

# STATE AND LOCAL INCENTIVES

The Dallas–Fort Worth area has a strong business culture. The municipalities within the region offer a variety of local incentive programs to expand or relocate businesses, ranging from tax abatements and tax increment financing to the development of infrastructure and free-trade zones. The programs help maintain the low cost of doing business, enabling job-creating companies to gain a competitive advantage. Programs vary by city but offer a breadth that can provide value for a variety of projects.

Additionally, statewide programs, including the Texas Enterprise Fund, Events Trust Fund, Workforce Development, and Product Development and Small Business Incubator Fund, are in place to encourage companies that create jobs and drive innovation to set up shop in the Lone Star State.

## DEVELOPING AREAS

### THE COUNTY DEVELOPMENT DISTRICT

**SALES TAX:** Enables counties of less than 400,000 residents to create county assistance districts and adopt local sales taxes. Eligible counties must not contain a 4A or 4B city or any transit authority territory.

**TEXAS CAPITAL FUND:** Programs within this fund provide financial resources to non-entitlement communities for public infrastructure or for real estate development needed to assist a business that commits to creating and/or retaining permanent jobs, primarily for low and moderate-income persons. The maximum award is \$1,500,000, and may not exceed 50 percent of the total project cost.

### THE RURAL MUNICIPAL FINANCE PROGRAM

Assists in the economic development of rural areas. Eligible applicants include city and county governments, economic development corporations, hospital districts, rail districts, utility districts, special districts, agricultural districts and private water and wastewater corporations.

## LOCAL INCENTIVES

**FREEPORT EXEMPTION:** Property tax exemption offered by cities, school districts, and counties, or all three. It applies to various types of property detained in Texas for no more than 175 days, to be transported out of state. Goods must be in Texas for assembling, storing, manufacturing, repair, maintenance, processing, or fabricating purposes.

**ECONOMIC DEVELOPMENT ACT (CHAPTER 313):** An appraised value limitation may be extended to a taxpayer who agrees to build or install property and create jobs in exchange for an eight-year limitation on the taxable value of the property. The value limitation applies to the local school district maintenance and operations tax [M&O] portion of the property tax and a tax credit. Projects must be located in a reinvestment zone or enterprise zone.

**TAX INCREMENT FINANCING DISTRICT:** A tool that local governments can use to publicly finance needed improvements to infrastructure and buildings within a designated area known as a reinvestment zone. The cost of improvements to the reinvestment zone is repaid by the future tax revenues of each taxing unit that levies taxes against the property.

**TAX ABATEMENTS:** A local agreement between a taxpayer and a taxing unit that exempts all or part of the increase in the value of the real property and/or tangible personal property from taxation for a period not to exceed 10 years.

**CHAPTER 380/381 AGREEMENTS:** Allow municipalities and counties to offer grants and loans for economic development, or a variety of other economic incentives.

**TYPE A AND B ECONOMIC DEVELOPMENT CORPORATIONS:** Cities located within a county of fewer than 500,000 residents can form economic development corporations and institute a sales tax, if the new combined tax doesn't exceed 2 percent. Some cities in more populated counties may also participate under certain conditions. Type A is generally for industrial and manufacturing, while Type B is for quality-of-life projects. Voters must approve the creation of a Type A or Type B tax.

## STATE INCENTIVES

**TEXAS ENTERPRISE FUND:** TEF is the largest “deal-closing” fund of its kind in the nation. The fund is a cash grant used as a financial incentive tool for projects that offer significant projected job creation and capital investment where a single Texas site is competing with another viable out-of-state option for relocation or expansion. Funds can be used for infrastructure development, community development, job training, and business incentives.

**MANUFACTURING EXEMPTIONS:** Exemption from state sales-and-use tax for taxpayers who manufacture, fabricate, or process tangible property for sale. It generally applies to tangible personal property involved in the manufacturing process.

**NATURAL GAS AND ELECTRICITY:** Manufacturing companies may be exempt from paying state sales-and-use tax on electricity and natural gas used in manufacturing, processing, or fabricating tangible personal property.

