



TENNESSEE CHAMBER RESULTS REPORT:

LEGISLATIVE RESULTS & OUTCOMES
IMPACTING BUSINESS & MANUFACTURING

20 23

WHAT'S INSIDE:

- Chamber Legislative Agenda Successes
- Fiscal Year 2023-24 Budget Review
- Tennessee Works Tax Act
- Special Session Coming Soon



TENNESSEE CHAMBER
of Commerce & Industry

TENNESSEE MANUFACTURERS ASSOCIATION

tnchamber.org



OUR SUMMARY OF BUSINESS SUCCESSES

The adjournment of the 2023 legislative session marks the completion of the first session of the 113th General Assembly. In terms of leadership, not much changed in comparison to the 112th General Assembly as Lieutenant Governor Randy McNally and House Speaker Cameron Sexton still held the gavels. Overall, the business community saw a number of significant wins that will continue to ensure the success of industry in Tennessee.

In February, Governor Bill Lee delivered the first State of the State address of his second term. The 2023-2024 budget matched the previous year's record-setting budget at \$55.6 billion; however, this year's budget was comprised of a larger percentage of federal dollars. Key priorities of Governor Lee's fifth year in office were the Transportation Modernization Act and the Tennessee Works Tax Act, which passed with Chamber support and will further enhance the economic competitiveness of our state. Another pillar of the administration's agenda was a \$1 billion appropriation to fund major project development and enhancement for the Tennessee Colleges of Applied Technology, which will allow for learning facilities to be more flexible for the next generation of career and technical education.

Through our active engagement in the legislature, the Chamber maintained its commitment to serving as the primary voice of diverse business and manufacturing trade interests on major employment and economic issues facing public policy decision-makers in Tennessee. As important, it was also successful in advocating in opposition to proposals that would harm Tennessee's business climate.

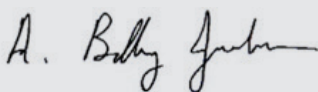
A NOTE TO OUR VALUED TENNESSEE CHAMBER MEMBERS:

A special thank you goes to all Tennessee Chamber members who tirelessly championed our organization's cause throughout the legislative year of 2023. It is through the grassroots efforts of Tennessee's business leaders that we have achieved remarkable success in the 2023 session. The strength of our team in Nashville stems from respected business leaders who generously contribute their time and resources to our organization, while upholding stellar reputations in every corner of the state.

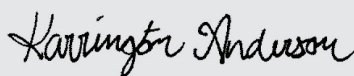
As we move forward, we remain committed to our work in various crucial areas such as environmental regulation, tax policy, workforce development, human resources and labor policy, and economic development, among others. Our members are the pulse of the Tennessee Chamber of Commerce & Industry/Tennessee Manufacturers Association.

We sincerely appreciate the opportunity to advocate on your behalf, and we look forward to continuing our partnership for a prosperous future.

Sincerely,



Bradley Jackson
President & CEO



Karrington Anderson
Manager, Government
Affairs & Outreach



Laura Leigh Harris
Manager, Government Affairs
Environment and Energy,
Agribusiness



LEGISLATIVE SUCCESSSES & RECAP



\$56.2 BILLION BUDGET:

The Chamber and Tennessee business community saw many priorities important to business included in the FY 2023-2024 budget. Perhaps the most notable investment is in the transportation category which allocates \$3.3 billion in transportation investments for the Governor's Build with Us initiative. Thanks to the Tennessee Works Tax Act, Tennessee businesses will see over \$124 million in franchise and excise, business, and sales and use tax cuts. The budget includes \$273 million for a 3-month food sales tax holiday, \$1 billion in new spending for Tennessee's TCAT master plan, and \$350 million in additional funding in the TISA K-12 education formula. There is also funding in the FY 2023-2024 budget to revitalize 175 brownfield sites and \$254 million in additional economic development initiatives.



BUSINESS & INFRASTRUCTURE:

The Tennessee Chamber was proud to support the Transportation Modernization Act, which will provide the state with innovative tools to address traffic congestion, especially in urban areas, freeing up additional dollars to invest in our rural and suburban communities, all without raising the gas tax or taking on transportation debt. A total of \$3.3 billion was transferred from the general fund to the Transportation Modernization Fund. Each of the four Tennessee Department of Transportation regions will receive \$750 million for IMPROVE Act acceleration, rural interstate widenings, major urban congestion projects, state-wide partnership program projects, safety and state of good repair acceleration, and economic development projects. \$300 million is allocated to local highway projects.



