

Economic Development Incentives Memphis, Tennessee

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.

Greater Memphis Alliance for a Competitive Workforce (GMACW) – Established in late 2014 as the priority initiative of the Memphis and Shelby County Regional Economic Development Plan to support the vision that “employers have the talent they need to compete and people have the skills they need to get good jobs”. The mission of GMACW is to close the skills gap by 1) Driving better alignment of training and educational programs with employers’ skill requirements and, 2) Delivering innovative new strategies and tools to help Memphis citizens successfully navigate career pathways.

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 offer assistance with demographic and statistical information, GIS mapping and a host of other business intelligence services.

Building and Land Database - The Chamber has access to information on most of the available building and land sites in the Memphis area. The database includes commercial and industrial zoned land with specific infrastructure information such as transportation access, utilities and acreage. The building database includes office, distribution and manufacturing facilities that can be retrieved from over 60 fields. These fields include information such as square footage, ceiling height, and rail and lease rates. The database is continuously updated to ensure the most current information. Custom maps can be produced based on the results of each search.

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.

Local Level Incentives

Economic Development Growth Engine for Memphis & Shelby County

Payment in Lieu of Tax (PILOT) Program**- Projects involving large capital investment and high levels of job creation may qualify for a property tax abatement. Companies can qualify for up to 15 years of real and personal property tax reduction.

Formal approval for all PILOT applications are determined by the Economic Development Growth Engine of Memphis and Shelby County (EDGE) board at regularly scheduled meetings. Approval is based on a number of performance standards, including the number and type of jobs created, annual base wage, capital investment in real and personal property, and the location of the project.

The staff of the Economic Development Growth Engine for Memphis and Shelby County will assist companies wishing to apply to the Memphis and Shelby County Industrial Development Board for formal approval. A Phase I environmental audit is required for real property PILOTs. The closing fee for the PILOT is calculated on a sliding scale from 1% to 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. EDGE is currently authorized to grant PILOT incentives for up to fifteen years. Twenty-five percent (75%) of the County taxes, and twenty percent (75%) of the City taxes may be abated.

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 vacant structures with the incentive to construct a new facility, encouraging redevelopment of older, inner city areas. 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.

Diversity Plan: All applicants must complete a “Diversity Plan” that commits them to a best-faith effort to hire City-certified minority/women business enterprises (MWBE) and County-certified locally owned small businesses (LOSBS). Applicants target 25 percent of their discretionary local spending for construction, professional and non-professional services, and goods to MWBEs/LOSBSs. In addition, applicants commit to fill at least 15 percent of their new jobs using the local Workforce Investment Board or other identified local entities

***** All PILOT benefits must be approved by the board before any property for the project is leased or purchased in the county.***

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.

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. There are currently three General Purpose Foreign Trade Zone sites and multiple Foreign Trade Sub zones in the Memphis area. The Economic Development Growth Engine of Memphis and Shelby County administers the FTZ grant and assists with the formal application process

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.

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 in the county.

Workforce Investment Network (WIN) in partnership with 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 \$25,000 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 employed.

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. 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
- Customized Recruiting
 - 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

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.

[Memphis Light, Gas and Water](#) in partnership with the [Tennessee Valley Authority](#)

Sales Tax Reduction on Utilities - Electricity and natural gas are normally taxed at the rate of 7.0%; water is taxed at the combined rate of 9.25%. However, manufacturers may be granted a reduced rate of 1.5% for industrial machinery or a full exemption if the energy fuel or water comes in contact with the product.

General Manufacturing Credit – The General Manufacturing Credit offers power cost savings to qualifying manufacturers to help retain manufacturing load in the Tennessee Valley. The credits are applied to the electric portion of the utility bill.

Eligibility Requirements:

- Demand greater than 1,000 kW
- Classified with SIC codes 20 through 39, or 2002 NAICS code 5181, or 2007 NAICS codes 5182, 522320 and 541214

For each month in which an eligible customer has a metered demand that exceeds 1,000 kW, the General Manufacturing Credit is calculated as:

- \$1.38 per kW for the first 1,000 kW of metered demand
- \$1.63 per kW of any metered demand amount in excess of 1,000 kW and
- \$0.01076 per kWh of firm energy

Investment Credit– the Investment Credit is an economic development incentive jointly offered by TVA and participating distributors of TVA power. 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
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 visit: www.tvaed.com/pdf/edlf06.pdf.

