

SENATE BILL 59

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) Except as otherwise provided in this part, all net earnings shall be apportioned to this state, as follows:

(1) For tax years that begin prior to January 1, 2016, net earnings shall be multiplied by a fraction, the numerator of which shall be the property factor plus the payroll factor plus twice the receipts factor, and the denominator of the fraction shall be four (4); and

(2) For tax years that begin on or after January 1, 2016, net earnings shall be multiplied by the receipts factor.

SECTION 2. Tennessee Code Annotated, Section 67-4-2012, is amended by deleting subsection (i) in its entirety and by substituting instead the following:

(i) Sales, other than sales of tangible personal property, are in this state, if the receipts are derived from customers within this state or if the receipts are otherwise attributable to this state's marketplace.

SECTION 3. Tennessee Code Annotated, Section 67-4-2111, is amended by deleting subsection (a) in its entirety and by substituting instead the following:

(a) Except as otherwise provided in this part, the net worth of a taxpayer doing business both in and outside this state shall be apportioned to this state, as follows:

(1) For tax years that begin prior to January 1, 2016, net worth shall be multiplied by a fraction, the numerator of which shall be the property factor plus the payroll factor plus twice the receipts factor, and the denominator of the fraction shall be four (4); and

(2) For tax years that begin on or after January 1, 2016, net worth shall be multiplied by the receipts factor.

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

(i) Sales, other than sales of tangible personal property, are in this state, if the receipts are derived from customers within this state or if the receipts are otherwise attributable to this state's marketplace.

SECTION 5. 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 that begin prior to January 1, 2016, the net earnings of a captive REIT-affiliated group shall be apportioned to this state based on property, payroll, and double-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 that begin on or after January 1, 2016, 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 6. This act shall take effect upon becoming a law, the public welfare requiring it.