**DATA CENTER INCENTIVES:** This new incentive allows data centers that meet certain conditions on or after Sept. 1, 2013, to qualify for an exemption on state sales-and-use tax on certain items necessary and essential to the data center operation.

**RESEARCH AND DEVELOPMENT:** Companies can choose a state sales tax exemption for property purchased, stored, or used by a person engaged in qualified research or a franchise tax credit. Local communities can also consider providing a sales tax exemption for R&D using tools such as a Chapter 380 agreement.

**SKILLS DEVELOPMENT FUND:** Assists with customized job training. Businesses and trade unions must partner with a community or technical college, the Texas Engineering Extension Service or a community-based organization working with one of these establishments. Businesses should have a training plan and pay wages that are equal to or greater than current wages in the local market. Grants for a single business may be limited to \$500,000.

**GOVERNOR’S UNIVERSITY RESEARCH INITIATIVE (GURI):** GURI was enacted in 2015 with a goal of bringing the best and brightest distinguished researchers in the world to Texas. This matching grant program will enable eligible Texas academic institutions to build expertise in key research areas; attract and inspire students to pursue advanced degrees in math, science, engineering, and medicine; and foster innovation and commercialization in the state.

**TEXAS PRODUCT DEVELOPMENT AND SMALL BUSINESS INCUBATOR FUND (PDSBI):** PDSBI is a revolving loan program to aid in the development, production and commercialization of new or improved products and to foster and stimulate small business in the state. Loan proceeds can be used for a broad range of capital and operating expenditures. Applicants must have at least three years of operating history and have unencumbered assets available for collateral. Preference for funding is given to the state’s defined industry clusters including, but not limited to: nanotechnology, biotechnology, biomedicine, renewable energy, agriculture and aerospace.

## FEDERAL INCENTIVES

**FOREIGN TRADE ZONES:** A restricted-access site located in or near a U.S. Customs Service port of entry that provides users, such as importers, manufacturers, and distributors, with cost-saving benefits.

# RELOCATION AND EXPANSION SUPPORT

ECONOMIC INCENTIVES HAVE HELPED SUPPORT OFFICE, INDUSTRIAL, AND MIXED-USE PROJECTS THROUGHOUT NORTH TEXAS.

### GE TRANSPORTATION

**SIZE:** Nearly 1 million s.f.  
**PRODUCT TYPE:** Industrial  
**CITY:** Fort Worth  
**DETAILS:** GE’s new locomotive manufacturing facility opened in 2013.  
**JOBS:** 550  
**INCENTIVES:** \$4.2 million from Texas Enterprise Fund, 85 percent city tax abatement, expected to be worth \$5.4 million over 10 years; and a \$744,845 worker training grant from the Texas Workforce Commission.

### KUBOTA

**SIZE:** 200,000 s.f.  
**PRODUCT TYPE:** Office  
**CITY:** Grapevine  
**DETAILS:** Headquarters relocation from Torrance, California includes 3-story office building and R&D facility.  
**JOBS:** 344  
**INCENTIVES:** \$3.1 million from the Texas Enterprise Fund and additional infrastructure funding from the city of Grapevine.

### TOYOTA

**SIZE:** 1 million to 1.5 million s.f.  
**PRODUCT TYPE:** Office  
**CITY:** Plano  
**DETAILS:** Headquarters relocation from California  
**JOBS:** 4,000  
**INCENTIVES:** \$40 million from the Texas Enterprise Fund, \$6.75 million grant from the city of Plano, 50 percent property tax abatement for 2018–2027, and 50 percent tax rebate for 10 years after abatement.

### JAMBA JUICE

**SIZE:** 25,000 s.f.  
**PRODUCT TYPE:** Office  
**CITY:** Frisco  
**DETAILS:** The company will move its headquarters from Emeryville, California.  
**JOBS:** 100+  
**INCENTIVES:** \$800,000 from the Texas Enterprise Fund. Additional incentives were provided by the City of Frisco.

