



(Athens Economic Development Corporation)

**Web Site:** [www.athenstexasedc.com](http://www.athenstexasedc.com)

**Email:** [director@athensedc.com](mailto:director@athensedc.com)

**Phone Number:** 903.675.4617

## Incentive Programs

Athens has an array of local and state incentives available to qualified companies. These incentives include infrastructure assistance, job creation incentives, capital investment incentives, job training grants, and several project financing options. AEDC also offers two types of community development grant programs, the [Business Assistance Grant](#) and the [Community Development Grant](#).

## LOCAL INCENTIVES

Athens has a Type B sales tax to fund industrial development projects, such as business infrastructure, manufacturing, research and development and job training classes. Incentives are based on project investment, the number of new basic jobs and payroll. Any request for incentives must be approved by the Board of Directors of the Athens Economic Development Corporation "AEDC" and the Athens City Council.

The main requirement is that the businesses bring new money into the community by providing primary jobs. A primary job is one at a company that exports a majority of its products or services to markets outside the local region, infusing new dollars into the local economy. Primary jobs are further limited to specific industry sectors such as agriculture, mining, manufacturing and scientific research and development. Those industry limitations can be found in Local Government Code, Chapter 501.

The Athens Economic Development Corporation must enter into a written performance agreement with any business enterprise that it funds directly or makes expenditures that benefit an eligible project.

### **At a minimum, the performance agreement must contain:**

- a schedule of additional payroll or jobs to be created or retained;
- the capital investment to be made by the business enterprise; and
- the terms for repayment of the AEDC's investment if the business fails to meet the performance requirements specified in the agreement

### **Assistance may be in the form of:**

- Leasehold improvements, construction, real estate purchase, training, personal property or equipment, and infrastructure needs
- Freeport Tax Exemption
- Property Tax Abatement/Rebate
- Foreign-Trade Zone with Alternative Site Framework
- Enterprise Zone Projects
- Tax Increment Reinvestment Zone
- Chapter 380 & 381 of the Texas Tax Code

## Freeport Tax Exemption

Athens offers the [freeport exemption](#) for various types of goods if they have been detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabricating. Oil, natural gas and other petroleum products are not considered freeport goods and therefore are not eligible for the exemption. A company must apply for the exemption each year from the Henderson County Appraisal District between January 1 and April 30.

Athens Independent School District, City of Athens, Henderson County, and the Athens Municipal Water Authority grant the exemption and represent 95% of the tax rate.

## Property Tax Abatement/Rebate

The AEDC will assist in the coordination with the City and County for tax abatements. Qualified businesses locating

in Athens are eligible to apply for abatement of the property tax for the value added to real or personal property by construction, renovations, additions, or personal equipment as allowed by law and approved by the participating taxing entities. Tax abatement on real and personal property improvements may be granted by all taxing entities except the Athens Independent School District.

### Foreign Trade Zone with Alternative Site Framework

Athens' Foreign Trade Zone (FTZ) service area has expanded under the Alternative Site Framework (ASF) to include the city of Athens. The FTZ with ASF gives companies the opportunity to defer and possibly reduce duty paid on goods traded across national borders. Goods may be assembled, packaged, or warehoused at a Foreign Trade Zone.

### Enterprise Zone Program

The Texas Enterprise Zone Program is an economic development tool for local communities to partner with the State of Texas to promote job creation and capital investment in economically distressed areas of the state. Local communities must nominate a company as an Enterprise Project to be eligible to participate in the program. Legislation limits allocations to the state and local communities per biennium. The state accepts applications quarterly with deadlines on the first working day of March, June, September and December. Designated projects are eligible to apply for state sales and use tax refunds on qualified expenditures. The level and amount of refund is related to the capital investment and jobs created or retained at the qualified business.

### Chapter 380/381 Economic Development Agreements

Chapter 380 of the Local Government Code authorizes the City of Athens to offer incentives designed to promote economic development such as commercial and retail projects. Specifically, it provides for offering loans and grants of city funds or services at little or no cost to promote state and local economic development and to stimulate business and commercial activity. AEDC will work with the City of Athens on these agreements.

Chapter 381 of the Local Government Code allows Henderson County to provide incentives encouraging developers to build in their jurisdictions. A county may administer and develop a program to make loans and grants of public money to promote state or local economic development and to stimulate, encourage, and develop business location and commercial activity in the county. AEDC will work with the Henderson County on these agreements.

### Manufacturing Exemptions

Manufacturing Exemptions provide state sales and use tax exemptions to taxpayers who manufacture, fabricate or process tangible property for sale. The exemption generally applies to tangible personal property that becomes an ingredient or component of an item manufactured for sale, as well as taxable services performed on a manufactured product to make it more marketable. Natural gas/electricity exemptions require a "predominate use study" that shows that at least 50 percent of the electricity of natural gas consumed by the business is used directly in the manufacturing process. Manufacturing exemptions are administered by the State Comptroller of Public Accounts. For information about applying for these exemptions and a full explanation of what is and is not exempt, visit the [Comptroller's website](#) .

### SBA Loans

Small Business Administration CDC/504 Loans. The CDC/504 loan program is a long-term financing tool for economic development within a community. The 504 Program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. A Certified Development Company is a non-profit corporation set up to contribute to the economic development of its community. CDCs work with the SBA and private-sector lenders to provide financing to small businesses.

Typically, a 504 project includes a loan secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost, a loan secured with a junior lien from the CDC (backed by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business being helped.

## Low Interest Loans

---

---

Athens Economic Development Corporation (AEDC) offers low interest loans for qualified projects, when funds are available. This program was made possible through the US Department of Agriculture (USDA). Click here to review: [Non-Discrimination Statement](#)

## Bond Financing Options

---

---

Bonds may be issued by non-profit development corporations or authorities for eligible projects in order to promote new and existing businesses, encourage employment in the state, and increase the tax base of the community where the project is located. Several types of bonds are available. Tax-Exempt Industrial Revenue Bonds for Manufacturing Projects are issued to finance land and depreciable property for industrial and manufacturing facilities. Taxable Industrial Revenue Bonds typically have higher interest rates than tax-exempt issues, but these issues do not have restrictions on the use or amount. Sales Tax Bonds are available only for those cities that have passed the economic development sales tax. These taxable or tax-exempt bonds, depending on the type of project and business, are primarily for manufacturing or industrial projects, but can also be issued for commercial, recreational, infrastructure, and other types of projects. The Governor's Office Economic Development Division has more information on bond financing options.

## State of Texas Incentives

---

---

Innovative and competitive legislation continue to fuel investment and job growth in the Texas. Incentives such as the Texas Enterprise Fund and the Texas Emerging Technology Fund were created to attract new business, new technology and new jobs to Texas. For more information visit the [www.governor.state.tx.us](http://www.governor.state.tx.us) or [www.gobigintexas.com](http://www.gobigintexas.com).

To learn about AEDC's incentive application process and timeline, please click [here](#).