

CHAPTER 380 POLICY

ECONOMIC STIMULUS INITIATIVE

ECONOMIC DEVELOPMENT DEPARTMENT

**CITY OF EAGLE
PASS, TEXAS**

PURPOSE:

The City of Eagle Pass – Economic Stimulus Initiative provides support to retain, attract and expand growing industries. City Council intends to invest city resources to grow trade, talent and infrastructure in order to become leaders in border commerce while placing a high emphasis on the downtown region.

It is the intent of the City of Eagle Pass to facilitate business activity aimed at achieving the following goals:

- Diversify the tax base
- Attract new quality jobs
- Retain and grow existing local industries
- Develop the existing workforce

Within the Texas Local Government Code, Chapter 380, municipalities have the authority to create and provide economic development programs using loans and grants. City Council authorized the Economic Development Department to use Chapter 380 to create the City's Economic Development Policy via Council **Resolution No. 2019-60R**.

In exchange for the City's financial assistance provided by means stated herein, a business must commit to a minimum investment and job creation over a defined timeframe. These guidelines shall be implemented through Chapter 380 Agreements (also referred to as "agreements" or "agreement") between the City of Eagle Pass and eligible business owners and/or developers. The framework to create incentives may be done so in the form of grants, loans, and other initiatives. Projects must provide proof that investment will make a measurable difference in achieving economic growth to be awarded assistance.

In furtherance of the overarching goals, these guidelines define the financial incentives and establishes standards for implementation. Incentives cannot be transferred as a result of a change in the majority ownership of a business without the expressed written consent of the City.

The City of Eagle Pass is under no obligation to approve any requested incentive and no right to these incentives is neither intended nor implied. Applicants that meet the criteria stated in this policy are not guaranteed receipt of incentives.

The City of Eagle Pass discourages potential applicants from announcing their projects publicly, if the project is contingent upon an incentive. Economic Development Agreements will not be granted for any projects in which a building permit application has been filed with the City.

Economic Development staff will routinely monitor and document all recipient's progress to ensure the criteria set in the agreement is met and assist if any issues arise that would hinder the business from meeting such conditions.

The City of Eagle Pass shall periodically evaluate the need to update the Economic Stimulus Initiative Policy at least once every two years, and the Economic Development Department shall provide proposed amendments to the policy as needed during this time.

DEFINITIONS

Base Year Value – Assessed value of eligible property both real and personal, as of January 1st preceding the execution of the Chapter 380 agreement.

Blighted Property – Any property that because of deteriorating buildings, structures, or other needed improvements, defective or inadequate streets, street lay out, or accessibility, unsanitary conditions, or other hazardous conditions adversely affects the public health, safety or welfare of the municipality or its residents.

Capital Investment – Expenditures for real or personal property such as: new facilities and structures, site improvements, infrastructure improvements, facility expansion, facility modernization, and/or utility installation. (Capital Investment excludes acquisition costs and soft costs)

Central Business District – A geographical area within City limits defined by Ceylon St to the East, the Rio Grande to the West, Garrison St. to the South and Ford Street to the North.

City – The City of Eagle Pass, Texas

City Council – Mayor and City Council of Eagle Pass, Texas

Economic Impact Analysis – Examines the effect of the investment and/or job creation on the local economy. The Economic Development Department will conduct an economic impact analysis on every project that is considered for financial incentives.

Expansion – The addition of new facilities, structures, machinery or equipment for purposes of increasing production or operational capacity.

Quality Job – Jobs that provide education, training, or career development opportunities for continued career advancement in addition to providing health insurance benefits to employees for which the employer pays at least 50%.

Minimum Appraised Value – Agreed upon minimum set value of improved property upon execution of the Chapter 380 Agreement between Applicant and the City

Mix-Use Development - A development project in which a facility or facilities will be constructed or renovated such that fifty percent (50%) or more is dedicated for residential space and the remaining for commercial use such as, but not limited to: office, restaurant, entertainment and/or retail sales and service space.