ANTI-BUSINESS LEGISLATION:

The Tennessee Chamber worked either to amend or defeat a number of employer mandates that, if enacted, would have significantly impacted business in Tennessee. These bills include employer mandates that would increase cost and regulation to businesses in Tennessee including wage mandates, tax increases, and extended producer responsibility. A full list can be found at tnchamber.org.



TAX:

The Tennessee General Assembly passed **Public Chapter 377**, the Tennessee Works Tax Act, which is the most significant tax package for businesses in twenty years. Overall, for this year, there is over \$400 million in tax cuts and savings; most of the cuts are non-recurring besides \$76 million in recurring tax cuts for business. **Public Chapter 377** makes various changes to the business tax law, franchise and excise tax law, and sales and use tax law. Read more about the Tennessee Works Tax Act on page 5. The Tennessee Works Tax Act was the main tax priority for the 2023 legislative session, but other meaningful legislation for businesses passed this year including **Public Chapter 341** which makes changes to the burdensome tangible personal property tax. **Public Chapter 341** lowers administrative and otherwise preparatory costs, reduces the time it takes businesses to file, does not issue a decrease in local tax revenue, and is projected to improve filing compliance. Businesses would have the option to certify, subject to audit, that the depreciated value of tangible personal property on the assessment form is \$2,000 or less and add an additional tier at \$10,000 or less but greater than \$2,000.





EMPLOYMENT & LABOR:

The Tennessee Chamber worked to support a number of bills that would make Tennessee an even better state to live and do business. **Public Chapter 309** enacts the Protecting Tennessee Businesses and Workers Act which continues efforts from 2013 to preempt local governments from enacting substantial mandates on private employers. **Public Chapter 403**, supported by the Tennessee Chamber, addresses interview no-shows, sometimes referred to as ghosting, by granting employers the ability to report no-shows. This legislation not only provides a clearer definition of what qualifies as a work search, but also raises the minimum weekly work search requirement from three to four for individuals to be eligible for unemployment benefits. Failure to comply with these requirements would result in a temporary loss of unemployment benefits for the respective week. Another bill supported by the Chamber is **Public Chapter 415** which makes Tennessee the first state in the nation to tie state incentives to secret ballot union elections so that if employees choose to unionize, a secret ballot election is required in order to qualify for state incentives. This legislation protects the right of secret ballot (confidential voting process) during unionization efforts instead of card check (collecting signatures openly to unionize an employer) which has been used to intimidate employees.



WORKFORCE DEVELOPMENT & EDUCATION:

Several items of note supported by the Chamber passed this legislative session enhancing Tennessee's workforce development and education systems. Most notably, the General Assembly made the largest investment in the Tennessee Colleges of Applied Technology system in state history by dedicating nearly \$1 billion for facility creation, enhancements, and replacements. **Public Chapter 422** authorizes the federal Even Exchange program to be developed in Tennessee. This program allows for the Commercial Driver's License knowledge test to be waived for former military personnel that have driven certain vehicles. **Public Chapter 289** addresses learning remediation by allowing higher education institutions to provide remedial or developmental coursework, which was formerly prohibited. **Public Chapter 368** incentivizes students by authorizing those who have earned their first baccalaureate degree to continue to receive the HOPE scholarship if the student has earned their degree in less time than the projected completion time. Legislation was also passed this session to extend a pilot program which provides the opportunity for high school seniors to the ACT WorkKeys exam which measures a broad range of foundational workplace skills.



DATA PRIVACY:

Public Chapter 408 enacts the Tennessee Information Protection Act, otherwise known as the data privacy bill, which requires businesses with the information of 175,000 or more customers to comply with consumers requests regarding personal information rights. The Chamber worked to significantly reform the legislation, leading to one of the most business-friendly data privacy laws in the nation. The Chamber took the policy position of neutral as amended. The Chamber shares a mutual interest with the legislature and other policymakers in ensuring consumer and other data rights are protected in a responsible manner while also ensuring that businesses in Tennessee are not unnecessarily burdened by additional compliance costs. The Chamber worked to remove costly aspects of the bill, including removing an attorney fees section, reducing the penalties section to half, raising the threshold to limit impact to small businesses, clarifying that the privacy program is voluntary, and more.



