

CHAPTER NO. 531

SENATE BILL NO. 2220

By Cooper

Substituted for: House Bill No. 2172

By Michael Turner

AN ACT to amend Tennessee Code Annotated, Title 67, relative to the purchase of tax-exempt property.

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

SECTION 1. Tennessee Code Annotated, Section 67-5-201(a), is amended by adding the following language as a new, appropriately designated subdivision:

(3) The grantor or lessor of tax exempt property which is conveyed or transferred by sale, lease or otherwise to a person, firm or corporation, rendering the status of the property as nonexempt by reason of the transfer shall promptly report to the assessor any change in the use or ownership of the property which might affect its exempt status.

A grantor or lessor of tax exempt property includes a governmental entity; department, agency, board, commission, or instrumentality of the state or local government; industrial development corporation; or any other agency or authority created by a governmental entity or any other grantor or lessor of property exempt under this part.

The grantee or lessee of real property which, prior to the transfer to such grantee or lessee was tax exempt, shall promptly report to the assessor the change in the use or ownership of such property. Notwithstanding the provisions of §§ 67-1-1005 and 67-5-1806, the grantee or lessee of such real property shall be personally liable for all taxes, and penalty and interest, from the date of the transfer to the date the assessor is notified of such change in the use or ownership of property and the collection of taxes against such grantee or lessee with respect to such property shall not be barred; provided however, no tax lien shall arise against the real property conveyed to a bona fide purchaser who records the deed for such property or notifies the assessor of the change in the use or ownership of such property. The burden of proving a bona fide sale shall be upon the owner of the property at the time of such recording or notification.

SECTION 2. Tennessee Code Annotated, Section 67-5-212, is amended by deleting the last sentence of subsection (b)(3) and substituting instead the following:

Where a religious institution acquires property previously approved for a religious use exemption or property to replace its own property previously approved for religious use exemption, the effective date of exemption shall be one (1) year prior to the date of application, or the date the acquiring institution began to use the property for religious purposes, whichever is later.

SECTION 3. Tennessee Code Annotated, Section 67-5-201(b), is amended by adding a new §67-5-201(b)(4) as follows:

(4) The grantor or lessor of nonexempt property which is conveyed or transferred by sale, lease or otherwise to a person, firm, or corporation, rendering the status of the property as exempt by reason of the transfer shall promptly report to the assessor any change in the use or ownership of the property which might affect its nonexempt status.

A grantor or lessor of nonexempt property includes any person, firm, or corporation who is not otherwise exempt under this part. The grantor or lessor of real property which, prior to the transfer to such grantee or lessee was nonexempt, shall promptly report to the assessor the change in ownership or use of such property. The nonexempt grantor's or lessor's notice of the change in ownership or use to the assessor shall be a prerequisite to the grantor or lessor seeking a refund of taxes paid related to exempt ownership or use of the property occurring after the date of transfer to the tax exempt grantee or lessee by sale or lease.

SECTION 4. This act shall take effect on becoming law, the public welfare requiring it, and shall apply to claims pending on its effective date.

PASSED: April 5, 2004


JOHN S. WILDER
SPEAKER OF THE SENATE


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 14th day of April 2004


PHIL BREDESEN, GOVERNOR