



BILL LEE
Governor

STATE OF TENNESSEE
DEPARTMENT OF REVENUE
ANDREW JACKSON STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37242

DAVID GERREGANO
Commissioner

December 27, 2019

Senator Bo Watson, Chair
Senate Finance, Ways, and Means Committee
425 5th Avenue North
Suite 706, Cordell Hull Building
Nashville, TN 37243

Representative Susan M. Lynn, Chair
House Finance, Ways, and Means Committee
425 5th Avenue North
Suite 622, Cordell Hull Building
Nashville, TN 37243

Dear Chairman Watson and Chairman Lynn:

The Department of Revenue is providing the attached report to you pursuant to Tenn. Code Ann. § 67-4-2109(r). The report includes information related to tax credits claimed under Tenn. Code Ann. §§ 67-4-2009 and 67-4-2109. The totals included in the report are for credits claimed for tax periods ending during the fiscal year beginning July 1, 2018 and ending June 30, 2019.

We have included an update to last year's report along with the current report. The information in each year's report is limited to tax returns filed as of the date the report was compiled. Last year's report, for instance, included all credits reported by November 29, 2018. The updated FY18 report accounts for returns submitted after that date. Likewise, the Department will update the FY19 report next year.

I am pleased to be able to provide this information to you. Should you have any questions regarding this information, please do not hesitate to contact me at (615) 741-2461 or via email at David.Gerregano@tn.gov.

Sincerely,

David Gerregano

David A. Gerregano

Attachments

Fiscal Year 2019 Tennessee Tax Credit Report

Credits Claimed for Tax Periods Ending from July 1, 2018 to June 30, 2019

Credit Name	Description	Number of New Jobs	Number of Taxpayers	Credits Claimed for FY 2019
Gross Premiums Tax Credit	Gross premiums tax paid - 67-4-2009(1), 67-4-2109(c)	N/A	103	\$6,940,613
TN Income Tax Credit	TN Hall Income Tax Paid - 67-4-2009(7)	N/A	543	\$1,574,583
Broadband Credit	Percentage of purchase price of broadband internet access equipment - 67-4-2009(9)	N/A	-	-
Brownfield Property Credit	Percentage of purchase price of brownfield property, capital investment required - 67-4-2009(8)	N/A	-	-
Green Energy Credit	Green energy purchase of electricity at rate in excess of maximum certified rate, capital investment required - 67-4-2109(m)	N/A	-	-
Headquarters Relocation Expense Credit	Qualified headquarters facility relocation expenses, job creation and capital investment required - 67-4-2109(g)	0	0	\$0
Loss Carryover Credit	Headquarters qualifying for credit in 67-6-224 for net operating loss or loss carryover - 67-4-2109(i)	-	-	-
Community Investment Credit	Financial institutions investing in housing loans, grants in community - 67-4-2109(h)	N/A	51	\$35,635,926
Rural and Small Business Opportunity Fund Credits	Financial institutions contributing to rural opportunity or small business funds - 67-4-2109(l)	N/A	21	\$1,465,988
Industrial Machinery Credit	Purchase price of industrial machinery, required capital investment for enhanced credit - 67-4-2009(3)	N/A	1,502	\$69,329,696
Qualifying Environmental Project Credit	Investment in qualifying environmental project, capital investment required - 67-4-2009(3)(J)	N/A	-	-
Job Tax Credit	Standard Job Tax Credit, job creation and capital investment required - 67-4-2109(b)(1)	6,869	285	\$40,567,128
Disabilities Job Tax Credit	Job creation for persons with disabilities, job creation required - 67-4-2109(f)	-	-	-
Community Resurgence Job Tax Credit	Job creation in high-poverty area, job creation required - 67-4-2109(q)	-	-	-
Additional Annual Job Tax Credit	Additional annual job tax credit in enhancement counties, Tier 2, 3 and 4 Counties - 67-4-2109(b)(2)(A)	N/A	66	\$14,592,148
Additional Annual Job Tax Super Credit	Additional annual job tax credit for higher level of investment and job creation such as \$100 million/100 jobs down to \$10 million/100 headquarters jobs - 67-4-2109(b)(2)(B)	N/A	10	\$16,200,797

Total Credits Claimed

\$201,436,255

Appendix A: Job Tax Credits by Nature of Business

Credits Claimed for Tax Periods Ending from July 1, 2018 to June 30, 2019

The nature of business of the taxpayers claiming tax credits is available for job tax credit. To be eligible for this credit, a taxpayer must be a "qualified business enterprise" as defined by Tenn. Code Ann. § 67-4-2109(a)(5). The table below provides information by "qualified business enterprise."

Nature of Business	Number of New Jobs	Number of Taxpayers	Credits Claimed for FY 2019
Call Centers	315	14	\$1,056,710
Computer Services	31	10	\$728,675
Convention and Trade Show Facilities	-	-	-
Headquarters Facilities	2,319	42	\$4,931,529
High-Skill High-Wage Jobs in High-Technology, Emerging Occupations and Skilled Manufacturing Jobs	-	-	-
Manufacturing	2,661	181	\$24,784,708
Research and Development	-	-	-
Tourism Related Industries	-	-	-
Warehousing and Distribution	1,480	35	\$8,580,163

Source: Tennessee Department of Revenue - Tax Return Information as of 12/04/2019

Appendix B: Report Notes

This report includes tax credits claimed under Tenn. Code Ann. §§ 67-4-2009 and 67-4-2109 for tax periods ending during the fiscal year beginning July 1, 2018 and ending June 30, 2019.

