El Paso County
Tax Abatement Guidelines & Criteria

Effective October 2023 – September 2025
Amended November 6, 2023

I. Purpose

El Paso County is dedicated to fostering top-tier development across its entire jurisdiction, with the aim of broadening and diversifying the tax revenue foundation. The County recognizes that fostering growth, ensuring sustainability, and promoting economic diversification in the region are pivotal objectives for securing the enduring prosperity of our community and its residents. These guidelines exemplify the unwavering commitment of the Commissioners Court, “the Court,” to attract, retain, and expand industries, all while advancing the tax base, augmenting employment with well-paying opportunities, and forging fresh avenues for wealth creation within the region. These guidelines and criteria are established in accordance with Texas Tax Code Sec. 312.002.

II. Project Not Eligible Tax Abatement

Regardless of the investment or jobs created, the following types of projects are generally not eligible for a tax abatement. The Court may grant exceptions to the following list if a finding is made by the Court that the project is in the best economic interest of the region. The list is as follows:

a. Hotel or motel facilities;

b. Multi-family "for sale” housing/mixed use projects;

c. Projects that may have a potentially negative impact on military missions;

d. Retail stores, retail centers, or businesses that competitively provide goods or services to consumers.

III. Eligibility Criteria

In order to be eligible for abatement, the project shall be identified by the Court as being of extraordinary economic development value to the region and in line with the Court’s strategic vision for economic development. In evaluating these projects, the Court may consider a variety of factors and project elements, including, but not limited to, the size of the capital investment; the number of full-time jobs created directly, and indirectly, by the project; the salary, wages, compensation, healthcare benefits, and other employment benefits created by the project; the project company’s previous, planned, or future presence or investments in the County; the project’s contribution to promoting economic development activity in a distressed area, including coordination so that new jobs are sourced from Workforce Solutions Borderplex to deploy and enhance the employment of underutilized low skill workers or the unemployed and whereby the company can evidence education, training, or career development activities; the project’s contribution to further developing and enhancing existing supply chain within the greater County area; and any additional contributing factor(s) as determined by the Court to enhance the economic development activity of the region. The Court may consider the following specific terms, in addition to the concepts listed above, as follows:

a. Invests capital of at least $500M; and

b. Creates at least 100 Full-Time Employees; and

c. Pays 100 percent of Full-Time Employees at the project site at least the Median County Wage as set by the County in consultation with regional economic and workforce development stakeholders, including Workforce Solutions Borderplex, the state-designated workforce board in the County; and

d. Local Hire Requirement: Hire a minimum of 50% of its employees from within El Paso County unless approved by a majority vote of the Commissioners Court; and

e. Employee Healthcare Benefits: Offers a Healthcare Benefits Package to all Full-Time Employees and their eligible dependents. Companies must provide documentation demonstrating that each full- time person employed at the project location and his or her dependents has access to affordable health insurance.

IV. General Terms & Conditions for Abatement Agreements

a. Incentive Application: a company seeking a tax abatement must submit an executed incentive application to El Paso County. The request for tax abatement, Incentive Application, must be accompanied by a non-refundable fee of $1,000.00.

b. Property Investment is defined as the construction of new facilities and structures and/or the expansion or modernization of existing facilities and structures located on or to be located upon real property; and/or personal property necessary for operation placed in or on said real property.

c. Recapture of Abated Taxes: Tax abatement agreements provide for recapture of abated property taxes in the event contract terms and requirements are not met. These recapture provisions will survive any subsequent assignment of an agreement. The recapture period exceeds the term of the abatement period by six years. Multiply the amount of taxes abated in any given fiscal year by the percentage in the recapture period. The following percentages represent the maximum amount of abated taxes that may be subject to recapture by the Court in the event the project company fails to meet any of the mutually agreed upon terms in a separate abatement agreement, including, but not limited to, capital investments, job creations, job retentions, or other factors. The Court may, at its sole discretion, modify the recapture schedule by providing for proportionate reductions in the recapture amounts listed below.

   i. During Abatement Period: 100%
   ii. Year 1 of Recapture Period: 100%
   iii. Year 2 of Recapture Period: 80%
   iv. Year 3 of Recapture Period: 60%
   v. Year 4 of Recapture Period: 40%
   vi. Year 5 of Recapture Period: 20%
   vii. Year 6 of Recapture Period: 10%

d. Timing: in order to be eligible for consideration, companies must submit an application prior to commencement of the project. No tax abatement for a proposed project will take effect until a tax abatement agreement has been approved and fully executed by the Court. If an Agreement has not been finalized within six months after the Court authorizes permission to negotiate contract terms, the County may terminate a pending application. Any submission of a subsequent application following such a termination will require another application for reconsideration of the tax abatement request. Additionally, the timing and acquisition of personal property related to this project is crucial and will impact its eligibility for abatement. Personal property acquired before the Court executes a tax abatement agreement is NOT eligible for an abatement.

e. In the event the company does not meet its targeted projections as outlined on the Tax Abatement Agreement, the Court, by majority vote may, at its sole discretion after notifying company of default, terminate the agreement, initiate recapture procedure, or both. In addition and in accordance to Texas Tax Code Section 312.208, the agreement may be modified or terminated by mutual consent of the parties in the same manner the agreement was approved and executed.

V. General Intent of Guidelines

The intent of these guidelines is to establish the minimum standards for which an applicant for tax abatement must meet to be considered. According to Texas Tax Code Section 312.002(b), the County may not enter into a tax abatement agreement under this chapter unless it finds that the terms of the agreement and the property subject to the agreement meet the applicable guidelines and criteria adopted by the governing body under this section. The guidelines and criteria may be amended or repealed only by a vote of three-fourths of the members of the Court as required under Texas Tax Code Section 312.002(c).