

CITY OF SAN ANTONIO
ECONOMIC DEVELOPMENT
DEPARTMENT
Business & Incentive Guide
FY 2016



TAX ABATEMENTS

DESCRIPTION

The City of San Antonio offers a Tax Abatement of up to 100% on real and/or personal property taxes on improvement values for a maximum term of up to 10 years. Applicants are required to complete an application and submit an application fee. Individual tax abatement applications are subject to City Council approval and should be submitted at least 60 days prior to the start of construction. Abatement Term is based on project location. The information below is an abbreviated summary of the eligibility requirements.

ELIGIBILITY

Projects must meet the following eligibility criteria:

- ❖ **Targeted Industries:** A project may be eligible for a tax abatement if the company is a Targeted Industry: Agribusiness, Aviation/Aerospace and Space, HealthCare and Biosciences, Creative Services, Environmental Technology (includes Green Technology); Finance, Information Technology and Information Security, Logistics and Distribution, Manufacturing (any industry), Oil and Gas Industry (excluding storage and distribution facilities), Telecommunications, Corporate, U.S., and Regional Headquarters, and Mixed-use projects locating in the Targeted Investment Area- the Inner City Reinvestment/infill Policy Target Area (TIA). See page three for a map of the TIA area.
- ❖ **Living Wage Requirement (\$11.68/hr):** This wage is based on the poverty level for a family of four, as determined annually (January) by the U.S. Department of Health and Human Services (HHS). As of January 2016 this wage is \$11.68 per hour.
- ❖ **70 Percent Wage Requirement (\$15.68/hr):** After one year of initiating full operations at the project location, but not more than two years after the execution of the Tax Abatement Agreement with the City, 70 percent of all new and existing employees, with at least one year employment with the company at the project location, must earn a cash wage at, or exceeding the annual San Antonio Metropolitan Statistical Area (MSA) Median Hourly Wage for All Industries for the most recent year available currently at \$15.68/hr.
- ❖ **New Employee Residency:** At least 25% of the new employees must be residents of Bexar County. Company must provide access to health care benefits for full-time employees and dependents.
- ❖ **Health Care Benefits:** Company must provide access to health care benefits for full-time employees and dependents.

State statute allows the City to offer tax abatements for up to 10 years on up to 100 percent of real and personal property improvements. Companies can use the following table as a guide in determining the “potential” maximum tax abatement incentive for a qualifying project:

CITY OF SAN ANTONIO TAX ABATEMENT CRITERIA		
Location of the Project	Non-Targeted Investment Area	Targeted Investment Area
Term of Abatement	Up to 6 Years	Up to 10 Years
Investment in Real & Personal Property	\$10 Million	\$1 Million
New Full Time Jobs	100	25
Amount of Tax Abatement	Up to 50% on real and personal property improvements	Up to 100% on real and personal property improvements

