

SENATE BILL 515

By Kelsey

AN ACT to amend Tennessee Code Annotated, Title 67,  
relative to state-shared taxes.

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

SECTION 1. Tennessee Code Annotated, Section 67-6-103(c)(1), is amended by deleting the subdivision and substituting instead the following:

(1)

(A) Notwithstanding any law to the contrary, the revenue generated from the increase in the rate of sales and use tax from six percent (6%) to seven percent (7%) pursuant to chapter 856, § 4 of the Public Acts of 2002 shall be allocated as follows:

(i) Twenty-five percent (25%) shall be paid into the state general fund and allocated exclusively for general state purposes; and

(ii) Seventy-five percent (75%) shall be apportioned to the municipalities and counties of the state as follows:

(a) Twenty-five percent (25%) to the municipalities, to be allocated and distributed to them monthly by the commissioner of finance and administration in the same manner as revenue from a municipally imposed sales and use tax is distributed, which is on the basis of the location in which the revenue is generated;

(b) Twenty-five percent (25%) to the rural counties, to be allocated and distributed to them in equal amounts monthly by the commissioner of finance and administration; and

(c) Twenty-five percent (25%) to the urban counties, to be allocated and distributed to them monthly by the commissioner of finance and administration in the same manner as revenue from a county-imposed sales and use tax is distributed pursuant to § 67-6-712(a).

(B)

(i) As used in this subdivision (c)(1):

(a) "Other post-employment benefits" means nonpension benefits that are paid on behalf of former employees of any municipality, county, or special school district or the former employees' beneficiaries after separation from service, and includes medical, prescription drugs, dental, vision, hearing, Medicare part B and D premiums, life insurance, long-term care, and long-term disability;

(b) "Rural counties" means counties that are not included within a metropolitan statistical area, as defined by the federal office of management and budget; and

(c) "Urban counties" means counties that are included within a metropolitan statistical area, as defined by the federal office of management and budget and as enumerated in the most current edition of Tennessee Statistical Abstract.

(ii) If a municipality or county is delinquent in the payment of its other post-employment benefits liability and amount of the current obligation owed by the municipality or county, then the municipality or county shall not receive an apportionment pursuant to subdivision (c)(1)(A) until such time as it is current in payments of its other post-employment benefits liability.

(C) Notwithstanding any law to the contrary, all revenue generated from the tax levied at the rate of two and three quarters percent (2.75%) on the amount in excess of one thousand six hundred dollars (\$1,600) but less than or equal to three thousand two hundred dollars (\$3,200) on the sale or use of any single article of personal property pursuant to chapter 856, § 4 of the Public Acts of 2002 shall be paid into the state general fund and allocated exclusively for general state purposes.

SECTION 2. This act shall take effect July 1, 2017, the public welfare requiring it.