



HEDC Direct Incentive Program Guidelines

Purpose

The Hitchcock Economic Development Corporation (HEDC) recognizes the importance of attracting new businesses to the city, and retention and expansion of existing businesses. The HEDC Direct Incentive Program is created to encourage new development and stimulate job growth and investment in the City of Hitchcock. Any award for funds under these guidelines is based upon the number of new jobs to be created, levels of wages/salaries to be paid and amounts of new investment established in the City by the company.

Definitions

- *Act* shall mean the Development Corporation Act of 1979, as amended.
- *Full-time Job*: Any employee working at the company location in Hitchcock, Texas, at least 30 hours per week and receiving full-time employee company benefits package.
- *Incentives* shall mean funds provided by the HEDC through a performance agreement.
- *Primary job* shall mean a job as specified by the Act that is available at a company for which at least 70% of its goods and or/services of that company are exported to regional, statewide, national, or international markets infusing new dollars in the local economy.

Policy

Statutory Requirements in Granting Economic Development Incentives.

In addition to any requirements imposed under this policy, section 501.101 of the Act specifically allows funding for the land, buildings, equipment, facilities, expenditures, target infrastructure, and improvements that are for the creation or retention of primary jobs that are found by the board of directors to be required for the development of the following seven types of projects:

1. Manufacturing and industrial facilities.
2. Research and development facilities
3. Distribution centers.
4. Small warehouse facilities.
5. Primary job training facilities for use by institutions of higher education.
6. Regional or national corporate headquarters facilities (defined as “buildings proposed for construction or occupancy as the principal office for a business enterprise’s administrative and management services”).

Performance Agreements

All incentives must be provided under a performance agreement. The performance agreement must include the following:

1. A schedule of additional payroll or jobs to be created or retained.
2. The capital investment is to be made by the business enterprise; and
3. The terms under which repayment must be made by the business enterprise to HEDC should the business fail to meet the performance requirements specified in the agreement.
4. No incentives will be paid prior to the project locating, establishing operations, and creating jobs and capital investment in the City of Hitchcock. Incentive payments for capital investments may be made as reimbursements once project work has been completed, approved, and paid for by applicant. In addition, applicant has received all required City approvals, permits, and inspections have been submitted, completed, and approved by the City, and other required permitting authorities.
5. Grants may be based on a dollar value of \$2,000 per job created. The minimum grant will be \$20,000 and maximum grant \$100,000 and grants will be dispersed over a five-year period.

Business Recruitment

Minimum Qualifications for New Businesses Receiving Incentives

- Projects involving new construction will include a minimum investment of \$2,000,000 and will be subject to both the job-creation and average wage criteria listed below.
- Projects involving the purchase or lease of an existing facility will be subject to both the job-creation and average wage criteria listed below, and incentives will be limited to reimbursements for permits, fees, infrastructure, or equipment directly related to the production of and/or the distribution of marketable products.
- The project will create and maintain at least 20 full-time primary jobs over a three-year period and;
- The average annual wage for full-time employees before benefits must be above \$56,000.

Business Retention and Expansion

Minimum Qualifications for Business Expansion Projects Receiving Incentives

- The company expansion will include a minimum investment of \$1,000,000 and.
- The company expansion will create and maintain at least ten (10) new full-time primary jobs over a three-year period; and,
- The average annual wage for full-time employees before benefits must be above \$46,000.

Factors Considered in Granting Incentives

1. Amount of initial, annual local payroll to be created (before benefits).
2. Average salary (before benefits).
3. The firm's estimated annual amount of taxable sales (that generate sales taxes) if the site is located within the city limits of Hitchcock.
4. The costs to be incurred by the City to provide facilities or services directly resulting from the new improvements.
5. Whether the business or proposed business of applicant is related to the storage or transportation of hazardous material or may endanger or threaten to endanger individuals or property.
6. Does the business produce any type of emissions or are there any other environmental matters for the city/county to consider.
7. The types of benefits the employer provides its employees.
8. The possibility for local businesses to become suppliers.
9. Total financial impact to the City before and net of all City incentives.

Application for Incentives

1. The company must complete the Hitchcock Incentive Application prior to any grant funds being awarded.
2. HEDC staff will review all incentive applications and make its recommendation to the HEDC Board of Directors.
3. The HEDC Board of Directors shall have discretion to vary from these incentive guidelines if the benefit to the City of Hitchcock warrants special consideration.

For questions or more information contact:

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