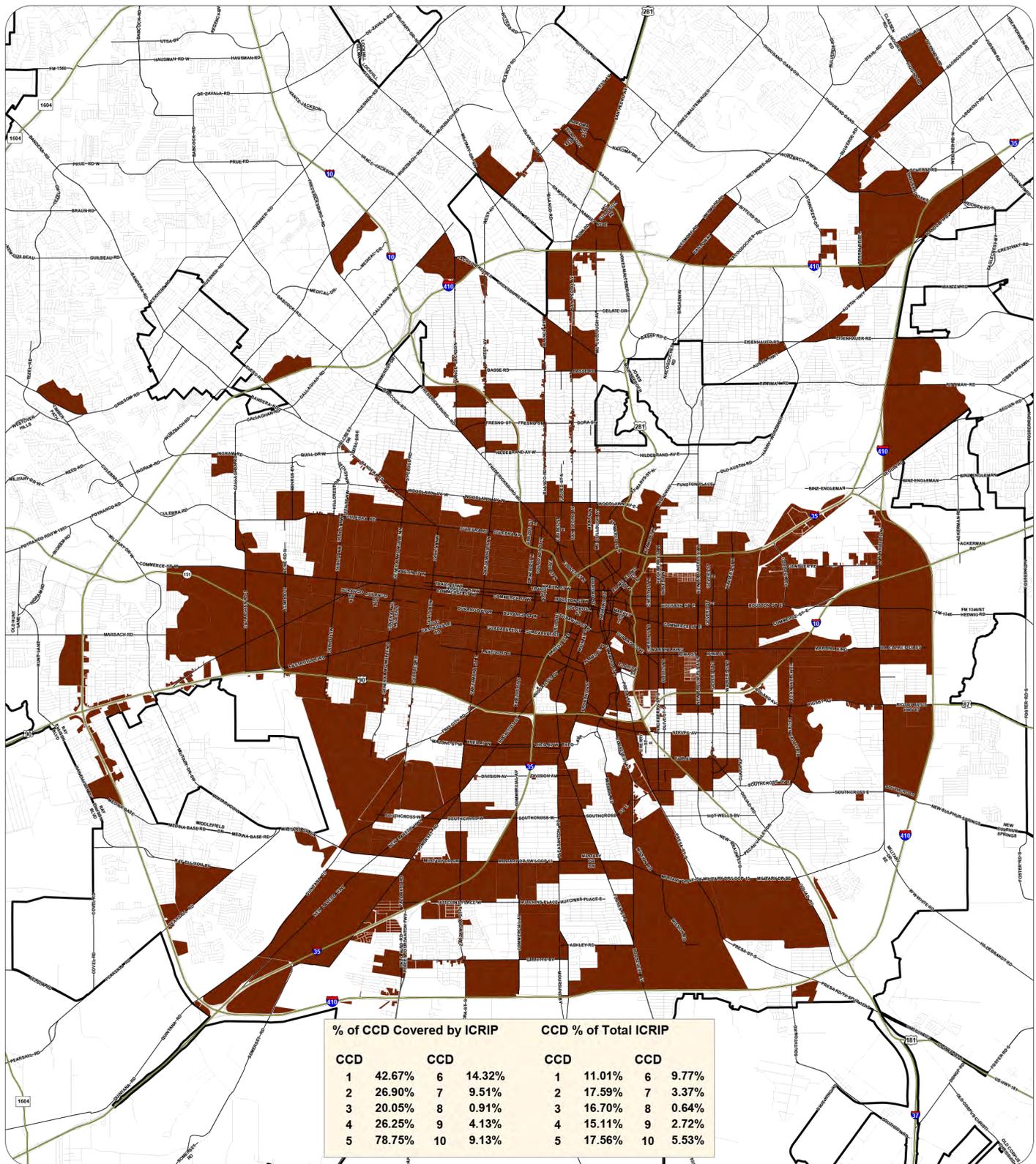
INELIGIBLE PROJECTS

Ineligible projects include new construction over the Edwards Recharge or Contributing Zones (see map on page 4), except for those projects that will not result in additional impervious cover at the project site, new and existing projects located near military bases that negatively impact missions are ineligible. Additionally, retail stores, retail centers and/or businesses that primarily provide goods and services, including medical and professional services, directly to consumers on a competitive basis are not eligible for a tax abatement.

FOR MORE INFORMATION:

Call (210) 207-8080 or visit www.SanAntonio.gov/EDD





Data Source: City of San Antonio Integrated GIS, Dear Webb STI, Dear Appraisal District
 Map Date: 1/10/2013
 Map File: CCD - Targeted Investment Areas - 1/10/2013
 Map File Path: C:\GIS\MapServer\workspace\CDMP_100000.ctb
 Map File Path: C:\GIS\MapServer\workspace\CDMP_100000.ctb
 Map File Path: C:\GIS\MapServer\workspace\CDMP_100000.ctb

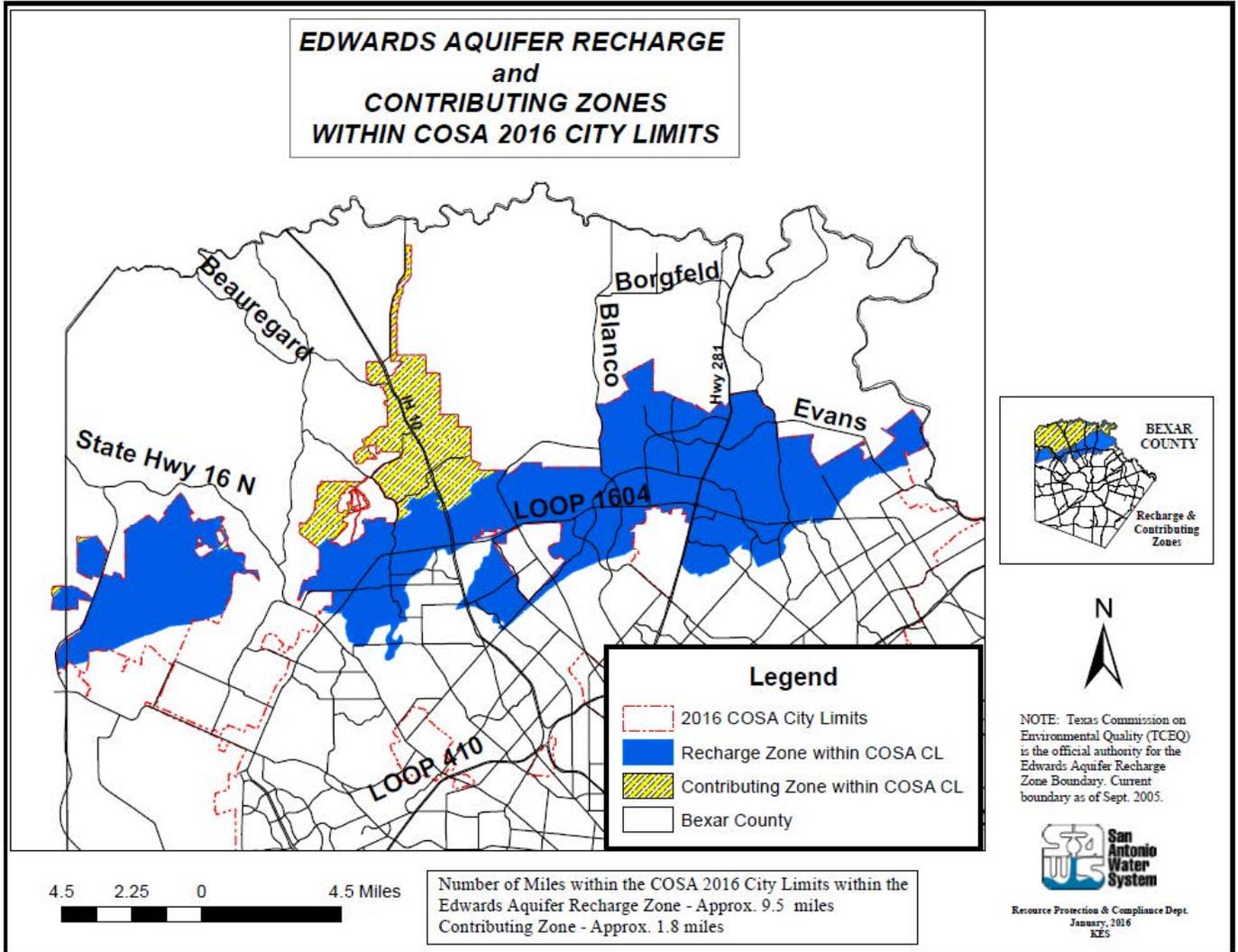
ICRIP, as Amended 1/10/2013 18.02% or 84.08 Sq. Mi. of CoSA

