

SENATE BILL 2

By Kelsey

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 2, relative to taxation of 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) An income tax 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 this state who received, or to whom accrued, or to whom was credited during any year income from the sources enumerated in this subsection, except as otherwise provided in this chapter.

(b) The income tax shall be levied and collected annually pursuant to this chapter according to the following schedule:

<u>For tax years that begin</u>	<u>Tax Rate</u>
Prior to January 1, 2016	6.00%
On or after January 1, 2016, and prior to January 1, 2017	4.00%
On or after January 1, 2017, and prior to January 1, 2018	2.00%

(c) For tax years that begin on or after January 1, 2018, 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 subsection shall not be construed to absolve any taxpayer of liability for any tax duly levied by this section, during a tax year that began prior to January 1, 2018.

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

67-2-124. This chapter does not apply in any tax year that begins on or after January 1, 2018; provided, that § 67-2-119 shall remain in effect until August 1, 2018, for purposes of making distributions under that section.

SECTION 3. Tennessee Code Annotated, Section 67-2-119, is amended by deleting the language "at the rate of six percent (6%) per annum" wherever it appears and by substituting instead the language "at the applicable rate provided in § 67-2-102(b)".

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.