

2025-2026 Economic Development Incentive Updates



City Council A Session Agenda items: #4 & #5

December 12, 2024

Presented by: Brenda Hicks-Sorensen, CEcD

Director of Economic Development

Priorities



- High wage jobs
- Competitiveness
- Accessible policy tied to key areas
- Streamlined, efficient processes
- Objective metrics

National Comparison



City	Main Program	Max Incentive	Has Targeted Industries	Wage Requirements	Minimum Jobs Created	Investment Minimum	Wrap-Around Support Requirement
San Antonio, TX	Tax abatement/rebate, Job grants	10yr, 100% abatement; \$2.5k/job	Yes, for enhanced incentive	\$22.92 (80% Median Household Income)	50	\$10M	10% of incentive value for childcare, transportation, or training
Arlington, VA	Tech Zones tax rebate and grants	up to 10yrs, varies	Must be a "technology business"				
Charlotte, NC	Tax rebate	10yr, 90% rebate	Yes, for enhanced incentive	Yes, average wage (\$26.60)	20	\$3M	
Denver, CO	Expansion Credit, Incentive Fund	Unspecified	Unspecified	Yes, Unspecified	Yes, Unspecified	Yes, Unspecified	
Jacksonville, FL	State Programs Only						
Kansas City, MO	Tax abatement	10yr, 75%	Yes, Unspecified	Yes, Unspecified	Yes, Unspecified	Yes, Unspecified	
Nashville, TN	Job grants	\$500/job		\$37.02	500		
Philadelphia, PA	Tax credit	\$5,000/job			25		
Phoenix, AZ	State Programs Only						
Portland, OR	Tax abatement	5yr, 100%			10% increase of current jobs if existing business		
San Diego, CA	Small Business Investment Grant	Up to \$100,000		\$40.38 wage as optional criteria	Ranging from 1 - 5 jobs depending on size of business and location in city	Ranges from \$150K to \$1M depending on size of business and location in city	
Washington, DC	Tax credit, tax exemptions	5yr, 100%; \$15k/job	Only tech companies are eligible		At least 10 employees must be in DC		

Texas Comparison



City	Max Incentive	Has Targeted Industries	Minimum Wage Requirement	Minimum Jobs Created	Investment Minimum	OSHA Requirements	Heat Illness Measures	Local Hiring	Construction Wage	SWMBE Spending	Wrap-Around Support Requirement
San Antonio, TX	10yr, 100% abatement; \$2.5k/job	Yes, for enhanced incentives	\$22.92 (80% Median Household Income)	50	\$10M				Report Wages	10% of all construction costs	10% of incentive value for childcare, transportation, or training
Austin, TX	5yr, 85% rebate; up to \$3k per job award.	Yes, as a "bonus qualifier"	Living wage (\$21.63)	Yes, for certain incentives	\$2M, for certain incentives; No minimum for small businesses	OSHA-10 for construction workers		Required for large businesses; 100% must be living in Austin MSA	Required to receive living wage; report prevailing wage	Must comply with City's SWMBE Ordinance for Procurement	
Dallas, TX	10yr, 90% abatement	Real estate is only target; all industries eligible	Living wage (\$22.06)	Create 10 or retain 25	\$2M, for certain incentives			Not required, but a consideration in determining incentive amount		Good faith effort for 32% of construction costs for real estate projects	
El Paso, TX	100% rebate	Yes, for certain incentives	Median Wage (\$22.67)		\$30M, for some incentives			Consideration in determining incentive			
Fort Worth, TX	15yr, 80% rebate; \$10,000/job;	Yes, for enhanced incentives	\$26.44 Minimum	50	\$25M			Best Faith Effort for 30% of All Jobs		15% of all construction costs	
Houston, TX	10yr, 90% abatement	Yes, but broad eligibility		25	\$2.5M+ for most incentives						

Participant Organizations



- American Indians in Texas at the Spanish Colonial Missions
- Associated Builders and Contractors
- Associated General Contractors
- Bexar County Economic Development
- BioMedSA
- Brooks
- City Partner Departments
- Culturingua
- COPS/Metro
- CPS Energy
- Greater San Antonio Chamber of Commerce
- greater:SATX
- Incentivized businesses
- LiUNA!
- Maestro
- NAACP
- NALCAB
- North San Antonio Chamber of Commerce
- Port SA
- San Antonio Hispanic Chamber of Commerce
- San Antonio LGBT Chamber of Commerce
- SA Central Labor Council
- SAGE
- SAWS
- Site Consultants
- Small Business Advisory Commission (SBAC) Members
- South Texas Business Partnership
- Southwest Laborers District Council

Overview of Updates



B Session Highlights:

- ✓ Power-intensive users
- ✓ Remote/hybrid "qualified workers"
- ✓ Wages for new and existing jobs
- ✓ Wage indexing
- ✓ Capping abatements/rebates
- ✓ Legal language updates

Additional Considerations:

- ✓ Additional site enhancements
- ✓ Ready to Work engagement
- ✓ Local hiring efforts
- ✓ Safety-related reporting



