



## **CITY OF SOCORRO**

### **ECONOMIC DEVELOPMENT INCENTIVE POLICY**

#### **I. GENERAL PURPOSE AND OBJECTIVES**

The City of Socorro, Texas is committed to the attraction and retention of high-quality development that meets the needs and desires of its residents and helps grow and diversify the local tax base. Success in economic development ensures Socorro's financial ability to provide continued quality service and infrastructure to its residential and corporate citizens. Insofar as such objectives are generally served by the enhancement and expansion of the local economy, the Socorro City Council may, on a case-by-case basis, give consideration to providing financial incentives as a stimulus for commercial development.

It is the policy of the City that consideration of such incentives will be provided in accordance with the procedures and criteria outlined in this document. Nothing herein, nor by any past practice, shall imply or suggest that the City is under any obligation to provide financial incentives of any measure to any applicant. The City Council of the City of Socorro is the ultimate authority in determining any incentive amount.

#### **METHODOLOGY**

All applications shall be considered and negotiated on a case-by-case basis. Incentives may be utilized only as inducements to generate development which otherwise would not occur. Unless as part of a retention program for existing businesses, incentives will not be considered if a building permit for new construction has already been issued, the purchase of an existing building has been finalized, or a tenant lease has been executed.

#### **II. DEFINITIONS**

**Tax 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 region or area market, and which is not otherwise available for purchase nearby. 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 \$4 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 may conduct an economic impact analysis on every project considered for incentives.

**Median County Wage (MCW)**- 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 (Metropolitan Statistical Area).

**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.

**Retail Corridors** - City of Socorro's business attraction, expansion, and retention strategic corridors as identified in the City's Retail Corridors Analysis of 2024. The Retail Corridors may be revised from time to time to reflect current market conditions and promote sustainable economic development opportunities.

**Priority Industries** – City of Socorro's business expansion and attraction priority industry as described in the City's Economic Recovery Strategic Plan of 2024. The Priority Industries may be revised from time to time to reflect current market conditions and promote sustainable economic development opportunities.

**Tax Rebate** – The annual payment to the Applicant under a Chapter 380 agreement for any property or sales tax rebate that may be offered as part of an agreement.

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

### **III. GENERAL CRITERIA**

Information provided in applications regarding fiscal, community, and employment impacts will be used to determine whether it is in the city's best interest to recommend an incentive for a project. To determine a project's feasibility, a economic impact analysis or other appropriate analysis will be presented in confidence to the City Council to elaborate on the expected economic impact on the community.

Specific consideration will be given to projects which further the goals and objectives of the community as described in the City of Socorro Strategic Plan, as well as those with a significant positive impact on diversifying existing markets, adding employment, expanding the local tax base through added improvement values, and increasing sales tax revenues to the City.

### **IV. ALLOWABLE INCENTIVES**

Under Chapter 380 of the Texas Local Government Code, the City of Socorro may, on a case-by-case basis, consider authorizing incentives to encourage economic development, including but not limited to:

- **Hotel occupancy tax rebates**
- **Sales tax rebates**
- **Real and/or personal property tax rebates**
- **Any combination of listed options**

(Note: Any funding assistance is subject to availability)

Chapter 380 Agreements are the primary incentive options for qualifying projects which meet certain capital investment values and project specifications that may be determined through a cost-benefit analysis to be of benefit to, and in line with the values of the City of Socorro. A economic impact analysis will be conducted and based on information provided by requesting entity on the Incentive Application following this policy. Qualifying projects include new tenancies, expansions, or renovations of existing facilities.

Fee-based incentives may also be considered if the project presents extraordinary value to the city and may include the reduction or full waiver of building permit fees assessed by the City and/or rebated impact fees. The City may also offer real and/or business personal property (tangible property) tax abatements.

If the determination is made that an incentive should be offered for a project, the value and term of the incentive may be determined by consideration of factors, including but not limited to:

- Financial investment in site improvements
- Increased local employment
- Competitive living wages for employees
- Priority businesses that create sustainable value
- Redevelopment of under-utilized properties
- Diversification of local economy industry by requesting entity
- Increased quality of life enhancements based on historic or cultural significance
- Fee-based incentive

The city reserves the right to require a market analysis or feasibility study and any other relevant information to make an informed decision:

**The City retains discretion to determine the resulting amounts and terms of incentive for individual projects. Nothing herein, nor any previously issued agreement, shall imply or suggest that the City is under any obligation to provide financial incentives at any time to any applicant. The City Council of the City of Socorro has the right to deny, adjust or approve any incentive offered.**

## **V. INCENTIVE RECONSIDERATION**

Application for an incentive may be made at any time for any commercial project within the City of Socorro. Reconsideration of an application previously denied may be requested after any of the following alterations: the type of incentive requested is different, the terms associated with the requested incentive are different, new information related to the project is obtained, or one year after initial rejection in response to the changing economic needs, desires, goals, and objectives of the community.

Applicants seeking reconsideration are to complete and submit an Incentive Application in the same manner as a new incentive request and will be processed in the same timely manner as a new incentive request. Previously submitted documents with the initial application may be considered in each subsequent determination.

## **VI. QUALIFICATION CRITERIA**

In order to be eligible for incentives, a project must meet qualifying standards in at least one of the categories that follow:

### **Category 1 – Quality Jobs**

A project (i.e., business) must create a minimum of 20 jobs and invest at least \$1,000,000.

