

ECONOMIC DEVELOPMENT INCENTIVES
OF THE FIFTY STATES

State Tax, Workforce Development and Financial Incentives

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New Mexico State Data Center: www.nmstatedatacenter.com

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ARKANSAS

Tax Incentives

Advantage Arkansas Income Tax Credit

Advantage Arkansas is a state income tax credit for job creation based on the payroll of new, full-time, permanent employees hired as a result of the project. To qualify for the program the proposed hourly wage of the new employees hired as a result of the project must be equal to or greater than the lowest county average hourly wage. The payroll threshold for qualifying for the credit and the benefit received depends on the tier in which the business locates or expands.

Arkansas's counties are ranked into four tiers based on poverty rate, population growth, per capita income and unemployment rate. This tier system applies to many of the state's incentive programs.

Tier	Payroll Threshold	Benefit Based on Payroll of New, Full-Time, Permanent Employees
1	\$125,000	1% of payroll
2	\$100,000	2% of payroll
3	\$75,000	3% of payroll
4	\$50,000	4% of payroll

The Advantage Arkansas Income Tax Credit is earned each tax year for a period of five years. The income tax credit cannot offset more than 50% of a business' income tax liability in any one year and may be carried forward for nine years beyond the tax year in which the credit was first earned. The credit begins in the tax year in which the new employees are hired. Employees must be Arkansas taxpayers.

Eligible businesses are non-retail and fall into one or more of the following categories:

- Manufacturers in NAICS codes 31-33
- Business primarily engaged in the design and development of prepackaged software, digital content production and preservation, computer processing, data preparation services or information retrieval services; eligible computer-related businesses must derive at least 75% of their revenue from out-of-state sales.
- Businesses primarily engaged in motion picture production that derive at least 75% of their revenue from out-of-states sales
- Distribution centers, including e-commerce distributors, that derive at least 75% of their revenue from out-of-state sales
- Office sector businesses that derive at least 75% of their revenue from out-of-state sales
- National or regional corporate headquarters as classified in the NAICS code 551114

- Firms primarily engaged in commercial, physical and biological research as classified in the NAICS code 541710
- Scientific and technical services businesses; the firms must derive at least 75% of their revenue from out-of-state sales and the average hourly wage paid by these must exceed 150% of the county or state average hourly wage, whichever is less.

Equity Investment Tax Credit

This credit is a discretionary incentive and is targeted toward new, technology-based businesses that pay wages in excess of the state or county average wage. If offered, this program allows an approved business to offer an income tax credit to investors purchasing an equity investment in the business. The income tax credits issued under this program are equal to 33 1/3% of the amount invested in an eligible business. The income tax credit earned may be used to offset 50% of the investor's Arkansas income tax liability. Any unused credit may be carried forward for a period of 9 years. The income tax credit earned may be sold upon approval of the Economic Development Commission.

Investment Tax Back Incentive

Advantage Arkansas participants investing at least \$100,000 are eligible for the Tax Back program. This program provides a refund of sales and use taxes for building materials and taxable machinery and equipment associated with the approved project.

The business must sign a job creation agreement under the Advantage Arkansas program within 24 months of signing the Tax Back agreement. Applicants for the Tax Back incentive must obtain an endorsement resolution from the local governing authority that authorizes the refund of its local taxes. Applications must meet the same qualification criteria as Advantage Arkansas and must be approved by the EDC.

Eligible businesses must meet the qualifications as the Advantage Arkansas Income Tax Credit.

InvestArk (Sales and Use Tax Credit)

InvestArk is a sales and use tax credit program available to businesses established in Arkansas for at least two years that invest \$5 million or more in plant or equipment for new construction, expansion or modernization. The business must be approved for the program prior to beginning construction or incurring eligible project costs. The business must obtain a direct-pay sales and use tax permit from the State of Arkansas. All project expenditures must be incurred within four years of the project eligibility date. All projects will be audited upon completion to confirm the tax credits.

The sales and use tax credit earned under the InvestArk program is based upon a percentage of eligible project cost. The percentage of credit that may be authorized is equal to ½% above the state sales and use tax rate in effect at the time a financial incentive agreement is signed.

The credit may be used to offset up to 50% of the business' sales and use tax liability on taxable purchases. The credit is earned in the year the eligible expenditure is made and can be applied against

the business's state direct-pay sales and use tax liability in the year following the year of expenditure. If the entire credit cannot be used, the remainder may be carried forward for 5 years.

Eligible businesses must meet the qualifications as the Advantage Arkansas Income Tax Credit.

Research and Development Tax Credit

New and existing eligible businesses that conduct "in-house" research that qualifies for federal research and development tax credits may qualify for in-house income tax credits. The credit allowed is 20% of qualified research expenditures that exceed the base year, for a period of three years and the incremental increase in qualified research and expenditures for the succeeding two years. The income tax credit earned for in-house research and development may be used to offset 100% of the businesses' state income tax liability. Any unused credit may be carried forward for a period of 9 years.

Research and Development in Area of Strategic Value

This is an income tax credit specifically for businesses that invest in: in-house research in an area of strategic value; or a research and development project offered by the Arkansas Science and Technology Authority. Research in an area of strategic value means research in fields having long-term economic or commercial value to the state, and that have been identified in the research and development plan approved by the Board of Directors of the Arkansas Science and Technology Authority. The credit is equal to 33% of qualified research expenditures. The maximum tax credit that may be claimed under this program is \$50,000 per tax year. Any unused credit may be carried forward for nine years beyond the tax year in which it was earned.

University Based Research and Development

An eligible business that contracts with one or more Arkansas colleges or universities in performing research may qualify for a 33% income tax credit for qualified research expenditures.

ArkPlus

The ArkPlus program may be offered at the discretion of the director of the Arkansas Economic Development Commission in highly competitive situations. ArkPlus is a state income tax credit program that provides tax credits of 10% of the total investment in a new location or expansion project. The program requires both a minimum investment and a minimum payroll of new, full-time, permanent employees hired as a result of the project, depending on the tier in which the business locates. Total project expenditures must be incurred within four years of the date the project is approved. New, full-time, permanent employees must be hired within 24 months of the date the financial agreement is signed.

The income tax credits may be used to offset 50% of the Arkansas income tax liability in the tax year the credit is earned. Any unused credits may be carried forward for nine years beyond the tax year in which the credit was first earned.

Eligibility for the program is the same as the Advantage Arkansas Income Tax Credit.

