

HOUSE BILL 2676

By Gant

AN ACT to amend Tennessee Code Annotated, Title 3, Chapter 6, Part 3; Title 4, Chapter 3, Part 19; Title 23; Title 48, Chapter 1; Title 62; Title 63 and Title 67, relative to professions.

WHEREAS, it is the intent of the General Assembly to streamline and reduce the number of taxes that are levied in this state; and

WHEREAS, eliminating the professional privilege tax is expected to boost consumer spending by those previously subject to the tax, benefiting both private enterprise and local and state sales and use tax revenues; and

WHEREAS, sales and use taxes levied by the state are a primary source of state revenues and are paid predominantly by state residents; and

WHEREAS, nonresidents who engage in professional occupations in this state benefit from services, including infrastructure and regulatory services, provided to them by this state even if they are not physically located in this state; and

WHEREAS, the state and its boards and agencies should reasonably expect to incur higher costs in regulating persons who engage in professional occupations in this state but who have a physical presence outside the state; and

WHEREAS, it is a legitimate state interest to address cost, fee, and tax equalization between the receipt of state services and the contribution to state revenues in their totality; now, therefore,

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

SECTION 1. Tennessee Code Annotated, Section 67-4-1703, is amended by deleting subsection (a) and substituting instead the following:

(1) For purposes of this part, the tax year begins on June 1 of each year and ends on May 31 of the following year. The privilege tax established by this part is due and payable on June 1 of each tax year. Taxes paid after June 1 are delinquent.

(2) The privilege tax imposed by this part shall be:

For any tax year ending on or before May 31, 2021	\$400
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For any tax year ending on or after May 31, 2022	\$0
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SECTION 2. Tennessee Code Annotated, Section 67-4-1703, is further amended by deleting the language "in the amount of four hundred dollars (\$400)" from subsection (b) and substituting instead the language "in the amount set by subsection (a)".

SECTION 3. Tennessee Code Annotated, Title 67, Chapter 4, Part 17, is amended by adding the following as a new section:

(a) This part does not apply to any person who engages in a vocation, profession, business, or occupation listed in § 67-4-1702 on or after June 1, 2021.

(b) This section does not absolve any taxpayer of liability for any tax duly levied by this part during any tax year ending before June 1, 2021.

SECTION 4. Tennessee Code Annotated, Title 62, Chapter 76, Part 1, is amended by adding the following as a new section:

(a) To be eligible to engage in a profession described in subsection (c), a person who is not a resident of this state must register with the department of revenue and pay the professional registration fee established by this section. The professional registration fee established by this section is due and payable on June 1 of each year. Fees paid after June 1 are delinquent. The fee shall be collected by the commissioner of revenue and deposited into the state general fund.

(b) The professional registration fee established by this section is four hundred dollars (\$400) annually. Any person who is licensed or registered for two (2) or more professions subject to the professional registration fee is not required to pay more than one (1) fee in the amount of four hundred dollars (\$400).

(c) The following professions are subject to the professional registration fee:

(1) Persons registered as lobbyists pursuant to § 3-6-302;

(2) Persons licensed or registered under title 48, chapter 1 as:

(A) Agents;

(B) Broker-dealers; and

(C) Investment advisers;

(3) Persons licensed or registered under title 63 as:

(A) Osteopathic physicians; and

(B) Physicians; and

(4) Persons licensed as attorneys by the supreme court of Tennessee.

(d) On or before May 1 of each year, the department of revenue shall notify each person subject to the annual professional registration fee of the amount owed, the due date, and any requirement for electronic filing or payment. The notification must be in writing and may be sent by email or United States mail. The appropriate licensing board or agency is not required to provide this or any similar notification.

(e) The professional registration fee levied by this section is in addition to all other taxes and fees levied by law.

(f)

(1) No fee owed under this section by a person in the armed forces of the United States, or called into active military service of the United States, as defined in § 58-1-102, from a reserve or national guard unit, shall be due until one hundred eighty (180) days following the conclusion of hostilities in which such person is actually engaged outside the United States or one hundred eighty (180) days after such person is transferred from the theater of operations of such hostilities, whichever is sooner.

(2) A person claiming this delay shall present proof, satisfactory to the commissioner, of such person's deployment and stationing outside the United States during a period of hostilities and proof of such person's return from such deployment.

(3) This subsection (f) shall expressly apply to personnel deployed outside the United States to locations where the military personnel are entitled to combat compensation as determined by the United States department of defense.

(g) The commissioner of revenue is authorized to promulgate rules and regulations in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, to implement, administer, and enforce this section.

SECTION 5. If any provision of this act or the application of any provision of this act to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the act or Tennessee Code Annotated, Title 67, Chapter 4, Part 17, that can be given effect without the invalid provision or application, and to that end, the provisions of this act are declared to be severable.

SECTION 6. This act shall take effect July 1, 2020, the public welfare requiring it.