ENVIRONMENT & ENERGY:

The Tennessee Chamber was proud to support the Rural Brownfield Investment Act which was part of Governor Lee's package for this session. The legislation aims to address 175 known brownfield sites and expands brownfield redevelopment incentives to allow for franchise and excise tax credits for both the purchase and remediation of brownfield sites. The bill also establishes Tennessee's first Brownfield Redevelopment Area Fund and authorizes a Brownfield Redevelopment Area Grant Program.

The Chamber maintained its commitment to protecting critical infrastructure and a diverse energy supply by supporting several pieces of legislation. **Public Chapter 302** increases the penalty for offenses of critical infrastructure vandalism from a Class E felony to a Class C felony and took effect July 1. Two items of note supported by the Chamber relative to energy are **Public Chapter 45**, which prevents local governments from prohibiting the sale or installation of an appliance based on the type of energy used. **Public Chapter 154** defines both clean and renewable energy and states that if a local government chooses to impose requirements relative to the source of energy used, the definition placed in our state law should be used. The Chamber commends the General Assembly for taking preventive measures to support business and economic development.



COVID-19 BUSINESS LIABILITY PROTECTIONS:

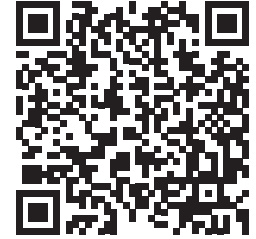
Public Chapter 48 makes permanent Tennessee's COVID-19 business liability protection laws. The Tennessee Chamber supported this effort, providing liability protections for all industries and preventing frivolous lawsuits.





READ THE TENNESSEE
WORKS TAX ACT

SCAN
QR CODE
FOR
MORE



TENNESSEE WORKS TAX ACT

**Chamber-supported
structural tax changes
enhance Tennessee's
competitiveness for
existing and new business**

The Tennessee General Assembly has approved roughly \$400 million in tax cuts for Tennessee families and businesses through **Public Chapter 377**, the Tennessee Works Tax Act. The Tennessee Works Tax Act is a part of Governor Lee's administrative package and passed before the legislature adjourned on April 19, 2023 in the Senate, and thereafter was concurred with by the House on April 20, 2023. The Governor signed this legislation (the "Act") into law on May 11, 2023.

The Tennessee Works Tax Act makes various changes to the business tax, franchise and excise tax, and sales and use tax law. Overall, the Act reduces taxes paid by business by \$150 million (\$70 million recurring) primarily aimed to relieve franchise and excise (F&E) tax burdens. The Chamber applauds this effort and has advocated for years that improving our F&E taxes are crucial to further enhancing our business climate and the efforts are a significant step toward reducing tax liability on businesses, especially those caught by the property component of the F&E tax. The Act eliminates the local business tax or gross receipts tax on manufacturers and their storage facilities which has been a priority of the Tennessee Chamber. The Tennessee Works Tax Act also includes moving all Tennessee taxpayers to the F&E Single Sales Factor (SSF) apportionment method from the current three factor formula and will be phased in over three years. Companies with current Economic and Community Development (ECD) incentive packages will be allowed to continue their current apportionment formula through the duration of their incentive packages. As noted by Governor Lee, over 35 states currently mandate SSF which aims to encourage larger business investments in the state.

The Chamber, after a number of revisions agreed to by bill sponsors and the Lee administration, is supportive of the tax cuts on Tennessee's business tax and franchise & excise tax, as well as proposals that eliminate certain taxes on manufacturing distribution facilities. The Chamber advocated that companies be allowed to extend beyond 15 years to 25 years for the ability to use F&E tax credits if required to use SSF. The Chamber also encouraged additional franchise and excise rate reduction to counter any tax increases and supported accommodations for telecommunications and distribution facilities in the proposal.

Scan the QR code to read the changes with respect to Tennessee's business tax, franchise and excise taxes, and sales and use taxes. In the summary you will find an overview of the more significant changes as to those taxes based upon the last readily-available text from the legislature from the Chamber's Tax Committee Chair, Carl Hartley. Unless otherwise referenced, these changes are effective upon the Act becoming law.



