



# AMARILLO

economic development corp.

## COMPREHENSIVE GUIDELINES AND CRITERIA FOR ECONOMIC DEVELOPMENT INCENTIVES

### I. INTRODUCTION

The Amarillo Economic Development Corporation (Amarillo EDC) is dedicated to promoting primary business expansion in the greater Amarillo area to build a stronger, more diversified economy which increases the economic vitality and wealth of the community.

The Amarillo EDC is the main economic engine of the City of Amarillo (City) and works proactively to invest in the future and growth of the community. Amarillo offers many competitive advantages such as location, workforce and available infrastructure, but when the need arises and when utilized with growing companies with solid business foundations, local incentives can be the key to successful economic growth.

The Amarillo EDC Comprehensive Guidelines and Criteria for Economic Development Incentives (Guidelines) have been prepared to inform interested parties of the economic development incentive programs which may be made available for eligible projects. These Guidelines are not all-inclusive, nor are they intended to provide strict interpretations of economic development incentive offerings; rather, they provide an overview of economic development incentive offerings. These Guidelines are not a contract, expressed or implied, and do not guarantee economic inducement from Amarillo EDC or any other offering entity and/or agency in any way.

The Amarillo EDC, in its sole discretion, reserves the rights to unilaterally revise, suspend, revoke, terminate or change any of the Guidelines, in whole or in part, whether described within the Guidelines or elsewhere. These Guidelines supersede and replace all policies and/or manuals previously distributed, made available or applicable to interested parties.

***THE MATERIAL PROVIDED BELOW IS FOR INFORMATIONAL PURPOSES ONLY AND CANNOT BE INTERPRETED AS A COMMITMENT FROM ANY OFFERING ENTITY AND/OR AGENCY. THE AMARILLO EDC DOES NOT CONTROL THE ELIGIBILITY REQUIREMENTS OF SAID OFFERING ENTITIES AND/OR AGENCIES.***

***IN THE EVENT A CONFLICT ARRISES BETWEEN THESE POLICIES AND CHAPTERS 501 AND 504 OF THE TEXAS LOCAL GOVERNMENT CODE, TEXAS LOCAL GOVERNMENT CODE SHALL GOVERN.***



## II. CRITERIA FOR ECONOMIC DEVELOPMENT INCENTIVES

Chapter 501, Subchapter C, Sections 501.101 through 501.108 of the Texas Local Government Code prescribe what projects are authorized uses of funds by Amarillo EDC. The most relevant sections for the Amarillo community include the following:

### **Section 501.101 – Projects Related to Creation or Retention of Primary Jobs**

- Crop Production
- Animal Production
- Forestry and Logging
- Commercial Fishing
- Support Activities for Agriculture and Forestry
- Mining
- Utilities
- Manufacturing
- Information (excluding motion picture theaters and drive-in motion picture theaters)
- Securities, Commodity Contracts, and Other Financial Investments and Related activities; Insurance Carriers and Related Activities; Funds, Trusts and Other Financial Vehicles
- Architectural, Engineering, and Related Services; Computer System Design and Related Services; Management, Scientific and Technical Consulting Services; Scientific Research and Development Services; Other Professional, Scientific, and Technical Services
- Management of Companies and Enterprises
- Telephone Call Centers
- Correctional Institutions
- National Security, for the corresponding index entries for Armed Forces, Army, Navy, Air Force, Marine Corps and Military Bases
- Transportation and Warehousing
- Wholesale Trade

A project must also be found suitable by Amarillo EDC Board of Directors (Board) and the Amarillo City Council for the development, retention or expansion of the following:

- Manufacturing and Industrial Facilities
- Research and Development Facilities
- Military Facilities, including Closed or Realigned Military Bases
- Distribution Centers
- Small Warehouse Facilities Capable of Serving as Decentralized Storage and Distribution Centers
- Primary Job Training Facilities for Use by Institutions of Higher Education
- Regional or National Corporate Headquarters Facilities



### **Section 501.102 – Projects Related to Certain Job Training**

In this Section, “project” includes job training required or suitable for the promotion of development and expansion of business enterprises only if the enterprises commit in writing to 1) create new jobs that pay wages at least equal to the prevailing wage for the applicable occupation in the Amarillo labor market area; and 2) increase its payroll to pay wages at least equal to the prevailing wage for the applicable occupation in the Amarillo labor market area.

