



Economic Development Program Incentives Policy

Effective March 2022 as approved by City Council

Revised August 2023 by City Council

SECTION 1. GENERAL PURPOSE AND OBJECTIVES

The City of Corinth, Texas, (“City”), in partnership with the Corinth Economic Development Corporation (“CEDC”), is committed to facilitating job creation and dedicated to achieving and sustaining the highest quality of development throughout the city. Success in economic development ensures Corinth’s financial ability to provide continued quality service and updated infrastructure for its residential and corporate citizens.

The purpose of this Economic Development Program Incentives Policy is to establish standards and guidelines that will govern the granting of financial initiatives to facilitate economic growth. The City and/or the CEDC encourages the use of incentives only as necessary to fill financial gaps and limits them to reasonable and appropriate project expenses which have a public benefit. It is the policy of the City that consideration for such incentives will be provided in accordance with the procedures and criteria outlined in this document, Chapter 380 of the Texas Local Government Code, as amended, the Development Corporation Act in Chapters 501-505 of the Texas Local Government Code, and applicable federal and state laws. Nothing in this policy shall imply or suggest that the City and/or the CEDC are under any obligation to provide an incentive to any applicant. All applications are considered on a case-by-case basis.

All economic development incentives requests will be reviewed by City staff and only eligible projects will be sent to City Council and/or the Corinth Economic Development Corporation Board for consideration and approval. Depending on the project, additional approvals or recommendations will be presented by appointed boards, such as the Tax Increment Reinvestment Zone (TIRZ) Boards. Any approvals will be memorialized in an economic development program agreement between the City or appropriate Board(s) and the recipient.

Applications for incentives will not be considered for projects that have already been announced or commenced for example: if a building permit for new construction has already been issued, the purchase of an existing building has been finalized, or a tenant lease has been executed.

SECTION 2. DEFINITIONS

Wherever used in this Policy, the following terms shall have the following meanings ascribed to them:

Agreement – A contractual agreement between the City and/or the CEDC for the purposes of providing one or more economic development program incentives.

Chapter 380 Grant Term – The period specified in an Economic Development Program Agreement in which a party may receive annual 380 Grants, not to exceed a total of ten (10) years.

Business Personal Property – Any taxable tangible personal property other than inventory and supplies that (i) is subject to ad valorem taxation by the City; (ii) is located on the property subject to an Agreement; (iii) is owned or leased by the party to the Agreement; and (iv) was not located in the City prior to the effective date of the Agreement.

Capital Investment - Expenditures for real property improvements such as, without limitation, new facilities and structures, site improvements, infrastructure improvements, facility expansion, facility modernization, and utility installation. Capital Investment does NOT include land acquisition costs or the cost or value of any improvements existing on the property prior to the City Council's authorization of execution of an Agreement.

CEDC – The Corinth Economic Development Corporation of the City of Corinth, Texas

City – The City of Corinth, Texas.

City Attorney – The City Attorney of the City of Corinth, Texas.

City Council – The City Council of the City of Corinth, Texas.

Comprehensive Plan – The City of Corinth's official guide for making decisions about growth and development. The Plan is a summary of the goals, objectives, policies, strategies, programs, and projects that will enable the city to achieve its mission of focusing on the future, working together to build strong neighborhoods, develop a sound economy, and provide a safe community.

Dallas-Fort Worth-Arlington MSA – The Dallas-Fort Worth-Arlington Metropolitan Statistical Area (MSA) comprises two Metropolitan Divisions (MSA): the Fort Worth-Arlington MSA, which includes Hood, Johnson, Parker, Somervell, Tarrant and Wise counties, and the Dallas-Plano-Irving MSA, which includes Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall counties.

Existing Business – A business that was operating within the corporate limits of the City prior to the effective date of this Policy.

Full-Time Job/Employee (FTJ/FTE) – Employment of at least 35-hours per week with full benefits, including at a minimum health, disability insurance and retirement plan options with an average hourly wage equal to or above the calculated by the Bureau of Labor Statistics for the Dallas-Fort Worth-Arlington Metropolitan Statistical Area (MSA) and does not include Part-time or Seasonal employees.

