



State of Tennessee

PUBLIC CHAPTER NO. 467

SENATE BILL NO. 867

By Reeves, Yager, Stevens

Substituted for: House Bill No. 654

By Howell

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

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

SECTION 1. Tennessee Code Annotated, Section 67-6-507(d), is amended by designating the existing language as subdivision (1) and adding the following new subdivisions:

(2) The credit authorized by subdivision (d)(1) is available to a dealer principally selling used automobiles to retail purchasers if the dealer assigns the security agreement or other title retained instrument resulting from the sale to an affiliate finance company occupying the same physical headquarters location in this state as the dealer, and if:

(A) The dealer collects from its retail purchasers a down payment averaging not more than five percent (5%) of the total used automobile sales price;

(B) The dealer advances from its own funds the sales tax amount on each purchase and remits that tax amount to the commissioner;

(C) The dealer assigns one hundred percent (100%) of its security agreements or other title retained instruments solely to the affiliate finance company in exchange for consideration that includes a sum intended to reimburse the dealer for sales tax amounts remitted to the commissioner;

(D) The dealer remains obligated to and reimburses the finance company for those amounts attributable to sales taxes that the finance company is unable to collect from the retail purchaser;

(E) The finance company has the right to repossess or enforce any lien as to the subject automobile; and

(F) As a precondition to the dealer utilizing the credit authorized by subdivision (d)(1), the dealer first obtains the commissioner's agreement based on information satisfactory to the commissioner that the dealer and the assignee finance company are affiliates and satisfy the other conditions of this subdivision (d)(2).

(3) As used in this subsection (d):

(A) "Affiliate" has the same meaning as defined in § 48-103-102; and

(B) "Down payment" means any payment the dealer collects in net trade-in allowance, cash, or a cash equivalent from a retail purchaser at the time of purchase or delivery of a used automobile, whether categorized as a payment, tax, fee, or otherwise.

SECTION 2. This act takes effect July 1, 2023, the public welfare requiring it, and applies prospectively only.

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PASSED: April 21, 2023


RANDY McNALLY
SPEAKER OF THE SENATE


CAMERON SEXTON, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 17th day of May 2023


BILL LEE, GOVERNOR