

SENATE BILL 82

By Kurita

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4, Part 32 and Title 67, Chapter 6, relative to sales made by persons with no physical presence in Tennessee.

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

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 6, is amended by adding the following as a new part:

67-6-1001.

(a) Notwithstanding this chapter to the contrary, a dealer with no physical presence in this state shall collect and remit sales tax in accordance with this chapter as if the dealer has a physical presence in this state if, in the previous twelve-month period:

(A) The person's gross revenue from sales made in this state exceeds one hundred thousand dollars (\$100,000); or

(B) The person made two hundred (200) or more separate sales transactions in this state.

(b) Subsection (a) does not require a dealer to collect or remit the sales tax required by this section for sales made before January 1, 2020.

67-6-1002.

(a) Notwithstanding part 7 of this chapter, a dealer with no physical presence in this state may choose to pay, in lieu of the tax otherwise authorized by part 7 of this chapter, local tax at the rate of two and twenty-five hundredths percent (2.25%) of the sales price on all sales made in this state.

(b) Proceeds of the tax provided for in subsection (a) must be distributed to the counties based on the ratio of local tax collections in the county under § 67-6-710 over total tax collections in all counties under § 67-6-710.

(c) The amount received by the county under subsection (b) must be distributed first as provided for in § 67-6-712(a)(1). The remainder must be distributed to the county or city or town in which the purchaser resides.

67-6-1003.

(a) A dealer who is required to collect and remit sales tax pursuant to § 67-6-1001 shall register with the department of revenue in accordance with part 6 of this chapter.

(b) This part does not change the substantial nexus criteria for determining when a person is required to pay the business tax under § 67-4-717, excise tax under § 67-4-2007, or franchise tax under § 67-4-2105.

SECTION 2. Tennessee Code Annotated, Section 67-6-702(f), is amended by deleting the subsection in its entirety.

SECTION 3. Tennessee Code Annotated, Section 67-6-710(e), is amended by deleting the subsection in its entirety.

SECTION 4. Tennessee Code Annotated, Section 67-4-3204(c), is amended by deleting the subsection in its entirety and substituting instead the following:

Any surcharge on the local option sales and use tax does not apply to sales made by dealers with no physical presence in this state who choose to pay local tax pursuant to § 67-6-1002 at the rate set forth in that section.

SECTION 5. Tennessee Code Annotated, Section 67-6-509(a), is amended by deleting the language "An out-of-state person making sales in Tennessee, who cannot be required to register for sales and use tax under applicable law" and substituting instead the language "An out-of-state person making sales in Tennessee, who is not required to register for sales and use tax under applicable law".

SECTION 6. This act shall take effect January 1, 2020, the public welfare requiring it.