



STATE INCENTIVES & FINANCING

Texas invests in its future by offering competitive incentives to companies that create jobs and drive innovation. The following incentives are the most commonly applied offerings.

COMMUNITY INCENTIVES

Texas and local communities offer a variety of tax incentives and innovative solutions for businesses expanding in or relocating to Texas. The following incentives are the most commonly applied offerings.

- Local funding to business-related infrastructure and recruitment, equipment, land and economic development purposes.
- Local cash grants
- Permitting fee waivers
- Property tax abatements

TAX INCENTIVES

Texas Enterprise Zone Program: State sales and use tax refunds to promote job creation and investment that will assist economically distressed areas of the state.

Manufacturing Exemptions: State sales and use tax exemptions for tangible property, natural gas and electricity.

Value Limitation & Tax Credits (Texas Economic Development Act): An appraised 10-year limitation to the local school district maintenance and operations tax portion of the property tax.

Pollution Control Equipment Incentive: Tax exemption for property that is for pollution control purposes.

Renewable Energy Incentives: Tax exemptions and deductions for solar, wind, ethanol and biodiesel.

Defense Economic Readjustment Zone Program: A tax refund program for business recruitment and job creation in adversely impacted defense-dependent communities.

Research & Development Tax Credit: Gives companies a choice between a franchise tax credit and a sales tax exemption for materials, software, and equipment used for R&D purposes.

Freeport Exemptions: Tax exemption for certain goods that enter and leave Texas within 175 days.

Data Center Tax Incentives: Allows qualifying data centers to receive sales and use tax exemption on tangible personal property.

Business Relocation Tax Deduction: Allows a company relocating its headquarters from out of state to Texas to deduct relocation and moving expenses from their margin when calculating franchise tax liability.

FINANCING

Texas is committed to providing and facilitating funding for companies and communities with expansion and relocation projects in the state. Asset-based loans for companies, leveraged loans to communities and tax-exempt bonds are just a few means of obtaining the capital necessary for a successful project.

The Texas Product Development & Small Business Incubator Fund (PDSBI) is a revolving loan program financed through original bond issuances. The primary objective of the program is to aid in the development, production and commercialization of new or improved products and to foster and stimulate small business in the state.

The State of Texas Industrial Revenue Bond Program (IRB) provides tax-exempt or taxable financing for eligible industrial or manufacturing projects

The Texas Military Value Revolving Loan Fund (TMVRLF) assists defense communities in enhancing the military value of a military facility in their area. The fund can help defense communities develop job-creating projects and construct infrastructure to accommodate new or expanded military missions resulting from a base realignment and closure decision that occurred in 2005 or later.

Certified Capital Company (CAPCO) is a private government-sponsored venture capital company formed to increase the availability of growth capital for small busi-

nesses located in Texas. The program is also intended to stimulate job creation in Texas by requiring supported businesses to have at least 80 percent of payroll/manpower located within Texas. It's one way small businesses in Texas receive venture capital.

The Capital Access Program was established to increase the availability of financing for businesses and nonprofit organizations that face barriers in accessing capital or fall outside the guidelines of conventional lending. Use of proceeds may include working capital or the purchase, construction, or lease of capital assets, which include buildings and equipment.

GRANTS

From public infrastructure projects in non-entitlement communities, to cancer research and laboratory facility construction, several types of grants are available to Texas communities and businesses.

Texas Enterprise Fund (TEF): The Texas Enterprise Fund (TEF) is one of the nation's largest "deal closing" funds created to attract businesses and new jobs to . Since the program's inception, the TEF has awarded approximately \$595 million to companies that have committed to an expansion or relocation in Texas.

Skills Development Fund: An innovative program created to assist Texas public community and technical colleges finance customized job training for their local businesses. Grants are provided to help companies and labor unions form partnerships with local community colleges and technical schools to provide custom job training.

Self-Sufficiency Fund: 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.

Governor's University Research Initiative (GURI): In 2015, Governor Greg Abbott passed legislation to create Governor's University Research Initiative (GURI) with the goal to bring the best and brightest distinguished researchers in the world to Texas. GURI is a matching grant program with \$40 million allocated to assist eligible institutions of higher education in recruiting distinguished researchers.

Texas Capital Fund Infrastructure Development and Real Estate Programs (INFRA/RE): Economic development tools designed to provide financial resources to non-entitlement communities. Funds from the program must be utilized for public infrastructure projects or real estate development needed to assist a business that commits to create and/or retain permanent jobs, primarily for low and moderate income persons.

Cancer Prevention & Research General Obligation Bonds: Funding opportunities for promising cancer research and prevention programs.

The Defense Economic Adjustment Assistance Grant Program (DEAAG): A job creation grant program designed to assist defense communities impacted by Base Realignment and Closure (BRAC) activity, or reduction or termination of defense contracts. 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.

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OFFICE OF THE GOVERNOR

Economic Development & Tourism Division

The Governor's Office of Economic Development and Tourism (EDT) serves as the state's leading economic development organization marketing Texas as the world's premier business investment destination. The division pursues business expansion and relocation prospects, with the goal of developing job creation and export opportunities for the Texas business community.

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