PROGRAMS AND INCENTIVE CATEGORIES:

PROGRAM I - DOWNTOWN REVOLVING LOAN FUND

Applicants that operate a for-profit business and locate operations within the Central Business District (“CBD”) as depicted in Exhibit “A” attached to the policy and incorporated herein for all purposes may request a low-interest loan for up to 10 (ten) years from the Downtown Revolving Loan Fund (“DRLF”). The City may award up to 40% of the project’s full cost with a minimum amount of \$5,000 and a maximum amount of \$100,000. The Applicant must provide proof of 10% equity in the requested amount. 15% is required for start-up companies. The remaining 50% or 45% may be funded through private bank loans or other financial institutions. This option is exclusive to the CBD only. The DRLF requires a funding budget request subject to annual appropriation by City Council; therefore, funding is available on a first-come first-serve basis and subject to allocated amount per fiscal year.

Minimum: \$5,000.00 – Maximum: \$100,000.00

<p>Eligible uses of funds include:</p> <ul style="list-style-type: none">• Land acquisition (check)• Land improvements• Building acquisition• Procurement of new machinery and/or equipment• New construction• Renovation• Soft costs• Combination of all previously provided items	<p>Ineligible uses:</p> <ul style="list-style-type: none">• Working Capital• Inventory• Repay other debt• Refinancing• Fast Food restaurants, Second-hand stores• Private homes that will remain single-family housing
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PROGRAM II – MAIN STREET FAÇADE IMPROVEMENT PROGRAM

Applicants who make façade improvements to properties in the downtown area and are located on Main Street are eligible for a one-to-one match grant on qualified expenses. Eligibility is subject to approval by the Main Street Advisory Board and has a cap of up to \$20,000.00. Please refer to Main Street Façade Improvement Application for additional information.

PROGRAM III - FOREIGN TRADE ZONE

Foreign Trade Zone No. 96 (as depicted in Exhibit “B” attached to this policy and incorporated herein for all purposes) is an integral program for expanding regional and international investment providing a platform for domestic companies to more freely do business with other international companies. FTZ No. 96 operates under the Traditional Site Framework (“TSF”). Through the utilization of a foreign trade zone (“FTZ”), a company can:

- Reduce or eliminate tariffs on foreign goods coming into the U.S.
- Defer duties on merchandise until it is ready to enter the U.S. market
- Exempt duties on re-exports
- Expedite transfers of goods among other FTZs

- Eliminate duties on scrap or waste
- Submit a weekly entry to reduce paperwork
- Avoid Duty Drawback

CATEGORY I – JOB DRIVEN DEVELOPMENT (TAX REBATE)

Applicants who make a minimum capital investment between \$3 million and \$20 million are eligible for a 60% ad valorem property tax rebate for up to ten (10) years on both real and personal property taxes applicable to the value of the property in excess of the Base Year Value.

Applicant is eligible for additional rebates within this category if quality jobs are a component of the overall project. Based on the number of jobs and rate of pay, the applicant may qualify under the following:

Level 1: Applicant is eligible for 10% additional tax rebate if:

- 40% of the new workforce is paid at least 150% of the federal minimum wage and the company pays at minimum 50% of the cost of health care benefits including, but not limited to health insurance.

Level 2: Applicant is eligible for 20% additional tax rebate if:

- 60% of the new workforce is paid at least 150% of the federal minimum wage and the company pays at minimum 50% of the cost of health care benefits including, but not limited to health insurance.

Level 3: Applicant is eligible for 30% additional tax rebate if:

- 70% or more of the new workforce is paid at least 150% of the federal minimum wage and the company pays at minimum 50% of the cost of health care benefits including, but not limited to health insurance.

CATEGORY II – RETAIL DEVELOPMENT (TAX REBATE)

Applicants within the Fortune 500 list that do not currently have a presence in Eagle Pass, Texas are eligible for a 50% sales tax rebate (excludes fast food restaurants), for a period of eight (8) consecutive quarters. The sales tax rebate is applicable only to the City's portion of the sales tax. Applicants must meet the base requirements under the previous Category I. This category may be combined with Category I if the Category I requirements are met.

CATEGORY III – DESTINATION TOURISM (TAX REBATE)

Applicants who develop and operate a three-star or higher star-rated hotel of fifty (50) or more rooms are eligible for a 50% hotel occupancy tax rebate of the City's portion of the hotel occupancy tax for eight (8) consecutive quarters. Only two (2) hotel projects will be awarded the rebate per calendar year. As an exception to the conditions under this category, the tax rebate will be made available to boutique and historic hotels that do not meet room

requirements. This category may be combined with Category I if the Category I requirements are met.