The Amarillo EDC may provide economic development incentives for job training offered through a business enterprise only if the business enterprise has committed in writing to 1) create new jobs that pay wages that are at least equal to the prevailing wage for the applicable occupation in the local labor market area; or 2) increase its payroll to pay wages that are at least equal to the prevailing wage for the applicable occupation in the local labor market area.

### **Section 501.103 – Certain Infrastructure Improvement Projects**

In this Section, “project” includes expenditures found suitable by Amarillo EDC’s Board for infrastructure necessary to promote or develop new or expanded business enterprises, limited to 1) streets and roads, rail spurs, water and sewer utilities, electric utilities, or gas utilities, drainage, site improvements and related improvements; and 2) telecommunications and internet improvements.

## **III. VALUE OF ECONOMIC DEVELOPMENT INCENTIVES PROVIDED**

Economic development incentives include a variety of tools intended to stimulate investment and job creation in a community. These tools help bridge gaps for individuals and industry by assisting businesses of all sizes.

Incentives are not just for recruiting new businesses to the community. They also aid existing businesses and new startup companies. Incentives come in a variety of shapes and sizes, but they are usually allocated to primary business. A primary business is defined as a company for which most of its products and/or services are ultimately exported to regional, statewide, national or international markets thereby introducing new monies into the local economy and creating wealth. Primary businesses have significant multiplier impacts and create the most economic impact.

### **Grants of Monetary Value**

Grants may be provided to qualifying entities engaging in capital investment and primary job creation within the community. A primary job is defined as a position available at a business for which most of its products and/or services are ultimately exported to regional, statewide, national or international markets thereby infusing new dollars into the local economy. Traditional grants may take the form of cash, land and improvements, infrastructure development and workforce training assistance. Grants may be tailored so they provide up-front direct assistance or long-term, ongoing benefits.



Funding commitments by Amarillo EDC are based on several factors including capital investment and the number and wage of the primary jobs to be created/retained because of the project. The following provides information related to the level of funding a project may receive given its level of investment and job creation/retention:

<b>CAPITAL INVESTMENT</b>	<b>+</b>	<b>FULL-TIME PRIMARY JOBS CREATED/RETAINED</b>	<b>+</b>	<b>AVERAGE GROSS WAGE PER JOB</b>	<b>=</b>	<b>ONE-TIME PER JOB INCENTIVE</b>
≥ \$500,000		≥ 10		≥ \$45,000		Up to \$10,000
≥ \$1,000,000		≥ 10		≥ \$55,000		Up to \$12,000
≥ \$1,500,000		≥ 10		≥ \$65,000		Up to \$15,000
≥ \$2,000,000		≥ 10		≥ \$75,000		Up to \$20,000

### **Amarillo EnterPrize Challenge**

The Amarillo EnterPrize Challenge is a business plan competition funded by Amarillo EDC and is designed to help entrepreneurs expand an existing business or launch a new business. Client companies gain a better understanding of how to develop and follow a realistic business plan and if selected as an awardee, receive capital funding of up to \$100,000.

### **U.S. Small Business Administration (SBA) 504 Loan Program**

Texas Panhandle Regional Development Corporation (TPRDC), Amarillo’s only non-profit development company, certified by the SBA, serves as a bridge between local lenders and companies that typically don’t meet the requirements for traditional financing. Traditionally, projects financed through the SBA 504 Loan Program secure a bank loan covering 50-percent of the project’s cost with TPRDC covering the remaining 40-percent. The borrower injects approximately 10-percent leading to enhanced cash flow and long-term financing at low, fixed interest rate, with fixed monthly payments.

### **Small Business Interest Rebate**

Enables small businesses to receive assistance for traditional bank loans on real property and/or machinery and equipment.



## IV. PROCEDURAL GUIDELINES

Any applicant desiring Amarillo EDC to consider providing economic development incentives to encourage location or expansion within the city limits of Amarillo shall be required to comply with the following procedural guidelines. Nothing within these guidelines shall imply or suggest Amarillo EDC is under obligation to provide any incentive to any applicant.

