

# Summary of Potential City of Laredo/Webb County Incentives

(Source: [www.ldfonline.org](http://www.ldfonline.org))

## 1. City of Laredo/Webb County Tax Abatement

Chapter 312 of the Texas Tax Code allows, but does not obligate or require, the City or County to grant a tax abatement on the value *added* to a particular property on account of a specific development project that meets the eligibility requirements set forth in this policy. In order for the City or County to participate in tax abatement, the City/County is required to establish guidelines and criteria governing tax abatement agreements. This policy is intended to set forth those guidelines criteria for persons or entities interested in receiving tax abatement from this City/County.

### THE BASIC FORMULA

New Permanent Full Time Jobs	Added Value in Real Personal Property, as assessed by Webb County Appraisal District	Percent of Abatement	Term
50-100	\$1.0-2.5 Million	25%	5 years
101-150	\$2.5-5.0 Million	50%	5 years
151-200	\$5.0-10.0 Million	75%	5 years
200+	Over \$10.0 Million	100%	5 years

The City Council/Commissioners Court reserves the right to vary the term and percent of abatement, on a case by case basis, where the applicant shows unique circumstances that meets the economic development goals and objectives of the City of Laredo/Webb County.

## 2. Chapter 380 Agreement Tax Reimbursement

The City of Laredo offers qualified companies a tax reimbursement incentive. Terms are negotiated based on the merits of the project. Qualifying criteria includes the size of the capital investment, number of employees hired, average wage of all payroll located in Laredo, the benefit package offered, and the demonstrated ability of the applicant. The awards are generally in 25% increments up to 100% for a period up to 10 years.

## 3. Project Development Grant

The City of Laredo offers qualified companies a Project Development Grant. These are cash awards paid to the company at a specific time after the negotiated company performance criteria has been achieved. The most common criteria used, for purposes of this agreement, is the number of employees hired above a negotiated hourly wage equivalent. The most common hourly wage equivalent hurdle rate used is the Laredo MSA Average Wage (annual). This one time grant can be as high as \$2,500 per qualified candidate on payroll.

## 4. Infrastructure Improvements

Laredo is committed to providing a company all infrastructure required in the most efficient and effective manner possible. This incentive is handled on a case-by-case basis with either the city or the provider of the infrastructure required by the project and can include the company's requirements for roads, utilities, rail access, and other similar project components. Where

necessary, Laredo will help coordinate activities with the local rail district to support appropriate funding solutions.

### **5. Expedited Permitting**

Laredo offers qualified companies an expedited permitting process that includes using Laredo's one-stop-shop process, organization of a cross functional project team to provide seamless project support, provide parallel path activity for certain components and, for approved projects, waiving permit costs up to 100%.

### **6. Employee Training Programs**

The Laredo Development Foundation is an advocate for sources of training program funds and assistance that may be offered through sources such as Laredo Community College (Skills Development Fund Grant), Texas Workforce Commission (Workforce Solutions), and other State and Federal programs.

In Laredo, there is also the opportunity for potential funding through the NAAMREI (North American Advanced Manufacturing and Research Initiative) as well as the through the WIRED Initiative.

### **7. Laredo Concierge Service**

Laredo offers key executives and staff moving to our community a complimentary concierge service to help in any facet of your transition process.

These services include but are not limited to:

- Neighborhood/housing search
- Expedited mortgage process
- Introduction and insight into various academic alternatives
- Arrange shopping and quality of life tours

In short, we want your family to feel like they are a part of our family.  
Come Experience South Texas Hospitality!

### **8. Assistance through Workforce Solutions**

Work Opportunity Tax Credits: This is a federally funded program that is used to reduce the federal tax liability for the private-for-profit employers who hire new employees from "targeted" groups. This credit could be as much as \$2,400 per employee.

Texas Back To Work: South Texas' participating employers may receive up to \$2,000 for retaining eligible new hires for at least 120 days. Texas Back to Work promotes increased productivity and business growth, while defraying the costs associated with increasing your workforce. By hiring from this highly qualified pool of workers, who have lost their jobs through no fault of their own, you have the ability to select pre-screened qualified individuals, hiring prospective employees at your discretion, saving labor costs, and training employees to meet your individual business needs.

