



# TAX ABATEMENTS

CITY OF LAREDO – TAX DEPARTMENT

# TYPES OF ABATEMENT

- 312
- 380



Alamo Drafthouse  
30 West Pershing, LLC



US Cold Storage



Medline Industries

# WHAT IS A 312 AGREEMENT?

It is an economic development tool available to cities, counties and special districts.

- Attract new industries
- Creates new jobs
- Increase the City's tax base
- Encourage the retention and development of existing businesses
- **Property tax** exemptions or reductions

City of Laredo currently has six (6) active 312 agreements.

# GUIDELINES for 312 ABATEMENTS

- Exempts all / portion of the value of real or personal property taxes.
- The law states it cannot exceed 10 years; City offers 5 years.
- Requires adoption of guidelines by the City Council every two years.
- A resolution is required for each abated property.
- Intended for property owners or lease holders who will be responsible for the improvement/project.
- 312 agreements cannot be combined with NEZ agreements.
- Application fee is \$1,000.

# CITY OF LAREDO

## CHAPTER 312 ABATEMENT CRITERIA

- **Type of Facility** - New facilities, expansion & modernization of current facilities
- **Wage Requirement** - \$2.00 above minimum wage
- **Eligible Property** – Real & Personal
- **Property not Eligible** - Land, Inventory and Supplies
- **Base Year Value** – January 1<sup>st</sup> preceding the execution of an Agreement

# CITY OF LAREDO – FORMULA

Job Criteria	Investment Amount	Percentage	Term
50-100 Jobs	\$1M - \$2.5M	25%	5yr.
101-150 Jobs	Over \$2.5M - \$5M	50%	5yr.
151-200 Jobs	Over \$5M - \$10M	75%	5yr.
Over 200 Jobs	Over \$10M	100%	5yr.
Over 200 Jobs	Over \$20M (Real and Personal Property)	100%	5yr.

OR

**In case Investment exceeds \$10M and minimum of 50 Jobs is not met or Hospitality, Tourism, and Retail Development**

Term	Percentage
Year 1	100%
Year 2	80%
Year 3	60%
Year 4	40%
Year 5	20%

# CALCULATION

## 312

FTE's	Investment	Percent of Abatement	Term	Abatement per Year	Total Abatement
50 to 100 Jobs	\$5 Million	25%	5 years	\$7,925	\$39,625

## WHAT IS A 380 ECONOMIC DEVELOPMENT AGREEMENT?

It is an economic development tool available to municipalities to promote local economic development and to stimulate business and commercial activity in the city by offering grants.

### Incentives:

- Municipal sales or tax rebates
- Fee waivers

### Criteria:

- 1) Create new jobs / Increase employment
- 2) Increase real property value
- 3) Enhance public infrastructure
- 4) Negotiated individually



# CALCULATION

## 380

### Tax Rebate

Base Year 2017 Taxable Value	Base Year 2017 Paid Amount	Year 1 2018 Taxable Value	Year 1 2018 Tax	Increase from Base Year	Reimburse 50% of Inc. from Base Yr.
\$8,506,820	\$54,188	\$14,168,670	\$89,829	\$35,640	\$17,820

### Sales Tax Rebate

Annual Sales	City's 1%	50% Rebate/Yr.
\$8,000,000	\$80,000	\$40,000

# CONTACT INFORMATON

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# THANK YOU