



Thank you for your interest in San Antonio.

San Antonio is a robust and growing city that is committed to building a strong environment for both businesses and workers. Here at the City of San Antonio, the Economic Development Department is charged with fostering economic growth through collaboration and innovation for the continued prosperity of our community.

We are committed to providing good jobs and opportunities for the entire community. The department is working to achieve this through initiatives such as Forefront SA, which analyzes our business environment and provides strategic recommendations for stable, long-term growth. In addition to assessing and augmenting our strengths through this initiative, the City has developed a list of core and targeted industries to support. These industries include new energy, IT, cybersecurity, advanced manufacturing, aerospace, healthcare, and the biosciences.

The Economic Development Department is continually seeking to enhance our already-strong economy by fostering collaboration with industry and attracting companies who wish to locate here. We do this by leveraging our community's assets, including military commands, institutions of higher education, and our city's many international connections.

Our partnerships with the San Antonio Economic Development Foundation, Bexar County, CPS Energy, the San Antonio Water System, and other community partners is informally referred to as "Team SA". Together, we have created a culture where public service is dedicated to working in tandem and communicating in a collaborative manner. This alignment of interests makes our region unique as we provide effective and impactful support to meet the needs of businesses looking to move to or grow in San Antonio.

This business guide was created to provide leaders in diverse industries with an overview of the various incentives and programs available in Bexar County: the home of San Antonio. This guide will give you insight into the economic and cultural profile of San Antonio, as well as the potential for public support for your project.

We look forward to working with you and discussing why our great city is an excellent fit for your future business.

City of San Antonio  
Economic Development Department



The following pages describe some of the incentives and programs that may be available to a company looking to expand in or relocate to San Antonio. Sections include the following:

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### 1. *San Antonio Profile*

At its core, San Antonio is a dynamic city.

As the 7<sup>th</sup> largest city in the United States, San Antonio is the smart choice for new and expanding companies around the world. Due in part to its strategic geographic location in South Central Texas, its long-term economic stability, and a growing and talented workforce, San Antonio has become a top destination for business development.

- Located at the intersection of Interstate Highways 10 and 35, San Antonio is the optimal location to handle domestic and international trade in the United States.
- Whether you are beginning your story, expanding a commercial footprint, or simply continuing a thriving enterprise, San Antonio can help your business with its atmosphere of progress and consistent economic growth for companies of all sizes.
- The city fosters a pro-business environment, decreasing costs through incentives and policies while offering a low-cost utility portfolio with renewable energy options.
- The latest Census Bureau figures show San Antonio at the top of the list of the nation's fastest growing cities, growing at an average of 66 people per day.
- With 160,000 students enrolled in over fifteen area colleges, our workforce pipeline is growing. Programs such as Café College, SA Works, and Workforce Solutions Alamo help companies build strong a labor force.
- The San Antonio community places an emphasis on relationship building, creating a positive environment where entrepreneurs are able to connect easily with other businesses and the community at large.
- Entrepreneurial Millennials are choosing San Antonio for many reasons, such as its affordable cost of living and low unemployment rate. The city also boasts unique outlets for fun, including a number of outdoor venues, nightlife, trails, and restaurants. San Antonio's mean age is 32.4 years.

Our roots run deep, our heritage is rich, and our confluence of cultures is celebrated.

- San Antonians can turn any occasion into a celebration. Our eclectic city hosts a diverse lineup of festivals, activities, and entertainment, offering something for everyone.



- We love our national champion men’s basketball team—the San Antonio Spurs—but we don’t stop there. San Antonio is also home to other sports teams, such as San Antonio FC (soccer), Rampage (hockey), and Missions (baseball).
- UNESCO has taken notice of our achievements as a community, designating San Antonio’s Alamo and Missions National Historical Park as Texas’ first World Heritage Site. The organization also named San Antonio as one of only two Creative Cities of Gastronomy in the United States.

