



Economic Incentive Guideline Recommendations

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Summary of Findings

- State of Texas largely uninvolved when compared to other states
- Variety of factors influence company decision to relocate/expand
- Workforce development and training important to economic development
- Ability to remote work, require commitment to well-designed and attractive workplace

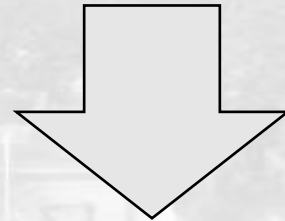
Overview – Economic Development Incentives

Incentives should balance

Need to compete, retain
and reinvest

Need for net positive
economic and fiscal
transaction

Need to serve broader
community equitably and
sustainably



Framework for development of incentives

Themes Identified by TXP



Compete in
Global
Environment



Importance of
Place, Equity,
and Clarity



Refocus on
Firms Vs.
Industry



Incentives in
Broader
Economic
Development
Policy



Create more flexible
evaluation approach to
incentives for
relocation/expansion
that incorporates
scoring system



Assess overall nature and
scope of net benefits



Modify City's wage
requirement



Develop evaluation matrix

Economic Incentive Guidelines

Chapter 312
Agreements

Chapter 380
Agreements

Small Business
Chapter 380
Grants

Recommended Changes to Guidelines

Requirement Criteria	Current Guidelines	New Chapter 312 Tax Abatement Requirements	New Chapter 380 Agreement Requirements
Number of Jobs/ Capital Investment	50 jobs or \$10 Million	50 jobs and \$200 Million	50 jobs or \$10 Million
Wages	100% meet Living Wage (\$12.74) 70% meet All industry Wage (\$17.37)	100% meet \$15 75% meet All Industry Wage	
Healthcare Benefits Package	Must offer Healthcare Benefits Package	Same	
Workforce Development	Engage in preferential interview and hiring	15% of employees hired from Ready to Work program or develop internship opportunities	
Equal Pay	Not required	Gender pay parity practices in the workplace	
Other	Best effort to hire 25% from San Antonio	Included in Evaluation criteria	

Evaluation Criteria – 312 and 380 Agreements

- ✓ Rather than meeting certain requirements for term and percent - company evaluated based on outlined criteria and receive score

Targeted Areas: Equity
Matrix/Regional Centers

Economic Benefit

Character of Jobs/
Labor Force

Infrastructure Impact

Length of Agreement: Chapter 312 and 380

**Inclusive Growth
Area**

Equity Matrix

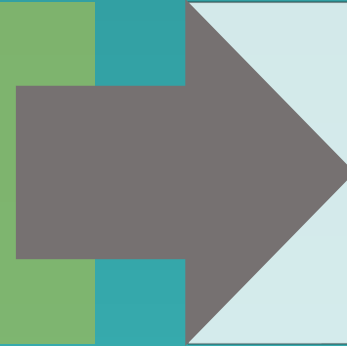
Regional Centers

Criteria for Location	312 Tax Abatement	380 Agreement
Equity Matrix Score 2 to 5	Up to 5 Years	Up to 5 Years
Equity Matrix Score 6 to 10	Up to 10 Years	Up to 15 Years
In Regional Center	Additional 2 Years*	Additional 2 Years

*Note: Maximum allowed by State Law for a 312 Tax Abatement is 10 years

Percent of Abatement or Rebate: 312 and 380

**Qualifying
Priorities**



**Evaluation
Criteria**

Criteria	Does not Meet	Acceptable	Excellent
Economic Benefit	0	30	40
Character of Jobs/ Labor Force	0	30	40
Infrastructure	0	10	20
Total Available Points	0	70	100

Economic Benefit



- In San Antonio targeted industry
- Firm's Headquarter
- Potential to seed new cluster or bring more firms to San Antonio
- Creates significant contracting opportunities for local firms, including small/disadvantaged businesses
- Involves new production line or service

Character of Job/ Labor Force



- 50% of new hires from San Antonio
- 50% Full-Time Employees earn at least Bexar County Average Weekly Wage (approx. \$56,000/year)
- Provides training and opportunities for advancement
- Actively promotes diversity in hiring/promotion
- Hires populations with employment barriers
- Offers benefits to include paid leave, health and wellness benefits

Infrastructure Criteria



- If Infrastructure Required
 - Weigh possible infrastructure impact
 - Identify infrastructure improvements with strong community benefits

