

**CHARLES M. SARGENT, JR.**  
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## House of Representatives State of Tennessee

NASHVILLE

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May 1, 2018

Dr. Cliff Lippard  
Executive Director  
Tennessee Advisory Commission on Intergovernmental Relations  
226 Capitol Boulevard Bldg., Suite 508  
Nashville, TN 37219

Dear Director Lippard:

As a member of the Tennessee Advisory Commission on Intergovernmental Relations, I would like to request that TACIR examine an issue of concern to me. In Tennessee, state and local sales tax collections are an essential revenue source for funding k-12 education in our state. In a fast-growing county like Williamson County, every available dollar is needed to keep pace with the demands of a rapidly growing school system. I am concerned that some current statutory provisions undermine the ability of county governments to fund their school systems.

Our Department of Revenue has promulgated a rule to require certain out of state vendors with no nexus in this state to begin collecting sales tax. In addition, the U.S. Supreme Court heard arguments last month in the *Wayfair v. South Dakota* case which could result in a re-consideration of the *Quill* decision that has prevented states from requiring all internet vendors from collecting sales tax. The Tennessee Code currently includes provisions that are applicable today regarding local option sales tax and out of state vendors as well as provisions related to the Streamlined Sales Tax Agreement which could go into effect in the future as early as July 1, 2019. In addition to these provisions on local option sales tax, there is a long-standing provision that distributes a portion of the state sales tax to municipalities.

I request that TACIR examine the current statutes on the distribution of both state and local option sales tax, especially as it relates to Internet or out of state vendors as well as the state shared portions of the state sales tax and report back on whether the existing law is supporting or undermining k-12 education funding.

Sincerely,

A handwritten signature in cursive script that reads "Charles M. Sargent, Jr.".

Charles M. Sargent, Jr.  
State Representative  
61<sup>st</sup> Legislative District  
624 Cordell Hull Building  
Nashville, TN 37243