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COMPREHENSIVE GUIDELINES AND CRITERIA FOR ECONOMIC DEVELOPMENT INCENTIVES

Developed in cooperation with the Amarillo Economic Development Corporation

1. INTRODUCTION

The City of Amarillo (the “City”) and its partners are committed to economic development in all areas of the community and to the ongoing improvement in the quality of life for all citizens. These objectives are achieved through the enhancement and expansion of the local economy. To encourage investment within the City, consideration may be given regarding financial incentives as a stimulus for economic development. It is the policy of the City that said consideration will be provided on a case-by-case basis and in accordance with the procedures and criteria outlined within this document. However, nothing herein shall imply or suggest the City is under any obligation to provide any incentive to any applicant.

As authorized by the Texas Tax Code Chapters 311 and 312 and Texas Local Government Code Chapter 380, and other applicable laws, this incentives policy is to work in concert with the City’s component units and other local taxing authorities as part of a publicly supported incentive program designed to create and/or enhance the tax base and job opportunities which strengthen the health and wealth of the City.

All economic development incentives requests will be reviewed by City staff and only eligible projects will be sent to the Amarillo City Council for consideration. Depending on the project, additional approvals or recommendations will be presented by appointed boards, such as Amarillo Economic Development Corporation Board and Tax Increment Reinvestment Zone Boards. Any approvals will be memorialized in an economic development incentives agreement between the City or appropriate Board and the recipient. Applications for incentives will not be considered for projects that have already commenced (e.g. received a building permit or broken ground).

If the applicant is seeking multiple incentives sources (e.g. Amarillo Economic Development Corporation funds, City tax abatements/reimbursements, Tax Increment Reinvestment Zone assistance), it is the preference of the Amarillo City Council to hear and consider acting only once on a joint request.

2. CRITERIA FOR ECONOMIC DEVELOPMENT INCENTIVES

- A. Must be reasonably expected to increase the appraised value of the property in the amount specified in the agreement after the period of abatement has expired.
- B. Project does not have any negative environmental impacts on the community (e.g.; significant pollution, excessive water usage or hazardous waste.)
- C. The degree to which the specified project meets the purposes and objectives of the City, the relative impact of the project will be used to determine the total value and duration of the incentives, tax abatement or tax grant provided to any applicant.

Projects **ELIGIBLE** to receive economic development incentives include:

- A. Business development (attraction, retention, expansion) for primary industries (industries that export products), assistance will be evaluated on its impact on existing local markets.
- B. Business Development (attraction, retention, expansion) for non-primary industries that would address City Council goals and have a significant impact on Amarillo, assistance will be evaluated on its impact on existing local markets.
- C. Mixed-use developments that creatively integrate commercial and retail projects into a residential development.
- D. Revitalization of historically designated, significant or deteriorated buildings.
- E. Projects which promote downtown office, residential, and retail development.
- F. Projects which promote neighborhood stabilization or revitalization.
- G. Projects consistent with approved Tax Increment Financing Project Plans.
- H. Projects which involve environmental clean-up, removal of slum and blighting conditions.
- I. Projects which contribute to the implementation of other public policies, as adopted by the Amarillo City Council.
- J. Projects which provide retail, housing and mixed uses in existing commercial nodes.

Projects **INELIGIBLE** to receive economic development incentives, including Tax Increment Financing include:

- A. Speculative office and retail development defined as projects that have not secured anchor tenants for at least the same percentage of pre-leased space as required by the developer's construction lender.
- B. Relocation (pirating) of tenants from another site within the City or region (offices, retail and/or other commercial uses) for the purpose other than retaining or substantially expanding said business.
- C. Standalone residential development projects unless limited by site and environmental conditions beyond which make the project financially infeasible, including luxury housing or 100% market rate housing.
- D. Projects not consistent with the City's Comprehensive Plan.

3. OBJECTIVE CRITERIA

The following must be addressed in written format, with backup documentation, by the applicant using "City of Amarillo Application for Economic Development Incentives" attached to this policy as Exhibit B:

- A. Number of new primary and non-primary jobs in Amarillo to be created/retained by the project.
- B. Average salary detailed by skilled, unskilled and management positions.
- C. Total gross annual payroll created by the project.
- D. The net tax base valuation (real and business personal property) to be added by the project.
- E. Projected annual sales tax to be directly generated by the project for a period of 5-years and 10-years.

