



# *State of Tennessee*

## **PUBLIC CHAPTER NO. 409**

**SENATE BILL NO. 786**

**By Dickerson, Yarbro**

Substituted for: House Bill No. 1369

By Sargent, Clemmons, Gilmore, Stewart

AN ACT to amend Tennessee Code Annotated, Section 67-5-212, relative to property of religious, charitable, scientific, or nonprofit educational institutions.

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

SECTION 1. Tennessee Code Annotated, Section 67-5-212(a)(1), is amended by deleting the subdivision and substituting instead the following:

(1) There shall be exempt from property taxation the real and personal property, or any part of the real and personal property, owned by any religious, charitable, scientific, or nonprofit educational institution that is occupied and actually used by the institution or its officers purely and exclusively for carrying out one (1) or more of the exempt purposes for which the institution was created or exists. There shall further be exempt from property taxation the property, or any part of the property, owned by an exempt institution that is occupied and actually used by another exempt institution for one (1) or more of the exempt purposes for which it was created or exists under an arrangement:

(A) In which the owning institution receives no more rent than a reasonably allocated share of the cost of use, excluding the cost of capital improvements, debt service, depreciation, and interest, as determined by the state board of equalization; or

(B) Which is solely between exempt institutions that originated as part of a single exempt institution and that continue to use the property for the same religious, charitable, scientific, or nonprofit educational purposes, whether by charter, contract, or other agreement or arrangement.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it, and shall apply to all property with respect to which a leasehold interest was acquired on or after April 29, 2016. Nothing in this act entitles a religious, charitable, scientific, or nonprofit educational institution to a refund for taxes paid on property with respect to which a leasehold interest was acquired on or after April 29, 2016, and for which such taxes became due and owing before the effective date of this act.

SENATE BILL NO. 786

PASSED: May 8, 2017

  
RANDY McNALLY  
SPEAKER OF THE SENATE

  
BETH HARWELL, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 18<sup>th</sup> day of May 2017

  
BILL HASLAM, GOVERNOR