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SENATE BILL 2166
By Watson

HOUSE BILL 2502

By Sexton

AN ACT to amend Tennessee Code Annotated, Title 4; Title 38; Title 39; Title 45; Title 47; Title 49 and Title 67, relative to money transmission.

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

SECTION 1. Tennessee Code Annotated, Section 67-6-205(c), is amended by adding the following as a new subdivision (10):

(10) The transmitting of money from a location originating in this state to a location outside of the United States or its territories by an entity licensed under the Money Transmission Modernization Act, compiled in title 45, chapter 7;

SECTION 2. Tennessee Code Annotated, Section 67-6-205(b), is amended by deleting "Notwithstanding any other provision of law to the contrary," and substituting "Except as provided in subsection (d) and notwithstanding any other law to the contrary,".

SECTION 3. Tennessee Code Annotated, Section 67-6-205, is amended by adding the following as a new subsection (d):

(d) Notwithstanding § 67-6-103 or any other law to the contrary, revenues generated from the tax imposed by subdivision (c)(10):

(1) Must be deposited in a special account in the state general fund to be known as the international money transmission tax fund. Revenues must be retained in the account until such time as the revenues are unencumbered. Revenues are unencumbered on July 1 of each year after the expiration of the refund application period described in subdivision (d)(3);

(2) May be invested by the state treasurer pursuant to title 9, chapter 4, part 6 for the sole benefit of the international money transmission tax fund while encumbered;

(3) Are subject to refund upon application made by the individual who paid the tax imposed by subdivision (c)(10); provided, that the application must be submitted to the department between June 1 and June 30 and include the applicant's social security number or taxpayer identification number in addition to proof of the taxes paid and any additional information the department may require; and

(4) Must be allocated and distributed on July 1 of each year as follows:

(A) Twenty-five percent (25%) to the state general fund;

(B) Twenty-five percent (25%) to all counties and metropolitan governments in this state in proportion as the population of each county or metropolitan government bears to the aggregate population of the state, according to the latest federal census, to be used for capital improvement projects and infrastructure expenditures;

(C) Twenty-five percent (25%) to the K-12 education teacher compensation fund that is hereby created in the state treasury to be:

(i) Used to provide a pool of funds for employee salary increases or bonuses for teachers;

(ii) Allocated each August 1 to local education agencies throughout the state in accordance with rules promulgated by the department of education; and

(iii) Allocated by each local education agency for salary increases or bonuses for teachers according to the agency's salary and compensation schedules or bonus program; and

(D) Twenty-five percent (25%) to the Tennessee peace officer standards and training commission to provide an additional pay supplement to law enforcement officers who, pursuant to § 38-8-111, complete in-service training requirements and receive the corresponding pay supplement provided by that statute.

SECTION 4. For purposes of promulgating rules and forms, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect January 1, 2027, the public welfare requiring it.

Amendment No. 1 to HB2502

Vaughan
Signature of Sponsor

AMEND Senate Bill No. 2166* **House Bill No. 2502**

by deleting all language after the enacting clause and substituting:

SECTION 1. Tennessee Code Annotated, Section 67-6-205(b), is amended by deleting "Notwithstanding any other provision of law to the contrary," and substituting "Except as provided in subsection (d) and notwithstanding any other law to the contrary,".

SECTION 2. Tennessee Code Annotated, Section 67-6-205, is amended by adding the following as a new subsection:

(d)

(1) The service of transmitting money from a location originating in this state to a location outside of the United States or its territories by an entity licensed under the Money Transmission Modernization Act, compiled in title 45, chapter 7, is a taxable service under this chapter and, except as provided in subdivision (d)(2)(A), is levied on the amount of money transmitted.

(2) Notwithstanding another law to the contrary, the tax imposed by subdivision (d)(1) is levied at the rate of:

(A) Ten dollars ($10.00) per transaction; and

(B) If the transmission amount exceeds five hundred dollars ($500), then two percent (2%) of the amount of money transmitted in excess of five hundred dollars ($500).

(3) Notwithstanding another law to the contrary, the service of transmitting money from a location originating in this state to a location outside of

the United States or its territories as described in subdivision (d)(1) is not subject to the local option tax imposed under part 7 of this chapter.

(4) Notwithstanding § 67-6-103 or another law to the contrary, revenues generated from the tax imposed by subdivision (d)(1) must be allocated monthly and distributed as follows:

(A) Twenty percent (20%) to the state general fund;

(B) Thirty-eight percent (38%) to a special account created in the state treasury to be known as the TennCare buyback fund that is to be used solely to fund TennCare hospital buybacks. These moneys are authorized to be deposited into the hospital trust fund as necessary;

(C) Eighteen and one-half percent (18.5%) to a special account created in the state treasury to be known as the promising futures fund that is to be administered by the department of human services and used solely to support pilot programs and targeted child care assistance initiatives that:

(i) Strengthen and stabilize this state's child care workforce;

(ii) Support employer participation in shared child care cost models;

(iii) Expand access to child care for working families who are ineligible for existing subsidy programs; and

(iv) Provide accountability, transparency, and data-driven evaluation to inform future programming and policy decisions;

(D) Eighteen and one-half percent (18.5%) to the Tennessee housing development agency to be used solely for workforce housing initiatives; and

(E) Five percent (5%) to a special account created in the state treasury to be known as the teacher internship fund that is to be administered by the department of education to provide paid internships for teachers in training at public schools, including public charter schools.

