

SECTION 00 73 00.03 – TAX SAVINGS PROCEDURES

PART 1 – GENERAL

1.01 DESCRIPTION

- A. Tennessee Code Annotated § 67-6-209(b) will allow Vanderbilt University to forego paying the 7% state sales tax on purchases of construction materials by Contractors or Subcontractors as long as the purchase of materials is billed to and directly paid for by Vanderbilt University. This ensures that Vanderbilt holds title to those materials, which is what the law requires. Sales tax is comprised of a percentage that goes to the state, (currently 7%), and a local option portion, (currently 2.25% in Davidson County). The local option portion, or use tax, must still be remitted. It is not Vanderbilt University's responsibility to pay the local option portion directly. However, Vanderbilt University will reimburse the entity paying the local option portion.
- B. Vanderbilt University's legal counsel has discussed the University's desire to be exempt from the state portion of sales tax on construction purchases with the Tennessee Department of Revenue, and has sent a letter confirming this conversation. The letter states that the general contractor or the subcontractors for each project will identify, select, and make arrangements for the purchase of construction materials.

1.02 DEFINITIONS

- A. The Cost of the Work stated in the Agreement shall include all state and local sales taxes. After execution of the Agreement, the Contractor shall make recommendations to the Owner on appropriate materials to be included under the State Sales Tax Program. Subject to approval, the Owner shall issue purchase orders for these materials. These purchase orders will not include an amount for state sales tax on the materials purchased. A deductive change order will be issued to reduce the Cost of the Work by the amount of the purchase orders issued by the Owner plus the amount of the total state sales tax savings.
- B. The Contractor shall order, receive, and store materials purchased under this program. The Contractor shall have full responsibility for ordering the correct materials in a timely manner, insuring against damage, and all other standard responsibilities associated with supplying materials to the Project.
- C. The Contractor shall be entitled to Fee on the dollar amount of the purchase orders written by the Owner.

1.03 SUBMITTALS

- A. The Contractor shall submit to the Owner, orders for materials and supplies to be purchased under the Sales Tax Savings Program. The Owner shall then issue purchase orders directly to the material suppliers. The Owner shall submit to the Contractor, in writing, evidence of said purchase orders.
- B. The material supplier shall submit invoices to the Sub-Contractor. The Sub-Contractor shall review, approve, and forward said invoices to the Contractor. The Contractor shall review, approve and forward said invoices to the Owner for payment. The Owner shall then issue payment directly to the material supplier.

- C. The Contractor shall submit to the Owner and regularly update an itemized log showing each purchase order in the State Sales Tax Program.

1.04 TAX EXEMPTION STATUS LETTER

- A. See following page.



TENNESSEE DEPARTMENT OF REVENUE

Certificate of Exemption

VANDERBILT UNIVERSITY (THE)
 110 21ST AVE S STE 900
 NASHVILLE TN 37203-2417
 |||||

July 20, 2007

Account Type: S&U EXEMPT

Account No.: 100142007

Under the provisions of T.C.A. Section 67-6-322, the organization named above is granted authority from the Tennessee Department of Revenue to make purchases, without payment of the Sales or Use Tax, of tangible personal property or taxable services to be used or consumed by the organization itself or to be given away.

The organization must furnish the suppliers of goods and services with a COPY of this exemption certificate. The lower portion of the certificate must be properly completed. The organization MUST retain the original certificate for copy purposes. The supplier will maintain a file copy as evidence of exemption. Later purchases do not require the submission of additional copies. Invoices must contain the name of the organization and the number given above.

This authority does not extend to purchases made by representatives of the organization when the items purchased or services rendered are paid for with personal funds. It does not extend to items purchased to be resold.

THE ORGANIZATION MUST NOTIFY THE DEPARTMENT IMMEDIATELY IF IT CEASES TO EXIST, MOVES, OR IN ANY WAY CHANGES THE ORGANIZATION FROM ITS PRESENT FORM.

EFFECTIVE DATE July 1, 2007 **Reagan Farr**
 COMMISSIONER OF REVENUE

TO BE COMPLETED BY THE ORGANIZATION (please print)
 TO: SUPPLIER'S NAME _____
 ADDRESS _____
 CITY _____ STATE _____ ZIP _____

I Betty L. Price as an authorized representative of the organization named above affirm that the purchases made under this authority will be used and consumed by the organization or will be given away. I further affirm that the organization will not use this authority to purchase items for resale.

Under penalty of perjury, I affirm this to be a true and correct statement.

PRINT NAME OF ORGANIZATION: Vanderbilt University
 PRINT NAME OF PURCHASER: Betty L. Price, Deputy Vice Chancellor for Finance & Controller
 SIGNATURE OF PURCHASER: *Betty L. Price*

PART 2 – PRODUCTS

Not Applicable

PART 3 – EXECUTION

Not Applicable

END OF SECTION