
Loan Incentives

By Amanda Nobles

Published: 09/10/2009 - 09:12

The Texas Economic Development Bank provides flexible funding and oversight of finance and tax incentive programs targeting three key audiences: Texas businesses, Texas communities and Texas lending institutions. The Bank's task is to provide globally competitive, cost effective state incentives to expand businesses operating in the state and to businesses relocating to Texas.

Industrial Revenue Bonds

By Amanda Nobles

Published: 09/10/2009 - 09:33

KEDC may issue tax-exempt bonds to finance land and depreciable property for manufacturing facilities. The maximum bond amount is \$10,000,000 for tax-exempt issues, and the maturity of the bonds may extend to the lesser of 40 years or 120 percent of the depreciable life of the assets being financed. Eligible project costs include the acquisition by a business of an existing facility, acquisition of land, construction of new facilities, machinery, tools, equipment, and a limited amount of the bond issuance costs. The bonds are subject to the state's private activity bond volume cap administered by the Texas Bond Review Board.

NETEDD Revolving Loan Fund

By Amanda Nobles

Published: 09/10/2009 - 10:02

The NETEDD RLF will finance up to 1/3 of total project costs not less than \$50,000 or greater than \$300,000 depending upon availability of funds. Interest rate is fixed over the life of the loan at prime rate depending on credit worthiness. The term of the loan is determined by the useful life of the assets pledged as collateral, and NETEDD will subordinate to the local lender. Equity injection of 25% is usually required.

The Chapman Revolving Loan Fund is a direct loan program for businesses or governmental entities to provide loan funds. The original funds were from a grant from Housing and Urban Development. Former U.S. Representative Jim Chapman was the catalyst for obtaining the funds.

The Northeast Texas Economic Development District has a revolving loan fund that is managed by ATCOG. These funds are available for loans in the original sixteen counties of the economic district as direct loans to certain manufacturers and commercial entities.

For more information contact Richard M. Powell, Economic Development Manager, at the Ark-Tex Regional Development Company in Texarkana at 903.832.8636 or rpowell@atcog.org.

SBA 504 Loan Program

By Amanda Nobles

Published: 09/10/2009 - 10:05

Small Business Administration 504 Loan Program is a direct-lending program providing long-term financing for fixed assets at a fixed rate of interest at or below New York prime rate. Designed to create and retain full-time jobs and to help businesses start-up or expand, the loan usually includes a senior lien from a private-sector lender covering 50% of the project cost and at least 10% equity injection. Generally the business must create or retain one job for every \$35,000 provided by the SBA. The maximum loan is \$1,000,000 for job creation. Companies located in Kilgore have access to the program through the East Texas Regional Certified Development Company.

SBA 7a Loan Program

By Amanda Nobles

Published: 09/10/2009 - 10:06

Small Business Administration 7(a) Loan Guaranty Program provides guarantees for small businesses unable to secure financing on reasonable terms through normal lending channels. The SBA will guarantee up to 75% of a private-sector loan up to a maximum of \$750,000. The rate and term of the loan are set by the private-sector lender.

TX Capital Access Program

By Amanda Nobles

Published: 09/10/2009 - 10:06

The program is designed to increase the availability of financing for businesses and non-profit organizations that face barriers in accessing capital. Eligible borrowers can be any small business with less than 500 employees or a non-profit corporation. The proceeds may be used for working capital or the purchase, construction, or lease of capital assets including land, buildings, and equipment.

Linked Deposit Program

By Amanda Nobles

Published: 09/10/2009 - 10:08

This program encourages lending to qualified businesses which are historically underserved, child care providers, non-profit corporations and small businesses located in an enterprise zone. It offers lenders and borrowers a lower cost of capital. Loan amounts range from \$10,000 to \$250,000. Proceeds may be used for working capital, purchase, construction or lease of capital assets, including land, buildings and equipment.

Agricultural Business Programs

By Amanda Nobles

Published: 09/10/2009 - 10:09

The Texas Department of Agriculture offers a variety of financing and guarantee programs to assist eligible businesses or individuals involved in agricultural-related economic development projects. These include: Texas Agricultural Finance Authority Loan Guaranty Program, Direct Loan Program, Loan Participant Program, Young Farmer Program, Farm & Ranch Finance Program, and Linked Deposit Program.

Industry Development Loan Program

By Amanda Nobles

Published: 09/10/2009 - 10:09

The Texas Industry Development (TID) Loan Program provides capital to Texas communities at favorable market rates. The main objective of TID is to support projects that will stimulate the creation of jobs. TID loans can be used for a variety of purposes including community infrastructure development. TID financing is available for loans above \$5,000,000.

TID Program loans are variable rate, low-cost, long-term financing opportunities to cover costs of economic development projects. The term of the loan cannot extend beyond the useful life of the assets, or bond maturity in 2025. Debt service is provided by the issuing authority.

The TID program operates within a non-profit corporation under the Development Corporation Act of 1979 (Vernon's Texas Civil Statutes Article 5190.6), Texas Small Business Industrial Development Corporation (TSBIDC). The 67th Legislature in 1981 authorized TSBIDC to issue bonds for economic development projects and is administered by the Office of the Governor.

Leverage Fund

By Amanda Nobles

Published: 09/10/2009 - 09:40

Introduced in 1992, the Texas Leverage Fund (TLF) provides an additional source of financing to communities that have adopted an economic development sales tax. Communities may leverage future sales tax revenues to support job retention or creation.

Terms

Available for interim, long-term or gap financing, TLF loans provide flexible financing terms to match the unique needs of communities, with maturities of up to 15 years available. Generally, EDCs are eligible to borrow four to five times annual sales tax revenues, up to \$5 million. TLF loans are low-cost, providing capital to communities at floating Prime Rate, as published in the *Wall Street Journal*.

Future sales tax revenues serve as collateral for loan repayment with required debt service coverage ratios specified in the Texas Leverage Fund Program Guidelines. Pledged tax collections not needed for actual debt service are available for other projects.

Texas Product/Business Fund

By Amanda Nobles

Published: 09/10/2009 - 09:28

Capital loans for product commercialization and businesses

The Texas Product/Business Fund provides asset back financing to companies currently doing business in the state. Financing is done in the form of direct asset based loans with a variable interest rate tied to London Interbank Offered Rate (LIBOR). Loans can be amortized up to the life of the asset. Texas companies or out-of-state/international companies doing business in the state are eligible to apply. Applicants can submit a free brief pre-assessment in order to check eligibility.

Attributes of the Texas Product Fund:

- Asset Based Loans
- Competitive Loan-To-Value (LTV)
- Positive EBITDA not required
- Secure Loans with Property Plant & Equipment (PP&E)

The Office of the Governor, Texas Economic Development Bank administers the Texas Product Fund at the direction of the Governor's appointed nine member board. Preference for funding is given to the states' defined industry clusters including, but not limited to: nanotechnology, biotechnology, biomedicine, renewable-energy, agriculture, and aerospace. Job creation and retention within Texas will be considered within funding priorities. For more information e-mail TexasProductFund@governor.state.tx.us