

SAN ANTONIO FEDERAL EMPOWERMENT ZONE (EZ)



Program Description:

San Antonio was one of eight cities designated a Round III Empowerment Zone (EZ) by the U.S. Department of Housing and Urban Development on January 2002. This designation allows businesses to receive wage credits, deductions, capital gains incentives, and bond financing to help stimulate investment and job creation in targeted areas of the City. It provides the City priority in funding health, education, and human services through the federal government. An EZ Board was created in September 2004, charged to advise City Council and staff on the implementation of the EZ Strategic Plan, to oversee and advise on outreach to businesses/residents, and review and provide recommendations to Council on EZ facility bond projects. The designation currently runs through December 2011.

Program Eligibility Criteria:

To be eligible for the EZ program incentives (with the exception of the Welfare-to-Work and Work Opportunity Tax Credit and Brownfields clean up cost deduction), a business must locate in the Empowerment Zone (See Federal Empowerment Zone Map).

Wage Credits:

- ❑ **Employment Zone Wage Credit:** Up to \$3,000 (20% of the first \$15,000 in employee wages) per employee, for new and existing employees.
- ❑ **Work Opportunity Tax Credit:** Up to \$2,400 (40% of the first \$6,000 in employee wages) per employee (includes recipients of public assistance). Credit is limited to the first year of employment.
- ❑ **Welfare-To-Work Tax Credit:** Two-year credit of up to \$8,500 (35% of the first \$10,000 in the first year and 50% of the first \$10,000 paid the second year) for employers who hire residents that have received Temporary Aid for Needy Families (TANF) for 18 consecutive months.

Deductions:

- ❑ **Increased Section 179 Expensing:** Businesses can claim increased Section 179 deduction up to \$35,000, for property acquired after December 31, 2001 and certain depreciable property.
- ❑ **Environmental Cleanup Cost Deduction:** Deduction for qualified cleanup costs of hazardous substances in the tax year the business paid the cost. The site does not have to be located within the Zone.

Capital Gains Incentives:

- ❑ **Non-recognition of Gain on Sale of Empowerment Zone Assets (EZAs):** For capital gain on EZAs (stock, partnership interests, and business property).
- ❑ **Partial Exclusion of Gain from Sale of Empowerment Zone Stock:** Excludes 60% gain on sale of small business of a C-Corporation, if the stock is held for at least 5 years.

Bond Financing:

- ❑ **Empowerment Zone Facility Bonds:** Low interest loans with longer term than conventional financing, for large capital needs (\$2 million or greater) and a letter-of-credit from a bank. Requires hiring 35% of business workforce from the Empowerment Zone. There is currently \$60M in bond capacity available for new projects through December 2011.