Targeted Business Incentives

Offered at the discretion of the director of the Arkansas Economic Development Commission, businesses that qualify as “targeted businesses” may qualify for three special incentives designed to help new, knowledge-based businesses in their early years. These incentives are for start-up companies in emerging sectors:

- A refund of sales and use taxes paid on the purchase of building materials and machinery and equipment associated with the approved project
- A transferable income tax credit equal to 10% of payroll for up to five years
- A transferable income tax credit equal to 33% of eligible research and development expenditures

Companies must meet the following requirements and do business in one of the six targeted emerging technology sectors:

- Be less than five years old
- Have an annual payroll between \$100,000 and \$1 million
- The business must show proof of an equity investment of at least \$250,000
- Pay at least 150% of the lesser of the state or county average hourly wage where the business is located
- Meet requisite payroll thresholds

Emerging technology sectors:

1. Advanced materials and manufacturing systems, with emphases on the following:
 - Photonics; nanotechnology; electronics manufacturing; or environmental issues related to material and manufacturing
2. Agriculture, food and environmental sciences, with emphasis on the following:
 - Rice; poultry; aquaculture; toxicology; agricultural medicine; forestry; nutrition; waste minimization; energy reduction; distributed energy generation; or spatial technology
3. Biotechnology, bioengineering and life sciences, with emphases on the following:
 - Genetics; oncology; geriatrics; neuroscience; medical devices; rehabilitation; biopharmaceuticals and drug discovery; protein structure and function; cell molecular biology; or sensor technology
4. Information technology, with emphases on the following:
 - Knowledge and data processing; database systems; distributed systems; wireless systems; software development; or state of the art applications of information technology to bioinformatics or healthcare
5. Transportation, logistics, with emphases on the following:

- Intelligent material handling; automated systems; or transportation management systems
- 6. Bio-based products, with emphases on the following:
 - Biodiesel; ethanol; methanol; synthetic crude oil; adhesives; polymers; automotive components; or engineered products from non-traditional biomass sources

Workforce Development

Business and Industry Training Program (BTIP)

BTIP is a program for new and expanding business and industry. The program assists companies with recruiting workers, pre-employment training, on-the-job training, and train-the-trainer. The program also provides training assistance for existing businesses with new technology needs.

Eligible businesses:

- Manufacturing
- National and regional corporate headquarters
- Distribution centers
- Intermodal facilities
- Knowledge-based companies
- Biotechnology companies
- Office sector businesses
- Scientific and technical services

BTIP provides financial assistance to recruit employees and pre-employment training at no cost to the company. The program works closely with the company to identify training at a local educational institution or provides financial assistance to the company for travel and lodging if the company chooses to use its own trainers. The program helps pay the instructional costs to train new employees. Hours of instruction and the number of instructors depend on the types of jobs that require on-the-job training. Financial assistance is not allowed for salary of trainees or new hires.

Existing Workforce Training Program (EWTP)

EWTP provides financial assistance to Arkansas businesses and eligible consortia of businesses for upgrading the skills of the existing workforce. Skills upgrade training is instruction conducted in a classroom environment at a work site, an educational institution or a neutral location. The program provides an existing, full-time employee with the new skills necessary to enhance productivity, improve performance and/or retain employment.

Eligible businesses:

- Manufacturing (NAICS codes 31-33)
- Biotechnology (NAICS cod 541710)
- National/Regional Corporate Headquarters (NAICS code 551114)
- Air transport (NAICS code 488190)

- Building trades (NAICS codes 236 and 238 (23899 not eligible))

The following companies must derive at least 75% of sales revenue from out of state:

- Computer firms
- Intermodal facility or distribution center
- Office sector (non-retail)
- Scientific and technical services
- Motion picture production

Training is for full-time, permanent employees who work at least 30 hours a week and are subject to Arkansas's personal income tax.

EWTP reimbursements are calculated according to a set of scoring criteria. For companies that use a state-supported educational institution, the program pays the lesser of the following: 50% of the cost of training paid to the school or:

- \$80 per instructional hour, times the number of instructional hours delivered by a full-time instructor or trainer; 50% or more eligible participants must complete each course
- \$35 per instructional hour, times the number of instructional hours for safety-related training (regardless of instructor status)
- \$35 per instructional hour, times the number of instructional hours for all courses if fewer than 50% of eligible participants complete each course
- For companies that use their own employees or company-paid consultants to deliver classroom training to their employees, the EWTP offers an Arkansas income tax credit that cannot exceed \$25 per instructional hour

The maximum funding for any one company site cannot exceed \$50,000 per calendar year.

Financial Incentives

Create Rebate Program

This program may be offered at the discretion of the director of the Arkansas Economic Development Commission in highly competitive situations. The program provides annual cash payments based on a company's annual payroll for new, full-time, permanent employees. The benefit depends on the tier in which the company locates and the ranges from 3.9% in Tier 1 to 5% in Tier 4.

In all tiers, a minimum payroll of \$2 million annually is required. The minimum payroll threshold must be met within 24 months of the effective date of the financial incentive agreement. No benefits may be claimed until the \$2 million annual payroll threshold is met.

Eligibility for the program is the same as the Advantage Arkansas Income Tax Credit.

Source: <http://www.arkansasedc.com/>

LOUISIANA

Tax Incentives

Research and Development Tax Credit

This credit is available to existing and new companies who undertake research and development. The credit is taken against income and corporation franchise taxes.

- Taxpayers who employ fewer than 50 residents can receive a credit of up to 40% of the apportioned amount of their expenditures.
- Taxpayers who receive certain federal grants can receive a credit of up to 40% of the receipts allowed.
- Taxpayers who claim the federal income tax credit for research activities can receive a credit of up to 20% of their apportioned increase in research activities or 25% of their apportioned federal credit, depending on the number of Louisiana resident employees.

Eligibility

Louisiana taxpayer with Louisiana research and development expenses and:

- Filed IRS Form 6765 claiming R & D expenses on federal tax return
- Incurred R & D expenses and employed fewer than 50 Louisiana residents and/or received SBIR or STTR grants during the year

Industrial Tax Exemption (ITE)

ITE provides a property tax abatement for up to 10 years on a manufacturer's new investment and annual capitalized additions. This exemption applies to all improvements to the land, buildings, machinery, equipment and any other property that is part of the manufacturing process.

Eligibility

- Exclusive to manufacturers
- New and existing manufacturers who are expanding may qualify
- All tax exempt property must remain on the premises at all times
- The land itself is not eligible for tax exemption, nor are assets that have had property taxes paid on them, whether by current or previous owners, unless there are improvements to a building, then the improvements alone can be exempted.

