

May 24, 2022



Item 29

El Paso Healthcare System LTD.

Texas Enterprise Zone Nomination

Goal 1: Create an Environment Conducive to Strong, Sustainable Economic Development. 1.1 Stabilize and expand El Paso's tax base



Texas Enterprise Zone Program

The Texas Enterprise Zone Program (EZP) is an economic development tool for local communities to partner with the State of Texas to encourage job creation and capital investment

- Texas communities must nominate companies in their jurisdiction to receive an Enterprise Zone designation
 - Application period for EZP occurs quarterly
 - Municipalities or counties with a population of 250,000 or more are eligible for up to 9 enterprise project designations during a state biennium, based on availability (state limit of 105 per biennium)
- Projects may be physically located in or outside of an Enterprise Zone
- Businesses receive **state tax incentives** under this program in the form of **state sales and use tax refunds**
- Enterprise project designation period is capped at 5 years
- Companies must meet minimum capital investment and employment thresholds

Texas Enterprise Zone Program

Eligibility Requirements

- Jobs must have an average weekly wage that meets or exceeds the county average weekly wage
- Employment and capital investment must be met prior to expiration of designated period
- Company must first pay applicable sales and use tax to receive a refund
- If located inside of an Enterprise Zone, 25% of the company's new employees at the qualified business site must meet economically disadvantaged, enterprise zone residency, or veteran requirements
- Only full-time jobs will qualify for EZP award consideration
- Jobs must be maintained through the end of the designation period, or for at least 3 years after the date on which tax benefits are received, whichever is later

Level of Capital Investment	Maximum Number of Jobs Allocated	Maximum Potential Refund	Maximum Refund Per Job Allocated
<i>Half Enterprise Project</i> \$40,000 to \$5,000,000 or more	250	\$625,000	\$2,500
<i>Enterprise Project</i> \$5,000,000 to \$149,999,999	500	\$1,250,000	\$2,500
<i>Double Jumbo Project</i> \$150,000,000 to \$249,999,999	500*	\$2,500,000	\$5,000
<i>Triple Jumbo Project</i> \$250,000,000 or more	500*	\$3,750,000	\$7,500

