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Friday, January 22, 2010

Deloitte GEO, Project Vault

Incentives are always a part of recruiting any project. Following is a brief explanation of possible incentives.

The Industrial Development Board for the city of Millington, TN (MIDB) is a member of the Greater Memphis Chamber of Commerce. Millington is in Shelby County and a suburb of Memphis and we maintain a strong partnership between the MIDB and the Greater Memphis Chamber. The following pages of this pdf file were published by the Greater Memphis Chamber and as stated address Memphis and the rest of Shelby County. The MIDB logo (as shown above) has been placed beside each incentive or service that might be brought into action for Project Vault.

Thank you for your consideration of Millington, TN.

Sincerely,

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Executive Director

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Economic Development Incentives Memphis/Shelby County, Tennessee

The **Greater Memphis Chamber** provides assistance to companies seeking to expand or relocate their business in Memphis/Shelby County. Our professional economic development staff will assist you with every aspect of the site selection process. At the end of this document you will find a complete list of contacts that are waiting to assist you.



Research Assistance - The Chamber's research team can assist your company with the information you need to conduct an accurate analysis of this and other markets. We offer assistance with demographic and statistical information, GIS mapping and a host of other research and data services.

Building and Land Database - The Chamber has access to information on most of the available building and land sites in the Memphis area. 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.

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 and/or other issues. When the timing is appropriate, we would welcome the opportunity to arrange a confidential One-Stop-Shop session. During this 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.

Existing Industry Program - This program is sponsored by the Greater Memphis 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.

Local Level Incentives

Memphis/Shelby County Office of Economic Development



Payment in Lieu of Tax (PILOT)** - Projects involving large capital investment and high levels of job creation may qualify for a property tax freeze. 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 staff of the Memphis/Shelby County Office of Economic Development 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. Twenty-five percent (25%) of the county's school portion of the property tax and ten percent (10%) of the city's school portion of the property tax is not eligible for an abatement.


Community Reinvestment Investment - 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.

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

*** All PILOT benefits must be approved by the board before any property for the project is leased or purchased in the county.*



Industrial Revenue Bonds (IRB)- 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.



Fast Track Permitting - Through the Office of Construction Codes Enforcement, the Fast Track program can cut red tape or delays which are 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.



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 Sub zones in the Memphis area. The Memphis and Shelby County Office of Economic Development administers the FTZ grant and assists with the formal application process.

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.

For more information visit: <http://www.cityofmemphis.org/rbc>

State Level Incentives

These incentives are offered to induce companies to locate their facilities within the State of Tennessee. Application for these incentives should occur before any property for the project is leased or bought in the county.

Tennessee Department of Labor and Workforce Development

- Customized Training Grants
 - On the Job Training
 - Incumbent Worker Training
- Customized Recruiting
 - Application Screening
 - Workforce Testing
- Individual Training Accounts
 - Occupational Skills Training Certifications
 - National Career Readiness Certificate

Tennessee Department of Economic and Community Development

Franchise Tax - 25 cents per \$100 on the greater of net worth or book value of property owned or used in Tennessee.

Franchise Tax Incentives

- Finished goods inventory in excess of \$30 million may be excluded
- Pollution control equipment is exempt
- 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 - 6.5% tax on the net earnings of the company derived from the business in Tennessee.

Excise Tax Incentives

- 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 in Memphis/Shelby County
- 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 program provides a jobs tax super credit ("super credit") for taxpayers investing in excess of \$100 million in a qualified project creating 100 or more jobs paying at least 100% of the average occupational wage in the state. This super credit may be used to offset up to 100% of a taxpayer's Tennessee franchise and excise tax liability annually beginning with the first tax year after the investment and job creation thresholds have been met. The super credit is taken annually but does not have a carry forward.

