
Incentives

By Master site admin

Published: 12/29/2008 - 12:37

DISCLAIMER: The material contained in this section is provided for informational purposes only and cannot be construed as a commitment. Assumptions are based on creating jobs and providing a capital investment. Total jobs and capital investment have been included as eligible costs for the various incentive programs available. However, actual jobs and capital investment may vary from the assumptions made due to final determination of program eligibility and site location.

Summary of Loans

By Anonymous

Published: 03/18/2009 - 11:22

Industrial Revenue Bonds: This program provides long-term, low interest financing, up to \$10 million and is federally tax-exempt for fixed assets and soft costs secured by a bank Letter of Credit (LOC). IRB's may finance up to 100% of the cost of a project with minimum amount of \$4,000,000. Tax-exempt bonds are exempt from federal income taxes and limited to manufacturing or other projects according to federal law, and must be issued by local industrial development corporations. Approval is required from the Texas Bond Review Board and must receive approval from the Texas Department of Economic Development and also by the Attorney General's Office.

Min: \$4M

Max: \$10M

USDA Business and Industrial Loan: This is a guarantee program with loans provided by local lenders. The primary purpose of this loan is to create and maintain employment and improve the economic climate in rural communities. The Katy Area has a significant eligible territory. Eligible loan purposes are business and acquisitions, constructions, expansion, repair, modernization, development costs, working capital and start-up costs. Loan guarantees begin at \$750,000 are limited to a maximum of \$25 million per borrower for terms up to 25 years depending on loan purpose. Interest rates are at bank rates.

Min: \$750,000

Max: \$25M

Sales Tax Bonds – City of Fulshear: Sales Tax bonds do not fall under the volume cap and are eligible to communities that have passed the economic development sales tax. Ineligible projects include for-profit hospitals, multi-family projects, and municipal services.

Exempt-Facility Bonds: These are bonds that can be issued to finance certain facilities such as airports, dock and wharf facilities, mass commuting facilities, high-speed inter-rail facilities, or certain qualified hazardous waste facilities (including certain training and storage facilities). There is no limit on the amount of the issue and these issues do not require a reservation under the volume cap. Although the facility must be governmentally owned, it may be leased or subject to management contracts with the business. Other types of exempt bonds include projects for water, sewage and solid waste facilities, facilities for the local furnishing of electricity or gas, and local district heating or cooling facilities. These types of exempt-facility issues must reserve a portion of the volume cap. Exempt-facility bonds that are not governmentally owned may reserve up to \$25 million in tax-exempt volume cap allocation each year; however there is no project size restriction.

Texas Leverage Fund – City of Fulshear: The Texas Leverage Fund (TLF) is an “economic development bank” offering an added source of financing to communities that have passed the economic development sales tax. Approximately 500 communities in Texas have adopted the local economic development sales tax. EDT may loan funds directly to a local Industrial Development Corporation (IDC) to finance eligible projects. Sales tax revenues pledged by the IDC need only be sufficient to cover projected annual debt service as specified in the Texas Leverage Fund Program Guidelines. This allows cities to leverage their economic development sales tax and to pursue additional projects.

Texas Industry Development Revolving Loan Program: This program provides infrastructure capital for public projects to Texas communities for and eligible 501 c 3 corporations at low rates. The loans are available with low cost, variable rate, long term financing. Eligible projects must conform to the Development Corporation Act of 1979, the Texas Industry Development Program Guidelines Examples of public projects include: public facilities; community infrastructure (i.e. water, wastewater, drainage, streets); remediation on public land/facilities, and public transportation. Loan terms are available for participants with a credit rating of an A.

Small Business Administration (SBA) 504 Loan Program: This program is a fixed asset financing program which offers small businesses long-term loans at a fixed rate of interest which is generally lower than market rates. It is designed to provide expansion capital to small businesses in local economies resulting in job creation. It may be used to acquire land, construct buildings, purchase land, buildings, machinery, and equipment. The 504 loan is coordinated between the SBA and a private lender with the lender covering 50% of the project, SBA with 40% percent, and the borrower 10 percent. The maximum participation by the SBA is \$1 million. Manufacturing projects may go as high as \$4 million.

Max: \$4M

Small Business Administration (SBA) 7(a) Loan Guaranty Program: This program can provide assistance to businesses to obtain financing working capital and fixed asset purchases. The 7(a) Pro guarantees commercial lending Institutions up to 80% for loans under \$100,000 and up to a certain % for loans over this amount and up to \$750,000. Funds can be used to finance working capital, fixed asset acquisition, including land, buildings, and equipment.

