

AMARILLO ENTERPRISE ZONE PROGRAM

The City of Amarillo Enterprise Zone (EZ) Program is designed to attract new industry and to encourage the expansion of existing businesses in Amarillo and a portion of its ETJ. The enterprise zone program is an essential strategy in Amarillo's efforts to strengthen and diversify the local economy. The program benefits small businesses as well as large industry with a primary emphasis on the recruitment or expansion of 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.

The City is responsible for administering the program and monitoring local program effectiveness under the guidance of the Texas Department of Economic Development (TDED) by providing community assistance and information in developing a project for State approval. The EZ Program includes the following major components:

- ◆ The provision of local financial incentives such as property tax abatements, local sales tax refunds, local development fee rebates, and special transportation services to recruit new business and industry that will invest in the distressed area and provide employment opportunities;
- ◆ State incentives may include a refund of certain state sales and use taxes and franchise tax reductions for enterprise projects, preference for contracting with businesses in zones, and priority status for state-administered programs and funds.
- ◆ The creation of employment opportunities with a special commitment to hiring underskilled, inexperienced, disadvantaged or displaced workers; and
- ◆ A commitment to developing or participating in job training or educational programs for economically-disadvantaged persons.

ENTERPRISE PROJECT

An enterprise project is a "qualified business" that is nominated by the City and approved by the TDED for state tax benefits. A qualified business is located in or commits to locate in an enterprise zone and which is expanding its workforce and investing capital. The project designation is for a period of five years, however, the enterprise zone itself is designated for seven years. The business must commit or retain permanent jobs, make capital investment in the enterprise zone, fill at least 25% of its new jobs with individuals who are either economically disadvantaged or residents of the enterprise zone, and maintain a level of jobs from the date a state tax refund is received for at least three years. In addition, each enterprise project must certify to the TDED each year of their 5-year designation period that it is a qualified business.

Statewide, the TDED may designate a maximum of 85 enterprise projects within each two-year period through a competitive process. An enterprise project application will be scored against all other enterprise project applications received for each quarterly deadline. Since Amarillo has less than 250,000 population, a maximum of four qualified businesses may be designated as enterprise zone projects, plus two bonus projects may be awarded by the TDED, within each two year period.

STEPS FOR DESIGNATION AS AN ENTERPRISE PROJECT

The purpose of the EZ Program is the revitalization of an economically distressed area. Project nomination must be for a qualified business, having the required number of qualified employees. A qualified employee is a new employee who works at least 50% of the time (a minimum of 1,040 hours per year) for the business in the zone and who resides in the zone or is economically disadvantaged as defined by the Texas Enterprise Zone Act.

- (1) A representative from the business meets with the Planning Department staff in a pre-application conference. The Planning Department will ask the business to provide specific information to be considered by the City to determine whether the proposed project is worthy of being nominated to the TDED.
- (2) The business and the City work together to assure the required application is completed according to the Texas Enterprise Zone Act and the TDED rules and regulations.
- (3) The City submits the application nominating the business as an enterprise project.
- (4) The TDED reviews the application to make sure it is complete and correct.
- (5) Through a competitive scoring process of the nominations submitted, the TDED's Governing Board decides which nominated projects will be designated as enterprise projects.
- (6) After designation, the enterprise project may apply to Texas Comptroller of Public Accounts for refund of certain state sales and use taxes based on new jobs created and take advantage of other benefits for which the project is eligible.
- (7) Any block group within any census tract that has a poverty rate of at least 20 percent is automatically an enterprise zone.

STATE INCENTIVES

Designated enterprise zone projects are eligible for State sales and use tax refunds and franchise tax deductions based on job creation and capital investment for five years. Enterprise projects are also eligible for priority and preference for state programs and services, such as the Smart Jobs Program.

The sales and use tax refunds apply to machinery and equipment, building materials, labor for the rehabilitation of existing buildings, and electricity and natural gas purchased for use in the enterprise zone. Refunds are based on \$2,000 for each new permanent job created with a maximum refund of \$1.25 million or \$250,000 per year over the five-year period.

The franchise tax reduction is taken when the annual report is filed for each year of the 5-year designation and is based on the amount of capital investment made in or resulting from the project. The project's apportioned taxable capital may be reduced by 50% of the capital investment made in the enterprise zone or the apportioned earned surplus income may be reduced by 5% of the capital investment made in the enterprise zone.

LOCAL INCENTIVES

A variety of local incentives are offered as inducement to businesses to expand or to locate in the Amarillo Enterprise Zone. The incentives offer local tax abatements, elimination or reduction of development fees, "fast-track" or streamlined development review and processing, etc.

