

SENATE BILL 1477

By Johnson

AN ACT to amend Tennessee Code Annotated, Title 67,
relative to taxation of natural gas marketers.

WHEREAS, natural gas marketers' dominant business activity is providing logistical services that enable the delivery of natural gas to customers within this state and not the actual "sale" of natural gas; and

WHEREAS, Federal Energy Regulatory Commission rules require natural gas marketers to take title to natural gas prior to providing logistical services for the delivery of the natural gas; however, the taking of title by the natural gas marketer is only for the purpose of providing logistical services that enable the delivery of the natural gas, and is not for purposes of reselling the natural gas at a profit; and

WHEREAS, the presence of natural gas marketers in this state encourage competition and provide incentives to improve service and innovate in the natural gas marketplace; and

WHEREAS, in order to encourage natural gas marketers to locate in this state, a fair and equitable method of taxing such marketers is needed so that in-state marketers can maintain competitive pricing with out-of-state natural gas marketers; now, therefore,

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

SECTION 1. Tennessee Code Annotated, Section 67-4-711(a), is amended by adding the following new subdivision:

(9)

(A) Any costs incurred by a natural gas marketer to take title to, transport, or deliver, natural gas to customer facilities located in this state,

including pipeline charges, amounts paid to purchase natural gas, and transporting pipeline demand and reservation charges.

(B) For purposes of this subdivision (a)(9), “natural gas marketer” means any business that is not regulated as to rates and services by the Tennessee regulatory authority and that provides for its customers within this state: natural gas procurement; shipping; transportation; or ancillary services to procurement, shipping, or transportation of natural gas.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it, and shall apply to tax periods that begin on or after January 1, 2014.