

LOCAL, STATE & FEDERAL ECONOMIC DEVELOPMENT INCENTIVES

LOCAL/COUNTY:

Building Construction Fee Waiver

City of Waco will waive certain construction/occupancy/renovation fees associated with the Brazos River Corridor and the Public Improvement District

Commercial Building Tax Abatement

Provides a real and/or personal property tax abatement for building renovations associated with the Brazos River Corridor and the Public Improvement District

Freeport Tax Exemption from City, County, School Districts

Property tax exemption for companies located in Bosqueville, LaVega, McGregor and Waco Independent School Districts
Specifically:

- Items must be classified as Freeport property
- Applies to goods that are detained in Texas for 175 days or fewer
- Applies to goods that are then shipped out of state after their detention
- Goods can be in Texas for storage, assembly, manufacturing, processing and fabricating

Historic Preservation Tax Credit

Municipal tax credit on locally designated or recognized historic property that undergoes rehabilitation

Industrial Business Grant Program

City of Waco grant to eligible businesses for new or expanded facilities and personal property. Facilities may be granted an amount of money equal to all or a portion of the increased taxable value

Cannot exceed 5 years for real or leased property and 7 years for personal property

Neighborhood Small Business Loan

Encourages expansion or start up of retail businesses associated with the Brazos River Corridor and the Public Improvement District

Owner-Occupied Renovations and Development Tax Abatement

Encourages redevelopment/renovation of substandard structures that create mixed use facilities associated with the Brazos River Corridor and the Public Improvement District

Tax Abatements from City, County, Community College

Granted for value-added investment in new facilities and business expansion

Typically a 5-year abatement for real property and 7-year abatement for personal property

Potential for additional 5-year abatements on both real and personal property after initial 5-year abatement

% of abatement level and years of abatement are contingent upon investment, number of jobs and wage rates

Tax Exempt Bond Financing

Program offers businesses the opportunity to apply for facility bonds. Bonds are used to finance property development at lower interest rates than conventional financing

Tax Increment Financing

There are 3 tax increment financing zones in the City of Waco, created with purpose of revitalization and development

Program provides investment in infrastructure improvements

Waco-McLennan County Economic Development Corporation

Provides incentives for land, infrastructure, training, and employees to qualifying projects and/or companies on a case-by-case basis

Waco Industrial Foundation

Purchases land and develops infrastructure in industrial areas. Currently has 2,373 acres of available land

Texas Central Industrial District- 1,320 acres

Waco International Airport- 1,053 acres

Waco Regional Airport has an additional 200 acres of industrial land not affiliated with the foundation

STATE:

Texas Enterprise Fund

Projects must demonstrate worthiness, maximize the benefit to the State of Texas and realize a significant rate of return on the investment of public dollars being used. The Governor, Lt. Governor, and Speaker of the House must unanimously agree to support the use of these funds for each specific project.

Significant factors for project consideration:

- Capital investment
- Job creation
- Wages generated
- Financial strength of the applicant
- Applicant's business history
- Analysis of the relevant business sector
- Federal and local government and private sector financial support

Emerging Technology Program

Designed to help in the creation of jobs and economic growth through the development and commercialization of new technologies. This \$200 million program works through partnerships between the state, institutions of higher education and private industry to focus greater attention on the research, development and commercialization of emerging technologies.

Texas Enterprise Zone Program and Projects

Enables businesses within economically distressed and designated areas to receive state and local tax incentives

- Available for new or expanding businesses
- Eligibility based on the number of new jobs created and the amount of investment
- 25% of hired workers must live in Enterprise Zone or be economically disadvantaged
- Recipients are given an annual sales and use tax rebate ranging from a minimum of \$2,500 to \$7,500 per job

State Sales & Use Tax Exemptions

Manufacturing Machinery & Equipment

Leased or purchased machinery, equipment, replacement parts, and accessories that have a useful life of more than six months, and that are used or consumed in the manufacturing, processing, fabricating, or repairing of tangible personal property for ultimate sale, are exempt from state and local sales and use tax. Texas businesses are exempt from paying state sales and use tax on labor for constructing new facilities.

Texas businesses are exempt from paying state sales and use tax on the purchase of machinery exclusively used in processing, packing, or marketing agricultural products by the original producer at a location operated by the original producer.

Natural Gas & Electricity

Texas companies are exempt from paying state sales and use tax on electricity and natural gas used in manufacturing, processing, or fabricating tangible personal property. The company must complete a "predominant use study" that shows that at least 50% of the electricity or natural gas consumed by the business directly causes a physical change to a product.