CATEGORY IV – INFILL PROJECTS (TAX REBATE)

Applicants with projects involving mix-used development in the CBD are eligible for an 80% property tax rebate on both real and personal property taxes applicable to the value of the property in excess of the Base Year Value.

Mix-used projects may also qualify for a 50% sales tax rebate applicable only to the City's portion of sales tax for eight (8) consecutive quarters if the project contains at least four (4) housing units and one (1) retailer.

Applicants with projects involving mix-used development outside of the CBD are eligible for a 70% ad valorem property tax rebate on both real and personal property taxes applicable to the value of the property in excess of the Base Year Value.

Mix-used projects may also qualify for a 50% sales tax rebate applicable only to the City's portion of sales tax for eight (8) consecutive quarters if the project contains at least ten (10) housing units and two (2) retailers.

CATEGORY V – CAPITAL INTENSIVE DEVELOPMENT (TAX REBATE)

Applicants who make a considerable investment of more than \$20 million are eligible for an 80% ad valorem property tax rebate up to ten (10) years. This tax rebate is applicable to only the City's portion of real and personal property taxes applicable to the value of the property in excess of the Base Year Value.

ECONOMIC IMPACT ASSESSMENT:

Every project will require an economic and fiscal impact analysis carried out by the City's Economic Development staff. No upfront incentives will be permitted or awarded prior to the evaluation and City Council approval of each project. Positive results of the economic and fiscal impact along with meeting all other general criteria will be utilized to determine if a project is awarded financial incentives.

AMENDMENTS:

Recipients of 380 Agreements may include reasonable conditions the City may consider in order to amend an agreement. Conditions which may affect performance will be evaluated on a case-by-case basis and may include, but is not limited to, changed economic or market conditions, economic hardship, or unforeseen circumstance resulting in the recipient's need for additional time to comply with obligations under the agreement. Any and all amendments must be approved by City Council.

CONTRACT COMPLIANCE:

All recipients of City funds via Chapter 380 Agreements are subject to an annual compliance assessment. Each year, the Economic Development Department will review terms and

conditions stated in the agreement to determine if the company has successfully met all obligations under the agreement prior to receiving rebates, or loans. Compliance will take place at the time specified under each agreement once the company is awarded an agreement and the agreement has been executed by all parties involved.

RECAPTURE:

If a project is not completed as specified, or if the terms of the agreement are not met, the City of Eagle Pass has the right to cancel or amend the incentive agreement, recapture any waived, rebated or exempted taxes, and any other amounts from loans and /or grants and assess penalty payments for the amounts previously secured by City liens against the property and all previously waived, rebated or exempt taxes and any other amounts from loans and/or grants shall become due to the City.

CONSIDERATION BY CITY COUNCIL

City Council retains sole authority to approve or deny any Economic Development Incentive and is under no obligation to approve any Applicant upon meeting requirements.

