

State, Local, and Federal Incentives

North Texas is a great place to live, work, and do business. Incentive programs that support job growth, attract innovation, and promote equitable economic development help the region stand out and encourage companies to join our community.

For example, to help maintain the low cost of doing business, the city of Dallas has adopted policies and authorized tools 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.

Following are examples of popular local, state, and federal incentives that assist companies and developers to invest in catalytic projects in North Texas.

Local Incentives

Chapter 380/381 Agreement: Authorizes cities and counties to offer loans and grants of funds or services to stimulate business or commercial activity.

Economic Development Corporation: 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 also fund quality of life improvements like affordable housing, sports and athletic facilities, and public parks.

Tax Increment Financing District: Redirects property tax in a geographic area designated as a reinvestment zone to pay for improvements in the zone.

Tax Abatement: Exempts increases in property values from local taxation for up to 10 years by agreement with taxing unit (does not apply to school districts).

Freeport Exemption: Exempts property tax for qualifying inventory that a business temporarily stores in Texas (175 days or less) for the purpose of assembly, storage, manufacturing, processing, or fabricating.

State Incentives

Grants:

Texas Enterprise Fund: Provides competitive funding for projects considering viable sites outside of Texas. Projects must create jobs meeting wage requirements, spur capital investment, project high rates of return on public dollars spent, and have local taxing jurisdiction support.

Texas Semiconductor Innovation Fund: Encourages state leadership in semiconductor research, design, and manufacturing with awards to Texas higher education institutions and businesses.

Lone Star Workforce of the Future Fund: Increases the supply of qualified workers for entry-level to mid-level jobs in high demand occupations when businesses partner with local training providers.

Skills Development Fund (SDF): Assists Texas public community and technical colleges to finance customized job training for local businesses.

Governor's University Research Initiative (GURI): Provides matching funds for eligible Texas institutions of higher education to recruit distinguished researchers.

Space Exploration & Aeronautics Research Fund: Provides funding for entities involved in the space exploration research or aeronautics industry.

Tax Incentives:

Texas Jobs, Energy, Technology, and Innovation (JETI) Act: Provides school property tax abatements for up to 10 years for major capital investments in manufacturing, energy, or natural resource development facilities, high-tech infrastructure projects,

and critical infrastructure development. Additional abatements are available for investments in opportunity zones.

Texas Enterprise Zone Program: Allows local communities to nominate businesses in or near state-approved areas for sales and use tax refunds commensurate with company investment dollars and the number of jobs created or retained.

State Sales & Use Tax Exemptions: Exempts Texas companies from the state portion of sales and use taxes for the following:

- Manufacturing machinery & equipment used in the production of tangible products for sale, labor for constructing new facilities, and agricultural product machinery;

- Natural gas and electricity used by manufacturing companies in the production of tangible products; and

- Computers, equipment, cooling systems, power infrastructure, electricity and fuel for data centers meeting certain criteria.

Research & Development Tax Credit: Offers a choice between franchise tax credits or state sales tax exemptions for materials, software, and equipment used for qualified R&D.

Medical or Biomedical Property Tax Exemption: Exempts from tangible personal property tax qualified medical or biomedical manufacturing facilities where products are developed and commercialized to advance public health.

Renewable Energy Incentives: Extends a franchise tax exemption to manufacturers, sellers, or installers of solar and wind energy devices. Exemptions are also permitted for energy devices installed or constructed for the production and use of energy on-site.

Federal Incentives

Foreign Trade Zones: Comprises 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: Offers 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.



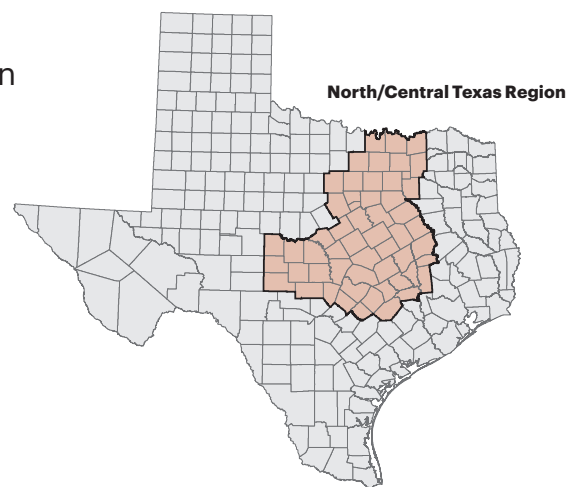
Texas Enterprise Fund

Sample Recipients in the North/Central Texas Region

Region Totals

(since TEF inception)

