

Return on Investment from the Use of City of San Antonio Tax Incentives

Study Conducted By: Steve Nivin, Ph.D.
In Collaboration With: Economic Development Department

Presented to: Economic and Workforce Development
Committee

September 27, 2022



Purpose of the Study

To calculate a return on investment (ROI) for all economic development projects active through 2021 in which the City has invested business incentives and staff time in generating jobs and investment for the community.

Time Period and Data



69 Economic Development Incentive Projects

- Currently monitored Active projects
- Does not include terminated projects where incentives were recaptured
- Assumes no new incentive agreements in 2021 and going forward

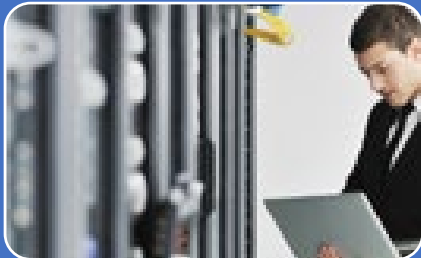


Date Range

Starting in 2005 - Ending in 2040

All project costs and revenues were flat-lined out to 2040

At the end of 20-years project revenues are no longer recognized



Data from various sources

- Economic Development Dept., Finance Dept., City Clerk
- CPS Energy, Bexar Appraisal District, Bexar County Tax Assessor
- IMPLAN

Methodology

Costs

- EDD staff budget less Small Business and Global Relations operations
- Value of the incentives (Tax Abatement, Grants)

Revenue

- Real and personal property tax revenues
- Sales tax revenues from new jobs created
- CPS Energy revenues

Return

- Return on Investment =
Revenues/Costs

Current Model: Conservative Estimate

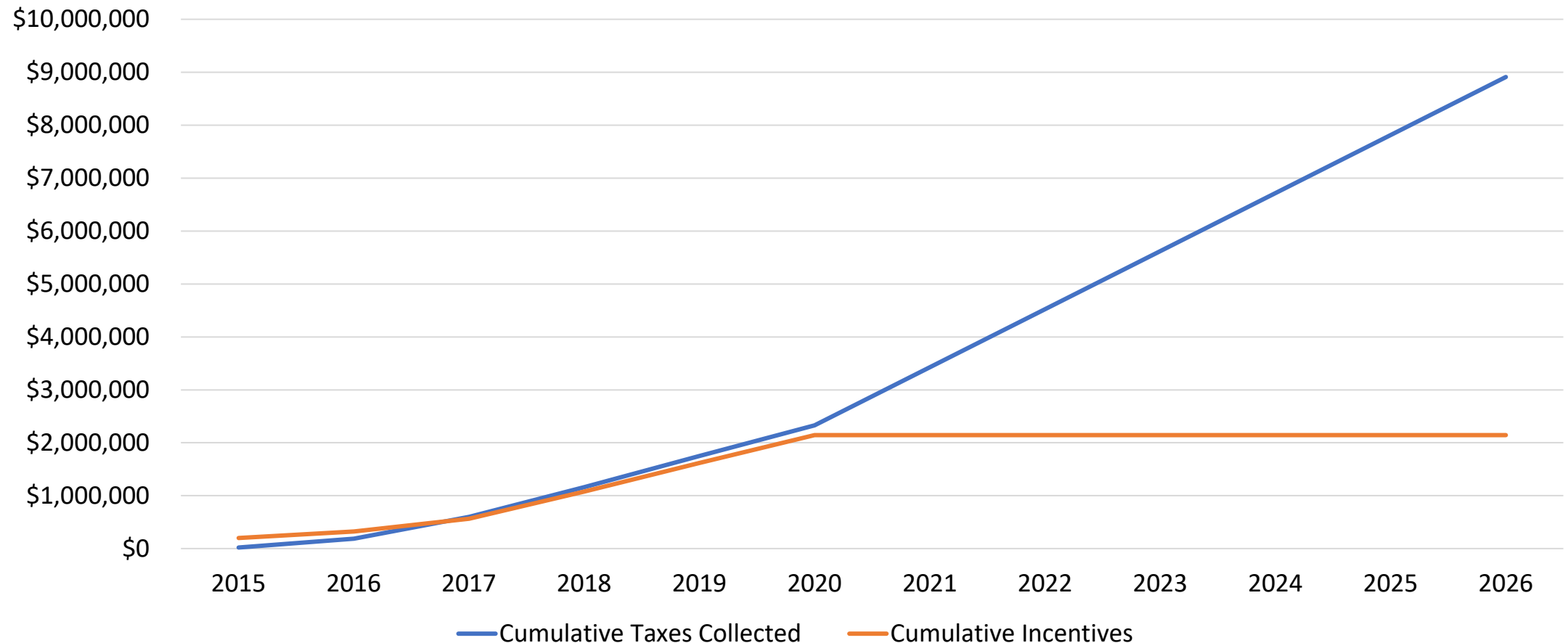
**Existing Revenue
Generators:**
Projects executed
before 2005
continue to provide
revenue today

