



**MEMPHIS
MOVES**

A Greater Memphis Chamber Initiative

MEMPHISMOVES.COM

OVERVIEW OF POTENTIAL ECONOMIC DEVELOPMENT INCENTIVES

MEMPHIS, TENNESSEE



Taxes and Incentives

Economic Development Growth Engine for Memphis and Shelby County (EDGE)



Payment in Lieu of Taxes (PILOT) Incentive

Projects requiring assistance to locate or grow in the City of Memphis or unincorporated Shelby County may qualify for a property tax abatement. Companies may qualify for up to 15 years of real and personal property tax abatement, which can reduce overall liability by up to 75%, based on factors including the number of jobs, annual average wage, and capital investment. Formal offers for all PILOT applications are determined by the Economic Development Growth Engine of Memphis and Shelby County (EDGE) Board at regularly scheduled meetings.

The staff of the Economic Development Growth Engine for Memphis and Shelby County will assist companies wishing to apply for a PILOT. A Phase I environmental audit is required for real property PILOTs. The closing fee for the PILOT is 5% of the tax savings to the company for the term of the PILOT with a \$1,500 minimum and a maximum of \$300,000 and 5% of City and County Personal property taxes abated with a maximum of \$50,000 each.

Community Reinvestment Credit

EDGE is also authorized to abate taxes on existing structures (known as a "Community Reinvestment Credit" or "CRC"). This equalizes the incentive to reuse existing vacant structures with the incentive to construct a new facility. If a CRC is approved, the total property taxes paid during the PILOT may be lower than those paid before the PILOT, depending on the pre-PILOT assessed value of the structure, the amount of renovation and expenditures for tangible personal property.

Local Business Participation

All applicants must comply with EDGE's "Local Business Participation" (LBP) program, requiring an amount equal to 25% of hard construction/site work plus 15% of PILOT savings, be spent with City/County-certified minority and women business enterprises (MWBE). EDGE staff is available to assist companies identify qualified MWBEs in a variety of industries.

Industrial Revenue Bonds (IRB)

The Economic Development Growth Engine of Memphis and Shelby County (EDGE) is authorized to issue bonds for financing industrial facilities. Tax exempt industrial development bonds are available for manufacturing operations. The financial strength of the company, at the time the bonds are taken to market, will determine the rate of the bonds. There is a \$10 million cap on small issue bonds; however, there are a number of categories of projects or project components that may be exempted from this limitation. Due to federal tax regulations associated with revenue bonds, it is important to obtain the backing of the bonds by a letter of credit from a strong financial institution. EDGE is prepared to act quickly on an application after it is submitted.

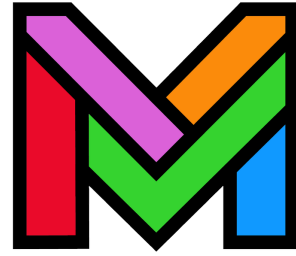
EDGE PILOT Program Comparison

	GENERAL PURPOSE	JOBS	CAPITAL INVESTMENT	WAGES	BENEFITS	LOCAL BUSINESS PARTICIPATION	PILOT TERM	ELIGIBLE PROJECT TYPES	OTHER
COMMUNITY BUILDER	Investment in distressed neighborhoods	n/a	n/a			25% of construction costs and 15% PILOT savings	15 years, 75% tax abatement	Retail, office, industrial, distribution in New Markets Tax Credit Census Tract	Shelby County and City of Memphis mayoral approval
DESTINATION RETAIL	Large scale retail development	≥ 100 net new	≥ \$50,000,000	Minimum \$13/hour	At least 50% employer-sponsored healthcare benefits	25% of construction costs and 15% PILOT savings	15 years (max.), 75% tax abatement	NAICS code 44-45 classified retailers	Only location within a 200 mile radius
EXPANSION	Existing company growth	≥ 100 existing	≥ \$10,000,000	Minimum \$13/hour	At least 50% employer-sponsored healthcare benefits	25% of construction costs and 15% PILOT savings	15 years (max.), 75% tax abatement	Industrial, distribution, office	Employing workers in Shelby County for at least 10 consecutive years
FAST TRACK	New investment in Memphis and Shelby County	≥ 25 net new	≥ \$1,000,000	Minimum \$13/hour	At least 50% employer-sponsored healthcare benefits	25% of construction costs and 15% PILOT savings	10 years (max), 75% tax abatement	Industrial, distribution, office	Fast Track netting provisions will apply.
JOBS	Job creation	≥15 net new	≥ \$1,000,000	Minimum \$13/hour	At least 50% employer-sponsored healthcare benefits	25% of construction costs and 15% PILOT savings	15 years (max.), 75% tax abatement	Industrial, distribution, office	
RESIDENTIAL	Investment in multi-family residential	n/a	n/a			25% of construction and site work plus 25% (by value) of third party contracts	15 years (max.), 75% tax abatement	25 residential, for rent units minimum	Only permitted in certain areas
SEWER CAPACITY MANAGEMENT INCENTIVE	Absorb cost of offline sewer storage and pumping facilities	n/a	n/a	n/a	n/a	City-certified MWBEs > 50% of cost to acquire & install off-line sewer storage/pumping system	15 years (max), 75% City tax abatement <i>(Sufficient to provide savings equal to project budget)</i>	Brownfield, retail, office, industrial, distribution, tourism/hospitality, multi-family residential in City of Memphis	Written recommendation from City of Memphis Dept of Public Works Abatement on real property only