\$407 MILLION

THE 2023-24 STATE BUDGET INCLUDES MORE THAN \$407 MILLION IN TAX CUTS BY PASSING THE TENNESSEE WORKS TAX ACT

\$38 MILLION

IN SMALL BUSINESS EXCISE TAX RELIEF BY ESTABLISHING A STANDARD DEDUCTION FROM EXCISE TAX FOR UP TO \$50,000 OF REPORTED NET INCOME

\$8M

IN SMALL BUSINESS RELIEF FROM THE BUSINESS TAX BY INCREASING THE FILING THRESHOLD FROM \$10,000 TO \$100,000

\$20,000,000

IN SMALL BUSINESS FRANCHISE TAX RELIEF BY EXEMPTING UP TO \$500,000 OF PROPERTY FROM THE FRANCHISE TAX

SAVINGS TO BUSINESSES



3 MONTHS

\$273 MILLION SAVINGS FOR 3-MONTH SALES TAX HOLIDAY FOR FOOD PURCHASES

\$400k

FOR THE US SMART FACTORY INSTITUTE

\$1 BILLION

IN TENNESSEE'S TCAT MASTER PLAN

\$15M

IN ESTABLISHING NEW, OR IMPROVING EXISTING CHILDCARE AGENCIES



ADVOCACY IN ACTION: NEW LEGISLATOR WORKSHOP

The Tennessee Chamber of Commerce & Industry hosted a New Legislator Workshop at the beginning of the legislative session to foster connections and build relationships among the new faces of the General Assembly and the business community of our state. Tennessee Chamber President and CEO Bradley Jackson welcomed the new legislators and explained who we are – the Voice of Tennessee Business. Former and current members and leaders of both chambers joined the event to discuss how important it is business and industry advocates with a unified voice and the Chamber serves as just that on Capitol Hill.

Recognizing the importance of collaboration and understanding between government officials and the private sector, the workshop aimed to provide valuable insights and resources to the newly elected representatives, equipping them with the knowledge and understanding necessary to effectively support and promote Tennessee businesses. By establishing strong relationships and open lines of communication, policymakers can make informed decisions that support the growth and prosperity of Tennessee's economy while addressing the concerns of business owners and stakeholders.



From Left to right, Karrington Anderson, Sen. Brent Taylor, Rep. Jeff Burkhart, Rep. Jody Barrett, Sen. Adam Lowe, Rep. Elaine Davis, Rep. Kip Capley, Rep. Caleb Hemmer, Rep. Michael Hale, Rep. Robert Stevens, Bradley Jackson, Rep. Brock Martin, Rep. Bryan Richey, Rep. Ed Butler, Rep. Ronnie Glynn, Laura Leigh Harris



OVERVIEW



The 2023-24 Budget

EDUCATION AND WORKFORCE:

- \$1 billion in Tennessee's TCAT master plan – \$370.8 million to go toward updating seven TCAT campuses across the state, \$386.2 million to invest in new infrastructure for sixteen current TCAT campuses, and \$147.5 million to build six new TCATs
- \$350 million in additional TISA investment with \$125 million of this amount is to increase teacher pay
- \$15 million in establishing new, or improving existing, childcare agencies
- \$29 million in CTE grants for mixed schools
- \$15.46 million (recurring) for LEA reimbursement for six-week family paid leave
- \$5.28 million (recurring) for the HOPE scholarship
- \$7.5 million in the Governor's Rural Education Initiative
- \$1.66 million for LaunchTN
- \$3 million for RFP student-recovery program for at-risk students
- \$2 million pilot STEM-focused learning platform
- \$1 million for employment and service programs for those returning from incarceration
- \$700,000 for school-age literacy, math, nutrition, and early childhood programs
- \$6.7 million for the University of Tennessee's Health Science Center

INFRASTRUCTURE AND MAJOR INVESTMENTS:

- \$3 billion to the Transportation Modernization Fund (\$750 million to all four TDOT regions)
- \$300 million for the local highway program
- \$995,000 (recurring) for development grants related to economic development, community development, or planning
- \$76 million (recurring) for the Transportation Equity Fund for airports

TAX:

- \$64 million to simplify tax administration and conform with the 2017 Tax Cuts & Jobs Act, providing businesses with expedited recovery costs and investment incentives
- \$37.8 million for the Small Business Excise Tax Relief
- \$20.3 million for the Small Business Franchise Tax Relief
- \$8 million for Small Business Relief from the Business Gross Receipts Tax
- \$7.3 million to establish a state paid family leave tax credit for a two-year pilot period
- \$407 million in tax cuts and \$124 million in business tax cuts
- \$288.3 million in a one-time three-month sale tax holiday on food groceries from August 1-October 31, 2023

ENVIRONMENT & ENERGY:

