

HOUSE BILL 291

By McCormick

AN ACT to amend Tennessee Code Annotated, Title 67,  
Chapter 1; Title 67, Chapter 4 and Title 67,  
Chapter 6, relative to tax credits.

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

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 1, Part 1, is amended by adding the following as a new section:

The commissioner of economic and community development, in consultation with the commissioner of revenue, shall conduct a review of the credits found in §§ 67-4-2009, 67-4-2109, and 67-6-224. The review shall evaluate the previous four (4) fiscal years and may include an evaluation of the purpose of the credit, foregone revenue to the state as a result of the credit, any benefits provided to the state as a result of the credit, and the estimated indirect economic impact of the tax credit, where applicable. The report shall include a recommendation to modify, discontinue, or take no action with respect to each credit. The departments shall prepare a report of their findings and recommendations and shall deliver such report to the governor, the speakers of both houses, and the finance, ways and means committees of both houses no later than January 15, 2017. The review required by this section shall be conducted by the departments, and the report delivered to the governor, the speakers of both houses, and the finance, ways and means committees of both houses, each four (4) years thereafter.

SECTION 2. Tennessee Code Annotated, Section 67-4-2004(27), is amended by deleting the subdivision in its entirety.

SECTION 3. Tennessee Code Annotated, Section 67-4-2004(28), is amended by deleting the subdivision in its entirety.

SECTION 4. Tennessee Code Annotated, Section 67-4-2009(3)(G), is amended by designating the existing language as subdivision (i) and adding the following as a new subdivision:

(ii) This subdivision (3)(G) shall expire on July 1, 2015; provided, that any taxpayer that has filed a business plan with the department prior to July 1, 2015, shall continue to be eligible for the credit;

SECTION 5. Tennessee Code Annotated, Section 67-4-2009(3)(J), is amended by adding the following as a new subdivision:

(vi) This subdivision (3)(J) shall expire on July 1, 2015; provided, that any taxpayer that has filed a business plan with the department prior to July 1, 2015, shall continue to be eligible for the credit;

SECTION 6. Tennessee Code Annotated, Section 67-4-2009(8), is amended by adding the following as a new subdivision:

(l) This subdivision (8) shall expire on July 1, 2015; provided, that any taxpayer that has filed a business plan with the department prior to July 1, 2015, shall continue to be eligible for the credit.

SECTION 7. Tennessee Code Annotated, Section 67-4-2109(a)(5)(A), is amended by deleting the subdivision in its entirety and substituting instead the following:

(A) In which the business has made the required capital investment necessary to permit the creation or expansion of manufacturing, warehousing and distribution, processing tangible personal property, research and development, computer services, call centers, headquarters facilities, as defined in § 67-6-224(b), back office operations, convention or trade show facilities, or tourism-related businesses, including, but not limited to, restaurants, lodging establishments, or other tourism-related attractions;

SECTION 8. Tennessee Code Annotated, Section 67-4-2109(a)(6)(D), is amended by deleting the subdivision in its entirety and substituting instead the following:

(D) In the case of back office operations job positions under subdivision (a)(5)(A), the job position must meet the definition of industrial wage job under subdivision (a)(3); and

SECTION 9. Tennessee Code Annotated, Section 67-4-2109(b)(2)(B)(iii), is amended by deleting the subdivision in its entirety and substituting instead the following:

(iii) If the investment exceeds two hundred fifty million dollars (\$250,000,000) and at least two hundred fifty (250) industrial wage jobs are created, the additional annual credit shall be allowed for a period of six (6) years beginning with the first tax year in which the qualified business enterprise applies the credit in accordance with subdivision (b)(2)(D);

SECTION 10. Tennessee Code Annotated, Section 67-4-2109(b)(3)(H), is amended by designating the existing language as subdivision (i) and adding the following as a new subdivision:

(ii) This subdivision (b)(3)(H) shall expire on July 1, 2015; provided, that any taxpayer that has filed a business plan with the department prior to July 1, 2015, shall continue to be eligible for the credit;

SECTION 11. Tennessee Code Annotated, Section 67-4-2109(b)(3)(J), is amended by designating the existing language as subdivision (i) and adding the following as a new subdivision:

(ii) This subdivision (b)(3)(J) shall expire on July 1, 2015; provided, that any taxpayer that has filed a business plan with the department prior to July 1, 2015, shall continue to be eligible for the credit.