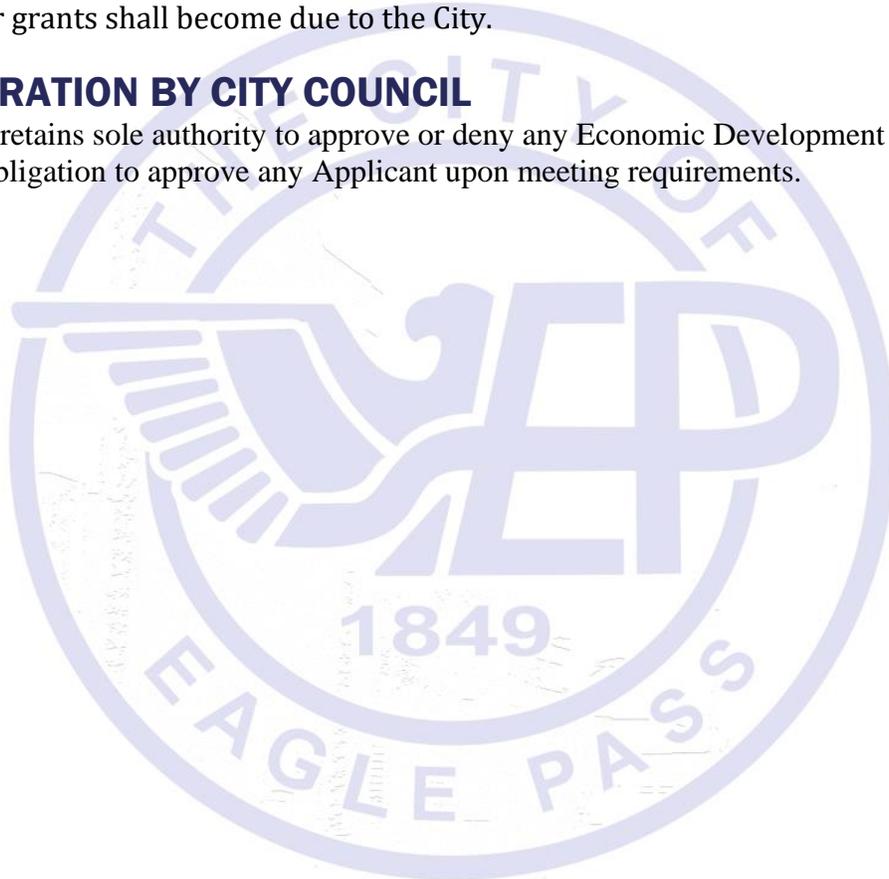
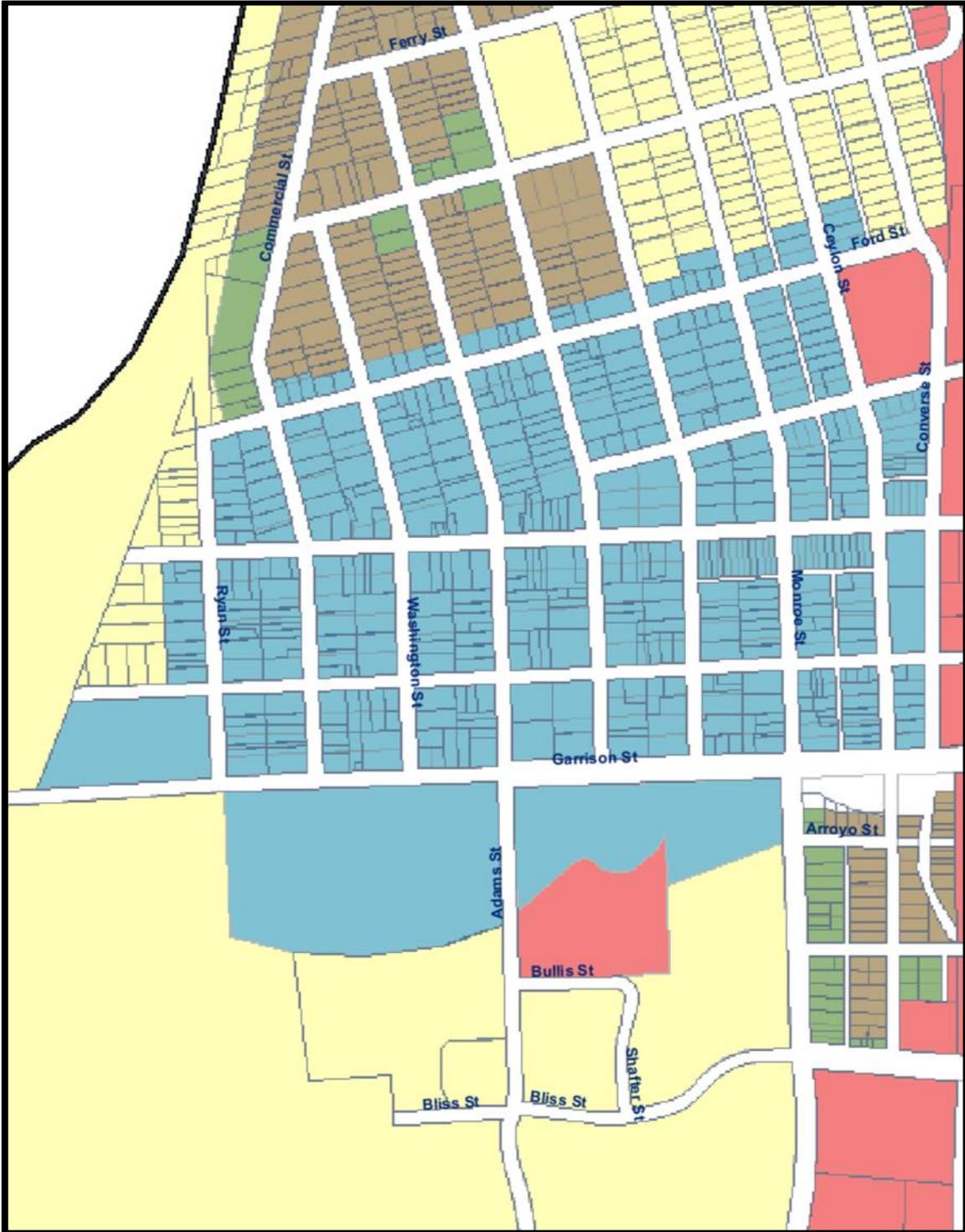