### CITYLINE

**SIZE:** 186 acres  
**PRODUCT TYPE:** Mixed-use  
**CITY:** Richardson  
**DETAILS:** Mixed-use campus anchored by State Farm (2 million s.f.) and Raytheon (450,000 s.f.)  
**JOBS:** 8,000+ (State Farm) and 1,700 (Raytheon)  
**INCENTIVES:** A tax increment financing district set up by the city of Richardson reimburses KDC, CityLine’s developer, for public infrastructure, such as streets and sidewalks.

### CHARLES SCHWAB

**SIZE:** 500,000 s.f.  
**PRODUCT TYPE:** Office  
**LOCATION:** Westlake

**DETAILS:** Building a \$100 million campus.  
**JOBS:** 1,200 new jobs by 2026, potential for 5,000 jobs  
**INCENTIVES:** \$6 million grant from the Texas Enterprise Fund. The Town of Westlake provided a 10-year property tax abatement plan that includes a 100 percent abatement in year one, scaling down to a 10 percent abatement in year 10. Denton County approved a 50 percent abatement on county ad valorem taxes over a 10-year period. Charles Schwab is required to invest at least \$80 million in real property improvements and business equipment by 2022.

### MCKESSON

**SIZE:** 500,000 s.f.  
**PRODUCT TYPE:** Office  
**CITY:** Irving  
**DETAILS:** Expansion includes the purchases of an existing office building in Irving for shared services operations.  
**JOBS:** 975  
**INCENTIVES:** \$9.75 million from the Texas Enterprise Fund and an additional \$2 million in incentives from the city of Irving.

### FACEBOOK

**SIZE:** Up to 2.5 million s.f.  
**PRODUCT TYPE:** Data Center  
**LOCATION:** Fort Worth  
**DETAILS:** \$1 billion Facebook data center campus in Alliance, will eventually include 5 buildings and will be powered by 100% renewable energy.  
**JOBS:** 100+  
**INCENTIVES:** City grants on real and business personal property taxes over 20 years. A 10-year abatement of up to 60 percent of new real and business personal property value for Tarrant County taxes and 40 percent for Tarrant County Hospital District taxes. The site will also use the state sales tax incentive on data centers.

### RESTORATION HARDWARE

**SIZE:** 850,000 s.f.  
**PRODUCT TYPE:** Industrial  
**CITY:** Grand Prairie  
**DETAILS:** A new Southwest regional distribution hub for the company  
**JOBS:** 300  
**INCENTIVES:** Workforce Solutions of Tarrant County helped with an advertising campaign to attract job applicants. The city of Grand Prairie provided a nine-year, 75 percent partial tax abatement on combined business personal property, and real estate improvements, as well as a separate contract to provide a partial sales tax rebate on construction materials used to build the new 850,000-square-foot distribution center. A Chapter 380 agreement rebate of 50 percent on the first \$50 million of taxable Internet sales and 75 percent on taxable Internet sales over \$50 million.

### BMW OF NORTH AMERICA

**SIZE:** 282,000 s.f.  
**PRODUCT TYPE:** Industrial  
**CITY:** Lancaster  
**DETAILS:** The new center replaces a regional facility in Mississippi.  
**JOBS:** 65  
**INCENTIVES:** 10-year, 50 percent business personal property tax grant from the city of Lancaster.

### JACOBS ENGINEERING

**SIZE:** Expanding from existing 75,000 s.f. to 100,000 s.f.  
**PRODUCT TYPE:** Office  
**LOCATION:** Downtown Dallas  
**DETAILS:** Jacobs will expand its existing operations here and move its headquarters from Pasadena, California, to Downtown Dallas  
**JOBS:** 100+  
**INCENTIVES:** Jacobs received \$1.3 million in Texas Enterprise Fund and \$277,500 economic incentive grant from the city of Dallas.

### L’OREAL

**SIZE:** 513,000 s.f.  
**PRODUCT TYPE:** Industrial  
**CITY:** Dallas  
**DETAILS:** The new center, which opened in May 2014, is a distribution hub for goods produced at L’Oreal’s manufacturing facility in Mexico.  
**JOBS:** 100+  
**INCENTIVES:** City of Dallas incentives, valued at about \$4.5 million, include a tax abatement and a grant. The city also agreed to reimburse the company for road improvements.

