

Incentive Guidelines

The MEDC strives to grow and diversify the commercial tax base of the City of McKinney while attracting high quality career opportunities for our citizens and those of the region. MEDC does this by not only focusing on the NAICS codes allowable within the Texas Economic Development Act, but further narrowing in on 5 distinct target industries that have been identified as matching the community's physical, geographic, and educational assets and providing a high quality of jobs in keeping with the long term vision of the City of McKinney. These targets may change upon the decision of the MEDC Board of Directors with confirmation by the McKinney City Council; however, the current target industries are: Aerospace/Aviation/Defense, Corporate Headquarters/Corporate Office, Healthcare and Medical Manufacturing, High Tech, and Clean Manufacturing. The MEDC will consider for incentives, on an individual basis, projects that fall outside of the identified target industries if the MEDC staff, Board, City Management, and City Council believe the project is a good fit and provides a significant net benefit to the community.

Conversely, the MEDC generally DOES NOT consider projects in the sectors of retail, restaurant, hospitality, or service sectors outside of the allowable NAICS codes for incentives. Additionally, MEDC does not incentivize projects already in process (under construction or after the execution of a lease by the applicant company prior to MEDC offer of incentives.

In addition to the above, the following metrics are considered

1. Marketplace test (could prospect locate elsewhere?)
2. Does the project create primary jobs with wages greater than or equal to similar positions in the area?
3. Is the prospect in a targeted sector?
4. Is the prospect adding at least \$1 million in additional taxable value (without land)?
5. Is the project investing a minimum of \$3 million in Real, BPP and/or lease commitments?
6. Is community payback within 6 years?
7. Is project located in a targeted geographic area and/or a redevelopment opportunity?
8. Is the project sustainable? (LEED certified or other impact-mitigating practices)
9. Does the project address a specific community need (re-development, correction of environmental issues, bringing facility up to code, provide beneficial community inventory for economic development that is lacking at the time)?
10. Does the project provide a significant community benefit in ways not addressed above (provision of significant spin off, acting as a catalyst for a significant industry cluster, provision of significant identifiable benefit to the community's educational system (aside from tax revenue), provide significant and tangible recognition for the community on a national and/or international level)?
11. Are the majority of the new full time jobs new to Collin County?

Guidelines: The MEDC considers both “taxable value” (excluding land) and new full time job creation in the determining of incentives.

Tier 1: Meets 8-10 criteria - including targeted industry

Up to 8% of average annual wage per job created OR cash rebate equal to 100% (city only) property taxes on increased value (excluding land) for 5 years.

** MEDC will request tax incentives from the City for 10 years.

Tier 2: Meets 6-7 criteria - including targeted industry

Up to 6% of average annual wage per job created OR cash rebate equal to 100% (city only) property taxes on increased value (excluding land) for 4 years.

** MEDC will request tax incentive from the City for 7-10 years.

Tier 3: Meet 4-5 criteria - not in targeted industry

Up to 5% of average annual wage per job created OR cash rebate equal to 100% (city only) property taxes on increased value (excluding land) for 3 years.

** MEDC will request tax incentive from the City for 5 years.

Tier 4: Meets some criteria and minimum standards

Up to 3% of average annual wage per job created, OR cash rebate equal to 100% (city only) property taxes on increased value (excluding land) for 2 years.

** MEDC will request tax incentive from the City for 3 years.

Tier 5: Non-qualifying; will not go to Board.

Incentive amount (recommended by staff) will be predicated on above policy, ad valorem tax generation, number, type, and quality of jobs created and an economic analysis.

For example: A Tier 2 company creating 100 jobs with an average wage of \$100,000.00 would receive up to \$6,000.00 per job created or \$600,000.00. All jobs are incentivized only once and NOT on an annual basis. However, MEDC will consider allowing a 3-year job creation ramp up period. For Example a Tier 2 company that is creating 300 new full time jobs (100 per year) with an average wage of \$100,000.00 could receive up to \$600,000.00 per year for 3 years or \$1,800,000.00.

Note: All deals are considered on a case-by-case basis and MEDC reserves the right to approve, deny, or vary from this policy on any and all projects after considering all available information about the project.

Emerging Technology Incentives

- Real estate cost assistance only - No equity participation or lease encumbrance
- MEDC to provide subsidized rent
- Maximum timeframe: One year, with up to 2 renewals with Board approval annually.
- Maximum annual incentive: \$50,000
- Clawback: Company must remain in McKinney for 5 years after the final incentive payment if they remain solvent.