Hotel/Motel Occupancy taxes (HOT) - The state hotel occupancy tax rate is 6 percent (.06) of the cost of a room. Cities and certain counties and special purpose districts are authorized to impose an additional local hotel tax that the local taxing authority collects.

Incentive – Money or something of value provided by the City or CEDC to a recipient.

Investment – The aggregate of Capital Investment and Personal Property Investment.

LEED – Leadership in Energy and Environmental Design (LEED) is the most widely used green building rating system in the world. Available for virtually all building types, LEED provides a framework for healthy, highly efficient, and cost-saving green buildings.

Mixed-Use Development Project – A development project in which a facility or facilities will be constructed or renovated such that will be comprised of residential, commercial, restaurant, entertainment and/or retail sales and service uses.

Personal Property Investment – The value of Business Personal Property installed on a development site by a date certain, as determined solely by the appraisal district having jurisdiction over the development site.

Program Cap – The maximum amount of the Incentive available over the term of the Agreement.

Qualified Expenses – Those expenses classified as qualified expenses under Internal Revenue Code Section 41 (the Research and Experimentation Tax Credit) and any other expenses identified and agreed to by the City in an Agreement as direct expenses for utility patent generation, technology commercialization, or spinoff incubation costs.

Return on investment (ROI) – Is a performance measure used to evaluate the efficiency or profitability of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment, relative to the investment's cost.

Recipient – A person, including an individual, organization, or corporation, who receives an incentive in accordance with this policy.

Salary – A cash payment or remuneration made to a full-time employee, including paid time off, commissions, and non-discretionary bonuses. A Salary does not include any benefits, such as health insurance or retirement contributions by the employer, reimbursements for employee expenses, or any discretionary bonuses.

Strategic Plan – The City of Corinth's strategic plan entitled "Embracing the Future 2030."

Target Industry – A business providing services in the sectors specifically identified in Section 4 of this Policy.

Tax Increment Reinvestment Zone - Authorized by Chapter 311 of the Texas Tax Code, the City may

use tax increment financing to enter into economic development and infrastructure reimbursement agreements to pay for improvements.

Transit-Oriented Development - A Mixed-Use Development located within one-half mile of a commuter rail line station and in which all buildings will be at least three (3) stories in height.

SECTION 3. CRITERIA FOR ECONOMIC DEVELOPMENT INCENTIVES

To be eligible for consideration to receive Incentives, all applicants will be required to complete an Incentive application. Refer to Exhibit "A." All applications will undergo a cost benefit analysis evaluating the fiscal and economic impact as well as the background of the business and the community fit. Refer to the Due Diligence Checklist in Exhibit "B." To receive an Incentive, the project described in the application must provide a return on investment (ROI). The ROI may be determined through an analysis of:

- Total Capital Investment and resulting taxable value generating annual increases of property tax revenue
- The number and type of jobs to be created and maintained
- Estimated ability to generate direct and/or indirect sales tax revenue
- Estimated ability to generate future overnight stays that result in future direct hotel occupancy fund revenue and indirect revenue associated with visitors

Specific consideration will be given to projects which further the goals and strategies outlined in the Strategic Plan, as well as those with a significant positive impact on diversifying existing markets, adding employment, expanding the local tax base through added improvement values, and increasing sales tax revenues for the City of Corinth.

Targeted Priorities

The City may consider providing Incentives for projects that further the City's strategic goals:

- **Job Creation** – The City may consider providing an Incentive for the creation and maintenance of jobs to for companies that create or relocate a minimum of 20 full-time jobs within the City. The company must maintain the number of jobs created and/or relocated for at least a 3-year period to receive the total payment. To be an eligible job, the salary must be at least 100% of the average annual wage for Denton County, as determined by the United States Dept. of Labor, Bureau of Labor Statistics.
- **Transit-Orient-Development (TOD)** – The City may consider Incentives for projects within the City's TOD. Incentives may include grants or reimbursement for mixed-use developments, improvements to new or existing buildings, pedestrian corridors, façades, murals or public art, iconic signage and/or lighting.
- **Niche / Specialty Retail, Entertainment, or Restaurant** – The City may consider providing Incentives to "destination" retailers or restaurants that have the capability to attract customers from outside the area, serve as a catalyst for other development in the TOD area, and/or provide new and different shopping, dining, or entertainment experiences.

