

County of El Paso Chapter 381 Economic Development Program – Guidelines & Criteria

SECTION I. PURPOSE

It is the policy of the County of El Paso to provide incentives to selected private businesses that make or will make a measurable difference in achieving economic growth and development, expanding and diversifying the tax base and creating new quality jobs within the County of El Paso.

The purpose of this policy is to define the financial incentives and to establish standards for implementation. New businesses or expansion of existing businesses can be considered for financial incentives. In order to be eligible for incentives, businesses or individuals must be current on all county taxes or any other obligation to the County

Incentives cannot be transferred as a result of a change in the majority ownership of the business without the expressed written consent of the County of El Paso. Any new owner shall file a new application for an economic development incentive. It shall be the responsibility of the business to notify the County of any such substantive change.

The County of El Paso is under no obligation to approve any requested incentive and no right to these incentives is neither intended nor implied.

SECTION II. STRATEGIC OBJECTIVES

The County of El Paso, through the implementation of this policy, shall endeavor to accomplish the following strategic objectives:

1. The County of El Paso will pursue a stable, year-round economy with an emphasis on targeting **quality** jobs. A quality job is defined as a job that pays a wage or salary equal to or greater than the current El Paso County Median Wage as computed annually by the Texas Workforce Commission and provides health insurance benefits to employees for which the employer pays at least 50%.
2. The County of El Paso supports the retention and expansion of existing businesses within the County.
3. The County of El Paso supports the attraction of primary and secondary targets identified in Regional Economic Development Corporation's ("REDCO") strategic plan and attached as Exhibit "A"
4. The County of El Paso supports large private commercial recreational and tourism ventures that attract a Regional or National client base.
5. The County of El Paso supports the revitalization of identified redevelopment areas and enterprise zones.

6. The County of El Paso supports the attraction and retention of companies that have strong Regional and National markets for their products or services.
7. The County's economic development efforts should be consistent with the County's growth and development plans for El Paso County.
8. The County of El Paso supports Creative Class businesses as defined by Richard Florida in "The Rise of the Creative Class".
9. The County of El Paso supports increased health care coverage as a strategic objective.

SECTION III. GENERAL CRITERIA

The County of El Paso may provide incentives for any business or commercial development project if that project:

1. Will substantially enhance the economic health of the County of El Paso;
2. Will result in a net increase or retention of jobs in the County or add to the tax base or will otherwise improve or enhance the economic welfare of the residents or businesses of the County; or
3. Demonstrates the potential to generate revenues to the County which outweigh costs associated with incentives.

In addition, the following criteria must be satisfied.

The project **MUST**:

1. Show a clear demonstration of public purpose and economic benefit through advancement of the County's economic goals which include expanding the tax base, creating quality jobs, increasing private capital investment in the community, spurring development in targeted County locations; or encouraging development of targeted businesses or clusters desirable to enhance the County's economy;
2. Include solid evidence provided by the business that demonstrates the business's financial stability and capacity to complete the project;
3. Be in compliance with all local, state and federal laws.

The business, in order to receive any such incentives from the County of El Paso will make available credible information, including but not limited to capital investment and employment projections, to enable the County to prepare a fiscal impact analysis. The recipient will also make available an update of this data available annually after

business operations have begun. The decision to provide any economic development incentives will be considered on a project-by-project basis, in accordance with the criteria set forth in this policy, and at the discretion of the El Paso County Commissioners Court.

SECTION IV. QUALIFICATION CRITERIA

In order to be eligible for incentives, a project must meet qualifying standards in at least ONE of the categories below. ALL projects must receive a job credit of 25 or more to be eligible.

Job Credit Scoring:

a. Wages

Less than Median County Wage (MCW)	= 0X
100% to 119% of MCW	= 1.0X
120% to 149% of MCW	= 1.5X
150% or greater of MCW	= 2.0X

b. Number of Jobs

Example: ABC Company is establishing operations and hiring or retaining 40 workers

Credit for number of jobs will be based on the wage levels above. For instance, if a company is hiring or retaining 5 jobs at less than MCW, 5 jobs at MCW, 10 jobs at 125% of MCW and 20 jobs at 150% of MCW then their job credit would be calculated as follows:

<i>Salary</i>	<i>Jobs</i>	*	<i>Factor</i>	=	<i>credits</i>
Less than MCW	5	*	0	=	0
MCW	5	*	1	=	5
125% of MCW	10	*	1.5	=	15
150% of MCW	<u>20</u>	*	2	=	<u>40</u>
Totals:	40			=	60 Job Credits

Category 1 - Quality Jobs - 80% of jobs must be at or above MCW

If 80% of the jobs pay at least the Median County Wage the company is eligible for a 50% Grant.

