

Headquarters

Tennessee Taxes & Incentives

Headquarters Facility: Means a facility in this state that houses the international, national or regional headquarters of a taxpayer, where headquarter staff employees are located and employed and where the primary headquarters related functions and services are performed as defined in 67-6-224.

Franchise Tax

- Tax on the greater of net worth or book value of property owned or used in Tennessee
- Tax rate is 25 cents per \$100
- Property under construction and not being utilized is not included
- Property rented from the industrial development corporation may be valued by capitalizing it on the books

Excise Tax

- Tax is based on the net earnings of the company derived from the business in Tennessee
- Tax rate is 6.5%
- All capital losses claimed in the year incurred
- Net operating losses can be carried forward for 15 years
- Three factor, double weighted apportionment formula
- Tennessee does not have the throwback provision

Jobs Tax Credit

- \$4,500 per job
- Applied to both Franchise and Excise Tax
- Must create 25 jobs and increase capital investment by \$500,000 in a qualified business enterprise within a fiscal year
- May be carried forward 15 years
- The percentage of liability offset from 33 1/3 to 100 for employment ranging from 1,000 to 5,000 or more

Super Jobs Tax Credit

- This is a tiered credit for company's making capital investments in excess of \$100 million and creating at least 100 jobs with the wages equal to or greater than 100 percent of the state average industrial wage.
- The credit is equal to \$5,000 per job and can be received annually for 3 years.

Super Credits are available at the following levels:			
Capital Investment	Jobs Created	Size of Credit per job, per year	Years Available
\$100 million	100	\$5,000	3
\$250 million	250	\$5,000	6
\$500 million	500	\$5,000	12
\$1 Billion*	1,000	\$5,000	20

**Projects qualifying in this category must create jobs paying 150% of the state's average occupational wage.*

Industrial Machinery Credit

- 1% credit on telephone equipment and computer equipment purchased under the required capital investment for jobs tax credit
- The credit may be used to offset up to 50% of the total franchise and excise tax liability and the unused credit carried forward for 15 years

Capital Investment	Percentage of Credit
Less than \$100,000,000	1%
\$100,000,000	3%
\$250,000,000	5%
\$500,000,000	7%
\$1,000,000,000	10%

Property Tax

- No state property tax

Sales and Use Tax

A qualified headquarters facility locating in this state shall be eligible for a credit of all state sales and use tax paid except tax at the rate of .5% on qualified tangible personal property.

Minimum investment:

\$50 million in building or buildings either newly constructed, expanded or remodeled

or

\$20 million in building or buildings either newly constructed, expanded or remodeled along with the creation of 200 new full-time jobs with average wages of 200% of the average in county or MSA of locating

Minimum investment may include, but is not limited to, purchase price of building, the cost of building materials, labor, equipment, parking facilities and landscaping; but shall not include land or inventory.

Investment period:

Beginning one year prior to start of construction, expansion or remodeling and ending one year after substantial completion. In no event shall period exceed six years.

Additional Tax Credit

Day Care Credit

- Applies to both Franchise and Excise Tax
- 25% of the cost of a day care facility not to exceed \$25,000 per facility with a max of \$100,000

FastTrack Job Training Assistance Program (FJTAP)

The FastTrack Job Training Assistance Program is the division of the Department of Economic and Community Development that focuses on the employment needs of new and existing businesses.

The FastTrack Job Training Assistance Program is Tennessee's initiative to support industrial recruitment and expansion through direct training assistance for new employees. FJTAP staff assists each individual company to develop customized training plans and to provide funding for components of that training. Eligibility for FJTAP support and levels of funding for training assistance are determined by:

- The amount of company investment
- The number of new hires and average hourly wage
- The types of skills and knowledge that must be obtained by prospective or newly hired employees

Preemployment

- Instruction is designed to focus on developing basic skills in new employees. The program promotes the development of basic skills and allows the company to observe participants for improved employee placement.

Job Specific Training (Training assistance is targeted to production/technician level individuals.)

- Classroom - formal instruction relating to specific skills presented in a classroom environment
- On-the-Job Training - instruction that focuses on the development of specific skills and knowledge vital to production. Training is provided by company technicians or instructors mutually acceptable to the FastTrack Job Training Assistance Program (formerly the Industrial Training Service) and the company. Training may take place in the classroom or at the company site.
- Vendor or manufacturer of actual manufacturing or service equipment being used by the client may be utilized to deliver specific skills training.
- System Support - instruction associated with plant-wide applications. Instruction may include new methods for increasing mechanization, quality, materials handling, etc.
- Development and Coordination - supports the cost associated with the development of instructional materials and coordination of the overall training program.

Travel

- Supporting the expense of travel for the purpose of training can be considered as a viable option for the training of new hires and especially for persons who will serve as a company instructor.

Employee Recruitment and Screening (Provided by Dept. of Labor & Workforce Dev.)

The Tennessee Department of Labor and Workforce Development, Job Service Division, will provide recruitment and screening services. Utilizing the client/company's prepared job specifications, Job Service will recruit the number of persons requested by the company. The persons will be screened using the company's specifications. Those persons meeting the specifications will be referred to the company for employment considerations.

Workforce Development

- Leadership Training - is directed toward providing supervisors, team leaders, and managers with the interpersonal skills necessary to motivate and lead production workers towards the accomplishment of organizational goals.
- Team Training - is provided for manufacturing/production employees where interpersonal communication is important in fostering interdependence, cooperation, commitment, motivation, etc.
- Instructor Certification - Certification of company personnel insures the availability of certified instructors not only at startup but also on a long term basis.

The weeklong certification seminar provides candidates with the facilitation skills necessary to deliver a wide range of programs.

FastTrack Infrastructure Development Program (FIDP)

Tennessee has a state funded program called FastTrack. The program is made up of the FastTrack Infrastructure Development Program (FIDP) and the FastTrack Job Training Assistance Program (FJTAP). Under the guidelines of this program the state is authorized to award grants to local governments to help them meet the public infrastructure need (FIDP) for locating and/or expanding industries, as well as, address the training need of the industry (FJTAP).

Project funding is determined by evaluating each project in terms of capital investment, number of new jobs created, the type of those new jobs and the community in which the project is located. On FIDP there is an application process. The completed application is presented to the Department of Economic and Community Development's Loan and Grant Committee for funding amount approval. FIDP and FJTAP funding is appropriated by the Tennessee General Assembly. If the application is approved there are state procurement rules that must be followed.

The maximum FIDP/FJTAP grant for any project in any community is \$750,000. This means that the combination of public infrastructure need and industrial training need cannot exceed this amount.

State Industrial Access Program (SIAP)

Other state assistance can be considered for providing needed transportation improvement for the project. Through the State Industrial Access Program (SIAP), local governments submit their requests on behalf of new industry moving into their communities, which the Department of Transportation reviews to determine the most feasible design.

Industrial Revenue Bond Financing

Industrial revenue bond financing is available in Tennessee for both taxable and tax-free situations.

For More Information, Please Contact the ECD

Business Development Office
Phone - 615.741.3282
Fax - 615.741.5829
Internet - <http://www.tnecd.gov/>

Source: Tennessee Department of Economic & Community Development, 2007