Although not part of the City of Amarillo's incentive package for the Amarillo Enterprise Zone, it is possible that other local government entities such as Potter and Randall Counties, and Amarillo College may offer tax incentives for the portion of the enterprise zone that is within their respective jurisdictions. These jurisdictions may abate taxes on real property improvements over a period of ten years.

For the portion of the Amarillo Enterprise Zone located outside the city limits of Amarillo, but within Amarillo's extraterritorial jurisdiction, the only incentive offered by the City is a waiver of the subdivision plat filing fees for consideration of plats by the Amarillo Planning and Zoning Commission associated with non-residential, non-retail, and non-office businesses.

Businesses seeking tax incentives must demonstrate a commitment to make contributions to the well-being of the community, neighborhood, and residents of the zone. Such commitments to participate in the revitalization of the area are included in the contract between the City and the business as an evaluation factor. Examples of actions which would be considered as commitments or contributions may include:

- ◆ contributions of a percentage of the value of the incentives received to be used in reducing the cost of child care for qualified employees, especially single parents.
- ◆ contributions to other community programs providing services or activities to the residents of the enterprise zone.
- ◆ commitment to hire underskilled, inexperienced, disadvantaged, or displaced workers.
- ◆ commitment to develop or participate in job training or education programs for economically disadvantaged persons.

The benefits derived from the incentives which promote job creation are based solely on the net increase in Amarillo jobs. Businesses in the Amarillo area which relocate from a non-enterprise zone location into the enterprise zone are eligible only for those benefits associated with the increase in the number of jobs in the new location over the number of jobs at the previous site. It is recognized that circumstances could arise which may result in the voluntary or involuntary termination of a qualified employee. An assisted business continues to receive enterprise zone incentives if the position is filled by another qualified employee.

Local Tax Incentives

Tax Abatement on Real Property:

(Offered in Enterprise Zone Only)

The City of Amarillo will abate taxes on the increase in value of real property improvements for non-residential, non-retail and non-office businesses locating in or expanding in the enterprise zone. It is the intent of the City to encourage development or expansion of manufacturing, commercial, wholesale, warehousing and distribution business activities. Where a dispute arises over a business classification, the definitions of the Standard Industrial Classification

Manual, Divisions C, D, E and F will apply and any appeal of a business use will be decided by the Planning and Zoning Commission.

The level of abatement will be based on the number of new jobs created and those available to qualified employees. The City will abate \$20,000 on the increase in value from real property improvements based on the numbers of employees hired by the assisted business. The abatement will be for each qualified employee hired and remaining on the payroll during the abatement period as follows:

- Creation of a minimum of 10 new permanent jobs of which a minimum of 30% is available to qualified employees 5 year period
- Creation of a minimum of 100 new permanent jobs of which a minimum of 30% is available to qualified employees 10 year period

For the portion of the Amarillo Enterprise Zone that is outside the City limits, it is possible that Randall and Potter Counties may abate taxes on the increase in value of real property improvements for ten years for non-residential, non-retail and non-office businesses locating in or expanding in the enterprise zone. Further, for the portion of the Amarillo Enterprise Zone inside the City limits, it is possible that the Amarillo Junior College District may also provide tax abatement as an incentive for these types of businesses to locate in the enterprise zone.

Local Tax Abatement Advisory Board:

Four (4) governmental taxing jurisdictions within the City of Amarillo have established this Board to foster cooperation, negotiation, and subsequent recommendations for all applications for tax abatement and enterprise zone project designation. These potential tax abatements are in addition to City-specified tax abatements. Current jurisdictions are:

City of Amarillo
Amarillo College
Potter County
Randall County

Freeport Exemption:

(Not Restricted to Enterprise Zone Only)

Amarillo's freeport designation allows exemption from inventory property taxes of goods exported from Texas. The exemption applies to items in a business's inventory on January 1 that: 1) are or will be forwarded out of Texas within 175 days of the date the items are acquired or brought into Texas; 2) are in Texas for assembling, storing, manufacturing, repair, maintenance, processing or fabricating purposes; and 3) remain under the business's continuous ownership from the time the items are brought into the state, acquired in the state or until they are forwarded out of the state.

Local Sales Tax Refund:

(Offered in Enterprise Zone Only)

The City will refund the two-cent local sales tax on machinery purchased in Amarillo by a non-residential, non-retail, non-office business and used in the manufacturing process within the enterprise zone. A refund of the two-cent local sales tax will also be made on building and construction materials purchased in Amarillo and used in the construction, expansion, or renovation of a structure in the enterprise zone.

