



Incentive Programs

Overview of Local, State, and Federal Incentive Programs with Potential Applications for Prospective Tenants of the Texas Research Quarter

Local Tax Incentives & Benefits

The following provides an overview of existing incentive programs offered by the City of Plano and Collin County that may be applicable to prospective tenants of the Texas Research Quarter.

City of Plano Incentive Programs		
INCENTIVE/PROGRAM	OVERVIEW	AMOUNTS/COMMENTS
Ch. 380 Econ. Development Agreements	<p>For certain economic developments. More flexible than many other incentives. Typically tied to job creation/occupancy milestones/real property improvements.</p> <p>Can include rebates of property taxes, local sales and use taxes, and expenses (e.g., fees for permits, building inspection, engineering, planning); reimbursements to offset occupancy expenses and relocation expenses.</p>	<p>Incentive amounts vary; see examples below.</p> <p><i>(1) JPM Chase: total of \$4.9M tied to job creation. (2) Reata Pharma.: up to \$2.725M in grants tied to job creation and 10-year annual cash rebate equal to 50% of real and personal property taxes tied to valuation, occupancy, and improvement requirements.</i></p> <p>Requires negotiated agreement.</p>
Manufacturing Machinery & Equipment Sales Tax Exemption	For certain businesses, e.g., pharmaceutical biotech manufacturers, who manufacture, fabricate, or process TPP for sale.	City sales tax rate x value of qualifying machinery, equipment, parts, etc.
R&D Sales Tax Exemption	In lieu of R&D franchise tax credit (see below); for purchase, lease, rental, storage, or use of depreciable TPP directly used in qualified research for entities engaged in R&D.	City sales tax rate x value of the TPP directly used in qualified research.

Collin County Incentive Programs		
INCENTIVE/PROGRAM	OVERVIEW	AMOUNTS/COMMENTS
Ch. 381 Econ. Development Agreements	For certain economic development projects to promote, encourage, and stimulate economic development in county for maximum of 10 years.	Requires negotiated agreement.

City/County Incentive Programs		
INCENTIVE/PROGRAM	OVERVIEW	AMOUNTS/COMMENTS
Freeport Property Tax Exemption	For various types of goods, wares, merchandise, ores, and certain aircraft/aircraft parts detained in TX for 175 days or less. Triple Freeport (City, County, and PISD all contribute).	Property tax rate x appraised value of Freeport goods.
Foreign Trade Zone (“FTZ”)	For certain FTZ inventory.	<p>Property tax rate x qualifying FTZ inventory.</p> <p><i>City/county approval of FTZ inventory designation may be required.</i></p>

State Tax Incentives & Benefits

The following provides an overview of existing incentive programs offered by the State of Texas that may be applicable to prospective tenants of the Texas Research Quarter.

State of Texas Incentive Programs		
INCENTIVE/PROGRAM	OVERVIEW	AMOUNTS/COMMENTS
Manufacturing Machinery & Equipment Sales Tax Exemption	For certain businesses, e.g., pharmaceutical biotech manufacturers, who manufacture, fabricate, or process TPP for sale.	State sales tax rate x value of the qualifying machinery, equipment, parts, etc. used directly in the manufacturing process
R&D Sales Tax Exemption	In lieu of R&D franchise tax credit; for purchase, lease, rental, storage, or use of depreciable TPP directly used in qualified research (e.g., materials, software) for companies engaged in R&D.	State sales tax rate x value of the TPP directly used in qualified research.
R&D Franchise Tax Credit	In lieu of R&D sales tax exemption; for qualified research expenses of eligible companies engaged in R&D.	<p>Generally 5% of difference between qualified research expenses during period on which report is based and 50% of avg. amount of qualified research expenses incurred during three preceding tax periods.</p> <p>6.25% instead of 5% if entity contracts with public or private institutions of higher education for the research.</p> <p>Credit is 2.5% of the qualified research expenses during period if taxable entity has no qualified research expenses in one or more of the three preceding tax periods.</p>
Renewable Energy Franchise Tax Exemption	For corporations engaged solely in the business of manufacturing, selling, or installing solar energy devices.	<p>Certain manufacturers, sellers, or installers of solar energy devices are exempted from franchise tax.</p> <p><i>ET would generally qualify only if solely in the business of manufacturing, selling, or installing solar energy devices.</i></p>
Grant for Cancer Prevention & Research	For cancer research, clinical trials, and lab facility construction. Eligible businesses may apply for academic research, prevention, or product development research grants.	<ul style="list-style-type: none">Academic Research Grants: These can range from around \$300,000 to \$6 million over a certain number of yearsProduct Development Research Grants: Maximum award: \$3 million or 30% of the budget of the active award being supplementedPrevention Grants: Award: Maximum of \$1M for new projects and \$2.5M for expansion projects
Product Development and Small Business Incubator Fund	Financing to aid in development, production, and commercialization of new/improved products or to stimulate small business growth. Eligible applicants must have at least 3 years of operating history and unencumbered assets.	<ul style="list-style-type: none">Asset-based lending with flexible terms, competitive loan-to-value ratios, and below-market interest ratesPreferred industries: Semiconductor, nanotechnology, biotechnology, or biomedicine products or businesses with the greatest likelihood of commercial success, job creation, and job retention in the stateLoan amounts: Generally ranging from \$1 million to \$5 millionMaximum term: 15 years if financing personal property or working capital; 20 years for real property