Max: \$750,000

New Markets Tax Credit: The New Markets Tax Credit program is designed to encourage private sector investment in low-income communities by providing tax incentives to the private sector investor. Qualified businesses located in a distressed community may receive loans through this program.

Texas Small Business Fund: Administered by the Texas Economic Development Bank, this program provides financing to assist small businesses in Texas. The Fund is a revolving loan program with capital provided from \$20 million in taxable bonds issued in 2005. Preference is given to "Growth Stage" companies in industry clusters within emerging technology fields including semiconductors; nanotechnology; biotechnology and biomedicine; renewable energy; agriculture, aerospace and small businesses that have received financing Small Business Development Centers (SBDC) or the Small Business Innovative Research program (SBIR). Interest rates are generally lower than bank rates.

Texas Product Development Fund: This revolving loan program administered by the Texas Economic Development Bank provides financing to aid in the development, production and commercialization of new or improved products within the state. Products appropriate for the Fund are inventions, devices, techniques, or processes that have advanced beyond the theoretical stage and are ready for immediate commercial application. Preference for funding is provided in industry clusters within emerging technology fields including semiconductors; nanotechnology; biotechnology and biomedicine; renewable energy; agriculture and aerospace. Job creation and job retention within Texas will be considered within funding priorities.

Interest Rate Reduction Program: For agricultural projects, this Texas Department of Agriculture program is an interest rate buy down program for eligible borrowers. Loan proceeds under the program may be used for any agriculture-related operating expense, including the purchase or lease of land or fixed asset acquisition or improvement, or for any enterprise based on agriculture as identified in the application. A loan under this program may also be applied to existing debt only when required by the lender to finance the expansion of an eligible project. Maximum loan amount is \$500,000.

Max: \$500,000

USDA Intermediary Relending Program (IRP): The purpose of program is to alleviate poverty and increase economic activity and employment in rural communities. Under the program, loans are provided to (intermediaries) like Katy Area EDC for the establishment of revolving loan funds. These revolving loan funds are used to assist with financing business and economic development activity to create or retain jobs. An EDC, may borrow up to \$750,000. Ultimate recipients may borrow up to \$250,000. Eligible projects include acquisition, construction, conversion, enlargement, or repair of a business or business facility, land (easements, rights of way, buildings, facilities, leases, materials); equipment, leasehold improvements, machinery, and supplies; start up costs and working capital; pollution control and abatement; Most parts of the Katy Area are eligible for this program.

Max: \$250,000

Economic Development Administration Revolving Loan Fund: This is a gap financing program to help small businesses that are recovering from Hurricane Ike. Loan amounts range between \$30,000 and \$150,000 and must create one job per \$65,000 of loan proceeds. Funds can be used for building repairs and improvements, equipment, furniture, and inventory. No more than 50% of a loan may be for working capital. Terms are up to 10

years.

Min: \$30,000
Max: \$150,000

SBA Low Doc: The Low Doc program was designed to simplify the SBA application process and shorten the processing time for smaller loans. To be eligible, a business must have 100 or fewer employees, and annual sales for the past 3 years must be less than \$5 million. This program allows for an SBA guarantee of up to 80% for loans up to \$100,000, and up to 75% for loans between \$100,000 and \$150,000.

Max: \$150,000

CAPCO: Administered by the Texas Comptroller and Texas Treasury Safekeeping Trust Company, the CAPCO program is funded by "Insurance Premium Tax Credits" and is designed to encourage growth of businesses. The difference between a traditional venture capital investment and a CAPCO structure is in the type and location of the businesses (the portfolio companies) supported. The law requires CAPCOs to invest 30% of their capital in "strategically located" and 50% in "early stage" businesses. Insurance companies must commit to invest money in the CAPCOs up to the amount of their specific allocation. CAPCO's then repay the insurance company investors over time with a combination of earnings on their investments and future tax credits. The thirteen Texas CAPCOs earn the tax credits by investing in certain targeted Texas businesses.

USDA Rural Business Enterprise Grants: This is federal, low interest grant program up to \$200,000 that can be used to start a revolving fund for small and emerging businesses employing 50 or less workers and having less than \$1,000,000 in projected gross revenues for one year. This financing can be applied for by EDC's to loan to companies in the Katy Area for land acquisition, fixed assets, utilities, roads, working capital, technical assistance, professional fees and training.

