



Tennessee 2019

Fall Legislative Update



Tennessee Chamber of Commerce & Industry / Tennessee Manufacturers Association (Statewide, Nashville based)



Founded 1912:
Partners

Privately funded from membership dues / Enhance TN business climate
National: National Association of Manufacturers (NAM) / U.S. Chamber of Commerce / American Chemistry Council (ACC)

Local:

Chambers of Commerce TCCE / Economic Development TEDC

Statewide:

Board of Directors & Membership

Areas of Engagement:

Tax, Environment & Energy, HR Employment, Workers' Comp, Economic Development, Chemical Industry, Immigration, Regulations etc.

Government Affairs:

Advocacy, Public Policy, PAC





2019-20 General Assembly

- Lee Administration / House Leadership
- New Leadership / Elections 2020
- Keep the course
- Tennessee 2020 / What to Expect?





Policy Enhancing TN Business Climate



- Right to Work / Employment At Will (1933)
- Workers Compensation Establishment and Reforms
- Industrial Machinery Sales Tax Exemption (1983)
- Triple Weighting of Sales Factor for F&E Taxpayers (2015)
- Research and Development Exemption for Sales Taxes (2015)
- Manufacturer Single Sales Factor F&E /Infrastructure Funding (2017)
- Workforce / Education (2019)
- F&E Decoupling from Adverse Federal Tax Modifications (2018 and 2019)



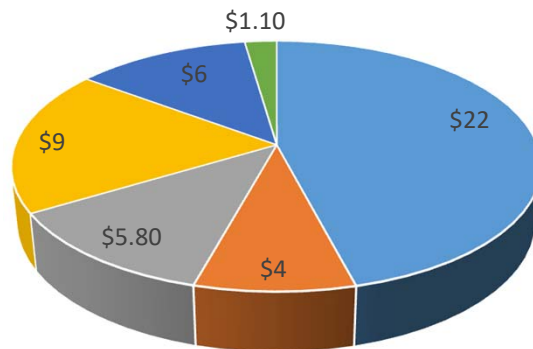


2019 Tennessee Chamber Efforts

- Tennessee Chamber's total impact on 2019 legislative session saved businesses a total of \$715.8 million
- Total state revenues FY 2018-2019 \$1.2 billion- a \$600+ million surplus than estimated

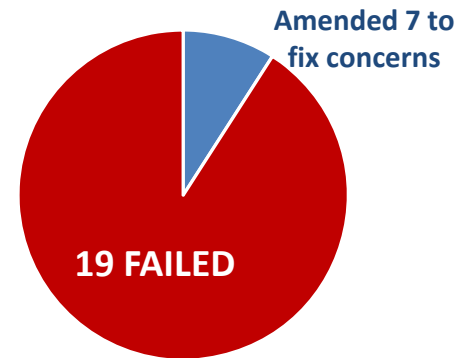
- Professional Privilege Tax
- Fiber Optic Cable Tax
- Car Wash & Dumpster Sales and Use Tax
- Gym Tax
- Decouple GILTI & Repatriation Tax
- Agricultural trailers & water usage

2019 Legislative Tax Cuts in millions

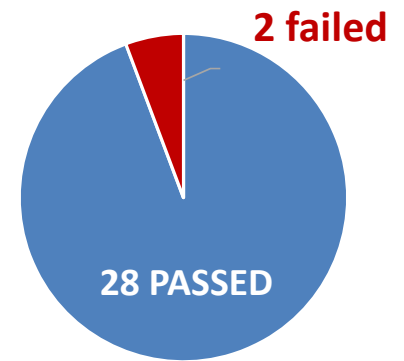


Total = approx. \$48 million

Opposed: 26 bills



Supported: 30 bills



- Out of 1,749 bills 513 were passed, the Chamber reviewed each bill
- Chamber supported 30 bills and opposed 26 bills
- No bills were passed that adversely affected Tennessee business



2019-20 Tennessee House of Representatives

- Speaker Cameron Sexton – Crossville (Fifth term)
- Cumberland, VanBuren counties and Monterey (Putnam)
- Formerly House Health Committee Chair, Caucus Chair, 3-Star Healthy TaskForce
- Cumberland County Bank, Three children





2019-20 Tennessee House of Representatives

- Freshman / Conservative Block
- House Majority Leader – Rep. William Lamberth
- House Caucus Chair – Rep. Jeremy Faison
- Cocke (all) and Greene and Jefferson Counties





