

# State and Local Incentives

North Texas is a great place to live, work, and do business, which is due, in part, to incentive programs that support job growth, attract innovation, and promote equitable economic development.

For example, to help maintain the low cost of doing business, the city of Dallas has policies that include tax abatement; community and economic development loans and grants; a pre-development assistance fund; an infrastructure investment fund for things like internet connectivity, streetscape enhancements, and sidewalk improvements (including ADA accessibility improvements and lighting infrastructure); New Market Tax Credits; and more.

The city of Fort Worth offers a number of incentives which it uses to attract development and create neighborhood stabilization. These are available for property owners and/or nonprofit organizations that want to restore or repair existing housing structures. Additionally, Fort Worth has identified 31 commercial districts in the queue for revitalization.

What follows are other examples of why developers often bring their catalytic projects to North Texas.

## Local incentives

Governments across Dallas-Fort Worth were given authority to offer incentives to businesses or developers in Chapter 380/381 agreements.

### Type A and B Economic Development Corporations:

A mechanism that allows cities to reward new and expanded business enterprises with cash incentives for project costs. Type A EDCs typically fund manufacturing and industrial development; type B EDCs can be used for everything under type A plus quality of life improvements like affordable housing, sports and athletic facilities, and public parks.

**Tax Increment Financing District:** A tool to spur investment by assessing the cost of infrastructure improvements to future tax revenues.

**Tax abatements:** Agreements to exempt tax on an increase in property value for up to 10 years for new businesses or the expansion or modernization of existing businesses. (This does not apply to school districts.)

## State incentives

**Freeport exemption:** Property tax exemption for qualifying inventory that a business temporarily (175 days or less) stores in Texas—for the purpose of assembly, storage, manufacturing, processing, or fabricating—that will be sold out of state.

**Goods-in-Transit exemption:** Applies to goods acquired, imported, and shipped to another location in or out of state within 175 days.

**The Texas Jobs, Energy, Technology, and Innovation Act:** JETI was part of House Bill 5 in the 88th legislative session. It provides tax breaks on school property taxes to attract major capital investment in categories like manufacturing, energy, and research. All eligible categories are determined by the North American Industry Classification System (NAICS).

**Texas Enterprise Fund:** Grant program that the state can dip into when competing with other states on the same projects. Desirable projects must create jobs that meet wage requirements, spur capital investment, project a significant rate of return on public dollars being spent, and be supported by local taxing jurisdictions.

**Texas Enterprise Zone program:** Allows local communities to nominate businesses in or near state-approved areas for financial incentives commensurate with company investment dollars and the number of jobs created.

**Manufacturing exemption:** Waiving the 6.25 percent state sales and use tax on personal property used in the fabricating and manufacturing, or processing of tangible property for sale.

■ Natural gas and electricity can also be exempted when it is used by manufacturing companies in the production of tangible personal property;

■ Tangible property necessary to operate a data center may also be exempt—facility dimension and usage, job and salary requirements, and investment conditions are considered.

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

**Governor’s University Research Initiative (GURI):** Grant money from the state that eligible Texas academic institutions can use to recruit researchers in STEM and medicine.

**Skills Development Fund (SDF):** A grant program administered by the Texas Workforce Commission that provides customized job training from community or technical colleges to businesses seeking to upgrade employee technical skills, or recruit talent.

**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 small business growth. Loan proceeds can be used for capital or operating expenditures with preference offered to certain industries, including semiconductors, nanotechnology, biotechnology, biomedicine, renewable energy, agriculture, and aerospace.

## Federal Incentives

**Foreign Trade Zones:** Secured locations in or near a U.S. Customs Service port of entry where both foreign and domestic merchandise is considered international commerce and duty-free.

**Opportunity zones:** Tax provisions designed to spur economic development and job creation in undercapitalized communities, available for any corporation or individual with capital gains. Three tax benefits are available to those who qualify:

- Temporary deferral of taxes on previously earned capital gains;
- Basis step-up of previously earned capital gains invested;
- Permanent exclusion of taxable income on new gains.

Investors can take advantage of one or more of these benefits.

# 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:** 82  
**Total Grant Amount Offered:** \$285.0M  
**Total Committed Capital Investment:** \$10.44B  
**Total Committed New Jobs:** 48,164