0 0.25 0.5 0.75 1 Miles
 City of San Antonio
 City Development and
 Business Services Center
 P.O. Box 630666
 San Antonio, TX 78263-3666



APPENDIX B

Edwards Recharge and Contributing Zones



ECONOMIC DEVELOPMENT INCENTIVE FUND

DESCRIPTION

The purpose of the Economic Development Incentive Fund (EDIF) is to provide economic development grants and/or loans in accordance with Chapter 380 of the Local Government Code to eligible companies seeking to create or retain jobs and invest in San Antonio. The EDIF fund is used to:

- ❖ Attract and recruit companies who plan to create jobs and investment in targeted industries, including corporate headquarters;
- ❖ For the retention and expansion of local companies, including corporate headquarters, who are considering relocating and/or expanding in communities outside of San Antonio;
- ❖ To promote development and investment at and around active and former military bases, and in distressed areas such as the Targeted Investment Area (TIA), State Enterprise Zone census tract areas and the City's designated Reinvestment Plan Areas; and
- ❖ To promote development at and around higher educational institutions and other non-governmental institutions, such as the Texas Research and Technology Foundation, which help create jobs and support growth in the targeted industries.

ELIGIBILITY

Projects must meet the following project eligibility criteria:

Targeted Industry: A project may be eligible for a tax abatement if the company is a Targeted Industry: Agribusiness, Aviation/Aerospace and Space, Healthcare and Biosciences, Creative Services, Environmental Technology (includes Green Technology), Finance, Information Technology and Information Security, Logistics and Distribution, Manufacturing (any industry), Oil and Gas Industry (excluding storage and distribution facilities), Telecommunications, Corporate, U.S., and Regional Headquarters, and Mixed-use projects (commercial offices with a retail component) locating in the Targeted Investment Area - the Inner City Reinvestment/Infill Policy Target Area (ICRIP). See page 3 for a map of the ICRIP area.

Living Wage Requirement (\$11.68/hr): This wage is based on the poverty level for a family of four, as determined annually (January) by the U.S. Department of Health and Human Services (HHS). As of January 2016 this wage is \$11.68 per hour.

70 Percent Wage Requirement (\$15.68/hr): After one year of initiating full operations at the project location, but not more than two years after the execution of the Tax Abatement Agreement with the City, 70 percent of all new and existing employees, with at least one year employment with the company at the project location, must earn a cash wage at, or exceeding the annual San Antonio Metropolitan Statistical Area (MSA) Median Hourly Wage for All Industries for the most recent year available currently at \$15.68/hr.

New Employee Residency: At least 25% of the new employees must be residents of Bexar County. Company must provide access to health care benefits for full-time employees and dependents.

Health Care Benefits: Company must provide access to health care benefits for full-time employees and dependents.

