

SENATE BILL 1624

By Beavers

AN ACT to amend Tennessee Code Annotated, Title 67,  
relative to taxation of retail sales of food and food  
ingredients for human consumption.

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

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

Section 67-1-114.

(a) On April 15 each year, the commissioner of finance and administration, in consultation with the commissioner of revenue, shall certify the amount of surplus state revenue collected above budgeted estimates during the then current fiscal year and notify the governor, speaker of the senate, speaker of the house of representatives, state treasurer and commissioner of revenue of such amount. If such amount exceeds fifty million dollars (\$50,000,000), the rate of taxation on food and food ingredients shall be reduced by one-half percent (0.5%) on the next July 1.

(b) By June 15 in any year in which certified surplus state revenue exceeds fifty million dollars (\$50,000,000), the commissioner of revenue shall publish the rate of taxation on food and food ingredients that will be effective July 1 in accordance with § 67-6-228. Such rate shall remain effective until the next such reduction.

SECTION 2. Tennessee Code Annotated, Section 67-6-228, is amended by deleting the section in its entirety and by substituting instead the following:

Section 67-6-228.

(a) Notwithstanding any provision of this part to the contrary, except as otherwise provided in subsections (b) and (c), the retail sale of food and food ingredients for human consumption shall be taxed at the rate of five and one half percent (5.5%) of the sales price.

(b) The retail sale of food and food ingredients sold as prepared food, alcoholic beverages, candy, dietary supplements and tobacco shall be taxed at the rate levied on the sale of tangible personal property at retail by § 67-6-202.

(c) In accordance with § 67-1-114, prior to June 15 each year, the commissioner of revenue shall publish the rate of taxation at which the retail sale of food and food ingredients for human consumption shall be taxed beginning July 1 of such year. Such rate, if any, shall be a percentage of the sales price and shall remain effective until the commissioner's next published rate.

### SECTION 3.

(a) The department of revenue is authorized to promulgate rules and regulations as the department may deem necessary to effectuate the purposes of this act. All such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act, compiled in Title 4, Chapter 5.

(b) Notwithstanding the provisions of §§ 4-5-208 and 4-5-209 or any other provision of law to the contrary, the department of revenue is authorized to promulgate public necessity rules and emergency rules to implement the provisions of this act.

SECTION 4. This act shall take effect on July 1, 2009, the public welfare requiring it.