CRITERIA FOR ECONOMIC DEVELOPMENT INCENTIVES

The Midland Development Corporation (MDC) is dedicated to promoting the growth of primary industries in Midland, Texas, with the aim of strengthening and diversifying the local economy to support long-term community prosperity.

As the primary economic development organization in Midland, Texas, MDC actively supports sustained growth and capital investment in Midland. Midland's strategic geographic location, skilled labor force, and robust infrastructure provide a solid foundation for business success. Local incentives can enhance opportunities for companies with strong operational capabilities and aid in the MDC’s goal of industry diversification.

The Economic Development Incentives Criteria outlines the potential incentive options that may be available to qualifying businesses. These guidelines are designed to assist potential partners in understanding the opportunities MDC may offer. However, they are not exhaustive and do not represent a binding agreement. Instead, they serve as a general resource to guide initial discussions.

MDC reserves the right to change, pause, or terminate any part of these criteria at its discretion and without prior notice.

PLEASE NOTE: THE INFORMATION PROVIDED IS FOR GENERAL REFERENCE ONLY AND DOES NOT CONSTITUTE A GUARANTEE OR OBLIGATION BY MDC.

IN CASE OF ANY DISCREPANCY BETWEEN THIS DOCUMENT AND CHAPTERS 501 OR 504 OF THE TEXAS LOCAL GOVERNMENT CODE, THE STATUTORY PROVISIONS SHALL PREVAIL.

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I. CRITERIA FOR ECONOMIC DEVELOPMENT INCENTIVES

Chapter 501, Subchapter C, Sections 501.101 through 501.108 of the Texas Local Government Code prescribes what projects are authorized uses of funds by the MDC.

Section 501.101 – Projects Related to Creation or Retention of Primary Jobs

- NAICS 111: Crop Production
- NAICS 112: Animal Production
- NAICS 113: Forestry and Logging
- NAICS 11411: Commercial Fishing
- NAICS 115: Support Activities for Agriculture and Forestry
- NAICS 211-213: Mining
- NAICS 221: Utilities
- NAICS 311-339: Manufacturing
- NAICS 42: Wholesale Trade
- NAICS 48-49: Transportation and Warehousing
- NAICS51 (excluding 512131 and 512132) Information (excluding motion picture theaters and drive-in motion picture theaters)
- NAICS 523-525: Securities, Commodity Contracts, and other Financial Investments and Related Activities; Insurance Carriers and Related Activities; Funds, Trusts and other Financial Vehicles
- NAICS 5413, 5415, 5416, 5417, and 5419: Architectural, Engineering, and Related Services; Computer System Design and Related Services; Management, Scientific and Technical Consulting Services; Scientific Research and Development Services; Other Professional, Scientific, and Technical Services
- NAICS 551: Management of Companies and Enterprises
- NAICS 56142: Telephone Call Centers
- NAICS 922140: Correctional Institutions
- NAICS 928110: National Security, for the corresponding index entries for Armed Forces, Army, Navy, Air Force, Marine Corps and Military Bases

A project must also be found suitable by the MDC Board of Directors for the development, retention or expansion of the following:

- Manufacturing and Industrial Facilities;
- Research and Development Facilities;
- Military Facilities, including Closed or Realigned Military Bases;
- Distribution Centers;
- Small Warehouse Facilities Capable of Serving as Decentralized Storage and Distribution Centers;
- Primary Job Training Facilities for Use by Institutions of Higher Education; or
- Regional or National Corporate Headquarter Facilities.

Section 501.102 – Projects Related to Certain Job Training

In this Section, a "project" includes job training required or suitable for the promotion of development and expansion of business enterprises only if the enterprise has a written commitment to the following:

1. Create new positions that offer wages equal to or greater than the prevailing wage for the applicable occupation in the Midland labor market area; and
2. Increase its payroll to ensure that wages meet or exceed the prevailing wage for the applicable occupation in the Midland labor market area.

The MDC may offer economic development incentives for job training offered through a business enterprise only if the enterprise has a written commitment to one of the following:

1. Create new jobs that pay at least the prevailing wage for the applicable occupation in the local labor market; or
2. Increase payroll to meet or exceed the prevailing wage for those occupations.

Section 501.103 – Certain Infrastructure Improvement Projects

In this Section, "project" includes expenditures found suitable by the MDC board for infrastructure necessary to promote or develop new or expanded business enterprises, limited to 1) streets and roads, rail spurs, water and sewer utilities, electric utilities, or gas utilities, drainage, site improvements and related improvements; and 2) telecommunications and internet improvements.

For the purposes of this section, a "project" may include expenditures deemed appropriate by the MDC board for infrastructure essential to the promotion or development of new or expanding business enterprises. Eligible infrastructure is limited to the following:

1. Streets and roads, rail spurs, water and sewer systems, electric or gas utilities, drainage, site enhancements, and related improvements; and
2. Telecommunications and internet infrastructure improvements.

II. VALUE OF ECONOMIC DEVELOPMENT INCENTIVES PROVIDED

Economic development incentives include a range of strategic tools designed to stimulate investment and job creation within a community. These resources play an important role in closing financial and operational gaps for businesses of all sizes, supporting both individuals and industries alike.

Incentives are not limited to attracting new businesses; they also support the growth and retention of existing companies, as well as the development of startups. While incentive programs vary in form, they are typically targeted toward primary businesses. A primary business is defined as a company for which most of its products and/or services are ultimately exported to regional, statewide, national or international markets, thereby introducing new monies into the local economy and creating wealth.

Primary businesses have a strong multiplier effect and produce the most significant economic impact through job creation and increased economic activity.