Technology Commercialization Credit and Jobs Program

Qualifying individuals or businesses that invest in the commercialization of Louisiana technology (in Louisiana) may be granted a refundable tax credit on any income or corporation franchise tax liability, and earn a refundable tax credit based on new jobs created. Qualifying research centers that develop Louisiana technology to be commercialized may be granted a refundable tax credit based on new jobs created.

The technology must be a product or intellectual property either owned or researched by a Louisiana university or college or which represents significant development or enhancement in Louisiana.

Credits are granted for a period of no less than five years and may re-qualify for an additional five years. The credit is 40% of \$250,000, or \$100,000 per year. An investment of no more than \$250,000 per year is eligible.

Investment in commercialization costs includes:

- Purchase of machinery and equipment
 - Must be a capital asset subject to depreciation under federal tax law
 - Placed into and maintained in service in Louisiana
- Expenditures associated with obtaining the rights to use or the use of technology
 - Patents
 - Copyrights
 - Licenses
- Payments to Louisiana universities for research agreements
- Payments to third party Louisiana research or clinical trial companies

All credits are refundable against corporate, franchise, or income tax. Credits can be used up to the 21st year after the commercialization occurred.

Modernization Tax Credit

Provides a one-time 5% refundable state tax credit on capital expenditures taken over a five-year period (1% per year for five years) for manufacturers making qualified capital investment of at least \$5 million.

Eligibility

To qualify for the program, a company must meet one of the following criteria:

- Modernization helps improve entire facility's or specific unit's efficiency by greater than 10%, or
- The facility is in competition for capital expenditures within a company's established, competitive capital expenditure budget plan

There is a \$10 million annual statewide cap on the program in credits awarded to projects. Any unused credits can be rolled into the next calendar year. Projects determined to have the highest economic impact by Louisiana Economic Development will be awarded pre-certification credits on a rolling basis. The project must be placed in service before the credits are awarded.

Angel Investor Tax Credit

This credit provides Louisiana income or corporation franchise tax credits up to 35% of the money invested in a business certified by Louisiana Economic Development as a Louisiana Entrepreneurial Business. Total tax credits cannot exceed \$5 million annually.

To be eligible for Angel Investor Tax Credits, both the Louisiana Entrepreneurial Business and the investor must meet specific certification requirements.

Eligible Business:

- The business must possess a fully-developed business plan that includes all appropriate long and short term forecasts and contingencies of business operations, including research and development, profit, loss and cash flow projections and details of expenditure of angel investor funding.
- The principal business operations are in Louisiana, including Louisiana as the primary place of employment for the employees of the business.
- The business has either gross annual sales of less than \$10 million or a business net worth of less than \$2 million.
- The business employs 50 or fewer full-time employees.
- The business must show the number of quality jobs it will create.
- The business is not primarily engaged in the business of retail sales, real estate, professional services, gaming or gambling, natural resource extraction or exploration, or financial services including venture capital funds.
- The business has a plan of progression through which more than 50% of its sales will be derived from outside of Louisiana.
- The business is required to report the investment amount requested and provide a Source and Use statement showing that the investment funds will be used for capital improvements, plant and equipment, research and development, working capital for the business or other business activity approved by LED.
- The business has a Louisiana Tax Identification Number. Under no circumstances shall the LED Secretary's certification of the applicant as a Louisiana Entrepreneurial Business be considered or implied to be an endorsement of the business or any investment in that business, and the applicant shall so advise all investors of this fact.

Accredited Investor/Investment:

- The investment in the Louisiana Entrepreneurial Business must be an investment that is at risk and not secured or guaranteed.
- Funds invested by the applicant cannot be funds raised as a result of illegal activity.
- Investment shall not exceed one million dollars per year per business and two million dollars total per business.
- The angel investor or investors cannot be the principal owner or owners of the business who are involved in operating the business as a full-time professional activity nor can their spouses and relatives within the third degree of sanguinity or affinity. A principal owner means one or more persons who own an aggregate of 50% or more of the Louisiana Entrepreneurial Business.
- The use of proceeds from the investment must be used for capital improvements, plant equipment, research and development, working capital for the business or other business activity as may be approved by LED.
- The applicant's investment in the Louisiana Entrepreneurial Business must be maintained for three years.
- An Accredited Investor shall be defined as:
 1. An Angel Pool, all of whose participants shall be Accredited Investors.

2. A natural person who has individual or joint net worth exceeding \$1 million at the time of the investment.
3. A natural person who has individual income exceeding \$200,000 or joint income exceeding \$300,000.

Restoration Tax Abatement

The Restoration Tax Abatement, or RTA, program provides five-year property tax abatement for the expansion, restoration, improvement and development of existing commercial structures and owner-occupied residences.

Eligibility

Commercial property owners and homeowners must expand, restore, improve or develop an existing structure in Downtown Development Districts, Economic Development Districts or Historic Districts; properties listed on the National Register of Historic Places are also eligible.

Note: An Enterprise Zone or Economic Development Zone is not a qualifying district.

Benefits

The program grants a five-year deferred assessment of the ad valorem property taxes assessed on renovations and improvements. Taxes are based on assessed valuation of property prior to the beginning of improvements. Equipment that becomes an integral part of that structure can qualify for this exemption.

Note: The program does not exempt the acquisition cost of the structure.

Enterprise Zone Program (EZ)

The Enterprise Zone Program is a job creation incentive program that provides Louisiana income and/or franchise tax credits to a business hiring at least 35% of their net new jobs from one of four targeted groups. A business must create full-time permanent net new jobs at the EZ site. A business is NOT required to be located in an EZ. If the job requirement is met, sales/use tax rebates or a refundable investment tax credit may be available.

EZs are areas where the number of residents receiving public assistance is high. The Board of Commerce and Industry approves EZ applications and Louisiana Economic Development administers the program.

Eligibility

The business must create a minimum number of full-time permanent net new jobs at the EZ site and 35% of net new jobs must meet at least one of the four certification requirements (see below). These jobs must be created from the project start date. Either:

- Increase current workforce by 10% (minimum of 1) within the first 12 months, a minimum of 10% of the employees employed throughout the United States by the business; or
- Create a minimum of five net new jobs within the first 24 months. The jobs must be filled with a U. S. citizen that becomes domiciled in Louisiana within 60 days after employment.

Enterprise Zone Tax Credits

- A one-time \$2,500 tax credit is generated for each certified net new job created.
- The tax credits are used to satisfy Louisiana income and/or franchise tax liabilities. The credits may be carried forward up to ten years from the year earned.

