

UPDATED
City of Socorro
Chapter 380 Economic Development Incentives Policy
Guidelines & Criteria

SECTION I. PURPOSE

It is the policy of the City of Socorro (hereafter, the “City”) 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 City of Socorro.

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. To be eligible for incentives, businesses or individuals must be current on all city taxes or any other obligation to the City.

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

The City is under no obligation to approve any requested incentive and no right to these incentives is neither intended nor implied. The City reserves the right to grant incentives on a case-by-case basis as may be decided by the City Council.

SECTION II. DEFINITIONS

Abatement - A tax abatement is a local agreement between a taxpayer and a taxing unit that exempts all or part of the increase in the value of the real property and/or tangible personal property from taxation for a period not to exceed 10 years.

Applicant – A business that submits a formal application requesting incentives under the City of Socorro’s Chapter 380 Economic Development Policy.

Destination Retail Projects – A development that contains a retailer or group of retailers who will offer a product and or good (subject to sales tax) that is unique to the market and which is not otherwise available for purchase at a retail business physically located in the City of El Paso. A destination retailer is expected to attract new sales tax dollars or retain sales tax dollars in the

City of Socorro that may otherwise go to a nearby city or metro area. Each destination retailer must have a minimum of \$5 million in annual sales (subject to sales tax).

Economic Impact Analysis - Examines the effect of the investment and/or job creation on the economy and measures the cumulative effects of that economic activity. The City of Socorro will conduct an economic impact analysis on every project considered for incentives.

Median County Wage - The limit between the amount earned by 50 percent of workers who are the lowest paid and 50 percent of workers who are the highest paid in a particular job or industry occupation, within the El Paso, TX MSA.

Quality Job - Jobs that provide education, training, or career development opportunities for continued career advancement in addition to meeting wage and benefit requirements. All proposed jobs must pay a wage at or above the position-specific entry Median County Wage.

Retention -The process of providing resources and assistance to existing, local businesses for employee retention and to maintain current operations.

STEM - Science, Technology, Engineering, and Mathematics are key academic disciplines promoting a competitive global workforce.

Target Areas / Targeted Locations - City of Socorro’s business attraction, expansion, and retention strategic areas listed in Exhibit B. The Target Areas may be revised from time to time to reflect current market conditions and promote sustainable economic development opportunities.

Target Industries – City of Socorro’s business expansion and attraction target industry priorities listed in Exhibit A. The Target Industries may be revised from time to time to reflect current market conditions and promote sustainable economic development opportunities.

Wage Requirement -Wage or salary equal to or greater than the current, local Median County Wage associated specifically with the proposed employment position.

SECTION III. STRATEGIC OBJECTIVES

The City of Socorro, through the implementation of this policy, shall endeavor to accomplish the following strategic objectives:

1. The City will pursue a stable, year-round economy with an emphasis on targeting quality jobs.

2. The City supports the retention and expansion of existing businesses within the City.
3. The City supports the attraction of target industry sectors identified in the City of Socorro's current strategic plan and identified in Exhibit A.
4. The City supports large private, commercial, recreational, and tourism ventures that attract a Regional or National client base.
5. The City supports the revitalization of designated redevelopment areas.
6. The City supports the attraction and retention of companies that have strong Regional and National markets for their products or services.

The City's economic development efforts should be consistent with the City's Growth & Development Policies and Comprehensive Plan for the Socorro area.

SECTION IV. GENERAL CRITERIA

The City of Socorro may provide incentives for any business or commercial development project if that project:

1. Substantially enhances the economic health of the City;
2. Retains or creates quality jobs that pay a Living Wage;
3. Provides health insurance benefits to employees for which the employer pays at least 50%;
4. Will result in a net increase or retention of jobs in the City or add to the tax base or will otherwise improve or enhance the economic welfare of the residents or businesses of the City;
5. Demonstrates the potential to generate revenues to the City which outweighs costs associated with incentives;
6. Clearly demonstrates a public good and economic benefit through advancement of the City's economic goals, to include expanding the tax base, creating quality jobs, increasing private capital investment in the community, and spurring development and revitalization of designated redevelopment areas.

In addition, the following criteria must be satisfied. The project **MUST**:

- Upon request, provide all credible documentation required to enable City staff to verify applicant eligibility and prepare a fiscal impact analysis.
- Provide credible documentation that demonstrates the business's financial stability and capacity to complete the project.
- Be in compliance with all local, state and federal laws.