### A. Application

To apply for economic development incentives complete “City of Amarillo Application for Economic Development Incentives” attached to this policy as Exhibit B and available via the City’s website, [www.amarillo.gov](http://www.amarillo.gov). The application must be submitted to Amarillo EDC and any person or company requesting economic development incentives shall comply with the following procedure:

11. The applicant will submit a completed application for the requested incentives utilizing the application outline provided by Amarillo EDC and attached to this policy as Exhibit B, and available at [www.amarillo.gov](http://www.amarillo.gov)
12. The applicant will address all applicable criteria set forth in this policy and the application.
13. The applicant will provide a plat, map or survey showing the location of the property and the proposed project.
14. The applicant will provide a legal description of the property; the name, address, phone number, of the owner of the property; the tenants or proposed tenants, if any; and state whether the property is to be owner occupied or leased.
15. The applicant will describe in detail the proposed project and the type of economic development incentives requested.
16. The application will be submitted by mail or hand delivery to 801 S. Fillmore, Ste 205, Amarillo, TX 79101 or via email.
17. The Amarillo EDC will review the economic development incentive request and may request additional information from the applicant prior to considerations by Board and Amarillo City Council. Failure to timely submit any additionally requested information will cause the application to be rejected and will be deemed withdrawn by the applicant without further action by Amarillo EDC.
18. The Board and Amarillo City Council will review the requested incentive request pursuant to this policy and recommendations by Amarillo EDC staff.
19. When necessary under this policy the Board and Amarillo City Council will, at a regular meeting and when allowed by law at a special meeting, consider proposed economic development incentive agreement.
20. Information submitted by the applicant regarding the requested incentive is confidential to the extent allowed by law.

### B. Application Review

1. All information submitted as detailed above will be reviewed by Amarillo EDC for completeness, accuracy and the rationale for projections made. Additional information may be requested as needed.
2. If applicable, the application will be distributed to the appropriate departments for internal review and comments. Additional information may be requested as needed.
3. If necessary, copies of the complete application package will be provided to the other appropriate taxing entities.



## **C. Consideration of the Application**

1. After review by Amarillo EDC the application will be reviewed by the appropriate City staff. Amarillo EDC staff may then meet with the applicant to negotiate final terms of the incentives.
2. Prior to approval of an economic development incentive agreement, the economic incentive request may be scheduled for review by the Board and Amarillo City Council in an executive session meeting. All necessary legal documents will be considered for approval following evaluation of all relevant staff and review team recommendations and reports.

For tax abatements, additional steps, including a public hearing, must be incorporated into the process. These procedures are mandated by Texas law and are detailed in the Property Redevelopment and Tax Abatement Act.

## **V. AGREEMENTS**

Any agreement relating to a project must be for the benefit of Amarillo EDC and must provide that if a default occurs in the payment of the principal of or the interest or premium on the bonds or in the performance of any agreement contained in a proceeding, mortgage or instrument, the payment or performance may be enforced by 1) mandamus; or 2) the appointment of a receiver in equity with the power to A) charge and collect rents, purchase price payments and loan payments; and B) apply the revenue from the project in accordance with the resolution, mortgage or instrument.

The Amarillo EDC may not provide a direct incentive to, or make an expenditure on behalf of, a business enterprise under a project unless it enters into a performance agreement with the business enterprise. The performance agreement must 1) provide, at a minimum, for a schedule of additional payroll or jobs to be created or retained and capital investment to be made as consideration for any direct incentives provided or expenditures made under the agreement; and 2) specify the terms under which repayment must be made if the business enterprise does not meet the performance requirements specified in the agreement.

## **VI. IMPACT ANALYSIS**

The Amarillo EDC reserves the right to perform an economic impact analysis for any project to determine the impact the project will have on the community. If deemed necessary this analysis will be made before an economic development incentive is offered to the applicant.

## **VII. NEGOTIATION PROCESS**

The initial contact and preliminary discussions relating to available economic development incentives is to be between the authorized representatives of the applicant and Amarillo EDC.

All negotiations for economic development incentives shall be between the authorized representative(s) of the applicant and Amarillo EDC and any City employee as designated by the City Manager, if applicable.

Board and Amarillo City Council's decision shall be based upon an evaluation of the criteria that each applicant has addressed in narrative format in their application.

# INDEX OF ECONOMIC DEVELOPMENT TOOLS



## **Other Local Organization Tools**

The Amarillo area has many other incentives offered by a myriad of partner entities who all play a vital role in the growth and development of the community. These development partners include its county governments, public school districts, Amarillo College and select special governmental districts within the immediate region.

### *Ad Valorem Tax Abatement & Exemptions*

Please see section 10 Overview of City Incentives for the City’s policy on tax abatements. Other taxing entities are also able to consider tax abatements on a case by case basis.