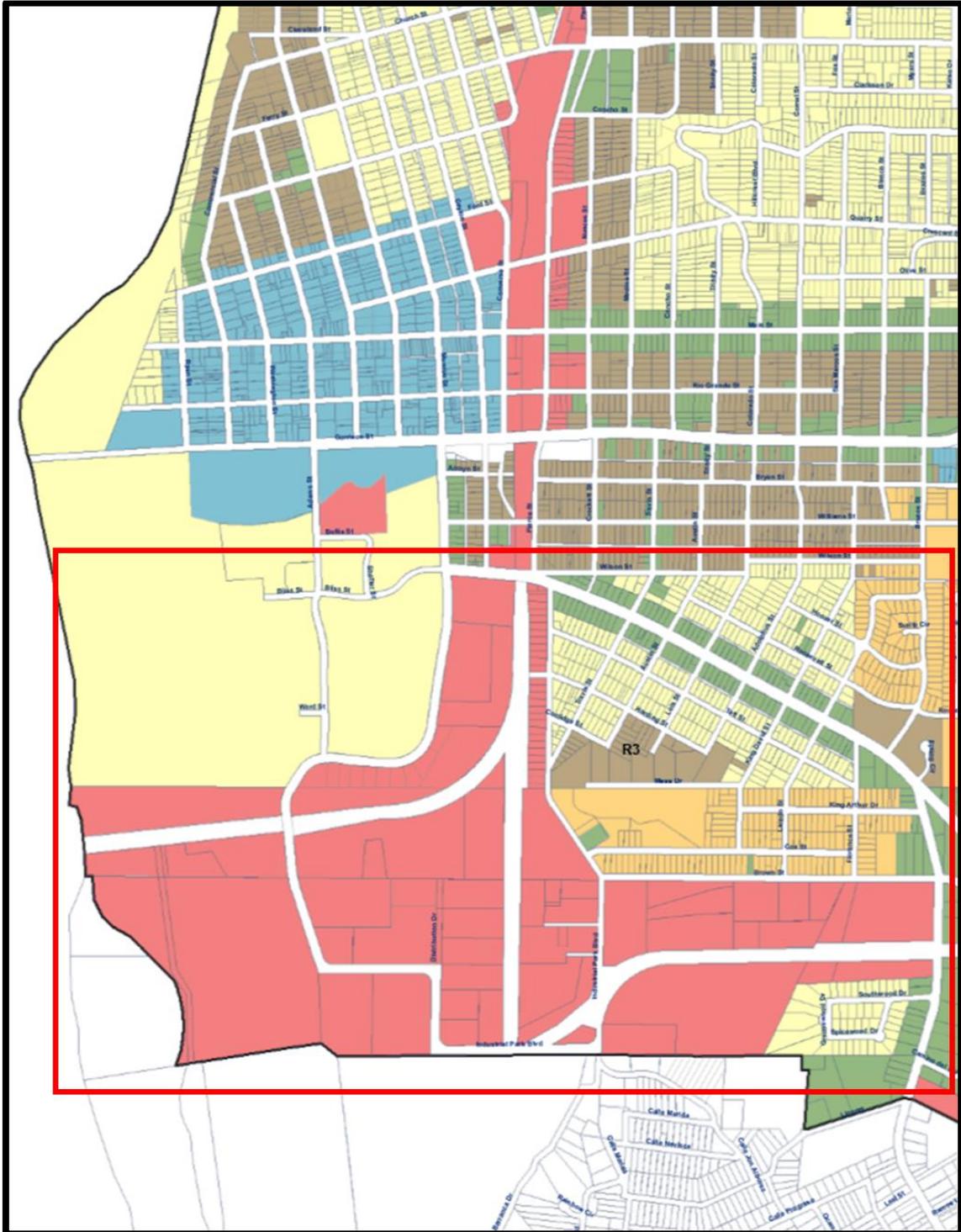