The business will be eligible for a sales tax refund on ten thousand dollars (\$10,000) of the purchase price or value of the machinery or building material for each qualified employee hired and remaining on the payroll for a period of not less than one (1) year.

A qualifying business can accrue benefits from this incentive for a period of twenty-four (24) months from the date of purchase of the machinery or building material, subject to the job creation requirements and maximum benefits allowed. The total benefit to any single business under this incentive shall not exceed \$10,000.

To qualify for the sales tax refund, a business must hire a minimum of three qualified employees to permanent jobs. A business that qualifies for the refund will receive payment in January for the preceding calendar year. The business must present documentation of local sales tax paid for machinery and building material and of the employment status of the qualified employees.

Regulatory Relief

Development Fee Exceptions:

(Offered in Enterprise Zone Only)

The City's Division of Community Services will rebate development fees associated with the expansion or location of a non-residential, non-retail, non-office business in the portion of the Enterprise Zone within the City limits. A rebate of \$40 is made for each new qualified employee hired by the business in a permanent job for a period of not less than one year. A business must hire a minimum of three qualified employees. The development fee rebate program applies to applications for zoning changes, subdivision plats/replats, license and hold harmless agreements, and building and associated development permits with the maximum rebate to equal the total fees paid by the business and associated with the expansion or location.

The City will rebate the development fees in January for the preceding calendar year to qualifying businesses. The business is required to present documentation certifying development fees paid and the employment status of the qualified employees. The business may apply for the rebate for a period up to 12 months following the start of operations.

In the portion of the Amarillo Enterprise Zone located outside the City limits but within the City's extraterritorial jurisdiction, the City will provide as an enterprise zone incentive a waiver of subdivision platting filing fees associated with the expansion or location of a non-residential, non-retail, non-office business in the Enterprise Zone during the period for which the zone is designated.

It should be noted that other fees, such as recording fees and flood hazard ordinance pro-rata fees will not be rebated or waived as part of this incentive package.

Rebate of Water and Sewer Frontage and Tap Fees:

(Offered in Enterprise Zone Only)

Commercial and Non-Residential: The City's Utilities Division will rebate commercial and non-residential water and sewer frontage and tap fees for businesses locating in the Enterprise Zone. The City will rebate \$100 for each new qualified employee hired by the business. A business must hire a minimum of three qualified employees for a period of a year or more.

The City will rebate the frontage and tap fees in January for the preceding calendar year. The business is required to present documentation certifying frontage and tap fees paid and the employment status of the qualified employees. The business may apply for the rebate for a period up to 12 months following the start of operations. An exception to this waiver of fees is made in areas where previous commitments have been made for utility reimbursements to developers.

Residential: To encourage redevelopment of residential neighborhoods within the Enterprise Zone, the City may waive or eliminate frontage and tap fees for new residential construction. An exception to this waiver of fees is in areas where previous commitments have been made for utility reimbursements to developers.

At-Cost Street and Alley Vacation Program:

(Offered in Enterprise Zone Only)

The City will implement an at-cost street, easement, and alley vacation program within the Enterprise Zone. As provided by Texas Local Government Code (272.001-7), the City may vacate at-cost land that is owned or acquired by the municipality in a designated reinvestment zone as provided by law. The at-cost street and alley vacation must be made pursuant to a project plan for the Enterprise Zone.

Waiver of City-Imposed Liens on Property:

(Offered in Enterprise Zone Only)

To encourage both residential and business development, the City may release nuisance abatement liens for new or expanded development sites. The nuisance abatement liens may be for the City cleaning up properties subject to unsightly weed growth, unsanitary junk and debris accumulations along with the demolition and clearance of substandard or hazardous structures.

Provision of No-Cost Professional Engineering Services:

(Offered in Enterprise Zone Only)

To aid and effectively lower the cost of business revitalization and development in the Enterprise Zone, the City may provide professional engineering services related to streets, water and sewer at no cost. This assistance will be administered by the City's Public Works and Utilities Divisions with Registered Professional Engineering personnel. Services to be provided at no cost include street and alley design and construction installation inspection; surface water collection and drainage design and construction installation inspection; and water and sewer facilities design and construction installation inspection along with other reasonable civil engineering and utility engineering services.