Max: \$200,000

Katy Area Bank Alliance: Through the leadership of Kay Area EDC, several Katy Area Banks have come together to form the Katy Area Bank Alliance. The mission of the Bank Alliance is to improve the ability of local financial institutions to finance economic development projects and thereby create jobs and capital investment in the Katy Area. The purpose of the Alliance is to review commercial projects and possibly pool and/or participate loans and increase communication, interaction and cooperation among Katy Area banks and financial institutions. Banks must be a member of the Katy Area EDC to participate in the Alliance. Standard bank credit requirements apply. Chart of Participating Banks.

Allegiance Bank

Vidal Ramirez

www.allegbank.com

Amegy Bank

Doyle Callendar

www.amegybank.com

Enterprise Bank

Greg Murray

www.mybank-enterprise.com

First Victoria Bank

Craig Brooks

www.firstvictoria.com

Icon Bank

Ron Majewski

www.iconbanktx.com

Members Choice Credit Union

Bruce Hurta

www.mccu.com

Prosperity Bank

Kathy Sheldon

www.prosperitybanktx.com

Tradition Bank

Downy Vickery

www.traditionbank.com

Trustmark Bank

Angel Pena

www.trustmark.com

Wells Fargo

Jo Ann Miller

www.wellsfargo.com

Westbound Bank

Robert Kramer

www.westboundbank.com

Summary of Grants/Rebates

By Anonymous

Published: 03/18/2009 - 11:33

Texas Enterprise Fund: Administered by the Texas Economic Development Bank, this grant program provides funding to projects that realize a significant rate of return of the public dollars being used for economic development in Texas. Capital investment, job creation, wages generated, financial strength of the applicant, applicant's business history, analysis of the relevant business sector, and federal and local government and private sector financial support of a project must be significant factors in approving the use of the Enterprise Fund. The Governor, Lieutenant Governor, and the Speaker of the House must unanimously agree to support the use of the Texas Enterprise Fund for each specific project. A general funding formula amount is \$4,000 per job created. In the Katy Area, eligible projects must create at least 100 jobs over a three year period.

Texas Emerging Technology Program: This program seeks to expedite the development and commercialization of new technologies and attracting and creating jobs in technology fields. It 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 technology and is dedicated to three areas: (1) Regional Center of Innovation and Commercialization (RCICs). These centers will become concentrated with applied R&D activities, be incubators (including specialized workforce training) for startup firms and encourage expansion of existing companies resulting from commercializing their developments. (2) Matching grant funds. Applied technology research and development projects that accelerate commercialization into production and have a demonstrated ability to receive or have received federal grants or non-state grants may apply for matching dollars from the Emerging Technology Fund. These grants include Small Business Innovation Research grants, Small business technology Transfer grants, etc. (3) Attracting research talent. The state will help Texas public universities attract highly renowned research teams from universities and institutions in other states.

Texas Capital Fund Infrastructure Program: This is a Texas Department of Agriculture program and economic development tool designed to provide financial resources to non-entitlement communities. Funds from this program can be utilized for public infrastructure (water, sewer, natural gas, electricity, 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 \$1,000,000. The award may not exceed fifty

percent (50%) of the total project cost.

Texas Rural Municipal Finance Program: This program is within the Texas Department of Agriculture This loan program is designed for eligible applicants located within rural areas of the state that provide significant benefits for the rural area, and provide evidence of ability to repay the commitments. Applicants can include: city and county governments; economic development corporations; hospital districts; rail districts; utility districts; special districts; agricultural districts; and private water and wastewater corporations. Loan amounts range from \$50,000 to an amount approved by TAFAs board of directors, but target projects for less than \$1,000,000. Loans may be used for real estate purchase, building construction, site improvements, equipment, water and wastewater systems.

Municipal Utility Districts: Municipal Utility Districts (MUDs) may help finance the cost of water, wastewater, drainage and detention required for development, usually (but not necessarily) in unincorporated areas. MUDs have the power to levy an ad valorem tax to repay developers for the provisions of needed services plus the operation and maintenance of district facilities. MUDs may reimburse developers from between 70% to 100% for water, sewer, drainage and detention costs, as well as associated financing costs. Some MUDs have road construction powers as well. MUDs have also recently been given broader powers to provide such additional services as garbage collection, security, and parks construction.