F. Diversity in the economic base.

G. Synergy for additional economic development and/or intangible benefits to the City, such as, but not limited to, projects that are unique regional economic draws, incorporate design or construction features which exceed City regulations, or make a unique contribution to redevelopment or development efforts.

H. Financial Need – Economic development incentives may be provided to fill an identified gap. The fundamental principle that the City must determine, through information provided by the developer, is the project would not occur “but for” City assistance. Financial need will be evaluated on the following criteria:

1. Developer equity requirement: 15% minimum
2. Percentage of project cost from tax abatement/rebate: less than 10%
3. City Incentive Payback period: less than 10-years (The payback period is used to determine the length of time it will take to recoup the initial amount invested on a project or investment)
4. Increase in taxable valuation after project completion: 20% minimum

4. SUBJECTIVE CRITERIA

In addition to the objective criteria for which specific values may be assigned, additional considerations must be evaluated. The following must be addressed in written format, with backup documentation, by the applicant using “City of Amarillo Application for Economic Development Incentives” attached to this policy as Exhibit B:

A. Explain the types and values of public improvements, if any, which will be made by the applicant.

B. Explain to what extent the project will complement existing businesses.

C. Explain to what extent the project will use local supplies, contractors and labor force.

D. If the project poses any negative operational, visual/image, style impacts or additional noise, etc., provide details.

E. Provide information including at least 5-years financial and operating history of the company. If company is a start-up provide at least 5-years of financial information of the sole proprietor and/or investors and business plan.

F. The applicant must indicate whether they are willing to commit to a definitive construction/completion schedule for the project and to define exactly what will be build (i.e., what will be on the tax roll and when).

G. State in the application whether the project is a franchise, expansion, relocation/consolidation from elsewhere, or the start-up of a new operation.

H. Explain to what extent the project carries out the goals and objectives of the Align Amarillo Economic Development Strategic Plan.

I. Public Benefit – The following will be evaluated based on stimulating revitalization of the City, its older neighborhoods, industrial areas, commercial districts, and downtown. The developer must demonstrate there will be a significant public benefit to the community by achieving as many of the following public benefits as possible:

1. Job creation or retention which will help increase the median income in the Amarillo MSA
2. Strengthen the economic base of the City through increased property values and taxable sales
3. Leveraging the maximum amount of non-public funds
4. Promote the efficient usage of land through the elimination of blight and redevelopment of underutilized properties
5. Stabilize and upgrade targeted neighborhoods
6. Creating a variety of mixed-use commercial/housing opportunities to increase the number of City residents

Enhancing the streetscape and pedestrian experience and improving the vitality of the downtown area by adding interest and activity on the first floor of mixed-use buildings

7. Contribute to other unique projects or programs not listed that provide public benefits
8. Improving infrastructure
9. Promote and increase the tourism industry
10. Promote and increase sales tax and hotel/motel collections, such as being a unique regional draw

J. Special Considerations – Special or additional consideration, and/or better terms may be considered for projects which exceed certain standards such as:

1. Support an educated workforce: employers develop curriculum, evaluation/assessment tools and job shadowing programs; leadership/partnership with workforce development programs
2. Demonstrable efforts to increase the percentage of newly hired and retained employees who reside within the City limits of the City
3. Higher standards of urban design (e.g. mixed use, add vitality to commercial districts by adding interest and activity on the first floor of mixed use buildings, etc.)
4. Historic rehabilitation; redevelopment of existing structures; environmental abatement or clean-up; assembly and clearance of land upon which existing structures need redevelopment
5. Promotion of sustainable practices in their construction and operation such as meeting Leadership in Energy and Environmental Design (LEED) certification requirements
6. Diversification of the City’s economic base
7. Any additional performance standards which enhances the overall quality of life

5. VALUE OF ECONOMIC DEVELOPMENT INCENTIVES PROVIDED

The objective criteria and subjective criteria outlined in Sections 3 and 4 will be used by the Amarillo City Council in determining whether it is in the best interest of the City to provide economic development incentives for a project. Specific considerations will include the degree to which the individual project furthers the goals and objectives of the community, as well as the relative impact of the project. Additional criteria for tax abatements/grants can be found in the overview of incentives section of this document.