- **Mixed-use Developments** - The City may consider providing Incentives to “mixed-use developments” encompassing residential, commercial, retail and/restaurant and hotel uses which will attract residents and customers from outside the area and serve as a catalyst for other development in the TOD area, and/or provide new and different shopping, dining, entertainment, and work experiences.
- **Big-Box Retailers** - The City may consider providing Incentives to big box users which will attract customers from outside the area and generate additional sales tax for the city
 - **Office/Professional Services** – The City may consider providing Incentives for corporate headquarters and/or regional offices as well as multi-tenant offices for professional services (accountants, engineers, architects, medical, information technology, lawyers, advertising and media, management consulting, financial, insurance, wealth management, actuary, etc.).
- **Full-Service Hotels** - The City may consider providing Incentives to support the attraction of full-service hotel and conference center space to the City.
- **Distribution and Logistics** – The City may consider providing Incentives to support the supply chain of existing primary employers and better serve current and future neighbors.
- **Medical / Healthcare** – The City may consider providing Incentives to provide additional medical and healthcare related businesses to support the existing and better serve current and future neighbors.

SECTION 4. OVERVIEW OF ECONOMIC DEVELOPMENT INCENTIVES

The following may be offered by the City and/or the CEDC for economic development projects that meet eligibility criteria set forth in Section 3. Not all tools are available for each project and any Incentive offered is at the discretion of the Corinth City Council and/or CEDC Board. Investment from the City does not preclude other state, county, or federal incentives.

- Chapter 380 Agreements – Authorized under Chapter 380 of the Texas Local Government Code, this agreement between the recipient and taxing entity offers a variety of fee-based or tax-based incentives, including grants, loans, or rebates to promote local economic development and stimulate business and commercial activity.
- Economic Development Grants – The City has a Type B sales tax corporation – the CEDC. Funds may be available to finance qualified projects as determined by the CEDC Board.
- Fee Reductions / Waivers – The City may consider decreasing or waiving certain development fees including building permits, inspection, and impact fees on eligible projects.
- Infrastructure Assistance – The City may facilitate development through enhancement of water, sewer, and/or roadway infrastructure relevant to sites selected for significant projects as needed.
- Sales Tax Rebates – The City may consider sales tax rebates on the City’s and CEDC sales tax portion only.
- Hotel/Motel Occupancy Tax – The City may consider rebates on Hotel/Motel

Occupancy taxes (HOT). These rebates can only be used for purposes outlined by state law.

- Fast Tracking Development Process – The City may assist the applicant with fast tracking the development process when deemed necessary.
- Business Improvement Grant - The CEDC may offer funds for businesses to improve their exterior, visibility, and presentation of their respective property.
- Specialty Retail & Restaurant Incentive Program – The City may offer assistance to new and unique retailers and restaurants that help create Corinth as a destination.
- Tax Increment Reinvestment Zone (TIRZ) – Authorized by Chapter 311 of the Texas Tax Code, the City may use tax increment financing to enter into economic development and infrastructure reimbursement agreements to pay for improvements. The TIRZ, whether City-initiated or petitioned by the property owners, sets up a geographic boundary that can be used develop raw land and proactively address decline or deterioration. Note: The creation of a TIRZ may specify how tax revenue is allocated or spent but does not in any way impact the tax rate as TIRZs have no taxing or assessment powers. Refer to the TIRZ Maps Exhibit “C”.

Value of Economic Development Incentives

The value of the Incentives offered is subject to the cost/benefit analysis and targeted priorities outlined in Section 3. of the Policy as well as determining whether the project is in the best interest of the City and/or the CEDC to provide Incentives. Specific considerations include how the individual project furthers the goals and objectives of the community and the impact of the project. The public benefit or amount of revenue realized by the City and attributable to the project must equal or exceed the value of any Incentives granted under the application.

Exceptions

The City will not consider any Incentives for residential projects or the residential portion of designated mixed-use projects.

To encourage the retention/expansion of existing business, attraction of new businesses which satisfy a community goal or objective, or to meet a special need of the community, the City Council and/or the CEDC retains the ability to approve an Incentive which does not comply with the terms outlined in this policy.

