

# **2025-2026 Economic Development Incentive Updates**



**Economic and Workforce Development Committee**

**October 22, 2024**

**Presented by: Brenda Hicks-Sorensen, CEcD**

**Director of Economic Development**

# Programs and Resource Summary



## JOB CREATION



- Tax Abatements
- Tax Rebates
- Economic Development Incentive Fund

## PLACEMAKING



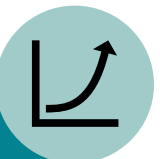
- Outdoor Spaces Grants
- Façade Improvement Grants
- RevitalizeSA: Corridor Leadership Program
- San Antonio Economic Development Corp.

## SMALL BUSINESS



- Zero Percent Loan Program
- LaunchSA
- Supply SA
- Capacity Building & Bond Assistance
- Small Business Economic Development Advocacy (SBEDA)
- Construction Mitigation Program and Grants

## GROWTH COMPANIES



- SBIR/STTR Matching Grant Program
- Phase 0 SBIR/STTR Grant Program
- Second Stage Company Grant Program

# Incentive Policy Review



Incentives should balance:

Competitiveness,  
retention, and  
reinvestment

Net positive economic  
and fiscal transaction

Serving broader  
community needs



Incentive policy updates continue to:

Prioritize high wage jobs  
and competitiveness

Simplify accessible  
policy tied to key areas

Streamline efficient  
processes and objective  
metrics

# Overview of Updates



## Administrative

- Wage updates and indexing
- Clarification on a “Qualified Employee” and hybrid work
- Capping abatement values



## Programmatic

- Continue to support goals identified by other departments
- Intensive Power Users



## Other

- Clarified prevailing wage reporting
- Changes recommended from CAO based on recent negotiated projects

# Wage Updates



## Tax Abatement/Rebates

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

- 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)









Minimum Annual Wage Rate	Maximum Amount per New Position
\$89,389 – 99,389	\$1,000
\$99,890 – 109,389	\$1,500
\$109,390 – 119,389	\$2,000
\$119,390+	\$2,500

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

# Proposed Tax Abatement/Rebate Matrix



## Tax Abatement and Rebate Eligibility Matrix

	 <b>Hourly Wage</b>		 <b>Capital Investment</b>		 <b>No. of Jobs Created</b>	 <b>Base Tax Abatement/Rebate %</b>	 <b>Exceptional Enhancements</b>
Tier 1	<b>\$22.92</b>	AND	<b>\$10M</b>	AND	<b>50</b>	<b>20%</b>	 + 10% Regional Center  + 10% Targeted Industry  + 10% Equity Matrix
Tier 2	\$28.00	OR	\$25M	OR	200	30%	
Tier 3	\$33.00	OR	\$50M	OR	400	40%	
Tier 4	\$38.00	OR	\$100M	OR	600	50%	
Tier 5	\$43.00	OR	\$150M	OR	800	60%	
Tier 6	\$48.00	OR	\$250M	OR	1000	70%	

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.

# Matrix Application:






## Project XYZ:

- Base wage: \$30/hour
- Capital investment: \$110M
- Jobs created: 100
- Industry: IT/Cybersecurity

✓ **Rebate/Abatement Percentage: 60%**

✓ **Recommended Length: 7-9 years**

**Tax Abatement and Rebate Eligibility Matrix**

							
	Hourly Wage		Capital Investment		No. of Jobs Created	Base Tax Abatement/Rebate %	Exceptional Enhancements
Tier 1	\$22.92	AND	\$10M	AND	50	20%	
Tier 2	\$28.00	OR	\$25M	OR	200	30%	
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Tier 4	\$38.00	OR	\$100M	OR	600	50%	<ul style="list-style-type: none"> <li>+ 10% Regional Center</li> <li>+ 10% Targeted Industry</li> <li>+ 10% Equity Matrix</li> </ul>
Tier 5	\$43.00	OR	\$150M	OR	800	60%	
Tier 6	\$48.00	OR	\$250M	OR	1000	70%	

# Remote and Hybrid Employees



## Ch. 312 Tax Abatements

- Clarifying and limiting work not conducted at project site:
  - 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

## Ch. 380 Tax Rebates and Grants

- For companies with hybrid schedules, 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



# Power Intensive Users



## Grab Power While You Can

Electricity is the new gold in the race to build more data centers.



## BISNOW

## A Fight Between Big Tech And An Ohio Utility May Preview Turmoil Ahead For Data Centers

September 22, 2024 | Dan Rabb, Data Centers

Airlines headquarters in Mount Prospect.

## THE HILL

## The US must secure its supremacy against China in AI and cloud computing



## Cloud AI building boom propels server, storage market to record highs



## TAB Chair VILLARREAL: To Help U.S. Lead, Texas Needs to Maintain Tech & AI Dominance Over China

# Power Intensive Users

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- User requiring, or projected to, 40 MW or more
- Typically requires the development of a substation

Align approach for incentivizing and recruiting power-intensive economic development projects with emphasis on job-producing investments:

Power Intensive Users must meet Tier 2 Requirements of 200 jobs

## Stakeholder Engagement

- Bexar County Economic & Community Development BioMedSA
- Brooks
- Business and Community Development Organizations
- Chambers of Commerce
- COPS/Metro
- COSA Departments
- CPS Energy
- greater: SATX
- Labor Unions
- NAACP
- NALCAB
- Port SA
- SAWS
- Small Business Advisory Commission (SBAC) Members

- ✓ 80% Median Income
- ⊖ Base wages and indexing
  - Existing companies impacted
  - Target industry impact
- ✓ Hybrid/Remote Work
  - Change “and” to “or”
  - Ease of compliance
- ✓ Capped Tax Abatement Value
- ⊖ Power Intensive Users
  - “Open for Business”
  - SA Climate Ready

# Summary: Potential Ch. 312/380 Revisions



REQUIREMENT/CRITERIA	CURRENT GUIDELINES	PROPOSED GUIDELINES
Base Wages and Indexing	Entry Wage (\$17.50); AND 80% of Median Wage (\$20.54)	Entry Wage (\$18.00); AND 80% of Median Wage (\$22.92); Both indexed throughout the life of the agreement; Applies to both new and existing jobs
“Qualified Employee” Definition	Employees associated with the job site, working at least 2,080 hours/year	Ch. 312: No more than 5%; 2 days/week at site; Ch. 380: Spend at least 60% of their annual hours (1,248 hours) at the project site engaged in services on-site; <b>or</b> reside within City of San Antonio, City of San Antonio ETJ, or Bexar County
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
Power Intensive Users		40MW or higher must meet minimum of Tier 2 Requirement of 200 Jobs

# Next Steps:



## City Council B Session

- November 6

## City Council A Session Consideration

- November 21

## Implementation

- January 1, 2025

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