2020 Legislative Predictions

- Committee Restructures:
 - House Budget Sub / Rep. Gary Hicks (R-Rogersville)
 - House Health / Rep. Matthew Hill (R- Jonesborough)
 - Deputy Speaker / Rep. Curtis Johnson (R- Clarksville)
- More Open Debate on Proposals and Transparent Operations
- House and Senate Relations Likely Stronger
- Strong Relationship with Governor Bill Lee
- Revenue collections / Economic downturn
- Republican Supermajorities: Senate 28-5 / House 73-26
- Redistricting / 2020 Presidential and Legislative Elections



2020 Tennessee Chamber Agenda

- Annual Surveys (Fall 2019)
- Workforce Development: Childcare Opportunities for Businesses
- Economic Development / Local Policy TIF's, Zones
- Tobacco / Vaping – Raising Age 21
- Healthcare Block Grant Spending
- Tennessee Work Ready Communities
- Rural Initiatives- Healthcare and Broadband
- Tax Policy Impacts Business Climate-



TN Low Individual Tax Burdens per Capita

State	Rank	Total Tax Burden (per Capita)
Arkansas	17	\$3,067
North Carolina	18	\$3,659
Kentucky	22	\$3,298
Georgia	32	\$3,426
Florida	34	\$3,738
Alabama	37	\$3,067
Mississippi	40	\$2,742
South Carolina	42	\$2,293
Louisiana	45	\$2,950
Tennessee	47	\$2,805

Source: Census Bureau: Tax Foundation Calculation 2019 Facts and Figures Data



2019 State Business Tax Climate Index

State	Overall Index Rank	Corp. Tax	Ind. Income Tax	Sales Tax	Unemp. Ins. Tax	Prop. Tax
Alabama	39	20	30	48	12	15
Arkansas	46	40	40	44	34	26
Florida	4	6	1	22	2	11
Georgia	33	8	38	29	38	24
Kentucky	23	27	17	14	47	35
Louisiana	44	36	32	50	4	32
Mississippi	31	15	27	35	5	36
North Carolina	12	3	16	20	7	33
South Carolina	35	19	34	34	27	27
Tennessee	16	24	8	46	22	29

Note: The State Business Tax Climate Index measure's how each state's tax laws affect economic performance. A rank of 1 means the state's tax system is more favorable for business; a rank of 50 means the state's tax system is less favorable for business.

Source: Census Bureau: Tax Foundation Calculation 2019 Facts and Figures Data



Tennessee High Business Tax Burden

State Corporate Income Tax Collection per Capita FY2017: F&E

Only New Hampshire #1: \$427 and Massachusetts #2: \$320 Collect more per capita than Tennessee.

State	Rank	Collections (Per Capita)
Tennessee	3	\$257
Mississippi	10	\$137
Arkansas	20	\$132
Florida	29	\$114
Alabama	30	\$107
Kentucky	32	\$103
Georgia	35	\$93
North Carolina	38	\$74
South Carolina	37	\$75
Louisiana	40	\$62

Source: Census Bureau: Tax Foundation Calculation 2019 Facts and Figures Data



Sales and Use of State & Local Tax Rates

Jan. 1, 2019

State	State Tax Rate	Rank	Avg. Local Tax Rate	Combined Rate	Rank
Tenn.	7.00%	2	2.47%	9.47%	1
La.	4.45%	38	5.00%	9.45%	2
Ark.	6.50%	9	2.93%	9.43%	3
Ala.	4.00%	40	5.14%	9.14%	5
S.C.	6.00%	16	1.43%	7.43%	17
Ga.	4.00%	40	3.29%	7.29%	19
Fla.	6.00%	16	1.05%	7.05%	22
Miss.	7.00%	2	0.07%	7.07%	21
N.C.	4.75%	35	2.22%	6.97%	25
Ky.	6.00%	16	0.00%	6.00%	38