Category 2 - Targeted Location

- a. Located in a Federal Zone (Empowerment or Enterprise Zone) or;
- b. Located in a Census Tract with greater than 20% of its population at or above poverty level or;
- c. Located in a state law designated enterprise zone.

Grant Amounts will be based on the following:

25% Grant - A minimum of 80% of the jobs paying at least 90% of the MCW or;

50% Grant - A minimum of 90% of the jobs paying at least 90% of the MCW.

Category 3 - Business Type

- a. Market for service or product is Regional, National or Global, or;
- b. Primary and additional targets identified in REDCO's strategic plan and identified in Exhibit "A" or;
- c. *Member of Creative Class as defined by Richard Florida in "The Rise of the Creative Class."
- d. *R&D, publishing, software, television & radio, design, music, film, toys & games, advertising, architecture, performing arts, crafts, video games design, fashion design and art.

Grant Amounts will be based on the following:

25% Grant - A minimum of 80% of the jobs paying at least 90% of the MCW or;

50% Grant - A minimum of 90% of the jobs paying at least 90% of the MCW.

Category 4 – Capital Intensive Project

If 80% of Jobs pay at least 90% of MCW

AND;

Capital Investment is \$30M – \$49M - then company is eligible for 30% Grant

Capital Investment is \$50M or more - then company is eligible for 35% Grant

Or;

If 90% of Jobs pay at least 90 % of MCW

AND;

Capital Investment is \$30M - \$49M - then company is eligible for 60% Grant

Capital Investment is \$50M or more - then company is eligible for 65% Grant

Category 5 – Increased Health Care Coverage Incentive

1) In order to qualify under this Category, 80% of the jobs must pay at least 80% of the MCW and must met 2 of the criteria below:

- Locate in a Targeted Location, or;
- Be a Business Type indentified under Category 3, or;
- Make a minimum investment of \$30M, or;
- Must otherwise be eligible under one of the bonus categories:
 - a) Downtown Location, or;
 - b) Headquarters unit move, or;
 - c) Research and Development component as described in guidelines;

AND;

2) Medical Benefit % must be paid according to the following table:

MCW	Employees Medical Premium to be Paid
90 - 100%	50%
85 - 89%	75%
80 – 84%	100%

AND;

3) Must agree to a FIRST SOURCE HIRING PRACTICE that could include the following:

Before jobs are announced to and filled by the general public, the company will commit to first utilize the job posting/announcement opportunities of the Rio Grande Workforce Development Board and its job placement programs.

Companies qualifying under this Category will be eligible for a 50% Grant. Company may still be eligible for any additional bonus incentive earned under Section VI if applicable.

SECTION V. ECONOMIC DEVELOPMENT INCENTIVE

Companies meeting the qualification standards above who wish to pursue incentives will need to pay a \$750 non refundable application fee in order to formally request incentives.

An economic impact analysis will be conducted by the Economic Development Department of the City of El Paso pursuant to an Interlocal Agreement for Economic Development Services, on every project considered for incentives. The delivery mechanism of choice for incentives will be the Chapter 381 agreement; however, the County reserves the right to use any other source available in the award of incentives. As a matter of general policy, tax abatements and Chapter 381 agreements entered into as a result of this policy will not be used simultaneously unless the revenue stream from which the Chapter 381 agreement is paid is derived from sources other than property tax.

Agreements may be conditioned on the completion of specific improvements to real property and/or job numbers and salaries levels being met. The Agreements shall contain recapture clauses in the event that such conditions are not met.

The City Economic Development Department is charged with developing a recommendation to the El Paso County Commissioners Court. In most cases, Incentives will be limited to 50% of the calculated direct, indirect and induced benefit, (excluding any bonus incentives earned) unless extraordinary benefit can be shown. All incentives packages will be limited to 100% of the taxes (real & property) actually collected in any given year unless approved by specific Commissioners Court action. For Category 2(c) (enterprise zone), the Commissioners Court may consider offering incentives based on capital investment only. Final Percentages of all grants will be at the sole discretion of Commissioners Court.

SECTION VI. BONUS INCENTIVES

In order to be eligible under this section, a company must first establish eligibility in one of the prior categories (1 – 5)

A 50% Bonus may be earned if:

1. The company agrees to locate within the area covered by the City of El Paso Downtown 2015 plan.
2. The company locates a headquarters unit with a minimum of 100 employees to El Paso.
3. The company locates their Research & Development (as defined by Federal Tax Code) in El Paso (25% of the total jobs must be Research & Development related or directly support the Research & Development function).

AMENDMENTS

This policy may be amended or renewed by majority vote of the El Paso County Commissioners Court.

BY ACTION OF THE EL PASO COUNTY COMMISSIONERS COURT, THESE GUIDELINES AND CRITERIA ARE EFFECTIVE ON THE _____ DAY OF _____, _____.