Decision by City and/or CEDC

All applications are considered on a case-by-case basis and all Agreements are subject to consideration and final approval by the City Council. Even though an application may meet the criterion set forth in this policy, an application may be denied for any reason at the discretion of the City and/or the CEDC.

Performance Requirements

All financial Incentives granted by the City of Corinth are performance-based. Should a recipient fail to satisfy the terms in the Agreement, the City and/or CEDC will deny payment of the full amount of abatement to be received for that given year. An Agreement will include individual performance measures to be met by the recipient and specific recapture provisions intended to safeguard the City from potential financial loss.

Annual Evaluation

Throughout the year, the City will perform evaluations of approved Agreements to ensure compliance by all recipients. At the end of each year, an Annual Incentives Report will be generated and made available online to the public which will summarize the status of each Incentive that was active during the respective year.

Section 5. PROCEDURAL GUIDELINES

Any person, organization, or corporation desiring that the City and/or EDC consider providing Incentives to encourage local economic development is expected to comply with the following procedural guidelines. Neither the City nor the CEDC are required to approve any Incentives to any applicant who complies with this policy.

To apply for Incentives all applicants are required to complete an Application for Economic Development Incentives which can be found online. The Application must be submitted to the Corinth EDC.

Application Review Procedural Guidelines

- All information in the application package will be reviewed by the City's Economic Development Department for completeness and accuracy. Upon the review – an impact analysis will be prepared to determine the cost benefits of the project.
- The City's Economic Development Department will review the application with the City Manager and appropriate City departments for internal review and comments. Additional information may be requested as needed.
- After the review of the application, City staff may meet with the applicant to discuss the application in further details and may be required to complete a survey. After the meeting, the parties will draft a Term Sheet, outlining the terms and conditions of the Incentives.
- The Term Sheet is reviewed by the CEDC Board and the CEDC Board makes a recommendation to move forward an Agreement with the Applicant.
- Once the Agreement is drafted it is presented to the applicant for their review.
- The Agreement is then placed on the CEDC agenda for the Board consideration and recommendation to Council.
- The Corinth Economic Development Corporation (CEDC) may serve as an advisory body which make recommendations to the City Council regarding whether Incentives should be offered in each individual case. All meetings of the CEDC Board shall be held in compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code. Additional information may be requested as needed.

- The Agreement is brought before the City Council at a regular or called meeting(s) for public presentation, discussion, and a final vote.
- Following a majority approval vote, the Mayor or his or her designee, will execute copies of the Agreement. One original Agreement will be filed with the city and one original mailed to the contracted party. A copy of each executed Agreement will be maintained in the City's Economic Development Department Office.
- Recipients receiving Incentives will be required to adhere to the performance requirements outlined in the Agreement. Recipients that do not meet performance measures will be required to reimburse the City or EDC of all or a portion of the Incentive value.
- A compliance review will be conducted annually on each Agreement through the expiration period.
- Information provided by applicants on the Application Form may be subject to release to the public pursuant to the Texas Public Information Act as codified in Chapter 552 of the *Texas Government Code*. However, certain information provided to the City in connection with an application under this Economic Development Incentives Policy may be confidential and not subject to public disclosure until the incentives agreement is executed. The City will respond to requests for disclosure as required by law and will assert exceptions to disclosure as it deems relevant. The City will make reasonable attempts to notify applicants of the request so it may assert its own objections to the Attorney General.

For further information contact:

Corinth Economic Development Department
3300 Corinth Parkway
Corinth, Texas 76208
940-498-3209
CorinthEDC.com

EXHIBIT "A"
Economic Development Incentive Application



THE CITY OF CORINTH, TEXAS

APPLICATION FOR ECONOMIC DEVELOPMENT INCENTIVES

The City of Corinth is dedicated to achieving and sustaining the highest quality of development in all areas of the City, and to a continuous improvement in the quality of life for its citizens. Towards this end, the City may elect, on a case-by-case basis, to give consideration to providing incentives as authorized by the Economic Development Program Incentive Policy. It is the policy of the City that said consideration will be provided in accordance with the guidelines and criteria as set forth therein. Nothing in the Economic Development Program Incentives Policy shall imply or suggest that the City is under any obligation to provide incentives to any applicant. All applications for incentives shall be considered on a case-by-case basis; and should be filed with the **City of Corinth Economic Development, 3300 Corinth Parkway, Corinth, Texas, 76208** or **via email to economicdevelopment@cityofcorinth.com**

Contact Name: _____

Date: _____

Address: _____

Phone: _____ E-mail: _____

Project/Company Name: _____

Project Address: _____

Company's Primary Business: _____

Please provide the following information based on the completed project at full operation. It will be assumed that the project is phased in equal annual increments unless indicated otherwise. All values should be those on Appraisal District tax rolls. Please provide supporting documentation where appropriate. Additional pages for responses may be attached.