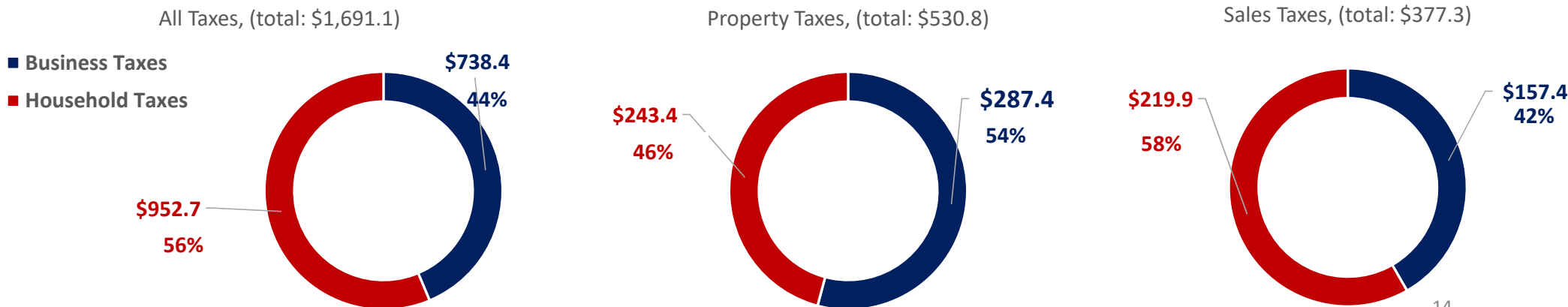
Source: Census Bureau: Tax Foundation Calculation 2019 Facts and Figures Data



2017 Total State and Local Business Taxes

- In 2017, 42% of total sales tax revenue was from sales tax on business inputs.
- General sales and use tax revenue derived from businesses on purchases of inputs, including capital equipment, totaled \$157.4 billion, or 21.3% of all state and local business taxes.
- General sales and use tax revenue derived from business increased 2.7% overall.
- Sales and use taxes collected on sales to final consumers are excluded; only the taxes paid on businesses' operating inputs and capital equipment purchases are included in the total business tax estimates. The right d graph below shows a general sales tax revenue on business inputs as a share of total state and local general sales tax revenue.

State and local business taxes as a share of total tax collections, FY17 (\$ billions)



Source: November 2018 edition produced by Ernst & Young LLP in conjunction with the Council On State Taxation (COST) and the State Tax Research Institute



Business Tax Collections (millions)

FY	State / County	Local
2019	\$205.1	\$220.8
2018	\$185.2	\$212.9
2017	\$172.5	\$203.9
2016	\$154.3	\$192.7
2015	\$148.9	\$175.6
2014	\$130.3	\$162.7
2013	\$135.7	\$170.6
2012	\$126.9	\$156.7
2011	\$118.0	\$146.1
2010	\$132.5	\$85.6

Source: Tennessee Department of Finance and Administration



Why Tax Policy is Important to TN Economic Growth

- Tennessee Consistently ranks top 10 States for Manufacturing Strength: *Global Trend Magazine August 2018 and Chief Executive Magazine Ranks Tennessee #6.*
- Tax and Regulatory Environment is key to continued manufacturing growth and investments.
- New research by Manufacturers Alliance for Productivity and Innovation (MAPI) Foundation Chief Economist Dan Meckstroth, utilizing Interindustry Forecasting (Inforum) at the University of Maryland, shows manufacturing's total value chain actually accounts for about one-third of U.S. GDP..., manufacturing's multiplier is 3.6, also nearly three times as high as the simplistic estimates; **we find that every \$1.00 of manufacturing value-added generates \$3.60 of value-added elsewhere across the U.S. economy.***
- Manufacturing's total impact on the economy is 32% of GDP.*
- Maintaining a fair tax and great business climate = Tennessee's State Revenue Growth.
- Tax Climates are not static: Federal changes and aggressively competing states.

*Source: Industry Week "Manufacturing's Economic Impact: So Much Bigger Than We Think"



Manufacturing Impacts / Tennessee's Economic Growth

- Strong Manufacturing Sector contributes to overall state economic success, tax revenue collections, wages paid, multiplier impact on other sectors including small businesses, trucking and transportation services, retail, raw goods and materials, energy sectors, banking and finance and construction etc.
- Trade Policy Impacts TN : USMCA: \$13 billion out of \$31 billion total Manufactured Goods Exports to the world are exported to Canada/Mexico. 5,096 Total Manufacturing Firms (2015) 1,205 Firms exporting to Canada/Mexico 68% are small/medium firms.
- 352,125 Total Manufacturing Employment (2018) 32,521 Manufacturing Employment Tied to Canada/Mexico.
- Without USMCA TN manufactured goods face from \$363 to \$1.9 billion in extra taxes.
- Tennessee has done great with tax collections growth considering employment in service sectors has grown substantially increasing from 10% employment in 1940 to over 40% of employment in 2016 *