Total Projects: 118
Amount Awarded: \$638.5M
New Jobs Created: 73,025
Capital Expended: \$31.2B



*Project has reached completion of TEF contract
 ^Amounts include any adjustments

Company	Industry	Award Amount [^]	Committed Direct Jobs	Committed Investment	City
1 Texas Instruments/UTD*	Semiconductors	\$50,000,000	n/a	\$3,000,000,000	Richardson
2 Toyota Motor North America, Inc.	Automotive HQ Relocation	\$40,000,000	3,650	\$345,000,000	Plano
3 Triumph Aerostructures*	Aerospace Manufacturing	\$35,000,000	3,000	\$598,000,000	Dallas
4 Bank of America*	Financial Services	\$20,000,000	3,876	\$200,000,000	Richardson
5 TIAA	Financial Services	\$18,019,000	2,000	\$57,980,000	Frisco
6 Fidelity Global Brokerage*	Financial Services	\$8,500,000	850	\$200,000,000	Westlake
7 Globotech Incorporated	Silicon Wafers	\$7,505,000	750	\$2,536,000,000	Sherman
8 Charles Schwab & Co.*	Financial Services	\$6,000,000	1,200	\$100,000,000	Westlake
9 McKesson Corporation	Pharmaceutical Distribution	\$5,850,000	975	\$157,000,000	Irving
10 Texas Instruments Incorporated	Semiconductor Manufacturing	\$5,124,000	488	\$3,153,000,000	Richardson
11 Wells Fargo	Banking	\$5,001,100	650	\$455,000,000	Irving
12 Microsoft Corporation	Computer Software Publishing	\$4,874,850	575	\$31,400,000	Irving
13 Gartner, Inc.	IT Research and Advisory	\$3,900,000	800	\$12,400,000	Irving
14 Kubota Tractor Corporation	Agricultural Machinery Manufacturing	\$3,800,000	344	\$51,000,000	Grapevine
15 CBRE, Inc	Commercial Real Estate	\$3,450,000	460	\$29,600,000	Dallas
16 Crystal Window and Door Systems	Windows and Doors	\$3,165,000	504	\$121,383,200	Mansfield
17 Infosys Limited	IT Consulting & Services	\$3,075,000	500	\$12,300,000	Richardson
18 Ericsson, Inc.	Telecom Equipment Mfg.	\$2,851,200	410	\$134,000,000	Lewisville
19 Freshpet, Inc.	Pet Food Manufacturing	\$2,136,000	427	\$264,500,000	Ennis
20 GE Transportation*	Locomotive Manufacturing	\$2,100,000	330	\$96,000,000	Fort Worth
21 Maxim Integrated Products*	Semiconductors	\$2,000,000	n/a	n/a	Irving
22 Digital Realty	Real Estate/Data Centers	\$2,000,000	200	\$126,717,841	Dallas
23 Consolidated Electrical Distributors*	Electrical Components Wholesale	\$1,200,000	120	\$3,300,000	Irving
24 Frito-Lay*	IT for Food Manufacturing	\$1,125,000	125	\$4,500,000	Plano
25 Jacobs Engineering Group Inc*	Engineering Services	\$1,015,560	111	\$4,000,000	Dallas
26 USAA*	Insurance	\$1,000,000	680	\$31,400,000	Plano
27 Raytheon*	Aerospace & Defense	\$1,000,000	200	\$21,700,000	McKinney
28 Louis Vuitton U.S. Manufacturing, Inc	Leather Goods Manufacturing	\$851,700	204	\$29,807,000	Johnson County
29 Rockwell Collins*	Aerospace Manufacturing	\$839,196	105	\$6,782,500	Richardson
30 MD7, LLC	Telecommunications Consulting	\$764,000	218	\$6,839,000	Allen
31 Ariat International, Inc	Equestrian Footwear & Apparel	\$750,000	75	\$40,000,000	Fort Worth
32 Golden State Foods Corp.	Liquids (Sauces, Dressings, etc.)	\$750,000	150	\$19,600,000	Burleson
33 FreshRealm	Pre-Packaged Fresh Meals	\$687,000	112	\$10,500,000	Lancaster
34 Boingo Wireless	Wireless Communications	\$517,400	199	\$1,480,000	Frisco
35 Cabela's*	Destination Retail	\$400,000	241	\$120,000,000	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 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.