Terminated Projects:
Projects that were
terminated and
recaptured continue
to generate revenue

**Term-Limited
Revenue:**
All projects continue
to provide revenue
beyond 20 years

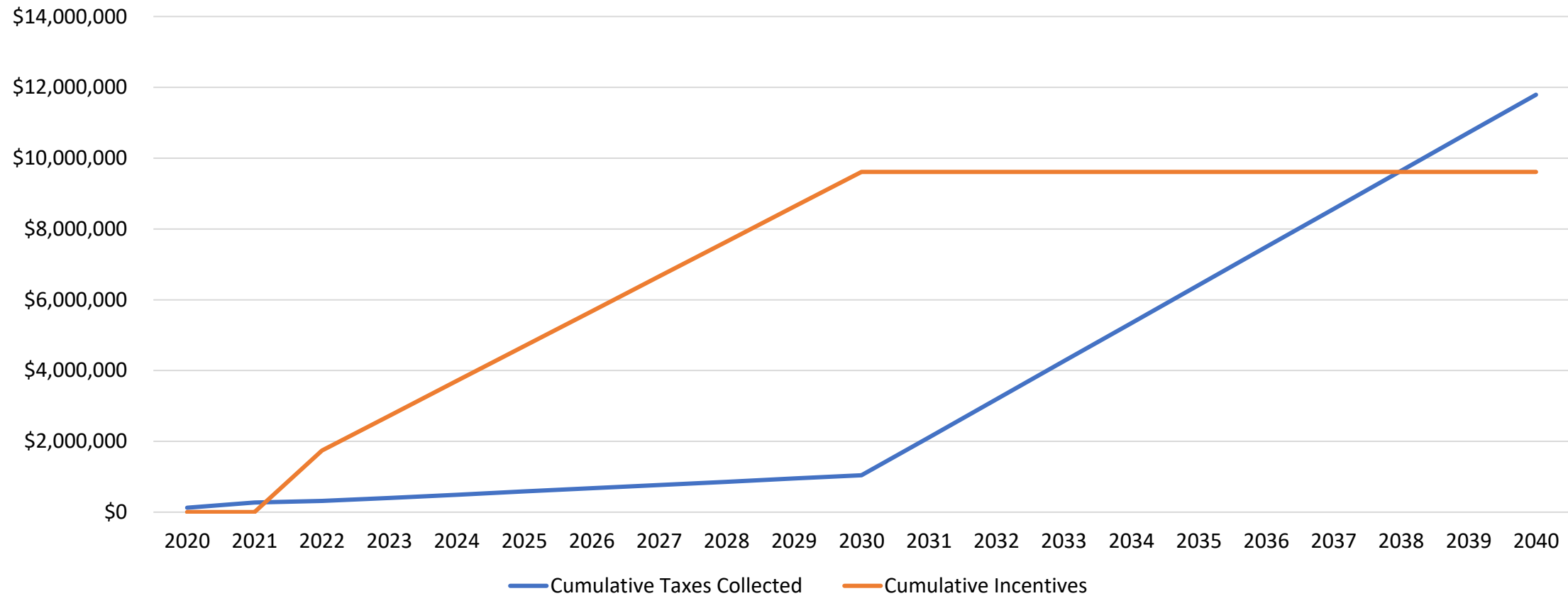
Breakeven Example: Data Center

**Cumulative Taxes Collected and Cumulative Incentives of a Data Center Project
(6-Year, 50% Abatement on Real and Personal Property; Excludes CPS Energy Revenue)**

