



City of San Antonio

Agenda Memorandum

File Number: 17-1760

Agenda Item Number: 2.

Agenda Date: 3/6/2017

In Control: Tax Increment Reinvestment Zone 09 -- Houston Street

Discussion and Possible Action regarding Bexar County Tax Abatement NEC Networks, LLC (CaptureRx) project

SUMMARY

The Bexar County Economic Development Department is negotiating a tax abatement agreement with NEC Networks, LLC (CaptureRx) to provide incentives for the Kress Building at 305 & 315 East Houston Street. The proposed project is valued at \$10.5 Million. Bexar County is seeking TIRZ Board Approval of the abatement because the property falls within the boundary of the Houston Street TIRZ.

BACKGROUND

CaptureRx is growing and relocating their corporate headquarters along Houston Street. They are a software development company focused on solutions in the healthcare sector. The company has been located in San Antonio since 2000.

This Project involves the retention of 114 existing jobs in San Antonio and potential creation of about 400 new jobs between the remaining part of 2016 and 2025. The jobs primarily include IT, operations, administrative, sales, and executive positions. The overall weighted average taxable salary for the new jobs will be about \$90,000. Annual taxable payroll is expected to increase from \$8.8 million to \$46.2 million by 2025.

The total capital investment is estimated at \$10.5 million covering about \$4.8 million in pro-rata base building renovation, \$4.2 million in leasehold improvements, and \$1.5 million in purchases of FF&E. The investment period is expected to occur in 2017.

The Company has sought incentives from both the City of San Antonio and Bexar County.

Bexar County proposed incentive is a ten year, 90% abatement of Bexar County's real property taxes, amounting to \$28,114.00 per year with a total incentive of \$281,183.00 in total.

ISSUE

Under Texas statute, a taxing unit seeking to abate taxes on real property in a reinvestment zone must obtain approval from the following entities in order for the agreement to be effective:

- The Board of Directors of the reinvestment zone
- The governing body of each taxing unit that imposes taxes on real property in the reinvestment zone and deposits

or agrees to deposit any of its tax increment into the tax increment fund for the zone.

RECOMMENDATION

Staff recommends approval of this item.