

# 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 of options that can provide value for a variety of projects.

Additionally, statewide programs, including the Texas Enterprise Fund, the Texas Enterprise Zone Program, Skills Development Fund, 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. A sample of popular incentives follow:

## Local Incentives

**Type A and B Economic Development Corporations:** Financing mechanism that gives cities the ability to encourage new and expanded business enterprises. Cities may institute a voter-approved sales tax to fund an economic development corporation (EDC) which can provide businesses with cash incentives for project costs. Restrictions apply and performance agreements are required. Type A EDCs typically fund industrial development projects, while Type B EDCs fund community improvement projects.

**Tax Increment Financing District:** Financing mechanism to pay for infrastructure improvements that will spur private investment in underserved areas. Local governing bodies must create a Tax Increment Reinvestment Zone in which the cost of improvements are repaid by the future tax revenues from levies against properties in the Zone. Tax revenues attributed to increased property values due to improvements – the tax increment – can fund additional improvements.

**Chapter 380/381 Agreements:** Legislative authority for local governments to offer incentives for economic development projects through loans and grants, and the use of city staff, facilities, or services at little or no cost. Cities and counties may negotiate directly with businesses or developers with this tool.

**Tax Abatements:** Property tax exemption agreement between a taxpayer and local taxing unit (excepting school districts) applicable to all or part of the increased value of property for up to 10 years to attract or retain businesses.

**Freeport and Goods-In-Transit Exemption:** Property tax exemption for qualifying inventory that a business temporarily stores in Texas for sale outside of the state. Freeport property qualifies only if it has been detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing, or fabricating. Transit exemptions apply to goods acquired, imported, and shipped to another location in or out of state within 175 days.

## State Incentives

**Texas Enterprise Fund:** “Deal-closing” and performance-based grant program Texas can offer to companies considering a relocation or expansion to viable project sites in competing states. Projects must create jobs with wage requirements, spur capital investment, maximize benefits to the state with a significant rate of return on public dollars being spent, and obtain the support of local taxing jurisdictions.

**Texas Enterprise Zone Program:** Tool that encourages economic development partnerships intended to create jobs and spur investment in economically challenged areas. Allows local communities to nominate businesses in or near state-approved Enterprise Zones to receive state sales and use tax refunds based on the company investment and number of jobs created. Local communities must also offer economic incentives under this partnership tool.

**Manufacturing Exemption:** Exemption from state sales-and-use tax is available for taxpayers who manufacture, fabricate, or process tangible property for sale. May also apply to property and services that lead to the sale of the manufactured product and to property that makes a chemical or physical change in the manufactured product.

**Natural Gas and Electricity Exemption:** State sales and use tax exemption for manufacturing companies’ use of electricity and natural gas in the manufacturing, processing, or fabricating of tangible personal property. Qualified data centers may also receive an exemption for gas and electricity tax.

**Data Center Exemption:** State sales and use tax exemption for tangible property necessary to operate a data center. Facility dimension and usage, job and salary requirements, and investment conditions apply.

**Research And Development Tax Credit:** Choice between a franchise tax credit or state sales tax exemption for materials, software, and equipment used for qualified research and development activities, as defined under federal tax law.

**Governor’s University Research Initiative (GURI):** Matching grant program designed to help eligible Texas academic institutions recruit distinguished researchers in the areas of STEM fields and medicine in order to bolster state economic competitiveness.

**Skills Development Fund (SDF):** Grant program administered by the Texas Workforce Commission that provides customized job training to businesses seeking to upgrade employee technical skills or for business recruitment or expansion training needs. Applicants partner with a community or technical college, or other eligible training providers for program development.

**Texas Product Development and Small Business Incubator Fund (PDSBI):** A revolving loan program designed to aid in the development, production, and commercialization of new or improved products, and to foster and stimulate small business growth. The fund provides asset-based lending with favorable terms. Loan proceeds can be used for capital or operating expenditures with preference offered to certain industries, including 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.

**Opportunity Zones:** A tax provision 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.

# Relocation and Expansion Support

Economic incentives have helped support office, industrial, and mixed-use projects throughout North Texas.



