

CHAPTER NO. 993

HOUSE BILL NO. 2324

By Representative Kisber

Substituted for: Senate Bill No. 2569

By Senator Cooper

AN ACT to amend Tennessee Code Annotated, Title 67, relative to taxation.

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

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 5, is amended by adding the following language as a new section in part 2:

Section ___ (a) Real and personal property used as a nonprofit family wellness center shall be exempt from property taxes as a charitable use of property if the center is owned and operated as provided in this section. "Family wellness center" means real and personal property used to provide physical exercise opportunities for children and adults. The property must be owned by a nonprofit corporation that is a charitable institution which (1) has as its historic sole purpose the provision of programs promoting physical, mental, and spiritual health, on a holistic basis without emphasizing one over another; (2) provides at least five (5) of the eight (8) following programs dedicated to the improvement of conditions in the community and to support for families: day care programs for preschool and school-aged children; team sports opportunities for youth and teens; leadership development for youth, teens, and adults; services for at-risk youth and teens; summer programs for at-risk and non-at-risk youth and teens; outreach and exercise programs for seniors; aquatic programs for all ages and skill levels; and services for disabled children and adults; and (3) provides all programs and services to those of all ages, incomes and abilities under a fee structure which reasonably accommodates persons of limited means and therefore ensures that ability to pay is not a consideration. The corporation must further meet the requirements of subsection (b).

(b) To qualify for exemption, the nonprofit corporation must first be exempt from federal income taxation as an exempt charitable organization under the provisions of Section 501(c)(3) of the Internal Revenue Code (U.S.C., title 26) and any amendments thereto. In addition, the nonprofit corporation shall provide that:

(1) The directors and officers shall serve without compensation beyond reasonable compensation for services performed;

(2) The corporation is dedicated to and operated exclusively for nonprofit purposes;

(3) No part of the income or the assets of the corporation shall be distributed to inure to the benefit of any individual;

(4) Upon liquidation or dissolution, all assets remaining after payment of the corporation's debts shall be conveyed or distributed only in accordance with the requirements applicable to a 501(c)(3) corporation.

(c) All claims for exemptions under this section are subject to the provisions of Tennessee Code Annotated, Section 67-5-212(b).

(d) Nothing in this section shall prevent property of the corporation other than wellness centers from qualifying under other provisions of law.

SECTION 2. Tennessee Code Annotated, Section 67-5-212, is amended by adding the following language at the end of subsection (a)(1):

Notwithstanding the limitations contained in this subitem, that portion of the real property owned by the headquarters of a religious institution, which was previously used as the campus of a college owned and operated by such institution is exempt from taxation, if such real property is leased to a non-profit organization exempted from the payment of federal income taxes by the United States Internal Revenue Code (26 U. S. C. 501(c)(3)) which is leasing the property from such religious institution to operate a K-12 school and which organization has been accredited by the Tennessee Association of Non-Public Academic Schools. This exemption shall be granted even though the religious institution is receiving more than a reasonable service and maintenance fee for such use of the property but less than fair market value through a lease agreement with such non-profit organization. Such tax exemption shall be retroactive to the first use and reclassification of property to which it applies.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it, and shall apply to all matters pending before the Board of Equalization on the effective date of this act.

PASSED: June 22, 2000


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES


JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 28th day of June 2000


DON SUNDQUIST, GOVERNOR