(5) Any funds deposited in a special account described in subdivision (d)(4) must remain in the account until expended for such described purposes and shall not revert to the general fund.

(6) The transmission of money by any corporation defined as a financial institution under § 67-4-2004, except for an entity licensed under title 45, chapter 7, is exempt from the tax levied pursuant to this subsection (d).

SECTION 3. Tennessee Code Annotated, Title 67, Chapter 6, Part 7, is amended by adding the following as a new section:

67-6-715.

There is exempt from the local option tax the service of transmitting money from a location originating in this state to a location outside of the United States or its territories as described in § 67-6-205(d).

SECTION 4. For purposes of promulgating rules and forms, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect January 1, 2027, the public welfare requiring it.

Amendment No. 2 to SB2166

Watson
Signature of Sponsor

AMEND Senate Bill No. 2166* House Bill No. 2502

by deleting all language after the enacting clause and substituting:

SECTION 1. Tennessee Code Annotated, Section 67-6-205(b), is amended by deleting "Notwithstanding any other provision of law to the contrary," and substituting "Except as provided in subsection (d) and notwithstanding any other law to the contrary,".

SECTION 2. Tennessee Code Annotated, Section 67-6-205, is amended by adding the following as a new subsection:

(d)

(1) The service of transmitting money from a location originating in this state to a location outside of the United States or its territories by an entity licensed under the Money Transmission Modernization Act, compiled in title 45, chapter 7, is a taxable service under this chapter and, except as provided in subdivision (d)(2)(A), is levied on the amount of money transmitted.

(2) Notwithstanding another law to the contrary, the tax imposed by subdivision (d)(1) is levied at the rate of:

(A) Ten dollars ($10.00) per transaction; and

(B) If the transmission amount exceeds five hundred dollars ($500), then two percent (2%) of the amount of money transmitted in excess of five hundred dollars ($500).

(3) Notwithstanding another law to the contrary, the service of transmitting money from a location originating in this state to a location outside of

the United States or its territories as described in subdivision (d)(1) is not subject to the local option tax imposed under part 7 of this chapter.

(4) Notwithstanding § 67-6-103 or another law to the contrary, revenues generated from the tax imposed by subdivision (d)(1) must be allocated monthly and distributed as follows:

(A) Twenty percent (20%) to the state general fund;

(B) Fifty-one and one-half percent (51.5%) to a special account created in the state treasury to be known as the TennCare buyback fund that is to be used solely to fund TennCare hospital buybacks. These moneys are authorized to be deposited into the hospital trust fund as necessary;

(C) Eighteen and one-half percent (18.5%) to a special account created in the state treasury to be known as the promising futures fund that is to be administered by the department of human services and used solely to support pilot programs and targeted child care assistance initiatives that:

(i) Strengthen and stabilize this state's child care workforce;

(ii) Support employer participation in shared child care cost models;

(iii) Expand access to child care for working families who are ineligible for existing subsidy programs; and

(iv) Provide accountability, transparency, and data-driven evaluation to inform future programming and policy decisions;

(D) Five percent (5%) to the Tennessee housing development agency to be used solely for workforce housing initiatives; and

(E) Five percent (5%) to a special account created in the state treasury to be known as the teacher internship fund that is to be administered by the department of education to provide paid internships for teachers in training at public schools, including public charter schools.

(5) Any funds deposited in a special account described in subdivision (d)(4) must remain in the account until expended for such described purposes and shall not revert to the general fund.

(6) The transmission of money by any corporation defined as a financial institution under § 67-4-2004, except for an entity licensed under title 45, chapter 7, is exempt from the tax levied pursuant to this subsection (d).

(7) For purposes of this subsection (d), "originating in this state" means:

(A) For a transaction requested in person, the physical location within this state at which the in-person request is made; and

(B) For a transaction requested electronically or by phone, a physical location in this state associated with the customer transmitting money as determined by the provider of money transmission. In determining whether the service of transmitting money is from a location originating in this state under this subdivision (d)(7)(B), the provider of money transmission may rely on information provided by the customer regarding the location of such individual's residential address or such business entity's principal place of business or other physical address location, and any records associated with the customer that the provider of money transmission may have that indicate such location, including, but not limited to, an address associated with an account, is located within this state.

(8) For purposes of this subsection (d), in determining whether money is transmitted to a location outside the United States or its territories, the provider of

money transmission may rely on information provided by the customer regarding the location of the recipient individual's residential address or business entity's principal place of business or other physical address location, and any records associated with the recipient that the provider of money transmission may have that indicate such location, including, but not limited to, an address associated with an account, is located outside the United States or its territories.

SECTION 3. Tennessee Code Annotated, Title 67, Chapter 6, Part 7, is amended by adding the following as a new section:

67-6-715.

There is exempt from the local option tax the service of transmitting money from a location originating in this state to a location outside of the United States or its territories as described in § 67-6-205(d).

SECTION 4. Tennessee Code Annotated, Section 67-6-903, is amended by adding the following as a new subsection:

(f) For the service of transmitting money from a location originating in this state to a location outside of the United States or its territories under § 67-6-205(d)(1), the sale is sourced to the location in the state where the service of transmitting money originated as determined under § 67-6-205(d)(7).

SECTION 5. For purposes of promulgating rules and forms, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect January 1, 2027, the public welfare requiring it.