

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.

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 a 10-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 Tax Increment 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 Exemptions: 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 Exemption: This 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 Tax Credit: 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 (SDF): SDF 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

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.

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.

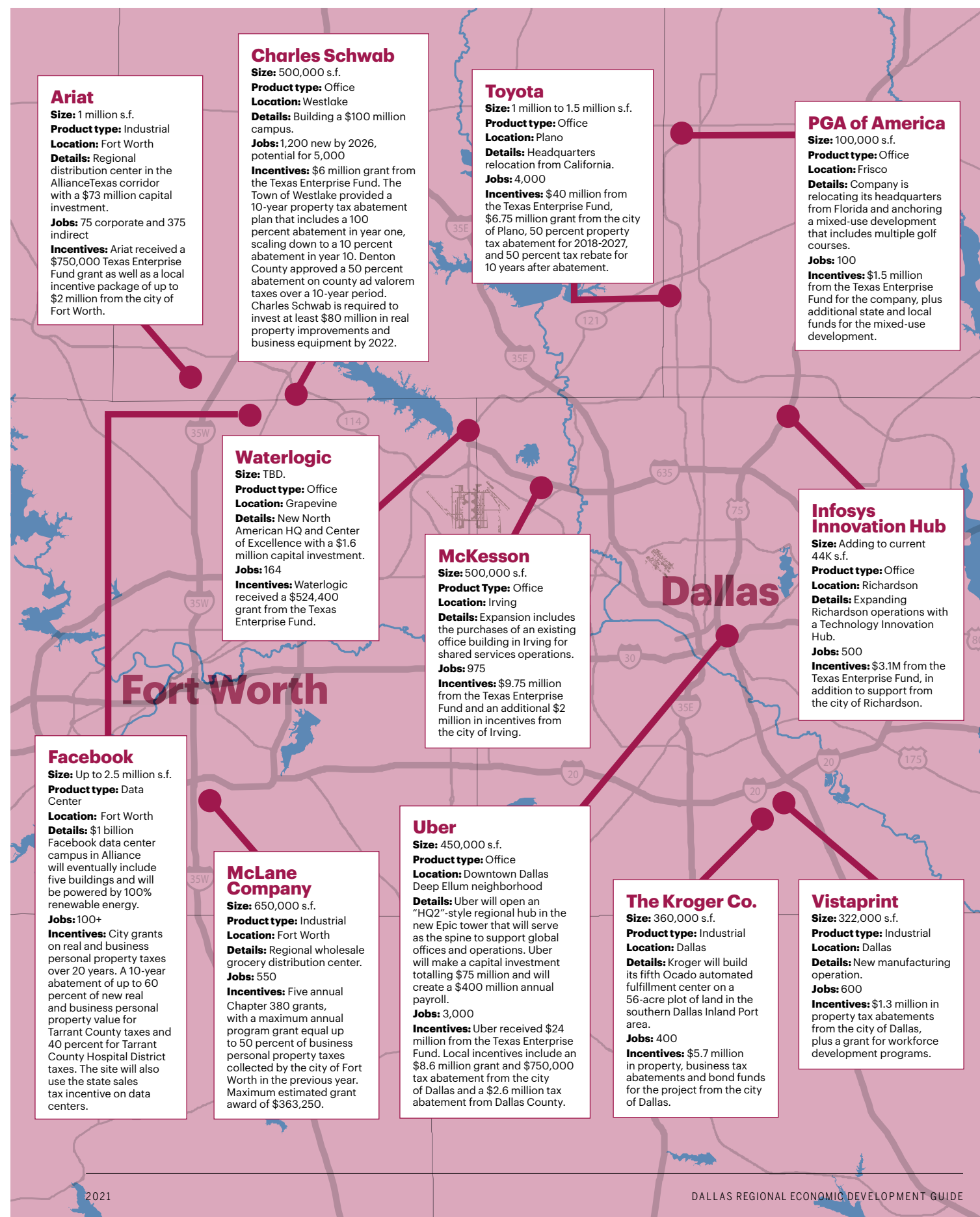
Texas Product Development And Small Business Incubator Fund (PDSBI): PDSBI is a revolving loan program to aid in the development, production, and commercialization of new or improved products and to foster and stimulate small business in the state. Loan proceeds can be used for a broad range of capital 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.