6. PROCEDURAL GUIDELINES

Any applicant desiring the City 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 the City 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 of Amarillo’s website, www.amarillo.gov. The application must be submitted to the Office of Economic Development (the “Office”) and any person or company requesting the City provide economic development incentives shall comply with the following procedure:

1. The applicant will submit a completed application for the requested incentives utilizing the application outline provided by the Office attached to this policy as Exhibit B, and available at www.amarillo.gov
2. The applicant will address all applicable criteria set forth in this policy and the application.
3. The applicant will provide a plat, map or survey showing the location of the property and the proposed project.
4. 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.
5. The applicant will describe in detail the proposed project and the type of economic development incentives requested.
6. The application will be submitted by mail to Office of Economic Development, PO Box 1971, Amarillo, TX 79105, or delivered to 601 S. Buchanan St, Amarillo, TX 79101 or via email.
7. The office will review the economic development incentive request and may request additional information from the applicant prior to considerations by 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 the City.
8. The Amarillo City Council will review the requested incentive request pursuant to this policy and recommendations by City staff.
9. When necessary under this policy the Amarillo City Council will, at a regular meeting and when allowed by law at a special meeting, consider proposed economic development incentive agreement.
10. 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 the Office 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 the Office the application will be reviewed by the appropriate City staff. City 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 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 recommendation and reports.
3. 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.

7. EXECUTION OF AGREEMENTS

Should the Amarillo City Council determine it is in the best interest of the City to approve economic development incentives to an applicant, a resolution shall be adopted declaring that under the guidelines and criteria established herein, the application is eligible for an economic development incentive in the form of an economic development incentive agreement. The resolution shall further authorize the Mayor to execute a

contract with the applicant governing the provision of the incentives.

Any agreement so adopted must include at least the following specific items:

- A. Amount of the incentive
- B. Duration of the incentive
- C. Legal description of the property
- D. Performance terms
- E. Recapture language for failure to comply with terms of the agreement
- F. Annual review required: After an incentive is approved, the company must report their annual investment and job growth progress for each year of the agreement. If the company fails to meet the contract terms regarding job creation, the abatement may be terminated or reduced relative to the company's job creation progress. For example, if a company only created 80% of the total jobs they were expected to create, they may only receive 80% of the abatement and would have to pay taxes on the remaining 20%.
- G. No transfer of incentive: Except to an entity with substantially the same ownership or directors as the original grantee, and then only with the prior express consent of the City. The City reserves the right to consider other requests for transfer or assignment on a case-by-case basis.

8. IMPACT ANALYSIS

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

9. 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 the Office. All negotiations for economic development incentives shall be between the authorized representative(s) of the applicant and the Office and any City employee as designated by the City Manager. 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.

10. OVERVIEW OF CITY INCENTIVES

Tax Abatement Criteria for New City Development

Ad valorem tax abatement may be offered to enterprises for improvements to real property and business personal property and does not apply to land. Tax abatements for improvements to real property may be offered to an applicant who constructs a new or expanded facility to house the applicable project. The tax abatement will apply to the taxable value of the new or expanded improvements. Tax abatements for business personal property may be offered to an applicant that purchases or long-term leases existing or new facilities and will apply to the taxable value of the business personal property added to the facility after the execution of the agreement. Tax abatements are primarily considered for manufacturing or distribution facilities, corporate offices, research parks, major tourism attractions, or similar facilities if it can be demonstrated their development would create substantial capital improvements and attract or retain jobs. The minimum project requirements are:

- Capital cost (new building and/or equipment) to be \$4 million (real and personal property are eligible; land is excluded)
- Average gross wage per job of \$50,000
- Minimum of 25 new full-time jobs to be created/retained

The maximum allowable term for abatement is 10 years although most projects, based on total investment and job creation/retention, will average 4- to 5-years. As a standard practice, total investment in a firm may not exceed 80% of the present value of the estimated total ad valorem tax liability over the term agreement and may be on a sliding scale reducing in percentage over the term. The following table depicts plausible metrics based on project scope.

CAPITAL INVESTMENT	+ FULL-TIME JOBS CREATED/RETAINED	+ AVERAGE GROSS WAGE	= SLIDING SCALE ABATEMENT	YEARS
≥ \$4,000,000	≥ 25	≥ \$50,000	40/30/20/10	Up to 4
≥ \$8,000,000	≥ 35	≥ \$50,000	60/50/40/30/20/10	Up to 6
≥ \$12,000,000	≥ 50	≥ \$50,000	80/70/60/50/40/30/20/10	Up to 8
≥ \$20,000,000	≥ 100	≥ \$50,000	100/90/80/70/60/50/40/30/20/10	Up to 10

However, in the case of unique beneficial opportunities that will have a major impact on the economy within the community, the Amarillo City Council reserves the right to vary from these metrics. Examples include, but are not limited to, being a targeted industry in the Align Amarillo Strategic Plan, deploying leading-edge technology, the availability of state economic development funds available for the firm, the creation/retention of 100 jobs or more, or the firm relocating its headquarters to Amarillo. An alternative to tax abatement agreements may include a Chapter 380 tax rebate.