EDIF GRANT/LOAN USES

The EDIF may be used to help fund the following type of job retention and/or expansion and/or creation projects and project-related expenditures:

- ❖ Public improvements associated with the project;
- ❖ Training for new, or retained jobs;
- ❖ Real and personal property acquisition and site development;
- ❖ Company relocation expenses for moving operations to San Antonio;
- ❖ Facility construction and/or real property improvements;
- ❖ Studies or planning that promote growth in the targeted industries and/or areas;
- ❖ Utility infrastructure costs not funded by CPS Energy;
- ❖ Restoration or adaptive reuse of existing structures associated with a project retaining and/or creating jobs, including existing structures over the Edwards Recharge Zone or Contributing Zone

FOR MORE INFORMATION:

Call (210) 207-8080 or visit www.SanAntonio.gov/EDD



FOREIGN TRADE ZONE

DESCRIPTION

San Antonio is home to Foreign Trade Zone (FTZ) No. 80, with eleven FTZ sites currently designated. Businesses can locate at existing sites, or apply for designation as a new General Purpose or Subzone. A General Purpose is established for multiple users and multiple functions; while a Subzone is a limited purpose site that cannot be accommodated within an existing site.

Some of the advantages of operating in an FTZ include: (1) duty reduction and elimination (tariffs on foreign goods coming into the U.S.); (2) duty deferral (until merchandise is imported from the FTZ into the United States); (3) and direct delivery (improves efficiency in the supply chain). FTZ's offer businesses a way to mitigate the costs associated with trade and allow the United States economy to enjoy relatively greater benefits from its free trade initiatives. Furthermore, an FTZ status allows a business to import/export foreign goods or materials, place their goods in the zone, without formal U.S. Customs entry and excludes paying formal duties, or government excise taxes, until the product enters the United States market. At this point, duty is paid on either the final product, or its component parts, whichever is lower. This allows a business to significantly cut business costs and improve return-on-investment and cash flow.

MERCHANDISE ADMITTED INTO THE FTZ

- ❖ Stored
- ❖ Assembled
- ❖ Manufactured, Special Authorization Required
- ❖ Salvaged
- ❖ Mixed
- ❖ Processed
- ❖ Manipulated
- ❖ Exhibited
- ❖ Repaired
- ❖ Sampled
- ❖ Re-labeled
- ❖ Repackaged
- ❖ Tested
- ❖ Destroyed

ELIGIBILITY

To receive FTZ benefits, a company must locate within any of the City's existing 11 General Purpose FTZ sites. If our General Purpose sites do not suit your company's needs, the Economic Development Department will help you obtain FTZ sub-zone designation (See Foreign Trade Zone Map and Fee Schedule.)

FOR MORE INFORMATION:

Contact Rogelio Garcia, Director Business Development & Chief of Staff, Free Trade Alliance, (210) 229-9036, ext. 23 or www.freetradealliance.org



FREEPORT EXEMPTION

DESCRIPTION

The City of San Antonio, Bexar County and two local City independent school districts (Judson ISD and San Antonio ISD) allow personal property tax exemptions for companies that deal with goods-in-transit or inventories used in the manufacturing process.

A Constitutional Amendment adopted in 1989 by the State of Texas authorized a type of property tax exemption for items classified as "Freeport Property." Freeport Property includes various types of goods that are detained in Texas for a short period of time (175 days or less). The exemption provides a business incentive that can be used to promote the growth and expansion of businesses, particularly those engaged in logistics and distribution.

- ❖ Freeport property, by definition, includes goods, wares, merchandise, and certain aircraft and aircraft parts.
- ❖ Freeport property does not include oil, natural gas, and other petroleum products.

ELIGIBILITY

- ❖ Any company locating within Bexar County, which has goods in transit, is eligible for this incentive.
- ❖ The amount of the exemption increases or decreases depending on location.
- ❖ The goods must be in Texas only for a limited purpose, such as for storage or factory processing.
- ❖ Taxable inventories must be moved outside of the State of Texas within 175 days.

BENEFITS

Exemption of up to 100% of personal property taxes on goods-in-transit, or inventories used in a manufacturing process and the inventory items are moved out of state within 175 days.

FOR MORE INFORMATION:

For assistance contact the Bexar County Appraisal District, Personal Property Department at (210) 242-2468.



DEVELOPMENT FINANCING PROGRAMS

DESCRIPTION

The City of San Antonio has created non-profit corporations for financing certain types of development through bonds or loans. Bond financing may permit borrowers to finance an entire project, including equipment. The feasibility of a prospective bond financing will be largely determined by the financial strength of the borrower and the credit worthiness of a transaction.

The Industrial Development Authority (IDA) can issue taxable and tax-exempt bonds up to \$10M to acquire land and construct industrial or manufacturing facilities with development costs under \$20M. Industrial Development Revenue Bonds may be subject to an annual state allocation.

The City of San Antonio Health Facilities Corporation (HFDC) can issue tax-exempt bonds for non-profit organizations towards the development of health care facilities. The City of San Antonio Education Facilities Corporation (EFC) may issue tax exempt bonds for capital improvements at non-profit institutions of higher education, as well as non-public or state-authorized charter schools providing primary and/or secondary education services. Taxable bonds can also be issued without cap and few restrictions.

In conjunction with legal counsel specializing in such transactions, staff will work with a prospective borrower and their underwriters, advisors, and legal counsel to structure a feasible bond issue.

Borrowers must pay two fees to these conduit bond corporations: (1) an application fee of \$2,500 to Economic Development Department (2) an issuance fee of \$20,000 at closing to the Corporation.