Incentive Threshold Levels Options – 312 or 380

Per Job Grant¹

- 60 to 79 Points = 3% of annual wages
- 80 or more points = 5% of annual wages
- Capped at \$1,500 annually

Abatement Property Taxes²

- 40 Points = 40%
- 50 Points = 50%
- 60 Points = 60%
- 70 Points = 70%
- 80 Points = 80%
- 90 Points = 90%
- 100 Points = 100%

Rebate Property Taxes^{2,3}

- 40 Points = 40%
- 50 Points = 50%
- 60 Points and above = 60%

1. May be tied to infrastructure improvements

2. Abatements and rebates reflect an up to percent, actual incentive may be lower

3. Rebates are only eligible for operation and maintenance portion of property tax

Example Project – Company Alpha

Requirements/Term	Economic Benefit 0 Total Points	Character of Labor Force 20 Total Points	Infrastructure 10 Total Points
<ul style="list-style-type: none">✓ 75 jobs, \$15M capital investment✓ Project meets minimum criteria✓ Up to 15-year term; located in tract with an Equity Score of 8	<ul style="list-style-type: none">× Not a targeted industry or HQ project× No potential to bring new businesses cluster to San Antonio× Company not willing to commit to contracting opportunities for local disadvantaged firms	<ul style="list-style-type: none">✓ Company targets hard to hire populations✓ Benefits package includes paid leave× Benefits package does not include other wellness benefits× 15% of full-time employees make over \$56K× 40% of new hires anticipated to be local	<ul style="list-style-type: none">✓ Company leasing pre-existing space coded as a heavy industrial district

30 Total Points – Project does not score highly enough to recommend an incentive

Example Project – Drug Manufacturer

Requirements/Term

- ✓ 50 jobs, \$30M capital investment
- ✓ Project meets minimum criteria
- ✓ Up to 15-year term; located in tract with an Equity Score of 6

Economic Benefit 25 Total Points

- ✓ Targeted industry (advanced manufacturing / biosciences)
- ✓ Project has potential to seed additional biomanufacturing in San Antonio
- × Not a HQ project
- × Local firms not anticipated to meet company's contracting needs

Character of Labor Force 30 Total Points

- ✓ 85% of new hires anticipated to be local
- ✓ Benefits package includes paid leave, wellness benefits
- ✓ 65% of full-time employees make over \$56K
- × Company does not implement practices that support hard-to-hire populations

Infrastructure 5 Total Points

- ✓ Company will have minimal impact on existing infrastructure

60 Total Points – Project is eligible for a 15-year, 60% tax rebate

Example Project – IT Headquarter

Requirement/Term

- ✓ 400 jobs, \$300M capital investment
- ✓ Project meets minimum criteria
- ✓ Up to 7-year term; located in regional center, tract with Equity Score of 4

Economic Benefit 35 Total Points

- ✓ Targeted industry (IT)
- ✓ Relocating and expanding HQ in San Antonio
- ✓ Company has committed to contract with local firms

Character of Labor Force 35 Total Points

- ✓ 85% of new hires anticipated to be local
- ✓ Benefits package includes generous paid leave, and wellness benefits
- ✓ 95% of full-time employees make over \$56K
- ✓ Company provides tuition reimbursement and internal workforce development program
- × Company does not target hard-to-hire populations

Infrastructure 20 Total Points

- ✓ Company will invest in environmental clean-up at site
- ✓ HQ campus design includes park open to public

90 Total Points – Project is eligible for a 7-year, 90% tax abatement

Recommended Changes to Guidelines – Small Business

Requirement Criteria	Current Guidelines	380 Grants – Small Business
Number of Jobs/ Capital Investment	N/A	5 New Jobs
Wages	N/A	Same requirement as 312 and 380 Agreements
Healthcare Benefits Package	N/A	Same requirement as 312 and 380 Agreements
Workforce Development	N/A	Not required
Equal Pay	N/A	Same requirement as 312 and 380 Agreements
Number of Employees	N/A	Must meet Small Business Administration standard for industry
Gross Revenues	N/A	Must meet Small Business Administration standard for industry

Small Business Criteria & Scoring

Location	Length of Term*
Equity Matrix Score 2 to 5	Up to 5 Years
Equity Matrix Score 6 to 10	Up to 10 Years
In Regional Center	Additional 2 Years