Targeted Economic Development

Tax Abatement Criteria for Infill Redevelopment or Revitalization of Older Properties Located in Key Corridors and Projects Located in Approved TIRZ or Neighborhood Plans

Ad valorem tax abatement may be offered to enterprises for improvements to real property and business personal property and does not apply to land. Tax abatements for improvements to real property may be offered to an applicant who constructs a new or expanded facility to house the applicable project. The tax abatement will apply to the taxable value of the new or expanded improvements. Tax abatements for business personal property may be offered to an applicant that purchases or long-term leases existing or new facilities and will apply to the taxable value of the business personal property added to the facility after the execution of the agreement. Tax abatements are primarily considered for manufacturing or distribution facilities, corporate offices, research parks, major tourism attractions, or similar facilities if it can be demonstrated their development would create substantial capital improvements and attract or retain jobs.

The maximum allowable term for abatement is 10 years, although most projects based on total investment and job creation/retention, will average 4- to 5-years. As a standard practice, total investment in a firm may not exceed 80% of the present value of the estimated total ad valorem tax liability over the term of the agreement and may be on a sliding scale reducing in percentage over the term. The following table depicts plausible metrics based on project scope.

CAPITAL INVESTMENT	<i>and</i>	FULL-TIME JOBS CREATED/RETAINED	<i>or</i>	AVERAGE GROSS WAGE	=	% ANNUAL ABATEMENT	YEARS
≥ \$2,000,000		< 15		< \$700,000		Up to 60%	Up to 6
≥ \$2,000,000		≥ 15		≥ \$700,000		Up to 70%	Up to 7
≥ \$4,000,000		≥ 20		≥ \$800,000		Up to 80%	Up to 8
≥ \$6,000,000		≥ 25		≥ \$900,000		Up to 90%	Up to 9
≥ \$8,000,000		≥ 30		≥ \$1,000,000		Up to 100%	Up to 10

However, in the case of uniquely beneficial opportunities that will have a major impact on the economy within the community, the Amarillo City Council reserves the right to vary from these metrics. Examples include but are not limited to, being a targeted industry in the Align Amarillo Strategic Plan, creating 100 jobs or more, being a major regional or tourism draw, or assisting in the redevelopment or revitalization of targeted areas in the city that are blighted or underutilized (e.g. approved TIRZ areas and neighborhood plans).

Sales Tax Rebates

The City collects 2% sales tax on any taxable retail sales made in the city limits and is divided as follows: 1% is allocated to the City's general fund, 0.5% is allocated to property tax relief and 0.5% is allocated to Amarillo Economic Development Corporation. An applicant may apply for a rebate of all or a portion of the City's (1%) local option sales tax collected by the applicant's business to secure a business in the city limits that would otherwise be located elsewhere. The project requirements are:

- Capital cost (new building and/or equipment) to be \$4 million (real and personal property are eligible; land is excluded)
- Average gross wage per job of \$50,000
- Minimum of 25 new full-time jobs to be created/retained

A project must meet at least two of the above minimum requirements and produce the following in annual taxable sales:

ANNUAL SALES	1% SALES TAX COLLECTED BY CITY	REBATE
≥ \$10,000,000	≥ \$100,000	Up to 1% for up to 6 years
≥ \$15,000,000	≥ \$150,000	Up to 1% for up to 8 years
≥ \$17,000,000	≥ \$170,000	Up to 1% for up to 10 years

As a standard practice, total investment in a firm will not exceed 50% of the present value of the estimated sales tax collections over the term of the agreement and will be on a sliding scale reducing in percentage over the term.

However, in the case of uniquely beneficial opportunities that will have a major impact on the economy within the community, the Amarillo City Council reserves the right to vary from these metrics. Examples include but are not limited to, being a targeted industry in the Align Amarillo Strategic Plan, creating 100 jobs or more, being a major regional or tourism draw, or assisting in the redevelopment or revitalization of targeted areas in the city that are blighted or underutilized (e.g. approved TIRZ areas and neighborhood plans).

Note: The City will pay any rebates based upon receipt of actual sales taxes and the confidential sales report received from the State of Texas Comptroller's Office and shall be solely responsible for determining the amount of the rebate. Rebates will be gross amount less 2% for Comptroller's Service fee.