“4A” and “4B” Sales Tax – City of Fulshear: The “4A” and “4B” sales tax is an economic development sales tax that has been approved by voters in more than 450 communities across Texas. The tax revenues are in two forms, the original “4A” tax and the more flexible “4B” tax, are used to finance economic development programs and incentive that create primary (or direct) jobs. The City of Fulshear has 4A and 4B corporations.

Defense Economic Adjustment Assistance Grant (DEAAG): This is a job creation grant program designed to assist adversely impacted defense communities that are responding to or recovering from the U.S. Department of Defense Base Realignment and Closure (BRAC) action, or reductions or termination of defense contracts. The program was expanded to assist defense communities that have been positively affected by BRAC with new or expanded military missions, as well as qualified job retention. DEAAG funding is available to local municipalities, counties, defense base development authority, junior college districts and Texas State Technical College campuses, and regional planning commissions representing these communities. Funding is available to meet matching requirements for federal funding or for the purchase of Department of Defense property, new construction, rehabilitation of facilities or infrastructure, or purchase of capital equipment or insurance. Grants awarded may range from \$50,000 to \$2 million per project.

Texas Moving Image Industry Incentive Program: In 2007, the 81st Texas Legislature enacted House Bill 1634 establishing the Moving Image Industry Incentive Program. Under the legislation, grants to promote industry growth in Texas can be made to applicant production companies. The incentive is available in the form of a production grant equal to 5% of in-state spending, including wages paid to Texas residents. Grants are available upon project completion to features, television programs, television commercials and video games. Both live action and animated projects are eligible. The maximum grant amounts available after September 1, 2007 are: \$2 million for features; \$2.5 million for television programs (for episodic series, \$2.5 million per season); \$200,000 for a commercial, series of commercials or music videos; and \$250,000 for video games.

CenterPoint Energy-Commercial and Industrial Standard Offer Program (C&I SOP): The C&I Standard Offer Program may pay Project Sponsors incentives based on the savings in peak demand and in energy that their projects achieve. Demand savings incentives are paid for the maximum one-hour average demand reduction that occurs when the newly installed system is operating at peak conditions during the summer period. The amount of the rebate is as follows: \$175 per kW reduction and \$0.060 per kWh saved.

CenterPoint Energy-Load Management Program: CenterPoint Energy may pay a participating Customer (or the Project Sponsor, if different) up to \$40 per kW of verified curtailed load each year of participation. For example, a Project Sponsor which contracts for 1,000 kW and consistently curtails 1,000 kW or more when asked would earn up to \$40,000 each year. The program was developed to pay incentives to participating Project Sponsors (customers and/or energy service companies) for curtailment of electric consumption on short notice during peak demand periods. Incentives are based on verified demand savings that occur at CenterPoint Energy distribution or eligible institutional customer's site as a result of an interruption.

Cancer Prevention and Research General Obligation Bonds: This program allows the State of Texas to establish the Cancer Prevention and Research Institute of Texas (the Institute) and allows the Institute to issue \$3 billion in general obligation bonds over ten years to fund grants for cancer research and prevention. The Institute may invest the grants strategically in cancer research, clinical trials, and laboratory facility construction in Texas. The Institute will continue to implement the Texas Cancer Plan. For more information regarding grant opportunities, please visit the Institute's website at www.cprit.state.tx.us.

Texas Skills Development Fund: The Texas Workforce Commission (TWC) administers the Skills Development Fund program, which provides state funds to directly respond to the workforce needs of Texas employers. Grants are made to public community and technical colleges, The Texas Engineering Extension Service (TEEX); or a

501(c)3 Community Based Organizations (CBOs), only in partnership with the eligible organizations noted above. Grants are limited to \$1,250 per employee on a 12 month contract basis. Single business grants are limited to a maximum grant amount of \$500,000. Funds can be used for job retention (60%) and job creation (40%) for projects that: (a) demonstrate wages at or above the prevailing wage, (b) have active collaboration between community organizations and the Company, (c) have a high degree of customization in a state or local industry cluster, (d) involve high growth/high demand occupations, (e) exhibit funding contributions from area partners, and (f) show a positive economic impact. Costs covered include tuition, curriculum development, instructor fees, and training materials. In some cases funds can be used for adult education and literacy. SDF funds cannot be used to induce movement from one location in Texas to another.