Up to 75% rebate on the City's portion of real and/or personal property taxes (incremental tax base value) of property and/or sales tax rebate as outlined below:

- If 75% of jobs exceed MCW, a business may be eligible for 50% rebate.
- If 100% of jobs exceed MCW, a business may be eligible for 75% rebate.

### **Category 2 – Business Type (Priority industries)**

In 2024 the City of Socorro completed its first Economic Recovery Strategic Plan. Various industries were identified as priority for the city to attract to help increase the tax base (see below). A business must invest at least \$250,000 in Retail and Tourism projects.

A business that falls under one of these industries may qualify for a rebate from 50%- 80% of the city's portion of real and personal property taxes (incremental tax base value), and/or from 50%- 90% of the city's portion of sales tax increment attributable to property improvements or upgraded tenant mix. The incentive can be made either to the site developer or the retail tenants of the improved building:

- **Accommodations / lodging** – Bed & Breakfasts (B&Bs), boutique hotels and full-service or select-service hotels
- **Retail** – categories include:
  - Clothing stores – apparel stores
  - Dry cleaning store
  - Restaurants such as full-service, specialty or limited-service restaurants (independent or franchise), including café type,
  - Grocery stores with fresh foods, or supermarkets,
- **Tourism** – tourist gift shop, gallery, or heritage and cultural tourist stores,
- **Transportation & Warehousing** (logistics) – Project with at least \$2 million of construction, and requires 50% of jobs meet or exceed MCW
- **Construction** – Projects with at least \$1million for construction industry / builder operations may receive a tax rebate.
- **Manufacturing** – Projects with at least \$1million of manufacturing / production operations may receive a tax rebate.
- **Healthcare** – category include medical clinic, dental office, medical center or veterinary clinic

### **Category 3 – Capital Intensive**

Up to 80% rebate on the city's portion of real and personal property taxes (incremental tax base value) of real property and/or personal tax rebate, and/or up to 80% of the city's

portion of sales tax increment attributable to property improvements and no more than 10 years, and the City may provide waiver of construction fees or training grants for projects with merit due to a combination of investment and quality jobs (with 50% of jobs meet or exceed MCW):

- Proposes a capital investment in the amount of \$20M - \$49M; the company is eligible for up to 60% tax rebate
- Proposes capital investment in the amount of \$50M - \$99M, the company is eligible for up to 70% tax rebate.
- Proposes a capital investment in the amount of \$100M or more, the company is eligible for up to 80% tax rebate.
- Proposes a capital investment in the amount of \$250M or more and 100% of jobs exceed MCW, the company is eligible for up to 90% tax rebate.

#### **Category 4 - EXISTING BUSINESS (Home Grown Business)**

The Socorro City Council may consider the use of incentives to retain existing businesses in cases where these businesses propose to improve or redevelop property within the City limits or keep jobs in Socorro that would otherwise go elsewhere. If the company invests a minimum of \$250,000 and retains jobs.

- Up to 70% rebate on the City's portion of real and/or personal property taxes (incremental tax base value) of property.

### **VII. EXCEPTIONS**

The City will not consider any real property abatements or tax rebates for tax exempt entities which do not produce property tax revenues. Also, certain existing business types are not eligible for incentives such as: Junkyards, Used automotive sales, Automotive repair shops, Pawnshops, Payday loan shops and any Used retailer. The City Council reserves the right to not allow other types of business.

### **VIII. APPROVAL**

All applications are considered on a case-by-case basis, and all incentive agreements are subject to final approval by the Socorro City Council. Even though a project may meet the

criteria set forth in this policy, an application may be denied for any reason at the discretion of the City.

## **IX. PERFORMANCE**

All financial incentives granted by the City of Socorro are performance-based. Approved incentive agreements will include individual performance measures to be met and certified annually by the contracted party, and each incentive agreement may include specific recapture provisions intended to safeguard the City from potential financial loss.

## **X. ANNUAL EVALUATION**

At regular intervals throughout the year the City will perform evaluations of approved incentive agreements in order to ensure compliance by all parties. At the end of each year, an incentive report will be generated and made available to the public, which will summarize the status of each approved incentive agreement.

## **XI. PROCEDURAL GUIDELINES**

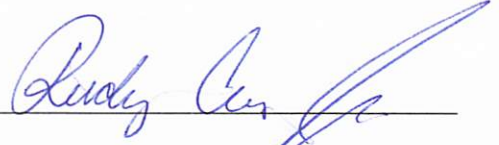
Any person, organization, or corporation desiring that the City of Socorro consider providing incentives to encourage local economic development is expected to comply with the following procedural guidelines. Nothing within these guidelines shall imply or suggest that the City is under any obligation to provide any incentive to any applicant.

### **How to apply**

If you're interested in pursuing an Economic Development Program Agreement for your project, contact the City of Socorro Economic Recovery Office at 915 275-1039 to get started. Staff will determine whether your project would be the best fit for a tax incentive and will walk you through the next steps.

- **Applicants must complete an application, with the required attachments.** These attachments should include:
  - Applicable documentation requested on the last page of the application.
  - A detailed description and estimated cost of renovations, if the project includes the renovation of a building or other structure.

DATED This 3<sup>rd</sup> day of July, 2025



Mayor Rudy Cruz, Jr., Mayor

ATTEST:



Olivia Navarro, City Clerk

