

Local Incentives

Enterprise Zones - The Texas Enterprise Zone Program was established to encourage the creation of permanent jobs and to promote capital investment in areas of economic distress. Both state and local tax incentives and other economic programs may be structured to businesses located in existing enterprise zones or in disadvantaged areas. For more information, [please click here](#).

Skills Development Fund - The Skills Development Fund is a program designed to help Texas public community and technical colleges and a higher education extension agency finance customized job training for their local businesses. The fund will provide training for specific skills for workers who will be hired by the business.

The purpose of the skills development fund is to assist Texas community and technical colleges and the higher education extension agency in responding to the needs of businesses, help create new jobs through business expansion or relocation, and continue to help the creation of a competitive advantage.

Business and labor unions that form partnerships with local community colleges and technical schools or the higher education extension agency may apply. They should have a training plan and jobs that pay the occupational wage in their local area.

For additional information, please visit the [Texas Workforce Commission's website](#):

Tax Abatements - Many Dallas area communities, counties, and school districts have enacted ad valorem tax abatement ordinances authorizing the granting of tax abatements up to 100% for up to 10 years for economic development projects. These abatements do not apply to the value of the land but only to the value of improvements constructed as a result of the particular economic development project. Each community applies its ordinance on a case-by-case basis; and in many communities, the ordinances contain certain employment, minimum dollar investment and/or construction square footage requirements that must be met in order for tax abatements to be available.

Some Dallas area communities, counties, and school districts have also enacted ordinances authorizing the abatement of property taxes on business and/or personal property for qualifying economic development projects. The property tax abatement may be offered in lieu of or addition to the ad valorem tax abatement described above. Both are administered on a case-by-case basis.

In order to qualify for tax abatement in a given community, each economic development project must meet certain criteria, usually a minimum number of jobs added to the local economy, and/or a minimum dollar-value of local capital investment. These minimum criteria vary by taxing jurisdiction and abatement levels.

Appraised Value Limitation & Tax Credit (School District) - A business may be qualified for a tax credit and an eight-year limitation on the appraised value of a property for the maintenance and operations portion of the school district property tax. To qualify, the property should be in a reinvestment zone and must be devoted to manufacturing, research and development, or renewable energy generation. Also, the property owner must enter into an agreement with the school district to create a specific number of jobs and build or install specified types of real and personal property worth a certain amount.

[Appraised Value Limitation and Tax Credit](#)

[School District Economic Development Categories and Minimum Values per HB 1200](#)

Freeport Tax Exemption - The Freeport exemption allows local governing bodies the option to exempt personal property consisting of goods, wares, merchandise or ores other than oil, natural gas and petroleum. Eligible property must be transported out of the state within 175 days of acquisition, but may first be assembled, stored, manufactured, processed or fabricated locally.

[50-113 Application for Exemption of Goods Exported from Texas](#)

Foreign Trade Zones - Foreign Trade Zone is an area inside the U.S that is designated outside Custom Territory. Merchandise may be brought into a Foreign Trade Zone without a formal U.S. customs entry, without payment of customs duties or excise taxes, without being subject to quota limitations and other import restrictions. Any foreign or domestic merchandise not otherwise prohibited by law, may be stored in a Foreign Trade Zone for an unlimited period of time. Merchandise may be opened, examined, mixed, assembled, sorted, cleaned, labeled or repackaged, while it is stored in a FTZ. Imported material avoids any Custom duties on re-exports, on waste, scrap, and yield loss materials, and on sales to companies operating in other foreign trade zones.

[More information on Foreign Trade Zones in Texas](#)

Industrial Development Bonds - Cities, counties and other local governmental districts are authorized to establish nonprofit industrial development corporations or authorities to issue tax-exempt or taxable revenue bonds. Projects must promote the development or expansion of manufacturing and industrial facilities in Texas. The amount of a bond may not exceed \$10 million.

Companies seeking industrial development bonds are responsible for finding a bond purchaser and may choose to have the bond privately placed with a bank or offered to the public. Economic development entities will work with the company to structure the bond's financing so it will qualify for tax exemption.

[Additional information on financing can be found here.](#)

Sales Tax for Economic Development - Under Texas law, cities located in counties with populations of 500,000 or less have the option to impose a sales and use tax to help finance their communities' economic development efforts, or for property tax relief. Cities may adopt an economic development sales tax at a rate of 1/8, 1/4, 3/8 or 1/2 of one percent if the total rate of the municipal sales and use tax does not exceed two percent. Cities may also limit the duration of the tax and the use of the funds. The use of economic development sales tax is limited to the creation and or retention of primary jobs, basically excluding retail jobs.

There are two types of Economic Development Sales Tax: a 4A tax and a 4B tax. 4A- Cities may use the money raised by this sales tax for purposes related to industrial development including: purchasing land, buildings and equipment; paying principal and interest on debt; improving airports that are an integral part of an industrial park; and making improvements to support waterborne commerce.

4B- Cities may use money raised by this sales tax for a wide variety of projects including land, buildings, equipment, facilities and related improvements to any of these items: sports, athletic, entertainment, tourist, convention and public park facilities, including the maintenance and operating costs associated with such projects. Before spending 4B tax revenues to hold at least one public hearing on the proposed project that

will be funded by the tax.

[Additional information on the use of sales tax for economic development can be found here.](#)

The Texas Comptroller of Public Accounts has [more detailed information on tax-related state and local economic development programs here.](#)

