

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1741 – HB 1947

March 11, 2009

SUMMARY OF BILL: Creates the presumption that any person making sales of tangible personal property or services to persons in Tennessee who were solicited by independent contractors or representatives in Tennessee is responsible for paying sales tax when such sales exceed \$2,000 per year.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Not Significant

Assumptions:

- According to the Department of Revenue (DOR), out-of-state dealers with commissioned representatives in this state, who merely solicits sales for such dealers, and whereby customers pay dealers directly, does not make such dealers responsible for sales tax unless they have some form of traditional nexus in the state.
- DOR acknowledges that this bill seems to require out-of-state dealers to be responsible for sales tax and infer that the existence of the commissioned representatives creates a sufficient physical presence or nexus enabling the department to require registration of the dealer under certain circumstances. However, the Department has indicated that this bill alone would not be deemed sufficient for broadening the definition of traditional physical nexus in order for the department to require registration by such dealers. As a result, any increase to state revenue is considered to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in cursive script, reading "James W. White".

James W. White, Executive Director

/rnc