

# TENNESSEE INCENTIVES AT A GLANCE

Please contact ECD for a complete list of eligibility requirements and for more information.

| PROGRAM NAME                                      | BENEFIT  | ELIGIBILITY (not comprehensive)  |
|---|--|--|
| <b>GRANTS</b>                                     |  |  |
| <b>FastTrack Economic Development Fund</b>        | Grant covering relocation expenses, temporary office space, capital improvements, retrofitting and other expenditures not covered by infrastructure or job training grants.  | Only used in exceptional cases where a company's impact on a given community is significant.   |
| <b>FastTrack Infrastructure Program</b>           | Infrastructure grants for rail, roadway, port, airport, water, sewer, gas, telecommunication or other site improvements.   | Grantees are local communities only; must be for public infrastructure improvements benefiting a specific company generating new jobs and investment; requires local matching funds.   |
| <b>FastTrack Training Program</b>                 | Grant assisting companies with training expenses and the development of customized training plans.   | Funding levels based on number of new jobs created, amount of capital invested, wages, types of skills/knowledge needed.   |
| <b>TAX CREDITS AND EXEMPTIONS</b>                 |  |  |
| <b>Job Tax Credit</b>                             | Credit of \$4,500 per job to offset up to 50% of franchise and excise (F&E) taxes in any given year with a carry forward for up to 15 years.   | Create at least 25 new jobs within a 36 month period and invest at least \$500,000 in a qualified business enterprise.   |
| <b>Enhanced Job Tax Credit</b>                    | Allows an additional annual credit for locations/expansions in designated Tier 2 and Tier 3 Enhancement Counties. Enhanced JTC can offset up to 100% of F&E liability for either a 3 or 5 year period as determined by the Tier. | Create at least 25 new jobs within a 36 month period and invest at least \$500,000 in a qualified business enterprise.   |
|   | <i>Tier 2:</i> \$4,500 job tax credit plus additional 3 years annual credit at \$4,500 per year with no carry forward.   |  |
|   | <i>Tier 3:</i> \$4,500 job tax credit plus additional 5 years annual credit at \$4,500 per year with no carry forward.   |  |
| <b>Super Job Tax Credit</b>                       | Credit of \$5,000 per new job to offset up to 100% of F&E tax liability for a period of 3-20 yrs., depending on investment amount; no carry forward.   | Invest \$100M or more and create a minimum of 100 new jobs paying at least 100% of TN's average occupational wage; OR  |
|   |  | Establish or expand a headquarters location, invest at least \$10M and create 100 new HQ jobs paying at least 150% of TN's average occupational wage.  |
| <b>Industrial Machinery Tax Credit</b>            | Credit of 1% to 10% for the purchase, third-party installation and repair of qualified industrial machinery.   | <i>Manufacturing:</i> includes purchases for machinery; apparatus and equipment with parts; appurtenances and accessories; repair parts and labor; computer; network; software or peripheral computer devices.   |
|   |  | <i>Warehousing and distribution:</i> includes material handling equipment and racking systems with a minimum \$10M capital investment within 36 months; computer; network; software or peripheral computer devices.  |
|   |  | <i>Headquarters, data centers, call centers:</i> includes computer; network; software or peripheral computer devices.  |
| <b>Headquarters Relocation Expense Tax Credit</b> | Credit against F&E tax liability based on qualified relocation expenses incurred (amount varies based on number of relocated positions).   | Must receive state approval for expenses and file Qualified Headquarters Business Plan before claiming the credit.   |
| <b>Sales and Use Tax Exemptions</b>               | Manufacturing: state sales tax exemption for industrial machinery and reduced state sales tax rate for utilities at qualified manufacturing facilities.  | Exemptions include industrial machinery, repair parts, industrial supplies, water, gas, electricity and various energy sources used in the manufacturing process. Reductions include: 0-1.5% tax on water depending on use and 0-1.5% on gas, electricity and various energy sources depending on use. |

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| <b>Sales and Use Tax Exemptions, cont.</b> | Headquarters: reduced state sales tax rate for qualified personal property purchased for a qualified headquarters facility.   | Investment period begins 1 yr. prior to construction/expansion and ends 1 yr. after construction/expansion has concluded, but can be extended to 6 yrs. with permission from the state. HQs receive a non-expiring sales tax credit for 6.5% for qualified personal property directly related to job creation.  |
|  | <i>Warehouse/Distribution:</i> state sales tax exemption for certain equipment purchased for a qualified warehouse or distribution center.  | Investment of \$10M or more, including the purchase of new equipment, made during a 3 year period. Exemptions include equipment purchased for use in the storage, handling or movement of personal property.  |
|  | <i>Call Centers:</i> Tax exemption on any sales of interstate telecommunication and international telecommunication services to a business for use in the operation of one or more qualified call centers.  | Must have at least 250 jobs engaged primarily in call center activities.  |
|  | <i>Data Centers:</i> State sales tax exemption for certain hardware and software purchased for a qualified data center.   | Minimum capital investment of \$250M and 25 new jobs paying at least 150% of the state's avg. occupational wage; investment must be made during a 3 yr. period, but can be extended to 5 yrs. for investments under \$1B or 7 yrs. for investments exceeding \$1B with the state's permission. Exemptions include computers, computer systems, and computer software used in qualified data centers. Reduction includes a 1.5% tax rate on electricity. |
| <b>OTHER</b>                               |   |   |
| <b>Applicant Recruitment and Screening</b> | Free assistance with the recruitment and screening of job applicants based on a company's specific job requirements. More than 70,000 potential employees in statewide database.  |   |
| <b>State Industrial Access Program</b>     | Funds the construction of roadways to support industrial areas based on project type, economic benefit, physical constraints and available funding.   |   |
| <b>Tennessee Valley Authority</b>          | The Tennessee Valley Authority offers a number of incentives and services, including: <ul style="list-style-type: none"> <li>• TVA Valley Investment Initiative: electricity bill credits to qualified power customers who make significant commitments to invest in the Tennessee Valley.</li> <li>• TVA Economic Development Loan Funds: loans with below-market interest rates to financially sound companies which are relocating or expanding their operations in the Tennessee Valley.</li> <li>• TVA Special Opportunities Counties Fund: a revolving loan fund which can be deployed in the Valley's most economically distressed counties for buildings, equipment, real estate, industrial parks and building development.</li> </ul>   |   |
| <b>Local Incentives</b>                    | Negotiated by local communities at their discretion and on a case by case basis. Examples include: <ul style="list-style-type: none"> <li>• Payment in Lieu of Taxes (PILOT) Program: Industrial Development Boards (IDBs) can provide reduced or fully abated taxes for real and/or personal property.</li> <li>• Tax Increment Financing (TIF): Communities can establish TIFs, which provide non-recourse loans to a developer that is secured by incremental local tax revenues.</li> <li>• Grants: Communities can provide companies with grants for various expenditures; these grants are most often awarded as matching funds for state FastTrack Infrastructure and Training grants.</li> <li>• Land: Communities can provide companies with free or below market-rate land, which is often located in a community's industrial or technology park.</li> </ul> |   |

