

SENATE BILL 1351

By Yager

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 6, relative to sales and use taxes.

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

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 6, Part 1, is amended by adding the following as a new section:

(a) As used in this section:

(1) "Economic development project" means a project of an industrial development board representing either a county where a federally funded project is located or a city within such county;

(2) "Federally funded project" means a facility that is designed and built for the processing of uranium and is funded by the United States department of energy; and

(3) "State tax revenues" means the revenues generated from the collection of state sales and use taxes from a federally funded project and does not include any local sales and use taxes.

(b) In order to receive an allocation of state tax revenues under this section, a county or municipal industrial development corporation must submit a completed application to the commissioner of finance and administration together with an application fee in an amount established by the department of finance and administration. The application must be developed by the department of finance and administration.

(c) The application must include, but is not limited to, the following information:

(1) A detailed description of the economic development project;

(2) A description of the financing for the economic development project, including the total cost of the project;

(3) The number of jobs that the applicant estimates will be created by the economic development project and the wages, salaries, and other compensation that will be paid to those persons holding the jobs; and

(4) The estimated development and construction costs of the economic development project.

(d) The commissioner of finance and administration shall not take any action with respect to an application until the commissioner has received, as determined by the commissioner, all information that may be relevant or necessary in determining the qualifications of the applicant and the proposed economic development project.

(e) Economic development projects must be certified by the commissioner of finance and administration based on the information provided in the application.

(f)

(1) Notwithstanding the allocations provided for in § 67-6-103(a), the state tax revenues must be apportioned and distributed to any industrial development corporation that has submitted an application to the commissioner of finance and administration and the commissioner has certified the economic development project. The state tax revenues apportioned and distributed under this section are for the exclusive use of the industrial development corporation and must be used solely for the purpose of paying the indebtedness, principal and interest, and closing costs incurred by the industrial development corporation in financing the economic development project. The distributions under this section continue until the federally funded project is complete or the industrial development corporation receives the full amount requested under subdivision (c)(2), whichever comes first. The total amount of state tax revenue distributed to

the industrial development corporation must not exceed twenty million dollars (\$20,000,000).

(2) Notwithstanding any provision of this section to the contrary, no portion of the revenue derived from the increase in the rate of sales and use tax allocated to educational purposes pursuant to Section 9, Chapter 529 of the Public Acts of 1992, and no portion of the revenue derived from the increase in the rate of sales and use tax from six percent (6%) to seven percent (7%) contained in Section 4, Chapter 856 of the Public Acts of 2002, shall be distributed to the industrial development corporation for the financing contemplated in this section. The revenue must continue to be allocated as provided in Chapter 529 of the Public Acts of 1992, and Chapter 856 of the Public Acts of 2002, respectively.

(g) The apportionment and distribution of state tax revenues to the industrial development corporation commences at the beginning of the fiscal year after the first payment from the United States department of energy of any sales and use taxes derived from the federally funded project, and is therefore intended to be retroactive. The department of revenue shall apportion and distribute the state tax revenue to the industrial development corporation within ninety (90) days of the end of each fiscal year for which the industrial development corporation is entitled to receive an allocation and distribution pursuant to this section, or as soon as practicable for distributions that accrued prior to the effective date of this act.

(h) The fact that an industrial development corporation filed an application with the commissioner of finance and administration, whether an application was approved, the number of projected jobs created by an economic development project and the

projected wages, salaries, and other compensation that would be paid to the persons holding those jobs must be available for public inspection pursuant to title 10, chapter 7.

(i) In addition to other powers and duties prescribed by law, the commissioner of finance and administration shall monitor the financing of economic development projects pursuant to this section, and the transfer of sales and use tax revenues to pay indebtedness is vested with the industrial development corporation. The commissioner shall report annually to the finance, ways and means committees of the senate and the house of representatives, and the state and local government committee of the senate and the state government committee of the house of representatives, regarding each allocation of tax revenues pursuant to this section.

(j) The commissioner of finance and administration may require an industrial development corporation with an economic development project to file a report with the department of finance and administration. A report filed by an industrial development corporation may include, but is not limited to, an analysis detailing the progress of the economic development project, the number of jobs generated by the economic development project, the wages, salaries, and other compensation paid to those holding the jobs, and such additional information as requested by the commissioner of finance and administration.

(k) The department of finance and administration may promulgate rules to effectuate the purposes of this section. Such rules shall be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 2. This act shall take effect July 1, 2019, the public welfare requiring it, and shall apply to state tax revenue collected in fiscal year 2018-2019 and subsequent fiscal years.