Hotel/Motel Occupancy Tax (HOT)

The City is committed to attracting lodging and conference center space to the community. A 6% hotel occupancy tax is levied by the State of Texas and the City levies a 7% hotel occupancy tax and 2% for an events venue district, for a total of 15%. These taxes may be used for purposes as allowed by law.

Chapter 380 Agreements

Chapter 380 of the Texas Local Government Code authorizes municipalities to offer incentives designed to promote economic development by providing loans and grants of City of Amarillo funds or services at little or no cost to promote state and local economic development and to stimulate business and commercial activity.

Freeport Exemption

Companies may take advantage of ad valorem tax exemptions on business personal property (specifically, inventory) through the Freeport Exemption. Freeport exempts from ad valorem taxation qualified inventory detained in Texas for 175 days or less and used for certain purposes such as assembly, storage, manufacturing, fabrication, and/or processing. Companies operating within the aviation/aerospace industry may enjoy a 730-day window to detain qualified inventory.

Building Permit, Development, and Connection Fees

The City may approve a waiver, deferral, grant or rebate of all or a portion of related fees, including but not necessarily limited to; building permit fees, development fees, and connection fees.

Cost Participation in Infrastructure

The City may agree to participate in the cost of the extension, construction, or reconstruction of public infrastructure necessary for the development of a project. Participation by the city is considered on a case-by-case basis and shall be limited to infrastructure improvements within the municipal rights-of-way or easements.

Tax Increment Financing (TIF) or Tax Increment Reinvestment Zone (TIRZ)

Chapter 311 of the Texas Tax Code allows political subdivisions to create TIF Zones to use the increased tax value of land from development toward the financing of the public improvements in the reinvestment zone. TIF Districts may assist in financing the development of unimproved or blighted land by dedicating the real estate property taxes to be generated by the built project to a TIF Fund for payment of the principal and interest on TIF Bonds. Under a TIF, the property owner pays taxes on the full value of the property, and the taxing entities pay into the TIF Fund the taxes attributed to the added value of the property due to the new development. TIF Bonds may be issued for a maximum of 20 years and may be used to pay for public improvements associated with development (i.e. parking, infrastructure, land acquisition, utilities, etc.). A TIF Reinvestment Zone must meet set criteria as defined by law and the City establishes the TIF Reinvestment Zone and other taxing entities approve agreements to participate in the TIF District and set forth the percentage of tax increment they are willing to dedicate to the TIF Fund, up to a maximum of 100%. A TIF Board, consisting of 9- to 15 members, is established with representatives from the participating taxing entities and other representatives as set forth in the state law.

So far, the City has created the following TIRZ:

1. Center City TIRZ #1, established December 7, 2006, for Downtown Amarillo represented by a 10-member Board.
2. East Gateway TIRZ #2, established November 8, 2016, for East Amarillo between S. Eastern and S. Lakeside represented by a 10-member Board.
3. South Gateway TIRZ #3, established December 2022, for South Amarillo in the vicinity of the South Loop 335 and Interstate 27 represented by a 10-member Board.

Public Improvement District (PID)

Chapter 372 of the Texas Local Government Code allows for PIDs to finance the cost of public transportation infrastructure related to a project. A Public Improvement District is formed over property that will benefit from public improvement projects to be constructed and assessments are levied in a manner that apportions costs according to the benefits received from the public improvements. Bonds are issued to fund the improvements and bond proceeds are deposited to a construction fund. Once eligible projects are completed, the proceeds in the construction fund are used to acquire facilities from the developer and assessments are paid by the property owners (usually over a period of years, although assessments may be prepaid in full or in part at any time). Assessments transfer along with title to the property. Therefore, end users typically pay the bulk of assessments. This is fitting, as the public improvements benefit the end users' property.

Neighborhood Empowerment Zone (NEZ)

A NEZ is a tool for cities that would promote at least one of the following: (1) the creation of affordable housing, including manufactured housing, in the zone; (2) an increase in economic development in the zone; (3) an increase in the quality of social services, education, or public safety provided to residents in the zone; or (4) the rehabilitation of affordable housing in the zone.

A city may offer the following incentives within a NEZ; (1) waive building, inspection, or impact fees; (2) enter into sales tax rebate agreements lasting up to ten years; (3) enter into property tax abatement agreements lasting up to ten years; and (4) set baseline performance standards to encourage alternative building materials that address environmental or energy consumption concerns.