SECTION 12. Tennessee Code Annotated, Section 67-4-2109(g), is amended by adding the following as a new subdivision:

(11) This subsection (g) shall expire on July 1, 2015; provided, that any taxpayer that has filed a business plan with the department prior to July 1, 2015, shall continue to be eligible for the credit.

SECTION 13. Tennessee Code Annotated, Section 67-4-2109(i), is amended by designating the existing language as subdivision (1) and adding the following as a new subdivision:

(2) This subsection (i) shall expire on July 1, 2015; provided, that any taxpayer that has filed a business plan with the department prior to July 1, 2015, shall continue to be eligible for the credit.

SECTION 14. Tennessee Code Annotated, Section 67-4-2109(m), is amended by adding the following as a new subdivision:

(6) This subsection (m) shall expire on July 1, 2015; provided, that any taxpayer that has filed a business plan with the department prior to July 1, 2015, shall continue to be eligible for the credit.

SECTION 15. Tennessee Code Annotated, Section 67-4-2109(n), is amended by designating the existing language as subdivision (1) and adding the following as a new subdivision:

(2) This subsection (n) shall expire on July 1, 2015; provided, that any taxpayer that has filed a business plan with the department prior to July 1, 2015, shall continue to be eligible for the credit.

SECTION 16. Tennessee Code Annotated, Section 67-4-2109(o), is amended by adding the following as a new subdivision:

(6) This subsection (o) shall expire on July 1, 2015; provided, that any taxpayer that has filed a business plan with the department prior to July 1, 2015, shall continue to be eligible for the credit.

SECTION 17. Tennessee Code Annotated, Section 67-4-2109(p), is amended by designating the existing language as subdivision (1) and adding the following as a new subdivision:

(2) This subsection (p) shall expire on July 1, 2015; provided, that any taxpayer that has filed a business plan with the department prior to July 1, 2015, shall continue to be eligible for the credit.

SECTION 18. Tennessee Code Annotated, Section 67-6-102(44), is amended by adding the following as a new subdivision:

(N) "Industrial machinery" also includes machinery, apparatus, and equipment with all associated parts, appurtenances, and accessories, including hydraulic fluids, lubricating oils, and greases necessary for operation and maintenance, repair parts, and any necessary repair or taxable installation labor therefor, that is necessary to, and primarily for, the purpose of research and development;

SECTION 19. Tennessee Code Annotated, Section 67-6-224(b)(3), is amended by deleting the subdivision in its entirety and substituting instead the following:

(3) "Headquarters facility" means a facility in this state that houses the sole international or sole national headquarters of a taxpayer, where headquarters staff employees are located and employed, and where the primary headquarters-related functions and services are performed;

SECTION 20. Tennessee Code Annotated, Section 67-6-224(b)(4), is amended by deleting the subdivision in its entirety and substituting instead the following:

(4) "Headquarters-related functions and services" means those functions involving administrative, planning, research and development, marketing, personnel, legal, computer, or telecommunications services performed by headquarters staff employees on an international or national basis. "Headquarters-related functions and

services” does not include functions involving manufacturing, processing, warehousing, distribution, wholesaling, or operating a call center;

SECTION 21. Tennessee Code Annotated, Section 67-6-224(b)(10), is amended by deleting the subdivision in its entirety.

SECTION 22. Tennessee Code Annotated, Section 67-6-232, is amended by adding the following as a new subsection:

(i) This section shall expire on July 1, 2015; provided, that any taxpayer that has filed a business plan with the department prior to July 1, 2015, shall continue to be eligible for the credit.

SECTION 23. This act shall take effect July 1, 2015, the public welfare requiring it, and shall apply to tax years ending on or after July 1, 2015.