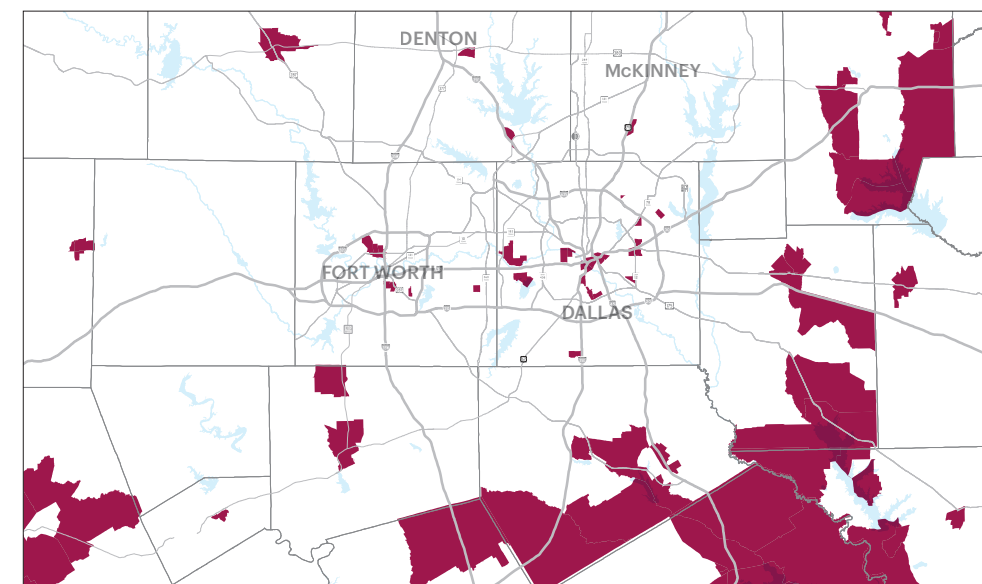
Step-Up Basis:

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.

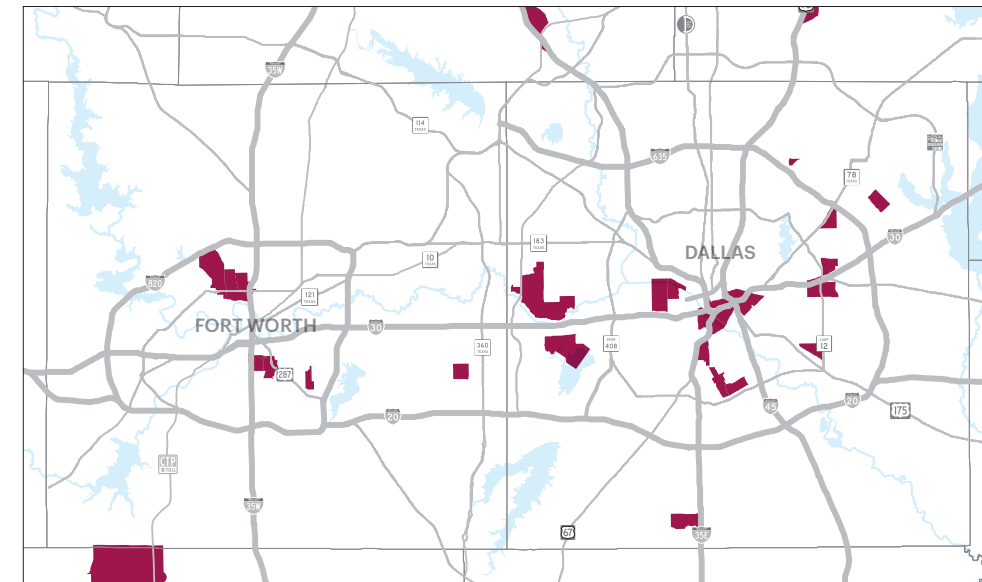
Permanent Exclusion of Taxable Income on New Gains:

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



Source: US Dept of Treasury