

FISCAL NOTE
SB 3759 - HB 3523

March 4, 2008

SUMMARY OF BILL: Authorizes any person who manufactures, produces, or sells bottled soft drinks and the purchaser or distributor of such bottled soft drinks to agree in writing as to who will pay the privilege tax on such bottled soft drinks. Requires the purchaser or distributor to pay the privilege tax in instances where no agreement has been made.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Not Significant

Assumptions:

- According to the Department of Revenue (DOR), there could be some incidences where tax liability is unsettled as to the party liable and the payment owed. DOR indicates an increased probability of reduced privilege tax collections when any agreement requires out-of-state manufacturers, producers, or sellers to pay the privilege tax.
- Tenn. Code Ann. § 67-4-402(b)(2) states that a person located outside this state who distributes bottled soft drinks in this state shall, for the privilege of engaging in such business, pay the tax on gross receipts derived from bottled soft drinks distributed by the person in this state in the same manner as does a person located in this state.
- Given that any agreement entered into is required to be in writing and is considered binding on the parties and state, and that payment is specifically required from the purchaser or distributor in cases where no agreement exists, it is assumed that the DOR would not be significantly impeded from collecting the privilege tax owed on any bottled soft drinks. Therefore, the decrease of state revenue is estimated 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.



James W. White, Executive Director

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