

**Summary of Revisions in the Proposed Tax Abatement Guidelines  
(As of November 20, 2014)**

Section 1 – Eligibility Criteria (No Major Changes):

- Retains the focus on investment and job retention/creation in the targeted industries.
- Retains minimum levels of investment and job creation (except for data center projects located anywhere in the city and mixed-use projects located in the Inner City Reinvestment /Infill Policy Area (ICRIP)).
- Companies must still provide access to healthcare for its employees and their dependents.

Section 2 – Targeted Areas for Investment and Job Creation:

- Aligns the Guidelines with City’s proposed ICRIP, which identifies areas of the City eligible for increased financial incentives, including tax abatements, to promote growth and development.
- Projects located in the ICRIP are eligible for a tax abatement for up to a 10-year term.
- Projects located outside the ICRIP are eligible for up to a 6-year tax abatement term, but projects with exceptional investment (over \$30 million) and/or job creation (over 500 new jobs) may be recommended for a 10-year term.

Section 3 – Summary of Capital Investment and Job Creation Requirements:

- Retains language that staff may recommend projects that invest over \$30 million (including data centers) and/or create at least 500 new full-time jobs (“Exceptional Projects”) for the maximum allowable tax abatement.
- Retains the following table to reflect that projects not in the ICRIP are eligible for up to a 50% tax abatement and those in the ICRIP for up to a 100% tax abatement – retains the same minimum job and investment thresholds.
- Retains criteria staff will use in determining the amount of tax abatement to offer a project, such as a targeted industry, corporate/regional headquarters, number of high-wage jobs, etc.
- Maintains a better alignment of the City’s term areas with the Bexar County two-tiered term areas.

<b>City of San Antonio Tax Abatement Criteria</b>		
<b>Location of the Project</b>	<b>Non-ICRIP</b>	<b>ICRIP and/or Targeted Industries</b>
<b>Term of Abatement</b>	Up to 6 Years	Up to 10 Years
<b>Minimum Investment in Real &amp; Personal Property</b>	\$10 Million	\$1 Million
<b>Minimum New Full-Time Jobs</b>	100	25
<b>Amount of Potential Tax Abatement</b>	Up to 50% on real and personal property improvements	Up to 100% on real and personal property improvements

Section 4 – Timing:

- No change to requirement that a company must submit an application prior to commencement of the project and prior to the issuance of any building permits or a Certificate of Occupancy, including any conditional permits.

Section 5 – Local Hire Requirement:

- Retains the requirement to hire at least 25% of its new employees from residents of the City or Bexar County.

Section 6 – Employee Health Benefits:

- Retains the requirement to provide employees and their dependents access to a benefits package, including a health insurance program, within one year from date of employment.

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### Section 7 – Wage Requirements:

- Retains the “Living Hourly Wage” requirement (currently \$11.47/hour and updated annually) for 100% of all employees (new and retained) at the project site.
  
- Retains the “All Industries Median Hourly Wage” requirement to pay at least 70% of all new and existing employees, with at least one year of employment, the San Antonio Metropolitan Statistical Area median wage for all industries. This wage is compiled by the Bureau of Labor Statistics (BLS) Occupational Employment Survey and published annually by the Texas Workforce Commission (TWC). The wage is updated annually, and for 2014 the current applicable hourly wage is \$14.66 per hour.

### Section 8 – Qualifying Industries/Business Activities or Projects:

- Incorporates Targeted Industries along with other qualifying industries, business activities, or projects.

### Section 9 – Companies and Projects **Not** Eligible for a Tax Abatement:

- Reflects that only those projects involving new construction over the Edwards Recharge or Contributing Zones that result in additional impervious cover at the project site are ineligible.
- Staff may consider offering a tax abatement to retail and contract/outbound call center projects locating in the ICRIP only.
- Retains that those projects already issued a building permit, including conditional permits, are ineligible.

### Section 10 – Additional Terms and Conditions:

- Retains requirement that recipients of tax abatements must agree to work with Workforce Solutions Alamo to facilitate the posting and advertisement of new jobs.

### Section 11 – Recapture of Abated Taxes (No Major Changes):

- Retains the current recapture requirements which allow recapture of 100% of abated taxes during the term and a declining percentage for 4 years following a 6-year term and for 6 years following a 10-year term.

### Section 12 – Application Fees (No Major Changes):

- Retains the current application fee structure which includes a minimum fee of \$500, a \$1,000 fee for companies employing 100-499, and a \$1,500 maximum fee for companies employing 500 or more.

### Appendix D – Definitions:

- Adds definitions for New Jobs, ICRIP, High-Wage Jobs, and Tax Abatement.