

## SALES TAX INCENTIVE PROGRAM

The City of Harlingen and the Development Corporation of Harlingen, Inc. (“HEDC”) would like to encourage new and/or existing commercial enterprises to locate or expand in Harlingen. Retail activity along the US – Mexico border is a basic economic driver which attracts, promotes, develops, and supports new commercial facilities and job growth and retention in the greater Harlingen area. Some of these new and/or retained retail enterprises may qualify for assistance from HEDC based on the number and types of jobs newly-created or retained and the type of commercial entity. Applicants’ commercial operations must qualify under the provisions of the Development Corporation Act (“Act”). Developers may apply on behalf of their tenants/retailers, but are not eligible to be the recipient of the grants without the full knowledge and consent of the retailer and approval from the HEDC Board and City Commission.

To encourage new retail development into the City of Harlingen, the HEDC may pay an incentive amount equal to a portion of the local sales tax revenues generated by qualifying projects for a period of up to five years, and in an amount not to exceed half of the city tax revenue generated by the retailer annually, or \$100,000, whichever is less. Amounts greater than \$100,000 per year will not carry forward to the next year.

A retailer and/or developer would be evaluated and graded on criteria established by the HEDC annually. The term granted and incentive amount is subject to the score generated by the retailer’s information, and subject to a written performance agreement and proper governmental approval. The basic scoring criteria is below:

### Basic Performance Criteria

| Number of FT Employees<br>(with benefits) | 5 -25            | 26 – 50     | 51 +   | Points<br>Awarded |
|---|------------------|-------------|--------|-------------------|
| Points                                    | 10               | 20          | 30     |                   |
| Number of PT Employees                    | 10-100           | 101-200     | 201+   |                   |
| Points                                    | 5                | 10          | 20     |                   |
| Capital Investment                        | \$250,000 - \$1M | \$1M - \$5M | \$5M+  |                   |
| Points                                    | 5                | 10          | 15     |                   |
| Taxable Retail Sales                      | \$100,000 - \$1M | \$1M - \$5M | \$5M + |                   |
| Points                                    | 5                | 10          | 15     |                   |

| Location           | Points | Points Awarded |
|--------------------|--------|----------------|
| Opportunity Zones  | 10     |                |
| Downtown District  | 5      |                |
| Medical District   | 5      |                |
| Bass Pro Shop zone | 20     |                |
| Aerotropolis       | 20     |                |
| Valle Vista Mall   | 20     |                |
| Harlingen Corners  | 20     |                |

| Community Involvement      | Points            | Points Awarded |
|----------------------------|-------------------|----------------|
| Chamber membership         | 2                 |                |
| HMA membership             | 1                 |                |
| TSTC Foundation            | 2                 |                |
| HCISD Education Foundation | 2                 |                |
| Museum support             | 2                 |                |
| Discovery Center Donor     | 5                 |                |
| Boys & Girls Club          | 2                 |                |
| Literacy Center            | 2                 |                |
| Loaves & Fishes            | 2                 |                |
| Animal shelter             | 2                 |                |
| Habitat for Humanity       | 5                 |                |
| KHB                        | 5                 |                |
| Crime stoppers             | 5                 |                |
| Other non-profit support   | Range from 1 to 5 |                |

Upon submittal of a letter of interest and other information as outlined below by the applicant, staff will determine if the applicant qualifies under the Act and will grade the project and present findings to the HEDC Board of Directors for consideration.

The incentive amount for this program will, in part, be determined based on the following:

| If score is: | Then, rebate will be equal to:  | Total Points |
|--------------|---|--------------|
| 90 or higher | 50% of the city sales tax revenue generated and paid by the applicant   |              |
| 70-89        | 37.5% of the city sales tax revenue generated and paid by the applicant |              |
| 50-69        | 25% of the city sales tax revenue generated and paid by the applicant   |              |
| 25-49        | 12.5% of the city sales tax revenue generated and paid by the applicant |              |