

SENATE BILL 2573

By Finney L

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 2, Part 1, to phase-out tax levied on
income received from stock dividends and interest
on bonds.

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 by substituting instead the following:

(a) Except as otherwise provided by 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 the 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) In lieu of the tax levied by subsection (a):

(1) For tax years that begin on or after January 1, 2013, an income tax in the amount of four percent (4%) 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 the 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;

(2) For tax years that begin on or after January 1, 2014, the rate of the income tax levied and collected pursuant to subdivision (b)(1) shall be two percent (2%) per annum; and

(3) For tax years that begin on or after January 1, 2015, no income tax shall be levied on incomes derived by way of dividends from stocks or by way of interest on bonds; provided, however, this subdivision (b)(3) shall not be construed to absolve any taxpayer of liability for any tax duly levied by this section, during any tax year that began prior to January 1, 2015.

SECTION 2. Tennessee Code Annotated, Title 67, Chapter 2, Part 1, is amended by adding the following language as a new section:

67-2-123.

(a) This chapter does not apply in any tax year that begins on or after January 1, 2015; provided, that § 67-2-119 shall remain in effect until August 1, 2015, for purposes of making distributions under that section.

(b) A sum shall be earmarked and allocated from the general fund to hold counties and municipalities harmless from actual or potential loss of revenue resulting from the amendments to this chapter provided in this act.

SECTION 3. This act shall take effect January 1, 2013, the public welfare requiring it.