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	Wells Fargo	Banking	650	\$455,000,000	\$5,001,100	Irving
12	Microsoft Corporation	Computer Software Publishing	575	\$31,400,000	\$4,874,850	Irving
13	Gartner, Inc.	IT Research and Advisory	800	\$12,400,000	\$3,900,000	Irving
14	Omnitracs LLC	IT Services	450	\$10,000,000	\$3,900,000	Dallas
15	Kubota Tractor Corporation	Agricultural Machinery Manufacturing	344	\$51,000,000	\$3,800,000	Grapevine
16	Ericsson, Inc.	Telecom Equipment Mfg.	410	\$134,000,000	\$3,592,400	Lewisville
17	Comerica	Financial Services	200	\$16,250,000	\$3,500,000	Dallas
18	CBRE, Inc	Commercial Real Estate	460	\$29,600,000	\$3,450,000	Dallas
19	CBRE, Inc	Commercial Real Estate	550	\$13,000,000	\$3,300,000	Richardson
20	Infosys Limited	IT Consulting & Services	500	\$12,300,000	\$3,075,000	Richardson
21	Klein Tools	Hand Tool Manufacturing	585	\$18,000,000	\$2,800,000	Mansfield
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	Maxim Integrated Products*	Semiconductors	n/a	n/a	\$2,000,000	Irving
28	Torchmark	Insurance	500	\$26,600,000	\$2,000,000	McKinney
29	Wagners CFT	Composite Fibers Manufacturer	304	\$40,175,000	\$1,610,512	Cresson
30	Health Management Systems (HMS)	Health Care Data Services	350	\$17,687,439	\$1,600,000	Irving
31	Ruiz Foods*	Food Processing	423	\$48,880,413	\$1,500,000	Denison
32	The Professional Golfers' Association of America	Trade Association	150	\$30,000,000	\$1,500,000	Frisco
33	Cognizant Technology Solutions	IT, Consulting and Business Products	750	\$8,452,000	\$1,449,000	Irving
34	D6	Packaging Manufacturing	231	\$27,000,000	\$1,438,200	Sulphur Springs
35	Golden Living (GGNSC)	Health Care Facilities	100	\$8,400,000	\$1,400,000	Plano
36	Consolidated Electrical Distributors (CED)	Electrical Components Wholesale	120	\$3,300,000	\$1,200,000	Irving
37	Frito-Lay	IT for Food Manufacturing	125	\$4,500,000	\$1,125,000	Plano
38	Jacobs Engineering Group Inc.	Engineering Services	111	\$4,000,000	\$1,015,560	Dallas
39	VCE*	Computer Systems/IT	130	\$40,000,000	\$1,000,000	Richardson
40	USAA*	Insurance	680	\$31,400,000	\$1,000,000	Plano
41	Raytheon*	Aerospace & Defense	200	\$21,700,000	\$1,000,000	McKinney
42	Pactiv	Plastic Product Manufacturing	200	\$58,000,000	\$930,000	Corsicana
43	Golden State Foods Corp.	Liquids (Sauces, Dressings, etc.)	150	\$19,600,000	\$900,000	Burleson
44	Louis Vuitton U.S. Manufacturing, Inc	Leather Goods Manufacturing	204	\$29,807,000	\$851,700	Johnson County
45	Rockwell Collins*	Aerospace Manufacturing	105	\$6,782,500	\$839,196	Richardson
46	CORE West, Inc.	Construction	97	\$4,000,000	\$820,000	Frisco
47	Wesco Aircraft Hardware Corp	Aerospace Mfg	239	\$7,040,000	\$805,600	Fort Worth
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



# 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 startup 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.

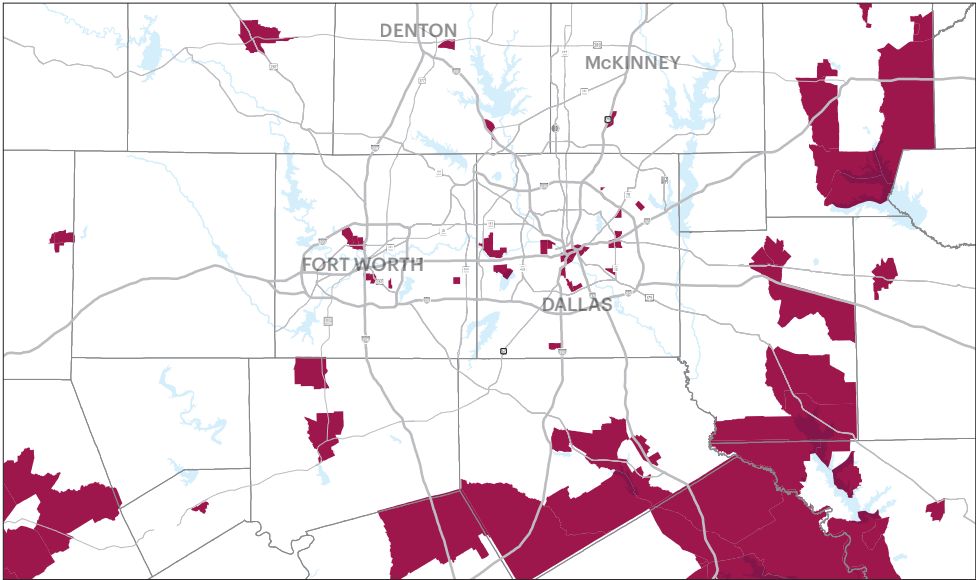
### Step-Up Basis:

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

