

AN ORDINANCE      **9 8 6 9 2**

**ADOPTING REVISED TAX PHASE-IN GUIDELINES FOR  
THE CITY OF SAN ANTONIO DEVELOPED BY THE JOINT  
CITY OF SAN ANTONIO AND BEXAR COUNTY TASK  
FORCE.**

\*            \*            \*            \*            \*

**WHEREAS**, Chapter 312 of the Texas Tax Code authorizes local governments to abate ad valorem property taxes on the value of new improvements to property, including real property, tangible personal property, as well as inventory and supplies and taxing jurisdictions such as Bexar County (the “County”) and the City of San Antonio (the “City”) are required by this statute to develop and periodically review guidelines every two years for the eligibility and award of this tax incentive; and

**WHEREAS**, the City started its Tax Phase-In Program (the “Program”) in 1989 and since that time, the City Council has approved 53 tax abatements which have resulted in the creation of 18,551 jobs, a total investment of approximately \$1.311 billion, abated property taxes of an estimated \$25.5 million with a projected total increase of received ad valorem taxes, resulting from these abatements, estimated to be \$52.7 million excluding sales tax and CPS revenues; and

**WHEREAS**, the Program is an essential economic development tool which facilitates the growth of the San Antonio regional economy with a positive fiscal impact to the City; and

**WHEREAS**, pursuant to the aforementioned statute, the current revision effort began in February 2003 with the goal of simplifying the application process and strengthening the coordination of economic development efforts between the City and County; and

**WHEREAS**, the City and County previously had separate revision processes for their respective Guidelines, with the City working through a City Council-appointed Tax Phase-In Advisory Committee (the “Advisory Committee”); and

**WHEREAS**, in an effort to integrate the two Guidelines, a Joint Task Force (the “Task Force”) was created consisting of five members from the City’s Advisory Committee and five citizens appointed by the County Commissioners Court (the “Court”); and

**WHEREAS**, the Task Force worked diligently to draft one set of Guidelines to meet the needs of the City, the County and potential applicants; and

**WHEREAS**, three public hearings regarding this draft were held by the Task Force during the months of September and October 2003 to provide a forum for stakeholders to receive information and provide feedback regarding all components of the proposed Guidelines to the Task Force for consideration; and

**WHEREAS**, to ensure the best opportunity for public participation at these hearings, press releases were issued, invitations were sent to more than 600 potentially interested parties, and the draft Guidelines and meeting notices were posted in advance on the City and County websites; and

**WHEREAS**, some of the improvements to the proposed Guidelines include the addition of two investment and job creation thresholds; adding manufacturing, agribusiness and high level business services while excluding outbound and contract call centers as targeted industries; the application of wage standards to all employees at the project location with flexibility for small businesses regarding durable and non-durable goods; adjusting area eligibility for central city multi-family housing; targeting the Texas Research Park, Medical Center area and the San Antonio International Airport as 10-year term areas; making projects over the Edwards Aquifer Recharge Zone ineligible for tax abatements; including a local hire requirement for local companies expanding their operations in Bexar County; seeking the advertisement of jobs through the Alamo Workforce Development, Inc.; and prohibiting eligibility, regardless of project investment or job creation, for retail stores, retail centers or businesses that competitively provide goods or services to consumers, including hotel or motel facilities; and

**WHEREAS**, the City's Advisory Committee approved the final recommendations of the Task Force on October 8, with approval by the Court on December 2, 2003 with some amendments; and

**WHEREAS**, the draft Guidelines as amended and approved by the Court have been presented to the City Council's Governance Committee as well as the Economic and Human Development Committee; and

**WHEREAS**, City Council further amended the Guidelines to provide that for projects located over the Edwards Aquifer Contributing Zone, and the Contributing within the Transition Zone, eight affirmative votes of existing voting members are required prior to approval of a tax phase-in project; and

**WHEREAS**, approval and adoption of the amended draft Guidelines would provide a significant step toward achieving the goals of streamlining the economic development activities between the City and the County while enhancing the effectiveness of the Tax Phase-In Program for both entities; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** The City Council hereby approves and adopts revised Tax Phase-In Guidelines for the City of San Antonio developed by the Joint City of San Antonio and Bexar County Task Force and approved by the City's Tax Phase-In Advisory Committee, such revisions listed above and as more particularly described in the Guidelines attached hereto and incorporated herein as Attachment I.

**SECTION 2.** The City Council hereby also approves an amendment relating to the Tax Phase-In Guidelines that requires an affirmative vote by eight (8) existing Council members, prior to tax phase-in approval, for projects located over the Edwards Aquifer Contributing Zone and the Contributing within the Transition Zone.

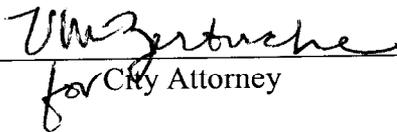
**SECTION 3.** This ordinance shall be effective on and after the tenth (10th) day after passage hereof.

PASSED AND APPROVED this 8th day of January, 2004.



M A Y O R

ATTEST:   
City Clerk

APPROVED AS TO FORM:   
for City Attorney