

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

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Southern Economic Development Council
Meet the Consultants
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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

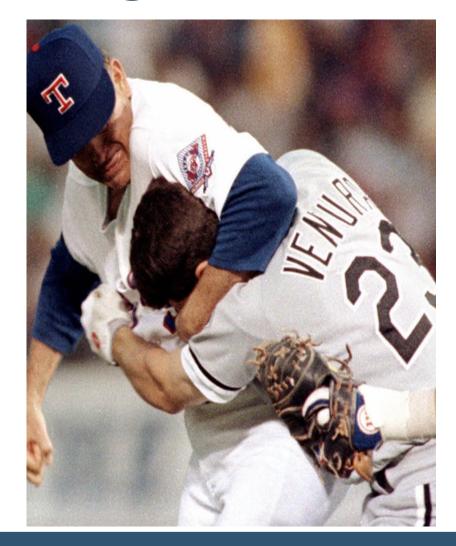
#### Cities and Counties

- 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



### 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%





#### 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





### 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



#### 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%



- City (.585269%)
  - 10yr at 100% = \$14,046,456
  - PILOT? No

- County (.376264%)
  - 10yr at 100% = \$9,030,336



### 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 =
- 10yr payback = \$2.4M
- \$1.625M



#### 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%



### - 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





### 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



#### Conclusion



