

Tennessee Incentives *at a glance*

Program Name	Benefit	Eligibility (not comprehensive)
Grants		
FastTrack Infrastructure Program	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 benefitting a specific company generating new jobs and investment; requires local matching funds.
FastTrack Training Program	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.
FastTrack Economic Development Fund	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.
Tax Credits and Exemptions		
Job Tax Credit	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.
Enhanced Job Tax Credit	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. <i>Tier 2:</i> \$4,500 job tax credit plus additional 3 years annual credit at \$4,500/year with no carry forward. <i>Tier 3:</i> \$4,500 job tax credit plus additional 5 years annual credit at \$4,500/year with no carry forward.	Create at least 25 new jobs within a 36 month period and invest at least \$500,000 in a qualified business enterprise.
Super Job Tax Credit	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; <u>OR</u> 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.
Industrial Machinery Tax Credit	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>HQ, data centers, call centers:</i> includes computer; network; software or peripheral computer devices.
Headquarters Relocation Expense Tax Credit	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 credit.
Sales and Use Tax Exemptions	<i>Manufacturing:</i> 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

<p>Sales and Use Tax Exemptions, cont.</p>	<p><i>Headquarters:</i> reduced state sales tax rate for qualified personal property purchased for a qualified headquarters facility.</p> <p><i>Warehouse/Distribution:</i> state sales tax exemption for certain equipment purchased for a qualified warehouse or distribution center.</p> <p><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.</p> <p><i>Data Centers:</i> state sales tax exemption for certain hardware and software purchased for a qualified data center.</p>	<p>sources depending on use. 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.</p> <p>Investment of \$10M or more, including the purchase of new equipment, made during a 3 yr. period. Exceptions included equipment purchased for use in the storage, handling or movement of personal property.</p> <p>Must have at least 250 jobs engaged primarily in call center activities.</p> <p>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 with the state's permission. Exemptions included computers, computer systems, and computer software used in qualified data centers. Reduction includes a 1.5% tax rate on electricity.</p>
Other		
<p>Applicant Recruitment and Screening</p>	<p>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.</p>	
<p>State Industrial Access Program</p>	<p>Funds the construction of roadways to support industrial areas based on project type, economic benefit, physical constraints and available funding.</p>	
<p>Tennessee Valley Authority</p>	<p>The Tennessee Valley Authority offers a number of incentives and services, including:</p> <ul style="list-style-type: none"> • TVA Valley Investment Initiative: electricity bill credits to qualified power customers who make significant commitments to invest in the Tennessee Valley. • 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. • 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. 	
<p>Local Incentives</p>	<p>Negotiated by local communities at their discretion and on a case by case basis. Examples include:</p> <ul style="list-style-type: none"> • Payment in Lieu of Taxes (PILOT) Program: Industrial Development Boards (IDBs) can provide reduced or fully abated taxes for real and/or personal property. • Tax Increment Financing (TIF): Communities can establish TIFs, which provide non-recourse loans to a developer that is secured by incremental local tax revenues. • 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. • Land: Communities can provide companies with free or below market-rate land, which is often located in a community's industrial or technology park. 	