Federal Incentives

Renewable Energy Incentives – These incentives include tax credits for production and facilities using wind, refined coal, geothermal, biomass, solar, and combined heat and power systems. In addition, \$800 million of Clean Renewable Energy Bonds (CREBs) are authorized to finance renewable facilities. For more detailed information visit the Department of Energy's website at <http://www.energy.gov/additionaltaxbreaks.htm>.

Energy Conservation and Efficiency – These incentives provide financing and incentives for state and local governments to reduce greenhouse emissions, for builders and developers to build efficient buildings or to improve existing buildings, and for manufacturers to produce efficient appliances. In addition, these incentives allow for swifter recovery of the cost of smart electric meters and grid equipment. For more detailed information visit the Department of Energy's website at <http://www.energy.gov/additionaltaxbreaks.htm>.

Transportation & Domestic Fuel Security – These incentives provide tax credits for alternative fueling stations, cellulosic biofuel facilities, and for alternative fuel production, including biofuels, biomass gas versions of liquefied petroleum gas, liquefied or compressed natural gas, and aviation fuels. Idle reduction units and advanced insulation for heavy vehicles are also provided a tax exemption.

Memphis Export Assistance Center – Memphis, Tennessee is one of 100 cities in America that has a local representative from the U.S. Department of Commerce to provide services to the business community. This office offers extensive International Business Services ranging from assistance with international market strategy to investigating the credibility of a foreign firm and assistance searching for joint venture or licensing partners.

Other Incentives

Memphis Area Rideshare - Memphis and Shelby County provide free transportation management services to area employers through the Memphis Area Rideshare Program. Memphis Area Rideshare staff works with employers to establish personalized rideshare programs. Free ride matching for carpools and vanpools and information on available transit services are the transportation services provided to employees.

Also, available at no cost to the employer is a full service vanpool program that includes the provision of passenger vans, maintenance and insurance. Benefits of an active rideshare program include reduced traffic congestion at the work site, reduced parking demand, decreased employee absenteeism and tardiness, improved employee retention, an expanded geographic labor market and an enhanced company image in the community.

Mid-South Quality Productivity Center - The Mid-South Quality Productivity Center (MSQPC) is a partnership of the Greater Memphis Chamber and Southwest Tennessee Community College. The center provides training and consulting services that include ISO 9000 training, consulting and workshops; Malcolm Baldrige National Quality Award Assessments and Self-Assessment training; and cycle-time reduction training through the Center's Process Activated Training System (PATS). <http://www.msqpc.com/>

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. Services provided include industrial engineering, plant layout, lean and six sigma based process improvement, quality systems, supply chain management, safety, environmental, and ergonomics assessments and training. UTCIS also provides training for Economic Development professionals, an export acceleration program, and assistance in selling to Governments. UTCIS utilizes staff professionals, regional expert resources, faculty and students from The University of Tennessee, Knoxville and Martin; Tennessee Tech; The University of Memphis; and Christian Brothers University. Current incentives include EDGE grants for small, rural, or emerging businesses, DRIVE! small business vouchers for automotive, Institute for Advanced Composites grants for manufacturing innovation through ORNL, energy assessment grants through TN Tech, and no charge competitive assessments. <http://www.cis.tennessee.edu/>

University of Memphis (UofM) Customized Training Program - Utilizing the depth and breadth of a comprehensive university, the UofM Center for Innovation Teaching and Learning offers affordable, customizable, and effective leadership and professional development training. In partnership with business and industry leaders, U of M faculty and staff develop training courses unique to the organization's specific needs, teaching practical "how-to" leadership and management skills to increase performance, motivation, and overall effectiveness. Highly sought-after workforce improvement programs include leadership essentials, project management, goal setting techniques, understanding generational differences, stepping up to supervisor, conflict resolution, the power of communication, and more. Additional training and workshop opportunities in a diverse range of technology and emerging technology areas are available through the FedEx Institute of Technology. <http://www.memphis.edu/umce/training> and <http://www.memphis.edu/fedex>.

Memphis Economic Development Contacts

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Memphis Light Gas and Water

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Memphis/Shelby County Economic Development Growth Engine (EDGE)

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State of Tennessee Economic Development

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Workforce Investment Network

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Tennessee Valley Authority Economic Development Department

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General Inquiries

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

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