*Source: Georgetown University *"The Way We Were: The Changing Geography of US Manufacturing from 1940 to 2016"*



Tennessee Rank #4 Best States to Locate Manufacturing in 2019

- Site Selection Group: For 2019, Tennessee scores 130.54% coming in at #4. Only Georgia, South Carolina and Utah ranked ahead of the Volunteer state. The overall index rates 6 categories that include **labor scalability, target skill sets, labor demand, operating costs, organized labor and accessibility**. For organized labor activity, Tennessee's score is ranked in the highest favorability for manufacturers at 175% and is a significant metric used to determine business favorability.



Tennessee Manufacturing Facts

- Manufacturers in Tennessee account for 16.13% of the total output in the state. Total output from manufacturing was \$55.70 billion in 2017. In addition, there were an average of 350,650 thousand manufacturing employees in Tennessee in 2018, with an average annual compensation of \$70,971.12 in 2017.
- Total Manufacturing Output (\$billions, 2017) **\$55.70**
 - Percent share of total gross state product: 16.13%
- Manufacturing Firms in Tennessee (2016) **5,157**
- Manufacturing Employment (2018) **350,650**
- Average Annual Compensation (Manufacturing, 2017) **\$70,971.12**

Source: National Association of Manufacturers



FY 2019-20 Gov. Lee Economic Development

Programs	Recurring	Non-Recurring
FastTrack ECD		\$75.0
VW – Capital Grant		\$50.0
Amazon – Capital Grant		\$65.0
GIVE – Community Grants		\$29.0
Broadband accessibility grants		\$20.0
Rural Development Fund		\$10.5
Oak Ridge Manufacturing Research Institute Advanced Composites		\$3.0
Rural Opportunity Fund		\$3.0
Total / WO Capital Grants		\$140.5



2019 Bills Impacting Economic Development

BILL	Sponsors	Description	Outcome
SB513/HB1265	Sen. Roberts Rep. Holt	Proposed Fair Accountability Tax Subsidies Act, as introduced greatly harmed TN JTC for econ dev.	Amended / Approved
SB1292 / HB370	Sen. Pody Rep. Daniel	Expanded open records to include confidential trade secrets PILOT agreements	Failed/ House SubCommittee
SB807 / HB588	Sen. Lundberg Rep. Kumar	Requires all IDB members to disclose conflicts of interest under Tennessee Ethics Commission	General Sub/ Summer Study
SB461/HB273	Sen. Yarbro Rep. Hulsey	Save TN Call Center Act/ clawbacks for new Call Centers	Off Notice



2019 Bills Impacting Economic Development

BILL	Sponsors	Description	Outcome
SB382/HB382	Sen. Yarbro Rep. Thompson	Deletes Sales and Use tax exemption for industrial machinery	General Sub/ Taken off Notice
SB1165 / HB1239	Sen. Hensley Rep. Griffey	Expands mandatory private employer use of E-Verify to new hires of 6 or more employees, amended to increase to 25 employees	Passed House/ Senate General Sub
Employer Mandates	Multiple	Enacted a variety of mandates on Tennessee employers resulting in increased costs and compliance	Defeated
SB558/HB1028	Sen. Johnson Rep. S. Lynn	Tennessee based companies tax break on certain income and repatriated: \$9m	Approved



2019 Initiatives Economic Development

- **WorkForce- Governor's Investment in Vocational Education (GIVE)- \$25 million grant program**

Administered through THEC similar to LEAP

Regional Partnerships build WBL and Apprenticeship programs local needs, private industry

Also funds dual enrollment credits

Apply for funds July 1, 2019

Future Workforce Initiative – STEM Innovation Network

New CTE programs STEM fields – Triple schools by 2022

STEM teachers

Postsecondary STEM opportunities in HS

Rural Development Fund / Rural Opportunity Fund / Broadband Initiative- \$24.5M

Distributed through Tennessee ECD

RDF \$12.5M -Distressed counties, site development, marketing, strategic planning, downtown revitalization etc.

