

Amendment No. 1 to HB0696

Ramsey
Signature of Sponsor

AMEND Senate Bill No. 589*

House Bill No. 696

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

SECTION 1. Tennessee Code Annotated, Title 4, is amended by adding Sections 2 through 5 as a new chapter 39.

SECTION 2. A state governmental entity shall include in any major procurement contract with a vendor a provision that the vendor, the vendor's subcontractors, and staffing agencies that provide to the vendor employees on a contract basis, shall collect and remit sales and use taxes on taxable sales of goods or services made by the vendor, the vendor's subcontractor, or the staffing agency's contract employees in connection with the major procurement contract.

SECTION 3. If any portion of the cost of a vendor's contract with a state governmental entity is subcontracted, or is performed by a staffing agency's contract employees, the vendor shall include in the contract with the subcontractor or staffing agency, as applicable, a provision that the subcontractor or staffing agency shall collect and remit sales and use taxes on taxable sales of goods or services made by the subcontractor or the staffing agency's contract employees, in connection with the contract as if the subcontractor or the staffing agency were itself a vendor. The vendor shall submit a copy of the contract to the state governmental entity.

SECTION 4. The vendor, subcontractor, or staffing agency, as applicable, shall register to collect and remit sales and use taxes pursuant to § 12-3-306, and shall file appropriate sales and use tax returns and pay sales and use taxes as provided by other laws of this state.

SECTION 5. As used in this chapter:

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(1) "Major procurement contract" means any good or service costing in excess of seventy-five thousand dollars (\$75,000), including major advertising contracts, annuity contracts, consulting services, equipment, and other products and services unique to the functions performed by the state governmental entity, but not including materials, supplies, equipment, and services common to the ordinary operations of the state governmental entity;

(2) "Retailer" means a person or entity that sells goods or services on behalf of a state governmental entity pursuant to a major procurement contract; and

(3) "Vendor" means a person or entity that provides or proposes to provide goods or services to the state governmental entity pursuant to a major procurement contract, but does not include an employee of the state governmental entity, a retailer, or the state governmental entity.

SECTION 6. This act shall take effect July 1, 2015, the public welfare requiring it, and shall apply to contracts entered into or renewed on or after that date.