The total number of instances in which credits were claimed on returns filed during these tax periods was 2,590. However, some taxpayers may be eligible to claim more than one credit on their tax return. The total number of distinct taxpayer who claimed credits was 2,357.

The total potentially available tax credits carried over into this fiscal year is \$937,381,138. The amount of carryover that is industrial machinery credit is \$760,319,779. The amount of carryover that is job tax credit is \$177,061,359. The remaining totals are suppressed so as not to violate taxpayer confidentiality.

Where no data is included as indicated by "-", values have been suppressed so as not to violate taxpayer confidentiality.

The data provided is from tax returns filed with the Department as of December 4, 2019.

Updated Fiscal Year 2018 Tennessee Tax Credit Report

Credits Claimed for Tax Periods Ending from July 1, 2017 to June 30, 2018

Credit Name	Description	Number of New Jobs	Number of Taxpayers	Credits Claimed for FY 2018
Gross Premiums Tax Credit	Gross premiums tax paid - 67-4-2009(1), 67-4-2109(c)	N/A	110	\$9,454,555
TN Income Tax Credit	TN Hall Income Tax Paid - 67-4-2009(7)	N/A	447	\$1,017,139
Brownfield Property Credit	Percentage of purchase price of brownfield property, capital investment required - 67-4-2009(8)	N/A	-	-
Green Energy Credit	Green energy purchase of electricity at rate in excess of maximum certified rate, capital investment required - 67-4-2109(m)	N/A	-	-
Headquarters Relocation Expense Credit	Qualified headquarters facility relocation expenses, job creation and capital investment required - 67-4-2109(g)	0	0	\$0
Loss Carryover Credit	Headquarters qualifying for credit in 67-6-224 for net operating loss or loss carryover - 67-4-2109(i)	-	-	-
Community Investment Credit	Financial institutions investing in housing loans, grants in community - 67-4-2109(h)	N/A	50	\$24,226,027
Rural and Small Business Opportunity Fund Credits	Financial institutions contributing to rural opportunity or small business funds - 67-4-2109(l)	N/A	13	\$980,918
Industrial Machinery Credit	Purchase price of industrial machinery, required capital investment for enhanced credit - 67-4-2009(3)	N/A	1,747	\$64,526,575
Qualifying Environmental Project Credit	Investment in qualifying environmental project, capital investment required - 67-4-2009(3)(J)	N/A	-	-
Job Tax Credit	Standard Job Tax Credit, job creation and capital investment required - 67-4-2109(b)(1)	8,063	333	\$28,122,918
Disabilities Job Tax Credit	Job creation for persons with disabilities, job creation required - 67-4-2109(f)	-	-	-
Community Resurgence Job Tax Credit	Job creation in high-poverty area, job creation required - 67-4-2109(q)	-	-	-
Additional Annual Job Tax Credit	Additional annual job tax credit in enhancement counties, Tier 2, 3 and 4 Counties - 67-4-2109(b)(2)(A)	N/A	74	\$16,688,047
Additional Annual Job Tax Super Credit	Additional annual job tax credit for higher level of investment and job creation such as \$100 million/100 jobs down to \$10 million/100 headquarters jobs - 67-4-2109(b)(2)(B)	N/A	13	\$22,372,027
Total Credits Claimed				\$179,061,763

Appendix A: Job Tax Credits by Nature of Business

Credits Claimed for Tax Periods Ending from July 1, 2017 to June 30, 2018

The nature of business of the taxpayers claiming tax credits is available for job tax credit. To be eligible for this credit, a taxpayer must be a "qualified business enterprise" as defined by Tenn. Code Ann. § 67-4-2109(a)(5). The table below provides information by "qualified business enterprise."

Nature of Business	Number of New Jobs	Number of Taxpayers	Credits Claimed for FY 2018
Call Centers	309	19	\$2,209,189
Computer Services	96	10	\$494,890
Convention and Trade Show Facilities	-	-	-
Headquarters Facilities	1,498	51	\$4,746,821
High-Skill High-Wage Jobs in High-Technology, Emerging Occupations and Skilled Manufacturing Jobs	-	-	-
Manufacturing	4,730	199	\$15,295,513
Research and Development	-	-	-
Tourism Related Industries	-	-	-
Warehousing and Distribution	1,256	49	\$4,786,204

Source: Tennessee Department of Revenue - Tax Return Information as of 12/04/2019

Appendix B: Report Notes

This report includes tax credits claimed under Tenn. Code Ann. §§ 67-4-2009 and 67-4-2109 for tax periods ending during the fiscal year beginning July 1, 2017 and ending June 30, 2018.

The total number of instances in which credits were claimed on returns filed during these tax periods was 2,801. However, some taxpayers may be eligible to claim more than one credit on their tax return. The total number of distinct taxpayer who claimed credits was 2,511.

The total potentially available tax credits carried over into this fiscal year is \$1,317,073,096. The amount of carryover that is industrial machinery credit is \$1,135,209,338. The amount of carryover that is job tax credit is \$181,863,758. The remaining totals are suppressed so as not to violate taxpayer confidentiality.

Where no data is included as indicated by "-", values have been suppressed so as not to violate taxpayer confidentiality.

The data provided is from tax returns filed with the Department as of December 4, 2019.