



**MEMPHIS  
MOVES**

A Greater Memphis Chamber Initiative

MEMPHISMOVES.COM

# OVERVIEW OF POTENTIAL ECONOMIC DEVELOPMENT INCENTITIVES

MEMPHIS, TENNESSEE  
2022



# Taxes and Incentives

## State of Tennessee

**6.50%**

Corporate  
Income Tax

**7.00%**

Sales Tax  
Rate

**0.0%**

Personal income tax  
on wages and salaries

**Job Tax Credit:** Create at least 25 net new full-time positions within a 36-month period and invest at least \$500,000 in a qualified business enterprise, receive a credit of \$4,500 per job to offset up to 50% of franchise and excise (F&E) taxes in any given year with a carry forward for up to 15 years.



**Tennessee Jobs Tax Credit Enhancement Counties**  Tier 1  Tier 2  Tier 3  Tier 4  
| **Southwest Tennessee**

The enhanced jobs tax credit allows an additional annual credit for locations/expansions in designated Tier 2, Tier 3, and Tier 4 Enhancement Counties. Enhanced Job Tax Credits can offset up to 100% of franchise and Excise liability. Qualified business enterprises must make the required capital investment of at least \$500,000 within three years (five years in a tier 3 or 4 enhancement county) and create a minimum number of qualified jobs from the investment may receive a job tax credit equal to \$4,500 for each qualified job. The minimum number of qualified jobs that must be created from the investment are: 25 jobs in a tier 1 or 2 enhancement county, 20 jobs in a tier 3 enhancement county, or 10 jobs in a tier 4 enhancement county.

**Industrial Machinery Tax Credit:** Credit of 1% to 10% for the purchase, third party installation and repair of qualified industrial machinery

- **Manufacturing:** includes purchases for machinery; apparatus and equipment with parts; repair parts and labor.
- **Warehousing and Distribution:** includes material handling equipment and racking systems with a minimum \$10M capital investment within 36 months.
- **Headquarters:** includes computer; network; software or peripheral computer devices, purchased in making required capital investment for job tax credit.

### Sales and Use Tax Exemptions:

- **Manufacturing:** sales tax exemption for industrial machinery and reduced sales tax rate for utilities at qualified manufacturing facilities.
- **Warehouse and Distribution:** Sales tax exemption for material handling and racking systems purchased for a qualified warehouse or distribution center.
- **Research and Development:** Sales tax exemption on certain equipment used in research and development.



# Taxes and Incentives

## Memphis and Shelby County

### Foreign Trade Zone FTZ-77

Foreign Trade Zones allow companies importing products or parts from other countries to delay, and in some cases, reduce or even eliminate the customers duties that would otherwise be owed. Firms may also benefit from reduce administrative costs. FTZ-77 covers all of Shelby County.

### Fast Track Permitting

Through the Office of Construction Code 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.

### Local Effective Tax Rates

Property Tax per \$100

**Shelby County**  
\$3.45 per \$100

**Town of Arlington**  
\$1.16 per \$100

**City of Bartlett**  
\$1.51 per \$100

**Town of Collierville**  
\$1.72 per \$100

**City of Germantown**  
\$1.68 per \$100

**City of Lakeland**  
\$1.05 per \$100

**City of Memphis**  
\$2.71 per \$100

**City of Millington**  
\$1.28 per \$100

Tax rate before assessment ratio  
Local Real Property Commercial/Industrial: 40%  
Local Personal Property 30%

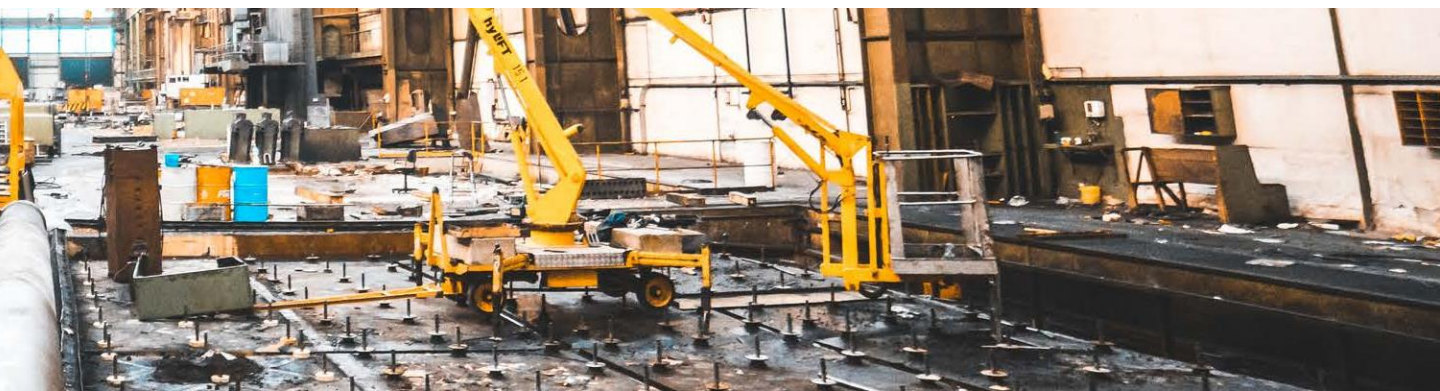
Note: Cities and Towns within Shelby County pay municipality rate plus county rate.