- Be current on all City taxes or any other obligation to the City.

If awarded incentives, 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 City Council of the City of Socorro.

SECTION V. QUALIFICATION CRITERIA

In order to be eligible for incentives, a project must meet qualifying standards in at least ONE of the categories below. Additional details are provided below each category description below.

Category	Category Type	Brief Description
Category 1	Quality Jobs	All proposed jobs must pay a wage at or above the <u>position-specific entry Median County Wage</u>
Category 2	Targeted Locations	Project satisfies Category 1 and is located in one of the targeted locations as described under Category 2
Category 3	Business Type	Project satisfies Category 1 and identifies with at least one of the business types described under Category 3
Category 4	Capital Intensive Project	Project satisfies Category 1 and proposes a capital investment of \$30M or more
Category 5	Retail Development/Destination Retail/Retail Distribution Center	Project proposes the development or expansion of retail operations that fill an important void in the existing retail market

Category 1 - Quality Jobs

If 100% of a company's new and existing employees at the project location pay a wage at or above the position-specific entry Median County Wage throughout the full term of a tax abatement agreement, and within 1-year of the project location opening, the company is eligible for up to 40% tax abatement.

Category 2 - Targeted Location

If a project satisfies the requirements in Category 1 **and** the project is located in one of the following targeted locations, the company is eligible for up to 50% tax abatement.

- Within the City of Socorro’s portion of the Historic Mission Trail (Socorro Road – FM 258)
- Recognized Historic Sites within the City of Socorro
- Within the City of Socorro’s portion of Alameda Street (SH 20) or North Loop (FM 76)
- Future Growth Areas #4, #5 and #6, as identified in Exhibit B.

Category 3 - Business Type

If a project satisfies the requirements in Category 1 **and** identifies with at least one of the following descriptions, the company is eligible for up to 50% tax abatement.

- Target industry as described in identified in Exhibit A;
- Market for service or product is Regional, National or Global;
- R&D, STEM industries, television & radio, design, music, film, advertising, architecture, performing arts, fashion design and art.
- Projects that support and enhance local heritage and cultural tourism.
- Projects that target industries identified in the latest Borderplex Alliance strategic plan;

Category 4 - Capital Intensive Project

If a project satisfies the requirements in Category 1 **and**;

- Proposes a capital investment in the amount of \$30M - \$49M; the company is eligible for up to 60% tax abatement.
- Proposes a capital investment in the amount of \$50M or more, the company is eligible for up to 70% tax abatement.

Category 5 - Retail Development/Destination Retail/Retail Distribution Center

The purpose of this incentive is to specifically encourage the development or expansion of retail operations that fill an important void in the existing retail market. In order to qualify for this incentive, the applicant's project must embody a retail opportunity that conforms to the stated vision for the area, as well as fulfills an unmet demand. The City may provide a tax abatement of a percentage of the city's portion of the property tax and/or sales tax increment attributable to property improvements or upgraded tenant mix. The incentive can be made either to the site developer as a reimbursement for site improvement expenses or to the retail tenants of the

improved center in order to assist in relocation or expansion related costs of the tenants. The percent of the City's sales tax and/or property tax abatement and length of time will be negotiable. The project will be required to provide a trade area analysis including a market analysis; feasibility study; and any other relevant information that will allow the City to make an informed decision.

- Up to a 100% abatement on the City's portion of property taxes (incremental to base year value)
- Up to a 100% abatement on the City's portion of the sales taxes.

Projects NOT Eligible for Incentives

Regardless of the investment or jobs created, the following types of projects are not eligible for economic development incentives:

- Motel facilities
- Automotive sale, service, or storage
- Junkyard facilities
- Metal recycling facilities
- Pawn shops
- Payday loan and predatory lending businesses
- Discount retailers / “dollar stores”
- Used appliance resellers
- Multi-family “for sale” housing/mixed use projects
- Projects that do not meet the wage requirements as specified in Category 1 of Section V. Qualification Criteria.

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 - 4). An additional 10% abatement amount, not to exceed 100%, may be earned if:

- An applicant proposes to locate their corporate headquarters within the City of Socorro.
- The company locates their Research & Development (as defined by Federal Tax Code) in Socorro (25% of the total jobs must be Research & Development related or directly support the Research & Development function).
- Applicant proposes to engage with the local workforce board, Workforce Solutions Borderplex, to recruit qualified applicants from their pool of candidates to transition an unemployed person into employment.

