

BUSINESS INCENTIVES PRACTICE

MAJOR INCENTIVE PROGRAMS TENNESSEE

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The Business Incentives Practice (“BIP”) strategically assists companies through the process of securing optimal incentive packages for projects considering an expansion, consolidation, or relocation. BIP leverages a project’s unique strengths and benefits to identify, negotiate, and implement all feasible economic development or government incentives (“Incentives”) opportunities. Moreover, BIP provides ongoing support and administration for a project to address any issues that may arise. By engaging BIP to work in parallel to the site selection team, businesses can have assurance that the optimal level of Incentives is secured and realized.

SERVICES

BIP’s mission is to develop a strategy that enhances business performance, while reducing a project’s up-front capital and ongoing operational costs through the procurement of Incentives. Many businesses are not aware they may be entitled to Incentives benefits for certain expansion, consolidation, and relocation activities. BIP identifies said opportunities through a multifaceted methodology that begins with careful analysis of project-specific data. The process continues with a detailed due diligence on all aspects of site-specific Incentives opportunities and concludes with the negotiation, implementation, and administration of Incentives.

RESULTS

BIP has successfully secured Incentives packages for a broad range of clients globally. The BIP team maintains a robust incentives database and along with its vast experience it facilitates the best possible results for a project. Since its inception, BIP professionals have negotiated in excess of \$3.0 billion in savings for its clients.



KEY PROJECT TYPES

BIP enables its clients to identify, negotiate, and quantify the myriad of incentives available through the federal, state, and municipal governments, as well as utilities service providers. BIP clients represent all industry sectors, ranging in size from Fortune 100 corporations to private owners, occupiers and developers. Almost any type of corporate location initiative can benefit from the use of C&W’s Business Incentives Practice:

- Corporate Headquarters Facilities
- Manufacturing Facilities
- R&D Centers
- Warehouse and Distribution Facilities
- Call Centers
- Data Centers
- Back-Office Centers
- Mixed-Use Developments

TENNESSEE’S RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOBS	INCENTIVES
Pure Foods	\$22.0	273	\$1.2
Nissan North America	\$160.0	1,000	\$53.0
IKEA	\$64.0	175	\$9.5
SL Tennessee	\$80.5	1,000	\$5.0
Cummins	\$9.5	70	\$12.9
Target Corporation	\$52.3	462	\$12.3
Magna Seating Of America	\$16.0	357	\$0.6
Bridgestone Americas	\$232.6	600	\$102.1
Dal-Tile Corporation	\$180.0	320	\$4.5
Comprehensive Logistics	\$30.0	217	\$0.6
Beretta USA	\$45.0	300	\$2.4
MicroPort Orthopedics	\$100.0	171	\$2.5

OVERVIEW OF MAJOR TENNESSEE INCENTIVE PROGRAMS

JOBS TAX CREDIT

The Job Tax Credit (“JTC”) provides a one-time tax credit against both state franchise and excise tax liability. The credit is based upon net new full-time positions created in Tennessee within a 12-month period.

The JTC is comprised of the following:

- Tax credit of \$4,500 per new full-time job created in any Tennessee county
- Credit may offset up to fifty percent (50%) of the combined state franchise and excise taxes owed
- Unused credits may be carried forward for up to 15 years until exhausted

To qualify for the JTC Company needs to meet the following requirements within 12 months of filing a business plan with the Tennessee Department of Revenue:

- Create at least 25 new full-time jobs
- Increase capital investment by \$500,000

Qualified business enterprises that are located in Tier 2 and Tier 3 Enhancement Counties will have three and five years respectively to create the minimum 25 new full-time jobs. Refunds are provided based upon the incremental employment and withholdings generated as a result of the project.

In order to qualify, taxpayer must file a business plan with the Tennessee Department of Revenue. The business plan must describe the investment to be made, number of jobs the investment will create, the expected date the jobs will be filled and the effective date of the business plan (i.e. project start date).

- In general, a “qualified business enterprise” is one that has made the required capital investment necessary to permit the creation or expansion of new operations, including call centers
- In general, a “qualified job” is defined as a permanent position providing employment for at least 12 consecutive months for at least 37 and one-half hours per week with minimum health care
- “Capital investment” means a business investment in real property, tangible personal property, or computer software owned or leased in Tennessee valued in accordance with generally accepted accounting principles (GAAP)

TENNESSEE VALLEY AUTHORITY ENHANCED GROWTH CREDIT

The Enhanced Growth Credit (“EGC”) Program is available as an economic development incentive providing credits on power bills to qualifying companies that locate or expand in the Tennessee Valley. EGC provides annual credits against electric consumption costs.

Qualifying customers may choose one of the following options for

Tennessee shows an average deal value of **\$2.99 million** with **168 new jobs** created per deal

receiving EGC benefits:

- Eight-Year Declining Option
- Monthly credit for the first consecutive 12-month period will be \$6.00 per kilowatt. The credit is then reduced by \$0.75 per 12-month period for seven additional years.
- Four-Year Flat Option
- Monthly credit for a four-year period, beginning with the date the first credit is received, is equal to \$6.00 per kilowatt.

In order to qualify, a business must meet all of the following criteria:

- Add at least 250 kilowatts of firm power demand
- Maintain an all-electric HVAC system
- At least fifty percent (50%) of the interior floor space must be heated or cooled by HVAC
- At least fifty percent (50%) of the electric load is for interior lighting, cooking and HVAC

QUALIFIED HEADQUARTERS FACILITY RELOCATION EXPENSE CREDIT

A credit is available against a taxpayer’s franchise and excise tax liability to companies creating at least 100 new jobs. The level of the tax credit is based on qualified relocation expenses incurred by the company in establishing a qualified headquarters facility.

OTHER TENNESSE INCENTIVE PROGRAMS

- State Industrial Access Program
- TVA Valley Investment Initiative
- TVA Special Opportunities Counties Fund
- Payment in Lieu of Taxes (PILOT) Program
- FastTrack Economic Development Fund
- FastTrack Infrastructure Program
- Industrial Machinery Tax Credit
- Manufacturing Sales and Use Tax Exemptions
- Warehouse/Distribution Sales and Use Tax Exemptions
- Call Center Sales and Use Tax Exemptions
- Data Centers Sales and Use Tax Exemptions
- FastTrack Training Program

For more information, contact:

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