



800.336.2036
731.668.4300
fax 668.7554
westtn@wtia.org

the **POWER**
CONNECTION
A Newsletter for the Site Search Professional

Issue 21

on the Market

Brownsville Spec Building
Square Feet: 60,000
Acreage: 6
City: Brownsville
County: Haywood
Ceiling: 24'
Rail: Feasible
Sale Price: \$501,300
Description: All utilities available



Ripley Spec Building
Square Feet: 63,420
Acreage: 25
City: Ripley
County: Lauderdale
Loading: Three 8'6" doors
Ceiling: 22' minimum; 26' maximum
Rail: No
Sale Price: \$870,000
Description: 167 additional acres available; pad completed for 100,000 sq. ft. expansion. Single story building 202'x302'. Bays are 50'x40'. All utilities are available.



West Tennessee Poised for Strong 2004 Economic Performance

West Tennessee had 178 expansions and 23 new companies for a combined total of \$681.5 million in investment and 7,928 new jobs.

The West Tennessee Industrial Association continues to be a very professional organization for providing information to those seeking to relocate or expand their operations. Consultants, industrial realtors, site search professionals and corporate officers continue to rely on our information and services.

The Executive Committee continues to oversee this organization and strives to make it the most effective and efficient economic development organization possible. Because of each system's support, we continue to bring development opportunities to our region.

The year 2003 brought many challenges and opportunities, and WTIA did its best to capitalize on every situation. West Tennessee had 178 expansions and 23 new companies for a combined total of \$681.5 million in investment and 7,928 new jobs.

We are actively working toward progressive growth in 2004.

Here is a list of highlights from 2003:

Jackson
Bodine Aluminum, Inc.

Jobs: 200
Product: Automobile engine blocks for Toyota

Lexington
NCI Building Systems

144,000 square feet
Jobs: 75
Product: Metal building frames

Paris
Four Seasons Sales & Service

70,000 square feet
Jobs: 100
Product: Distribution of tanning products

Dyersburg
Nordyne, Inc.

384,052 square feet
Jobs: 500
Product: HVAC systems

Memphis/Shelby County

New Plants: 11
Jobs: 610
Investment: \$32,530,160

Expansions: 89
Jobs: 4,630
Investment: \$335,152,423



Tennessee ECD Update

FastTrack Program Expedites Investing In Tennessee

In December, the Tennessee Department of Economic and Community Development launched a new

program titled FastTrack, designed to help accelerate interests on the part of business looking to expand or invest in Tennessee jobs.

The FastTrack initiative is being led by ECD, but its implementation involves the West Tennessee Industrial Association and all other state agencies and higher education institutions that are involved in job growth in Tennessee. Each agency involved has identified FastTrack representatives who will work closely with ECD staff to respond quickly to all serious job investment inquiries.

ECD has begun to assertively market information about FastTrack on the www.tnecd.gov web site and through its FastTrack toll free telephone number 877.4TN.FAST. You can also get more information by contacting the West Tennessee Industrial Association at 800.336.2036.

Here's how the program works:

- When ECD is contacted about a serious investment opportunity, either the expansion of an existing business or a new investment, the FastTrack team works to provide an initial response on options available from the state within three business days.
- If a commitment is made to invest in new jobs that meet the initial job training incentive criteria, ECD will also work to

tailor and present to the interested party whatever commitments we can to support the proposed investment – from transportation infrastructure to a number of tax-based incentives.

In addition, ECD has revamped existing infrastructure and job training programs formerly known as TIIPs and ITS into the FastTrack Infrastructure Development Program.

ECD will continue to fine tune the program over the next few months and increase marketing efforts to make industries aware of FastTrack services. Tennessee knows that time is money and in order to compete for business, we must service our prospects in a timely fashion.

Tennessee Ranks In Top 10 "Business-Tax Friendly" States

Tennessee has been ranked tenth in The Tax Foundation's recently released estimate of business tax friendly states.

"This finding by the Tax Foundation solidifies what we already knew – that Tennessee has one of the friendliest business climates in the nation," said Mike Philpot, Executive Director of the West Tennessee Industrial Association.

Of the ten states with the best business tax climates,

nine owe their high scores to the fact that they do not implement one of the major taxes on sales, personal income or corporate income.

The Components of the Index

The overall index is a composition of five specific indexes devoted to major features of the state's tax system, features that definitely influence business decisions or the economy in general: the corporate income tax, the individual income tax, the sales or gross receipts tax, the state's fiscal balance, and the administrative complexity of the state's tax system as measured by its conformity with other systems.

Taxes Matter to Business

Every consultant knows that taxes matter to business. They affect business decisions, job creation and retention, plant location,

competitiveness and the lasting health of a state's economy. For businesses, taxes are an input cost the same as raw materials. Consider West Tennessee's low cost of doing business when you are searching for a site for your client.

Without a doubt there are many factors that provide Tennessee with an ideal business climate: excellent proximity to raw materials and major transportation centers; uncomplicated regulatory structures; quality education system; skilled workforce; and remarkable quality of life.

Contact West Tennessee Industrial Association at 800-336-2036 for up-to-date statistics on West Tennessee or visit our comprehensive website at www.wtia.org.



"...Tennessee has one of the friendliest business climates in the nation," said Mike Philpot, Executive Director of the West Tennessee Industrial Association.

A Quick Guide To West Tennessee Tax Advantages

Corporate Excise

- Excise tax credit equal to 1% of the purchase, installation, and repairs of qualified industrial machinery.
- Excise tax credit equal to 1% of the purchase price of qualified equipment associated with the required capital investment of \$500,000 by a distribution or warehouse facility.
- Net operating loss carry forward of 15 years.
- All capital losses can be claimed in the year incurred.