TEXAS ENTERPRISE FUND  
LOCATION OF RECIPIENTS IN THE NORTH TEXAS REGION

REGION TOTALS

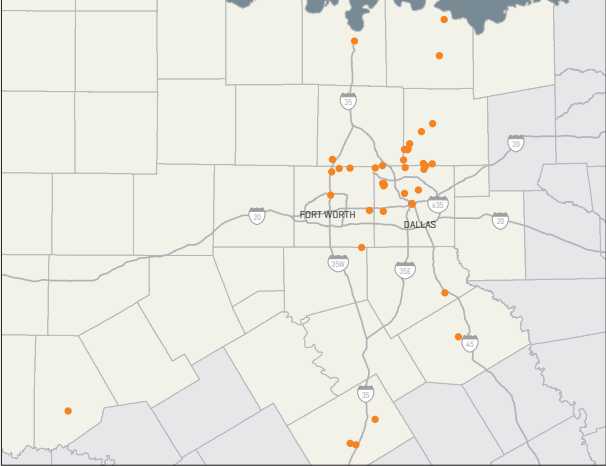
(AS OF DECEMBER 2017)

TOTAL RECIPIENTS: 55

TOTAL GRANT AMOUNT: \$250 mil.

TOTAL NEW JOBS: 35,190

NOTE: Some awards and job totals may be divided between more than one region.