ROF- \$2M -Loans and technical assistance to small, minority and women owned rural businesses

Broadband accessibility grants / tax credits \$10M



Tennessee Economic Update

National Manufacturing Trends

- Reflecting the softness of the overall global economy, the top seven markets for U.S.-manufactured goods had declining manufacturing activity in June ([Canada](#), [Mexico](#), [China](#), [Japan](#), the [United Kingdom](#), [Germany](#) and [South Korea](#)). In total, 11 of the top 20 markets experienced contractions in manufacturing activity in June, up from nine in May and six in April.
- U.S.-manufactured goods exports have declined nearly 2 percent through the first five months of 2019 relative to the same time frame in 2018, using non-seasonally adjusted data. This suggests that international demand for U.S.-manufactured goods has weakened so far this year after experiencing better data in both 2017 and 2018.
- **Worldwide Manufacturing Activity:** The [J.P. Morgan Global Manufacturing PMI](#) contracted for the second straight month, down from 49.8 in May to 49.4 in June, the lowest reading since October 2012



Tennessee Economic Update

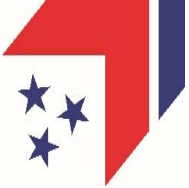
- **A Tennessee Business Perspective**

- Tennessee Budget: 70% Revenue: Sales and Use and Franchise and Excise : Goes to 70% Education / Health and Social Services
- Business Burden: 50% Sales and Use and 100% F&E Taxes / Fuel Taxes:
- Automotive Manufacturing Strength in Tennessee #1 Nationally
- Direct Foreign Investment / Tennessee's prominence
- Strong Growth / Tennessee Revenue Collections (over) Millions
 - 2014-2015 - \$552.7
 - 2015-2016 - \$852.4
 - 2016-2017 - \$757.5
 - 2017-2018 - \$303.7 Total \$2.46
- Growth Drivers: Economic Development efforts account for 2% of State Expenditures
- Tennessee delayed to see outcomes 2/3 quarters



Tennessee Economic Update

- **Tennessee Manufacturing: Economic Study Reveals Significant Manufacturing Output Increases in Tennessee and across Nation**
- New research from the Georgetown University Center on Education and the Workforce (CEW) in partnership with JPMorgan Chase & Co. details a number of significant changes in the manufacturing sectors. Overall the transformation of the U.S. manufacturing economy from 1947 to 2016 is characterized by both major declines in employment and major increases in production capability equating to a loss of 3 million jobs but a boost of **\$4 trillion in economic output**. [“The Way We Were: The Changing Geography of US Manufacturing from 1940 to 2016”](#) reveals that Indiana and Wisconsin are the only states where manufacturing remains the largest source of employment today. **Overall the study confirms what a number of Tennessee Chamber members in the manufacturing sector note that Technology is drastically changing the workplace needs of manufacturers requiring more technical skills that increase overall productivity.**
- The study notes that manufacturing is still the top provider of good jobs for workers without a bachelor’s degree in 35 states,” said Anthony P. Carnevale, lead author of the report and CEW director.
- By the beginning of the millennium, the share of workers in manufacturing had fallen to less than 15 percent, and by 2016 it hovered at 10 percent. Meanwhile, employment in services grew from 21 to 55 percent between 1940 and 2016.
- For Tennessee there are number of interesting trends. Since 2000 our manufacturing output has increased in 5 sectors which include Motor vehicle, Food beverage and tobacco products, Chemical, Electrical equipment appliances and components. The only sector that has seen a decrease in overall output is fabricated metal products. **Manufacturing output per worker has grown significantly from \$93,000 in 2000 to \$143,000 in 2016.**
- As the economy shifted from manufacturing to services during the 20th century, the geography of manufacturing shifted to the southeastern and central states, where labor costs were lower and subsidies were more attractive to industry. As of 2000, it was the largest employer in 18 states, including seven southeastern states: Alabama, Arkansas, Kentucky, Mississippi, North Carolina, South Carolina, and **Tennessee**. However, by 2016, the industry had fallen from the ranks as a top employer.
- The status of manufacturing in the U.S. economy has evolved because of three connected trends:
 - A decline in share of economic output as the role of services in the economy grew.
 - A decline in share of the workforce as the industry adopted automation and encountered intensified international competition.
 - A rise in output per worker that has allowed manufacturing to increase its overall output.
- Increased foreign trade and offshoring have also contributed to steep manufacturing job losses, especially after 2000. “Manufacturing’s employment base shrank even further after China joined the World Trade Organization in 2001,” Carnevale said.