Franchise

- Jobs tax credit of \$2,000 or \$3,000 (in economically distressed counties) per new full-time employee for eligible businesses that meet requirements of a minimum 25 new full-time jobs and additional capital investment of \$500,000. Credit may also be taken for new jobs in future years, which result in additional net increase in jobs.
- Finished goods inventory, in excess of \$30 million for fiscal years on or after July 15, 1998, may be excluded from the franchise tax.
- Property under construction, not being utilized by corporation, is excluded from franchise tax.
- Property rented from an industrial development board may be capitalized on the corporate books.
- Pollution control equipment is exempt from the franchise tax.
- Effective 12/15/98, the sales factor is double-weighted for the franchise and excise apportionment formula for multi-state corporations.

Sales

- No sales tax on purchases, installation and repairs of qualified industrial machinery.
- No sales tax on purchases of equipment associated with the required capital investment of \$10 million by a distribution or warehouse facility.
- No sales tax on raw materials for processing.
- No sales tax on pollution control equipment. Other pollution control equipment may be eligible for sales tax credit.
- Reduced sales tax rates for manufacturers' use of energy fuel and water; tax-exempt if used directly in the manufacturing process.
- Credit of 5.5% for state sales and use taxes paid on building materials, machinery and equipment for new or expanded corporate headquarters (regional, national or international) meeting capital investment requirement of \$50 million.
- Refund on taxes paid on goods and services by motion picture production companies filming or producing in Tennessee that meet expenditures requirement of \$500,000.

Property

- There is no property tax on goods-in-process.
- There is no property tax on finished goods inventories in hands of manufacturers and inventories of merchandise for sale.
- There is no property tax on goods-in-transit (Freeport).
- Pollution control equipment required for compliance with federal, state or local environmental protection laws is exempt.

Personal Income

- There is no state personal income tax on wages or salaries; however, certain dividend and interest income received by a Tennessee resident is taxable.

Additional Tax Credits

- The Day Care Incentive Act establishes credit against corporate franchise and excise taxes for any business that established a day care center for children of employees.



In a recent issue of The Economist, there are multiple articles about how technology is changing and will continue to change how business and our lives are emerging. Biometrics, weather forecasting, medical imaging, smart radios, and retinal implants are a few of the topics being discussed and becoming understood and embraced by the marketplace.

Industrial development, too, continues to change and evolve, and the communities in West Tennessee understand the importance of changing with the times. Speculative or available buildings in industrial parks with full infrastructure don't really set a community apart like it used to. Thousands of buildings and industrial parks are available to choose from, and in West Tennessee we know

“Industrial development, too, continues to change and evolve, and the communities in West Tennessee understand the importance of changing with the times.”

the competition is fierce. Workforce availability and training capability are major drivers in the site selection process. A community can have all the other components but unless an available, trainable workforce is in place all the

infrastructure and incentives that can be offered won't be enough.

Faxes and overnight proposals have been largely replaced with emails, websites and paperless packages electronically zapped around the world. Flip chart presentations have gone the way of Power Point and regional development is the norm. Just like industry, successful communities are uniting with regional and sub-regional colleagues, realizing that in order to compete for today's projects they must view the bigger picture, from the client's perspective. West Tennessee communities also know that all the resources, workforce, etc. are not going to exclusively come from one community. Our communities realize it is critical to look beyond city, county and state borders if they intend to successfully compete for new projects.

The West Tennessee Industrial Association continues to search for ways to foresee these changes, and embrace

...continued on back



on the road

them. Several years ago with our partners at TVIDA and TVA, we developed an effective website and enhanced it by incorporating extensive aerial photography and detailed site information throughout the Tennessee Valley. With the effective partnering within seven states, eight regions and TVA we were able to present cutting edge information and technology.

Today we continuously search for ways to improve our system and "tools" so that West Tennessee stays in the forefront of site selection. This year we will incorporate GIS capability on our website. We know that our clients are constantly changing, upgrading and searching for that competitive edge and to stay ahead of the pack we must do the same.

More web based services and information are constantly being developed collectively so that we can be more competitive and successful individually. In the first quarter of 2004 we will be launching new and enhanced site selection tools, making the process of finding information about West Tennessee even simpler.

2003 was a challenging year, but because of strategic alliances and partnerships throughout the region we were effective and successful in creating opportunities for new and expanded jobs, increased load and additional investment. The West Tennessee Industrial Association will continue to embrace global changes right here at home so that we all can continue to "generate prosperity".

March 23-26	Coverings Show	Orlando, FL
April 1-4	Roundtable in the Rockies	Colorado
April 20-29	Recruiting Trip	England & Germany
May 3-5	TIDC Spring Conference	Gatlinburg, TN
May 15-19	CoreNet Global	Chicago, IL

An Economic Development
Association of West Tennessee
Power Distributors



26 Conrad Drive
Jackson, Tennessee
38305

Information

WTIA offers the following regional information to help you get to know our area better. Check any number of reports you would like to receive and we will be happy to forward the information to you. As always, WTIA services are delivered quickly, confidentially and at no cost to you.

- Current Labor Force Report-by County, Monthly
- Regional Comparison of Industrial Power Costs, Annually
- West Tennessee Industrial Guide, Every Other Year
- Directory Of Support Services, Every Other Year
- Available Buildings, Weekly
- Cost of Living Index, Quarterly
- Manufacturing Wage Statistics, Annually

Name _____ Title _____
 Organization _____ Email _____
 Address _____ City _____ State _____ Zip _____
 Phone No. _____ Fax No. _____

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