



ECONOMIC DEVELOPMENT INCENTIVE POLICY

October 15, 2021

The City of Portland is the most livable and sustainable community in the Coastal Bend and must promote high quality economic development if the community is to remain so. The adoption of this economic development incentive policy promotes growth and resiliency by providing clear, predictable and equitable incentives for development. In general, the City will grant economic incentives when doing so creates clear and significant benefits to the community.

Sales Tax Abatement

- Sales tax revenue may be rebated for certain Tier 2 projects. Other projects may be considered for sales tax abatement under the following conditions:
 - The business has demonstrated annual taxable sales in similar markets of \$3,500,000 or greater; and
 - The rebate does not exceed 50% of monthly sales tax revenues; and
 - The term of the abatement must not exceed 15 years or \$2,000,000 in total tax rebates; and
 - The business or project is a redevelopment of an existing property which has not generated sales tax revenue for a minimum of 18 months.

Ad Valorem Tax Abatement

Ad valorem tax abatement, infrastructure grant sponsorship, construction of off-site infrastructure and participation in the cost of off-site infrastructure construction are incentives the City of Portland may provide to a Targeted Business or Industry (Tier 1 and 2), descriptions of which follow:

TIER 1

- *Corporate headquarters (national, regional or local)*
- *Software development*
- *Electronics development and manufacturing*
- *Biotechnology research and application*
- *Pharmaceutical development and manufacturing*
- *Medical technology research and application*
- *Petrochemical research and product development*

- *Companies engaged in the development or manufacturing of measuring, analyzing or controlling instruments*
- *Advanced material development*
- *Companies whose primary source of income is engineering services*
- *Aerospace development and manufacturing*

Minimum eligibility requirements:

- \$2,500,000 increase in real property
- \$750,000 in personal property
- 50 full-time jobs with an average annual salary (excluding benefits) of \$50,000

Determination of Incentives:

- Case-by-case utilizing specific factors.
- The duration of ad valorem tax abatement is limited by State statute to 10 years.

TIER 2

- *Regional or area retail projects containing a store of at least 100,000 square feet in size*
- *Advanced technical/vocational institutes which provide highly skilled professionals to nearby industries*

Minimum Eligibility Requirements:

- \$2,500,000 increase in real property, \$750,000 in personal property
- 20 full-time jobs that provide a “living wage” to the persons employed. A living wage is the annual amount equal or greater than poverty level for a family of 3 under U.S. Department of Health and Human Services Poverty Guidelines, divided by 2,080 hours per year.

Determination of Incentives:

- Case-by-case utilizing specific factors.
- The duration of ad valorem tax abatement shall not exceed 5 years under any circumstances.

For more information or to request consideration for economic incentives, contact the City Manager’s office (361) 777-4513.