Tennessee Economic Update

- **Tennessee Workforce Disruption Index: Automation/ Age/ Education**
 - **1.4 Million Tennessee jobs have a high probability (70 percent or probability or higher) of replacement by automation. This represents 50% of Tennessee's current workforce. Vulnerable jobs as a share of total employment ranges from 35.7 percent in Bledsoe County to 59.6 percent in Sevier County.**
 - **Lower-wage occupations are more vulnerable to replacement by automation. The average hourly wage of jobs with a 70 percent probability of automation is \$14.56, five dollars lower than the average hourly wage for all jobs.**
 - **If automation occurred in the occupations with at least a 70 percent probability of automation, 37 percent of the wages of workers in Tennessee could be lost.**
 - **Rural counties are more vulnerable to the disruptive effects of automation. Of Tennessee's 17 urban counties, only three – Hamblen, Loudon, and Bradley – are ranked in the most vulnerable two-thirds of Tennessee counties.**
 - **Tennessee regions most vulnerable to future workforce disruption are Northwest Tennessee and Upper Cumberland. The Northern Middle and Greater Memphis regions are least vulnerable.**
 - **Within the Southeast states, Tennessee is ninth most vulnerable to future workforce disruption, where a rank of 1 represents high vulnerability and a rank of 12 represents low vulnerability. Virginia is the least vulnerable state (#12); Mississippi is the most vulnerable state (#1)**



Tennessee Manufacturing:

Challenges / Opportunities

- Workforce participation 59% / 75,000 retirements by 2025 / Happened Fast -2007 workforce ranked 7 most concerning out of 9 choices / Great recession cutbacks worker training, retirements, Gen X, Millennials
- Skills for new employees / severely lacking
- Drug testing / compliance / shift schedules / perception of manufacturing jobs
- Tennessee's tax burden - Local – Tangible and Real Property, business tax / State - Franchise and Excise / Sales
- Unemployment is lowest SE 3.4% / January 2010 11.2%
- Local engagement / Local chambers, industry, higher education, schools director – CTE focus greater
- Onshoring / Reshoring / Trade Disputes / Foreign owned manufacturing
- TN Reconnect / Goals Drive to 55





Tennessee Manufacturing: Workforce

Trends

- Lack of both skilled and unskilled workers
- What is driving low unemployment? Drop in labor force growth 1.3% in 2016 to 0.7% in 2017 ; Growth in work age population is falling to .25% per year to 2020.
- Fewer people entering workforce / significant drop in number of people unemployed for 6 months or less
- Results in increased wages with demand; noticing a trend toward more technical career interest, less college time, strong wages, industry WBL apprenticeships TN create the right environment for these,
- WBL Catching on gains for business ROI of 5% to 25% ; lower recruiting costs, higher productivity, lower turnover rates, aligned skill training to specific companies
- U.S. Factor activity surging: manufacturers employment highest point since beginning of 2009
- Manufacturers will add 12 times as many jobs as in 2016 by large and small
- Why is this happening: Returning to America, technology and automation more cost effective to operate in U.S. , cuts labor costs, comparisons 80 employees in china is now 10 in us,
- New technology and automation enhance production quality
- American manufacturers can retool faster, ramp up or down faster, reduces risk; Foreign factories can require long lead times and produce in bulk quantity
- Operations must be more nimble to cater to consumer tastes; fashion for example, can't afford 3 month lag time to market
- Customers prize customization





2018- Tennessee CAFR Reports

- During the first three quarters of 2018, TNECD located 80 projects that received a FastTrack grant commitment to expand or re-locate in Tennessee. The department forecasts that over the next ten years, these projects will generate 26,289 new job opportunities across the state.
- This includes 9,829 jobs directly created by the company expansion and recruitment activity as well as 16,460 indirect and induced jobs from across the supplier network and other industries as a result of expanded economic growth. Over the next ten years, TNECD forecasts these projects will increase Tennessee's economic output by nearly \$51 billion and generate almost \$11.8 billion in new salaries.
- The state's investments in projects during the first three quarters of 2018 have a projected annual rate of return of 39.9 percent. The costs of incentives are projected to be returned to the state in 2.7 years as a result of additional revenues the projects will generate. (These return on investment figures take into consideration additional costs of providing state services as well as tax credits companies may be eligible for.)
- The state is proactive in its analysis of its incentive packages and the economic benefits, and, operates in a fiscally responsible way when recruiting new business and supporting existing business growth. TNECD has developed a key performance indicator (KPI) transparency platform to provide current information measuring its strategic objectives that features an interactive dashboard for tracking economic data and strategic initiatives; and, using a model built by an economic consulting firm, forecasts the fiscal benefits each of its project will generate over a ten year time period, and measures this return relative to the state's investment in the form of grants and tax credits



