



State of Tennessee

PUBLIC CHAPTER NO. 400

SENATE BILL NO. 1455

By Bailey, Yager

Substituted for: House Bill No. 695

By Russell, Cameron Sexton

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 6, Part 3, relative to nonprofit property owners associations.

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

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 6, Part 3, is amended by adding the following as a new section:

(a) There is exempted from the sales and use tax imposed by this chapter any sales of public safety or public works-related goods to a nonprofit property owners association that has received a determination of exemption from the internal revenue service under the Internal Revenue Code § 501(c)(4) and that has more than one hundred (100) miles of roads maintained by the property owners association.

(b) Any exemption granted under subsection (a) only applies to sales made directly to the exempt property owners association. There is no exemption for sales made to an independent contractor with any such exempt association.

(c) No dealer shall sell, and no property owners association shall use, any tangible personal property under the claim that the tangible personal property is exempt from the sales or use tax levied by this chapter, where the exemption from taxation is claimed because the user is entitled to an exemption under subsection (a), unless the user has issued to it by the commissioner an exemption certificate declaring that such association is entitled to the exemption provided for by subsection (a). An association that has obtained an exemption certificate issued by the commissioner shall provide a dealer with a copy of the certificate of exemption, which must include the exemption account number included on the certificate issued by the commissioner. The dealer shall maintain a copy of such exemption in the dealer's records to document that the purchaser was entitled to the exemption.

(d) In the event a property owners association uses its exemption authorization to purchase other goods not exempted, the association shall be liable for applicable tax, penalty, and interest.

(e) The exemption granted under subsection (a) is limited to twenty-five thousand dollars (\$25,000) in sales and use taxes each year that would otherwise be imposed.

(f) For purposes of this section, "public safety or public works-related goods" means equipment and supplies used:

(1) In the construction or maintenance of utilities, roads, culverts, curbs, sidewalks, parks, landscaping, docks and dock facilities, sewage and wastewater systems, and flood control and drainage systems, including storm water sewers and drains; and


(2) For firefighting, security, and emergency medical services, including fire alarm and emergency alert systems.

SECTION 2. This act shall take effect July 1, 2019, the public welfare requiring it.

SENATE BILL NO. 1455

PASSED: May 1, 2019


RANDY McNALLY
SPEAKER OF THE SENATE


GLEN CASADA, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 10th day of May 2019


BILL LEE, GOVERNOR