

SENATE BILL 1319

By Hensley

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 4, relative to the job tax credit.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-2109(b), is amended by adding the following as new subdivisions:

(4) This subdivision (b)(4) serves as exceptions to subdivisions (b)(1) and (2).

To the extent a conflict exists between this subdivision (b)(4) and subdivision (b)(1) or (b)(2), this subdivision (b)(4) controls. Otherwise, subdivisions (b)(1) and (2) apply to any credits provided under this subsection (b). The job tax credit allowed in subdivision (b)(1) is increased from four thousand five hundred dollars (\$4,500) to nine thousand dollars (\$9,000) if the qualified business enterprise:

(A) Is located in a tier 3 or tier 4 enhancement county with a population less than fifty thousand (50,000), according to the 2010 federal census or any subsequent federal census; and

(B) Creates at least ten (10) qualified jobs.

(5) In addition to the credit allowed in subdivision (b)(4), a credit equal to one hundred percent (100%) of the franchise tax imposed by this part is authorized under the following circumstances; provided, that the taxpayer otherwise meets all of the requirements of subdivision (b)(4):

(A) The taxpayer makes a capital investment that exceeds five million dollars (\$5,000,000) and creates at least one hundred (100) qualified jobs that pay an hourly wage of at least fifteen dollars (\$15.00) and include minimum

health care, as described in the Tennessee Small Employer Group Health Coverage Reform Act, for which the employer pays eighty percent (80%) of the scheduled premium or defined contribution;

(B) The taxpayer is allowed a period not to exceed three (3) consecutive years from the effective date of the business plan in order to make the required capital investment necessary to qualify for the additional annual credit allowed under this subdivision (b)(5);

(C) The additional annual credit is authorized for a period of twenty (20) years beginning with the first tax year in which the qualified business enterprise applies the credit in accordance with subdivision (b)(4);

(D) The qualified business enterprise may first apply the credit provided in this subdivision (b)(5) in any tax year after the qualified business enterprise has met all of the requirements of subdivision (b)(4); provided, however, that the qualified business enterprise must begin to apply the credit no later than the first tax year following the end of the investment period; and

(E) The credit provided in this subdivision (b)(5) may only be granted if the commissioner of revenue has determined that allowance of the credit is in the best interests of the state.

SECTION 2. Tennessee Code Annotated, Section 67-4-2109(a)(7), is amended by deleting the subdivision and substituting instead the following:

(7)

(A) "Required capital investment", except for convention or trade show enterprises and enterprises located in areas described in subdivision (b)(4), means an investment of five hundred thousand dollars (\$500,000) in real property, tangible personal property, or computer software owned or leased in

this state valued in accordance with generally accepted accounting principles. For businesses engaged in convention or trade show enterprises, "required capital investment" means an investment of ten million dollars (\$10,000,000) in such property in the same manner described for other enterprises. A capital investment is deemed to have been made as of the date of payment or the date the business enterprise enters into a legally binding commitment or contract for purchase or construction;

(B) For businesses engaged in enterprises located in an area described in subdivision (b)(4), "required capital investment" means an investment of two hundred fifty thousand dollars (\$250,000) in such property in the same manner described for other enterprises. A capital investment is deemed to have been made as of the date of payment or the date the business enterprise enters into a legally binding commitment or contract for purchase or construction.

SECTION 3. This act takes effect July 1, 2021, the public welfare requiring it.