Sales/Use Rebate or Investment Tax Credit

- Louisiana sales/use tax paid on materials, furniture, fixtures, machinery and equipment purchased and used exclusively on the EZ site may be rebated. These items must be delivered during the project period. The rebate period cannot exceed 30 months. Local sales/use tax is available with an endorsement resolution from the local governing authority; or
- The business can earn a 1.5% refundable Investment Tax Credit (ITC). ITC is a credit equal to 1.5% of capitalized investment reported on federal income tax minus some items and any manufacturing equipment exempt under sales/use tax laws. The ITC may not be claimed until the project completion report is executed.

Note: Sales/use tax rebates are not available with the ITC.

Job Certification

1. Residency:
 - If the business is located in an urban parish, the employee must live in a Louisiana EZ; or
 - If the business is located in a rural parish and not located in an EZ, the employee must live in an EZ; or
 - If the business is located in a rural parish, and located in an EZ, the employee may live anywhere in the parish the business is located or in any EZ; or
 - If the business is located in an Economic Development Zone, the employee may live anywhere in the parish the business is located or in any EZ.
2. Persons receiving some form of public income assistance, including WIC, FTAP, registered for employment assistance with the Louisiana Workforce Commission, or attended a technical college or community college within the six months prior to being hired. Unemployment is not public assistance.
3. Persons lacking skills; a person below the 9th grade proficiency in reading, writing, or math.
4. A person who is unemployable by traditional standards; having no prior work history or job training, having a criminal record, excluding misdemeanors, having a history of being unable to retain employment after gaining it, or being physically challenged.

Workforce Development

Louisiana FastStart™

FastStart provides customized employee recruitment, screening, training development and training delivery for eligible, new or expanding companies at no cost.

Louisiana FastStart's customized programs are available to companies that meet eligibility requirements and are aligned with Louisiana's economic development targets, including:

- Digital media
- Headquarters and business operations
- Service industries
- Advanced and traditional manufacturing
- Warehouse and distribution
- Research and development

To qualify, a company must first commit to creating a net of at least 15 new, permanent manufacturing jobs, or a net of at least 50 new, permanent service-related jobs.

Financial Assistance Incentives

Economic Development Award Program

The purpose of the Economic Development Award Program, or EDAP, is to assist publicly-owned infrastructure for industrial or business development projects that promote targeted industry economic development and that require state assistance for basic infrastructure development. Eligible applicants are public or quasi-public state entities or political subdivisions of the state, along with a private company who will be the primary beneficiary of the award. Preference will be given to projects for industries identified by the state as target industries and to projects located in areas of the state with high unemployment levels.

The minimum award request is \$50,000.

Eligibility

Project must create or retain at least 10 permanent jobs in Louisiana.

Eligible project costs may include, but are not limited to: engineering and architectural expenses, site acquisition, site preparation, construction expenses, building materials and capital equipment.

Source: <http://www.louisianaeconomicdevelopment.com/>

OKLAHOMA

Tax Incentives

For Businesses:

Ad Valorem Tax Exemptions

Certain new and expanding manufacturers, research and development companies, certain computer services and data processing companies with significant out-of-state sales, aircraft repair companies, oil refineries, and certain wind power generators may be eligible for ad valorem tax exemptions for up to five years.

Threshold requirements are an investment of at least \$250,000 and an addition of \$250,000 in annual payroll in counties with a population of 75,000 or less. If the company is located in a larger county, an additional \$1,000,000 is required. If a \$7 million investment is made in new facilities for certain computer service companies or web portals, there is no additional payroll requirement, provided that the current payroll is maintained.

Eligible property, which may be exempt from the ad valorem tax, may include land, buildings, improvements, machinery, and fixtures and equipment used directly and exclusively in the primary activity or process of the company located on the facility site.

Exempt Inventory

Oklahoma's Freeport Law exempts from taxation goods, wares, and merchandise that come from outside the state and leave the state within nine months if such goods, wares, and merchandise are held for assembly, storage, manufacturing, processing, or fabricating purposes within the state.

Manufacturers Sales Tax Exemption

Oklahoma has a comprehensive sales tax exemption for manufacturers who obtain a Manufacturer's Sales Tax Exemption Permit (renewed every three years). The exemptions cover purchases of machinery and equipment, energy, and tangible personal property used in design, development, and manufacturing. The exempt property must be used in the manufacturing operation at a manufacturing site.

Sales at Aircraft Maintenance Facilities

Sales of aircraft and aircraft parts provided the sales occur at aircraft maintenance facilities operated by an air common carrier that employs at least 2,000 full-time employees are exempt from sales tax. The aircraft maintenance facility activity must be primarily related to the fabrication, repair, alteration, modification, refurbishing, maintenance, and building or rebuilding of commercial aircraft or aircraft parts used in air common carriage.

Aircraft Repairs and Modifications

Sales of aircraft engine repairs, modification, and replacement parts, sales of aircraft frame repairs and modification, aircraft interior modification and paint, and sales of services employed in the repair, modification, and replacement of parts of aircraft engines, aircraft frame, and interior repair and modification, and paint are also exempt from sales tax.

Aircraft Maintenance or Manufacturing Facility

Oklahoma offers a sales tax refund for sales of computers, data processing equipment and related telecommunications equipment for use in an aircraft maintenance or manufacturing facility that:

- Is new or expanding
- Is primarily engaged in aircraft repair, building or rebuilding
- Has a total cost of construction exceeding \$5 million
- Employs at least 250 full time employees upon completion
- Pays at least \$2 million for computers services/data processing equipment

Telecommunications

Sales tax exemptions apply to Interstate 1-800, WATS, and interstate private-line business telecommunications services, and to cell phones sold to a vendor who transfers the equipment as part of an inducement to a consumer to contract for wireless telecommunications.

Spaceport

Sales of any tangible property to a spaceport user as determined by the Oklahoma Space Industry Development Authority are exempt from sales tax. Launch vehicles, satellites and such related attached or used property may also be purchased free from sales and use tax.

The Investment/New Jobs Income Tax Credit

Manufacturers who hold a manufacturer's sales tax exemption permit may choose this income tax credit based on either an investment in depreciable property or on the addition of full-time equivalent employees engaged in manufacturing, processing or aircraft maintenance. Participation in this benefit prohibits a manufacturer from participating in the Quality Jobs Program unless the manufacturer makes a qualifying capital investment in excess of \$40 million.

Tax credits accrue and may begin to be claimed starting July 1, 2012.

