

HOUSE BILL 1689

By Fitzhugh

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4, Part 21, relative to credit against franchise and excise tax liability for purchases of Tennessee goods and services.

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

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 4, Part 21, is amended by adding the following as a new, appropriately designated section:

67-4-21__.

(a) As used in this section, unless the context otherwise requires:

(1) "Tennessee good" means any item of tangible personal property that has been produced, processed, fabricated, or manufactured in this state, including, but not limited to, transportation equipment, chemical manufactures, computers, and electronic products; and

(2) "Tennessee service" means any service offered by a business:

(i) Incorporated in this state;

(ii) That has its principal place of business in this state; or

(iii) That has an established physical presence in this

state.

(b) There shall be allowed, for any person or entity, a credit against the sum total of the taxes imposed by this part and by the Excise Tax Law, compiled in part 20 of this chapter, an amount equal to five percent (5%) of the purchase price of a Tennessee good or Tennessee service purchased during the tax period covered by the return; provided, the purchase price of the good or service exceeds one hundred dollars (\$100).

(c) The department of revenue is authorized to consult and share information with the department of economic and community development to certify that the goods or services are Tennessee goods or Tennessee services or to otherwise effectuate the purposes of this section. The department of economic and community development shall be bound by restrictions on disclosure of such information otherwise applicable to the department of revenue.

(d) The commissioner of revenue and the commissioner of economic and community development may promulgate rules and regulations in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, to effectuate this section.

(e) Any unused credit allowed under this section may be carried forward for fifteen (15) years after the tax year in which the credit originated.

(f) The credit taken under this section shall not exceed fifty percent (50%) of the combined franchise and excise tax liability shown by the return before the credit is taken.

SECTION 2. This act shall take effect July 1, 2011, the public welfare requiring it.