



Overview of Economic Development Assistance & Incentives HTL Advantage

HTL Advantage is a three-county economic development coalition that began with a set of specific goals on how to improve existing businesses and how to bring new industries into Haywood, Tipton, and Lauderdale (HTL) counties. HTL Advantage provides assistance to companies seeking to expand or relocate their businesses in order to create and implement economic development and ongoing growth and profitability for Haywood, Tipton, and Lauderdale counties resulting in a highly regarded place for individuals to live, work and play.

Workforce Training and Education – HTL is teaming with local schools, training centers, and advisory groups to create a two-year scholarship program, expand computer and technology programs in all three counties, expand the Career Readiness Certificate and vocational programs and expand Tennessee Technology Center programming. Improving the workforce and education skill level is vital in attracting new industries and businesses to Haywood, Tipton, and Lauderdale Counties.

Building and Land Database – HTL Advantage has access to information on most of the available building and land sites in the tri-county area. This repository includes commercial and industrial zoned land with specific infrastructure information such as transportation access, utilities and acreage. HTL Advantage oversees local activities at the Memphis Regional Megasite, a 3,500+ acre heavy industrial site located on I40 in Haywood County, near Brownsville, TN, suitable for a major automotive manufacturing facility or related industry.

Local Level Incentives

Industrial Development Board Incentives

- **Payment in Lieu of Tax (PILOT)** - Projects requiring assistance in order to locate or grow in the HTL Advantage Region may qualify for property tax abatement. Each community in the region has an industrial development board with the authority to reduce the amount of real and personal property taxes paid by the company based on a negotiated term and tax rate. PILOT incentives in the HTL region are based on the number of new jobs created and the amount of new capital invested in real and personal property. All legally binding PILOT incentives are approved in a public meeting held by the local industrial development authority.
- **Tax Increment Financing (TIF)** - TIF allows local governments to invest in public infrastructure and other improvements up-front. Local governments can then pay later for those investments. They can do so by capturing the future anticipated increase in tax revenues generated by the project. This financing approach is possible when a new development is of a sufficiently large scale, and when its completion is expected to result in a sufficiently large increase in the value of surrounding real estate such that the

resulting incremental local tax revenues generated by the new project can support a bond issuance.

Industrial Property – Most communities in the HTL region offered industrial land suitable for development with superior utilities and infrastructure. Based on the number of new jobs and investment, land may be made available to companies at a reduced or no cost.

Fast-track Permit and Incentive Application Assistance – HTL staff will provide assistance in applying for all available financial incentives and will work to streamline and fast-track all applicable permits needed for development of a project.

Foreign Trade Zone - The Foreign Trade Zone provides extraordinary flexibility and cost savings to importers and exporters. Goods can be stored, processed, manipulated and integrated with domestic goods, all before paying duties. HTL staff can provide all the needed information to assist in setting up a foreign trade zone.

State Level Incentives

(These incentives are offered to both existing companies and those considering locating new operations in the State of Tennessee. Application for these incentives should occur before any property for the project is leased or bought within the state.)

Workforce Investment Network (WIN) / Tennessee Department of Labor and Workforce Development

Incumbent Worker Training (IWT) - The Incumbent Worker Training (IWT) program is co-administered by WIN and the Tennessee Department of Labor and Workforce Development (TDOLWD). This program focuses on upgrading the skills of existing full-time employees so that employers can remain competitive and the State of Tennessee can continue to retain viable, progressive businesses. All IWT applications are reviewed by the WIN IWT Board Committee and are rated based upon objective criteria. All awards must be approved by the WIN Board and TDOLWD. Maximum award is \$50,000 per grant, with a total funding limit of \$50,000 per employer in consecutive program years. A 10-50% employer match is required based on the number of full-time employees.

On-the-Job Training (OJT) - WIN contracts with businesses in the public, private non-profit, and private sectors to provide On-the-Job Training (OJT) to eligible WIN participants. Depending upon the details of the agreement, businesses may be reimbursed up to 50 -75% of the trainee's wage during the training period up to a maximum of \$50,000. All OJT contracts must be approved by the WIN Executive Director. The amount of each OJT contract varies, depending on the number of eligible employees being trained, the wages of those employees, and the length of the training period (based on funds available).

Services:

- Customized Training Grants
 - On the Job Training - OJT
 - Incumbent Worker Training – IWT
 - Apprenticeship Training Grant - ATG
- Customized Employee Recruitment

- Application Screening
 - Candidate referrals
 - Pre-employment assessments
- Technical assistance
 - Computer Labs
 - Interview Rooms
- Workforce Testing- TABE
- Other Services Include
 - ACT Work Ready Community National Career Readiness Certificates
 - Occupational Skills Training Certificate

Tennessee Department of Economic and Community Development (TNECD)

FastTrack Job Training Assistance Program (FJTAP) – This discretionary grant 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. TNECD is not able to provide any training incentives for positions filled prior to the execution and approval of a contract.

FastTrack Infrastructure Development Program (FIDP) – This discretionary grant is provided to local governments for infrastructure needs for new and expanding companies. TNECD will work with the local officials to identify eligible needs for a project, such as water, sewer, rail, gas, electric, roadway, telecommunications, or other site improvements. FIDP funds require local matching funds and may only be used for infrastructure improvements benefitting a specific company generating net new full-time jobs and capital investment. For onsite improvement, the community must provide a PILOT on the real property investment for at least five (5) years. TNECD is not able to provide incentives prior to the execution and approval of a contract.