Fast Track Permitting

At the request of the applicant, permitting time may be shortened if the project needs and justifies the reduced time frame.

Amarillo Community Development Micro-Loan Programs

Designed to provide small businesses with increased access to capital, this program creates job opportunities and provides a means for businesses to grow without leveraging large amounts of money. This program targets low-to-moderate income individuals with loans from \$2,000 to \$35,000. This program is administered by the Texas Panhandle Regional Development Corporation.

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.

Opportunity Zone Program

Opportunity Zones are a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. The Opportunity Zones program provides a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds that are dedicated to investing into Opportunity Zones designated by the chief executives of every U.S. state and territory.

The City received one census tract designated as an Opportunity Zone by the Governor of Texas. This Census Tract #48375015400 covers a portion of downtown and a portion of the Barrio neighborhood.

Texas Enterprise Zone (EZ) Program

The EZ Program is designed to attract new industry and to encourage the expansion of existing businesses in Amarillo and benefits small businesses and large industry with a primary emphasis on manufacturing, commercial, wholesale, warehousing, and distribution activities. The primary goal of the program is to revitalize economically distressed areas by creating new job opportunities for residents that are under skilled, inexperienced, disadvantaged, or displaced, including a commitment to developing or participating in job training or educational programs for economically-disadvantaged persons.

Tax abatements, local sales tax refunds, local development fee rebates, and special transportation services can be used to recruit new business and industry that will invest in the distressed area and provide employment opportunities. State incentives may include a refund/reduction of certain state sales/use taxes and franchise taxes for enterprise projects, preference for contracting with businesses in zones, and priority status for state-administered programs and funds.

Center City Façade and Public Improvements Grant Program

Center City administers a façade grant program, which provides matching grants of up to \$20,000 from the City's general fund that improve the appearance of downtown buildings. A volunteer committee including architects, designers and community leaders review each application to determine which projects will receive the funds. Property eligible for façade grants must be within certain boundaries. Center City also recently started offering an additional \$150,000 from Center City TIRZ funds to be put toward eligible public improvements (max of \$50,000 per project). Both of these grants have been funded annually through the City and TIRZ budget process.

Industrial Revenue Bonds

The City of Amarillo has the capacity to issue bonds with voter approval. Municipal bonds are debt securities issued to pay for specific projects that will serve the community. Bonds are paid back through property taxes collected by the City of Amarillo and therefore require voter approval.

Local Government Corporation

A public, non-profit corporation created to aid and act on behalf of one or more local governments to accomplish any governmental purpose of those local governments. Texas Transportation Cod Ann. § 431.101(a). Used for funding transportation, water and sewer infrastructure, economic development ventures, and other projects that will benefit the public.



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 right 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 ARISES 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 Headquarter 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:

CAPITAL INVESTMENT	+	FULL-TIME PRIMARY JOBS CREATED/RETAINED	+	AVERAGE GROSS WAGE PER JOB	=	ONE-TIME PER JOB INCENTIVE
≥ \$2,000,000		≥ 10		≥ \$50,000		Up to \$10,000
≥ \$4,000,000		≥ 10		≥ \$60,000		Up to \$12,500
≥ \$6,000,000		≥ 10		≥ \$70,000		Up to \$15,000
≥ \$8,000,000		≥ 10		≥ \$80,000		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. 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 distributed as a forgivable loan.

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. The application must be submitted to Amarillo EDC and any person or company requesting economic development incentives shall comply with the following procedure:

1. 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
2. The applicant will address all applicable criteria set forth in this policy and the application.
3. The applicant will provide a plat, map or survey showing the location of the property and the proposed project.
4. 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.
5. The applicant will describe in detail the proposed project and the type of economic development incentives requested.
6. The application will be submitted by mail or hand delivery to 600 S Tyler St., Ste 1600, Amarillo, TX 79101 or via email.
7. The Amarillo EDC will review the economic development incentive request and may request additional information from the applicant prior to considerations by the 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.
8. The Board and Amarillo City Council will review the requested incentive request pursuant to this policy and recommendations by Amarillo EDC staff.
9. 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.
10. 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

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 403 of the Texas Tax Code allows Texas school districts to cap the taxable value of property for 10 years. The cap applies only to the maintenance and operations (M&O) portion of school taxes (the cap does not apply to the portion of the school tax rate that goes toward debt).

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 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. FTZs 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 childcare 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 provides 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 of 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.