

HB 117 - SB 1293

FISCAL MEMORANDUM



Fiscal Review Committee
Tennessee General Assembly

March 24, 2025

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SUMMARY OF BILL AS AMENDED (006341): Extends indefinitely the authority of the Commissioner of the Department of Revenue (Commissioner) to require persons selling certain items to retailers to file an information report of net sales with the Department of Revenue (DOR). Requires such information report to include certain information. Extends indefinitely wholesaler reporting requirements under the Retail Accountability Program (RAP) regarding such items.

FISCAL IMPACT OF BILL AS AMENDED:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. §§ 67-6-410(a)(3) and (h):
 - The Commissioner is authorized to require persons making sales to retailers of food, candy, and nonalcoholic beverages, including bottled drinks, to file an information report of such net sales.
 - Any persons making sales of these items in an amount less than \$500,000 during the prior calendar year or the retailer buys at least 50 percent of these items from an affiliate and notifies the wholesaler of the purchase are not required to include such sales in the above required information report.
- Such provisions are currently set to sunset on July 1, 2025.
- Pursuant to Tenn. Code Ann. § 67-6-410(b), the information report may include, but is not limited to:
 - The seller's name and license number;
 - The retailer's name, beer permit number if applicable, and sales and use tax account number;
 - The retailer's situs code and address, including street address, county, municipality, state, and zip code;
 - The general type of product sold;
 - The dates each type of product was sold;
 - The quantity of each type of product sold;
 - The monthly or quarterly sales total, in dollars, of each type of product sold; and
 - If applicable, the name of the tobacco product manufacturer providing the tobacco buydown payment, the purchase date to which the payment corresponds, and the amount of such payment.
- The proposed legislation will extend the requirement indefinitely and requires, rather than authorizes, the information report to include the aforementioned information.

- Based on information provided by DOR, the RAP resulted in approximately \$1,200,000 in sales tax collections in FY23-24.
- Therefore, the proposed extension results in approximately \$1,200,000 in additional sales tax collections, \$852,229 of which is the state portion and \$347,771 of which is the local portion.
- Extending the requirement indefinitely will maintain the current level of state and local sales tax collections.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Executive Director