- Funding to revitalize 175 brownfield sites across Tennessee
- \$2 million for Tennessee Tech University's operations and maintenance of its wind tunnel system
- State natural area expansion, build new park lodges, complete four trails, and create four new state parks
- \$50 million in a Nuclear Fast Track Fund to attract nuclear development and manufacturing
- \$6 million for the TEMA Disaster Relief Grants
- \$500,000 for grants to improve and make accessible Tennessee's waterways

PUBLIC SAFETY:

- \$140 million for one full-time, armed School Resource Officer (SRO) for every public school
- \$28 million for more than 100 Homeland Security agents across all 95 counties
- \$40 million for public school security upgrades
- \$14 million for private school security upgrades
- \$8 million for additional School-Based Behavioral Health Liaisons across the state



SPECIAL LEGISLATIVE SESSION ON PUBLIC SAFETY

COMING AUGUST 2023

A few hours following the formal adjournment of the 2023 regular legislative session, Governor Bill Lee announced that he will call for the Tennessee General Assembly to convene a special session to consider legislation to strengthen public safety and preserve constitutional rights. The announcement came amid speculation that legislative leaders were discussing possible legislation to address gun violence and public safety following the Covenant School shooting on March 27, 2023, in Nashville. Governor Lee and legislative leaders, following the tragedy, announced they would be investing an additional \$100 million for school safety resource officers and additional safety measures for all schools across the state. The Tennessee Chamber and other business groups have noted their overall support to enhance public safety and will be monitoring all legislative proposals.

Regarding the special session, Governor Lee notes, "After speaking with members of the General Assembly, I am calling for a special session on August 21 to continue our important discussion about solutions to keep Tennessee communities safe and preserve the constitutional rights of law-abiding citizens," said Gov. Lee. "There is broad agreement that action is needed, and in the weeks ahead, we'll continue to listen to Tennesseans and pursue thoughtful, practical measures that strengthen the safety of Tennesseans, preserve Second Amendment rights, prioritize due process protections, support law enforcement, and address mental health."

Following the announcement of the special session, the Tennessee Chamber surveyed its membership on public safety and general firearm policies, which helps the Chamber determine its position on potential legislation. The Chamber will provide more updates when the special session begins. Please reach out to policy@tnchamber.org with any questions or concerns.



KEY CHAMBER HIGHLIGHTS

New Workforce Development Initiative, *Be Pro Be Proud Mobile Workshop*, is launching soon!

The Be Pro Be Proud Mobile Workshop is under final construction and is expected to launch on September 25 for the new school year.

Be Pro Be Proud is a cutting-edge technical career initiative connecting students, parents, and educators to skilled technical professions. Started in Arkansas, the program has proven to be a successful tool to enhance knowledge around these in-demand careers, and we are proud to partner with Be Pro Be Proud to bring this experience to Tennessee.



The Be Pro Be Proud Mobile Workshop, a custom-manufactured semi-truck, uses VR and AR technical career simulators to attract students to technical jobs and raise awareness and education about rewarding career and training opportunities in skilled professions. Tennessee's Mobile Workshop will feature twelve simulators including CNC/3-D printing, and lineman, diesel tech, agriculture, welding, construction, heavy equipment, and forestry simulators and will operate year-round across the state. For more information on how to sponsor or book a tour stop, please email beprobeproud@tnchamber.org.

The Tennessee Chamber PAC



What?

As the political arm of the Chamber, the Tennessee Chamber PAC enhances and strengthens the Chamber's role in promoting business in our state by helping elect pro-business leaders. Through advocacy and financial support, the Chamber PAC works to elect officials at the state level who understand the fundamental role businesses and industries play in job creation and the economic health of our state.

Why?

The PAC's mission is ensuring the Legislature and state departments and agencies do not harm your bottom line or Tennessee's business climate. An investment in the Tennessee Chamber PAC helps our efforts to ensure pro-business legislators have the support from the business community and are informed about the most important issues and challenges facing business and manufacturing.

How?

Supporting the Chamber PAC is easy— Tennessee law allows three types of donations: business or corporate dollars, personal or individual donations, and transfers from other PACs. You can donate by going online to tnchamber.org/PAC or reaching out to Sarah.Burnett@tnchamber.org for more information.

**Invest in Tennessee's future by taking an active role in issues that shape and define our state's economy.
Make sure your voice is heard by contributing to the Tennessee Chamber PAC!**



tnchamber.org



LinkedIn



TENNESSEE CHAMBER
of Commerce & Industry

TENNESSEE MANUFACTURERS ASSOCIATION