

## TOP 10 FUNDING METHODS FOR COMMUNITIES

### **1. Capital Access Fund: Office of the Governor Economic Development and Tourism.**

This program may be a great resource for Main Street businesses that may have trouble getting a low-interest loan because of an unfavorable credit rating. The Texas Capital Access Fund was designed as a public/private partnership between the state of Texas and the lending institutions to assist “near bankable” businesses in accessing the capital they need. Small businesses are priorities of the program, however, there is also an emphasis placed on childcare providers and businesses located in enterprise zones. This loan does not have a maximum amount, just what the lender feels comfortable lending the business.

[http://www.governor.state.tx.us/divisions/ecodev/ed\\_bank/cap\\_access](http://www.governor.state.tx.us/divisions/ecodev/ed_bank/cap_access)

**2. Texas Leverage Fund: Office of the Governor Economic Development and Tourism.** This program may be used by Main Street Communities who are 4A, 4B, or both 4A and 4B for additional revenue. The Texas Leverage Fund is an “economic development bank” offering an added source of financing to communities that have passed the economic development sales tax. This program allows the community to make loans to local businesses for expansion or to recruit new industries.

[http://www.governor.state.tx.us/divisions/ecodev/ed\\_bank/enterprise\\_zone](http://www.governor.state.tx.us/divisions/ecodev/ed_bank/enterprise_zone)

**3. Texas Capital Fund: Infrastructure Development Program, Texas Department of Agriculture Rural Economic Development Division.** This program is an economic development tool designed to provide financial resources to non-entitlement communities. Funds from this program can be utilized in Main Street Communities for public infrastructure needed to assist a business that commits to create and/or retain permanent jobs, primarily for low and moderated income persons. This program encourages new business development and expansions.

[http://www.agr.state.tx.us/eco/rural\\_eco\\_devo/capital\\_fund/fin\\_infrastructure.htm](http://www.agr.state.tx.us/eco/rural_eco_devo/capital_fund/fin_infrastructure.htm)

**4. Texas Capital Fund-Main Street Improvements Grant: Texas Department of Agriculture Rural Economic Development Division.** This program is designed to foster and stimulate the development of small businesses by providing financial assistance to non-entitlement cities for public improvements. This program encourages the elimination of slum or blighted areas. This program is offered to official Texas Main Street Cities. For more information, please contact Robert Johnson of the Texas Historical Commission, at 512/463-4315.

[http://www.agr.state.tx.us/eco/rural\\_eco\\_devo/capital\\_fund/fin\\_street\\_improvements.htm](http://www.agr.state.tx.us/eco/rural_eco_devo/capital_fund/fin_street_improvements.htm)

**5. Tax Increment Financing: Office of the Comptroller.** Tax Increment Financing (TIF) is a tool that lawmakers gave local governments to help restore blighted areas or economically challenged sections of a community. A Main Street district can benefit from the creation of a TIF because the funds generated from the collection of TIF monies can help to revitalize buildings and infrastructure in the downtown area. A “tax increment” is the difference between the amount of property tax revenue generated after TIF designation. Establishment of a TIF does not reduce property tax revenues available to the overlapping taxing bodies. Property taxes collected on properties included in the TIF at the time of its designation will continue to be distributed to all other taxing districts in the same manner as if the TIF did not exist. Only property taxes generated by the incremental increase in the value of these properties after that time are available for use by the TIF.

[www.window.state.tx.us/taxinfo/proptax/registry/zone.html](http://www.window.state.tx.us/taxinfo/proptax/registry/zone.html)

**6. Economic Development Sales Tax: Office of the Comptroller.** Cities with Main Street districts may enjoy many benefits to their downtowns and the economic health of their communities through the creation of a 4A, 4B or 4A and 4B economic development corporation. Upon passing a vote, either a 4A or 4B Economic Development Corporation (EDC) is created. An EDC may benefit the community with job creation, infrastructure improvement, downtown development and a wide variety of other eligible projects. For more information, please refer to the *Handbook on Economic Development Laws for the Texas Cities*.

Handbook on Economic Development Laws for the Texas Cities:

[http://www.oag.state.tx.us/AG\\_Publications/pdfs/2004econdvhb.pdf](http://www.oag.state.tx.us/AG_Publications/pdfs/2004econdvhb.pdf)

**7. Texas Enterprise Zone Program: Office of the Governor Economic Development and Tourism.** This program may help Main Street communities maintain financial health through the encouragement of job creation and business development. The purpose of the Texas Enterprise Zone program is to encourage job creation and capital investment in areas of economic distress by providing communities with an economic development tool through which they can offer state and local incentives and program priority to new or expanding businesses located in these designated areas.

[http://www.governor.state.tx.us/divisions/ecodev/ed\\_bank/enterprise\\_zone](http://www.governor.state.tx.us/divisions/ecodev/ed_bank/enterprise_zone)

**8. Texas YES! Program: Texas Department of Agriculture Rural Economic Development Division.** This is a program that may assist Main Street communities in funding promotional events. A community can apply for the Texas Yes! Hometown STARS (Supporting Tourism and Rural Success) program, a competitive matching fund reimbursement program that will help offset the cost of promotional activities associated with marketing local tourism events. The program will reimburse communities for half of their promotional costs up to \$15,000. To be considered for funding, interested communities will submit tourism event proposals to TDA for review by the Hometown STARS Review Team, an independent panel with expertise in marketing, promotion, media and tourism. For application deadlines and information, call 866/4TEX-YES or see [www.TexasYes.org](http://www.TexasYes.org).

**9. Small Business Association (SBA): Small Business Administration Loans.** The SBA has a variety of financing options for small businesses that may be located in Main Street communities. These financing options include long-term loans for machinery and equipment, a general working capital loan, a revolving line of credit, or a micro-loan. One of the most common SBA loans is the 7(a) Loan Guarantee Program that provides loans to small businesses unable to secure financing on reasonable terms through normal lending channels.

For more details please review the following web site, <http://www.sba.gov/financing/indexloans.html>, or contact your local SBA office at <http://www.sba.gov/tx/>.

#### **Texas SBA Regional Office Web sites:**

Lower Rio Grande Valley District Office <http://www.sba.gov/tx/harlingen/indexabout.html>

Lubbock Texas District Office <http://www.sba.gov/tx/lubbock/indexabout.html>

San Antonio District Office <http://www.sba.gov/tx/sanantonio/indexabout.html>

Dallas/Fort Worth District Office <http://www.sba.gov/tx/dallas/indexabout.html>

El Paso District Office <http://www.sba.gov/tx/elpaso/indexabout.html>

Houston District Office <http://www.sba.gov/tx/hous/indexabout.html>

**10. Planning and Capacity Building Fund: Office of Rural and Community Affairs.** This program may help non-entitlement Main Street communities with funding for various planning activities. The Planning and Capacity Building Fund helps communities become more involved in the community planning and economic development process. Funding provides assistance for planning activities that assess local needs, develop strategies to address local needs, build or improve local capacity, or result in comprehensive, plan-related elements. Awards are made on a biennial basis through a statewide competition and the maximum grant award amount is \$50,000.

<http://www.orca.state.tx.us/index.php/Community+Development/Grant+Fact+Sheets/Planning+and+Capacity+Building+%28PCB%29+Fund>

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[www.thc.state.tx.us](http://www.thc.state.tx.us)