1. Incentive(s) Requested:

2. Does this project fall into one of the following target priorities?

- TOD
- Niche/Specialty Retail, Entertainment, Restaurant
- Mixed-use development
- Big Box Retailer
- Office/Professional Services
- Full-Service Hotel
- Distribution/Logistics
- Medical/Healthcare

3. Necessity of Requested Incentive(s):

(Describe the reason(s) why this project is seeking assistance)

4. Would this project be financially feasible without requested incentive? _____

5. Is the project a relocation or new facility expansion? _____

a. If relocation, please state current location(s): _____

6. Is the project new construction or lease? _____

a. If new construction, is it a shell building or build-to-suit? _____

b. If new construction, number of water and irrigation meters and size(s): _____

7. If a lease, will it occupy existing space or new construction? _____

8. Number and square footage of proposed/existing project building(s): _____

9. Will the incentive applicant be the owner and/or a tenant? _____

10. List the specific operations to be performed at proposed location (products produced/distributed, services provided, etc.):

11. Projected date of occupancy: _____

12. Property Size (Acreage): _____ Current assessed value of land: _____

13. Estimated value of improvements to property: _____

14. Proposed uses for project: _____
(Include percentage of each use based on total project space)

15. Estimated value and description of business personal property: _____

16. Number of new FTEs on-site: _____ Average annual salary: _____

17. Annual estimated sales subject to local sales tax: _____

18. Annual estimated sales subject to City hotel occupancy tax: _____

19. Will Corinth be designated as point of sale for construction/equipment purchases?

a. If so, estimated project construction/equipment cost? _____

20. Is this anticipated to be a LEED certified (or equivalent) project? _____

21. Is the property zoned to accommodate proposed use(s)? _____

a. If not, what zoning is required for project? _____

22. Other factors the applicant would like to have taken into consideration:

Supplemental Attachments – Check all documents that may be attached to submitted application:

Map of Property Location

- Legal Description
- Summary of posed site improvements
- Project Site Plan

EXHIBIT "B"
Due Diligence Checklist



Due Diligence Checklist

 Business Background	 Community Fit	 Economic Impact	 Fiscal Impact
<input type="radio"/> Is the project a new facility, expansion, consolidation, or relocation?	<input type="radio"/> Will the project advance the city's strategic plan?	<input type="radio"/> How many jobs will be created? What is the average salary?	<input type="radio"/> What is the payback period?
<input type="radio"/> Is the project a headquarters, manufacturing, distribution/warehouse, etc.?	<input type="radio"/> Does the project complete directly with any existing company?	<input type="radio"/> Will the project hire locally or will the employees be relocating to the community?	<input type="radio"/> What types and amounts of revenues will be project and spin-off activity bring to the community - property tax, sales tax, HOT, etc.?
<input type="radio"/> Is the new or company well-established? Review company's financial statements, etc.	<input type="radio"/> Who are the project's suppliers?	<input type="radio"/> What are the direct and indirect spinoffs of the project?	<input type="radio"/> How do the revenues and costs compare over a 10-year period?
<input type="radio"/> Investigate the backgrounds of the company's principals? Is the company well-established?	<input type="radio"/> Does the project export its products/services outside of the region?	<input type="radio"/> Will the project advance the city's strategic plan? Are these net new spinoffs?	<input type="radio"/> What is the rate of return?
<input type="radio"/> Are there any pending lawsuits, recent legal decisions, etc.?	<input type="radio"/> Will the project have an adverse impact on the community - transportation, environment, etc.?	<input type="radio"/> What is the total capital investment?	<input type="radio"/> Are there any infrastructure improvements or other direct public costs required by the city?

EXHIBIT "C"
TIRZs Maps