Services and Assistance

Greater Memphis Chamber

The **Greater Memphis Chamber** provides assistance to companies seeking to expand or relocate their business in Memphis/Shelby County. Our professional economic development staff will assist you with every aspect of the site selection process. At the end of this document, you will find a complete list of contacts that are waiting to assist you.



Research Assistance

The Chamber's research team can assist your company with the information you need to conduct an accurate analysis of this and other markets. We help with demographic and statistical information, GIS mapping and a host of other business intelligence services.

One Stop Shop Assistance

The One-Stop-Shop (OSS) program is designed to facilitate and expedite the regulatory/permit process, answer questions on building and fire codes, taxation, utilities, permitting and/or other issues. When the timing is appropriate, we would welcome the opportunity to arrange a confidential One-Stop-Shop session. During this session company representatives are introduced to key resource people in Local and State governments as well as members of our economic development team who can answer questions. These resource people can also initiate any required permits or reviews.

Existing Industry Program

This program is sponsored by the Greater Memphis Chamber; Memphis Light, Gas and Water Division; and local city, county and state governments to focus on the retention, expansion and growth of businesses in Memphis and Shelby County. The program offers assistance with expansion projects or other specific concerns such as utilities, employee job training, franchise job tax credits, Payment-In-Lieu-Of-Tax (PILOT) incentives, One-Stop-Shop meetings, Fast Track Permitting and available real estate.

Shelby County Office of Construction Code Enforcement

Fast Track Permitting

Through the Office of Construction Code Enforcement, the Fast-Track program can cut red tape or delays which are occasionally associated with construction permitting. Through this program, review of plans is expedited, and we work with design and construction personnel to ensure an efficient construction approval process.

For projects located within the City of Memphis, the Mayor of Memphis has designated a Deputy Chief Operating Officer to serve as the "conciierge" for all required permitting and approval processes. For fast-track approval, the City will call a meeting with the directors of permitting offices -- such as Construction Code Enforcement, Land Development, and the Fire Marshal -- and the prospective company to learn of all unique needs and answer technical questions on the spot. Permitting offices will then expedite the review of plans to meet the timeline needs of the prospective company. Through the Deputy COO and a point person in the Division of Planning & Development, the prospect will be kept apprised of the process and immediately address any complex issues that may arise.

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Taxes and Incentives

State of Tennessee

6.50%

Corporate
Income Tax

**7.00% State
2.75% Local**

Sales Tax
Rate

0.0%

Personal income tax
on wages and salaries

Job Tax Credit: 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, receive a credit of \$4,500 per job to offset up to 50% of franchise and excise (F&E) taxes in any given year with a carry forward for up to 15 years.