San Antonio is a unique and dynamic city that continues to grow and innovate. There are many facets about our great city that make it an ideal place for new and established businesses to call home.

## 2. General business tax overview

The table below summarizes some taxes<sup>1</sup> that may be applicable to businesses in San Antonio. Note that this is an overview for discussion purposes only and not tax advice. Please consult your credentialed tax advisor for further information.

	Income, Capital Gains, Estate, Base Erosion Anti-Abuse, Customs, Withholding, Personal Holding and Accumulated Earnings Taxes	Franchise Tax	Excise Tax	Ad Valorem Tax	Sales and Use Tax	Employment Tax	Occupation Tax
Federal	Yes	No	Yes	No	No	Yes	No
Texas	No	Yes 0.375%-0.750%	Yes	No	Yes 6.25%	Yes	Yes
Bexar County	No	No	No	Yes 0.277429%	No	No	No
San Antonio	No	No	No	Yes 0.558270%	Yes 2.00%	No	No
Other Local Jurisdictions	No	No	No	Yes up to 2.043533%	No	No	No

Federal, state, and local tax regimes decrease the cost of doing business in San Antonio.

- The United States does not impose a value-added tax, and the federal government recently implemented a series of tax reforms to incentivize local research, manufacturing, and exports.
- Federal, state, and local tax credits and incentives may be available.
- Texas does not have an income tax for corporations or individuals.

<sup>1</sup> See more information at [www.comptroller.texas.gov](http://www.comptroller.texas.gov), [www.irs.gov](http://www.irs.gov), [www.bexar.org/tax](http://www.bexar.org/tax) or [bcad.org](http://bcad.org), [www.sanantonio.gov/Finance/bfi/Tax-Rate-Summary](http://www.sanantonio.gov/Finance/bfi/Tax-Rate-Summary).



### 3. Incentives Overview

#### a. *City of San Antonio*

**Tax Abatements:** The City offers a tax abatement of up to 100% on ad valorem property taxes, for a maximum term of up to 10 years. Applicants are required to complete an application and submit a fee for its processing. Individual tax abatement applications are subject to City Council approval. The information shown here is an abbreviated summary of the eligibility requirements for Industry Projects. See more information at [sanantonio.gov/EDD/Development-Opportunities/Incentives](http://sanantonio.gov/EDD/Development-Opportunities/Incentives).

- Eligibility:
  - \$10M capital investment or 50 new jobs; and
  - 100% Living Wage (\$12.38+/hr); and
  - 70% All-Industry Wage (\$16.94+/hr); and
  - Best efforts to hire 25% of employees from San Antonio; and
  - Healthcare package; and
  - Meets at least 2 Qualifying Priorities:
    - Targeted Industry (Bioscience/Healthcare, IT/Cybersecurity, Advanced Manufacturing or New Energy), or
    - High Wages (\$50,000+/year), or
    - Inclusive Hiring (35% from within Inclusive Growth Area (IGA, see map page 26)), or
    - Internships/Continuing Education Support (5% Estimated Abatement Value), or
    - 2 Partnership Options (15% Estimated Abatement Value toward SMWVBES, sustainability, health and wellness, and commuter benefits)
  
- Abatement term:
  - Up to 10 years if any of the following are met:
    - The project is in the IGA
    - The project is in a Targeted Industry
    - The project is an Exceptional Project that meets any of the following:
      - Invests capital of at least \$60M
      - Creates at least 600 new jobs
      - Locates or expands company headquarters in San Antonio
      - Commits to filling at least 35% of new jobs with residents from Targeted Populations (IGA Tiers II or III, Upskill Partners Network applicants or WOTC-eligible employees)
  - Otherwise, up to 6 years
  
- Abatement percentage:



- Up to 50% if the project meets 2 Qualifying Priorities
- Up to 100% if the project meets 3 Qualifying Priorities

**Workforce Development:** The City recognizes the need for the ongoing development of its workforce. As such, it offers a tax abatement of up to 100% on ad valorem property taxes for qualifying projects up to a maximum term of 10 years (limited to 2 projects per year). Applicants are required to complete an application and submit a fee for its processing. Individual tax abatement applications are subject to City Council approval. The information below is an abbreviated summary of the eligibility requirements for Upskill Projects.