# Texas Enterprise Fund

Recipients in the North Texas Region

## Region Totals

(since TEF inception)

**Total Approved Recipients:** 80  
**Total Grant Amount Offered:** \$283.3M  
**Total Committed Capital Investment:** \$9.76B  
**Total Committed New Jobs:** 47,315

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

Top 50 TEF grant awards by amount offered  
\*Project has reached completion of TEF contract

	Company	Industry	Direct Jobs	Capital Investment	TEF Grant	City
1	Texas Instruments/University of Texas at Dallas	Semiconductors	n/a	\$3,000,000,000	\$50,000,000	Richardson
2	Toyota Motor North America, Inc.	Automotive HQ Relocation	3650	\$345,000,000	\$40,000,000	Plano
3	Triumph Aerostructures	Aerospace Manufacturing	3000	\$598,000,000	\$35,000,000	Dallas
4	Bank of America*	Financial Services	3876	\$200,000,000	\$20,000,000	Richardson
5	TIAA	Financial Services	2000	\$57,980,000	\$18,019,000	Frisco
6	Fidelity Global Brokerage	Financial Services	850	\$200,000,000	\$8,500,000	Town of Westlake
7	Tyson Foods	Food Processing	1600	\$97,150,000	\$7,000,000	Sherman
8	Charles Schwab & Co.	Financial Services	1200	\$100,000,000	\$6,000,000	Westlake
9	McKesson Corporation	Pharmaceutical Distribution	975	\$157,000,000	\$5,850,000	Irving
10	Texas Instruments Incorporated	Semiconductor Manufacturing	488	\$3,153,000,000	\$5,124,000	Richardson
11	Microsoft Corporation	Computer Software Publishing	575	\$31,400,000	\$4,874,850	Irving
12	Gartner, Inc.	IT Research and Advisory	800	\$12,400,000	\$3,900,000	Irving
13	Omnitracs LLC	IT Services	450	\$10,000,000	\$3,900,000	Dallas
14	Kubota Tractor Corporation	Agricultural Machinery Manufacturing	344	\$51,000,000	\$3,800,000	Grapevine
15	Ericsson, Inc.	Telecom Equipment Mfg.	410	\$134,000,000	\$3,592,400	Lewisville
16	Comerica	Financial Services	200	\$16,250,000	\$3,500,000	Dallas
17	CBRE, Inc	Commercial Real Estate	460	\$29,600,000	\$3,450,000	Dallas
18	CBRE, Inc	Commercial Real Estate	550	\$13,000,000	\$3,300,000	Richardson
19	Infosys Limited	IT Consulting & Services	500	\$12,300,000	\$3,075,000	Richardson
20	Klein Tools	Hand Tool Manufacturing	585	\$18,000,000	\$2,800,000	Mansfield
21	Allstate Insurance Company	Insurance	1300	\$11,000,000	\$2,600,000	Irving
22	Active Network LLC	IT Services	1000	\$13,000,000	\$2,580,000	Dallas
23	T-Mobile*	Wireless Communications	855	\$20,700,000	\$2,150,000	Frisco
24	Freshpet, Inc.	Pet Food Manufacturing	427	\$264,500,000	\$2,138,000	Ennis
25	GE Transportation	Locomotive Manufacturing	330	\$96,000,000	\$2,100,000	Fort Worth
26	Digital Realty	Real Estate/Data Centers	200	\$126,717,841	\$2,046,000	Dallas
27	Torchmark	Insurance	500	\$26,600,000	\$2,000,000	McKinney
28	Maxim Integrated Products*	Semiconductors	n/a	n/a	\$2,000,000	Irving
29	Wesco Aircraft Hardware Corp	Aerospace Mfg	239	\$7,040,000	\$1,826,400	Fort Worth
30	Wagners CFT	Composite Fibers Manufacturer	304	\$40,175,000	\$1,799,984	Cresson
31	Health Management Systems (HMS)	Health Care Data Services	350	\$17,687,439	\$1,600,000	Irving
32	Ruiz Foods*	Food Processing	423	\$48,880,413	\$1,500,000	Denison
33	The Professional Golfers' Association of America	Trade Association	150	\$30,000,000	\$1,500,000	Frisco
34	Cognizant Technology Solutions	IT, Consulting and Business Pr	750	\$8,452,000	\$1,449,000	Irving
35	D6	Packaging Manufacturing	231	\$27,000,000	\$1,438,200	Sulphur Springs
36	Golden Living (GGNSC)	Health Care Facilities	100	\$8,400,000	\$1,400,000	Plano
37	Jacobs Engineering Group Inc.	Engineering Services	111	\$4,000,000	\$1,238,760	Dallas
38	Consolidated Electrical Distributors (CED)	Electrical Components Wholesale	120	\$3,300,000	\$1,200,000	Irving
39	Frito-Lay	IT for Food Manufacturing	125	\$4,500,000	\$1,125,000	Plano
40	VCE*	Computer Systems/IT	130	\$40,000,000	\$1,000,000	Richardson
41	USAA*	Insurance	680	\$31,400,000	\$1,000,000	Plano
42	Raytheon*	Aerospace & Defense	200	\$21,700,000	\$1,000,000	McKinney
43	CORE West, Inc.	Construction	97	\$4,000,000	\$970,000	Frisco
44	Pactiv	Plastic Product Manufacturing	200	\$58,000,000	\$930,000	Corsicana
45	Golden State Foods Corp.	Liquids (Sauces, Dressings, etc.)	150	\$19,600,000	\$900,000	Burleson
46	Louis Vuitton U.S. Manufacturing, Inc	Leather Goods Manufacturing	204	\$29,807,000	\$851,700	Johnson County
47	Rockwell Collins*	Aerospace Manufacturing	105	\$6,782,500	\$839,196	Richardson
48	Forum Production	Oil & Gas Production	200	\$16,325,000	\$800,000	Gainesville
49	MD7, LLC	Telecommunications Consulting	218	\$6,839,000	\$773,000	Allen
50	Ariat International, Inc	Equestrian Footwear & Apparel	75	\$40,000,000	\$750,000	Fort Worth



