



Economic Development Department Incentives for Business Recruitment, Retention, and Expansion

I. Downtown Historic District/Main Street Businesses

A building, site or structure within the Downtown Historic District (map attached) is eligible for a 10-year property tax abatement, when rehabilitation costs exceed 50% of the structure's pre-rehabilitated value.

For example, if someone were to purchase a building within the Downtown Historic District for \$100,000 and then were to invest rehabilitations/improvements of at least \$50,001, then this individual would be eligible for a 10-year property tax abatement on this property.

- *On February 11, 2020, City Council approved Ordinance O: 2020-015, which not only created a Downtown Historic District to help protect and preserve downtown buildings, but to encourage downtown redevelopment and revitalization through incentives.*

II. Industrial, Commercial, Mixed-Use, Retail, Restaurant, Etc.

Industrial Facilities

Should the project meet the following investment criteria:

1. Real property improvements of at least five hundred thousand dollars (\$500,000) in the property of interest; or
2. Investment of at least five million dollars (\$5,000,000) in new tangible personal property located at the property of interest; and
3. Creation and maintenance of a least twenty-five (25) new, full-time, permanent jobs.

The company will be able to select an abatement of taxes of:

1. Up to one hundred (100) percent on the real property improvements; and
2. Up to one hundred (100) percent on the new personal property investment.

Commercial Office Facilities (excluding downtown)

Should the project meet the following investment criteria:

1. Real property improvements of at least one million dollars (\$1,000,000) in the property of interest; or
2. Investment of at least five million dollars (\$5,000,000) in new tangible personal property located at the property of interest; and
3. Minimum twenty thousand (20,000) square feet of retail space; and
4. Creation and maintenance of at least fifty (50) new, full-time, permanent jobs.

The company will be able to select an abatement of taxes of:

1. Up to one hundred (100) percent on the real property improvements; and
2. Up to fifty (50) percent on the new personal property investment.

Multi-family Housing and Mixed-Use Facilities Downtown Zone

Should the project meet the following investment criteria:

1. Real property improvements of at least two hundred fifty thousand dollars (\$250,000) in the property of interest; or
2. Redevelopment of historic building with improvement of at least one hundred thousand dollars (\$100,000); and
3. Job creation not a requirement for investment.

The company will be able to select an abatement of taxes of:

1. Up to one hundred (100) percent on the real property improvements; and
2. Up to one hundred (100) percent on the new personal property investment.

Retail/Restaurant Facilities Downtown Zone

Should the project meet the following investment criteria:

1. Real property improvements of at least five hundred thousand dollars (\$500,000) in the property of interest; or
2. Redevelopment of historic building with improvement of at least one hundred thousand dollars (\$100,000); and
3. Creation and maintenance of at least ten (10) new, full-time permanent jobs.

The company will be able to select an abatement of taxes of:

1. Up to one hundred (100) percent on the real property improvements; and
2. Up to one hundred (100) percent on the new personal property investment.

Exceptional Investment Projects

A project will be considered an “exceptional investment” if the project meets the following criteria:

1. Total capital investment (real property improvements and new personal property investment) of at least fifteen million dollars (\$15,000,000) in the property of interest; and
2. Creation and maintenance of at least one hundred fifty (150) new, full-time, permanent jobs at the property of interest.

Such projects will be eligible for an abatement of taxes of up to one hundred (100) percent on the real property improvements AND the new personal property investment.

- *The aforementioned incentives for economic development were adopted through Ordinance O: 2005-26 on June 14, 2005.*
- *For the aforementioned categories, employee health care benefits and wage requirements are required to be eligible for incentives. Please refer to Sec. 31-8 and Sec. 31-9 of Chapter 31 Del Rio, TX Code of Ordinances for details (Ordinance O: 2005-05).*

III. Chapter 380 Agreements

All applicants for Chapter 380 benefits will be reviewed and evaluated on an individual basis.

Basic Chapter 380 Contract Requirements

In order to be eligible for Chapter 380 benefits, the City Council must first determine that the application proposes a project that promotes local economic development and that stimulates local business and commercial activity. Furthermore, an applicant that is awarded Chapter 380 benefits must sign a contract that:

1. Establishes a program for economic development;
2. Sets forth what the applicant must do in order to justify receiving the benefits;
3. Establishes deadlines for completing what the applicant must do under the contract;
4. Requires the applicant to provide periodic reports related to records and activities on the status of the project and/or in regards to performance or compliance with the terms of the contract;
5. Gives the City the right to recapture benefits, funds, or resources in the event the applicant does not comply with the contract;
6. Provides appropriate mechanisms to assure that the City receives the consideration established under the contract; and
7. Contains any other provision that the City Council deems appropriate.

Specific Selection Criteria

Applicants for Chapter 380 benefits will be graded on a points system that ranges from 0 to 100 points. In order to qualify for Chapter 380 benefits, an applicant must have a minimum score of 75 points. Qualifying for Chapter 380 benefits does not guarantee that the City will award benefits. Furthermore, applicants will be graded on eight criteria and given points based on:

1. The industry being targeted;
2. The number of jobs being created or retained;
3. The total dollar amount of capital outlay;
4. The total dollar amount of investment in infrastructure;
5. The total dollar amount invested that encourages compact development;
6. The total dollar amount invested that enhances quality of life in Del Rio;
7. The total dollar amount invested that increases quality of business in Del Rio; and
8. The total dollar amount invested that improves quality of place in Del Rio.

For example, in 2014, the City of Del Rio signed a leasing agreement with Fed Ex for their freight facility by the Del Rio International Airport. Fed Ex received a 10-year property tax abatement in exchange for producing a certain number of jobs with an annual job growth rate of approximately 8%. The total 10-year tax abatement was valued at approximately \$115,760 per Ordinance O: 2014-050.

- *Texas Local Government Code Chapter 380 authorizes a city to establish and provide for the administration of certain economic development programs. On March 23, 2010, City Council repealed the older Chapter 380 provisions that were laid out in Ordinance O: 2005-05 and enacted the aforementioned less restrictive requirements.*

For more information regarding any economic development incentives, please contact the Economic Development Director, Ori Fernandez, at (830) 774-8638 or at (830) 488-3023.