

SENATE BILL 127

By Haile

AN ACT to amend Tennessee Code Annotated, Title 4;  
Title 49, Chapter 10, Part 14 and Title 67, relative  
to taxation of individualized education accounts.

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

SECTION 1. Tennessee Code Annotated, Section 49-10-1403(j), is amended by  
deleting the subsection, which presently reads:

(j) Funds received pursuant to this part do not constitute income taxable to the  
parent of the participating student or to the student under title 67, chapter 2.

and substituting instead the following:

(j) Funds received pursuant to this part do not constitute income taxable to the  
parent of the participating student or to the student under title 67, chapter 2. All  
contributions or distributions made to, or on behalf of, participating students pursuant to  
any IEA authorized by this part are exempt from all state and local taxation under title 67  
or other state law.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring  
it.