- Applicant proposes to further engage with Workforce Solutions Borderplex and qualified training institutions in formal collaborations or business partnerships such as mentoring, internships, and other programs which provide employees with the latitude to complete minimal educational attainment (e.g. G.E.D. or High School Diplomas).
- Applicant proposes to relocate/expand operations within the City of Socorro with aggregate wages at a minimum of two times the Median County Wage.
- 80% of a company's total proposed occupations are STEM-related.

SECTION VII. ECONOMIC DEVELOPMENT INCENTIVE PROCESS

An economic impact analysis will be conducted by the City of Socorro on every project considered for incentives. The delivery mechanism of choice for incentives will be the Chapter 380 agreement; however, the City reserves the right to use any other source (City, State, Federal, Foundation, etc.) in the award of incentives. As a matter of general policy, tax abatements and Chapter 380 agreements entered into as a result of this policy will not be used simultaneously unless the revenue stream from which the Chapter 380 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.

City of Socorro staff is charged with developing a recommendation to City Council. In most cases, all incentives packages will be limited to 100% of the incremental value of property taxes (real & property) actually collected in any given year unless approved by specific otherwise approved by specific Council action. Final percentages of all tax abatements will be at the sole discretion of the City and approval by City Council.

SECTION VIII. TERM OF INCENTIVES

These policy guidelines and criteria shall apply upon adoption by the City of Socorro City Council and may be reviewed and revised periodically to assure impact and effective performance and/or to adapt to adjusting market conditions.

