HOUSE BILL 714
By Whitson

SENATE BILL 8

By Green

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4, relative to franchise and excise taxes.

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

SECTION 1. Tennessee Code Annotated, Section 67-4-2012, is amended by deleting subsection (a) in its entirety and by substituting instead the following:

(a)

(1) Except as otherwise provided in this part, for tax years beginning prior to July 1, 2017, all net earnings shall be apportioned to this state by multiplying the earnings by a fraction, the numerator of which shall be the property factor plus the payroll factor plus three (3) times the receipts factor, and the denominator of the fraction shall be five (5).

(2) Except as otherwise provided in this part, for tax years beginning on or after July 1, 2017, all net earnings shall be apportioned to this state by multiplying the earnings by the receipts factor.

SECTION 2. Tennessee Code Annotated, Section 67-4-2111, is amended by deleting subsection (a) in its entirety and by substituting instead the following:

(a)

(1) Except as otherwise provided in this part, for tax years beginning prior to July 1, 2017, the net worth of a taxpayer doing business both in and outside this state shall be apportioned to this state by multiplying such values by a fraction, the numerator of which shall be the property factor plus the payroll factor plus three (3) times the receipts factor, and the denominator of the fraction shall be five (5).

(2) Except as otherwise provided in this part, for tax years beginning on or after July 1, 2017, the net worth of a taxpayer doing business both in and outside this state shall be apportioned to this state by multiplying such values by the receipts factor.

SECTION 3. Tennessee Code Annotated, Section 67-4-2013(d), is amended by deleting the subsection in its entirety and by substituting instead the following:

(d)

(1) For tax years beginning prior to July 1, 2017, the net earnings of a captive REIT affiliated group shall be apportioned to this state based on property, payroll, and triple weighted receipts as provided in § 67-4-2012(a)(1), including the factors of those members of the affiliated group that would not be subject to taxation in this state if considered apart from the affiliated group; provided, however, that dividends, receipts, and expenses resulting from transactions between members of the affiliated group shall be excluded for purposes of apportionment under this subdivision (d)(1).

(2) For tax years beginning on or after July 1, 2017, the net earnings of a captive REIT affiliated group shall be apportioned to this state based on receipts as provided in § 67-4-2012(a)(2), including the receipts of those members of the affiliated group that would not be subject to taxation in this state if considered apart from the affiliated group; provided, however, that dividends, receipts, and expenses resulting from transactions between members of the affiliated group shall be excluded for purposes of apportionment under this subdivision (d)(2).

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