### *Ad Valorem Tax Value Limitation*

Chapter 313 of the Texas Tax Code provides a ten-year limitation on the taxable value of the real property and business personal property extended to a taxpayer who agrees to build or install property and create jobs. The value limitation applies to the local school district maintenance and operations tax portion of the property tax and varies by school district. To participate, the company must apply to the effective school district.

### *Chapter 381 Agreements*

Chapter 381 of the Texas Local Government Code allows counties, including Potter and Randall Counties, to provide incentives encouraging developers to build in their jurisdictions. A county may administer and develop a program to make loans and grants of public money to promote state or local economic development and to stimulate, encourage, and develop business location and commercial activity in their county.

### *Texas Enterprise Zone (EZ) Program*

The EZ program not only applies to the City of Amarillo but also other governmental entities such as Potter County, Randall County and Amarillo College. Please see section 10 Overview of City Incentives for more information.

### *Panhandle Micro-Loan Program*

The Panhandle Micro-Loan Program provides small businesses with increased access to capital in the Panhandle region. Activities to be financed may include, but are not limited to acquisition or expansion of an existing business, purchase & development of land and buildings, remodeling and improvements, purchase of equipment, machinery, or vehicles, startup costs, and working capital or gap financing.

## **State of Texas – Office of the Governor, Economic Development & Tourism Tools**

### *Texas Enterprise Fund (TEF)*

The TEF is a cash grant used as a financial incentive tool for projects that offer significant projected job creation and capital investment where a single Texas site is competing with another viable out-of-state option.



### *Governor's University Research Initiative (GURI)*

The GURI grant program was enacted in 2015 with a goal to bring the best and brightest distinguished researchers in the world to Texas. The GURI grant program is a matching grant program that assists eligible institutions of higher education in recruiting distinguished researchers.

### *Product Development and Small Business Incubator Fund (PDSBI)*

The PDSBI is a revolving loan program financed through original bond issuances that aids in the development, production and commercialization of new or improved products and fosters and stimulate small business in Texas. Loan proceeds can be used for a broad range of capital and operating expenditures including property, plant, and equipment which can be amortized over the life of the asset.

## **State of Texas - Texas Workforce Commission Tools**

### *Skills Development Fund*

The Skills Development Fund provides local customized training opportunities for Texas businesses and workers to increase skill levels and wages of the Texas workforce. The Texas Workforce Commission (TWC) funds for the program. Funds are best used when there is collaboration among businesses, public community and technical colleges, Workforce Development Boards and economic development partners.

### *Skills for Small Business Program*

Skills for Small Business finances the design and implementation of customized job training programs for newly hired employees of small businesses. Administered by the TWC, the Skills for Small Business program supports businesses with fewer than 100 employees, emphasizes training for new workers, and helps upgrade the skills of incumbent workers.

### *The Self Sufficiency Fund*

The Self Sufficiency Fund provides community and technical colleges access to training dollars to support high-quality customized training projects statewide. Colleges strengthen their position as economic development assets, businesses gain a more highly trained workforce, workers upgrade their skills, and the Texas economy grows more competitive. The Self-Sufficiency Fund supports training primarily for low-income individuals and those receiving public assistance achieve self-sufficiency and independence.

## **State of Texas – Other Organization Tools**

### *Texas Capital Fund Infrastructure / Real estate Programs*

The Texas Capital Fund Infrastructure / Real Estate Programs are economic development tools designed to provide financial resources to non-entitlement communities. Funds can be utilized for public infrastructure needed to assist a business that commits to create and/or retain permanent jobs, primarily for low - moderate income persons.

### *The Capital Access Program*

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, including buildings and equipment.



### *Texas Historic Preservation Tax Program*

The state historic tax credit offers applicants a credit of up to 25% of eligible rehabilitation costs for buildings listed in the National Register of Historic Places, the Recorded Texas Historic Landmarks, and Texas State Antiquities Landmarks registries. The program is administered jointly by the Texas Historical Commission in cooperation with the Texas Comptroller of Public Accounts. The Federal Historic Preservation Tax Incentive Program also offers a 20% tax credit for rehabilitation of historic buildings.

