



State of Tennessee

PUBLIC CHAPTER NO. 942

SENATE BILL NO. 1477

By Johnson, Bowling

Substituted for: House Bill No. 1536

By Sargent

AN ACT to amend Tennessee Code Annotated, Title 67, relative to taxation of natural gas marketers.

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

SECTION 1. Tennessee Code Annotated, Section 67-4-702(a), is amended by adding the following language as a new, appropriately designated subdivision:

() "Natural gas marketer" means any business that is not regulated as to rates and services by the Tennessee regulatory authority; that provides natural gas to customers located within this state through the procurement and shipping or transportation of such natural gas, and any ancillary services thereto; and that is required by the Federal Energy Regulatory Commission to take title to the natural gas, pursuant to Federal Energy Regulatory Commission Order No. 636-A, 57 Fed. Reg. 36128 (1992), in connection with the sale of such gas to its customers;

SECTION 2. Tennessee Code Annotated, Section 67-4-708(5), is amended by designating the current language as subdivision (A) and by adding the following language as a new subdivision (B):

(B) Each person engaged in the business of making sales as a natural gas marketer.

SECTION 3. Tennessee Code Annotated, Section 67-4-709(5), is amended by deleting the subdivision in its entirety and by substituting instead the following language:

(5) CLASSIFICATION 5 as described in § 67-4-708(5):

(A)(i) Three tenths of one percent (3/10 of 1%) of the gross income of a business classified under § 67-4-708(5)(A); and

(ii) "Gross income of the business" means all interest income, earned discounts, earned lease rentals, commission fees exclusive of insurance commissions, past due charges, contract earnings or charges, collection charges, loan service fees, late fee income and all other income, without any deduction except as provided by this part;

(B) One fiftieth of one percent (1/50 of 1%) of all sales within the state of a person classified under § 67-4-708(5)(B).

SECTION 4. Tennessee Code Annotated, Section 67-4-714(a)(2), is amended by deleting the language "§ 67-4-709(5)" in every occurrence and by substituting instead the language "§ 67-4-709(5)(A)", and is further amended by deleting the language "classification (5)" and by substituting instead the language "classification (5)(A)".

SECTION 5. Tennessee Code Annotated, Section 67-4-717(a), is amended by deleting the language "§ 67-4-708(1)-(4)" and by substituting instead the language "§ 67-4-708(1)-(5)", and is further amended by deleting the word "and" at the end of subdivision (3), by deleting the period at the end of subdivision (4) and substituting instead the language "; and", and by adding the following as a new subdivision (5):

(5) Making sales as a natural gas marketer to customers located within this state through the presence in this state of the seller's property, the holding of pipeline capacity by the seller on pipelines located in this state, or through the presence in this state of the seller's

employees, agents, independent contractors, or other representatives acting on behalf of the seller to solicit orders, provide customer service, or conduct other activities in furtherance of such sales. For purposes of this subdivision (5), the phrase "presence in this state of the seller's property" shall include property owned by the seller in this state during delivery to the customer, whether in a pipeline or otherwise.

SECTION 6. Tennessee Code Annotated, Section 67-4-723(a), is amended by adding the following as a new subdivision (6):

(6) Persons described in § 67-4-708(5) and taxable under § 67-4-709(5) shall not be required to obtain a license under this subsection (a).

SECTION 7. Tennessee Code Annotated, Section 67-4-724(c), is amended by adding the following language at the end of the subsection:

In addition, one hundred percent (100%) of the tax, interest, and penalty collected from any person described in § 67-4-708(5) and taxable under § 67-4-709(5) shall be earmarked and allocated specifically and exclusively to the state's general fund.

SECTION 8. This act shall take effect on July 1, 2014, and shall apply to tax periods that begin on or after the effective date of this act, the public welfare requiring it.

SENATE BILL NO. 1477

PASSED: April 15, 2014

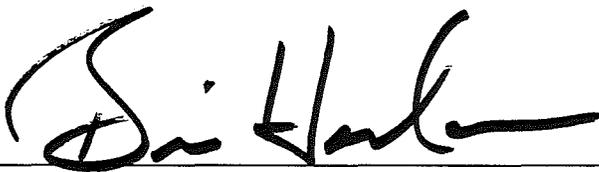


RON RAMSEY
SPEAKER OF THE SENATE



BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 19th day of May 2014



BILL HASLAM, GOVERNOR