Manufacturers that invest in qualified new depreciable property and also hire new employees may compute the five-year tax credit either (1) by calculating 1% of the qualifying investment or (2) by multiplying \$500 per new employee, and then choosing whichever credit is larger. The maximum credit in the first five years equals up to 5% of the investment, or \$2,500 per new employee. The credit doubles for most investments in excess of \$40 million or for those qualified investments in an Enterprise Zone. Credits may reach as high as 10% of new

investment, or \$5,000 per new employee. Any credit allowed but not used in the initial five-year period, for investments after January 1, 2000, may be carried over until used by the company.

Investment in depreciable property must equal at least \$50,000, and the number of employees must not decrease as a result of the investment. Qualified property includes all machinery, fixtures and buildings, including warehousing or substantial improvements to buildings used in a manufacturing operation on a manufacturing site. Eligibility is initially determined each year by the taxpayer on its income tax return.

If an employer wishes to take the credit based on an increase in the number of full-time equivalent employees engaged in manufacturing, processing, or aircraft maintenance, each new position on which the credit is based must earn at least \$7,000 in wages or salary per year. After the first year of the initial employee increase, an additional credit may be earned for up to four more years. Eligibility is determined each year by the taxpayer on its annual tax return.

The credit is computed on a year-by-year basis. Therefore, a company that had qualified in one year for the credit based on new employees hired, but experiences a reduction in employment the next year, would still qualify for a partial credit, unless employment fell below the employment level for the year prior to the first year the credit was allowable. If, in later years, additional qualifying employees were added, a new base employment level would be calculated, and the new series of credits could be taken for the number of employees above that base level of employment.

The number of jobs may fluctuate if the credit is based on investment. However, a loss in number of jobs must not be attributable to the new investment.

Quality Jobs + Investment Tax Credits

The Quality Jobs + Investment Tax Credits incentive provides tax credits to manufacturers which make a minimum of \$40 million in capital investments in Oklahoma and create skilled jobs.

Tax Credits will accrue and may begin to be claimed starting July 1, 2012.

Qualifying Requirements:

- Job creation requirements similar to the Quality Jobs Program except that the wages must be greater than the state's average wage – presently \$37,775, which changes every year at the same time that average county wages change in the Quality Jobs Program;
- Capital investment must be greater than \$40 million to also qualify for Investment Tax Credits. Then, the investment qualifies for a 2% tax credit per year for 5 years;
- With the ability to take both Quality Jobs and Investment Tax Credits incentives, the number of the Quality Jobs portion is equal to the calculated number. There are no automatic 5% areas;
- Companies may not exceed the 5% net benefit rate;
- Quality Jobs + Investment Tax Credits may not be combined with Small Employer Quality Jobs or 21st Century Quality Jobs;

- Industries that may qualify for the incentive are only those manufacturing industries that presently qualify for Investment Tax Credits.

Aerospace Industry Engineer Workforce Tax Credits

Effective July 1, 2011, Oklahoma aerospace companies hiring engineers will receive a tax credit equal to 10% of the compensation paid to an engineer during the first five years of his or her employment depending on the date of hire if the engineer graduated from an Oklahoma college, or a tax credit equal to 5% of the compensation paid to the engineer during the first five years of his or her employment depending on the date of hire if the engineer graduated from a college outside Oklahoma. The maximum credit is \$12,500 per qualified employee per year.

In addition, effective July 1, 2011 Oklahoma aerospace companies may receive a tax credit in the amount of 50% of the tuition reimbursed to a new engineer graduate for the first four years of his or her employment depending on the date of hire. The tax credit is limited to 50% of the average annual tuition paid by an engineer at a qualified program at a public university in Oklahoma.

Also, effective July 1, 2011 engineers who are hired by an Oklahoma aerospace company may also receive an individual tax credit of up to \$5,000 per year for a period of 5 years depending on the date of hire.

Insurance Premium Tax Credit

Insurance companies that locate or expand regional home offices in Oklahoma and maintain an employee level above 200 are eligible for special tax credits against the tax imposed in the Insurance Code. Annual credits range from 15% to 50% based on the numbers of full time, year-round employees. This credit is not available to participants in the Quality Jobs Program.

Alternative Energy Sources Tax Credits

Tax credits accrue and may be claimed beginning January 1, 2011. Producers may receive 75 one-hundredths of one cent per kilowatt-hour. Credits may be earned for 10 years once production begins, and earned credits may be carried forward 10 years. Non-taxable electric producers may transfer the credits.

Small wind turbine manufacturers may earn a credit of \$25 per square foot of rotor swept area starting in 2003. The credits are freely transferable and may be carried forward 10 years.

Clean Burning Fuel Vehicle Infrastructure Credit

The state provides a tax credit for up to 50% of the cost of installing refueling infrastructure for clean burning fuel vehicles. These tax credits may be carried forward for up to three years. The alternative fuels eligible for the credit include compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG), methanol, and electricity.

Ethanol Fuel Retailer Tax Credit

Beginning January 1, 2006 retailers of ethanol-blended fuel (a blend of gasoline and ethyl alcohol consisting of not more than 15% ethyl alcohol by volume) may claim a motor fuel tax credit of \$0.016 for each gallon of ethanol fuel sold in Oklahoma if the retailer provides a price reduction to the purchaser of the ethanol fuel in the same amount. This incentive is effective unless the federal government mandates the use of reformulated fuel in an area within the state of Oklahoma that is in non-attainment with the National Ambient Air Quality Standards.

Technology Transfer Income Tax Exemption

The taxable income of any corporation is decreased for transfers of technology to qualified small businesses located in Oklahoma. The corporation transferring the technology is allowed an exemption from taxable income in the amount of the royalty payment received as a result of such transfer, provided that the exempted amount shall not exceed 10% of the amount of gross proceeds received by such corporation as a result of the technology transfer. "Gross proceeds" is defined as the total amount of consideration for the transfer, whether it is money or otherwise. This benefit lasts for 10 years from the date of the receipt of the first royalty payment accruing from such transfer.

Commercial Space Industry Credit

Investors may take a credit of 5% of investment in qualifying projects that encourage the development of commercial space industries as certified by the Oklahoma Tax Commission. One hundred new jobs must be created and at least \$25 million dollars invested. The credit can be carried forward for four years.

New Products Development Income Tax Exemption

Royalties earned by an inventor on products developed and manufactured in Oklahoma are exempt from state income tax for seven years when registered with the Oklahoma Center for the Advancement of Science and Technology (OCAST). OCAST, through the Oklahoma Inventors Assistance Service, provides seminars regarding patent searches, market analysis, product research and development.