Power Intensive Users

- Projects requiring 40 MW or more must meet Tier 2 Requirement of 200 jobs

Hybrid/Remote Work

- Ch. 380: Employees must spend at least 60% of their annual hours at the project site engaged in services on-site; or reside within City of San Antonio, City of San Antonio ETJ, or Bexar County
- Ch. 312: No more than five-percent (5%) of the Full Time Jobs may be hybrid, but must still be physically present at project site at least twice per week

Wage Updates



Tax Abatement/Rebates

Wage Type	Current Wage	Current New Wage
COSA Minimum	\$ 17.50/hr	\$ 18.00/hr (indexed)
80% of San Antonio Median Wage	\$ 20.54/hr	\$ 22.92/hr (indexed)

- 100% of jobs required to be paid COSA minimum wage
- 90% of jobs required to be paid 80% median wage

- Require ALL employees (existing and new) be paid minimum of current wage levels
- Index annually

Strategic Job Grants (EDIF)

Min. Annual Wage Rate (% of Median Wage)	Maximum Amount per New Position
150% to 165%	\$1,000
More than 165% up to 185%	\$1,500
More than 185% up to 195%	\$2,000
More than 195%	\$2,500

- 100% of jobs require the city median income of \$28.65/hr (Current)
- 90% of jobs require 150% of the median income \$89,389 or \$42.97/hr (Current)

Proposed Tax Abatement/Rebate Matrix



Tax Abatement and Rebate Eligibility Matrix

	 Hourly Median Wage (MW)	 Capital Investment	 No. of Jobs Created	 Base Tax Abatement/Rebate %	 Exceptional Enhancements
Tier 1	80% MW	AND \$10M	AND 50	20%	
Tier 2	100% MW	OR \$25M	OR 200	30%	 + 10% Regional Center
Tier 3	115% MW	OR \$50M	OR 400	40%	 + 10% Targeted Industry
Tier 4	135% MW	OR \$100M	OR 600	50%	
Tier 5	150% MW	OR \$150M	OR 800	60%	
Tier 6 *	170% MW	OR \$250M	OR 1000	70%	 + 10% Equity Matrix **

Note: All projects for Tax Abatement must meet initial minimum investment, wage and job creation requirements (Tier 1). To be eligible for Tiers 2 - 6, only one of the corresponding wage, capital investment, or job creation levels must be met.

*Catalytic Projects: Projects that meet Tier 6 eligibility matrix requirements with at least one (1) Exceptional Enhancement may also be offered additional support for Project-related costs

** Equity Enhancements: Projects located in a census tract with an Equity Atlas combined score of 7 or more may also be offered additional support for Project-related costs

Additional Considerations



Require recipients create a customized Ready to Work Plan with staff, to include interviewing and hiring program graduates

Require efforts to hire at least 30% of FTEs from within COSA, ETJ, or Bexar County

Submission of safety program/plan that includes heat-related safety and OSHA-10 training, or an equivalent

Require reporting of contractors' Experience Modification Rating (EMR)



Summary of Ch. 312/380 Revisions

REQUIREMENT/CRITERIA	CURRENT GUIDELINES	PROPOSED GUIDELINES
Ready to Work Engagement	Can be counted towards 10% wrap-around dedicated spending	All recipients will be required to work with EDD/WDO to create a customized Ready to Work Plan for interviewing/hiring program graduates
Local Hiring		All recipients will demonstrate good faith effort to hire 30% of FTEs from within COSA, ETJ, or Bexar County
"Qualified Employee" Definition	Employees associated with the job site, working at least 2,080 hours/year	Ch. 312: No more than 5% of jobs; 2+ days/week at site; Ch. 380: Spend >60% of their annual hours at the project site engaged in services on-site; or reside within COSA, ETJ, or Bexar County
Base Wages	Entry Wage (\$17.50); AND 80% of Median Wage (\$20.54)	Entry Wage (\$18.00); AND 80% of Median Wage (Currently \$22.92); Both indexed throughout the life of the agreement; Applies to both new and existing jobs
Additional Site Enhancements	Tier 6 projects are eligible for additional funding for site enhancements	Tier 6 and projects in Equity Atlas scored 7+ census tracts are eligible for additional funding for site enhancements
Construction Considerations	Wage reporting for construction workers	Require safety program reporting for GCs and recipient; EMR reporting for GCs; Continuing wage reporting for construction workers
Power Intensive Users		40MW or higher must meet minimum of Tier 2 Requirement of 200 Jobs
Tax Abatement Value	Assigned a percentage based on matrix, which could result in larger value if investment increases	Capping rebates and abatement using the value that the company is eligible for, based on the estimated investment indicated in their incentive application

Staff Recommendation



- Adoption of the Ordinance approving amendments to the City of San Antonio Economic Development Incentive Fund Guidelines (EDIF) pursuant to Chapter 380 of the Local Government Code, effective January 1, 2025, through December 31, 2026.
- Adoption of the Ordinance approving amendments to the City of San Antonio Tax Abatement Guidelines effective January 1, 2025, through December 31, 2026.

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