

Amendment No. 2 to SB2318

McNally  
Signature of Sponsor

**AMEND Senate Bill No. 2318**

**House Bill No. 2275\***

By deleting the following language in its entirety from the bill as amended and by renumbering all remaining sections accordingly:

SECTION 61. Tennessee Code Annotated, Title 67, Chapter 6, Part 2, is amended by adding the following as a new, appropriately designated section:

67-6-2\_\_\_\_

(a) Hotels, motels, inns, and other dealers that offer lodging accommodations are primarily engaged in rendering a service and are the users and consumers of tangible personal property provided to guests in connection with such service. Such tangible personal property shall include but is not limited to linens, bathroom supplies, food, and beverages, whether provided in the room, in another location on the premises, or elsewhere. All such tangible personal property shall be subject to sales or use tax on the purchase price paid by the dealer.

(b)(1) For purposes of this section, tangible personal property provided to guests in connection with lodging accommodations shall not include food and beverages provided to guests in a restaurant, regardless of whether such items are sold to the guest for a separately itemized price or in conjunction with lodging accommodations for one (1) nonitemized price, provided that such items are also offered to non-guests on the restaurant menu. Such food and beverages may be purchased by the dealer without payment of tax upon presentation to the vendor of a valid certificate of resale.

(2) For purposes of this subsection (b), "restaurant" means an eating establishment that sells breakfast, lunch, and dinner, both to guests and non-guests, from a menu for a specifically stated price.

(c) For purposes of this section, tangible personal property provided to guests in connection with lodging accommodations shall not include food, beverages, and other items sold to guests through room service, a cocktail lounge, a gift and sundry shop, or other similar means, provided that such items are sold for a separately itemized price. Such items may be purchased by the dealer without payment of tax upon presentation to the vendor of a valid certificate of resale.

(d) Hotels, motels, inns, and other dealers that cannot determine at the time of purchase whether tangible personal property will be used as described in subsection (a) or sold as described in subsection (b) or (c) may purchase such tangible personal property without payment of tax upon presentation to the vendor of a valid certificate of resale. Such dealers shall report all sales made and all withdrawals from inventory for use each month and pay the applicable sales or use tax due upon such sale or use as set out in this section.