- The super credit is in addition to the regular jobs tax credit which will still have the fifteen-year carry forward and normal percentage of offset. The only difference is
- by qualifying for the super credit, the amount of the credit is \$5,000 a job instead of the regular \$4,500.
- In addition, the super credit allows for the offset of total liability to be up to 100% during the time when the super credit is being taken on an annual basis.
- In addition, the super credit allows for a 2/3 exemption of the required capital investment on Schedule G of the franchise and excise tax return while the investment is being made.
- The super credit investment period is 3 years, but can be expanded to 5 years with the approval of the Tennessee Commissioner of Economic and Community Development.
- Capital investment in excess of \$100 million, creating at least 100 net new average occupational wage jobs: \$5,000 per job per year for 3 years
- Capital investment over \$250 million, creating at least 250 net new average occupational wage jobs: \$5,000 per job per year for 6 years
- Capital investment over \$500 million, creating at least 500 net new average occupational wage jobs: \$5,000 per job per year for 12 years
- Capital investment over \$1 billion, creating at least 1,000 net new average occupational wage jobs: \$5,000 per job per year for 20 years



Headquarters Tax Credit – In order to encourage companies to locate their corporate headquarters in Tennessee, the state offers tax credits based on the cost of relocating the company and building a new headquarters facility in Tennessee.

- With a capital investment of \$50 million dollars or more, the company may qualify for a credit of 6.5% against sales and use taxes incurred on the purchase of building materials, machinery or equipment used in a new regional, national or international headquarters.
- A project involving a capital investment of \$10 million dollars or more and creating 100 jobs paying 150% of the state’s average occupational wage may qualify for a credit of 6/5% against sales and use taxes incurred on the purchase of building materials, machinery or equipment used in a new regional, national or international headquarters.
- Companies qualifying for sales and use tax credit may also qualify for credits against their F&E tax liability based on the amount of qualified relocation expenses incurred in the establishment of a headquarters facility.
- Companies with a regional, national or international headquarters facility in Tennessee may (with the approval from the Commissioner of Revenue and the Commissioner of Economic & Community Development) convert unused net operating losses (NOL) to a credit against F&E tax liability.
- The NOL credit is available only if the company is unable to use the NOL to offset net income during the current tax year.
- Credits for the cost of relocating jobs paying at least 150% of Tennessee’s average occupational wage are available on a tiered schedule as follows:

Jobs Created	Tax Credit per Job
100-250 jobs	\$10,000
251-500 jobs	\$20,000
501-750 jobs	\$30,000
1,000 + jobs	\$50,000

Industrial Machinery Credit – The credit offsets up to 50% of the total franchise and excise tax liability. Any unused credit may be carried forward for up to 15 years. The Industrial Machinery Credit is available whether the company is creating jobs or not. *(Credit is for purchase, installation, and/or repair of qualified industrial machinery price of as defined in T.C.A. 67-6-102 or computer and telephone equipment purchased in making the required capital investment for the jobs tax credit.)*

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%



Data Center Tax Credit – The state of Tennessee offers companies tax credits for the purchase of materials related to construction of a data center – a building or buildings housing high technology computer systems and related equipment. Qualifying companies must create at least 25 new jobs paying at least 150% of the state's average occupational wage and invest a minimum of \$250 million in capital. For more information, download the Tennessee Toolkit.

Integrated Supplier Tax Credit – Tennessee extends certain tax credits to suppliers located within the footprint of a project meeting the \$1 billion investment threshold and creating 1,000 or more jobs. Regardless of capital investment or number of jobs created, a supplier locating within the footprint of such a project will qualify for a Jobs Tax Super Credit equal to \$5,000 per qualified job with a 15 year carry-forward, plus an additional \$5,000 per job each year for six years. For more information, download the Tennessee Toolkit by clicking on the link to the right.

Day Care Credit – This 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

Property Tax - No state property tax

Sales and Use Tax Exemptions

- No sales tax on purchases, installation and repairs of qualified industrial machinery
- No sales tax on raw materials for processing
- No sales tax on pollution control equipment for manufacturers
- Reduced sales tax rates for manufacturers' use of energy fuel and water (1.5% vs. 7%)

FastTrack Infrastructure Development Program (FIDP) - The FastTrack Industrial Development Program is Tennessee's initiative to support the public infrastructure needs of the local community to support expansion or location of industry. Project funding is determined by evaluating each project in terms of capital investment, new jobs created, the types of the created jobs, and the community in which the project locates. Once a targeted funding amount of eligible activity is established, final approval is subject to FIDP funding appropriated by the Tennessee General Assembly and approval by the Department of Economic and Community Development's Loan & Grant Committee. There are state regulations that apply relative to procurement/bidding procedures.