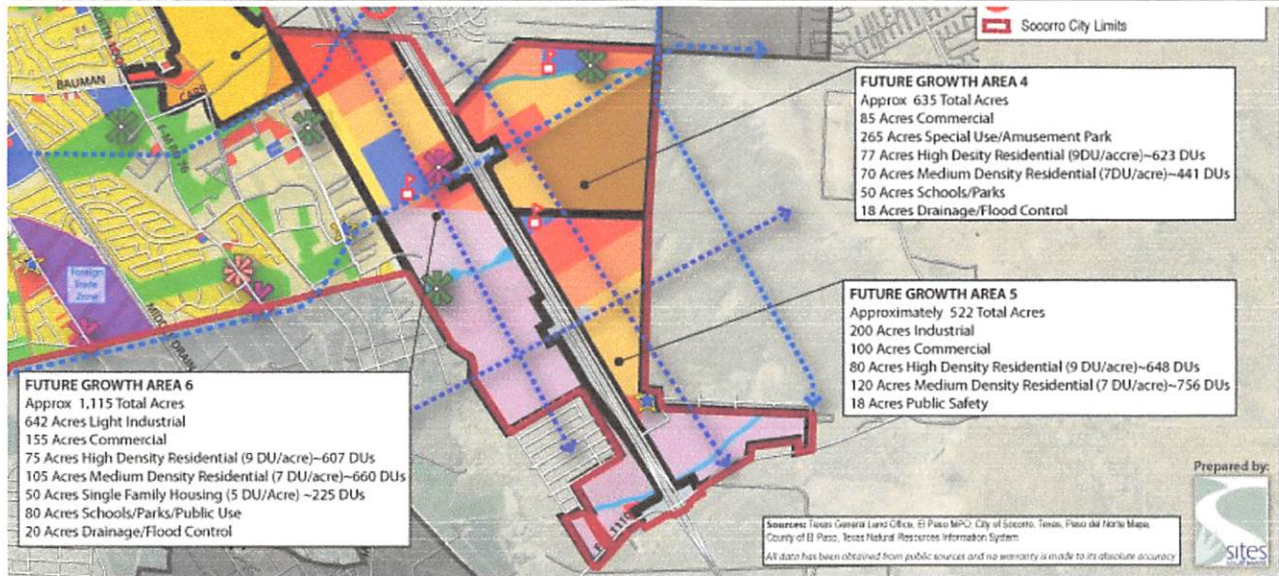
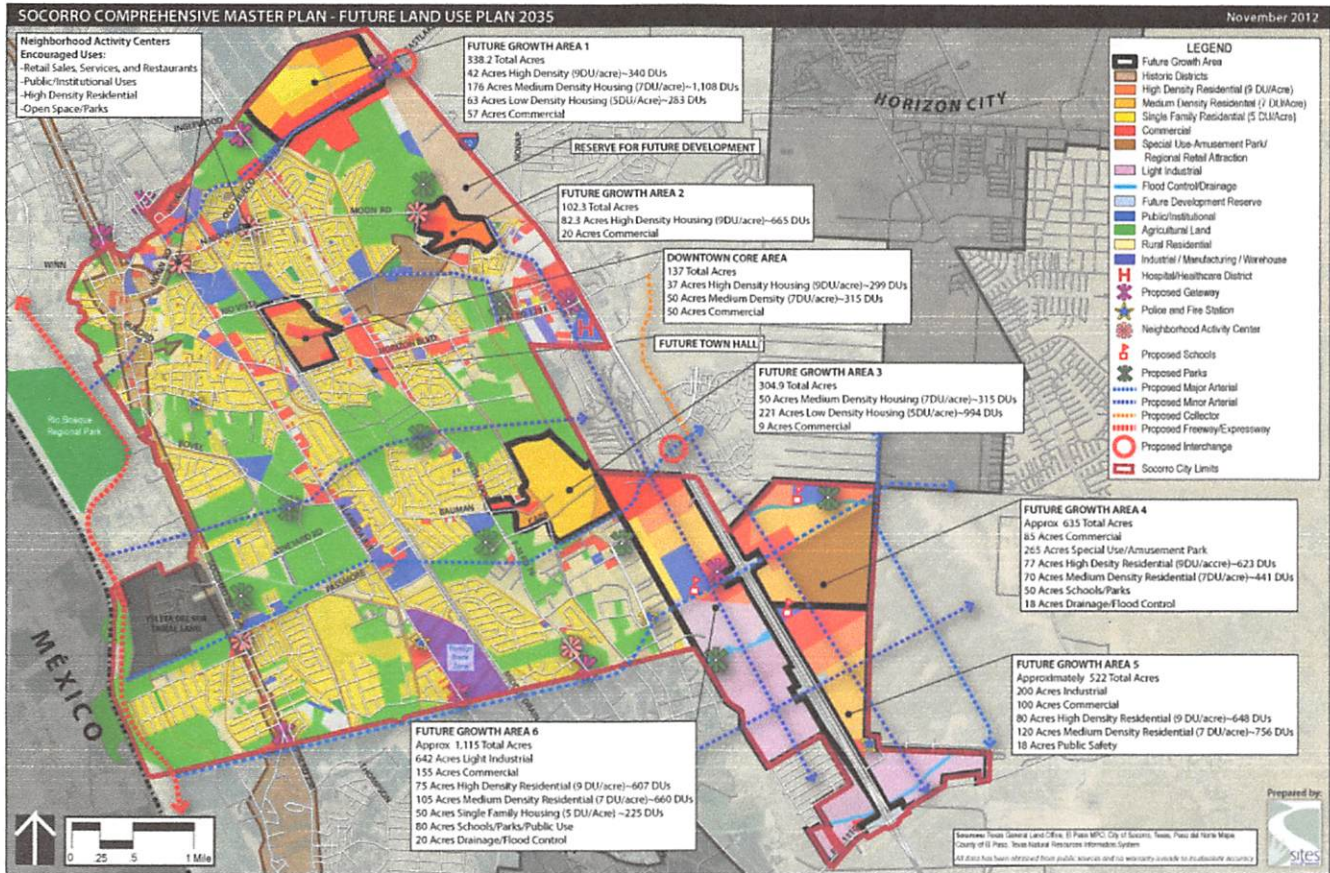
EXHIBIT A

City of Socorro Target Industry Sectors

- Life Sciences Industry
- Business Services Industry
- Advanced Manufacturing Industry
- Aerospace and Defense Industry
- Advanced Logistics Industry
- Military Defense & Homeland Security
- Projects related to, or that support the Heritage and Cultural Tourism Industry, including, but not limited to:
 - Hotels
 - Bed and Breakfast Inns
 - Restaurants
 - Craft breweries
 - Bars & Nightclubs
 - Movie Theatres
 - Amusement Parks and Attractions
 - Museums
 - Concert music or performance arts venues
 - Theaters
 - Large sports venues
 - Film
 - Cultural centers
- Eco and Agro-Tourism
- Destination Retail
- Alternative / Renewable Energy
- Suppliers to the Maquila Industry
- Headquarters
- Technical Support Centers

EXHIBIT B

City of Socorro Future Growth Areas #4, #5, and #6



Approved this 17th day of June, 2021



Ivy Avalos, Mayor

ATTEST:



Olivia Navarro, City Clerk