An in-state manufacturer of a product developed in Oklahoma may exclude from taxable income 65% of the cost of depreciable property (including machinery, fixtures, equipment, buildings or substantial improvement of the building) purchased and used directly in manufacturing the product. The product must be patented or patent pending. The maximum exclusion is \$500,000. If the credit is not fully used in the year the depreciable property is placed in service, it may be carried forward four years.

Incubator Site Tenant Tax Exemption

A business incubator site is a facility in which small businesses may rent space, and where management provides business development services such as financial consulting and marketing assistance. Sponsors of an incubator may be exempt from Oklahoma income taxes on income earned from rental fees, other income derived from services provided to the tenants,

or for providing funding for an incubator site. This exemption is for 10 years from the date of the tenant's occupancy within an incubator. A sponsor must be a certified incubator with the Oklahoma Department of Commerce.

The tenant of a certified incubator, or its owner, is exempt from state tax liability on income earned as a result of activities conducted as an occupant in an incubator for up to 10 years from the occupancy date in an incubator site in accordance with rules of the Oklahoma Tax Commission. The exemption remains in effect after the date the tenant is no longer an occupant in an incubator, but not to exceed a total of 10 years. In order to qualify for the income tax exemption for the 6th through 10th year, the tenant must make at least 75% of its gross sales to buyers located outside the state or to the federal government.

Workforce Development Incentives

Training for Industry Program (TIP)

New or expanding companies may qualify for TIP at little or no cost. TIP is delivered through Oklahoma's CareerTech System with 29 technology centers and 58 locations across the state. Manufacturing; warehouse and distribution; business services; aviation: biotech: and food processing are some of the target business sectors. Training areas include:

- Software skills
- Inventory management
- Customer service
- Safety
- Industrial maintenance
- ISO certification and maintenance
- SPC
- Lean
- Six Sigma
- Team building
- Front-line supervisor skills
- Blueprint reading

The program has an incumbent training component.

Financial Assistance Incentives

Oklahoma Quality Jobs Program

The longstanding Oklahoma Quality Jobs Program provides quarterly cash payments of up to 5% of newly created gross taxable payroll to a qualifying company. The company must enter into a contract with the Oklahoma Department of Commerce before it may receive any payments based on salaries of any new direct jobs. Payments are made quarterly during the first three years, provided the new jobs are paid at or above the average wage required. Payments may extend for an additional seven-year period for a total of ten years if a qualified company achieves a \$2.5 million annualized payroll for the new direct jobs for any four consecutive quarters during its first 12 quarters in the program. If this payroll amount is not achieved,

payments cease. The payments received do not have to be paid back. All jobs and wages claimed for benefits must be located within the state and be subject to Oklahoma payroll withholding taxes.

In order to qualify for the program, the business must offer basic health insurance coverage to all employees whose pay is included in the new payroll figures. Employees must not be required to pay more than 50% of the healthcare premium. The plan must permit employees to access the health coverage within 180 days of employment. Eighty percent of the employees, whose pay is included in the new payroll, must work at least 30 hours per week. All new jobs must reach an average equal to the average county wage where the project is located. Presently, wage requirements do not exceed \$29,745 in any county regardless of the average county wage. The minimum wage requirements do not apply to participants located in Opportunity Zones, as designated by the Department of Commerce. Under certain circumstances, leased employees may be included in payroll calculations.

In counties where a “negative economic event” has occurred, an applicant company may qualify without regard to the average wage requirement. A negative economic event is defined as a natural or man-made disaster that results in the loss of a significant number of jobs, as defined in Local Area Unemployment Statistics. The applicant must apply to the program within 18 months of the negative economic event.

Companies enrolled in the Quality Jobs Program may not be eligible for certain income tax credits, sales tax refunds, or low-cost loan programs.

Most businesses that qualify receive payments in the range of 4% of new payroll. In certain counties designated as economically challenged, a 5% net benefit rate automatically applies. This percentage fluctuates by the average weighted salary of the new jobs.

Sports Teams & Clubs may receive a higher percentage of benefit, based on the level of the state’s income tax rate. Sports Teams & Clubs may also receive payments for fifteen years, rather than the standard ten years.

Companies that have participated in the program for at least 12 months, and which are expanding again, may receive up to 6% net benefit rate on the new contract provided all thresholds are met and the wage level is at least 150% of those wages for which the benefits have been claimed in the initial project.

Legislation adopted in 2006 allows certain companies which experience a “Change in Control Event” which would cause jobs to leave the state to qualify under a “retention” basis. A Change in Control Event is defined as more than 50% of the voting interests of the transferring party or more than 50% of the assets of the establishment transferred to new ownership. Such companies may count existing jobs as “new direct jobs” and receive benefits on these existing jobs if they meet certain criteria. Qualifying companies must pay all employees a wage level of at least 125% of the average county wage, and maintain a certain level of employment as of the date of change in control. Companies participating in the program must meet all other Quality Job Program criteria, and should they leave the state within a 3 year period, must refund all benefits received.

A lower annualized payroll threshold of \$1.5 million may apply to the following applicants:

- Food processors with 75% out-of-state sales – NAICS Nos. 3111 – 3119
- Firms performing Research, Development, and Testing Services – NAICS 541710 & 541380
- Auxiliary Research and Development Labs of large enterprises
- Relocations on select former military bases

A lower threshold of \$1 million in new annualized payroll is available to businesses that produce new direct jobs to the state that are equal to or greater than 1% of the total labor force of the county in which they locate. These High Impact Projects can be located in over a third of all Oklahoma counties. The payments, which are set at 2.5% of new qualified payroll, may extend for up to six years, instead of 10 years as set out in the original program.

In addition, a no payroll threshold applies to companies locating on a site consisting of at least 10 acres that is also a Superfund renewal site or listed on the National Priorities List. Sites may still qualify if not on the list if they have been formally deferred to the state, or if they are being remediated pursuant to a clean-up plan approved by the Department of Environmental Quality. The Department of Environmental Quality notifies the Oklahoma Department of Commerce of the qualifying areas and companies.

