

SENATE BILL 1878

By Yarbro

AN ACT to amend Tennessee Code Annotated, Title 4;
Title 9; Title 50 and Title 67, relative to tax credit
for human capital investment.

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

SECTION 1. Tennessee Code Annotated, Section 67-4-2009, is amended by adding
the following as a new subdivision:

(10)

(A) For purposes of this subdivision (10), "human capital investment"
means the amount paid or incurred by a corporation for any of the following:

(i) Job training that occurs in this state for persons who are
employed in this state, including the instruction, maintenance, or
improvement of the skills required by the employer for the proper
performance of the employee's duties;

(ii) Work education programs in this state, including programs in
public high schools and work education-diversified occupations programs;

(iii) Worker training and education for persons who are employed
in this state provided by institutions of higher education in this state;

(iv) Donations or capital contributions to institutions of higher
education in this state for improvements or advancements of technology,
including physical plant improvements;

(v) Planning, site preparation, construction, renovation, or
acquisition of facilities in this state for the purpose of establishing a day

care facility in this state to be used primarily by the children of employees who are employed in this state;

(vi) Subsidies to employees who are employed in this state for child care to be provided in this state; and

(vii) Contributions made to the Tennessee job skills fund created in § 50-7-451.

(B) There shall be allowed against the sum total of the taxes imposed by the franchise tax law, compiled in part 21 of this chapter, and by the excise tax law, compiled in this part, a credit equal to the following:

(i) For tax years beginning on or after January 1, 2021, and prior to January 1, 2022, three percent (3%) of the human capital investment paid or incurred during such tax year;

(ii) For tax years beginning on or after January 1, 2022, and prior to January 1, 2023, four percent (4%) of the human capital investment paid or incurred during such tax year; and

(iii) For tax years beginning on or after January 1, 2023, and subsequent tax years, five percent (5%) of the human capital investment paid or incurred during such tax year.

(C) The credit taken on any franchise and excise tax return shall not exceed one hundred percent (100%) of the combined franchise and excise tax liability shown by the return before the credit is taken.

(D) Any unused credit may be carried forward in any tax period until the credit is taken; provided, however, that the credit may not be carried forward for more than five (5) years.

SECTION 2. This act shall take effect July 1, 2020, the public welfare requiring it.