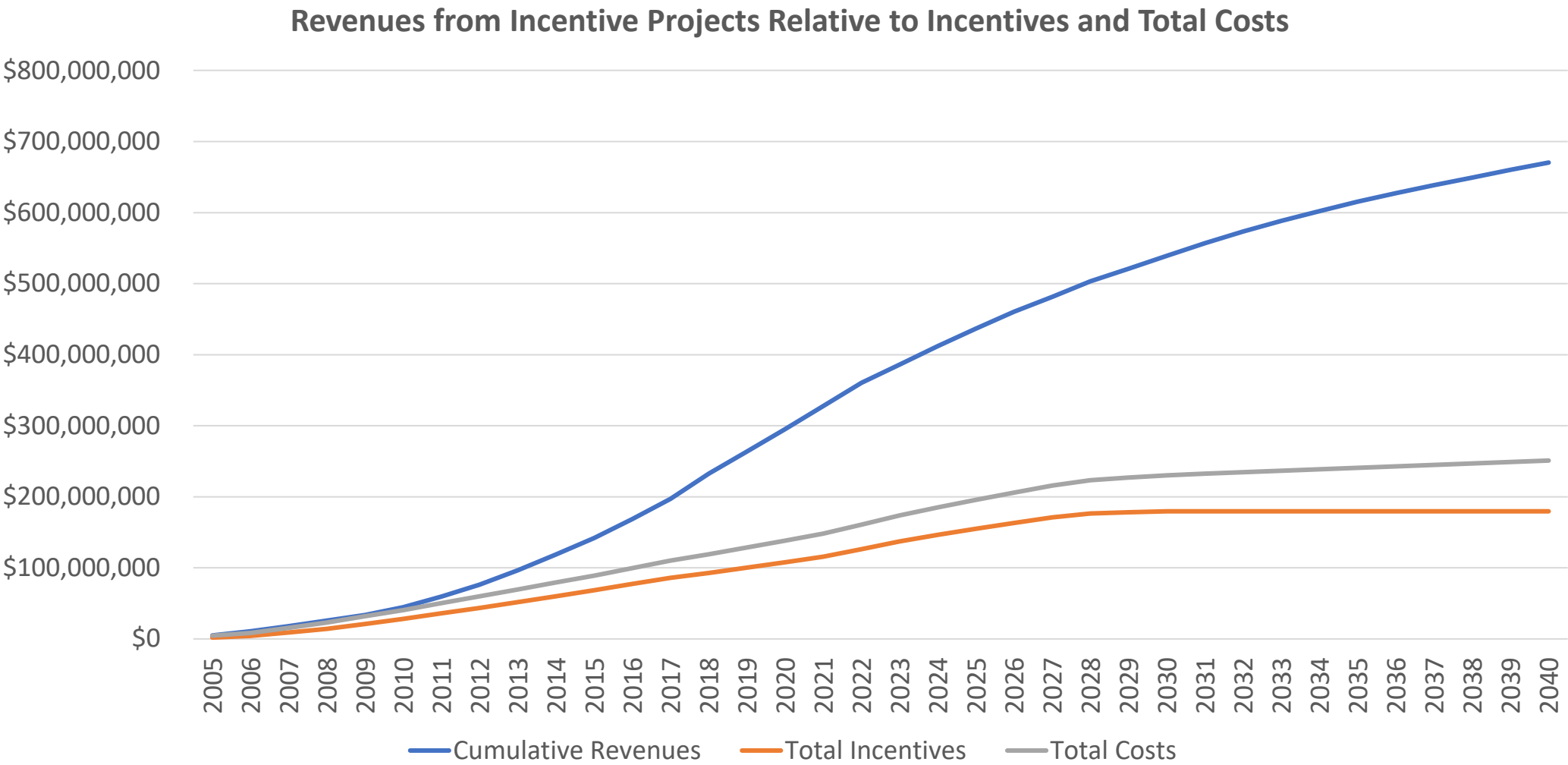


Breakeven Example: Manufacturing Project

Cumulative Taxes Collected and Cumulative Incentives of a Manufacturing Project
(10-Year 100% Abatement on Real and Personal Property, Excludes CPS Energy Revenue)



Breakeven of All Active Projects




Results

Return on Investment of City of San Antonio Economic Development Incentives	
Total Expenditures on Economic Development Programs	\$71,397,359
Total Amount of Incentives	\$179,629,100
Total Revenues to City of San Antonio	\$670,412,941
Net Revenues to City of San Antonio	\$419,386,482
Total Private Sector Investment	\$5,615,390,424
Private Sector Investment Per Dollar of Incentives	\$31.26
Revenues Per Dollar Spent on Programs	\$9.39
Revenues Per Dollar of Incentives	\$3.73
Revenues Per Dollar Spent on Programs and Incentives	\$2.67

Incentive ROI Comparison

	2017	2022
Number of projects	72	69
Total Amount of Incentives	\$100,693,610	\$179,629,100
Total Private Sector Investment	\$3,686,571,815	\$5,615,390,424
Revenues Per Dollar Spent on Programs	\$5.22	\$9.39
Revenues Per Dollar of Incentives	\$6.28	\$3.73
Revenues Per Dollar Spent on Programs and Incentives	\$2.67	\$2.85



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