Filed for intro on 11/01/99

HOUSE BILL 1 of the Second Extraordinary Session
By Bowers

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 6, relative to sales and use taxes.

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

SECTION 1. Tennessee Code Annotated, Section 67-6-102(23), is amended by designating the existing language as subdivision (A) and inserting the following as new subdivisions:

(B) "Retailer" includes every person soliciting orders for tangible personal property by means of a telecommunication or television shopping system (which utilizes toll free numbers) which is intended by the retailer to be broadcast by cable television or other means of broadcasting, to consumers located in this state;

(C) "Retailer" includes every person soliciting orders for tangible personal property by mail if the solicitations are substantial and recurring and if such person benefits from any banking, financing, debt collection, telecommunication, or marketing activities occurring in this state or benefits from the location in this state of authorized installation, servicing, or repair facilities.

SECTION 2. Tennessee Code Annotated, Section 67-6-102(24), is amended by adding the following as a new subdivision:

(I)(i) "Retail sale" or "sale at retail" does not include the taking of orders from or making sales to customers in this state through a computer telecommunications network located in this state which is not directly or indirectly owned by the retailer when the

orders result from the electronic display of products on that same network; the exclusion provided by this subdivision shall apply only to a computer telecommunications network that consists substantially of on-line communications services other than the displaying and taking of orders for products.

(ii) The above subdivision (i) shall become inoperative upon the operative date of provisions of a congressional act that authorize states to compel the collection of state sales and use taxes by out-of-state retailers doing business via such computer telecommunications networks.

SECTION 3. This act shall take effect January 1, 2000, the public welfare requiring it.