



LAMPASAS ECONOMIC DEVELOPMENT CORPORATION INCENTIVE GUIDELINES & PRINCIPLES

SECTION 1. PURPOSE

1.01 Guiding Principles

The City of Lampasas (the “City”) and the Lampasas Economic Development Corporation (“LEDC”) are committed to promoting local business expansion and attracting new business investments. Both entities offer various incentives to industries and commercial enterprises to drive local economic development. This document outlines the criteria for providing public assistance by the LEDC. It is important to note that while the LEDC is dedicated to supporting economic development, neither the City nor the LEDC is obligated to provide business incentives to any applicant.

SECTION 2. PREMISES

2.01 Priority on Primary Jobs

The LEDC's primary focus is to provide incentives to projects that generate new primary jobs, which are jobs that contribute to the economic foundation of the community. These jobs are created by enterprises that export a significant portion of their goods and services, thereby bolstering the local economy. Primary employers can range in size from small businesses to large corporations.

2.02 Type-B Corporation

As a Type-B Corporation, the Lampasas Economic Development Corporation receives dedicated revenue from a 0.025% sales tax. Backed by a healthy fund balance, incentives may be offered for qualified projects.

2.03 Flexible Guidelines for Individual Needs

While every economic development project has unique requirements, the LEDC has established guidelines that can be explained to prospects in advance. These guidelines may evolve over time as needed. Additionally, the LEDC has the flexibility to accommodate different types of economic development opportunities and special circumstances.

SECTION 3. APPLICABILITY

These policies apply to new, relocating, renovated, modernized, redeveloped, and/or expanding businesses or projects, including historic structures and residential redevelopment when they directly contribute to the expansion or relocation of a primary employer.

3.01 Eligible Type B Projects

As a Type B EDC, the Lampasas EDC may use Type B revenue to fund land, buildings, equipment, facilities expenditures, targeted infrastructure and improvements for projects including:

- manufacturing and industrial facilities, recycling facilities, distribution centers, and small warehouse facilities;
- research and development facilities, regional or national corporate headquarters facilities, primary job training facilities operated by higher education institutions, job training classes, telephone call centers and career centers not located within a junior college taxing district;
- certain infrastructure improvements that promote or develop new or expanded business enterprises;
- aviation facilities;
- commuter rail, light rail or commuter bus operations;
- port-related facilities, railports, rail switching facilities, marine ports, inland ports; and
- maintenance and operating costs associated with projects.

Type B corporations may also pay for land, buildings, equipment, facilities, targeted infrastructure for:

- professional and amateur sports and athletic facilities, tourism and entertainment facilities, convention facilities and public parks;
- related store, restaurant, concession, parking and transportation facilities;
- related street, water and sewer facilities; and
- affordable housing.

To promote and develop new and expanded business enterprises that create or retain primary jobs, a Type B EDC may fund:

- public safety facilities;
- recycling facilities;
- streets, roads, drainage and related improvements;
- demolition of existing structures;
- general municipally owned improvements; and
- maintenance and operating costs associated with projects.

SECTION 4. TYPES OF BENEFITS

4.01 Use of Funds

LEDC provides economic development incentives on a case-by-case basis. This tailored approach allows us to address the unique characteristics of each applicant and their proposed project while remaining responsive to the changing needs of the community. The LEDC will consider appropriate incentives for both existing businesses and those recruited from outside the city.

4.02 LEDC Incentives

Incentives offered by the LEDC consist of:

- Land Grants: LEDC may sell property below market value to qualified applicants and may provide land grants with promissory notes for eligible projects.
- Infrastructure Grants: Typically reserved for various infrastructure improvements, including water, wastewater, electric, telecommunications, and roads improvements.
- Relocation Assistance: LEDC may pay to assist new employees in moving from one location to another when establishing a business in Lampasas.
- Retail Incentives: Retail incentives may be available in the form of economic development infrastructure incentives. These types of incentives may be available to attract qualified retail projects that would have a regional or national draw.
- Job Training and Hiring Costs: LEDC pay to assist businesses train and hire employees by advertising job openings, conducting background checks, purchasing instruction materials, hiring a trainer, etc.
- Real Property Improvement Grants: Can be used for general building and facility improvements.

4.03 Local Incentives

- Chapter 380/381 Financing: Chapters 380 and 381 of the Local Government Code provide legislative authority for Texas municipalities to provide a grant or a loan of city or county funds or services in order to promote economic development. Lampasas may provide a Chapter 380 or 381 grant in the form of a sales or property tax rebate.

4.04 State Incentives

Incentives offered by the State of Texas that the LEDC can assist with:

- Texas Enterprise Fund: Awards “deal-closing” grants to companies considering a new project for which one Texas site is competing with other out-of-state sites. The fund serves as a financial incentive for those companies whose projects would contribute significant capital investment and new employment opportunities to the state’s economy.
- Enterprise Zone Program: A state sales and use tax refund program designed to encourage private investment and job creation in economically distressed areas of the state.
- Skills Development Fund: Designed to better utilize the public community and technical college system in Texas as well as other training organizations and have them partner with businesses throughout the state (with priority on small businesses) to train workers to meet the labor needs of employers and the regional labor market.

- In-State Tuition: A program that allows employees – and those employees’ family members – of a qualified business considering a relocation or expansion of its operations in the State of Texas to pay in-state tuition rates at public institutions of higher education in the state without first establishing residency.

4.02 Structure of Funds

The funds may come from a variety of sources but all require recipients to meet specific performance benchmarks or obligations as a condition of the grants and/or tax abatements.