Streamlined/Fast-Track Permitting:

(Not restricted to Enterprise Zone only)

The City essentially has a one-stop permitting process for obtaining both residential and commercial building permits. The application for a permit is simple and can be completed usually within a few minutes. There is no application fee or plan review fee even if the plans are reviewed and subsequently rejected. The fee for the building permit includes the plan review

service. If the required plans are in order, a building permit is issued to the applicant. All permits subsequent to the building permit, such as those for the plumbing, electrical, heating, and air conditioning subsystems, may then also be obtained by the appropriately licensed subcontractor or by the homeowner.

Barring any major deficiencies, the normal turnaround time for issuing a building permit for a new residence is three to five working days. The turnaround time for multiple family projects and other commercial projects is normally five to ten working days, again barring any major deficiencies.

The City may, upon special request, allow what is termed as "fast tracking" or beginning construction on a project prior to having all plans and necessary arrangements completed and approved. Preliminary plans sufficiently showing the full scope of the project must be submitted. All contracts, agreements and/or arrangements for the installation of public improvements and utilities must be substantially complete. The project may then be permitted and inspected in phases. Applicants "fast track" at their own risk as construction is not permitted to proceed beyond that which has been approved.

Enhanced Municipal Services

Increased Police Protection:

(Not Restricted to Enterprise Zone Only)

The City may provide several crime prevention programs, some of which include:

Neighborhood Block Watch - This tool is used for reducing burglaries, vandalism and theft from homes and autos in residential areas.

School Liaison - This valuable community relations program places officers into the middle schools and high schools in Amarillo. Over the past year, criminal activity on school campuses appears to have slowed down as more students, teachers and parents are being educated about the role of law enforcement.

Anti-Drug Program - Drug awareness programs and anti-drug campaigns, particularly for youth, continue to be needed.

Gang Awareness Program - This is an educational program for parents and school teachers to raise awareness of the dangers of gangs in the community.

Personal Safety Education Program - This program is very popular with the public from youth to senior citizens. This educational program teaches people of all ages how to reduce their chances of becoming a crime victim.

Robbery/Shoplifting Program - This educational program teaches business employees how to "survive" a robbery, make mental notes of the perpetrator and how to be a good witness.

Police Department Tours - Tours of the Police Department facilities for scouts, school groups and various community groups are provided to increase the public's awareness of law enforcement and what police protection services are provided by the City of Amarillo.

Special Public Transportation Services:

(Offered in Enterprise Zone Only)

For businesses expanding or locating in the Enterprise Zone whose employees have limited means of transportation, the City may establish special City bus routes and services. This assistance provides transportation from residential areas within the Enterprise Zone to qualified business locations. For remote business locations, the City may aid and encourage the business to establish a "park and ride" transit route and service.

Infrastructure Improvements:

(Not Restricted to Enterprise Zone Only)

The City may use both federal funds and general funds to improve infrastructure and community services within the Enterprise Zone. The purpose of the Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG) and HOME Investment Partnership Program (HOME) programs are to improve the living and economic environment of low and moderate income households and neighborhoods. Typical projects include street paving, park improvements, demolition and clearance, rehabilitation of private homes owned by low income families, subsidized child care and adult day-health care, and the renovation and expansion of non-profit community facilities, such as senior citizens centers, recreational and youth centers.

Economic Development Agency and Private Sector Incentives

The City of Amarillo, the Amarillo Economic Development Corporation (AEDC), and the Amarillo Chamber of Commerce provide an array of business and industrial development services. Although these services are not specifically for the Amarillo Enterprise Zone, the enterprise zone benefits from these efforts, as a majority of the economically disadvantaged and underskilled reside there.

In 1989, the citizens of Amarillo voted to increase the City sales tax by one-half cent to fund economic development in the City. The AEDC was created to spur economic development and to manage the revenues (about \$9 million annually) from the additional sales tax that started on April 1, 1991. The AEDC has a very aggressive financial incentive program to attract and encourage expansion of basic employers. Up to 10% of the sales tax receipts can be used to promote industrial activity, however, a majority of the funds (90%) must be used for industrial projects.

Low-Interest Loans:

(Not Restricted to Enterprise Zone Only)

The AEDC strives to bring new businesses to Amarillo by providing capital loans to those new firms. Loans are also available to existing Amarillo companies for capital equipment. With the money available, Amarillo is able to offer financial inducements as well as sufficient staffing for industrial recruitment efforts. The AEDC has flexibility in the terms for repayment of loans. AEDC assistance may include activities such as the purchase and renovation of a building for lease or lease/purchase, build to suit for lease or lease/purchase, provide a loan or grant for equipment, or for relocation expenses. The AEDC can provide special incentives for families that will relocate to Amarillo. These incentives include grants to cover the expense of moving the household effects of key employees and paying for a community visit for key employees. It is also important to note that loans and grants from the AEDC are not diminished by any other loans or grants that may be obtained from the State of Texas or from any other entity, such as a training grant.

