

Type B Guidelines Discussion

March 20, 2023





Approved Type B Ballot Language (2016)

Replacing the portion of the Type A sales tax that expires in 2018 with the adoption of a one eighth of one percent sales and use tax (maintaining the current level of sales and use tax) to be administered by a Type B Corporation under Chapter 505 of the Texas Local Government Code, to be effective for 20 years, with the use of the proceeds for:

- 1) **50% for economic development, specifically the promotion and development of new and expanded business enterprises to the full extent allowed by Texas law;**
- 2) Up to \$500,000 annually on affordable housing; and
- 3) Balance of proceeds to be used for construction, maintenance and repair of arterial and collector streets and roads



Eligible Type B Projects – Definition of Primary Jobs

- Primary job is one that is “available at a company for which a majority of the products or services of that company are ultimately exported to regional, statewide, national, or international markets infusing new dollars into the local economy” and that meets any one of a specific list of sector numbers of the North American Industry Classification System.

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|------------|--|----------------------------------|---|
| 111 | Crop Production | 42 | Wholesale Trade |
| 112 | Animal Production | 48 and 49 | Transportation and Warehousing |
| 113 | Forestry and Logging | 51 (excluding 512131 and 512132) | Information (excluding movie theaters and drive-in theaters) |
| 11411 | Commercial Fishing | 523-525 | Securities, Commodity Contracts, and Other Financial Investments and Related Activities; Insurance Carriers and Related Activities; Funds, Trusts, and Other Financial Vehicles |
| 115 | Support Activities for Ag and Forestry | 5413, 5415, 5416, 5417, and 5419 | Scientific Research and Development Services |
| 211 to 213 | Mining | 551 | Management of Companies and Enterprises |
| 221 | Utilities | 56142 | Telephone Call Centers |
| 311 to 339 | Manufacturing | 922140 | Correctional Institutions |
| 928110 | National Security and for corresponding index entries for Armed Forces, Army, Navy, Air Force, Marine Corps, and Military Bases. | | |



Eligible Type B Projects - Create or Retain Primary Jobs

- Examples of eligible projects that create/retain primary jobs:
 - Manufacturing and Industrial Facilities
 - Research and Development Facilities
 - Military Facilities
 - Recycling Facilities
 - Distribution Centers
 - Small Warehouse Facilities
 - Primary job training facilities for use by institutions of higher education
 - Regional or national corporate headquarters facilities



Eligible Type B Only Projects – Create or Retain Primary Jobs

- Examples of eligible projects for Type B only projects that create/retain primary jobs:
 - Transportation Facilities
 - Sewage or Solid Waste Disposal Facilities
 - Air or Pollution Control Facilities
 - Facilities for Furnishing Water to the Public
 - Public Safety Facilities
 - Streets and Roads
 - Drainage and Related Improvements
 - Demolition of Existing Structures
 - General Municipally Owned Improvements
 - Any improvements or facilities that are related to any of those projects and any other projects that the board in its discretion determines promoted or develops new or expanded business enterprises that create or retain primary jobs.
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Eligible Type B Projects – Do Not Create or Retain Primary Jobs

- Examples of eligible projects without jobs requirement:
 - Job Training Classes
 - Infrastructure Improvements (promote/develop business enterprises)
 - Streets and Roads
 - Rail Spurs
 - Water and Sewer
 - Gas and Electric Utilities
 - Drainage
 - Site Improvements and Related Improvements
 - Telecommunications and Internet Improvements
 - Beach remediation on the Gulf
 - Career Centers
 - Commuter Rail, Light Rail, or Motor Buses
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Eligible Type B Only Projects – Do Not Create or Retain Primary Jobs

- Examples of eligible Type B only projects without jobs requirement:
 - Professional and amateur sports and athletic facilities
 - Entertainment, tourist and convention facilities
 - Public parks and related open space improvements
 - Affordable housing – likely can't use additional funding per ballot language
 - Water supply facilities
 - Water conservation programs
 - Airport facilities
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Guidelines

- Type B has adopted guidelines for economic development projects and approves projects in accordance with those guidelines.
 - Type B guidelines mirror the guidelines that the Type A Board had in place when the Type B was created, but some language was added to cover the broad spectrum of possible Type B only projects.
 - In 2018, there was a joint workshop between Type B, CCREDC Board, and City Council, which led to the adoption of the Type B guidelines.
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Guidelines for Community Improvement Projects

- There is currently not much information in the guidelines on how the Board will consider the Type B only community improvement projects, just a note that the Board can approve them.
 - Many of these projects do not lend themselves to economic modeling
 - Board can continue this discussion to create guidelines on when it what it is looking for with these projects
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Other Type B Cities

- We have reached out to other Type B cities and none of them have a definitive guidelines covering the “other” category.
 - Sugar Land gives a matching grant to neighborhoods to install concrete signage for the entrance.
 - Frisco does a case-by-case review of projects but no definition of what a project must accomplish.
 - Laredo requires all “other” projects to be submitted once per year. These projects should increase the livability of the community.
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Other Considerations

- This board has made few changes to the guidelines since 2018. Could be a good time to consider what the Board is looking to incentivize and update the guidelines accordingly.
- Do we want to adjust our guidelines due to changes in the City following Covid and other economic changes?