Economic Development Incentives

Qualifying entities that make capital investments and create "primary jobs" within the community may be eligible to receive performance-based economic development incentives, which may include direct cash disbursements.

A "primary job" is defined as employment (i) within a business whose products and/or services are primarily exported to regional, statewide, national, or international markets, thereby generating new revenue streams and infusing new dollars into the local economy, and (ii) in a sector of the North American Industry Classification System (NAICS) referenced in Section 501.101.

Incentives may be offered in various forms, including, but not limited to, direct cash incentives for job creation, land improvements, infrastructure development, and workforce training support. All incentive agreements will be performance-based to ensure alignment with community economic development goals, with incentives disbursed after contractual performance has been completed and certified.

MDC funding commitments are determined based on several key factors, including the amount of capital investment, as well as the number and wage levels of primary jobs to be created or retained because of the project.

The following outlines the potential funding levels a project may be eligible to receive, based on its projected investment and job creation or retention impact:

Capital Investment	±	Full-Time Equivalent Primary Jobs Created/Retained	±	Average gross wage per job	=	One-time per job incentive
≥ $1,000,000		≥ 10		≥ $50,000		Up to $7,500
≥ $3,000,000		≥ 15		≥ $55,000		Up to $10,000
≥ $5,000,000		≥ 15		≥ $70,000		Up to $15,000
≥ $7,000,000		≥ 15		≥ $85,000		Up to $20,000
≥ $9,000,000		≥ 15		≥ $100,000		Up to $25,000

Midland Entrepreneurial Challenge

The Midland Entrepreneurial Challenge is a business plan competition funded by the Midland Development Corporation (MDC) and administered by the University of Texas Permian Basin (UTPB), which is designed to assist entrepreneurs with expanding an existing business or starting a new one. Each participant will gain a better understanding of how to develop and follow a realistic business plan to ensure a growing business. The Midland Entrepreneurial Challenge's funding is approved on a year-to-year basis by the MDC board and Midland City Council. More information can be found here: https://midlandentrepreneurialchallenge.com/

Businesses that do not fall within the criteria for direct incentives from the MDC may be eligible to apply to the Midland Entrepreneurial Challenge.

III. PROCEDURAL GUIDELINES

Any applicant seeking consideration for economic development incentives from the Midland Development Corporation (MDC) to support business location or expansion in Midland must adhere to the procedural guidelines outlined herein. These guidelines are intended solely to inform the application process and do not, in any way, imply or guarantee that MDC is obligated to provide incentives to any applicant.

Application

To apply for economic development incentives, applicants must complete the MDC Incentives Application Form, available on the MDC website: https://www.midlandtxedc.com/business-and-economy/incentives.

The completed application must be submitted to the MDC. All individuals or entities requesting economic development incentives are required to follow the procedures outlined below.

1. The applicant will submit a completed application for the requested incentives utilizing the application outline provided by MDC, at https://www.midlandtxedc.com/business-and-economy/incentives.
2. The applicant will address all applicable criteria set forth in this policy and the application.
3. The applicant will provide a plat, map or survey showing the location of the property and the proposed project.
4. The applicant will provide a legal description of the property; the name, address, phone number, of the owner of the property; the tenants or proposed tenants, if any; and state whether the property is to be owner occupied or leased.
5. The applicant will describe in detail the proposed project and the type of economic development incentives requested.
6. The application will be submitted via email.
7. The MDC will review the economic development incentive request and may request additional information from the applicant prior to consideration by the MDC Board of Directors. Failure to submit such additional information will cause the application to be rejected and deemed withdrawn by the applicant without further action by MDC.

Application Review

1. All information submitted as detailed above will be reviewed by the MDC staff for completeness, accuracy and the rationale for projections made. Additional information may be requested as needed.
2. If necessary, copies of the complete application package will be provided to the other appropriate taxing entities.

Consideration of the Application

1. After review by MDC staff, MDC staff may meet with the applicant to negotiate final terms of the incentives. MDC board members may participate in meetings and initial review as needed.
2. Following the finalization of the final terms of the incentives, a proposed economic development incentive agreement will be drafted and placed on a public meeting agenda of the MDC Board of Directors for official consideration by the MDC. If the MDC Board of Directors approves the economic development incentive agreement, the agreement will be placed on a public meeting agenda of the Midland City Council for final approval. No economic development incentive agreement shall become effective unless approved by the Midland City Council. All necessary legal documents will be considered for approval following evaluation of all relevant staff and review team recommendations and reports.

IV. AGREEMENTS

The MDC may not provide direct incentives or make expenditures on behalf of a business enterprise as part of a project unless a formal performance agreement is executed with the enterprise. The performance agreement must, among other requirements, contain the following:

1. A detailed schedule outlining the number of jobs to be created or retained, the associated payroll increases, and the capital investment to be made by the business as consideration for any incentives provided or expenditures incurred by MDC; and
2. The conditions under which repayment or reimbursement is required if the business fails to meet the agreed-upon performance benchmarks.

V. IMPACT ANALYSIS

The MDC reserves the right to perform an economic impact analysis for any project to assess the impact the project will have on the community. If deemed necessary, this analysis will be completed prior to extending any offer of economic development incentives to the applicant.

VI. NEGOTIATION PROCESS

The initial contact and preliminary discussions regarding available economic development incentives shall take place between the authorized representatives of the applicant and the MDC.

All negotiations related to economic development incentives must be conducted between the applicant's authorized representative(s), the MDC, and if applicable, a designed representative of the City of Midland as appointed by the City Manager.

Final decisions by the MDC Board and the Midland City Council will be based on an evaluation of the applicant's submitted application.