ELIGIBILITY

- ❖ Submit Application and \$2,500 application fee
- ❖ Capacity is evaluated
- ❖ Company must have either a credit rating, or letter of credit from a U.S. Bank ❖ Bank serves as Trustee
- ❖ Tax-exempt benefits are through the City's Board of Directors
- ❖ Term runs from 30 to 40 years (or life of equipment, if tied to equipment)
- ❖ Other fees involved are \$500 for bond review, \$600 volume cap allocation, etc. ❖ City assists company in preparing paperwork and discusses fees involved

FOR MORE INFORMATION:

Call (210) 207-8080 or visit www.SanAntonio.gov/EDD



FEE WAIVERS: TARGET INVESTMENT AREA (TIA) SAN ANTONIO WATER SYSTEM (SAWS)

DESCRIPTION

The City of San Antonio and the San Antonio Water System (SAWS) support policies that promote growth and development in targeted areas of the City, as described in the City's Target Investment Area (See TIA Map). The TIA specifically identifies targeted areas that are currently served by public infrastructure and transit, but underserved by residential and commercial real estate markets. The TIA utilizes City and SAWS incentives within the TIA to stimulate investment and to create a walkable, urban community.

In 2013, SAWS committed \$4 million annually in impact fee waivers to be used in the TIA. It is the City's intent to distribute this available incentive fund in a manner that provides greater focus to the areas within the TIA, while still allowing the distribution of a portion of this incentive amount in areas that are not within the TIA Area. Therefore, the goal is to allocate at least 75% of the SAWS \$2 million annual incentive to projects within the TIA. Projects outside the TIA must meet certain job creation and/or capital investment thresholds, except for affordable housing and community service projects.

INCENTIVE

The award and distribution of City and SAWS fee waiver incentives will follow the goals outlined below:

1. Increase new development (housing and commercial) on vacant infill lots.
2. Increase redevelopment of underused buildings and sites.
3. Increase rehabilitation, upgrade, and adaptive reuse of existing buildings.
4. Increase business recruitment and expansion in the City's targeted industries.

Within the TIA, the amount of a SAWS Impact Fee waiver can range from \$100K on an investment of up to \$10M, up to a maximum fee waiver of \$500K for a project investment of at least \$40M.

ELIGIBILITY

The following are eligible for the specified City and SAWS Fee waivers:

- ❖ Residential/Mixed-Use Development
- ❖ Commercial/Industrial Development

Retail projects will be evaluated on a case-by-case basis, to ensure all retail projects seeking City and SAWS fee waivers are aligned with the policy's goals.

OTHER REQUIREMENTS

- ❖ Projects must be initiated within 6 months of receipt of an approved application and verification certificate from the City's Center City Development Office (CCDO).
- ❖ Recipient must claim any waivers and pay any fees due to SAWS as required by the verification certificate, unless extended by both the City and SAWS.

Note: This policy is not retroactive to any projects that have already incurred a fee, have any permits in processing, or permits have been issued.

FOR MORE INFORMATION:

Call (210) 207-3960 or visit www.SanAntonio.gov/CCDO



DEVELOPMENT SERVICES: SINGLE POINT OF CONTACT

DESCRIPTION

The City of San Antonio provides an overview of the site development process. This team facilitates the process by serving as the direct, immediate line to key decision-makers that can troubleshoot and resolve problems encountered in the development and permitting process, such as issues related to local subdivision, uniform building, and the uniform fire codes.

