

SENATE BILL 1440

By McNally

AN ACT to amend Tennessee Code Annotated, Title 67,  
Chapter 2, relative to income tax relief for  
veterans.

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

SECTION 1. Tennessee Code Annotated, Section 67-2-102, is amended by deleting the section in its entirety and substituting instead the following:

(a) Except as provided in subsection (b), an income tax in the amount of six percent (6%) per annum shall be levied and collected on incomes derived by way of dividends from stocks or by way of interest on bonds of each person, partnership, association, trust, and corporation in this state who received, or to whom accrued, or to whom was credited during any year income from the sources enumerated in this section, except as otherwise provided in this chapter.

(b)

(1) In lieu of the rate of tax levied by subsection (a), for tax years that begin on or after January 1, 2017, any taxpayer who is a veteran with a service-connected disability shall be subject to the reduced rate of five percent (5%) per annum.

(2) As used in this subsection (b), "veteran with a service-connected disability" means a person who has served in the armed forces of the United States, who was honorably discharged, and who has:

(A) Acquired in connection with that service a disability from:

(i) Paraplegia or permanent paralysis of both legs and lower part of the body resulting from traumatic injury or disease to the spinal cord or brain;

(ii) Legal blindness; or

(iii) Loss or loss of use of two (2) or more limbs from any service-connected cause;

(B) Acquired one hundred percent (100%) permanent total disability, as determined by the United States department of veterans affairs, and the disability resulting from having served as a prisoner of war; or

(C) Acquired service-connected permanent and total disability or disabilities, as determined by the United States department of veterans affairs.

SECTION 2. Tennessee Code Annotated, Section 67-2-119, is amended by deleting the language “at the rate of six percent (6%) per annum” wherever it appears and substituting instead the language “at the applicable rate provided in § 67-2-102”.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.