Real Property Assessment Ratio: 40%  
Personal Property Assessment Ratio: 30%

## Local Incentives

### Payment in Lieu of Taxes (PILOT) Incentive

A PILOT is a temporary, partial abatement of future real and/or personal property taxes that an applicant would otherwise have paid. In return, the applicant commits and contracts with local minority/women owned firms and small businesses to create or retain jobs with specified payroll and benefits; make the agreed upon investment; and contract with local minority/women/small firms. EDGE offers several PILOT programs designed for firms looking to expand or relocate in Memphis and Shelby County.



# Taxes and Incentives

## Memphis and Shelby County



### Memphis Light, Gas and Water

The utility will participate in the costs to provide electrical service to general power or industrial customers. Additionally, the utility will participate in gas costs associated with main extensions, additions or improvements. The utility's investment is based on facility load and gross marginal revenue.

#### Economic Development Core City Incentive

To promote economic development and re-use of MLGW's existing infrastructure, an additional 50% investment allowance is offered to customers locating in the downtown area and other areas of focus designated by the City of Memphis.

#### Eligibility Requirements

The revenue extension must be to a location within the downtown area bounded by Chelsea Ave, Danny Thomas Blvd, Crump Blvd and the Mississippi River or the location must be within the designated boundaries of the areas of focus by the City of Memphis.



# Workforce Incentives

## State of Tennessee and Workforce Mid-South

### FastTrack Job Training Assistance Program

This discretionary grant from Tennessee Economic and Community Development provides direct assistance to companies to support the creation of new full-time jobs. Funding levels are based on the number of net new full-time jobs created, amount of capital investment, wages of new employees, and the types of skill and knowledge levels required.

## Training Grants

### On-the-Job Training

When an employer identifies the need to fill a vacant position, they often have a choice of hiring a skilled worker or a worker who needs to have additional training. If the employer is willing to hire an individual who has no prior experience in the vacant position, an On-the-Job Training contract may be developed with the Local Workforce Investment Area (LWIA). Under this agreement, the local program can pay up to fifty percent (50%) of the trainee's wages during the specified training period. The employer must agree to hire the trainee, if he/she successfully completes the training.

### Apprenticeships Grants

An Apprenticeship is a proven training program that is used as a talent development strategy for recruiting, training and retaining World-Class talent and has been used in industry for decades. Apprenticeships are a work-based learning model where apprentices have supervised on-the-job training, along with job-related education, all while working full-time and earning a wage that increases during the progression of the program. Apprenticeships are registered and validated by the U.S. Department of Labor.

### Incumbent Worker Training

The Incumbent Worker Training Program provides grant funding of up to \$50,000 for customized training for existing for-profit and healthcare related not-for-profit businesses that results in layoff aversion. Through this customer-driven program, Tennessee can effectively retain and keep businesses competitive through skills upgrades and process improvement training for existing full-time employees.

## Additional Services



**WORKFORCE**  
MID-SOUTH

A proud partner of the AmericanJobCenter  
CREATING OPPORTUNITIES

### Customized Recruitment

Applicant Screening  
Candidate referrals  
Pre-employment assessments

### Job Readiness/Job Placement Assistance

Job Referrals  
Occupational Skills Training  
Career & Educational Assessments

# Workforce Incentives

## Localized Customized Training and Support

### Specialized Training for Business and Industry

The State of Tennessee provides a special benefit to the business and industrial communities in the state by offering custom employee trainings through the Tennessee Colleges of Applied Technology (TCATs).



**Machine Tool Technology** A course preparing students for employment in the machining industry. Instruction includes blueprint reading, using precision measuring instruments, and setting up and operating such machines as lathes, milling machines, drill presses, power saws, surface grinders, and computer-controlled equipment.

**Welding Technology** This 12-month course prepares individuals to perform various duties in construction, production line assembly, and repair and maintenance. Instruction includes techniques of welding, blueprint reading, and cutting and fabricating of various metals.