- Eligibility:
  - \$20M capital investment; and
  - 300 upskilled or new jobs; and
  - 100% Living Wage; and
  - Best efforts to hire 25% of employees from San Antonio; and
  - Healthcare package; and
  - Collaborates with the Upskill Partners Network; and
  - Invests 50% of the prior year actual property tax abated in a Workforce Development Fund or hires and maintains for one year 35% of its total workforce from Targeted Populations.
- Abatement term:
  - Up to 10 years if the project is in the IGA
  - Up to 6 years if the project is not in the IGA
- Abatement percentage:
  - Up to 50% if the project invests in Workforce Development Fund; or
  - Up to 100% if the project meets Targeted Populations hiring threshold

**San Antonio Economic Development Incentive Fund:** City Council appropriates funding to the City's General Fund to sustain an Economic Development Incentive Fund (EDIF). The primary purpose of the EDIF is to make economic development grants and/or loans (in accordance with Chapter 380 of the Local Government Code) to companies seeking to create or retain jobs and invest in San Antonio. The EDIF is also available to support initiatives and programs that help achieve the goals outlined in the community's Forefront SA economic development strategic plan and the City's SA Tomorrow Comprehensive Plan.

The emphasis of the EDIF is on securing high-wage jobs and quality investment in targeted industries, cultural and creative industries (e.g., advertising, architecture, arts and crafts, design, film and video, interactive leisure software, music, the performing arts, publishing, software and



computer games, television and radio), and entrepreneurial development. The information shown here is an abbreviated summary of the eligibility requirements. You can find more information at [sanantonio.gov/EDD/Development-Opportunities/Incentives](http://sanantonio.gov/EDD/Development-Opportunities/Incentives). Eligibility requirements include the following:

- Business Expansion
  - Projects involving the relocation or expansion of corporate headquarters or businesses in targeted industries or creative industries, with a special emphasis on the creation of high-wage jobs (\$50,000+/year).
- Investment in IGA
  - Projects investing in and around the IGA, with a special emphasis on projects involving hiring from targeted populations.
- Entrepreneurial Growth
  - Projects scaling research, innovation, start-ups, or entrepreneurial development, leading to the commercialization of new technologies, products, or services by 2020, where applicants demonstrate matching private sector funding.
- Workforce Development
  - Projects focused on workforce development in targeted industries.
  - Infrastructure Development
  - Projects enhancing infrastructure and facilities to support growth in targeted industries.

**San Antonio Development Financing Programs:** The City of San Antonio has created a series of not-for-profit corporations to help finance certain types of development through the issuance of bonds or loans. Bond financing may permit borrowers to finance an entire project, including equipment. The feasibility of a prospective bond financing project 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 tax-exempt bonds up to \$10M to acquire land and construct industrial or manufacturing facilities with development costs under \$20M. Industrial Development bonds may be subject to annual state allocation.
- The City of San Antonio Health Facilities Corporation (HFDC) can issue tax-exempt bonds for non-profit organizations to facilitate 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 private, state-authorized primary or secondary schools.
- The City of San Antonio Economic Development Corporation (EDC) may provide seed funding to local startup companies that create new jobs in San Antonio's Targeted Industries.
- Businesses at Port San Antonio and Brooks can take advantage of a number of incentives and programs, such as fee and tax deferrals, regulatory exemptions, workforce



development, and business support. See more information at [portsanantonio.us](http://portsanantonio.us) and at [livebrooks.com/development/incentives-partnerships](http://livebrooks.com/development/incentives-partnerships).

