

Economic Incentives

A range of economic incentives are available to qualifying companies in the Houston area to support new, expanding, and relocating companies.

State Incentives

TEXAS ENTERPRISE FUND

The Governor, with approval of the Lt. Governor and Speaker of the House, can award cash grants for economic development, infrastructure development, community development, and/or job training programs to companies relocating or expanding in the state of Texas.

- Projects considered for Enterprise Fund support must demonstrate a project's worthiness, maximize the benefit to the State of Texas and realize a significant rate of return of the public dollars. Minimum of 75 new jobs with wages at or above the county average must be created or brought into Texas.
- Award amounts have been in the range of \$1,000 up to \$10,000 per job created, with an average of \$5,000 per qualifying new job in Texas.
- Application fee is \$1,000 with a 30-day approval process.
- Program includes claw-back provisions if the company does not meet their contractual obligations.

SKILLS DEVELOPMENT FUND

Grants are available to train employees through the state's community and technical colleges. This fund assists businesses and trade unions by financing the design and implementation of customized job training projects.

- Training grants have averaged approximately \$1,800 per qualifying trainee.
- The average maximum award is \$500,000 per company.
- The partner college applies for the grant and administers the grant on the company's behalf.
- The Texas Workforce Commission has an approval process for the current two fiscal years (Sept 1, 2015 – Aug 31, 2017).

SKILLS FOR SMALL BUSINESS

Businesses with fewer than 100 employees can apply to the Texas Workforce Commission (TWC) for training offered by their local community college or technical college, or the Texas Engineering Extension Service (TEEX). The program pays up to \$1,800 for each new employee being trained and \$900 for existing employees per 12-month period.

CAPITAL DEVELOPMENT FUND

Supports rural business development, retention and expansion by providing funds for public infrastructure, real estate development, or the elimination of deteriorated conditions.

- Provides a zero-interest loan to fund real estate acquisition or improvements to create or retain permanent jobs in primarily rural communities and counties.
- Awards matching grant funds for public infrastructure to foster and stimulate economic development in rural downtown areas.
- Provides eligible Texas main street communities with matching grants to expand or enhance public infrastructure in historic main street areas.

- The fund provides grants for infrastructure development to create or retain permanent jobs in primarily rural communities and counties.

ECONOMIC DEVELOPMENT AND DIVERSIFICATION WAIVER

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.

- Allows employees and family members of the qualified business to pay Texas resident tuition rate at a Texas public institution of higher education before establishing residency.
- Qualified businesses must be part of the program five years before the student's school enrollment date.

State Manufacturing Incentives

MANUFACTURING SALES TAX EXEMPTION

Businesses engaged in manufacturing, processing, fabricating or repairing tangible equipment enjoy a sales tax exemption on the purchase of machinery or equipment used or consumed in or during the actual manufacturing, processing, or fabrication of tangible personal property for ultimate sale if the use or consumption of the property is necessary or essential to the manufacturing, processing, or fabrication operation.

SALES TAX EXEMPTION ON UTILITIES

Companies that use more than 50 percent of their utilities in the manufacturing, processing, or fabricating of products for resale may apply for a sales tax exemption on their utilities. The sales tax exemption applies to all utilities purchased through a single point of delivery as long as the utilities are predominantly used to manufacture, process, or fabricate the product. Requires a predominant use study through the utility provider.

POLLUTION CONTROL PROPERTY TAX ABATEMENTS

Ad Valorem Property Tax Abatements are available to companies with facilities, devices and equipment used to control air, water or land pollution. Companies wishing to apply for tax relief for their efforts in controlling pollution can apply to the Texas Commission on Environmental Quality.

INDUSTRIAL REVENUE BOND

Provides tax-exempt or taxable financing for eligible industrial or manufacturing projects. This allows cities, counties, conservation and reclamation districts to form non-profit industrial development corporations (IDCs) or authorities on their behalf. The purpose is to provide bonds for projects within their jurisdiction.

TEXAS MANUFACTURING ASSISTANCE CENTER (TMAC)

Designed to help Texas small manufacturing companies remain competitive in ever changing global marketplace. The TMAC Center provides technical assistance at a discounted rate for process improvements, environmental regulations upgrades, changes in the technology and the marketplace.

State Research & Development Incentives

RESEARCH & DEVELOPMENT TAX CREDIT

Beginning in January 2014, the Research & Development tax credit provides qualified companies with an option for tax savings. A company may select one of the below options:

- A sales tax exemption for purchases of equipment and software used in qualified research in Texas, OR
- A franchise tax credit for R&D expenditures.
- The Texas R&D credit also provides an incentive for taxpayers to contract with institutions of higher education to perform qualified research in Texas.
- The total credit cannot exceed 50 percent of the company's franchise tax due for the period.

GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE (GURI)

Passed in 2015, the Governor's University Research Initiative matches grants to assist eligible higher education institutions in recruiting distinguished researchers.

- Researchers considered must meet all eligibility requirements necessary to qualify as a distinguished researcher.
- The applicant must be at an eligible institution.
- The grant application must have the support of the applicant institution's president and the institution's governing board, the chair of the institution governing board, or the chancellor of the University System.
- The grant match commitment amount is \$5,000,000 or less per distinguished researcher.