

ECONOMIC DEVELOPMENT INCENTIVES MEMPHIS/SHELBY COUNTY



STATE LEVEL

1. **JOB TAX CREDIT**--- This tax incentive provides qualified new or expanding businesses in Tennessee with a \$2,000 credit per new full-time employee if the business creates a minimum of 25 new full-time jobs and capital investment of at least \$500,000. This credit can be used to offset a businesses' franchise and excise tax liability starting at 33 1/3% for a business that creates 25-1,000 jobs, 50% for 1,000-3,000 jobs, 75% for 3,000-5,000 jobs and 100% for more than 5,000 jobs. This credit can be carried forward to 15 years if a company is unable to use all of the credit in the first year.
2. **INDUSTRIAL MACHINERY EXCISE TAX CREDIT**--- One percent (1%) of the cost of industrial machinery that has been certified by the Tennessee Department of Revenue, Sales and Use Tax Division, can be taken as an industrial machinery excise tax credit. Recent legislation has expanded this credit to include distribution equipment, computer equipment and telephones for all types of new and expanding companies that qualify for the Franchise Jobs Tax Credit.
3. **SALES TAX EXEMPTION**--- Sales tax exemptions and reductions are available on industrial machinery, energy, fuel and water used in manufacturing or processing of products for resale off the premises.
4. **FASTTRACK JOB TRAINING ASSISTANCE PROGRAM** --- The State of Tennessee provides funds, for eligible projects, that can offset costs that are incurred during the training process. Each project is considered separately based on its economic impact to the State. This program does not include wage payments to persons involved in the training program.
5. **THE FASTTRACK INFRASTRUCTURE DEVELOPMENT PROGRAM (FIDP)** --- This fund can be used to offset infrastructure improvement costs, site grading costs and other infrastructure related costs. The maximum amount available to any one project is \$750,000. The amount of the grant is based on a cost-benefit analysis conducted by the State.

For more information on state incentives go to:
http://www.state.tn.us/ecd/bizdev_incentives.htm

6. **TENNESSEE DEPARTMENT OF EMPLOYMENT SECURITY**
This office maintains the files on the State's largest single pool of job seekers from professional, technical and managerial workers to skilled and unskilled workers. The

files include recently - terminated applicants, as well as applicants seeking to make a job change. Other services include labor market information, screening, and selection/referral of applicants from the Job Service files.

7. TENNESSEE VALLEY AUTHORITY

TVA offers a federal economic development loan program to assist businesses in financing industrial development projects, including new industrial plants, existing industry expansions, infrastructure development and service industries. A maximum low interest loan of up to \$2 million per project is available with up to 10 years to repay.

LOCAL LEVEL

1. PAYMENT-IN-LIEU-OF-TAX (PILOT)--- Projects involving large capital investment and high levels of job creation may qualify for a property tax freeze (PILOT). Formal approval for all PILOT applications is determined by the Memphis and Shelby County Industrial Development Board at regularly scheduled meetings. Approval is based on a number of performance standards, including the number and type of jobs created, annual base wage, capital investment in real and personal property, and the location of the project. The PILOT freezes property taxes at the pre-development level, so any portion of the project (such as the raw land) that is already on the tax roll prior to construction will continue to be taxed at the same level.

The Memphis Regional Chamber will assist companies wishing to apply to the Memphis and Shelby County Industrial Development Board for formal approval. A Phase I environmental audit is required for real property PILOTs. The closing fee for the PILOT is calculated on a sliding scale from 1% to 5% of the tax savings to the company for the term of the PILOT with a \$1,500 minimum and a maximum of \$300,000. Minimal additional fees are levied on projects completed in varying phases. The timing of the property tax freezes varies depending on the community impact and length of construction. The Memphis and Shelby County Industrial Development Board is currently authorized to grant PILOT incentives for up to fifteen years. The 25% school portion of the property tax is not eligible for abatement.

2. COMMUNITY REINVESTMENT CREDIT--- The Memphis and Shelby County Industrial Development Board now can grant a PILOT on existing buildings already on the tax rolls with the new Community Reinvestment Credit.
3. RENEWAL COMMUNITY--- Forty-eight census tracts in Memphis have been designated a federal Renewal Community (RC) with special tax incentives during the period January 1, 2002, through December 31, 2009. These tax incentives are generally designed to encourage businesses to locate or expand operations in an RC and to hire RC residents. The incentives include:
 - Wage Credits - Credit against Federal taxes of up to \$1,500 during each year of

RC designation for all existing employees and every new hire living in the RC.