Federal Tax Incentives & Benefits

The following provides an overview of existing federal incentive programs that may be applicable to prospective tenants of the Texas Research Quarter.*

Federal Incentive Programs		
INCENTIVE/PROGRAM	OVERVIEW	AMOUNTS/COMMENTS
Additional First Year Depreciation (Bonus) Deduction	Deduction for percentage of cost of certain qualified property that has recovery period of 20 years or less, is new to the owner, and is placed in service/acquired after 2017.	Percentage depends on year property is placed in service or acquired (e.g., 100% before the end of 2022; 80% in 2023, 60% in 2024, 40% in 2025, 20% in 2026, 0% in 2027). Bonus depreciation deductions are not limited by the amount of taxable income of the taxpayer.
Carbon Oxide Sequestration	For companies capturing carbon oxide including from carbon capture equipment or at a qualified facility (such as an electrical generation facility, direct air capture facility and certain other facilities).	Various dollar amounts per metric ton of qualified carbon oxide based on how the carbon is captured and sequestered. Bonus rates may also apply.
Clean Electricity Investment Tax Credit	Tech-neutral tax credit for clean electricity property investments in energy storage and qualified facilities placed in service after 2024 where greenhouse gas emissions ≤ zero.	Generally 6% of qualified investment but may vary based on applicable bonus rates, such as up to 30% if PWA requirements are met. See Investment Tax Credit below for property placed in service before 2025
Investment Tax Credit - Standalone Energy Storage Technology	For certain (a) properties that receive, store, and deliver energy for conversion to electricity (or, in the case of hydrogen, store energy) and have a nameplate capacity of not less than 5 kilowatt hours, and (b) thermal energy storage properties.	Generally 6% of the qualified investment but may vary based on applicable bonus rates. See Clean Electricity Investment Tax Credit above for property placed in service after 2024.
Increasing Research Activities Tax Credit	For companies engaged in qualified research undertaken for discovering technological information and intended for use in developing new/improved business components.	For qualified research expenses; some small businesses (gross receipts under \$5 million for tax year and no gross receipts for any tax year before the 5-tax-year period ending with tax year) may make a payroll tax credit election specifying credit amount (not to exceed \$250,000) against employer portion of social security liability. Not available for all research; e.g., generally not allowed for research conducted after beginning of commercial production or for adapting an existing product or process to a particular customer's need.
Qualified Commercial Clean Vehicles Tax Credit	For qualified commercial clean vehicles placed in service by taxpayer acquired after 2022.	15% base and up to 30% (if vehicle is neither gas nor diesel powered) of vehicle cost or of incremental cost of vehicle relative to a comparable vehicle (whichever is less). Maximum credit amount is \$7,500 for vehicles with a gross vehicle weight rating (GVWR) of less than 14,000 pounds and \$40,000 for all other vehicles.
Work Opportunity Tax Credit	For employers hiring/paying from certain targeted groups: faced barriers to employment or certified as one of 10 targeted groups (e.g., qualified veteran, ex-felon, qualified IV-A recipient, designated community resident, etc.).	40% of up to \$6,000 of wages for individual in first year of employment, certified member of targeted group, and performing at least 400 hours of service for employer. Generally \$2,400 maximum per employee.

*Assumes the tenant will be treated as a partnership or corporation for tax purposes.