

SENATE BILL 2649

By Yager

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 8, Part 1; Title 67, Chapter 8, Part 3 and Title 67, Chapter 8, Part 4, relative to transfer taxes.

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

SECTION 1. Tennessee Code Annotated, Section 67-8-316(b), is amended by deleting the following language:

In 2006 and thereafter

and by substituting instead the following language:

In 2006, 2007, 2008, 2009, 2010 and 2011

SECTION 2. Tennessee Code Annotated, Section 67-8-316(b), is further amended by inserting the language "In 2012" under the column heading "In the case of a decedent dying:" below the language "In 2006, 2007, 2008, 2009, 2010 and 2011" under the heading, and by inserting the figure "5,000,000" under the column heading "Amount" below the figure "1,000,000" under the heading.

SECTION 3. Tennessee Code Annotated, Section 67-8-316, is amended by adding the following language as a new subsection (d):

(d) Notwithstanding any other provision of this section to the contrary, the maximum single exemption against that portion of the estate distributable to one (1) or more beneficiaries shall be determined by the maximum exemption provided under federal estate tax law.

SECTION 4. Tennessee Code Annotated, Section 67-8-102, is amended by deleting the section in its entirety and by substituting instead the following:

67-8-102. For purposes of this part, "donee" means any person, association, corporation, or any other entity to whom a gift is made.

SECTION 5. Tennessee Code Annotated, Section 67-8-104, is amended by deleting subsection (a) in its entirety and by substituting instead the following:

(a) Net gifts to any donee not exceeding the federal inflation adjusted exclusion amount provided in 26 U.S.C. § 2503(b) shall not be taxable under this part. When net gifts to any one (1) donee exceed such amount during a calendar year, only the portion of the net gifts exceeding such amount shall be taxable under this part.

SECTION 6. Tennessee Code Annotated, Section 67-8-106, is amended by deleting the section in its entirety and by substituting instead the following:

67-8-106. The tax imposed by this part shall be computed at the following rates:

- (1) Five and one-half percent (5.5%) on the amount of net taxable gifts up to forty thousand dollars (\$40,000);
- (2) Six and one-half percent (6.5%) on the next two hundred thousand dollars (\$200,000) or part thereof;
- (3) Seven and one-half percent (7.5%) on the next two hundred thousand dollars (\$200,000) or part thereof; and
- (4) Nine and one-half percent (9.5%) on the excess over four hundred forty thousand dollars (\$440,000).

SECTION 7. This act shall take effect July 1, 2012, the public welfare requiring it, and shall apply to estates of decedents dying on or after January 1, 2012 and to gifts made on or after January 1, 2012.