FastTrack Job Training Assistance Program (FJTAP) - The FastTrack Job Training Assistance Program is Tennessee's initiative to support industrial recruitment and expansion through direct training assistance for newly hired employees, employees in upgraded positions, and employees retained through instruction. FJTAP staff assists each individual company to develop customized training plans and to provide funding. Eligibility for FJTAP support and levels of funding for training assistance are determined by:

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



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

State Industrial Access Road Program (SIAP) - Other state assistance can be considered for providing needed transportation improvement for the project. Through the State Industrial Access Road 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.

Utility Incentives

Memphis Light, Gas & Water

Utility Incentive Rates – MLGW offers electric and natural gas incentive rates to commercial and industrial operations locating or expanding in the Memphis service area. Electric rate credits are available for new and expanding loads meeting program requirements through the *Enhanced Growth Credit Program*. Manufacturers from 1,000 kW to 5,000 kW can participate in the *Small Manufacturing Credit Program* at a discounted electric rate. Manufacturers and Data Center Operations over 5,000 kW can participate in a discounted manufacturing rate. For operations that have the ability to shift loads there are time-of-day rates where energy is cheaper during off peak times. Also, for operations that can reduce loads upon short notice there are special interruptible rate programs. Natural gas incentive programs include Interruptible Gas rates and the Economic Development Discount Rider.

Sales Tax Reduction on Utilities - Electricity and natural gas are normally taxed at the rate of 7.0%; water is taxed at the combined rate of 9.25%. However, manufacturers may be granted either a full exemption or a reduced rate of 1.5% if the energy fuel or water comes in direct contact with the product.

Enhanced Growth Credit Program (EGCP) - This is a Tennessee Valley Authority program that offers credits on electric bills to businesses locating or expanding in the MLGW service area. This program is available to either new or expanding loads that are greater than 100 kW or all-electric loads of at least 250kW. The credit of \$6.00/kW on firm demand charge is applied for a four-year period. All projects must meet specific SIC Code qualifications.

For more information please visit: <http://www.mlqw.com/>.

Tennessee Valley Authority

Economic Development Loan Fund - This is a TVA loan program that can be used to assist in financing industrial development projects including new industrial plants, existing industry expansions, infrastructure development and service industries. The loans require participation with another lending institution. There is a maximum loan amount of up to \$2 million per project and the low interest loans are repaid over 10 years.

For more information visit: www.tvaed.com/pdf/edlf06.pdf.

Federal Incentives

Renewal Community - Sixty-eight census tracts in Memphis have been designated as 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 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

Renewable Energy Incentives – These incentives include tax credits for production and facilities using wind, refined coal, geothermal, biomass, solar, and combined heat and power systems. In addition, \$800 million of Clean Renewable Energy Bonds (CREBs) are authorized to finance renewable facilities. For more detailed information visit the Department of Energy's website at <http://www.energy.gov/additionaltaxbreaks.htm>.

Energy Conservation and Efficiency – These incentives provide financing and incentives for state and local governments to reduce greenhouse emissions, for builders and developers to build efficient buildings or to improve existing buildings, and for manufacturers to produce efficient appliances. In addition, these incentives allow for swifter recovery of the cost of smart electric meters and grid equipment. For more detailed information visit the Department of Energy's website at <http://www.energy.gov/additionaltaxbreaks.htm>.

Transportation & Domestic Fuel Security – These incentives provide tax credits for alternative fueling stations, cellulosic biofuel facilities, and for alternative fuel production, including biofuels, biomass gas versions of liquefied petroleum gas, liquefied or compressed natural gas, and aviation fuels. Idle reduction units and advanced insulation for heavy vehicles are also provided a tax exemption.

Memphis Export Assistance Center – Memphis, Tennessee is one of 100 cities in America that has a local representative from the U.S. Department of Commerce to provide services to the business community. This office offers extensive International Business Services ranging from assistance with international market strategy to investigating the credibility of a foreign firm and assistance searching for joint venture or licensing partners.

Other Incentives

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.

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). <http://www.msqpc.com/>

University 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. <http://www.cis.tennessee.edu/>

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Tennessee Valley Authority Economic Development Department

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General Inquiries

Please call the Greater Memphis Chamber and let us tell you about how we can assist with your expansion or relocation project.

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