



A COMPARISON OF KEY STATE AND LOCAL TAX INCENTIVE TOOLS THROUGH CASE STUDIES

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Southern Economic Development Council

Meet the Consultants

#AmericanSouth

@SEDCouncil

Atlanta, Georgia

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MEET OUR PANELISTS



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TEXAS INCENTIVES

■ Local

- State and county incentives
- School district abatements (R.I.P.)
- EDC performance agreements

State

- Texas Enterprise Fund



LOCAL INCENTIVES

■ Cities and Counties

- Chapter 312 programs
- Chapter 380 agreements

School Districts

- Chapter 313 – The End . . .
- HB 5 – A New Beginning...?

EDCs – Performance Agreements



Cities and Counties

- **Ch. 312 of TX Tax Code**
 - Taxing body must adopt guidelines
 - Certain findings must be made
- **Ch. 380 of TX Tax Code**
 - Available to some municipalities
 - Fewer restrictions on use



PILOTS

School Districts

- **Ch. 313 Texas Tax Code**
 - Property tax valuation limitation program
 - Expired December 31, 2022
- **HB 5**
 - Replacement to Ch 313
 - What we know . . .



State Incentives

- **Texas Enterprise Fund**
 - Deal-Closing Fund
 - Administered by Governor
 - Cash tied to job creation
- **Everything Else**
 - Texas Enterprise Zones
 - Other stuff



Hypo #1

■ Key Facts

- Auto supply mfg
- \$19 million net of land
- 200 jobs; \$75k avg wage

■ Placement – Kyle, TX

- City M&O tax: .2966%
- County M&O: .2037%
- ISD M&O: .8546%



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Hypo #1

■ City abatement

- \$19M x .2966% = \$56,254
- 10yr at 100% = \$563,540
- 10yr at 50% = \$281,770
- PILOT?

■ County (.2037%)

- 10yr at 100% = \$387,030
- 10yr at 50% = \$193,515



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Hypo #1

- **School M&O (.8546%)**
 - \$162,375 per year
 - 10yr = \$1,623,740
 - No abatement currently available
- **Texas Enterprise Fund**
 - 7yr payback = \$1.7M
 - 10yr payback = \$2.6M



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Hypo #2

■ Key Facts

- Distribution center
- \$240 million net of land
- 400 jobs; \$50k avg wage

■ Placement - El Paso, TX

- City M&O tax: .585269%
- County M&O: .376264%
- ISD M&O: 1.0061%



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Hypo #2

- **City (.585269%)**
 - 10yr at 100% = \$14,046,456
 - PILOT? No
- **County (.376264%)**
 - 10yr at 100% = \$9,030,336



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Hypo #2

- **School M&O (1.0061%)**
 - 10yr = \$24,148,560
 - Ch. 313 valuation cap - \$100M
 - 10yr net tax saving = \$14M
 - 10yr savings net of RPP = \$11.2M
- **Texas Enterprise Fund**
 - 7yr payback = \$1.625M
 - 10yr payback = \$2.4M



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Hypo #3

■ Key Facts

- Corporate HQ (California steal!)
- \$5 million investment
- 250 jobs; \$150k avg wage

■ Placement – Frisco, TX

- City M&O tax: .290928%
- County M&O: .108172%
- ISD M&O: .9429%



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Hypo #3

- **City (.290928%)**

- 10yr at 100% = \$145,464
- 10yr at 50% = \$72,732
- PILOT?

- **County (.108172%)**

- 10yr at 100% = \$54,086
- 10yr at 50% = \$27,043



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Hypo #3

- **School M&O (.9429%)**
 - \$47,145 per year
 - 10yr = \$471,450
 - No abatement currently available

- **Texas Enterprise Fund**
 - 7yr payback = \$2.9M
 - 10yr payback = \$4.4M



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Conclusion