On-The Job Training (OJT): This program for the dislocated worker that is experiencing prolonged unemployment (18 weeks or more). Participants will be given a chance to “earn and learn” by developing occupational skills while earning a paycheck. OJT positions must be: full time (30 hours/week) or more permanent position; non-contracted/1099; position of high skill & high growth determined by TWC; training may be up to 6 months in duration; and the candidate selected must be a dislocated worker; or laid off or received lay off notice; or a displaced homemaker, etc. Employer reimbursement is based on the employer’s company size: 50 or fewer = 90 % of employee’s hourly wage; 51-250 = 75% of employee’s hourly wage; more than 250 = 50 % of employee’s hourly wage. Some important points to note: employers determine the training and skills to be learned. A training plan must be in place before a candidate begins work. An employer agreement must be in place before hiring candidates and the employer must be in the private sector.

Texas Self Sufficiency Fund: This program is a job-training program that is specifically designed for individuals that receive Temporary Assistance for Needy Families (TANF). The program links the business community with local educational institutions and is administered by the Texas Workforce Commission. The goal of the Fund is to assist TANF recipients become independent of government financial assistance. The Fund makes grants available to eligible public colleges or to eligible private, non-profit organizations to provide customized job training and training support services for specific employers. A joint application from the employer and the eligible public college and/or eligible private, non-profit organization is required to be submitted to the Local Workforce Development Board for review and comment prior to approval.

Texas Back To Work Program: Texas employers can receive monetary incentives for hiring unemployed workers under a two-year, program promoted by Lt. Gov. David Dewhurst and funded by the Legislature last session. Administered by the Texas Workforce Commission (TWC), Texas Back to Work offers employers a wage subsidy of up to \$2,000.00 for hiring qualified out-of-work Texans. The program helps people get back to work by helping employers defray part of the cost of wages and “On-the-Job” training.

Small Business Skills Program: Through the Texas Workforce Commission (TWC) Skills for Small Business

program, up to \$2 million from the Skills Development Fund. Small businesses can apply to TWC for training offered by their local community or technical college, or the Texas Engineering Extension Service (TEEX). TWC processes the applications and works with the college to fund the specific courses selected by businesses for their employees.. It supports businesses with fewer than 100 employees, and emphasizes training for new workers. It has the additional ability to upgrade the skills of incumbent works. The program emphasizes training newly hired employees - those who have been hired by the company up to three months prior to the date that TWC receives an application. It• It funds tuition and fees up to \$1,450 per newly hired employee and up to \$725 per incumbent employee. An individual employee can participate once per 12-month period. • Funding for training is for full-time employees. All training must be provided by a public community or technical college, or the Texas Engineering Extension Service (TEEX). No third-party vendor training is allowed. Training must be selected from active course catalogs/schedules - credit, continuing education, on-line or other available unpublished courses. Employers must pay the prevailing wages in the local labor market for the trainees funded under the grant.

Summary of Tax Incentives

By Master site admin

Published: 12/29/2008 - 13:00

Non-Educational Local Property Tax (Ad Valorem) Abatement: This is a program that allows for multi-year abatement of non-educational property taxes by local public authorities on buildings, machinery and equipment. Projects are considered on a case by case basis and local abatement guidelines, which include investment and job criteria, and vary by authority. State statute allows for abatements up to a maximum term of 10 years and authorities usually consider a percentage ratio of the total tax computation in their agreements. A Reinvestment Zone must be established by a City or County depending on jurisdiction. Typical types of projects include manufacturing, headquarters, distribution, regional entertainment facilities, research and development, plant modernization and expansion in the above industries. Public hearings must be held in order for a local public authority to approve the abatement. Cities, counties and taxing districts are approved public authorities. Communities and counties in the Katy area that have incentive guidelines include: Fort Bend County, Harris County, Waller County, City of Fulshear and the City of Houston. Harris County also provides tax abatement for non-job related LEED Certified Buildings and for targeted job creation projects for low to moderate income persons.

Chapter 380 Agreements: Section 380.001 of the Local Government Code authorizes municipalities to offer a range of incentives and/or enter an agreement designed to promote state or local economic development. Specifically, it allows for the provision of loans and grants of city funds at minimal or no charge. Typically, these agreements involve a rebate or grant from revenues generated by the agreement. The City of Houston has developed and entered into Chapter 380 agreements for several development projects. These agreements have involved the provision of funds for public infrastructure rebated back to the developer based on the incremental value of property tax increase generated by the development or project.