EXHIBIT A



Area in blue depicts the Central Business District perimeter.

EXHIBIT B



 Area in red and within the red perimeter are eligible for FTZ benefits.



INCENTIVES APPLICATION FORM



The City of Eagle Pass requires the following information in order to process an application for incentives. Customarily, this information is protected by the State of Texas through the Texas Government code § 552.131 and is not subject to public disclosure until the incentive agreement is executed. An application does not guarantee an incentive grant until it is reviewed and approved by the City of Eagle Pass – Economic Development Department.

The Applicant acknowledges that the City of Eagle Pass is a government body subject to the Texas Public Information Act (PIA) and thus may require to release information in accordance with the PIA. Any information the Applicant considers to be proprietary, trade secret, or otherwise confidential in its application or other information furnished to the City of Eagle Pass to facilitate the procedure for notice to third party under the PIA should be marked or noted.

SECTION I. COMPANY INFORMATION

1. Applicant Company: _____
2. Applicant headquarters address: _____
City: _____ State: _____ Zip: _____
3. Contact name: _____
4. Ownership: Private Public
5. Business Structure: Proprietorship Partnership Corporation Other _____

SECTION II. PROJECT INFORMATION

6. Proposed location address: _____ PID: _____
7. Building: New Construction Expansion Improvements
8. Acquisition: Purchased Leased
9. If applicable, indicate date of acquisition: _____
10. Company NAICS code: _____
11. List other communities considered for this project: _____

12. Reason for request for incentive: _____

13. Provide number of **Full-Time** Jobs, with hourly wage/salary, to be created or retained. (Do not include Fringe benefits on this section).

Job title	No. of employees	Hourly Wage per employee	Annual Salary per employee

14. Please include the number of **Part-Time** jobs, with hourly wage/salary, to be created or retained. (Do not include Fringe benefits on this section).

Job title	No. of employees	Hourly Wage per employee	Annual Salary per employee

15. Total company workforce (global/national/local workforce): _____

16. If available, include the expected number of construction jobs: _____

17. Total local jobs to be created (part-time, full-time, construction): _____

18. Provide total annual payroll years 1-5, as required, **excluding** benefits.

	Year 1 (20__)	Year 2 (20__)	Year 3 (20__)	Year 4 (20__)	Year 5 (20__)
Existing jobs					
New jobs					
Total annual payroll					

19. What percentage of health care benefits is covered by the employer: _____%

SECTION III. INVESTMENT INFORMATION

20. Total dollar investment for proposed project:

REAL PROPERTY	
Land	\$
Existing building improvements	\$
New building improvements	\$
<u>Real Property Total</u>	\$
PERSONAL PROPERTY	
Equipment	\$
Computers	\$
Machinery	\$
Furniture and fixtures	\$
<u>Personal Property Total</u>	\$
GRAND TOTAL	\$

21. Please provide yearly investment breakdown:

CAPITAL INVESTMENT	
Year 1 (20__)	\$
Year 2 (20__)	\$
Year 3 (20__)	\$
Year 4 (20__)	\$
Year 5 (20__)	\$

SECTION IV. LEGAL ENTITIES

22. Please list all applicant subsidiaries that would be a party to the incentive agreement:

Affiliate 1: _____ Relationship to Applicant: _____
Affiliate 2: _____ Relationship to Applicant: _____
Affiliate 3: _____ Relationship to Applicant: _____

SECTION V. ADDITIONAL INFORMATION

23. Please include the following documents when submitting application:

- Company insurance
- Health insurance benefits
- Financial statements 3-year or prior year report
- Property information
 - Metes and bounds
 - Site survey/renderings showing the location of existing and proposed improvements
 - Legal description
- If this project is in the Retail / hotel industry, please provide projected sales.

SECTION VI. CERTIFICATION

I hereby certify that I am familiar with the provisions contained in the current incentive policy and guidelines, and that the information provided in this application may become part of an incentive agreement with the City of Eagle Pass. I also certify that I am authorized to sign this application and that the information here is true and correct, and that knowingly providing false information may result in voiding this application and termination of any incentive agreement.

Name: _____ Title: _____
Signature: _____ Date: _____

Submit this application and any additional documents to:

**Economic Development Director
100 S. Monroe
Eagle Pass, TX 78852
(830) 773-1111**