ELIGIBILITY

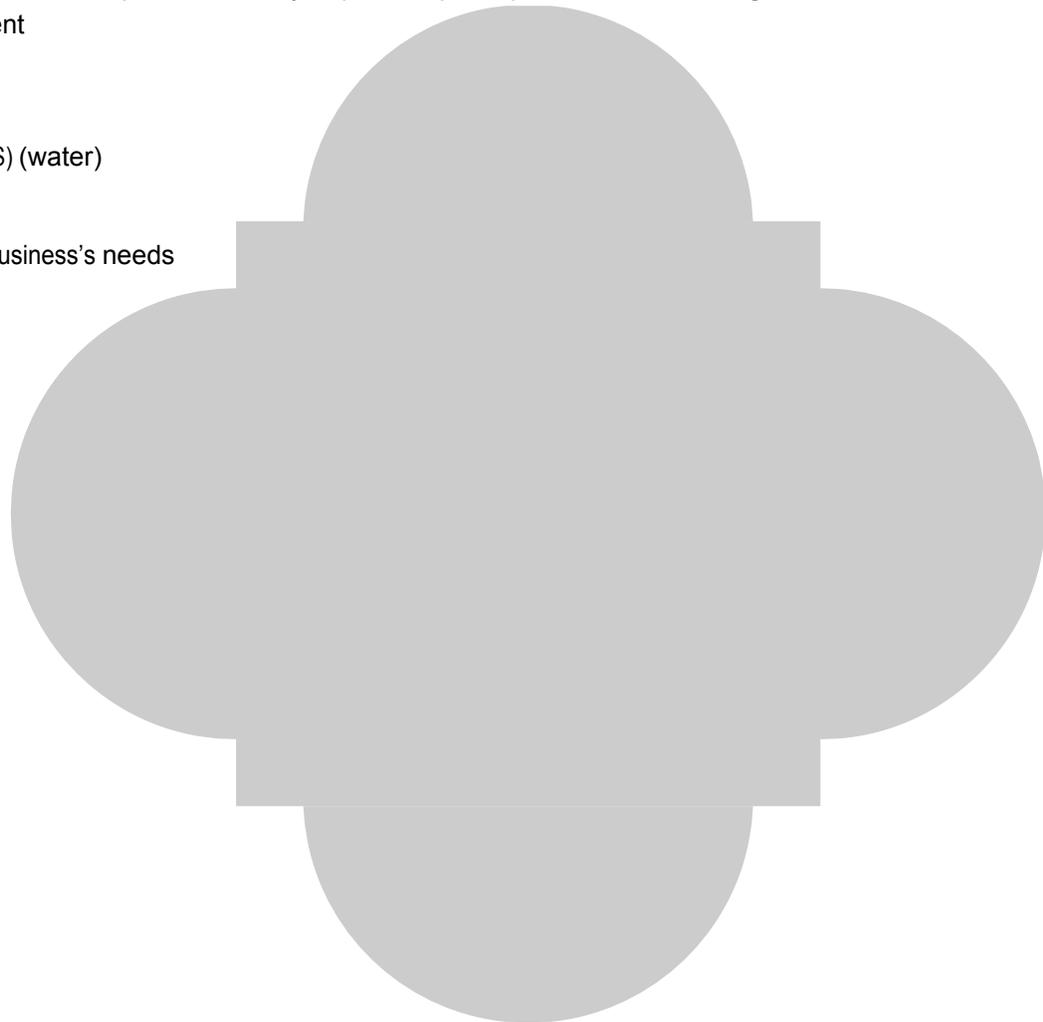
The Single Point of Contact (SPOC) is available to businesses locating within the City of San Antonio.

BENEFITS

The SPOC describes the development process, identifies applicable codes, regulations and clarifies code requirements. This courtesy briefing and conceptual plans review does not replace regular construction processes.

The briefings are tailored to the scope of the development and may require the participation of the following entities:

- ❖ Development Services Department
- ❖ CIMS
- ❖ Public Works Department
- ❖ CPS Energy (electric/gas)
- ❖ San Antonio Water System (SAWS) (water)
- ❖ Police Department
- ❖ Health Department
- ❖ Other departments to meet your business's needs



FOR MORE INFORMATION:

Call (210) 207-8080 or visit www.SanAntonio.gov/EDD





STATE ENTERPRISE ZONE PROJECT DESIGNATION (EZP)

DESCRIPTION

An Enterprise Zone Project (EZP) is an economic development tool that allows the community to partner with the State to offer a package of local and state tax and regulatory benefits to assist businesses seeking to locate, expand, or retain jobs in economically distressed areas. Within the City of San Antonio, all census tract block groups, in which at least 20% of the residents have an income at or below 100% of the federal poverty level, now qualify as State Enterprise Zone Project areas. City Council must nominate companies for Enterprise Zone Project designation and the State must approve each designation. By locating within a State Enterprise Zone, a company is eligible to apply for Enterprise Zone Project designation, subject to approval by City Council and the State of Texas.

ELIGIBILITY

- ❖ Expansion must take place within a State-designated Enterprise Zone Project area.
- ❖ To qualify for these state EZP benefits, 25% of all new hires must be economically disadvantaged or zone residents.
- ❖ If the project is not in the zone, companies may still be designated as EZP if 35% of all new hires are economically disadvantaged, or zone residents.
- ❖ Project designation must be in place within 90 days of any purchases, or new hires to receive benefit from this program.
- ❖ City Council must nominate companies for EZP designation and the State must approve designation.

BENEFITS

Designated projects are eligible for state sales and use tax refunds on taxes paid for equipment and machinery, materials used in building a new structure, taxable services, and electricity/natural gas used in zone business operations. Designation projects are also eligible for state franchise tax credits, based on job creation and capital investment.