FastTrack Economic Development Fund (ED Grant) – This discretionary grant is provided to local communities for eligible expenditures not covered by infrastructure or job training grants. The grant can help offset expenses such as relocation, temporary office space, capital improvements, and retrofitting. It is only used in exceptional cases where a company's impact, such as net new full-time jobs and capital investment, in a community is significant. Funds are available subject to the terms of the Accountability Agreement executed by the State, community, and company. TNECD is not able to provide incentives prior to the execution and approval of a contract.

**A net new job is defined as 37.5 hours per week, for twelve months, with health benefits offered. For tax purposes, companies must create at least 25 net new full-time positions and invest at least \$500,000 in a qualified business enterprise within a 36 month period.*

Job Tax Credit – Provides a credit of \$4,500 per position to offset up to 50% of franchise and excise tax (F&E) liability in any given year, with a 15-year carry-forward. Companies must create at least 25 net new full-time positions and invest at least \$500,000 in a qualified business enterprise within a 36-month period.

Enhanced Job Tax Credit – Allows an additional annual credit for locations/expansions in designated Tier 2, Tier 3, and Tier 4 Enhancement Counties. Enhanced Job Tax Credit can offset up to 100% of F&E liability. Shelby County is a designated Tier 2 Enhancement County, allowing for a 3-year annual credit at \$4,500 per position with no carry forward. Must 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.

Industrial Machinery Tax Credit – A credit of 1% to 10% for the purchase, third party installation, and repair of qualified industrial machinery. Qualified expenditures may include:

- Manufacturing – purchases for machinery; apparatus and equipment with parts; appurtenances and accessories; repair parts and third-party labor.
- Warehousing and Distribution – material handling equipment and racking systems with a minimum \$10M capital investment within 36 months.
- Headquarters and Call Centers – computers; networks; 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. Exemptions may include industrial machinery, repair parts, and industrial supplies used in the manufacturing process. Reductions may include: 0-1.5% tax on water depending on use and 0-1.5% on gas, electricity, and various energy sources, depending on use.
- Warehouse & Distribution – Sales tax exemption for material handling and racking systems purchased for a qualified warehouse or distribution facility. Requires investment of \$10M or more, including the purchase of qualified equipment, made during a 3-year period.
- Headquarters – State sales tax credit for qualified personal property purchased for a qualified headquarters facility. Investment period begins one year prior to construction / expansion and ends one year after construction / expansion has concluded but can be extended to six years with permission from the State. Requires investment of \$10M and 100 net new full-time positions each paying 150% of the State's average occupational wage. Qualifying headquarters receive a non-expiring sales tax credit for 6.5% for qualified personal property directly related to the new full-time job creation.
- Call Centers – Tax exemption on any sales of interstate telecommunication and international telecommunication services sold to a business for use in the operation of one or more qualified call centers. Must have at least 250 positions engaged primarily in call center activities.
- Data Centers – Sales tax exemption for certain hardware and software purchased for a qualified data center. Minimum capital investment of \$100M and 15 net new full-time positions each paying at least 150% of the State's average occupational wage; investment must be made during a three-year period but can be extended to five years for investments under \$1B or seven years for investments exceeding \$1B with the State's permission.

- Research and Development – Sales tax exemption on certain equipment used in research and development. Equipment must be necessary to and used primarily for research and development purposes.

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

State Industrial Access Road Program (SIAP) - Other state assistance can be considered for providing needed transportation improvement for the project. Through the State Industrial Access Road 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.

Utility Incentives - TVA

Investment Credit – the Investment Credit is an economic development incentive jointly offered by TVA and participating local power companies. Investment Credit awards are paid as monthly power bill credits to qualifying companies that make a five-year or ten-year commitment to several economic and power system categories. To receive an Investment Credit award, an eligible company must submit a certified Investment Credit Award Application. Investment Credit awards may be adjusted according to the company's performance.

Customer Characteristics

- Minimum projection of 500-kilowatt peak monthly demand
- Minimum projection of 25 employees or additional 5 million kWh annual usage
- No plans to reduce workforce by 50 percent or more
- Financially viable

Long-term Commitments

For existing companies:

- Five-year option - Investment of the lesser of 35 percent of plant's book value or \$100 million
- Ten-year option - Investment of the lesser of 70 percent of plant's book value or \$200 million

For new companies:

- Five-year option - Investment of at least \$2.5 million
- Ten-year option – Investment of at least \$5 million
- Five-year option requires a standard power contract with a remaining term at least as long as the award period
- Ten-year option requires a non-terminable firm power contract with a remaining term at least as long as the award period

Performance Grant - Through the Performance Grant, TVA makes direct cash investments in major economic development projects in the Tennessee Valley. Funding is paid directly to the company and it may be used in a variety of ways including public or private infrastructure development, the purchase of fixed assets, energy efficiency or other purposes. The program's minimum requirements are listed below:

- Capital Investment: \$2.5 million, or
- Employment: 25 new jobs



TVA Consulting and Technical Services –

- **Engineering and Design Services** - TVA's team of professional engineers and designers can help companies make better decisions, yielding time and money savings, by providing preliminary site evaluations and layouts as well as conceptual building designs and models.
- **Economic Analysis and Market Research** - TVA can provide a wealth of economic, demographic, and industry data, which can include analyses and potential supplier/customer listings, to support your Valley site search.

Loan Fund – The TVA loan program can be used to assist in financing industrial development projects including new industrial plants, existing industry expansions, infrastructure development and service industries. The loans require participation with another lending institution. There is a maximum loan amount of up to \$3 million per project and the low interest loans are repaid over 15-20 years.

For more information on TVA's incentives, please visit <https://www.tvasites.com/advantages/incentives/>.

General Inquiries

Please call the HTL Advantage and let us tell you about how we can assist with your expansion or relocation project.

Web: www.htladvantage.com | email: mark@htladvantage.com
p: 901.313.1072 | mail: 1469 S. Main Street, Covington, TN 38019

