

Types of Economic Development Projects

Purpose: This section summarizes the major types of economic development projects supported by the JTEDC and the priority assigned to each for purposes of funding:

- **Priority 1** – the most favored type of project – i.e., creates new private sector jobs.
- **Priority 2** – less desirable than priority 1 projects, but preferable to priority 3 type projects.
- **Priority 3** – generally projects of a public nature, which do not create private sector jobs.

Private Sector Projects (Priority 1)

- Creates new private sector “primary jobs”. See the State law definition on page 42 of the Handbook on Economic Development Laws for Texas Cities, included in this packet and also found by clicking: www.oag.state.tx.us/AG_Publications/pdfs/econdevhb2008.pdf
- Adds value to the community’s property tax base and results in the collection of additional property tax.
- Results in increased sales tax collections.
- Some demands on municipal services will be created (e.g., water and sewer), for which payment will be made to the City; however, the hiring of additional City employees is not required.
- An example of such a project would be a profit-making business that creates “primary jobs”.

Hybrid Projects (Priority 2)

- More akin to a public sector project (see Priority 3 project description above), but can bring more business to a community; thereby, benefiting local businesses and resulting in the collection of additional sales taxes.
- Likely to result in property being removed from the tax base.
- May or may not require the hiring of additional City employees, depending on how the project is structured.

Types of Economic Development Projects (Continued)

Hybrid Projects (Priority 2) - Continued

- Brings additional business to existing businesses, creates conditions favoring the creation of new businesses, and results in the collection of additional sales tax.
- An example of such a project would be a visitor center operated for the purpose of bringing new visitors to the area.

Public Sector Projects (Priority 3)

- Does not create new private sector primary jobs.
- Removes a property from the community's property tax base – i.e., property taxes are no longer paid on the property.
- Adds to the responsibilities of the City – e.g., creates an additional workload for current City employees, the hiring of additional City workers, and/or makes the City responsible for the upkeep and care of a property of facilities.
- Serves primarily a community social purpose.
- Depending on the type of project, it could result in the collection of some additional sales tax.
- An example of such a project would be a recreational facility.