Sales and Use Tax Refunds:

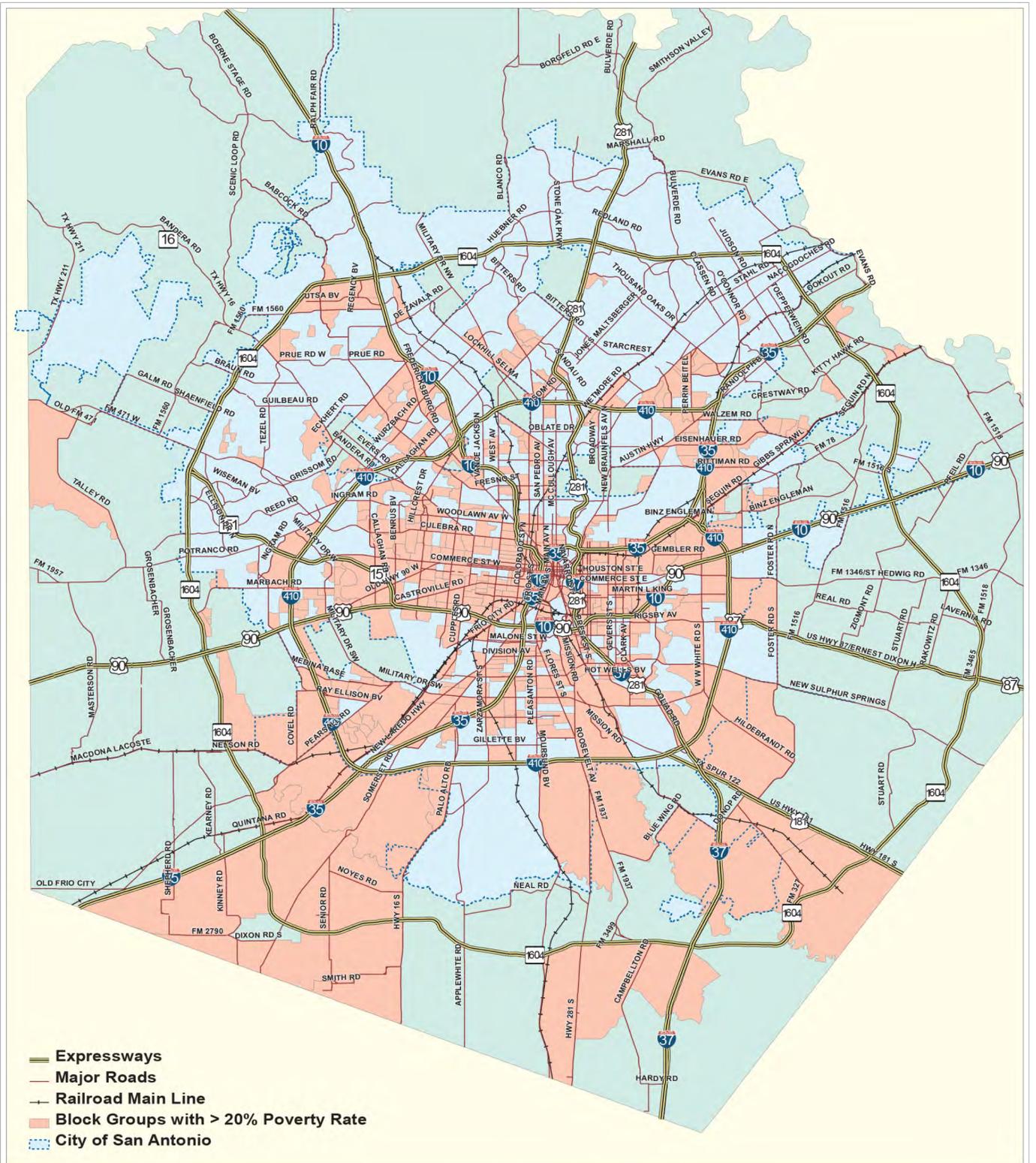
The following investment and sales tax refund thresholds were effective on September 1, 2003 and amended June 15, 2007:

- ❖ An investment of \$1,000,000 - \$4,999,999 will result in a refund of up to \$2,500 per job with a maximum refund of \$312,500 for the creation, or retention of 125 jobs.
- ❖ An investment of \$5,000,000 - \$149,999,999 will result in a refund of up to \$2,500 per job, with a maximum refund of \$1,250,000 for the creation, or retention of 500 jobs.
- ❖ An investment of \$150,000,000 - \$249,999,999 will result in a refund of up to \$5,000 per job, with a maximum refund of \$2,500,000 for the creation, or retention of 500 jobs.
- ❖ An investment of \$250,000,000 or more will result in a refund of up to \$7,500 per job, with a maximum refund of \$3,750,000 for the creation, or retention of 500 jobs.
- ❖ On taxes paid for labor to remodel, rehabilitate, or construct a structure, purchase of building materials, machinery/equipment, electricity and natural gas purchased and consumed in the normal course of business in the enterprise zone.

FOR MORE INFORMATION:

Call (210) 207-8080 or visit www.SanAntonio.gov/EDD







TEXAS ENTERPRISE FUND

DESCRIPTION

At Governor Rick Perry's request, the 78th Texas Legislature established the Texas Enterprise Fund (TEF) in 2003 to help attract new jobs and investment to the state. The TEF is used primarily to attract new business to the state, or assist with the substantial expansion of an existing business as part of a competitive recruitment situation. The TEF will only be considered to help close a deal as a final incentive tool, where a single Texas site is competing with another viable out-of-state option. In addition, the project should already have significant local support behind it from a prospective Texas community. Before funds can be awarded, the Governor, Lieutenant Governor and Speaker must unanimously agree to support the use of the TEF for each specific project. The fund can be used for a variety of economic development projects including infrastructure development, community development, job training programs and business incentives. The fund was renewed by the Legislature in 2005, 2007, and 2009.