Texas Enterprise Fund

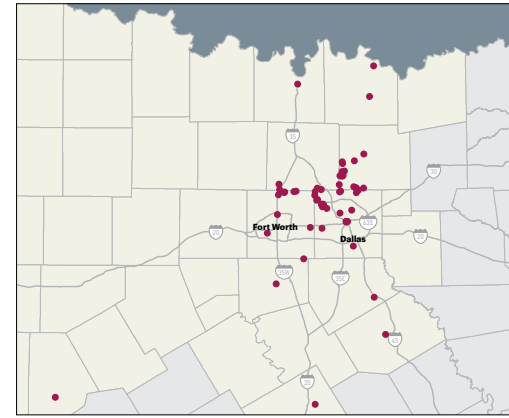
Location of Recipients in the North Texas Region

Region Totals

(as of December 2020)

- Total Recipients:** 69
- Total Grant Amount:** \$9.54B
- Total Capital Investment:** \$302.3M
- Total New Jobs:** 42,824

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



Listed from newest to oldest (*project has reached completion of TEF contract):

Company	Industry	Direct Jobs	Capital Investment	TEF Grant	City
1 Freshpet, Inc.	Pet Food Manufacturing	427	\$264,500,000	\$2,138,000	Ennis
2 Waterlogic USA, Inc.	Water Filtration Equipment Mfg.	164	\$1,678,000	\$524,400	Grapevine
3 Microsoft Corporation	Computer Software Publishing	575	\$31,400,000	\$4,874,850	Irving
4 Ericsson, Inc.	Telecom Equipment Mfg.	410	\$134,000,000	\$3,592,400	Lewisville
4 Ariat International, Inc.	Equestrian Footwear & Apparel	75	\$40,000,000	\$750,000	Fort Worth
6 Uber Technologies, Inc.	Software Development	3000	\$75,100,000	\$24,000,000	Dallas
7 Allstate Insurance Company	Insurance	1300	\$11,000,000	\$2,600,000	Irving
7 Texas Instruments Incorporated	Semiconductor Manufacturing	488	\$3,153,000,000	\$5,124,000	Richardson
9 The Professional Golfers' Association of America	Trade Association	150	\$30,000,000	\$1,500,000	Frisco
10 Infosys Limited	IT Consulting & Services	500	\$12,300,000	\$3,075,000	Richardson
11 Vistaprint Manufacturing Texas LLC	Printing Services	144	\$84,420,000	\$1,118,800	Dallas
11 CORE West, Inc.	Construction	97	\$4,000,000	\$970,000	Frisco
13 Smith & Nephew, Inc.	Advanced Medical Tech	100	\$29,100,000	\$730,000	Fort Worth
14 Gartner, Inc.	IT Research and Advisory	800	\$12,400,000	\$3,900,000	Irving
14 Golden State Foods Corp.	Liquids (Sauces, Dressings, et	150	\$19,600,000	\$900,000	Burleson
16 Cognizant Technology Solutions	IT, Consulting and Business Pr	1090	\$8,452,000	\$2,105,880	Irving
17 Louis Vuitton U.S. Manufacturing, Inc	Leather Goods Manufacturing	204	\$29,807,000	\$851,700	Johnson County
18 Pei Wei Asian Diner, LLC	Limited Services Restaurant	100	\$1,500,000	\$500,000	Irving
19 NTT Data, Inc.	Data Processing Services	6377	\$28,800,000	\$7,500,000	Plano
20 Ryder Intergrated Logistics, Inc.	Transportation & Supply Chain	205	\$5,308,000	\$1,050,000	Fort Worth
21 Lone Wolf Real Estate Technologies	Software Publishers	150	\$3,450,000	\$862,500	Dallas
22 Jacobs Engineering Group Inc.	Engineering Services	111	\$4,000,000	\$1,332,000	Dallas
22 OKI Data Americas, Inc.	Printers & Peripheral PC Equip	104	\$3,580,000	\$895,000	Irving
24 Sabre G.L.B.L, Inc.	Travel Arrangement and Reservations	500	\$37,900,000	\$5,000,000	Westlake
25 Jamba Juice Company	Retail Smoothie Company	126	\$2,000,000	\$800,000	Frisco
26 Thomson Reuters	Software Publishers	250	\$6,154,889	\$1,538,000	Carrollton
27 McKesson Corporation	Pharmaceutical Distribution	975	\$157,000,000	\$9,750,000	Irving
28 Galderma Laboratories, L.P.	Pharmaceuticals	343	\$22,000,000	\$2,052,000	Fort Worth
29 Kubota Tractor Corporation	Agricultural Machinery Manufacturing	344	\$57,000,000	\$3,800,000	Grapevine
30 Active Network LLC	IT Services	1000	\$13,000,000	\$8,600,000	Dallas
30 Omnitrac LLC	IT Services	450	\$10,000,000	\$3,900,000	Dallas
32 Toyota Motor North America, Inc.	Automotive HQ Relocation	3650	\$345,000,000	\$4,000,000	Plano
33 USAA*	Insurance	680	\$31,400,000	\$1,000,000	Plano
34 Kohl's Department Stores	Management of Retail Operations	144	\$54,900,000	\$864,000	Dallas
35 TEKsystems Global Services*	IT Outsourcing Services	500	\$4,865,000	\$400,000	Irving
