

State 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.

Besides existing enterprise zones, everyplace in the state constituting a U.S. Census block group where 20% or more of the residents are below the U.S. poverty level is considered as an enterprise zone. A business is qualified for enterprise project designation if the company agrees to hire 35% of its new employees either from an existing enterprise zone or economically disadvantaged persons. If the business is located in an existing enterprise zone, the requirement is at 25%.

State-designated Enterprise Zone Projects may be eligible for up to \$1.25 million in state sales or use tax refunds of taxes paid for building materials, machinery and equipment for use in the enterprise zone, at a rate of no more than \$250,000 per year. The refund is based upon a \$5,000 refund for each of 110% of the new or retained permanent jobs the designated project commits to create in its application for the 5-year designation, subject to certain requirements.

Enterprise zone projects may also qualify for franchise tax reductions to be based on a 50% reduction of increased apportioned taxable capital or 5% apportioned earned surplus income as calculated on each franchise tax report during the 5-year designation period. The project may choose the calculation that provides the greater benefit.

A one-time state sales tax refund of up to \$5,000 of taxes paid for machinery and equipment to be used in the enterprise zone may be available to a qualified business that has operated in a state designated enterprise zone for at least three years and retains at least 10 jobs. A one-time franchise tax refund of up to \$5,000 based upon \$500 for each new job created may be available to a qualified business in a state designated enterprise zone when at least 10 new jobs have been created.

Classification by the Public Utilities Commission as a qualified business in a state designated enterprise zone may qualify the business for up to a 5% reduction on electric utility rate upon negotiation with local electric utility service provider.

Texas Enterprise Fund – The Texas Enterprise Fund (TEF), the State’s “deal closing fund,” is an innovative economic development tool used to attract new business to the state or assist with the considerable expansion of an existing business as part of a competitive recruitment situation. Funds can be used for infrastructure development, community development, job training programs and business incentives. Capital investment, job creation, wages generated, and federal and local government and private sector financial support of a project are significant factors in approving the use of the Enterprise Fund.

“The door is open for business in Texas, and the Texas Enterprise Fund allows us to put that sign up in neon.”

-- Governor Rick Perry

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

Emerging Technology Fund - The Emerging Technology Fund (ETF), created by the Texas Legislature at the urging of Governor Rick Perry, provides Texas with an unparalleled advantage by expediting the development and commercialization of new technologies, and by recruiting the best research talent in the world. Matching and commercialization funds coupled with additional federal and outside investments mean new technology is emerging in Texas.

“In Texas, we understand that high-tech companies don't just happen overnight but are a product of forethought, sound vision and planning, and strategic investments by both the public and private sectors. Through our Emerging Technology Fund, we are bringing the best scientists and researchers to Texas, attracting high-tech jobs and helping start-up companies get off the ground faster.” - Governor Rick Perry

ETF Homepage: <http://www.emergingtechfund.com>

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

[ETF Dashboard.](#)

Loan Assistance – Several programs are available to businesses and communities in need of loan assistance. The **Leverage Fund** provides an additional source of financing to communities that have adopted an economic development sales tax. Communities may leverage future sales tax revenues to support job retention or creation.

The **Product Development Fund** provides financing to aid in the development, production and commercialization of new or improved products within the state. Products appropriate for the Fund are inventions, devices, techniques, or processes that have advanced beyond the theoretical stage and are ready for immediate commercial application.

The **Small Business Fund** provides financing to foster and stimulate the development of small businesses in Texas. Preference for funding will be given to the state's defined industry clusters within emerging technology fields including semiconductors; nanotechnology; biotechnology and biomedicine; renewable energy; agriculture and aerospace.

The **Industrial Revenue Bond Program (IRB)** is designed to provide tax-exempt or taxable financing for eligible industrial or manufacturing projects as defined in the Development Corporation Act of 1979 (Act). The Act allows cities, counties, conservation and reclamation districts to form non-profit industrial development corporations (IDCs) or authorities on their behalf. The purpose is to provide bonds for projects within their jurisdictions.

The **Texas Industry Development (TID) Loan Program** provides capital to Texas communities at favorable market rates. The main objective of TID is to support projects that will stimulate the creation of jobs. TID loans can be used for a variety of purposes including community infrastructure development. TID financing is available for loans above \$5,000,000.

Detailed information on these programs and others can be found on the [Texas Governor's website](#).

Residency Waiver for In-State Tuition Rates - The Economic Development and Diversification In-state Tuition Incentive may be offered by the Economic Development & Tourism division of the Office of the Governor to qualified businesses that are in the decision-making process to relocate or expand their operations into Texas. The incentive allows employees and family members of the qualified businesses to pay the Texas resident tuition rate at a Texas public institution of higher education without first establishing residency. The Executive Director of the Texas Dept. of Economic Development approves the waiver based upon an application submitted on behalf of the relocating company and its relocation employees.

For questions concerning the criteria used for certifying companies for this program, contact Domestic Expansion & Recruitment in the Office of the Governor, Economic Development and Tourism division, at (512) 936-0101.