



# State of Tennessee

## PUBLIC CHAPTER NO. 521

HOUSE BILL NO. 1026

**By Representatives Akbari, Camper, Love, Fitzhugh, Cooper, Favors, Jones, Shepard, Beck, Hardaway, Shaw, Towns, Stewart, Clemmons, Parkinson, Miller, Turner**

**Substituted for: Senate Bill No. 346**

**By Senators Tate, Yarbrow**

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4, Part 20 and Title 67, Chapter 4, Part 21, relative to job tax credits for businesses located in high-poverty areas.

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

SECTION 1. This act shall be known and may be cited as the "Community Resurgence Job Tax Credit Act of 2015."

SECTION 2. Tennessee Code Annotated, Section 67-4-2109, is amended by adding the following language as a new subsection:

(q)

(1) As used in this subsection (q):

(A) "Business plan" means a job creation plan submitted by a qualified business to the commissioner;

(B) "Community resurgence job tax credit" means the credit provided to a qualified business located in a high-poverty area as provided in this subsection (q);

(C) "Full-time job" means a permanent employment position providing employment for at least twelve (12) consecutive months, to a person for at least thirty-seven and one-half (37.5) hours per week;

(D) "High-poverty area" means a census tract with a poverty level, all population, in excess of thirty percent (30%), according to the American community survey three-year estimates in 2013, and determined decennially thereafter, as compiled by the department of economic and community development in consultation with the office of local government, comptroller of the treasury;

(E) "Qualified business" means a new or existing business located in a high-poverty area according to the most recent decennial determination at the time a business plan is filed with the commissioner; and

(F) "Qualifying job" means:

(i) A full-time job with wages equal to, or greater than, the state's average occupational wage, as defined in § 67-4-2004, for the month of January of the year during which the job was created;

(ii) The job is newly created in this state and, for at least ninety (90) days prior to being filled by the taxpayer, did not exist in this state as a job of the taxpayer or of another business entity; and

(iii) The job is created within a three-year period from the effective date of the business plan.

(2) In addition to any other credits allowed in this section, there shall be allowed to any qualified business a community resurgence job tax credit equal to two thousand five hundred dollars (\$2,500) for each qualifying job created.

(3) The qualified business shall file a business plan with the commissioner in order to qualify for the credit provided by this subsection (q). The business plan shall be filed in a manner prescribed by the commissioner and shall describe the type of business, the number of jobs to be created, the expected dates the jobs will be filled, and the effective date of the plan.

(4) In order to qualify for the credit, the qualified business shall create at least ten (10) qualifying jobs. The credit provided in subdivision (q)(2) shall first apply in the tax year in which the qualified business first satisfies the job creation requirements and in subsequent tax years in which further net increases occur above the level of employment established when the credit was last taken.

(5) The credit shall apply against the franchise tax imposed by this part and the excise tax imposed by the Excise Tax Law of 1999, compiled in part 20 of this chapter; provided, however, that the credit, together with any carry-forward thereof, taken on any franchise and excise tax return shall not exceed fifty percent (50%) of the combined franchise and excise tax liability shown on the return before any credit is taken. 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 fifteen (15) years.

(6) The commissioner has the authority to conduct audits or require the filing of additional information necessary to substantiate or adjust the amount of credit allowed by this subsection (q), and to determine that the taxpayer has complied with all statutory requirements so as to be entitled to the community resurgence job tax credit. If it is determined that the taxpayer failed to comply, the taxpayer shall be subject to an assessment equal to the amount of any credit taken under this subsection (q) for which the taxpayer failed to qualify, plus interest.

(7) The aggregate amount of the credits allowed to all taxpayers under this subsection (q) shall not exceed twelve million five hundred thousand dollars (\$12,500,000) in any one (1) tax year.

SECTION 3. This act shall take effect July 1, 2015, the public welfare requiring it.

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PASSED: April 22, 2015



BETH HARWELL, SPEAKER  
HOUSE OF REPRESENTATIVES



RON RAMSEY  
SPEAKER OF THE SENATE

APPROVED this 20<sup>th</sup> day of May 2015



BILL HASLAM, GOVERNOR