Texas Capital Fund Infrastructure Program

Administered by the Texas Department of Agriculture, this program is designed to provide financial resources to non-entitlement communities (unincorporated areas of McLennan County are considered non-entitled). Funds from this program can be utilized for public infrastructure (water, sewer, roads, etc.) needed to assist a business, which commits to create and/or retain permanent jobs, primarily for low and moderate-income persons. The minimum award is \$50,000 and the maximum is \$750,000. The award may not exceed fifty percent (50%) of the total project cost.

Texas Capital Fund Real Estate Development Program

Designed to provide financial resources and encourage business development and expansions in non-entitlement communities (unincorporated areas of McLennan County are considered non-entitled). Funds must be used for real estate development (acquisitions, construction and/or rehabilitation) to assist a business, which commits to create and/or retain permanent jobs, primarily for low and moderate-income persons. The minimum award is \$50,000 and the maximum is \$750,000. The award may not exceed fifty percent (50%) of the total project cost. Funds are provided with no interest accruing and with payments based on a 20-year amortization schedule.

Texas Workforce Commission

Skills Development Fund

The Skills Development Fund program assists businesses and trade unions by financing the design and implementation of customized job training projects. This fund successfully merges business needs and local customized training opportunities into a winning formula to increase the skills level and wages of the Texas workforce.

Businesses and trade unions must partner with an eligible applicant in order to be considered for Skills Development Fund grants. Eligible applicants are public community or technical colleges, the Texas Engineering Extension Service or a community-based organization, with 501(c)(3) status, working in partnership with one of these institutions.

Self-Sufficiency Fund

The Self-Sufficiency Fund program assists businesses by designing, financing and implementing customized job training programs in partnership with public community and technical colleges, a higher education extension service, & community-based organizations for the creation of new jobs and/or the retraining of existing workforce. The goal of the program is to assist recipients (or those at risk of becoming recipients) of Temporary Assistance for Needy Families (TANF), Food Stamps, and Needy Parents to obtain training, get jobs, and become independent of government financial assistance.

Businesses and trade unions must partner with an eligible applicant in order to be considered for Self-Sufficiency Fund grants. Eligible applicants are public community or technical colleges, community-based organizations that have been given 501(c)(3) status by the Internal Revenue Service, or the Texas Engineering Extension Service.

Texas Industry Development Revolving Loan Program

Provides capital to Texas communities and eligible 501(c) 3 corporations at favorable market rates. The program supports eligible tax exempt public purpose projects that stimulate economic development within the community. The loans are available with low cost, variable rate long term financing with the term of the loan not extending beyond the useful life of the assets and up to bond maturity in 2025.

Fuel Ethanol and Biodiesel Production Incentive Program

Must register plant with TDA. The applicant must prove to the satisfaction of the department that the plant is capable of producing fuel ethanol or biodiesel, and that the producer has made a substantial, permanent investment in the state.

Producers must report production data to TDA.

Report forms are available from TDA and must include:

- Number of gallons produced or imported into Texas and Number of gallons sold or blended.
- Total value of agriculture products consumed in plant.
- Various other reports are required to ensure compliance with the program.
- Producers who participate in the biofuel incentive must meet all registration requirements, report their monthly production figures and remit 3.2 cents per gallon produced to the TDA. Fees are due quarterly.
- Eligible producers will receive 20 cents per gallon of ethanol or biodiesel produced. Payments will be made quarterly and are limited to the first 18 million gallons produced per year per plant and for the first 10 years.

Registration forms are available at www.agr.state.tx.us or by calling 877/428-7848.

Renewable Energy Incentives – Tax Exemption & Deduction

Exemption from franchise tax for businesses engaged solely in the business of manufacturing, selling, or installing, solar and wind energy devices. Businesses may deduct from its apportioned margin 10 percent of the amortized cost of a solar or wind energy device.

FEDERAL:

Federal Enterprise Community Bond Issuance

Opportunity to participate in Bond Issuance Program for businesses that assist in expanding local job base

Federal Enterprise Community Revolving Loan Fund

Heart of Texas Business Resource Center facilitates this program. The program is used as a financial tool to support start up businesses or expansions

NAFTA Impact Zones

Percentage of sales tax refunds for up to 10 years for businesses located in the city-designated NAFTA impact zones

U.S. Foreign Trade Zone # 246

Locations: Waco Regional Airport, Waco International Airpark (TSTC Airport) and Texas Central Industrial District
Benefit provides tariff exemption on goods that are imported, manufactured and then exported
If goods are distributed in the U.S., then duties are required but only when goods leave the FTZ