AEDC provides a variety of incentives to business and industrial prospects locating in the Amarillo area. Although not unique to the Enterprise Zone, the following list of incentives will be available to qualified businesses desiring to locate in the Enterprise Zone.

Vacant Buildings and Undeveloped Property:

Vacant structures and land are presently available within the Enterprise Zone at "below market" lease rates and at no cost to qualified business and industrial prospects.

Local Development and Start-Up Grants:

The AEDC may provide financial assistance to business and industrial prospects in the purchase and development of property or infrastructure improvements.

Discount Business Financing (Low-Interest Loans for Business):

Amarillo financial institutions, possibly in conjunction with other financial sources, may provide varying levels of business financing and discounted borrowing rates. This assistance will be based on the number of jobs created and the guarantee of repayment.

The AEDC has provided zero-interest loans to numerous basic businesses in Amarillo that have increased employment in recent years. To be considered for an interest free loan, a business must be a manufacturer or service provider which primarily derives income from its Amarillo operations from outside of the Texas Panhandle region. This program is not based on location within Amarillo's Enterprise Zone.

Discount Residential Financing:

Amarillo financial institutions may provide "below market" home loan financing with reduced or no-fee rates for employees transferring with the locating business.

Utility Discounts:

Large business and industrial prospects choosing to locate in the Enterprise Zone may be eligible for measurable discounts on natural gas service. These discounts are restricted to business users which are allowed to purchase natural gas directly from the gas producer that is not regulated by the Texas Railroad Commission.

Work Force Training and Employment Services:

(Not Restricted to Enterprise Zone Only)

Several work force training and employment services may be provided. Some of these include:

Skills Development Fund - This fund assists businesses, labor unions, and community and technical colleges by financing customized job training for new or existing jobs in local businesses. This fund successfully merges business needs and local job training opportunities into a winning formula for putting people to work. When a local community college forms a partnership with a business, they submit a Skills Development Fund proposal to the Texas Workforce Commission. Locally, this is managed through the Amarillo College Workforce Development Division.

Amarillo College Business and Industry Center - This center works with local educational institutions creating a formal communication link between business/industry and educational entities. Their mission is to bridge the work force needs of business/industry and educational training offered in Amarillo.

Pre-employment Training Certification Program - The Amarillo Chamber of Commerce surveyed local businesses and industries to determine the need for a pre-employment training certification program. A person successfully completing a pre-employment training certification course at Amarillo College would assure a potential employer that the person

has certain knowledge levels regarding basic math, business writing/correspondence, general office procedures, etc.

Achievement through Commitment to Education (ACE) - The ACE Scholarship Program is a cooperative effort between Amarillo Independent School District (AISD), Amarillo College, West Texas A&M University and the Amarillo Area and the Don and Sybil Harrington Foundations to provide motivation for high school students to work hard in school. The mission of ACE is to establish a sustainable, community-supported scholarship program guaranteeing every qualified high school student access to a college education. An endowment fund generates income necessary to pay the cost of annual tuition, books and fees for ACE students attending Amarillo College or West Texas A&M University.

Through intensive counseling and mentoring, students receive the attention, concern and encouragement needed to ignite the desire to achieve and realize better alternatives through education. The program's seven stated goals include decreasing the drop-out rate; increasing attendance; raising performance on standardized tests; involving parents, educators, and the community as part of the team and most important, offering hope to hundreds of students considered at risk for failure. High school students, who meet specified criteria, will receive scholarships to Amarillo College and West Texas A&M University to pursue academic or vocational degrees or certification. Each student is asked to sign a partnership agreement which will commit them to specific actions to maintain eligibility concerning scholarship assistance.

The ACE program impacts the community as well as the students. Improved graduation rates and academic performance advances earning capabilities, develops more informed and involved citizens and reduces social costs that occur when students do not succeed.

ENTERPRISE ZONE MAP

A map of Amarillo's Enterprise Zone is included at the back of this brochure. Due to the complex boundary and size of the Amarillo Enterprise Zone, questions on whether certain property is within the zone should be obtained from the Amarillo Planning Department.

**Information and Technical
Assistance May be Obtained by
Contacting:**

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Planning Department
P.O. Box 1971
Amarillo, TX 79105-1971
(806) 378-3020