2018- Tennessee CAFR Reports

- Tax credits and incentives are a critical component of Tennessee's long-run economic growth, business-friendly environment and strong record of job creation. More Tennesseans are working now than ever before. Statewide unemployment was 3.6 percent in September 2018 and has held below 4.0 percent since April 2017.
- Tennessee's GDP totaled \$345.2 billion in 2017, the highest level in state history. During the past decade, Tennessee's economy has grown 17.1 percent, the largest growth rate in the Southeast and 11th in the country. Tennessee's real GDP growth rate during this time is more than double the rate of the Southeast as a whole. Economic growth has led to higher household income levels in Tennessee. In the last five years, the median household income in Tennessee increased by an inflation-adjusted 11.8 percent. On a percentage basis, Tennessee ranks second in the Southeast for income per capita growth over the last three years at 11.1 percent.
- TNECD's OpenECD website <https://www.tn.gov/content/tn/transparenttn/jobs-economicdevelopment/open-eed.html/> has been designed to provide the above mentioned and additional information and documents pertaining to TNECD grants and incentives in a userfriendly manner.
- *Source: Tennessee Comptroller of the Treasury, 2018 CAFR, pg 6-7*



2017- Tennessee CAFR Reports

- The consultant's report reinforced that Tennessee's primary business credits are working as intended. For example, Tennessee companies receiving the industrial machinery credit invested about \$4.4 billion annually in qualified industrial machinery and equipment between 2011 and 2014.
- The evaluation attributes \$86 million of the annual business investment exclusively to the industrial machinery credit, or in other words, in the absence of the credit, businesses would invest \$86 million less each year.
- Wages at companies claiming the credit were five percent higher than those of peers who did not, suggesting the credit is also increasing productivity and income benefits to Tennesseans. The analysis also found companies claiming the jobs tax credit created more than 41,000 new jobs from 2011 to 2014, and grew jobs at a faster rate than peer companies that did not.
- Companies claiming the headquarters tax credit made purchases of qualified items averaging \$88.5 million each year, a significant return relative to the headquarter sales tax credits claimed each year. Tennessee's broader job growth and economic development success also speak to the effectiveness of state incentives.



2017- Tennessee CAFR Reports

- Between 2011 and 2017 (year-to-date), TNECD has secured more than 152,000 job commitments and \$30.0 billion of investment from companies. Job creation is taking place all across the state and the percentage of rural job commitments in rural counties has increased from 31.7 to 45.2 percent over the last five years.
- During the first three quarters of 2017, TNECD located 102 projects that received a FastTrack grant commitment to expand or re-locate in Tennessee. The department forecasts that over the next ten years, these projects will generate 36,867 new job opportunities across the state. This includes 13,775 jobs directly created by the company expansion and recruitment activity as well as 23,092 indirect and induced jobs from across the supplier network and other industries as a result of expanded economic growth.
- Over the next ten years, TNECD forecasts these projects will increase Tennessee's economic output by nearly \$70 billion and generate almost \$13 billion in new salaries. TNECD operates in a fiscally responsible way when recruiting new business and supporting existing business growth. Using a model built by an economic consulting firm, TNECD forecasts the fiscal benefits each project will generate over a ten year time period, and measures this return relative to the state's investment in the form of grants and tax credits.
- The state's investments in these projects from Q1 through Q3 of 2017 have a projected annual rate of return of 28.8 percent. The cost of incentives is projected to be returned to the state in 3.2 years as a result of additional revenues the projects will generate. The model does take into consideration additional costs of providing state services as well as tax credits companies may be eligible for <https://www.tn.gov/transparenttn/jobs-economic-development/openecd/tneecd-performance-metrics/openecd-business-development-quick-stats.html>



TENNESSEE CHAMBER
of Commerce & Industry

TENNESSEE MANUFACTURERS ASSOCIATION

Exclusive state affiliate for our proud
national partners

