HOUSE BILL 695

By Russell

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 6, Part 3, relative to nonprofit property owners associations.

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

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 6, Part 3, is amended by adding the following as a new section:

(a) There is exempted from the sales and use tax imposed by this chapter any sales of public safety or public works-related goods to a nonprofit property owners association that has received a determination of exemption from the internal revenue service under the Internal Revenue Code § 501(c)(4) and that has more than one hundred (100) miles of roads maintained by the property owners association.

(b) Any exemption granted under subsection (a) only applies to sales made directly to the exempt property owners association. There is no exemption for sales made to an independent contractor with any such exempt association.

(c) No dealer shall sell, and no property owners association shall use, any tangible personal property under the claim that the tangible personal property is exempt from the sales or use tax levied by this chapter, where the exemption from taxation is claimed because the user is entitled to an exemption under subsection (a), unless the user has issued to it by the commissioner an exemption certificate declaring that such association is entitled to the exemption provided for by subsection (a). An association that has obtained an exemption certificate issued by the commissioner shall provide a dealer with a copy of the certificate of exemption, which must include the exemption account number included on the certificate issued by the commissioner. The dealer

shall maintain a copy of such exemption in the dealer's records to document that the purchaser was entitled to the exemption.

(d) In the event a property owners association uses its exemption authorization to purchase other goods not exempted, the association shall be liable for applicable tax, penalty, and interest.

SECTION 2. This act shall take effect July 1, 2019, the public welfare requiring it.