With TCAT Memphis, you've got the **perfect alignment**; education, industry, and economic development.

Michael Garner  
**Phillips Corporation**

### University of Memphis (UofM) Customized Training Program

In partnership with business and industry, University faculty develops training courses unique to the organization's specific needs, teaching practical "how-to" leadership and management skills to increase performance, motivation, and overall effectiveness.

**Advanced Automation & Robotics Center** The Herff College of Engineering at the University of Memphis was awarded a \$1 million grant from the U.S. Department of Labor to establish the Mid-South Advanced Automation and Robotics Center (AARC), an automation and robotics training center of excellence.

### University of Tennessee Center for Industrial Services (UTCIS)

UTCIS is the representative for the NIST Hollings National Manufacturing Extension Partnership for the State of TN. They service existing industries to help improve technical, capacity, efficiency, quality, and managerial capability. Key services for industry include:

- Industrial engineering and plant layout
- Lean and six sigma process improvement
- Quality systems
- Supply chain management
- Safety and Environmental
- Ergonomics assessments and training.



# Tennessee Valley Authority

## Discover TVA Incentives

### Investment Credit

The Investment Credit is an economic development incentive program jointly offered by TVA and participating local power companies. This performance-based program rewards companies for five or 10-year economic and energy benefits associated with their new/expanded operations. Awards are applied as a credit to monthly power bills. Most companies can expect a 10–20 percent savings annually over a five or 10-year period.

### Performance Grant

Through the Performance Grant program, TVA makes an investment in competitive economic development projects for new and expanding companies in the TVA region. Award amounts are paid directly to the company and are flexible for approved purposes. Funding amounts are based upon the five-year economic impact of the project and made at the discretion of TVA Economic Development.

### Loan Funds

Financing is available for companies from TVA Loan Funds to stimulate job growth and leverage capital investment. TVA seeks to fill a funding gap or lower interest costs of project funding, thereby enhancing the opportunity for success. The maximum loan amount is \$3 million and is determined primarily by jobs and capital investment. Loan terms may be from five to 20 years based on collateral.

### Workforce +

Workforce + provides additional incentive to new or expanding companies with a significant focus on providing resources to an eligible talent pipeline development program.

### Security Deposit Coverage

The Security Deposit Coverage program gives qualifying businesses an alternative to tying up valuable capital as they locate or expand in the TVA region. It is available to new or expanding commercial and industrial electric customers through a partnership between TVA and participating local power companies. The program allows the waiver of electric utility deposits to qualifying customers for up to five years, and the application process is simple and quick.

# Green Energy Programs

## TVA RENEWABLE SOLUTIONS

ONSITE SOLUTIONS			OFFSITE SOLUTIONS		
	GREEN CONNECT	DISPERSED POWER PRODUCTION	GREEN INVEST	GREEN SWITCH	GREEN FLEX
 LOCATION	On-site	On-site	In the Valley	In the Valley <sup>†</sup>	Delivered to the Valley <sup>††</sup>
 COMMITMENT	NA	5 Years	Up to 20 Years	Short term	1 Year
 PRICE/CREDIT	No generation credit, no purchased power	TVA's monthly avoided cost (-\$0.025/kWh credit)	Market-based	\$2/200 kWh	\$1.50/REC
 SIZE	Private-scale	≤ 80 MW	≥ 10 MW	≥ 200 kWh	≥ 2,000 MWh
 CERTIFICATION	NA*	NA	NA	Green-e® Energy	Green-e® Energy
ALSO AVAILABLE TO RESIDENTIAL CUSTOMERS	✓ *	✓		✓	
 TECHNOLOGY	WIND	✓	TVA procures renewables to meet up to 100% of customer's load	✓	✓
	SOLAR	✓		✓	
	BIOMASS	✓		✓	
	OTHER	Solar + Storage		✓	
		Co-generation**			

\*Available to Residential Rate Customers only. Installation verification performed by program staff.

\*\*Must obtain Qualifying Facility status if generation facility has maximum net power production capacity over 1 MW, per Federal Energy Regulatory Commission requirements.

<sup>†</sup>In 2020, Green Switch will be made up of 70% solar, 20% wind, and 10% biomass sourced from AL, GA, KY, MS, NC, TN, or VA.

<sup>††</sup>In 2020, Green Flex will be made up of 100% wind sourced from Iowa, Illinois, or Kansas.

### WHAT IS A REC?

A renewable energy certificate (REC) is a tradeable, non-tangible commodity that represents the property rights to the environmental, social and other non-power attributes associated with 1 MWh of electricity that was generated and delivered to the electricity grid from a renewable energy source.