**CPS Energy Rebates:** CPS Energy is a municipally-owned utility company. CPS Energy offers a variety of commercial rebate programs (e.g., lighting, HVAC, new construction) and financial incentives to help reduce the expenses associated with saving energy. CPS Energy also offers a voluntary load curtailment program for commercial and industrial customers designed to reduce CPS Energy’s peak load growth by incentivizing customers to shed electric loads on peak summer days. The “E16 Rider” program offers energy discounts for companies with significant energy use, contingent upon meeting economic development milestones.

### *b. Bexar County*

**Property Tax Abatement:** Bexar County also provides tax abatements for large, high impact projects that invest a combined real and personal property total of \$25M or create 300 new, net full-time jobs. This tax abatement can reach 100% of real and/or personal property taxes on improvement values for a term up to 10 years. Abatement percentages and terms are based on job creation figures, wages, targeted industry status, and the location of the project. All companies receiving Bexar County tax abatements must adhere to the county’s living and median hourly wage guidelines. For more information, visit [www.bexar.org/682/Economic-Community-Development](http://www.bexar.org/682/Economic-Community-Development).

**Bexar County Innovation Fund:** The purpose of the Bexar County Innovation Policy for Economic Development is to spur and accelerate the growth of the innovation-focused digital information technology sector within Bexar County. The Innovation Fund is a grant from Bexar County with the purpose of spurring and accelerating the growth of the innovation-focused information technology (IT) sector. This grant may be used for local company expansion or newly recruited IT companies. For more information, visit [www.bexar.org/682/Economic-Community-Development](http://www.bexar.org/682/Economic-Community-Development).

- Requirements:
  - Bexar County Minimum Wage must be met (70% of all employees must earn the High Tech Wage, with no employees earning less than the Living Wage as defined by BLS).
  - There must be a minimum of 15 new employees.
  - Grant amounts will depend on the strength of the project’s positive impact on the technology ecosystem, available Innovation Funds, funding or other incentives provided by other partners, and the Bexar County Commissioners Court approval.
- Expenditures:
  - Business-related expenses (e.g., commercial rent, water, energy, telecommunication).
  - Technology-related professional certification training or certification exam costs.
  - Innovation-related technology devices.



- Broadband access (e.g., cloud or other hosting service, SaaS, IaaS, PaaS, related business platform support costs).

**Bexar County Skills Development Fund:** The Bexar County Skills Development Fund allows for tailored training opportunities through grants to new or expanding companies in targeted industries. Grant amounts are subject to Commissioners Court approval and depend on the strength of the project’s positive impact on workforce development initiatives. A company may receive up to \$1,000 per new, net Targeted Occupation Position created, up to a maximum award of \$250,000. For more information, please visit [www.bexar.org/682/Economic-Community-Development](http://www.bexar.org/682/Economic-Community-Development).

**Workforce Solutions Alamo (WSA):** WSA offers no-cost testing and screening services designed to provide your company with an ongoing pool of qualified, motivated job applicants. WSA also provides information and assistance in accessing tax incentive programs, arranging training for incumbent workers, providing referrals to education and training providers, developing customized and on-the-job training programs, and accessing State of Texas employer training programs like the Skills Development Fund and Self-Sufficiency Fund. Everything WSA does revolves around one basic premise: to provide companies with a qualified, motivated pool of potential employees ready to work, amounting to net cost savings for the company.

**Job Tax Credits:** WSA’s On the Job Training (OJT) program can put together a specific training plan that can provide up to 1,040 hours of subsidized training. Companies submit a weekly timesheet indicating the number of hours worked and receive a monthly wage reimbursement for qualified workers.

**Freeport Exemption:** The City of San Antonio, Bexar County, and two local school districts (Judson ISD and San Antonio ISD) allow for 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 an incentive that can be used to promote the growth and expansion of businesses, particularly those engaged in logistics and distribution.

