



City of San Antonio

Legislation Details (With Text)

File #: 15-6289

Type: Miscellaneous Item

In control: City Council A Session

On agenda: 12/17/2015

Title: An Ordinance approving a 6-year, 50% Tax Abatement Agreement with SRP, LTD as real property owner and AmeriCredit Financial Services as lessee and personal property owner based on a capital investment of \$24.5 million in real and personal property improvements and the creation of at least 490 new full-time jobs.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Draft Ordinance - A, 2. Draft Ordinance - B, 3. AmeriCredit Agreement, 4. Ordinance 2015-12-17-1076

Date	Ver.	Action By	Action	Result
12/17/2015	1	City Council A Session	Motion to Approve	Pass

DEPARTMENT: Economic Development

DEPARTMENT HEAD: Rene Dominguez

COUNCIL DISTRICTS IMPACTED: 6

SUBJECT:

A Tax Abatement Agreement with AmeriCredit Financial Services, Inc. dba/GM Financial (AmeriCredit) and SRP, LTD. (Owner), and the establishment of the AmeriCredit Reinvestment Zone.

SUMMARY:

Staff is requesting City Council action on the following items related to the AmeriCredit project: (A) a Public Hearing and Ordinance designating the AmeriCredit Reinvestment Zone located at the northwest corner of N. Ellison Dr. & Westover Link in Council District 6; (B) an Ordinance approving a 6-year, 50% Tax Abatement Agreement with AmeriCredit and Owner based on a capital investment of at least \$24.5 million in real and personal property improvements and the creation of at least 490 new full-time jobs.

BACKGROUND INFORMATION:

AmeriCredit Financial Services, Inc. (AmeriCredit), formerly AmeriCredit Corp., has been a leading provider of auto finance solutions for dealers and consumers in the U.S. since 1992. Acquired by the General Motors Company in October 2010, AmeriCredit is a wholly owned subsidiary of General Motors. The company

focuses on providing unique financing products to dealers in North America to support vehicle sales. The company operates under the GM Financial name when conducting business with GM dealers, and under the AmeriCredit brand when conducting business with all other dealers.

The company is headquartered in Fort Worth, Texas, and has a total global workforce of 7,500 individuals, and had over \$340 million in sales last year. To expand their customer support and financial service operations, AmeriCredit considered locations in Nashville, Kansas City, Houston, Austin, and the Dallas-Fort Worth metro area. AmeriCredit has chosen San Antonio to build a new 100,000 square foot, financial services center in the Westover Hills area at N. Ellison Dr. & Westover Link, City Council District 6. AmeriCredit anticipates commencing operations in January 2017, and making a capital investment of \$24.5 million and creating 490 new full-time jobs over 5 years.

In order to secure this project in San Antonio, staff recommends a 6-year, 50% tax abatement on real and personal property valued at approximately \$339,594 over 6 years, based on a total minimum capital investment of \$24.5 million, comprised of a \$19.5 million investment in real property and \$5 million in personal property improvements. The company will enter into a lease agreement with Owner in order to construct and occupy the building. In addition, AmeriCredit has committed to the creation of at least 490 new full-time jobs over five years. The company has also committed to participating in two job fairs within one year of the commencement of the economic development agreement term. In accordance with the City's Tax Abatement Guidelines, all jobs at the project site will meet the minimum hourly "living wage" of at least \$11.66 and, within one year, at least 70% of employees at the project site will meet or exceed the \$14.96 hourly median "All Industry Wage."

ISSUE:

Before the City may enter into a Tax Abatement Agreement with AmeriCredit, the City is required to designate the AmeriCredit project site as a "Reinvestment Zone." This designation requires a public hearing and a finding by City Council that designation of the zone is reasonably likely to contribute to the retention or expansion of primary employment, or to attract major investment to the zone. The capital investment and job creation resulting from this project exceed the criteria required for the designation of the AmeriCredit Reinvestment Zone.

The proposed project address in Westover Hills, at N. Ellison Dr. & Westover Link, San Antonio, Texas 78251 meets the Tax Abatement Guidelines for consideration of a 6-year, 50% tax abatement based on a capital investment of \$24.5 million in real and personal property and the creation of at least 490 new full-time jobs.

ALTERNATIVES:

Based on the City's offer to AmeriCredit of the tax abatement, AmeriCredit chose San Antonio for its new customer support operations. City Council could choose not to approve the Ordinances, which could impact AmeriCredit's decision to select San Antonio for the location of this new financial services and customer support operations.

FISCAL IMPACT:

The estimated fiscal impact to the City is \$339,594, which is comprised of the tax abatement over 6 years. Staff conducted a cost-benefit analysis evaluating the City's estimated costs from the tax abatement in relation to the City's estimated revenues from incremental sales taxes from construction costs and new jobs, property taxes, and CPS Energy revenues over a term of 10 years.

Staff estimates this project will have a net fiscal benefit to the City of \$2,094,637 over a 10-year period. The following table summarizes the costs, revenues, and net fiscal benefits from the AmeriCredit project:

10-Year Estimated Net Fiscal Impact from the AmeriCredit Project

	REVENUE	COSTS	BENEFIT
YEARS	Est. Revenue (CPS Energy 14%, Property Taxes, and Sales Taxes from Construction & New Jobs)	Est. Incentive (6-yr, 50% Tax Abatement)	Est. Net Fiscal Impact
1-6	\$1,618,251	\$339,594	\$1,278,657
7-10	\$815,981	\$0	\$815,981
Totals	\$2,434,232	\$339,594	\$2,094,637

RECOMMENDATION:

Staff recommends approval of: (1) a public hearing and Ordinance designating the AmeriCredit Reinvestment Zone; (2) an Ordinance authorizing a 6-year, 50% Tax Abatement Agreement on real and personal property improvements with AmeriCredit and Owner.