Tennessee Jobs Tax Credit Enhancement Counties ■ Tier 1 ■ Tier 2 ■ Tier 3 ■ Tier 4
| **Southwest Tennessee**

The enhanced jobs tax credit allows an additional annual credit for locations/expansions in designated Tier 2, Tier 3, and Tier 4 Enhancement Counties. Enhanced Job Tax Credits can offset up to 100% of franchise and Excise liability. Qualified business enterprises must make the required capital investment of at least \$500,000 within three years (five years in a tier 3 or 4 enhancement county) and create a minimum number of qualified jobs from the investment may receive a job tax credit equal to \$4,500 for each qualified job. The minimum number of qualified jobs that must be created from the investment are: 25 jobs in a tier 1 or 2 enhancement county, 20 jobs in a tier 3 enhancement county, or 10 jobs in a tier 4 enhancement county.

Industrial Machinery Tax Credit: Credit of 1% to 10% for the purchase, third party installation and repair of qualified industrial machinery

- **Manufacturing:** includes purchases for machinery; apparatus and equipment with parts; repair parts and labor.
- **Warehousing and Distribution:** includes material handling equipment and racking systems with a minimum \$10M capital investment within 36 months.
- **Headquarters:** includes computer; network; 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.
- **Warehouse and Distribution:** Sales tax exemption for material handling and racking systems purchased for a qualified warehouse or distribution center.
- **Research and Development:** Sales tax exemption on certain equipment used in research and development.



Workforce Incentives

State of Tennessee and Workforce Mid-South

FastTrack Job Training Assistance Program

This discretionary grant from Tennessee Economic and Community Development 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.

Training Grants

On-the-Job Training

When an employer identifies the need to fill a vacant position, they often have a choice of hiring a skilled worker or a worker who needs to have additional training. If the employer is willing to hire an individual who has no prior experience in the vacant position, an On-the-Job Training contract may be developed with the Local Workforce Investment Area (LWIA). Under this agreement, the local program can pay up to fifty percent (50%) of the trainee's wages during the specified training period. The employer must agree to hire the trainee, if he/she successfully completes the training.

Apprenticeships Grants

An Apprenticeship is a proven training program that is used as a talent development strategy for recruiting, training and retaining World-Class talent and has been used in industry for decades. Apprenticeships are a work-based learning model where apprentices have supervised on-the-job training, along with job-related education, all while working full-time and earning a wage that increases during the progression of the program. Apprenticeships are registered and validated by the U.S. Department of Labor.

Incumbent Worker Training

The Incumbent Worker Training Program provides grant funding of up to \$50,000 for customized training for existing for-profit and healthcare related not-for-profit businesses that results in layoff aversion. Through this customer-driven program, Tennessee can effectively retain and keep businesses competitive through skills upgrades and process improvement training for existing full-time employees.

Additional Services



Customized Recruitment

Applicant Screening
Candidate referrals
Pre-employment assessments

Job Readiness/Job Placement Assistance

Job Referrals
Occupational Skills Training
Career & Educational Assessments

Workforce Incentives

Localized Customized Training and Support

Specialized Training for Business and Industry

The State of Tennessee provides a special benefit to the business and industrial communities in the state by offering custom employee trainings through the Tennessee Colleges of Applied Technology (TCATs).

Machine Tool Technology A course preparing students for employment in the machining industry. Instruction includes blueprint reading, using precision measuring instruments, and setting up and operating such machines as lathes, milling machines, drill presses, power saws, surface grinders, and computer-controlled equipment.

Welding Technology This 12-month course prepares individuals to perform various duties in construction, production line assembly, and repair and maintenance. Instruction includes techniques of welding, blueprint reading, and cutting and fabricating of various metals.



“With TCAT Memphis, you’ve got the **perfect alignment**; education, industry, and economic development.”

Michael Garner
Phillips Corporation

University of Memphis (UofM) Customized Training Program

In partnership with business and industry, University faculty develops training courses unique to the organization's specific needs, teaching practical "how-to" leadership and management skills to increase performance, motivation, and overall effectiveness.

Advanced Automation & Robotics Center The Herff College of Engineering at the University of Memphis was awarded a \$1 million grant from the U.S. Department of Labor to establish the Mid-South Advanced Automation and Robotics Center (AARC), an automation and robotics training center of excellence.

University of Tennessee Center for Industrial Services (UTCIS)

UTCIS is the representative for the NIST Hollings National Manufacturing Extension Partnership for the State of TN. They service existing industries to help improve technical, capacity, efficiency, quality, and managerial capability. Key services for industry include:

- Industrial engineering and plant layout
- Lean and six sigma process improvement
- Quality systems
- Supply chain management
- Safety and Environmental
- Ergonomics assessments and training.