- Deductions - Increased Section 179 Deduction
 - Commercial Revitalization Deduction
 - Environmental Cleanup Cost Deduction (Brownfields)
 - Bond Financing - Qualified Zone Academy Bonds (QZABs).
 - Capital Gains - Zero Percent Capital Gains Rate for RC Assets
 - Other Incentives - New Markets Tax Credit
 - Low-Income Housing Tax Credit (LIHTC)
4. JOBS PLUS--- Jobs Plus is an optional add-on incentive to the PILOT Program. One to four additional years can be added to the end of the initial PILOT term by meeting designated certified minority/small business hiring or contracting goals
 5. INDUSTRIAL REVENUE BONDS--- The Memphis and Shelby County Industrial Development Board is authorized to issue bonds for financing industrial facilities. Tax exempt industrial development bonds are available for manufacturing operations. The financial strength of the company, at the time the bonds are taken to market, will determine the rate of the bonds. There is a \$10 million cap on small issue bonds; however, there are a number of categories of projects or project components that may be exempted from this limitation. Due to federal tax regulations associated with revenue bonds, it is important to obtain the backing of the bonds by a letter of credit from a strong financial institution. The Board is prepared to act quickly on an application after it is submitted.
 6. FAST TRACK PERMITTING--- Through our Office of Construction Codes Enforcement we offer a Fast Track program that can cut red tape or delays occasionally associated with construction permitting. Through this program, review of plans is expedited and we work with design and construction personnel to ensure an efficient construction approval process.
 7. ONE-STOP-SHOP ASSISTANCE--- The One-Stop-Shop (OSS) program is designed to facilitate and expedite the regulatory/permit process and to answer questions on building and fire codes, taxation, utilities, permitting or other issues. When the timing is appropriate, we would welcome the opportunity to arrange a confidential One-Stop-Shop session. During an OSS session, company representatives are introduced to key resource people in local and State governments and members of our economic development team who can answer questions. These resource people can also initiate any required permits or reviews.
 8. MEMPHIS AREA RIDESHARE--- Memphis and Shelby County provide free transportation management services to area employers through the Memphis Area Rideshare Program. Memphis Area Rideshare staff works with employers to establish personalized rideshare programs. Free ride matching for carpools and vanpools and information on available transit services are the transportation services provided to employees.

Also available at no cost to the employer is a full service vanpool program that includes the provision of passenger vans, maintenance and insurance. Benefits of an active rideshare program include reduced traffic congestion at the work site, reduced parking demand, decreased employee absenteeism and tardiness, improved employee retention, an expanded geographic labor market and an enhanced company image in the community.

9. BUILDING AND LAND DATABASE

A comprehensive file of approximately 1,500 records of available building, and land sites. The database includes commercial and industrial zoned land with specific infrastructure information such as transportation access, utilities and acreage. The building database includes office, distribution and manufacturing facilities that can be retrieved from over 60 fields. These fields include information such as square footage, ceiling height, and rail and lease rates. The database is continuously updated to ensure the most current information. Full color maps can be produced based on the results of each search.

10. TECHNICAL UTILITY SERVICES

MLGW has designated Commercial Marketing Representatives to aid businesses with their electric, gas and water service needs. These no-cost services include on-site energy audits, utility rate comparisons, third-party recommendations, indoor lighting audits, outdoor lighting design, energy seminars and One-Stop-Shops to put businesses in touch with the right utility resource.

11. FOREIGN TRADE ZONE

The Foreign Trade Zone provides extraordinary flexibility and cost savings to importers and exporters. Goods can be stored, processed, manipulated and integrated with domestic goods, all before paying duties. There are currently three General Purpose Foreign Trade Zone sites and two Foreign Trade Subzones in the Memphis area.

12. MID-SOUTH QUALITY PRODUCTIVITY CENTER

The Mid-South Quality Productivity Center (MSQPC) is a partnership of the Memphis Area Chamber of Commerce and State Technical Institute at Memphis. The center provides training and consulting services that include ISO 9000 training, consulting and workshops; Malcolm Baldrige National Quality Award Assessments and Self-Assessment training; and cycle-time reduction training through the Center's Process Activated Training System (PATS).

13. UNIV. OF TENNESSEE CENTER FOR INDUSTRIAL SERVICES - (UTCIS)

This program offers existing industries no-cost assistance in helping to solve their managerial and technical problems. Issues addressed include industrial engineering, plant layout and process improvement, waste assessments, solid and hazardous

waste and selling to the Federal Government. UTCIS utilizes staff professionals and professors from The University of Tennessee, Knoxville and Martin; Tennessee Tech; The University of Memphis; and Christian Brothers University.

14. UTILITY INCENTIVE RATES

MLGW offers electric and natural gas incentive rates to qualified businesses locating or expanding in the Memphis service area. Electric incentive rates are available for new or expanding loads through the Enhanced Growth Credit, Variable Price Interruptible, Time-of-Day and Limited Interruptible Power programs. A special five percent demand billing credit is available to large manufacturers exceeding 5,000 kW demand monthly. Natural gas incentive programs include the Prime Plus Program, Interruptible Gas Service and the Economic Development Discount Rider.

15. EXISTING INDUSTRY PROGRAM

This program is sponsored by the Memphis Regional Chamber; Memphis Light, Gas and Water Division; and local city, county and state governments to focus on the retention, expansion and growth of businesses in Memphis and Shelby County. The program offers assistance with expansion projects or other specific concerns such as utilities, employee job training, franchise job tax credits, Payment-In-Lieu-Of-Tax (PILOT), One-Stop-Shop meetings, Fast Track Permitting and available industrial building and land sites.

16. MEMPHIS BUSINESS OPPORTUNITY FUND

This \$50 Million loan fund is a partnership between the City of Memphis and a consortium of local banks. The fund is designed to provide capital & technical assistance for small, minority and women owned businesses. All loan requests will be processed through Southeast Community Capital, Inc.