



**BILL LEE**  
**GOVERNOR**

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

**DAVID GERREGANO**  
**COMMISSIONER**

December 20, 2022

Senator Bo Watson, Chair  
Senate Finance, Ways, and Means Committee  
425 5<sup>th</sup> Avenue North  
Suite 706, Cordell Hull Building  
Nashville, TN 37243

Representative Patsy Hazlewood, Chair  
House Finance, Ways, and Means Committee  
425 5<sup>th</sup> Avenue North  
Suite 622, 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, 2021 and ending June 30, 2022.

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 2, 2021. The updated FY21 report accounts for returns submitted after that date. Likewise, the Department will update the FY22 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](mailto:David.Gerregano@tn.gov).

Sincerely,

A handwritten signature in cursive script that reads "David Gerregano".

David Gerregano

Attachments

# Updated Fiscal Year 2021 Tennessee Tax Credit Report

Credits Claimed for Tax Periods Ending from July 1, 2020 to June 30, 2021

Credit Name	Description	Number of New Jobs	Number of Taxpayers	Credits Claimed for FY 2021
Gross Premiums Tax Credit	Gross premiums tax paid - 67-4-2009(1), 67-4-2109(c)	N/A	114	\$48,382,405
TN Income Tax Credit	TN Hall Income Tax Paid - 67-4-2009(7)	N/A	569	\$599,885
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)	0	0	\$0
Community Investment Credit	Financial institutions investing in housing loans, grants in community - 67-4-2109(h)	N/A	59	\$57,818,192
Rural and Small Business Opportunity Fund Credits	Financial institutions contributing to rural opportunity or small business funds - 67-4-2109(l)	N/A	22	\$1,965,919
Industrial Machinery Credit	Purchase price of industrial machinery, required capital investment for enhanced credit - 67-4-2009(3)	N/A	1,551	\$69,025,340
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)	8,303	330	\$30,233,894
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	85	\$21,062,102
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	14	\$32,045,266
<b>Total Credits Claimed</b>				<b>\$264,618,878</b>

Source: Tennessee Department of Revenue - Tax Return Information as of 12/05/2022

## Appendix A: Job Tax Credits by Nature of Business

### Credits Claimed for Tax Periods Ending from July 1, 2020 to June 30, 2021

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 2021
Call Centers	99	15	\$1,866,649
Computer Services	-	-	-
Convention and Trade Show Facilities	-	-	-
Headquarters Facilities	592	55	\$7,933,659
High-Skill High-Wage Jobs in High-Technology, Emerging Occupations and Skilled Manufacturing Jobs	0	0	\$0
Manufacturing	3,701	208	\$13,047,078
Research and Development	0	0	\$0
Tourism Related Industries	-	-	-
Warehousing and Distribution	3,778	40	\$6,653,234

Source: Tennessee Department of Revenue - Tax Return Information as of 12/05/2022

## 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, 2020 and ending June 30, 2021.

The total number of instances in which credits were claimed on returns filed during these tax periods was 2,759. 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 2,488.

The total potentially available tax credits carried over into this fiscal year by taxpayers claiming credit is \$1,430,956,566. The amount of this carryover that is industrial machinery credit is \$1,204,375,334. The amount of this carryover that is job tax credit is \$215,589,335. 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, 2022.

# 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	93	\$30,496,795
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)	0	0	\$0
Community Investment Credit	Financial institutions investing in housing loans, grants in community - 67-4-2109(h)	N/A	67	\$71,636,496
Rural and Small Business Opportunity Fund Credits	Financial institutions contributing to rural opportunity or small business funds - 67-4-2109(l)	N/A	20	\$2,112,085
Industrial Machinery Credit	Purchase price of industrial machinery, required capital investment for enhanced credit - 67-4-2009(3)	N/A	1,399	\$66,971,600
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)	9,357	259	\$31,129,976
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	57	\$21,855,550
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	11	\$14,352,058
<b>Total Credits Claimed</b>				<b>\$239,090,272</b>

Source: Tennessee Department of Revenue - Tax Return Information as of 12/05/2022

## 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 2021
Call Centers	41	12	\$1,696,460
Computer Services	-	-	-
Convention and Trade Show Facilities	-	-	-
Headquarters Facilities	717	44	\$6,598,880
High-Skill High-Wage Jobs in High-Technology, Emerging Occupations and Skilled Manufacturing Jobs	0	0	\$0
Manufacturing	3,476	168	\$13,861,398
Research and Development	0	0	\$0
Tourism Related Industries	-	-	-
Warehousing and Distribution	4,929	25	\$7,555,145

Source: Tennessee Department of Revenue - Tax Return Information as of 12/05/2022

## 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 1,922. 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 1,717.

The total potentially available tax credits carried over into this fiscal year by taxpayers claiming credit is \$918,120,970. The amount of this carryover that is industrial machinery credit is \$677,206,272. The amount of this carryover that is job tax credit is \$228,889,532. 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, 2022.