

**Name of Funding:** 4A Sales Tax (4A is the name of the section in the state tax code covering this form of sales tax)

**Focus of Funding:** Citywide Economic Development

**Eligibility Requirements:**

**For local government:** City must be in a county of under 500,000 people, in a county over 500,000 if city's population is below 50,000, or part of the city is in another county below 500,000.

**For recipients:** Tax revenue must be basic city infrastructure, research facilities, transportation (airports, ports, mass transit, roads, parking), military bases, corporate headquarters, water facilities, warehouses, and job training programs.

**Funding Source:** A maximum of half cent sales tax for an entire city, and requires an election to create.

**Funding Mechanism:** An Economic Development Corporation can donate land, sell land below market value, provide a loan, or give a grant to a developer that meets the requirements set in the 4A Section tax law.

**Maximum amount:** Only limit is the capacity of the half cent sales tax.

**Other rules of the program:** Funding agreements must include a payback clause in case private development/ employment promises are not met. Board of corporation is appointed by city's mayor.

**Advantages of the program:** A permanent funding source covering the entire city with limited number of restrictions and taxes a more popular source of revenue than property taxes.

**Drawbacks of the program:** Required to create "primary jobs," as defined by the state to be a non-retail job. According to state law, this source of taxes shared with other programs, especially mass transit, strict limits on use for retail projects, cannot be used for parks or entertainment facilities.

**Case Study Example:** All DART members are ineligible because sales tax is used for DART funding. DCTA and The T can use if they meet other requirements.

Used in the Cities of Allen, Benbrook, Burleson, Frisco, McKinney

Ex: City of Frisco <http://www.friscoedc.com/tabid/11/Default.aspx>

City of McKinney <http://www.mckinneyedc.com/>

**Sources:** [http://www.tml.org/legal\\_pdf/4A-4BSalesTax.pdf](http://www.tml.org/legal_pdf/4A-4BSalesTax.pdf)