### **9. Freeport Exemption**

Freeport Exemption applies only to raw materials and finished goods inventory. Eligible inventory must be transported to destinations outside of Texas no later than 175 days after the date acquired or imported to Texas. Freeport eligible inventory includes property detained in Texas for assembling, storing, manufacturing, processing, or fabricating purpose. Laredo is a

Double Freeport community with the City of Laredo and the County of Webb granting this exemption. This exemption has no expiration date and continues as long as you elect to manually claim this exemption.

#### Potential State Incentives/Programs

- Texas Enterprise Fund
  - The Governor, Lieutenant Governor, and the Speaker of the House must unanimously agree to support the use of the Texas Enterprise Fund for each specific project.
  - Capital investment, job creation, wages generated, financial strength of the applicant, applicant's business history, analysis of the relevant business sector, and federal and local government and private sector financial support of the project will all be significant factors in approving the use of the Enterprise Fund.
- Texas Enterprise Zone Program
  - The City of Laredo must nominate the project to be eligible to participate in the Enterprise Zone Program. Designated projects are eligible to apply for state sales
  - Prepared by the Laredo Development Foundation and use tax refunds on qualified expenditures. Upon approval and designation of the project by the State, the business would be eligible for the following: Amount ranges from \$2,500-\$7,500 per job depending on the jobs created and capital investment.
- State Sales & Use Tax Exemptions
  - Leased or purchased machinery, equipment, replacement parts, and accessories that have a useful life of more than six months, and that are used or consumed in the manufacturing, processing, fabricating, or repairing tangible personal property for ultimate sale, are exempt from state and local sale and use tax. Texas businesses are exempt from paying state sales and use tax on labor for construction of new facilities.
  - Texas companies are exempt from paying state sales and use tax on electricity and natural gas used in manufacturing, processing, or fabricating tangible personal property such that 50% of the electricity or natural gas consumed by the business directly causes and major physical change to a product.
- AD Valorem/Property Tax Exemption:
  - A Texas constitutional amendment providing an exemption from property taxation for pollution control was approved in 1993.
  - For detailed information regarding this incentive, contact Ken Zarker with TCEQ at (512) 239-3145.
- Permit Assistance
  - TCEQ and the Office of the Governor EDT division have established a relationship to assist companies, which may experience unwarranted delays in their environmental permitting process for projects that could affect job creation or have a high economic impact.
- Economic Development & Diversification In-State Tuition for Employees
  - This is offered to qualified businesses that are in the decision-making process to relocate or expand their operations into Texas. This allows employees and family members of the qualified businesses to pay in-state tuition fees rather than out-of-state tuition. Without this incentive, a student must reside in Texas for a minimum of 12-months to qualify for in-state tuition.

## **FOREIGN TRADE ZONES**

Laredo has four active Foreign Trade Zones (FTZ) sites, one at Laredo International Airport and three at local industrial parks, covering a total of 3,500 acres.

FTZ's offer substantial savings on delayed, reduced or eliminated U.S. Customs duties. Foreign and domestic merchandise may be moved into these zones for storage, assembly, exhibition, manufacturing or other processing, for indefinite periods of time, without payment of Customs duties until it leaves the zone and enters the U.S. for domestic use. When the duties are paid, the importer may pay on either the finished product or the original foreign material, whichever is less.

Also, material in FTZ's is not subject to Texas Inventory Taxes.

## **FINANCING**

The Laredo Development Foundation operates a Loan Assistance Center which is affiliated with SBA's Small Business Development Center program and a 504 Certified Development Corporation.

In the last 5 years, the LDF has processed over 200 SBA Guaranteed loans at low interest rates. Local banks, with over \$6 billion in assets (Laredo is home to the largest minority owned bank in the U.S. and the 2<sup>nd</sup> largest bank headquartered in Texas) are prepared to cooperate to offer the most favorable terms available, and provide experienced, bi-lingual international departments for companies doing business in Mexico.