

**COLLIN COUNTY ECONOMIC DEVELOPMENT
CHAPTER 381 PROGRAM
The 50/3 Plan
(draft)**

- I. **Program Authority** Chapter 381 of the Texas Local Government Code has been chosen to provide an efficient means of providing county incentives for local economic development. Chapter 381 authorizes a county to make a grant or gift of public monies, for various activities, including the following:
1. to promote state or local economic development;
 2. to stimulate, encourage, and develop business and commercial activity in the county; and
 3. to promote and advertise the county and its vicinity or conduct a solicitation program to attract conventions, visitors, and businesses.
- II. **Program Purpose And Benefits** The Commissioners Court has determined a program adopted pursuant to Chapter 381 is appropriate to provide an economic development incentive for new and expanding businesses in the county. Qualifying businesses will create new jobs, and increases in real and business personal property. For doing so, and complying with the terms of the program, the business will receive tax rebate equal to one half of the applicant's county taxes for each of the first three years of the program.
- III. **Qualified Applicants** Qualified applicants for this program include the following:
- A. New and expanding businesses:
1. New businesses coming to, or originating in, Collin County, or
 2. A business in the county which is expanding, not relocating, in a new and additional location in the county.
 3. The business must be located in a non-residentially zoned area of the municipality, or an unincorporated area of the county.
- B. Performance Standards:
1. A minimum increase in the business taxable property (either real estate or business personal property, or in the aggregate) in an amount not less than \$100,000, and
 2. A minimum creation of five new jobs in the county, maintained throughout the term of the program.
Other _____(example-- creation of a minimum value of annual payroll.)
 3. Full compliance with the terms above, and any others in the agreement for the incentive approved by the county.
- C. Approval of application is not automatic. The County reserves the right to modify the terms of the program, and/or reject any individual application. The County may approve qualified applicants for the program as a group, or may create individual agreements, or programs, with specific applicants.

IV. **Terms of the Program.**

The Applicant must provide the required information to the county requested on the Program Application. If approved, the business would commence the program on the first day of the following calendar year, when taxable values are established for the business.

A. Conditions precedent to payment by the county—

1. If the minimum standards for improvements and employment are not met within the first year, and or not maintained in the second or third years, the county program benefits terminate as to the business
2. A sworn affidavit by the applicant that the program requirements have been met for that tax year.
3. A copy of the applicants tax bill with proof of payment is submitted with the affidavit in 4A above
4. Payment of taxes in full, and on time, to the County.

B. Program Timetable

1. The new business would have no value on the 2011 tax roll and new value on the 2012 tax roll of not less than \$100,000.
2. The applicant must file for the 381 program prior to December 1st.
3. If approved, the tax value of the business on January 1st of the following year, and the taxes paid on that value, determine the 381 payment in the business.

C. Recapture provision--In the event the business entity fails to meet the terms of the agreement, all amounts equal to payments received from the county must be repaid to the county within 30 days of notice from the county.

D. Notwithstanding any other provision of the program, the county expenditure of funds:

1. must serve a public purpose;
2. may not be a gratuitous payment to a private entity; and
3. must comply with any applicable statutory requirements.

Therefore, the county will require and ensure that there is consideration for any incentive. A county may condition any grant payments upon the creation of employment, construction of improvements, continued operation in a county for a stated period, achieved minimum taxable values, or sales tax revenue, or other provision, in the county's discretion.