### *c. State of Texas*

**Texas Enterprise Fund (TEF):** The TEF is the largest “deal-closing” fund of its kind. It is designed to offer incentives for companies deciding between a Texas city and another city outside of Texas. The TEF only becomes available when there is one, sole Texas city competing for a project with another city or cities outside of the state. It is designed to be employed once all other incentives have been considered or offered. The TEF can be used for a variety of economic development projects, including infrastructure development, community development, job training programs, and business incentives. The Governor’s Office works closely with the San Antonio Economic Development Foundation to tailor incentive packages that best meet the



needs of local communities and businesses. For more information on the TEF, please visit <https://gov.texas.gov/business/page/incentives>.

**Skills Development Fund:** The Skills Development Fund is Texas' premier job-training program. It provides training dollars for Texas businesses and workers interested in developing employable skills. Administered by the Texas Workforce Commission, success is achieved through collaboration between businesses, public community and technical colleges, local workforce development boards, and other economic development partners. The Skills Development Fund pays for the training, the local community college administers the grant, and businesses create new jobs and improve the skills of their current workers. Awards may reach \$1,800 per employee. For more information, visit <https://gov.texas.gov/business/page/incentives>.

**State Enterprise Zone (EZ):** A State EZ is a tool that allows communities to partner with the State to access state tax benefits for new or expanding businesses in distressed areas. The City of San Antonio can nominate up to nine (9) projects every biennium (i.e., two years) for EZ designation. Approved projects are eligible to receive a refund of state sales and use taxes over a period of 5 years or up to \$1.25M, depending on the number of jobs created and level of investment. Projects must agree to hire between 25% and 35% of their workforce from economically disadvantaged areas, including State EZ census tract residents. The City's Federal Empowerment Zone, which encompasses 21 census tracts in the inner city, qualifies as a State EZ area. For more information, please visit <https://gov.texas.gov/business/page/incentives>.

#### *d. Federal Incentives*

Provisions in the 2017 Tax Cuts and Jobs Act incentivize local capital investment, manufacturing, and research include the following:

- A lower federal corporate tax rate (21%) increases cash flow.
- The immediate expensing of capital equipment accelerates deductions.
- The base erosion and anti-abuse tax increases the cost of imported services and intangible property.
- The global intangible low-taxed income tax increases cost of foreign-owned intangibles.
- The foreign-derived intangible income regime reduces US taxes on exported products and services, such as royalties for US-owned intangible property.
- Federal Opportunity Zone investments may reduce or exempt certain capital gains taxes.

New and existing federal tax credits for targeted industries and areas may be available for businesses increasing investment in San Antonio:

- Research Tax Credit
- Work Opportunity Tax Credit
- Family Medical Leave Act Credit
- New Markets Tax Credit



San Antonio is home to Foreign Trade Zone (FTZ) #80. The new Alternative Sites Framework recently approved for FTZ #80 allows businesses to locate anywhere in the FTZ #80 region and receive benefits. An FTZ statute allows a business to import/export foreign goods or materials and place their goods in the zone without formal U.S. Customs entry. This effectively excludes the paying of formal duties or government excise taxes until the product enters the US market. San Antonio is an FTZ Alternative Sites Framework location.

The US Citizenship and Immigration Services (USCIS) administers the EB-5 Program. This program is known as “EB-5” because of the name of the employment-based fifth preference visa that participants receive.

Under this program, entrepreneurs, their spouses, and unmarried children under the age of 21 are eligible to apply for a green card (i.e., permanent residence) if they meet the following requirements:

- Meet the necessary investment threshold for a commercial enterprise in the United States; and
- Plan to create or preserve 10 permanent full-time jobs for qualified U.S. workers.

Congress created the EB-5 Program in 1990 to stimulate the US economy through job creation and capital investment by foreign investors. In 1992, Congress also created the Immigrant Investor Program, also known as the “Regional Center Program”. This program sets aside EB-5 visas for participants who invest in commercial enterprises associated with regional centers approved by USCIS based on proposals for promoting economic growth. For more information, please visit [uscis.gov/eb-5](https://uscis.gov/eb-5).