to be discussed, including the proposed imposition of the privilege tax, must be given by publication in a newspaper of general circulation in the municipality. The public must have not less than thirty (30) days to comment on the levying of the tax after the notice is published and before the public hearing. For purposes of this section, "eligible city" means a municipality that:

(A) Has a state park located within the corporate limits of the municipality;

(B) Is located within three (3) miles of an off-highway vehicle trail area authorized by the Tennessee wildlife resources agency (TWRA); and

(C) Has established off-highway vehicle access trails allowing the operation of off-highway vehicles on municipal streets.

SECTION 2. Tennessee Code Annotated, Section 67-4-504(b), is amended by deleting the language "subdivision (a)(1)" and substituting instead the language "subdivisions (a)(1)(A) and (a)(2)".

SECTION 3. Tennessee Code Annotated, Section 67-4-504(g), is amended by deleting the subsection and substituting instead the following:

(g)

(1) Seventy-five percent (75%) of the proceeds collected from any tax imposed pursuant to subdivision (a)(1) must be used for tourism promotion; tourism infrastructure, including, but not limited to, municipally owned or operated event centers and golf courses; and tourism advertising.

(2) All proceeds collected from the tax imposed pursuant to subdivision (a)(2) must be used for payment of debt service incurred by the eligible city for capital outlay purposes.

SECTION 4. Tennessee Code Annotated, Section 67-4-504, is amended by adding the following as a new subsection:

(h) Subdivision (a)(2) is repealed on July 1, 2031.

SECTION 5. This act takes effect upon becoming a law, the public welfare requiring it.