SECTION 5. ELIGIBILITY AND EVALUATION CRITERIA

5.01 Evaluation Criteria

The LEDC works to boost economic growth and improve the living standards within Lampasas. When offering incentives to attract businesses, the LEDC evaluates a variety of factors to determine the appropriateness and scale of the incentives. Here are some common evaluation criteria:

1. Job Creation:
 - Number of Jobs: How many jobs will the business create?
 - Quality of Jobs: What will be the average wages, benefits, and long-term prospects of these jobs? Are they higher-paying, skilled positions, or low-wage jobs?
2. Capital Investment:
 - How much is the company planning to invest in facilities, equipment, and infrastructure? Higher investments may warrant more significant incentives.
3. Alignment with Strategic Goals:
 - How well does the relocating business align with the community's long-term development plans or target industries?
4. Economic Impact:
 - The overall economic multiplier effect of the business. How will the company's operations benefit other local businesses (e.g., suppliers, service providers)?
5. Skills and Training:
 - Will the business provide training and upskilling opportunities for the local workforce?
6. Duration of Commitment:
 - How long is the company committing to stay in the area? Long-term commitments might be favored over short-term projects.
7. Community Benefits:
 - Beyond direct economic impacts, how will the business contribute to the community? This can include charitable activities, partnerships with local educational institutions, and other community engagement efforts.
8. Environmental Impact:
 - Will the company adhere to sustainable and environmentally-friendly practices? What is the potential environmental impact of the business's operations?
9. Financial Health of the Business:
 - A review of the company's financial statements to ensure that it is stable and can fulfill its commitments.
10. Need for Incentive:

- Is the incentive crucial for the company's decision to relocate, or would the business have moved regardless? This involves gauging the relative importance of the incentive in the company's relocation decision.
11. Competitive Landscape:
- Is the business also considering other locations? How does the LEDC's community compare to these other potential locations in terms of costs, infrastructure, workforce, and other factors?
12. Available Resources:
- LEDC also evaluates their own budgets, resources, and other commitments to determine how much they can offer in incentives.
13. Return on Investment (ROI):
- A cost-benefit analysis to ensure that the benefits of the business relocating (jobs, tax revenue, etc.) will outweigh the costs of the incentives in the long run.

SECTION 6. APPLICATION PROCEDURE

Any individual or company seeking economic development incentives from the LEDC should generally follow the procedure below. These procedures may be adjusted on a case-by-case basis to accommodate specific project needs.

Step 1 – Initial Inquiry/Expression of Interest:

- The business reaches out to the LEDC or vice versa.
- Preliminary discussions about the business's plans and potential fit within the community.

Step 2 - Provision of Application Materials:

- The LEDC provides the business with an online Economic Impact Form. The Impact Form must be thoroughly filled out.
- The LEDC requests marketing material, business brochures, and online platforms.

Step 3 - Application Submission:

- The business completes the Economic Impact Form, which typically requires details about the company, the nature of the project, expected job creation, capital investments, timelines, etc.
- Potential requested supporting documents might include business plans, financial statements, projected economic impacts, site plans, and more.

Step 4 - Review and Due Diligence:

- The LEDC reviews the application for completeness and clarity.
- A deeper dive into the company's financial health, reputation, past performance, etc., may be conducted.

Step 5 – Informal Offer

- The business provides an offer in writing to be considered by the LEDC board.

Step 6 - Site Visits and Meetings:

- LEDC representatives might visit the business's current operations. However, this is not guaranteed.

- Meetings may be arranged between the business leaders and key stakeholders, including local government officials, community leaders, and other relevant parties.

Step 7 - Negotiation of Terms:

- Once the initial review is favorable, there may be negotiations regarding the specifics of the informal offer and potential incentives package.
- This can include the value of tax breaks, grants, infrastructure support, training programs, and other incentives.

Step 8 - Formal Approval:

- The proposed incentives package will need to be approved by the LEDC board and determine on the incentive, might need to be approved by other local government entities.

Step 9 - Drafting of Agreements:

- Once approved, formal agreements are drafted, detailing the obligations of both parties.
- This often includes performance agreements that specify milestones the business must achieve to receive or retain the incentives (e.g., job creation targets).

Step 10 - Implementation:

- With agreements in place, the business can proceed with its project, whether that's relocating, expanding, or establishing new operations.
- The LEDC may provide support during this phase, helping with site preparation, permitting, connecting with local suppliers, etc.

Step 11 - Monitoring and Reporting:

- The LEDC will continue to monitor the business's progress and ensure compliance with the terms of the agreement.

SECTION 7. CONFIDENTIALITY AND PROPRIETARY INFORMATION

Economic development corporations are subject to the provisions of the Public Information Act under the Development Corporation Act of 1979 in Texas Revised Civic Statutes Article 5190.6. The following information summarizes the Open Records Exceptions for Economic Development Purposes:

Section 552.131 of the Government Code allows governmental bodies to withhold certain information related to economic development negotiations between a governmental entity and a business that the governmental body is seeking to have locate, stay, or expand within or near its territory. Information that could be withheld includes trade secrets and commercial and financial information if its release would harm the business prospect competitively.

Until an agreement is made with the business prospect, the governmental body may withhold information about a financial or other incentive being offered to the business prospect. Any withheld information must be released after an agreement is executed with the business prospect.

The LEDC recommends that any proprietary and confidential information from an applicant be sent directly by the applicant's attorney to the LEDC legal counsel for review by the LEDC and/or appropriate LEDC staff or Board designees.

SECTION 8. AMENDMENTS, REPEAL, RENEWAL

These guidelines are effective for two (2) years from the date adopted by the LEDC Board but may be amended or repealed by a majority vote of four out of seven LEDC Board members.