ELIGIBILITY

Projects that are considered for the TEF must demonstrate a significant rate of return on the public dollars being invested in the project. Additionally, there are several primary measures that every TEF project must meet in order to be considered for an award. Those include, but are not limited to the following:

- ❖ Competition with another state for the project must exist and the business must not have already announced a location decision;
- ❖ Projected new job creation must be significant – past recipients have typically created more than 100 jobs or more, in urban areas and 50 in rural areas;
- ❖ The new positions must be high-paying jobs – above the average wage of the county where the project would be located;
- ❖ Capital investment by the company must be significant;
- ❖ The project must have community involvement from the city, county and/or school district, primarily in the form of local economic incentive offers;
- ❖ The applicant must be financially sound;
- ❖ The applicant's business sector must be an advanced industry that could potentially locate in another state, or country.

BENEFITS

The TEF gives Texas the competitive edge in attracting new businesses to the state and assisting with the expansion of existing businesses that might otherwise opt to expand in another state. Additionally, the conservative and thorough methodology behind the grant process and the enforcement of contractual agreements with each awarded company ensure that public dollars invested through the TEF, produce a solid return on investment. To date, the Texas Enterprise Fund has brought more than 52,000 new jobs to the state and generated more than \$14.3 billion in capital investment.

FOR MORE INFORMATION:

Call (512) 936-0100 or visit www.governor.state.tx.us/ecodev



SKILLS DEVELOPMENT FUND

DESCRIPTION

A private business, business consortium, or trade union in need of workforce training and funding assistance can rely on an experienced network of partners for guidance along the Skills Development Fund path. The Skills Development Fund is a customized job-training program, providing training dollars for Texas businesses and workers through state-funded skills grants, to ensure that workforce stays up-to-date, competitive and new workers trained with the skills that industry requires. Administered by the Texas Workforce Commission (TWC), success is achieved through collaboration among businesses, public Community and Technical colleges, Local Workforce Development Boards and economic development partners. Together, under the Skills Development Fund program, businesses gain a more highly trained workforce, workers upgrade their skills, and the Texas economy is strengthened.

For the next two fiscal years (September 1, 2009 – August 31, 2011), TWC has \$90 million in Skills Development Funds to support high quality, customized job training projects across the state. Grants for a single business may be limited to \$500,000.

ELIGIBILITY

A business, consortium of businesses, or trade union identifies a training need and then partners with a public Community, or Technical college to fill its specific needs. Businesses work with college partners to submit proposals, develop curricula and conduct training. The Skills Development Fund pays for the training, the college administers the grant, and businesses create new jobs and improve the skills of their current workers.

BENEFITS

TWC provides access to a team of highly skilled professionals who provide technical assistance, at no charge, to help streamline the development of projects and proposals. A team works directly with employers, colleges, local workforce development boards and economic development partners throughout the life of the project, to ensure employers are getting the training their workers need.

The Workforce Business Services Outreach & Customer Support Team:

- ❖ Provides technical assistance
- ❖ Advises and assist partners with developing quality proposals
- ❖ Reviews "draft" proposals prior to formal submission

Training Includes:

- ❖ Tailored curriculum
- ❖ Classes on-site or at the training provider location
- ❖ Flexible class schedules to minimize impact to employers
- ❖ Addressing company needs in real time with real situations



FOR MORE INFORMATION:

Call (877) 463-1777 or email skills@twc.state.tx.us





TEXAS EMERGING TECHNOLOGY FUND (TETF)

DESCRIPTION

The Texas Emerging Technology Fund (TETF) was created in 2005 to provide Texas with an advantage in the research, development, and commercialization of emerging technologies. TETF grants are awarded for Texas higher education institutions to recruit the best research talent in the world; to help companies take ideas from concept to development, to ready for the marketplace and to create public-private partnerships, which leverage the unique strengths of universities, federal government grant programs, and industry. Interested parties should contact the Economic Development Department for more information.

ELIGIBILITY

TETF grants are awarded in the following three areas:

- 1. Research Superiority Acquisition** -- funds for Texas higher education institutions to recruit the best research talent in the world.
- 2. Commercialization Awards** -- funds to help companies take ideas from concept to development to ready for the marketplace.
- 3. Matching Awards** -- funds create public-private partnerships which leverage the unique strengths of universities, federal government grant programs, and industry.

BENEFITS

The TETF brings new ideas and products to the marketplace today. This innovation and the commercialization will have a long-term profound impact on Texas. Priority is given to emerging technology projects that will enhance Texas' global competitiveness that are collaborative and leverage both critical expertise and financial resources.

Not only will these TETF investments demonstrate economic benefits but also result in significant medical and/or scientific breakthroughs which will improve people's lives.

FOR MORE INFORMATION:

Contact: Call (210) 207-8080 or visit www.SanAntonio.gov/EDD

