FILED
Date ____________
Time ____________
Clerk ____________
Comm. Amdt. ______
____

AMENDMENT NO.________________

____
Signature of Sponsor

AMEND Senate Bill No. 3142 House Bill No. 2910*

by deleting all of the language after the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Section 67-2-101 is amended by adding the following new items to be appropriately designated:

( ) "Adjusted gross income" has the same meaning as the definition of "adjusted gross income" in the United States Internal Revenue Code, as amended;

( ) "Consumer price index" means the percentage of change in the average consumer price index (all items – city average) as published by the United States department of labor, bureau of labor statistics, between the two (2) calendar years preceding July 1 of the year in which the adjustment is made;

SECTION 2. Tennessee Code Annotated, Section 67-2-104, is amended by deleting subsection (b) in its entirety.

SECTION 3. Tennessee Code Annotated, Title 67, Chapter 2, is amended by adding the following new section:

Section __. (a) This section shall be known as "The Tax Relief and Fairness Act of 1998".

(b) It is the legislative intention to phase out completely the income tax levied by the provisions of this chapter for lower and middle income Tennesseans, age sixty-five (65) and older, and to use growth in state tax revenues to reimburse local governments for lost revenue which results from implementation of this act.

FILED
Date ____________
Time ____________
Clerk ____________
Comm. Amdt. ______
____

AMENDMENT NO.________________

____
Signature of Sponsor

AMEND Senate Bill No. 3142 House Bill No. 2910*

(c) The general assembly finds that when considered with other state and local taxes levied, the income tax levied by the provisions of this chapter imposes a particular hardship on low and middle income Tennesseans.

(d) Any person filing an individual return and having an adjusted gross income of twenty thousand dollars ($20,000) or less and any persons filing a joint return and having an adjusted gross income of thirty thousand dollars ($30,000) or less during the 1999 tax year are exempt from the income tax levied by the provisions of this chapter. In subsequent tax years, persons having the following adjusted gross incomes shall be exempt from the tax levied by the provisions of this chapter:

(1) $24,000 for individual filers and $40,000 for persons filing jointly in 2000;

(2) $30,000 for individual filers and $50,000 for persons filing jointly in 2001;

(3) $36,000 for individual filers and $60,000 for persons filing jointly in 2002; and

(4) $42,000 for individual filers and $70,000 for persons filing jointly in 2003;

(e) The provisions of this section shall only apply to any person who files individually and who is sixty-five (65) years of age or older having the appropriate income level or any persons who file a joint return and either spouse is sixty-five (65) years of age or older having the appropriate income levels.

FILED
Date ______________
Time ______________
Clerk ______________
Comm. Amdt. ______
____

AMENDMENT NO.__________________

____

Signature of Sponsor

AMEND Senate Bill No. 3142 House Bill No. 2910*

(f) The one hundred third general assembly shall study whether the exemptions granted pursuant to this act should be further increased or whether the income tax levied by this chapter should be eliminated entirely. Absent enactment of legislation to the contrary, the income amounts in subsection (d) qualifying persons for tax exemption shall be automatically increased by the commissioner in each tax year after 2005 by a percentage equivalent to the change in the consumer price index. Taxpayers shall submit evidence deemed acceptable by the commissioner to establish the income amounts in subsection (d) which qualify such persons for tax exemption.

(g) It being the further intention of the general assembly to hold local governments harmless from decreases in revenue which might result from the provisions of this act, any local government which receives tax revenue pursuant to Section 67-2-119 for the 1999 tax year or any subsequent tax year that is less than the amount it received for the 1997 tax year may submit evidence satisfactory to the commissioner of such difference. The amount of such difference shall be paid to reimburse such local government from the state general fund. The commissioner shall certify the total amount of such reimbursements to the commissioner of finance and administration at the end of each fiscal year. The budget that is submitted by the governor each year shall provide sufficient funds to reimburse the general fund for the amount expended in the preceding fiscal year for such reimbursements. Such funds shall be appropriated from projected increases in state tax revenue which is in excess of state tax revenue received the preceding fiscal year.

FILED
Date ____________
Time ____________
Clerk ____________
Comm. Amdt. ______
____

AMENDMENT NO.________________

____
Signature of Sponsor

AMEND Senate Bill No. 3142 House Bill No. 2910*

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.