

Media Advisory #1 of 2
FOR IMMEDIATE RELEASE
April 6, 2010

Tennesseans for Fair Taxation

Who: Sen. Reginald Tate, Rep. Johnnie Turner, Tennesseans for Fair Taxation
What: Presentation of Tax Cut and Job Creation bill
Where: Legislative Plaza Room 12
When: Tuesday, April 6, 2010, 1:00 PM
Why: Cut Taxes and Create Jobs

Tax Cuts:

SB3236/HB3596 will eliminate the state part of the sales tax on grocery food, leaving the local option unaffected. The bill will reduce the sales tax rate on other items from 7% to 5%. The Hall Income Tax will be eliminated and the unearned income subject to the Hall tax will be subject to a new, broad-based income tax with generous exemptions and a 3% rate on the first \$30,000 over the exemptions and 6% on amounts over that.

State and local taxes would be reduced for those in the lowest 20% of the population by income from 11.7% to 9.7%, for the middle 20% from 9.3% to 8.0% and for the top 20% will be slightly increased from 4.5% to 7.0% -- significantly reducing, but not altogether eliminating the inequalities in our tax structure. The bill will benefit businesses by removing the real estate base from the Franchise tax and cutting the rate in half.

Job creation:

What the Tennessee economy needs to recover from this recession is more consumer spending. The tax cut effects of this bill will leave more money in the pockets of hardworking citizens who are struggling to make ends meet and still provide the necessities for their families. The money would be spent on necessities that have been deferred during the recession and would recirculate in the economy, resulting in job retention and creation because of the increased demand for goods and services. The tax increase on higher income taxpayers would affect savings but would have a negligible effect on spending.

The additional revenue will allow us to avoid layoffs of state employees and cuts in funding to critical government functions, further ameliorating the effects of the recession and assisting Tennessee's economic recovery.

Media Advisory #2 of 2
FOR IMMEDIATE RELEASE
April 6, 2010

Tennesseans for Fair Taxation

Who: Sen. Tim Burchett, Tennesseans for Fair Taxation
What: Presentation of Food and Business Tax Fairness Act
Where: Legislative Plaza Room 12
When: Tuesday, April 6, 2010, 1:00 PM (first on the committee calendar)
Why: Close loopholes for big multistate businesses

SB0502/HB1350 proposes to close a set of loopholes used by large multistate companies to minimize their Tennessee tax liabilities by changing the accounting method they use to report their income for state excise tax purposes. The current method, "separate reporting", requires each entity doing business in the state to prepare a separate tax return. This leaves businesses the opportunity to set up subsidiaries in states with more favorable tax laws where they can shelter TN income through a variety of schemes -- paying rent to themselves, paying themselves for the use of their logos and trademarks, etc. "Combined reporting" would nullify all these schemes. Most multistate businesses do this because they have an obligation to their shareholders to maximize profits and share value. Applying the revenue estimates done in other states that have considered a switch to "combined reporting" to TN suggests that TN could collect \$100-\$200 million additional revenue.