

Legislative Alert

ENHANCEMENTS TO THE TENNESSEE JOB TAX CREDIT

Atlas Insight assists companies from all industry sectors and geographies to negotiate and secure tax credits and incentives for business investment and job creation/retention.

The professionals at Atlas Insight are industry leaders in the field of corporate site selection and incentive procurement.

We help to choose locations for all types of business facilities that meet the long-term needs of those operations, while helping to achieve overall corporate goals.

Our team has extensive experience in all corporate sectors and has consulted on many sensitive projects for some of the world's largest corporations. We strive for excellence with every client.

For more information, please contact:

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Target Audience: Tennessee Employers Creating Jobs and Capital Investment

Details of New Legislation:

The Rural Economic Opportunity Act of 2016, signed by Governor Bill Haslam on April 28th 2016, makes changes to the Jobs Tax Credit designed to encourage development in rural and depressed areas of Tennessee.

The Program continues to provide for a one-time \$4,500 per-job franchise and excise (F&E) tax credit for new or expanding businesses creating at least 25 new jobs and investing \$500,000 over a three year period. However, companies may qualify with lower job qualifying criteria if creating jobs in an Enhancement County.

The Bill provides for the following changes and benefits:

1. Lowers the job creation requirement in a Tier 3 county (*21 counties*) **from 25 to 20 jobs.**
2. Creates a Tier 4 county classification (*31 counties*) with a **job creation requirement of just 10 jobs.**
3. Tier 1 and 2 counties (*43 counties*) remain eligible for the standard Job Creation Tax Credit.

Projects locating in Tier 3 and Tier 4 Enhancement Counties are now eligible for a six year tax credit, and have five years to create qualifying new jobs. The \$500,000 investment requirement must still be met within the first three years. Year One of the credit may offset up to 50% of F&E taxes with a carry-forward of 15 years. Years Two through Six may offset 100% of F&E taxes with no carry-forward.

Eligibility

To be considered for the credit, a formal Business Plan must be submitted to and approved by the TN Department of Revenue. Projects must also be categorized as one of the following qualifying activities: **headquarters, manufacturing, data center, warehousing and distribution, or call center.**

While pre-approval is required, an applicant does not need to demonstrate out-of-state competition for a project.

Recommended Action:

This new legislation boosts an already lucrative tax credit program for businesses looking to expand or locate in Tennessee. The experts at Atlas Insight have the experience and resources to help you determine whether your company could potentially benefit from this Program. Our staff is ready to navigate you through the application, approval and compliance phases while ensuring that you receive and monetize the maximum benefit possible. Please contact us and we will determine if you are a good candidate for the Job Tax Credit.