36 Pactiv	Plastic Product Manufacturing	200	\$58,000,000	\$930,000	Corsicana
37 Ferris Manufacturing	Medical Equipment Manufacturing	80	\$5,500,000	\$420,000	Fort Worth
38 GE Transportation	Locomotive Manufacturing	330	\$96,000,000	\$2,100,000	Fort Worth
39 Klein Tools	Hand Tool Manufacturing	585	\$18,000,000	\$2,800,000	Mansfield
39 TD Ameritrade	Financial Services	490	\$11,000,000	\$1,200,000	Fort Worth
39 Coll Materials	Plastics Recycling	111	\$5,900,000	\$200,000	Waco
42 Golden Living (GGNSC)	Health Care Facilities	100	\$8,400,000	\$2,100,000	Plano
42 VCE*	Computer Systems/IT	130	\$40,000,000	\$1,000,000	Richardson
44 Health Management Systems (HMS)	Health Care Data Services	350	\$17,687,439	\$1,600,000	Irving
44 Consolidated Electrical Distributors (CED)	Electrical Components Wholesale	120	\$3,300,000	\$1,200,000	Irving
44 Nationstar Mortgage*	Mortgage Lending	400	\$2,000,000	\$560,000	Lewisville
47 Frito-Lay	IT for Food Manufacturing	125	\$4,500,000	\$1,125,000	Plano
48 Vendor Resource Management	Financial Services	275	\$4,600,000	\$750,000	Carrollton
49 Associated Hygienic Products	Paper Products Manufacturing	115	\$31,078,039	\$520,000	Waco
50 Gulfstream*	Aerospace Manufacturing	n/a	n/a	\$375,000	Dallas
51 US Bowling Congress*	Athletic Association	198	\$13,000,000	\$305,000	Arlington
52 Rockwell Collins*	Aerospace Manufacturing	105	\$6,782,500	\$839,196	Richardson
53 Forum Production	Oil & Gas Production	200	\$16,325,000	\$800,000	Gainesville
54 Authentix*	Security Technology	120	\$6,550,000	\$750,000	Addison
55 Comerica	Financial Services	200	\$16,250,000	\$3,500,000	Dallas
56 Fidelity Global Brokerage	Financial Services	850	\$200,000,000	\$8,500,000	Town of Westlake
57 Maxim Integrated Products*	Semiconductors	n/a	n/a	\$2,000,000	Irving
57 Torchmark	Insurance	500	\$26,600,000	\$2,000,000	McKinney
59 Sanderson Farms*	Poultry Processing	1112	\$73,000,000	\$500,000	McLennan County
60 T-Mobile*	Wireless Communications	855	\$20,700,000	\$2,150,000	Frisco
60 Raytheon*	Aerospace & Defense	200	\$21,700,000	\$1,000,000	McKinney
62 Ruiz Foods*	Food Processing	423	\$48,880,413	\$1,500,000	Denison
63 Tyson Foods	Food Processing	1600	\$97,150,000	\$7,000,000	Sherman
64 Bank of America*	Financial Services	3876	\$200,000,000	\$20,000,000	Richardson
65 JTEKT Automotive	Automotive Parts	200	\$30,000,000	\$333,000	Ennis
65 Superior Essex Communication	Telecom Equipment Manufacturing	50	\$7,600,000	\$250,000	Brownwood
67 Cabela's*	Destination Retail	241	\$120,000,000	\$400,000	Fort Worth
68 Triumph Aerostructures	Aerospace Manufacturing	3000	\$598,000,000	\$35,000,000	Dallas
69 Texas Instruments/University of Texas at Dallas*	Semiconductors	n/a	\$3,000,000,000	\$50,000,000	Richardson

Source: Texas Economic Development Corporation and the Governor's Office of Economic Development and Tourism

Opportunity Zones

The Opportunity Zones tax provision is designed to spur economic development and job creation in economically distressed communities. Three tax benefits are available to investors who reinvest capital gains into Qualified Opportunity Funds. These funds can finance commercial and industrial real estate, housing, infrastructure, and existing or start-up businesses in designated census tracts called "Opportunity Zones."

Tax Benefits:

Temporary Capital Gains Deferral:

Realized capital gains that are reinvested in an Opportunity Fund within 180 days can be deferred from taxable income until December 31, 2026, or the date the Opportunity Fund is disposed of, whichever comes earlier.