Foreign Trade Zone (FTZ): The primary focus of an FTZ is to allow companies to reduce or eliminate duties and tariffs until such time as they are shipped to other markets. No duty is ever paid on re-exporting merchandise. If the merchandise is sold domestically, no duty is paid until it leaves the zone. Generally no duty is paid on waste or yield loss. Also, duty on scrap is eliminated or reduced. If foreign merchandise is manufactured within an FTZ

into a product with a lower duty rate, then the lower duty rate applies. Manufacturers must apply for sub-zone status to the U.S. Foreign Trade Zones Board. Currently, the Katy Area has a sub-zone at the Academy Sports and Outdoors Distribution Facility.

Texas Pollution Control Ad Valorem Exemption: This is an exemption from property taxation for pollution control to ensure that compliance with environmental mandates, through capital investments, did not result in an increase in a facility's property taxes. A facility must first receive a determination from the Texas Commission on Environment Quality (TCEQ) that property is for pollution control purposes. That positive use determination is then provided to the local appraisal district, which must accept the TCEQ's decision and grant the property an exemption from property taxes. To be eligible for a positive use determination, the property must have been purchased, acquired, constructed, installed, replaced, or reconstructed after January 1, 1994.

Renewable Energy Device Exemption: Texas property tax code permits a 100% exemption on the appraised value of solar, wind or biomass energy devices installed or constructed for the production and use of energy on-site.

Historic Structures Tax Exemption: For historic structures, the City of Houston may grant a tax exemption to qualified property owners who improve designated historic properties. A property owner who has been denied a Certificate of Appropriateness is not eligible for a tax exemption. The exemption applies for five (5) years when granted by the City. If combined with other tax entities, the exemption period may apply for up to ten (10) years.

Texas Economic Development Act (Chapter 313): The Texas Economic Development Act (TEDA), is designed to encourage the location and expansion following large scale projects: manufacturing; research and development; clean coal, advanced clean energy, renewable energy electric generation; electric power generation using integrated gasification combined cycle technology; nuclear electric power generation; or a computer center used primarily in connection to one of the above categories. TEDA requires companies to invest a specified amount of money over an 18 month period to qualify for a tax credit and an eight-year limitation on the appraised value of a property for the maintenance and operations portion of the school district property tax. A minimum of 25 new jobs must be created at certain wage levels. The local school district must elect to participate in order for the Company to recognize this benefit and the qualifying investment amount for the Katy Area begins at \$30 million.

Freeport (Inventory) Property Tax Exemption: Freeport exemption is available for various types of goods that

are detained in Texas for a short period of time. Freeport property includes goods, wares, merchandise, ores, and certain aircraft and aircraft parts. Freeport property qualifies for an exemption from ad valorem taxation only if it has been detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing, or fabricating. Some areas and districts in the Katy Area that provide Freeport exemption include Drainage Districts, Emergency Services Districts, Municipal Utility Districts, Improvement and Water Districts, the Port of Houston and the City of Houston.

Goods in Transit (Inventory) Property Tax Exemption: This exemption applies to items in your inventory of last year (if applicable) that: (1) were acquired in or imported into Texas to be forwarded to another location (2) were temporarily stored at a location in which you do not have a direct or indirect ownership interest for assembling, storing, manufacturing, processing or fabricating by the person who acquired or imported the items and (3) that are transported to another location, inside or outside the state, within 175 days after the items were acquired or imported into the state. Some areas and districts in the Katy Area that provide Freeport exemption include Drainage Districts, Emergency Services Districts, Municipal Utility Districts, Improvement and Water Districts, the Port of Houston and the City of Houston.

Texas Economic Development Refund: The Texas Comptroller of Public Accounts offers a refund of State franchise and sales/use taxes paid by companies owning certain abated property. A company who meets the following three conditions may apply for a refund: paid property taxes to a school district on property that is located in a reinvestment zone established under Chapter 312; is exempt in whole or in part from property tax imposed by a city or county under a tax abatement agreement established under Chapter 312; or, is not in a tax abatement agreement with a school district. The refund is equal to the amount of property taxes that would have been paid had the company entered into a school district abatement agreement with terms identical to the city or county abatement agreement, not to exceed the net state sales and use taxes and state franchise taxes paid or collected and remitted during that calendar year. The refund amount may also be limited by a statewide appropriation per year for this refund program.

Texas Sales and Use Tax Exemption on Manufacturing Machinery & Equipment and Labor: 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.