Taxes and Incentives

Memphis and Shelby County



Memphis Light, Gas and Water

The utility will participate in the costs to provide electrical service to general power or industrial customers. Additionally, the utility will participate in gas costs associated with main extensions, additions or improvements. The utility's investment is based on facility load and gross marginal revenue.

Economic Development Core City Incentive

To promote economic development and re-use of MLGW's existing infrastructure, an additional 50% investment allowance is offered to customers locating in the downtown area and other areas of focus designated by the City of Memphis.

Eligibility Requirements

The revenue extension must be to a location within the downtown area bounded by Chelsea Ave, Danny Thomas Blvd, Crump Blvd and the Mississippi River or the location must be within the designated boundaries of the areas of focus by the City of Memphis.



Tennessee Valley Authority



Discover TVA Incentives

Investment Credit

The Investment Credit is an economic development incentive program jointly offered by TVA and participating local power companies. This performance-based program rewards companies for five or 10-year economic and energy benefits associated with their new/expanded operations. Awards are applied as a credit to monthly power bills. Most companies can expect a 10–20 percent savings annually over a five or 10-year period.

Workforce +

Workforce + provides additional incentive to new or expanding companies with a significant focus on providing resources to an eligible talent pipeline development program.

Performance Grant

Through the Performance Grant program, TVA makes an investment in competitive economic development projects for new and expanding companies in the TVA region. Award amounts are paid directly to the company and are flexible for approved purposes. Funding amounts are based upon the five-year economic impact of the project and made at the discretion of TVA Economic Development.

Loan Funds

Financing is available for companies from TVA Loan Funds to stimulate job growth and leverage capital investment. TVA seeks to fill a funding gap or lower interest costs of project funding, thereby enhancing the opportunity for success. The maximum loan amount is \$3 million and is determined primarily by jobs and capital investment. Loan terms may be from five to 20 years based on collateral.

Security Deposit Coverage

The Security Deposit Coverage program gives qualifying businesses an alternative to tying up valuable capital as they locate or expand in the TVA region. It is available to new or expanding commercial and industrial electric customers through a partnership between TVA and participating local power companies. The program allows the waiver of electric utility deposits to qualifying customers for up to five years, and the application process is simple and quick.

Green Energy Programs



TVA RENEWABLE SOLUTIONS

		ONSITE SOLUTIONS			OFFSITE SOLUTIONS	
		GREEN CONNECT	DISPERSED POWER PRODUCTION	GREEN INVEST	GREEN SWITCH	GREEN FLEX
	LOCATION	On-site	On-site	In the Valley	In the Valley [†]	Delivered to the Valley ^{††}
	COMMITMENT	NA	5 Years	Up to 20 Years	Short term	1 Year
	PRICE/CREDIT	No generation credit, no purchased power	TVA's monthly avoided cost (-\$0.025/kWh credit)	Market-based	\$2/200 kWh	\$1.50/REC
	SIZE	Private-scale	≤ 80 MW	≥ 10 MW	≥ 200 kWh	≥ 2,000 MWh
	CERTIFICATION	NA*	NA	NA	Green-e® Energy	Green-e® Energy
ALSO AVAILABLE TO RESIDENTIAL CUSTOMERS		✓*	✓		✓	
	WIND		✓	TVA procures renewables to meet up to 100% of customer's load	✓	✓
	SOLAR	✓	✓		✓	
	BIOMASS		✓		✓	
	OTHER	Solar + Storage	Co-generation**		✓	

*Available to Residential Rate Customers only. Installation verification performed by program staff.

**Must obtain Qualifying Facility status if generation facility has maximum net power production capacity over 1 MW, per Federal Energy Regulatory Commission requirements.

[†]In 2020, Green Switch will be made up of 70% solar, 20% wind, and 10% biomass sourced from AL, GA, KY, MS, NC, TN, or VA.

^{††}In 2020, Green Flex will be made up of 100% wind sourced from Iowa, Illinois, or Kansas.

WHAT IS A REC?

A renewable energy certificate (REC) is a tradeable, non-tangible commodity that represents the property rights to the environmental, social and other non-power attributes associated with 1 MWh of electricity that was generated and delivered to the electricity grid from a renewable energy source.



READY TO LEARN MORE? GET IN TOUCH

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