

TEXAS ENTERPRISE FUND

"The door is open for business in Texas, and the Texas Enterprise Fund allows us to put that sign up in neon."

– Gov. Rick Perry

The Texas Enterprise Fund (TEF), the largest "deal-closing" fund of its kind in the nation, gives Texas a competitive edge in attracting new businesses to the state and assisting with the expansion of existing businesses that might otherwise opt to expand in another state. The fund is a cash grant used as a financial incentive tool for projects that offer significant projected job creation and capital investment and where a single Texas site is competing with another viable out-of-state option.

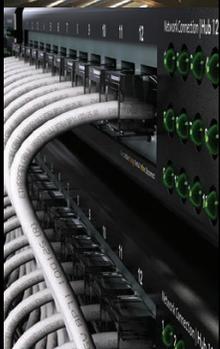
Award amounts are determined using an analytical model applied uniformly to each applicant. This model assures the state will see a full return on its investment within the project contract period due to the resulting increase in estimated sales tax revenues. Variations in award amounts are influenced by the number of jobs to be created, the expected time frame for hiring, and the average wages to be paid. In the past, awards have ranged from \$194,000 to \$50 million. The TEF Award Listing to date is available at www.governor.state.tx.us/files/ecodev/TEF_Listing.pdf.

The Legislature created the TEF in 2003 and has re-appropriated funding in every legislative session since then to help ensure the growth of Texas businesses and create more jobs throughout the state. TEF projects must be approved by the governor, lieutenant governor and speaker of the House. The fund has since become one of the state's most competitive tools to recruit and bolster business. To date, the TEF has invested more than \$472.9 million and closed the deal on projects generating more than 63,910 new jobs and more than \$22.4 billion in capital investment in the state.

Caterpillar Inc., the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, and industrial gas turbines, has a workforce of 3,000 strong in Texas. With locations spread across the state, two of the company's largest plants are a direct result of the TEF. In 2008, Caterpillar received an \$8.5 million investment through the TEF to bring an engine manufacturing facility to Seguin, creating more than 1,714 jobs and \$176.8 million in capital investment. In August 2012, Caterpillar celebrated the grand opening of its new hydraulic excavator manufacturing plant in Victoria, which was expanded thanks to a \$1.175 million investment from the TEF in 2010. The Victoria plant, which will generate \$200 million in capital investment, has already created 238 new jobs in the city.

Apple and Facebook are two of the most globally recognized information and computer technology companies in the world, and both have major operations in Texas. In February 2010, Gov. Perry announced a \$1.4 million TEF investment for California-based Facebook to create a sales and operations office in Austin. This investment will create 200 jobs and more than \$3.1 million in capital investment. Facebook opened its Austin office in May 2010 and doubled its Austin office space in October 2011. The Austin office represents Facebook's first major U.S. expansion and is its largest operations office in North America outside of its Palo Alto headquarters.

Apple is expanding its presence in Texas with a \$304 million investment in a new campus in Austin that will create over 3,600 jobs. The campus will more than double the size of Apple's workforce in Texas over the next decade, supporting the company's growing operations in the Americas with expanded customer support, sales, and accounting functions for the region. In exchange for Apple's commitment to create these new jobs in Texas, the state is awarding Apple an investment of \$21 million over 10 years through the Texas Enterprise Fund.



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How Do I Apply?

There are several primary measures that every TEF project must meet in order to be considered for an award. Those include but are not limited to the following:

- ★ Competition with another state for the project must exist and the business must not have already made a location decision.
- ★ Projected new job creation must be significant – past recipients have typically created more than 75 jobs in urban areas or more than 25 in rural areas.
- ★ The new positions must be high-paying jobs – above the average wage of the county where the project would be located.
- ★ Capital investment by the company must be significant.
- ★ A significant rate of return on the public dollars being invested in the project must be demonstrated.
- ★ The project must have community involvement from the city, county, and/or school district, primarily in the form of local economic incentive offers.
- ★ The applicant must be a well-established, financially sound business.
- ★ The applicant's business sector must be an advanced industry that could potentially locate in another state or country.
- ★ The Governor, Lieutenant Governor, and the Speaker of the House must unanimously agree to support the use of the TEF for each specific project.

Each applicant undergoes a thorough 11-step due diligence process. Corporate activity, financial standing, tax status, legal issues, credit ratings, and estimated economic impacts, as well as the business climates of competition locations are assessed for each project and taken into consideration for all award decisions.

For more information on TEF award eligibility requirements and to download an application visit:

www.texaswideopenforbusiness.com/incentives-financing/tef.php

For more information visit TexasWideOpenForBusiness.com