	COMPANY	INDUSTRY	DIRECT JOBS	CAPITAL INVESTMENT	TEF GRANT	CITY
1	Texas Instruments/Univ. of Texas at Dallas*	Semiconductors	n/a	\$3,000,000,000	\$50,000,000	Richardson
2	Toyota Motor North America Inc.	Automotive HQ Relocation	3,650	\$345,000,000	\$40,000,000	Plano
3	Triumph Aerostructures	Aerospace Manufacturing	3,000	\$598,000,000	\$35,000,000	Dallas
4	Bank of America*	Financial Services	3,876	\$200,000,000	\$20,000,000	Richardson
5	McKesson Corp.	Pharmaceutical Distribution	975	\$157,000,000	\$9,750,000	Irving
6	Active Network LLC	IT Services	1,000	\$13,000,000	\$8,600,000	Dallas
7	Fidelity Global Brokerage	Financial Services	850	\$200,000,000	\$8,500,000	Town of Westlake
8	NTT Data Inc.	Data Processing Services	6,377	\$ 28,800,000	\$ 7,500,000	Plano
9	Tyson Foods	Food Processing	1,600	\$97,150,000	\$7,000,000	Sherman
10	Sabre GBLB Inc.	Travel Arrangement/Reservations	500	\$37,900,000	\$5,000,000	Westlake
11	Omnitracs LLC	IT Services	450	\$10,000,000	\$3,900,000	Dallas
11	Gartner Inc.	IT Research and Advisory	800	\$ 12,400,000	\$ 3,900,000	Irving
13	Kubota Tractor Corp.	Agricultural Machinery	344	\$57,000,000	\$3,800,000	Grapevine
14	Comerica	Financial Services	200	\$16,250,000	\$3,500,000	Dallas
15	Klein Tools	Hand Tool Manufacturing	585	\$18,000,000	\$2,800,000	Mansfield
16	T-Mobile*	Wireless Communications	855	\$20,700,000	\$2,150,000	Frisco
17	Cognizant Technology Solutions	IT, Consulting and Business Process	1,090	\$ 8,452,000	\$ 2,105,880	Irving
18	Golden Living (GGNSC)	Health Care Facilities	100	\$8,400,000	\$2,100,000	Plano
18	GE Transportation	Locomotive Manufacturing	330	\$96,000,000	\$2,100,000	Fort Worth
20	Galderma Laboratories LP	Pharmaceuticals	343	\$22,000,000	\$2,052,000	Fort Worth
21	Torchmark	Insurance	500	\$26,600,000	\$2,000,000	McKinney
21	Maxim Integrated Products*	Semiconductors	n/a	n/a	\$2,000,000	Irving
23	Health Management Systems (HMS)	Health Care Data Services	350	\$17,687,439	\$1,600,000	Irving
24	Thomson Reuters	Software Publishers	250	\$6,154,889	\$1,538,000	Carrollton
25	Ruiz Foods*	Food Processing	423	\$48,880,413	\$1,500,000	Denison
26	Jacobs Engineering Group Inc.	Engineering Services	111	\$ 4,000,000	\$ 1,332,000	Dallas
27	Consolidated Electrical Distributors (CED)	Electrical Components Wholesale	120	\$3,300,000	\$1,200,000	Irving
27	TD Ameritrade	Financial Services	490	\$11,000,000	\$1,200,000	Fort Worth
29	Frito-Lay	IT for Food Manufacturing	125	\$4,500,000	\$1,125,000	Plano
30	Ryder Intergrated Logistics, Inc.	Transportation & Supply Chain	205	\$ 5,308,000	\$ 1,050,000	Fort Worth
31	Raytheon*	Aerospace & Defense	200	\$21,700,000	\$1,000,000	McKinney
31	VCE*	Computer Systems/IT	130	\$40,000,000	\$1,000,000	Richardson
31	USAA*	Insurance	680	\$31,400,000	\$1,000,000	Plano
34	Pactiv	Plastic Product Manufacturing	200	\$58,000,000	\$930,000	Corsicana
35	Golden State Foods Corp.	Liquids [Sauces, Dressings, etc]	150	\$ 19,600,000	\$ 900,000	Burleson
36	OKI Data Americas Inc.	Printers & Peripheral PC Equip	104	\$ 3,580,000	\$ 895,000	Irving
37	Kohl's Department Stores	Management of Retail Operations	144	\$54,900,000	\$864,000	Dallas
38	Lone Wolf Real Estate Technologies	Software Publishers	150	\$ 3,450,000	\$ 862,500	Dallas
39	Rockwell Collins*	Aerospace Manufacturing	105	\$6,782,500	\$839,196	Richardson
40	Forum Production	Oil & Gas Production	200	\$16,325,000	\$800,000	Gainesville
40	Jamba Juice Co.	Retail Smoothie Company	126	\$2,000,000	\$800,000	Frisco
42	Authentix*	Security Technology	120	\$6,550,000	\$750,000	Addison
42	Vendor Resource Management	Financial Services	275	\$4,600,000	\$750,000	Carrollton
44	Nationstar Mortgage*	Mortgage Lending	400	\$2,000,000	\$560,000	Lewisville
45	Associated Hygienic Products	Paper Products Manufacturing	115	\$31,078,039	\$520,000	Waco
46	Sanderson Farms*	Poultry Processing	1,112	\$73,000,000	\$500,000	McLennan County
46	Pei Wei Asian Diner, LLC	Limited Services Restaurant	100	\$ 1,500,000	\$ 500,000	Irving
48	Ferris Manufacturing	Medical Equipment Manufacturing	80	\$5,500,000	\$420,000	Fort Worth
49	Cabela's*	Destination Retail	241	\$120,000,000	\$400,000	Fort Worth
49	TEKsystems Global Services*	IT Outsourcing Services	500	\$4,865,000	\$400,000	Irving
51	Gulfstream*	Aerospace Manufacturing	n/a	n/a	\$375,000	Dallas
52	JTEKT Automotive	Automotive Parts	200	\$30,000,000	\$333,000	Ennis
53	US Bowling Congress*	Athletic Association	198	\$13,000,000	\$305,000	Arlington
54	Superior Essex Communication	Telecommunications Equipment	50	\$7,600,000	\$250,000	Brownwood
55	Coll Materials	Plastics Recycling	111	\$5,900,000	\$200,000	Waco

\*project has reached completion of TEF contract

DISCOVER WHAT'S NEW + NEXT  
IN NORTH TEXAS INNOVATION

WHERE

TECH

CREATIVES

INNOVATORS

INCUBATORS

EDUCATORS

ENTREPRENEURS

INVESTORS

& ENTERPRISE

CONNECT, CONVERSE, AND CONVERGE  
ACROSS INDUSTRY SECTORS

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