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.

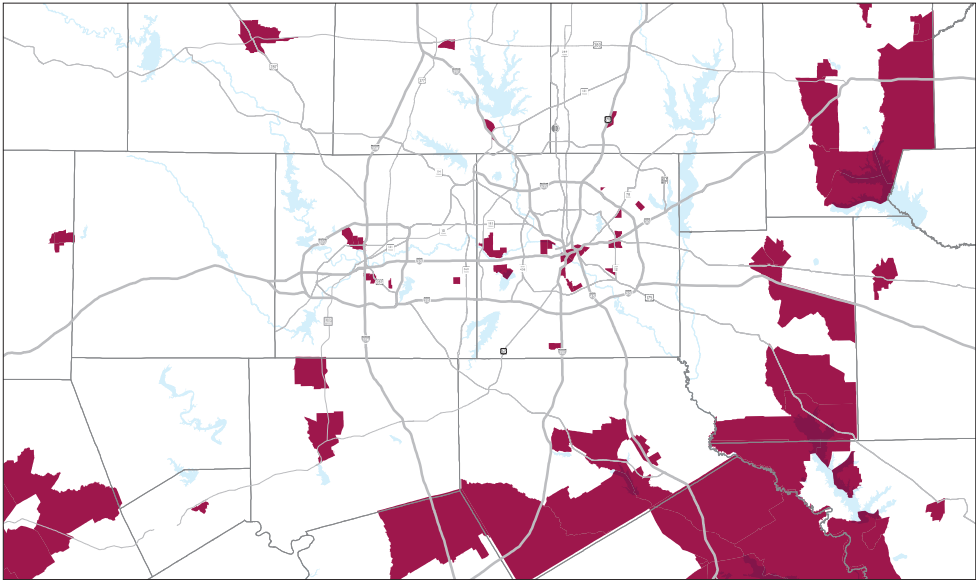
### Step-Up Basis:

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.

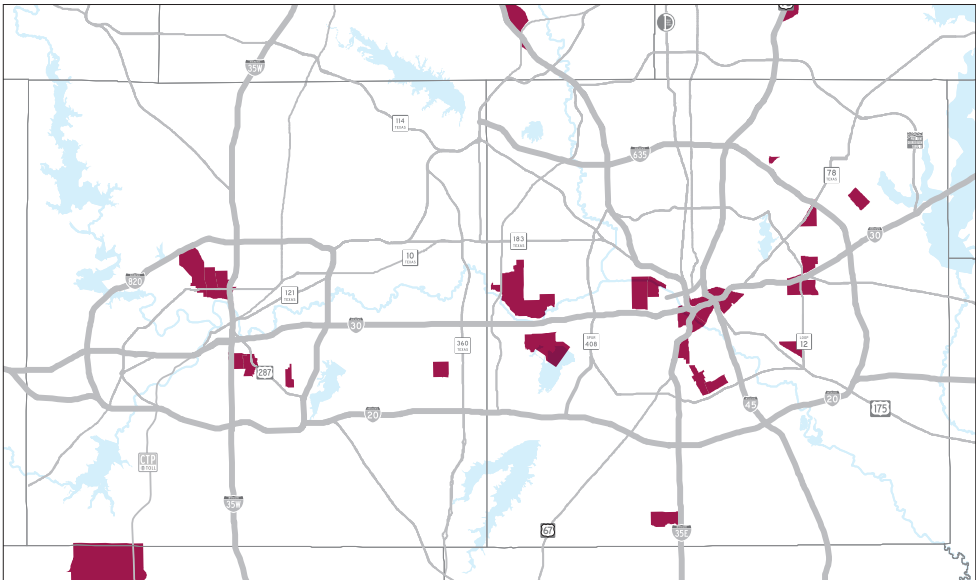
### Permanent Exclusion of Taxable Income on New Gains:

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