Texas Sales and Use Tax Exemption on 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 Enterprise Zone Program: This is an economic development tool for local communities to partner with the State of Texas to promote job creation and capital investment in economically distressed areas of the state. Local areas, such as counties and cities may nominate a company as an Enterprise Project to be eligible to participate in the Enterprise Zone Program. Legislation limits allocations to the state and local communities per biennium. Designated projects are eligible to apply for state sales and use tax refunds on qualified expenditures. The level and amount of refund is related to the capital investment and jobs created at the qualified business site. Maximum refund amounts range from \$2,500 to \$7,500 per job created based on a maximum job allocation and capital investment amount. Projects may be physically located in or outside of an Enterprise Zone. Inside a zone, the company commits that at least 25% of their new employees will meet economically disadvantaged or enterprise zone residence requirements. Outside the zone, the company commits that at least 35% of employees meet economically disadvantaged or enterprise zone residency requirements. Cities that may nominate enterprise zone projects in the Katy Area include the City of Houston, City of Katy and City of Fulshear. Counties that may nominate projects include Fort Bend County and Waller County.

Texas Franchise Tax Exemptions and Deductions - Wind and Solar Energy: Texas extends a franchise tax exemption to manufacturers, sellers, or installers of solar energy devices. The state also permits a corporate deduction from the state’s franchise tax for renewable energy sources. Business owners may deduct the cost of the system from the company’s taxable capital or deduct 10% from the company’s income.

Transportation Incentives: Houston Metro and Colorado Valley Transit through several options, such as Metro Star provide commuter benefits for employers and employees. One can pick one incentive or employ a combination, up to a limit of \$230 per employee per month. (1) Employer-paid transportation benefits: Employers can pay for each employee to commute via mass transit (bus, carpool or vanpool). Employees do not pay taxes on the value of this benefit and employers get a tax deduction for the expense. This offers significant savings over providing the equivalent dollar value to employees in the form of a salary increase. (2) Pre-tax transportation benefits: Employers can allow employees to elect to exchange taxable salary for a tax-free bus, carpool or vanpool benefit. Employers save money overall since the amount exchanged is not subject to payroll taxes. Employees save money because this reduces the amount of taxable income. (3) Shared-cost transportation benefits: Employers can share the cost of bus, carpool or vanpool costs with employees and everyone can receive valuable tax savings. Employers can provide a portion of the cost of taking transit or vanpooling as a tax-free benefit and allow the employee to exchange taxable salary for a tax-free bus, carpool or vanpool benefit. (4) Parking cash-out: Employers can offer employees the option to “cash out” of their existing parking space. In other words, the company can offer the employee what it would pay for the parking space in the form of taxable salary or tax-free transportation benefits.

Summary of Other Incentives

By Master site admin

Published: 12/30/2008 - 05:15

Workforce Solutions (Recruitment and Training Assistance): Workforce Solutions (WS) has a wide variety of business resources available to current and prospective employers in the Katy Area. These include: (a) pre-screening services of recruiting, screening and referring qualified applicants for job openings and customizing these services to meet individual employers' needs; (b) providing space for interviewing and employer administered testing, and scheduling and coordinating tests and orientations at WS facilities or at the facility of employer; (c) providing quarterly onsite job fairs and customized job fairs for immediate employer needs; and (d) listing and maintaining job orders for companies in the local and national America's Job Bank and America's Workforce Network. Contact Susan Dixon for more information at (713) 817-0344 or susan.dixon@wrksolutions.com.

Economic Development and Diversification In-State Tuition for Employees: The Economic Development and Diversification In-state Tuition incentive may be offered to qualified businesses that are in the decision-making process to relocate or expand their operations into Texas. The incentive allows employees and family members of the qualified businesses to pay in-state tuition fees if the individual files with a Texas institution of higher education. Without this incentive designation, a student must reside in Texas for a 12-month period to be entitled to pay the tuition fees of a Texas resident.

Permitting Assistance – State of Texas: TCEQ and the Office of the Governor Texas EDT have established a relationship to assist companies, which may experience unwarranted delays in their environmental permitting process that could affect job creation and have a high economic impact.

Texas Manufacturing Assistance Center (TMAC): The Texas Manufacturing Assistance Center was designed to help Texas' small manufacturing companies remain competitive in the ever-changing global marketplace. The

TMAC Center provides technical assistance at a discounted rate for process improvements, environmental regulations upgrades and changes in technology and the market place.