Qualifying Basic Industries for the Quality Jobs Programs include the following:

- Manufacturing
- Research and Development and Testing Laboratories
- Central Administrative Offices, Corporate Offices and Technical Services – NAICS Nos. 5611, 5612, 51821, 519130, 52232, 56142, 54191, 524291, & 551114
- Certain Warehouse/Distribution Operations when 40% of inventory is shipped out of state
- Transportation by Air – NAICS No. 4811 if corporate headquarters and some reservation activities are within the state or 75% of air transport sales is to out-of-state consumers
- Flight Training Services – NAICS No. 611512
- Oil & Gas Extraction - NAICS 2111 where qualifying jobs are limited to those comprising the corporate headquarters of or directly related to administrative, financial, engineering, surveying, geological or geophysical services performed by the company. Jobs related to drilling or field services remain ineligible.
- Federal Civilian Workforce of the Federal Aviation Administration – where jobs are migrating to Oklahoma from other federal sites, or expansion here
- Other Support Activities for Air Transportation – NAICS 488190
- Wind Power Electric Generation Equipment Repair & Maintenance – NAICS 811310
- Support Activities for Rail and Water Transport - NAICS Manual Nos. 4882, 4883
- Sports Teams & Clubs – NAICS 711211

This program also covers the following service companies if 75% of sales are out-of-state:

- Motor Freight Transportation and Warehousing – NAICS 493, 484, 4884-4889
- Arrangement of Passenger Transportation – NAICS 561510, 561520, 561599
- Transportation of Freight or Cargo – NAICS 541614
- Certain Communications Services – NAICS 51741 and 51791

- Certain Refuse Systems that distribute methane gas –NAICS 5622
- Grocery Wholesale Distributing – NAICS 4244 and 4245.
- Insurance Carriers – NAICS 5241
- Insurance Claims Processors only – NAICS 524210 and 524292
- Adjustment and Collection Services – NAICS 561440 (75% of loans to out-of-state debtors)
- Mailing, Reproduction, Commercial Art, Photography and Stenographic Services –
- NAICS 541430, 541860, 541922, 561439, and 561492
- Services to Dwellings and Other Buildings –NAICS 5617 (excluding 561730)
- Miscellaneous Equipment Rental – NAICS 5323 and 5324
- Personnel Supply Services – NAICS 5613
- Computer Programming, Data Processing and Other Computer-Related Services –
- NAICS 5112, 5182, 5191, 519130, and 5415
- Miscellaneous Business Services – NAICS 561410 through 561439, 5616, 51911, and 813920
- Offices of Real Estate Agents & Brokers – NAICS 5312 (and 75% of transactions are out-of-state)
- Medical and Diagnostic Laboratories – NAICS 6215
- Engineering, Management and Related Services – NAICS 5412, 5414-5417, 54131, 54133, 54136, 54137, 54182, and 541990
- Agricultural Production – NAICS 112120, 112310
- Professional Organizations – NAICS 813920
- Alternative Energy Structure Construction - NAICS 237130
- Alternative Energy Equipment Installation – NAICS 238160, 238220
- Solar Roofing Contractors – NAICS code 238160 – limited to activities related to the application of solar reflective coatings
- Solar Plumbing, Heating, and air Conditioning Contractors – NACIS code 238220 – limited to activities related to the installation of solar heating equipment
- Electric Service Companies – The program also applies to electric services companies within NAICS 22111-221122 – Exempt Electric Wholesale Generators if 90% of energy input is consumed from in-state sources and 90% of sales are out-of-state.

Small Employer Quality Jobs Program

This cash program provides incentive payments to a qualifying small employer. The payments may reach as high as 5% of new taxable payroll and last for up to seven years. Qualifying payroll must be attributable to annual salaries that are at least 110% to 125% of the average wage of the county in which the jobs are located. Legislation enacted in 2006 allows companies located in certain economically challenged counties to qualify for the program at an average wage level of 100%. These counties are determined by data provided from the United States Census Bureau regarding personal poverty rate above 15% and the unemployment rate being more than 10% above the state rate.

Generally, companies locating in metropolitan counties will not qualify unless they locate in Opportunity Zones that are specified according to census data. Research and development companies in physical, engineering and life sciences, and testing laboratories may locate

anywhere and still qualify. Healthcare premiums paid by the company may be added to the base salaries to determine the total compensation for the average wage amount.

Basic health insurance must be offered to all new employees within 12 months of their start date, and the employee must pay no more than 50% of the cost of the healthcare premium. Depending on the location, at least five, and possibly as many as 15 new jobs must be added in the first 24 months after the contract start date. Companies in research and development, software publishing, data processing, hosting and related services, computer systems design, medical and diagnostic or testing laboratories have up to 36 months to create the minimum number of jobs required.

Companies engaged in the mining of oil and gas are not eligible for this program. Generally, businesses must make at least 75% of annual sales to out-of-state customers, or to in-state customers if resold to an out-of-state consumer, or to the federal government within 12 months. Life science research and development companies are exempt from this requirement if they perform R&D functions on their own behalf. Distribution Centers for a larger operation are required to distribute 40% of their inventory out-of state. Qualified companies may not have more than 90 employees at the time of application, nor had more than 90 employees in the state for the 12 months prior to the time of application.

Companies that have received incentive payments under any other state Quality Jobs Program may not participate in this program. Companies benefiting from the Rural Economic Development Loan Act are not eligible for this program. Companies contracting for this program are also prohibited from taking the Investment New Jobs income tax credit, construction sales tax refunds and other tax benefits. The Department of Commerce determines eligibility for the initial contract, but the Oklahoma Tax Commission oversees contract payments.

Industry categories that qualify for this program are the same as the Quality Jobs Program except Oil & Gas.

21st Century Oklahoma Quality Jobs Program

This incentive targets growth industries with a highly-skilled, knowledge-based workforce. The program works to rebate a portion of the newly created Oklahoma payroll to the participant. Qualifying companies in this program that create at least 10 new jobs, which are paid at the rate of 300% of the average county wage where the project is located, or 300% of the average of all Oklahoma county wages, whichever is lower, may qualify for up to 10% of the wages of these new jobs rebated in cash on a quarterly basis. The company has three years to create the required 10 new jobs. During this time, the company may qualify for payments even if it is below the required 10 new jobs, but the net benefit rate may only be up to 7% during that time. The participating company must achieve the required average wage on a quarter-by-quarter basis for the jobs it has created to that point to receive a benefit payment. Once the required minimum of 10 new jobs is met in any of the first 12 quarters, the company will be paid up to a 10% net benefit rate. The company may then participate for the full 10 years.

With the exception of jobs in Oil and Gas Extraction, Sports Teams and Clubs, and Real Estate Agents and Brokers, all of the qualifying NAICS codes allowed in the Quality Jobs Program are eligible to participate in this Program.

Quality Jobs Program – PrimeWIN

Companies that receive a qualified federal contract may participate in the Quality Jobs Program, receiving benefits on the qualified labor hours generated under that federal contract by both the prime contractor and by any qualified subcontractor which receives a portion of work under that federal contract. The net benefit rate ranges from .25% to 2% of the “reimbursable labor rate” as outlined in the federal contract.