### *PACE Program*

The PACE program allows owners of commercial and industrial properties to obtain low-cost, long-term loans for water conservation, energy-efficiency improvement, and distributed generation retrofits. The PACE statute authorizes municipalities and counties in Texas to work with private lenders and property owners to finance qualified improvements using voluntary contractual assessments. The City of Amarillo adopted the PACE program for within the city limits and extraterritorial jurisdiction in September 2017.

## **Federal Tools**

### *Foreign Trade Zone (FTZs)*

FTZs are basically ‘free-trade zones.’ Within FTZs, company goods can be unloaded, manufactured, reassembled, tested, sampled, processed, repackaged, and re-exported without going through U.S. customs authorities. FTZs promote the international competitiveness because Zone activities primarily involve US operations combining foreign inputs with significant US inputs. Zones also facilitate and expedite international trade, retain and create jobs, and encourage investment, manufacturing, and logistics within the United States. FTZ have major financial benefits and lead to streamlined logistics for companies importing and/or exporting internationally.

### *Health Resources and Services Administration – Rural Health Grants*

The Health Resources and Services Administration provides rural health grants to fund rural hospitals, health centers, and local clinics for underserved people.

### *US Department of Housing and Urban Development (HUD)*

HUD supports child care facilities near or within public housing.

### *National Endowment for the Arts*

The National Endowment for the Arts offers many grants for art projects. Funding is specifically for projects, which can consist of one or more specific events or activities. Projects can be new or existing and range in size. Their programs include Art Works, Challenge America, and Our Town.

### *National Park Service - National Heritage Areas Programs*

National Heritage Areas are individually authorized by Congress and receive funding, technical assistance, and management support from the National Park Service. Heritage area designation provides a vehicle for promoting local economic and cultural vitality by capitalizing on an area’s heritage assets, particularly through heritage tourism.



#### *National Science Foundation Small Business Grants*

The National Science Foundation Small Business Grants program provide funds for early-stage research and development at small businesses. This research should be based on transformational technology with high technical risk and potential for significant societal or commercial impact.

#### *Route 66 Corridor Preservation Program*

The Route 66 Corridor Preservation Program is dedicated to preserving the special places and stories Route 66. The program collaborates with private, nonprofit, and government partners to identify, prioritize, and address priority preservation needs of Route 66. The program provides cost-share grants to help preserve the most significant and representative historic sites dating to the route's period of significance (1926-1985). The program also assists preservation planning, research, and educational initiatives, and serves as a clearinghouse for preservation information and technical assistance.

#### *US Department of Health and Human Services*

The Office of Child Care has several funding programs for child care facilities.

#### *US Department of Energy Grants*

The US Department of Energy supports a number of grant, loan, and financing programs that support businesses. These programs are not limited to energy-related projects and include a range of small business and other support programs.

#### *US Economic Development Administration (EDA) Grants*

The EDA accepts applications from rural and urban areas to provide investments that support construction, non-construction, technical assistance, and revolving loan fund projects under EDA's Public Works and Economic Adjustment Assistance programs. Grants under these programs are designed to leverage existing regional assets and support the implementation of economic development strategies that advance new ideas and creative approaches.

#### *EDA – Regional Innovation Strategies Grants*

In 2015, the EDA launched a \$10 million funding opportunity within their Regional Innovation Strategies Program. Under this program, communities can apply for funding through either the i6 Challenge or Seed funding support grants.

#### *US Department of Commerce – Market Developer Cooperator Program – International Trade Administration*

This program is designed to build partnerships by providing federal assistance to organizations involved in export promotion. The program can support tourism initiatives to promote international visitors in communities outside of federal lands.

#### *US Department of Agriculture (USDA) – Community Facilities Direct Loan & Grant Program*

This program provides affordable funding to develop essential community facilities in rural areas. An essential community facility is defined as a facility that provides an essential service to the local community for the orderly development of the community in a primarily rural area, and does not include private, commercial, or business undertakings.



*USDA – Resource Conservation and Development Program*

This program provides technical and limited financial assistance to Resource Conservation & Development Councils with development projects, including heritage tourism and related business development.

*USDA – Rural Microentrepreneur Assistance Program*

This program provides loans and grants to Microenterprise Development Organizations to microenterprise startups and growth through a Rural Microloan Revolving Fund as well as provides training and technical assistance to microloan borrowers and microentrepreneurs.

*USDA – Rural Development Grants*

Community Programs provides grants to assist in the development of essential community facilities in rural areas and towns of up to 20,000 population.