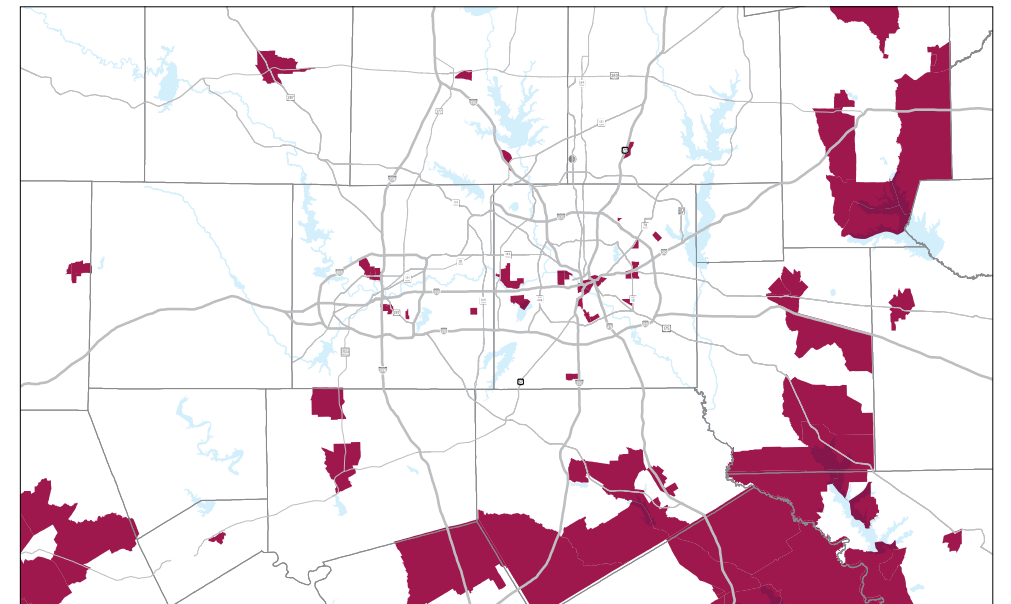
Step-Up Basis:

Gains reinvested in Opportunity Funds will receive a 10 percent step-up in basis after five years and, if invested before Dec 31, 2019, an additional step-up of five percent at seven years. A maximum of 15 percent of the original gains may be excluded from taxes.

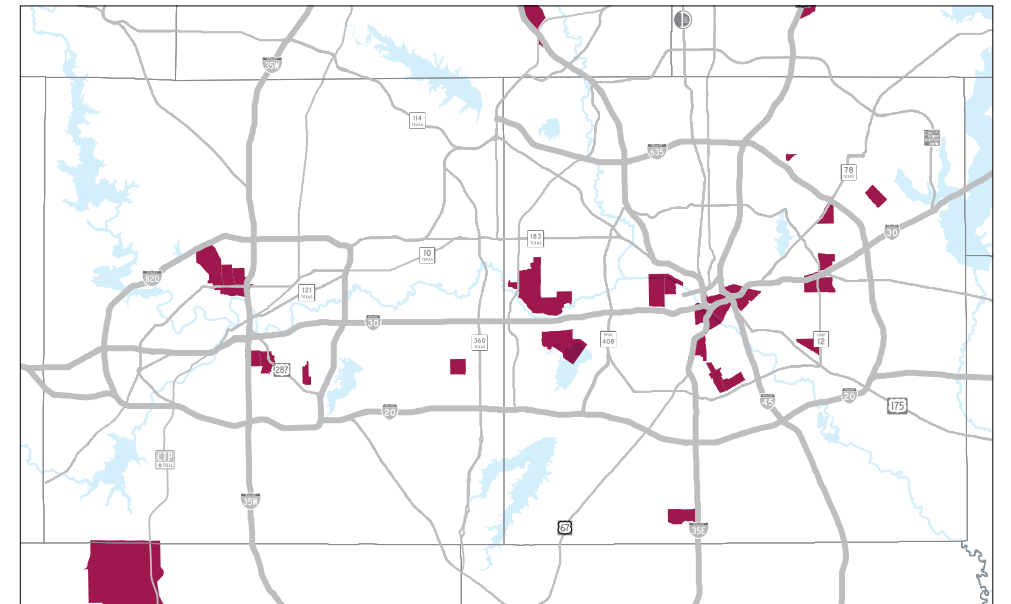
Permanent Exclusion of Taxable Income on New Gains:

For investments held for a minimum of 10 years (up to 30 years), investors pay no taxes on any capital gains produced through their investment in Opportunity Funds.

Regional Opportunity Zones



Tarrant and Dallas Counties



Source: US Dept of Treasury