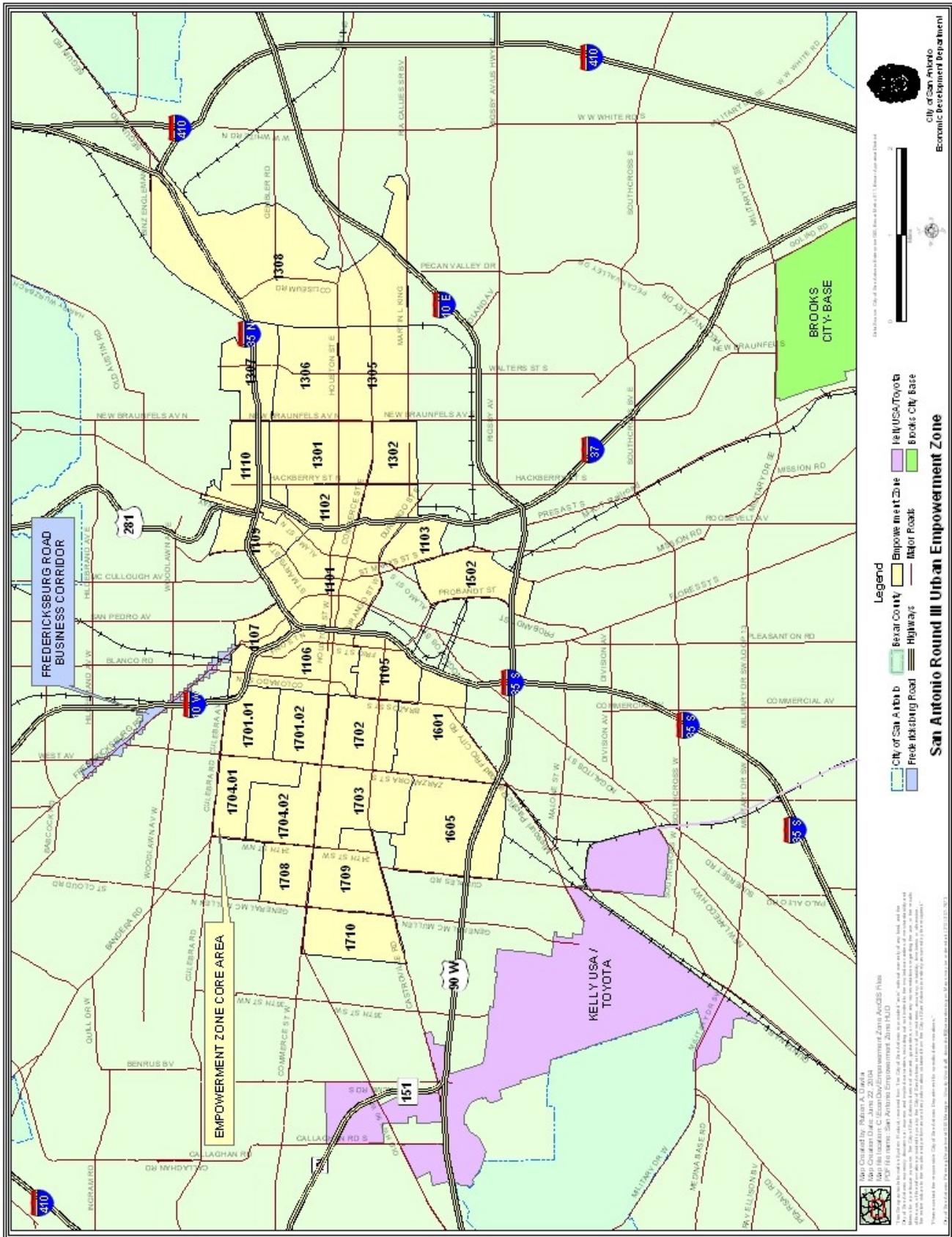
Program Benefits:

- ❑ Tax credit retroactive up to three years, with unused credit carried forward for 20 years for any for-profit entity hiring out of targeted populations, such as EZ residents.
- ❑ Increased depreciation deduction the first year an asset is put into service.
- ❑ Improved cash flow through lower interest rate and longer term on non-residential development projects \$8M, or greater, located in and hiring 35% of its workforce from the EZ.
- ❑ Non-recognition on part, or all capital gains associated with an "Empowerment Zone Business" as defined by IRS publication 954.

How to Apply:

For additional information on how to apply for EZ benefits, please call Bobbye Hamilton, Sr. Economic Development Specialist, at (210) 207-8031 or the Economic Development Department at (210) 207-8080.

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Legend

- City of San Antonio
- Bexar County
- Kelly USA/Toyota
- Empowerment Zone
- Brooks City Base
- Major Roads
- Fredericksburg Road

San Antonio Round III Urban Empowerment Zone

Map Created by: Robert A. Greer
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 Data File Location: C:\Economic Development\Empowerment Zone Access Files
 Data File Name: San Antonio Empowerment Zone Access Files
 Data File Description: This map shows the Empowerment Zone Core Area and the Kelly USA/Toyota area. The map was created using GIS software and data provided by the City of San Antonio and Bexar County. The map is for informational purposes only and does not constitute a contract or offer of any kind. The City of San Antonio and Bexar County are not responsible for any errors or omissions on this map. The map is subject to change without notice. The map is provided as a service to the public and is not intended to be used for any other purpose. The map is provided as a service to the public and is not intended to be used for any other purpose. The map is provided as a service to the public and is not intended to be used for any other purpose.