

F&E Credit-3 - Brownfield Property Tax Credit

This article is for informational purposes only.

Effective July 1, 2020, Public Chapter 606 makes various **changes** to Tennessee's brownfield tax credit provisions. This law removes the requirement that at least 5 acres of the brownfield property be utilized, and it expands eligibility for the credit to additional types of property. It also removes the \$10 million per year cap on the total value of credits that may be awarded and removes a 75% enhanced credit for a \$200 million capital investment.

The credit amount is 50% of the purchase price of brownfield property purchased in a tier 1 or tier 2 enhancement county and 75% in a tier 3 or 4 county. Any unused credits may be carried forward 15 years. To qualify taxpayers must:

- Make a capital investment of at least \$25,000,000 in a tier 1 or 2 county; or
- Make a capital investment of at least \$5,000,000 in a tier 3 or 4 county.

The capital investment may include real property, tangible personal property, and computer software, as valued under GAAP and must be made within a five-year investment period. Capital investments for investment periods beginning prior to July 1, 2020, must be considered separate from capital investments for investment periods beginning on or after July 1, 2020. Brownfield property is considered separate from the capital investment that must be made during a specified investment period; therefore, brownfield property that is acquired prior to July 1, 2020, could still qualify for the credit, under PC 606, in conjunction with an investment period that begins on or after this date.

Taxpayers must file an [Application for Best Interest of the State Determination and Brownfield Tax Credit Business Plan](#) with a copy of the voluntary agreement or consent order that qualifies the property as a brownfield property attached. Please see page 2 of the Plan for additional information. Also, you may contact Susan Amin in the Department's Franchise and Excise Tax Division at (615) 532-6394 or susan.amin@tn.gov for more information on filing a business plan.

Reference: Tenn. Code Ann. §§ 67-4-2009(8); 67-4-2009(9).