

Call & Data Centers

Tennessee Taxes & Incentives

Call Center: A single location that utilizes telecommunication services in one or more of the following activities: customer services, soliciting sales, reactivating dormant accounts, conducting surveys or research, fund raising, collection of receivables, receiving reservations, receiving orders, or taking orders.

Data Center Tax Credit

- The purchase of computers, computer systems and repair parts used in qualified data centers are exempt from sales and use taxes (these purchases are classified as industrial machinery).
- Qualified data centers will also pay reduced sales taxes on the purchase of electricity (1.5% vs. the previous rate of 7%).
- The purchase of computers, computer systems and repair parts for a qualified data center allows companies to qualify for a 1% tax offset of F&E liability under the Industrial Machinery Tax Credit.
- If the investment exceeds \$100 million dollars, the tax credit equals 3%.
- If the investment exceeds \$250 million dollars, the tax credit equals 5%.

Franchise Tax

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

- Tax is based on the net earnings of the company derived from the business in Tennessee
- Tax rate is 6.5%
- 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
- 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 is a tiered credit for company's making capital investments in excess of \$100 million and creating at least 100 jobs with the wages equal to or greater than 100 percent of the state average industrial wage.
- The credit is equal to \$5,000 per job and can be received annually for 3 years.

Super Credits are available at the following levels:			
Capital Investment	Jobs Created	Size of Credit per job, per year	Years Available
\$100 million	100	\$5,000	3
\$250 million	250	\$5,000	6
\$500 million	500	\$5,000	12
\$1 Billion*	1,000	\$5,000	20

**Projects qualifying in this category must create jobs paying 150% of the state's average occupational wage.*

Industrial Machinery Credit

- 1% credit on telephone equipment and computer equipment purchased under the required capital investment for jobs tax credit.
- The credit may be used to offset up to 50% of the total franchise and excise tax liability and the unused credit carried forward for 15 years

Property Tax

- No state property tax

Sales and Use Tax

For qualified call centers which has at least 250 employee jobs primarily engaged in the call center activities as defined in statute, there is a sales and use tax exemption for interstate and international telecommunication sold to a business for use in the operation of a call center.

Additional Tax Credit

Day Care 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

FastTrack Job Training Assistance Program (FJTAP)

The FastTrack Job Training Assistance Program is the division of the Department of Economic and Community Development that focuses on the employment needs of new and existing businesses.

The FastTrack Job Training Assistance Program is Tennessee's initiative to support industrial recruitment and expansion through direct training assistance for new employees. FJTAP staff assists each individual company to develop customized training plans and to provide funding for components of that training. Eligibility for FJTAP support and levels of funding for training assistance are determined by:

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

Job Specific Training (Training assistance is targeted to production/technician level individuals.)

- Classroom - formal instruction relating to specific skills presented in a classroom environment
- On-the-Job Training - instruction that focuses on the development of specific skills and knowledge vital to production. Training is provided by company technicians or instructors mutually acceptable to the FastTrack Job Training Assistance Program (formerly the Industrial Training Service) and the company. Training may take place in the classroom or at the company site.
- Vendor or manufacturer of actual manufacturing or service equipment being used by the client may be utilized to deliver specific skills training.
- System Support - instruction associated with plant-wide applications. Instruction may include new methods for increasing mechanization, quality, materials handling, etc.

- Development and Coordination - supports the cost associated with the development of instructional materials and coordination of the overall training program.

Travel

- Supporting the expense of travel for the purpose of training can be considered as a viable option for the training of new hires and especially for persons who will serve as a company instructor.

Employee Recruitment and Screening

The Tennessee Department of Labor and Workforce Development, Job Service Division, will provide recruitment and screening services. Utilizing the client/company's prepared job specifications, Job Service will recruit the number of persons requested by the company. The persons will be screened using the company's specifications. Those persons meeting the specifications will be referred to the company for employment considerations.

Workforce Development

- Leadership Training - is directed toward providing supervisors, team leaders, and managers with the interpersonal skills necessary to motivate and lead production workers towards the accomplishment of organizational goals.
- Team Training - is provided for manufacturing/production employees where interpersonal communication is important in fostering interdependence, cooperation, commitment, motivation, etc.
- Instructor Certification - Certification of company personnel insures the availability of certified instructors not only at startup but also on a long term basis. The weeklong certification seminar provides candidates with the facilitation skills necessary to deliver a wide range of programs.

FastTrack Infrastructure Development Program (FIDP)

Tennessee has a state funded program called the FastTrack Infrastructure Development Program. Under the guidelines of this program the state can make grants to local governments to help them meet the infrastructure requirements for locating and expanding industries as well as address the training needs of a corporation.

Project funding is determined by evaluating each project in terms of capital investment, new jobs created, and the community in which the project locates. Once a targeted funding amount 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 Review Committee. There is an application process, and there are state regulations that apply relative to bidding procedures.

The maximum total FIDP/FJTAP (FastTrack Job Training Assistance Program) grant for any project in any community is \$750,000. This means that the combination of training, site preparation, and all infrastructure improvements together cannot exceed this amount. The amount of the grant that may be used for administration and for architect and engineering services will vary depending on the type of project. ECD will review these costs for reasonableness and may decrease excessive requests.

State Industrial Access Program (SIAP)

Other state assistance can be considered for providing needed transportation improvement for the project. Through the State Industrial Access 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.

Industrial Revenue Bond Financing

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

For More Information, Please Contact the ECD

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Source: Tennessee Department of Economic & Community Development