Evaluation Criteria	Does not meet	Meets Criteria
Targeted Industry	0	30
Owned by people of color or women	0	40
100% of jobs wages higher than census tract	0	30
Total Available Points	0	100

*Note: Maximum allowed is 10 years

Incentive Threshold Levels

40 to 79 Points

3% of Annual Wages

80 or More Points

5% of Annual Wages

Capped at \$1,500 per job annually

Small Business Grant Examples

Company adding a new location on the Northside

- Not targeted industry
- Not POC or women owned
- Wages don't exceed census tract average

Does not qualify for grant

Construction management company expanding staff on Southside

- Not targeted industry
- Woman-owned
- Wages exceed census tract

**70 points
3% annual wage grant**

Primary care physician expanding practice to Eastside

- Targeted industry (Healthcare)
- POC owned
- Wages exceed census tract

**100 points
5% annual wage grant**

Economic and Workforce Development Discussion

Support Expressed

Small business program

Wage requirement

Pay Parity

Workforce Development

Evaluation Criteria

Changes Discussed

Remove Target Industry

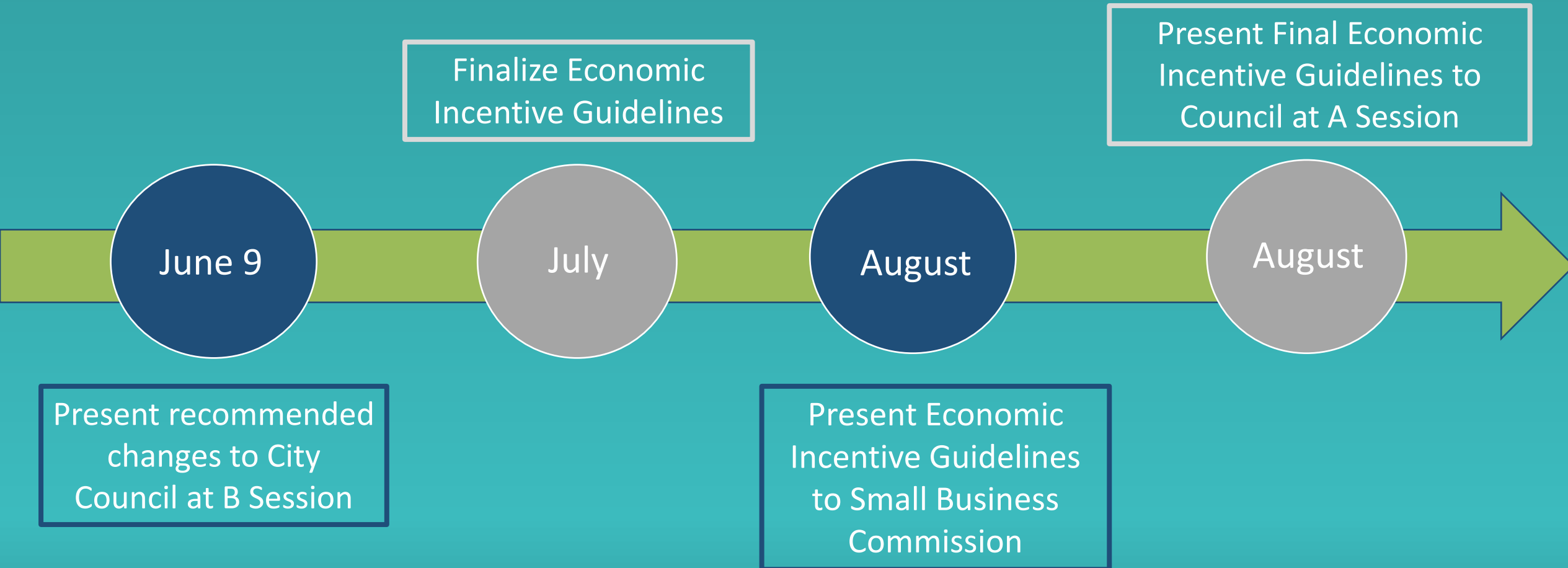
Expand location beyond
Regional Centers

Include Non-Profits

Remove exclusion of some
services – medical services

INCENTIVE GUIDELINES UPDATE

NEXT STEPS





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