

SENATE BILL 2401

By Overbey

AN ACT to amend Tennessee Code Annotated, Title 11, Chapter 11, Part 2; Title 67, Chapter 4, Part 20 and Title 67, Chapter 4, Part 21, relative to job tax credits.

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

SECTION 1. Tennessee Code Annotated, Section 67-4-2109(b)(3), is amended by adding the following as new, appropriately designated subdivisions:

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(i) The credits provided in this subsection (b) may be computed by a general partnership that would otherwise qualify for the job tax credits provided in this subsection (b). The amount of the credit shall be computed under this subsection (b) as if the general partnership was subject to franchise and excise tax under part 20 of this chapter and this part. With respect to the general partnership tax year during which a credit is so computed, a partner in the general partnership that is subject to Tennessee franchise and excise tax and that directly holds a first tier ownership interest in the general partnership, notwithstanding any entity or entities disregarded for Tennessee franchise and excise tax purposes, may take a percentage of the credit that equals the total amount of the credit for the general partnership multiplied by the partner's percentage interest in the general partnership on the last day of the general partnership tax year against the partner's franchise and excise tax liability for the partner's tax year that includes the last day. The job tax credit passed through from the general partnership to the first tier partner under this subsection (b) shall, in the hands of the first tier partner, be subject to applicable provisions and

limitations otherwise provided by this subsection (b), including carry-forward provisions; provided, that in no case shall the credit or a carryover thereof be taken by a business entity, unless it was a partner in the general partnership and subject to franchise and excise tax at the time the credit was earned by the general partnership.

(ii) Subdivision () (i) shall apply to tax years beginning on or after January 1, 2014, and to applications and business plans filed prior to, or on or after, the effective date of this act.

() A tourism related business under subdivision (a)(5)(A) that otherwise meets the requirements set forth in this subsection (b) shall not be required to qualify for the credit under subdivision (b)(2)(C) in order to claim the credit allowed in subdivision (b)(1).

SECTION 2. Tennessee Code Annotated, Section 67-4-2109(b)(2)(C), is amended by adding the following as a new, appropriately designated subdivision:

() The additional annual credit shall be allowed for all qualified jobs created by the qualified business enterprise for the entire tax year in which the area was designated as an adventure tourism zone pursuant to § 11-11-204(c).

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.