Oklahoma Quick Action Closing Fund

The Oklahoma Quick Action Closing Fund can be expended by the Governor for economic development and related infrastructure development to locate a high-impact business project or facility in Oklahoma or retain such a facility in the state. The business making an application must be engaged in a business activity that is eligible for the Oklahoma Quality Jobs Program incentive payments (see list of industry categories above).

Oklahoma Health Research Program (OHR)

OHR competitively awards funds to projects for up to three years at a maximum level of \$45,000 per year for research projects related to human health. Scientists and engineers who are within four years of establishing their Oklahoma research presence are eligible for a maximum funding level of \$100,000 per year. Applications are evaluated for scientific merit based on the quality of the proposed research, qualifications of the principal investigator and appropriateness of the institutional facilities and budget. Commercial enterprises are eligible. No match is required.

Applied Plant Science Research Program

Awards under this program are designed to further economic development in these sectors: seed, agrochemical, forestry, energy, electric power, health, and other food or non-food agricultural products industries. Eligible research and development projects must:

- Lead to innovation, new knowledge or technology and have a high probability of leading to commercially successful products, processes or services within a period of time commensurate with similar type innovations
- Are technically sound and will produce a measurable result, and
- Have a reasonable probability to enhance the economic development efforts in the areas of plant biosciences, including plant productivity, alternative use crops for bioenergy, environmental applications, chemical platforms, seed management and plant-based process applications

A one-to-one match is required.

Source: <http://www.okcommerce.gov/>

TEXAS

Tax Incentives

Texas Enterprise Zone Program

Qualified businesses may receive a refund of state sales and use taxes, ranging from \$2,500-\$7,500 per job created and/or retained during a five-year designation period, up to a maximum of \$1.25 to \$3.75 million. The level and amount of refund is related to the capital investment and jobs at the qualified business site.

Communities may nominate projects for a designation period up to five years, non-inclusive of a 90-day window prior to the application deadline. Employment and capital investment commitments must be incurred and met within this window.

Projects may be physically located in or outside of an enterprise zone. In a zone, a company commits that 25% of its new employees will meet economically disadvantaged or enterprise zone residency requisites. Outside of a zone, a company commits that 35% of its new employees will meet economically disadvantaged or enterprise zone residency requisites. Under statutory provisions, an enterprise project designation may be granted for job retention.

Jobs must accumulate at least 1,820 hours during a 12-month period. Jobs must exist through the end of the designated period, or at least three years after the date on which a state benefit is received, whichever is later. Communities with a population of less than 250,000 may nominate up to six projects per state biennium, while those with a population of 250,000 or more may nominate up to nine projects per state biennium.

Workforce Development Incentives

Skills Development Fund

This Fund assists businesses and trade unions by financing the design and implementation of customized job training projects. To be considered for a Fund grant, the private business, business consortium or trade union must:

- Partner with an eligible grant applicant: a public community or technical college, the Texas Engineering Extension Service, or a private, non-profit community-based organization in partnership with one of these institutions.
- Be actively involved in the planning and design of the customized training project.
- Pay wages to the employees who successfully complete the training program that are equal to or greater than the prevailing wage for the occupation in the local labor market.
- Disclose any other state or federal grant funds sought or awarded for the proposed training project.
- Sign an agreement with the grant applicant outlining each entity's roles and responsibilities in the training project, including reporting requirements related to trainee participation.

- Provide equal employment opportunity documentation as well as information on the occupations for training, employment benefits, wages and social security numbers for trainees.
- Use WorkinTexas.com to post openings for new workers trained under the project.

Criteria considered for making funding recommendations include:

- Positive economic impact on the local region
- The applicant’s current and past performance on Skills Development Fund grants
- Equitable geographic distribution of fund
- Inclusion of small- and medium- sized businesses
- The fiscal stability of the business partners
- Cost per trainee in comparison to the state average

Grants for a single business may be limited to \$500,000. Tuition, curriculum development, instructor fees and training materials can be included; however, trainee wages, drug testing and certain travel costs and equipment purchases cannot be covered. Contracts are typically 12 months in duration.

Financial Assistance Incentives

Texas Enterprise Fund (TEF)

TEF is a “deal closing” fund utilized to attract projects and assist with the expansion of existing businesses that might otherwise opt to expand in another state. Projects that are considered for the TEF must demonstrate a significant rate of return on the public dollars being invested in the project. Additionally there are several primary measures that every TEF project must meet in order to be considered for an award. Those include, but are not limited to:

- Competition with another state for the project must exist and the business must not have already announced a location decision.
- Projected new job creation must be significant – past recipients have typically created more than 100 jobs in urban areas or more than 50 in rural areas.
- The new positions must be high-paying jobs – above the average county wage where the project would be located.
- Capital investment by the company must be significant.
- The project must have community involvement from the city, county and/or school district, primarily in the form of local economic incentive offers.
- The applicant must be financially sound.
- The applicant’s business sector must be an advanced industry that could potentially locate in another state or county.

Each applicant to the fund undergoes a thorough 11-step due diligence process. Corporate activity, financial standing, tax status, legal issues, credit ratings, and estimated economic impacts, as well as the business climates of competition locations are assessed for each project and taken into consideration for all award decisions.

Award dollar amounts are determined using a standard analytical model applied uniformly to each TEF applicant. This model assures that the State of Texas will see a full return on its investment within the period of a project contract, due to the resulting increase in estimated sales tax revenues. Variations in award amounts are influenced by the number of jobs to be created, the expected timeframe for hiring, and the average wages to be paid.

The Governor, Lt. Governor and Speaker of the House must unanimously agree in favor of a project in order for the grant to be awarded.

Texas Emerging Technology Fund (TETF)

TETF grants are awarded in the following three areas:

- Research Superiority Acquisition – funds for Texas higher education institutions to recruit the best research talent in the world.
- Commercialization Awards – funds to help companies take ideas from concept to development to ready for the marketplace
- Matching Awards – funds create public-private partnerships which leverage the unique strengths of universities, federal government grant programs, and industry.

Companies in the early stages of development between discovery and demonstrable product may seek funding when traditional sources of financing are few and far between. Applications are reviewed on a quarterly basis by a 17-member advisory committee of high-tech leaders, entrepreneurs and research experts. The committee recommends funding allocations to the Governor, Lt. Governor and Speaker of the House. TETF has allocated nearly \$200 million in funds to 133 early-state companies since its inception in 2005.

Source: <http://www.texaswideopenforbusiness.com/>