BILL LEE
Governor

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

DAVID GERREGANO
Commissioner

December 18, 2023

Senator Bo Watson, Chair
Senate Finance, Ways, and Means Committee
425 Rep. John Lewis Way N
Suite 706, Cordell Hull Building
Nashville, TN 37243

Representative Patsy Hazlewood, Chair
House Finance, Ways, and Means Committee
425 Rep. John Lewis Way N
Suite 606, Cordell Hull Building
Nashville, TN 37243

Dear Committee Chairs:

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, 2022 and ending June 30, 2023.

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 December 5, 2022. The updated FY22 report accounts for returns submitted after that date. Likewise, the Department will update the FY23 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

Attachments

Fiscal Year 2023 Tennessee Tax Credit Report

Credits Claimed for Tax Periods Ending from July 1, 2022 to June 30, 2023

Credit Name	Description	Number of New Jobs	Number of Taxpayers	Credits Claimed for FY 2023
Gross Premiums Tax Credit	Gross premiums tax paid - 67-4-2009(1), 67-4-2109(c)	N/A	98	$38,584,957
TN Income Tax Credit	TN Hall Income Tax Paid - 67-4-2009(7)	N/A	0	$0
Broadband Credit	Percentage of purchase price of brownfield property, remediation costs, capital investment required - 67-4-2009(8-10)	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	0	$0
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)	0	0	$0
Community Investment Credit	Financial institutions investing in housing loans, grants in community - 67-4-2109(h)	N/A	71	$86,522,813
Rural and Small Business Opportunity Fund Credits	Financial institutions contributing to rural opportunity or small business funds - 67-4-2109(l)	N/A	20	$3,298,360
Industrial Machinery Credit	Purchase price of industrial machinery, required capital investment for enhanced credit - 67-4-2009(3)	N/A	1,374	$79,807,257
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)	5,206	264	$33,270,022
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	43	$27,689,252
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	12	$18,507,716
TV and Film Production Tax Credit	Qualified production payroll expenses for a film, pilot episode, series, esports event, or other episodic content in this state - 67-4-2109(i)	N/A	0	$0
Total Credits Claimed				**$288,046,202**

Source: Tennessee Department of Revenue - Tax Return Information as of 12/05/2023

Appendix A: Job Tax Credits by Nature of Business

Credits Claimed for Tax Periods Ending from July 1, 2022 to June 30, 2023

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 2023
Call Centers	466	15	$1,494,462
Computer Services	-	-	-
Convention and Trade Show Facilities	-	-	-
Headquarters Facilities	581	37	$5,486,024
High-Skill High-Wage Jobs in High-Technology, Emerging Occupations and Skilled Manufacturing Jobs	0	0	$0
Manufacturing	2,593	171	$18,152,378
Research and Development	0	0	$0
Tourism Related Industries	-	-	-
Warehousing and Distribution	1,414	28	$6,700,734

Source: Tennessee Department of Revenue - Tax Return Information as of 12/05/2023

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, 2022 and ending June 30, 2023.

The total number of instances in which credits were claimed on returns filed during these tax periods was 1,892. However, some taxpayers may be eligible to claim more than one credit on their tax return. The total number of distinct taxpayers who claimed credits was 1,695.

The total potentially available tax credits carried over into this fiscal year by taxpayers claiming credit is $1,093,513,287. The amount of this carryover that is industrial machinery credit is $830,203,437. The amount of this carryover that is job tax credit is $251,733,804. 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 5, 2023.

Updated Fiscal Year 2022 Tennessee Tax Credit Report

Credits Claimed for Tax Periods Ending from July 1, 2021 to June 30, 2022

Credit Name	Description	Number of New Jobs	Number of Taxpayers	Credits Claimed for FY 2022
Gross Premiums Tax Credit	Gross premiums tax paid - 67-4-2009(1), 67-4-2109(c)	N/A	107	$31,235,077
TN Income Tax Credit	TN Hall Income Tax Paid - 67-4-2009(7)	N/A	-	-
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	0	$0
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)	N/A	-	-
Community Investment Credit	Financial institutions investing in housing loans, grants in community - 67-4-2109(h)	N/A	68	$71,950,728
Rural and Small Business Opportunity Fund Credits	Financial institutions contributing to rural opportunity or small business funds - 67-4-2109(l)	N/A	21	$2,377,785
Industrial Machinery Credit	Purchase price of industrial machinery, required capital investment for enhanced credit - 67-4-2009(3)	N/A	1,557	$93,519,018
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)	10,764	307	$33,797,822
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	75	$25,834,680
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	16	$33,868,964
Total Credits Claimed				**$299,795,484**

Source: Tennessee Department of Revenue - Tax Return Information as of 12/05/2023

Appendix A: Job Tax Credits by Nature of Business

Credits Claimed for Tax Periods Ending from July 1, 2021 to June 30, 2022

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 2022
Call Centers	80	14	$1,683,670
Computer Services	-	-	-
Convention and Trade Show Facilities	-	-	-
Headquarters Facilities	1,279	46	$6,751,383
High-Skill High-Wage Jobs in High-Technology, Emerging Occupations and Skilled Manufacturing Jobs	0	0	$0
Manufacturing	3,941	203	$16,096,405
Research and Development	0	0	$0
Tourism Related Industries	-	-	-
Warehousing and Distribution	5,243	32	$7,653,571

Source: Tennessee Department of Revenue - Tax Return Information as of 12/05/2023

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, 2021 and ending June 30, 2022.

The total number of instances in which credits were claimed on returns filed during these tax periods was 2,170. However, some taxpayers may be eligible to claim more than one credit on their tax return. The total number of distinct taxpayers who claimed credits was 1,921.

The total potentially available tax credits carried over into this fiscal year by taxpayers claiming credit is $1,443,652,094. The amount of this carryover that is industrial machinery credit is $1,196,859,557. The amount of this carryover that is job tax credit is $234,755,914. 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 5, 2023.