

SENATE BILL 355

By Hensley

AN ACT to amend Tennessee Code Annotated, Title 67,  
Chapter 4, relative to job tax credits.

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

SECTION 1. Tennessee Code Annotated, Section 67-4-2109, is amended by adding the following as a new subsection (r) and redesignating the existing subsection (r) and any subsequent subsections accordingly:

(1) In addition to the job tax credit provided in subsection (b) and notwithstanding subsection (g), there is allowed, for any qualified business, a rural relocation tax credit against the qualified business's franchise and excise tax liability equal to any relocation expenses incurred by the qualified business.

(2) As used in this subsection (r):

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

(B) "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;

(C) "Qualified business" means a business that:

(i) Is located outside this state;

(ii) Has been in operation for a minimum of three (3) years prior to the filing of a business relocation plan; and

(iii) Files a business relocation plan with the commissioner to relocate a portion or the entirety of its business operations and a minimum of fifty (50) qualifying jobs to this state;

(D) "Qualifying job" means:

(i) A full-time job that is newly created in this state, including existing jobs that are relocated to this state, and, for at least ninety (90) days prior to being filled by the qualified business, did not exist in this state as a job of the qualified business or of another business entity; and

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

(E) "Rural economic development area" means a tier 3 or tier 4 enhancement county, as determined by the department of economic and community development for the most recent fiscal year, with a population less than fifty thousand (50,000), according to the 2010 federal census or any subsequent federal census; and

(F) "Rural relocation tax credit" means the credit provided to a qualified business that relocates to a rural economic development area as provided in this subsection (r).

(3) Notwithstanding any law to the contrary, the total rural relocation tax credit allowed to a qualified business under this subsection (r) shall not exceed:

(A) Two million dollars (\$2,000,000) if the number of qualifying jobs created is at least fifty (50) but less than one hundred (100); or

(B) Five million dollars (\$5,000,000) if the number of qualifying jobs created is one hundred (100) or more.

(4) If the qualified business does not fill and maintain the required number of qualified jobs necessary to receive the rural relocation tax credit for a period of at least five (5) years from the end of the three-year period described in subdivision (r)(2)(D)(ii), then the qualified business is subject to an assessment of tax calculated in accordance with this subdivision (r)(4), plus applicable interest. The amount of tax assessed under this subdivision (r)(4) equals the total rural relocation tax credit taken pursuant to this subsection (r) multiplied by a fraction, the numerator of which is the number of years the qualified business did not maintain the required number of qualified jobs and the denominator of which is five (5).

(5) Any unused rural relocation tax credit allowed under this subsection (r) may be carried forward for ten (10) years after the tax year in which the credit originated.

(6) The commissioner has the authority to conduct audits or require the filing of additional information necessary to substantiate the amount of credit allowed by this subsection (r), and to determine that the taxpayer has complied with all statutory requirements so as to be entitled to the rural relocation tax credit.

SECTION 2. This act takes effect July 1, 2021, the public welfare requiring it.