

## **Rural Opportunity Initiative Enhanced Job Tax Credit**

Tennessee's focus on creating job opportunities in rural areas of Tennessee presents unique hurdles and yet tremendous opportunity. Whether because of limited road access, lack of public infrastructure or difficulty in matching labor skills to job requirements, a different approach is needed. That's why the state of Tennessee offers a program aimed at addressing this challenge called the Rural Opportunity Initiative, or ROI. The ROI provides for Enhanced Job Tax Credits to businesses locating or expanding in certain Tennessee counties considered Tier 2 or Tier 3 Enhancement Counties.

The Enhanced Job Tax Credit was created to promote new industry locations and expansions in more rural areas of the state. On July 1 of each year, the Commissioner of Economic and Community Development may determine that a county qualifies as an Enhancement County if the county experiences substantial characteristics of economic distress. Upon determining that a county qualifies as an Enhancement County, the Department of Economic and Community Development shall designate the county as a Tier 1, Tier 2 or Tier 3 Enhancement County based on unemployment, per capita income and poverty levels of all Tennessee counties using statistical data prepared by an agency of state or federal government. A list of all Tier 1, Tier 2 and Tier 3 Enhancement Counties is published annually by the Department of Economic and Community Development.

If a qualified business enterprise locates or expands in a Tier 2 or Tier 3 Enhancement County, the company will be eligible for an annual Enhanced Job Tax Credit of \$4,500 for each qualified job, provided that the job remains filled during the year in which the credit is being taken. The annual credit may be used to offset up to 100% of the company's total franchise and excise (F&E) tax liability each year for a three-year period in Tier 2 counties and a five-year period in Tier 3 counties. The Enhanced Job Tax Credit for Tier 2 and Tier 3 Enhancement Counties is in addition to the regular Job Tax Credit and cannot be carried forward.

Tier 1 Enhancement Counties: \$4,500 per job tax credit to qualified businesses making a \$500,000 capital investment and creating a minimum of 25 net new full-time jobs in a 12 month period. Job Tax Credit may offset up to 50% F&E liability with 15 year carry forward.

Tier 2 Enhancement Counties: \$4,500 per job tax credit to qualified businesses making a \$500,000 capital investment in a 12 month period and creating a minimum of 25 net new full-time jobs in a period not to exceed 3 years. Job Tax Credit may offset up to 50% F&E liability with 15 year carry forward. Additional Enhanced Job Tax Credit of \$4,500 per job each year for 3 years to offset up to 100% of F&E liability with no carry-forward.

### **Meigs County, TN is a Tier 3 Enhancement County**

**Tier 3 Enhancement Counties: \$4,500 per job tax credit to qualified businesses making a \$500,000 capital investment in a 12 month period and creating a minimum of 25 net new full-time jobs in a period not to exceed 5 years. Job Tax Credit may offset up to 50% F&E liability with 15 year carry forward. Additional Enhanced Job Tax Credit of \$4,500 per job each year for 5 years to offset up to 100% of F&E liability with no carry-forward.**