Company Background

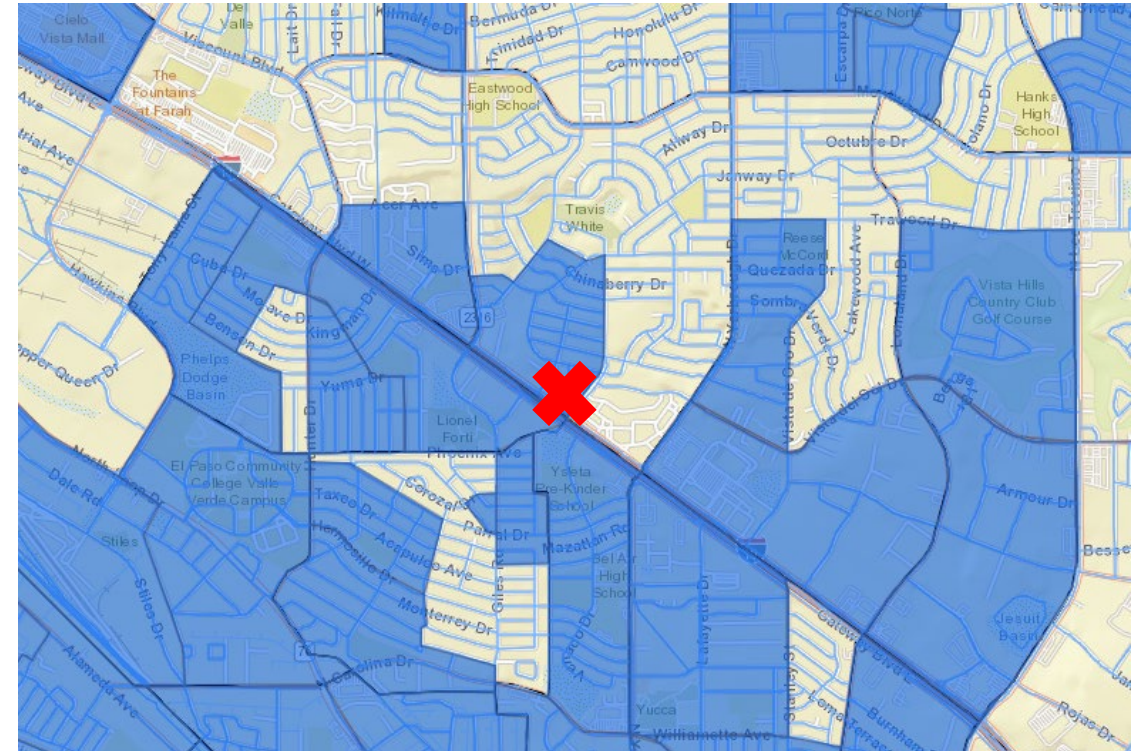
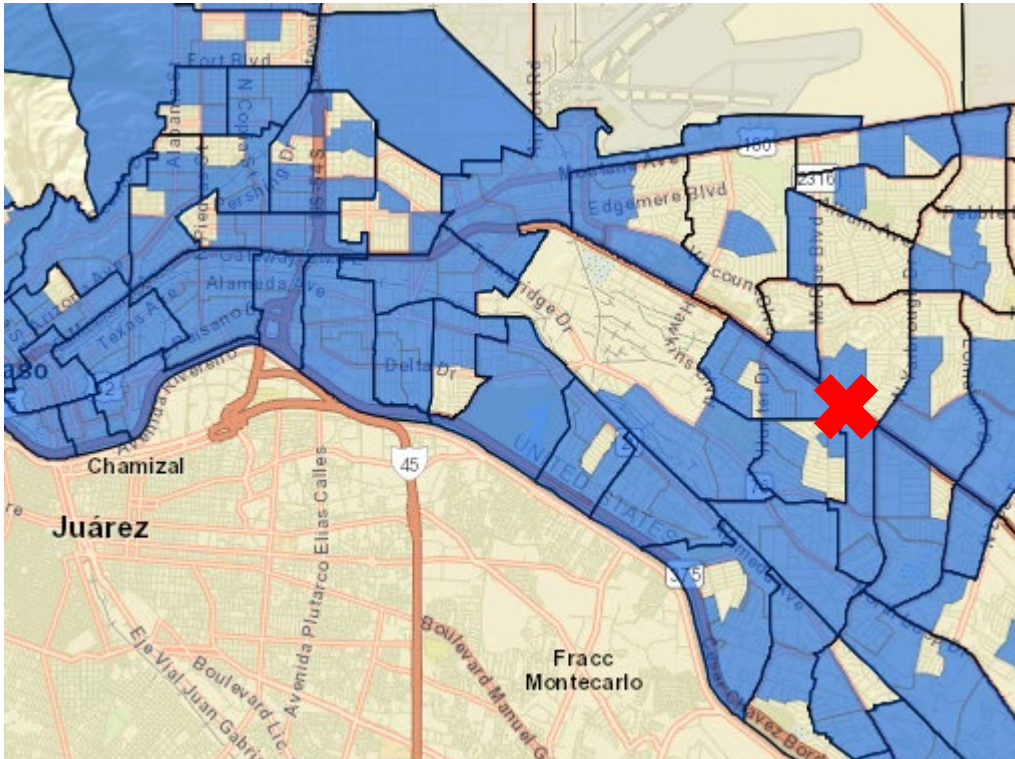
El Paso Healthcare System, LTD. (Las Palmas Del Sol Healthcare)

- Headquartered in El Paso, operating 34 facilities across the region
- Del Sol Medical Center, located at 10301 Gateway Boulevard West provides multidisciplinary treatment
 - 350-bed facility with a Level II Trauma Center
 - Additional specialty services including Emergency Medicine, Cardiology, Maternity & Child Services, Level III NICU, 32-bed Rehabilitation Hospital, and Post-COVID Recovery Clinic
- Texas Enterprise Zone Nomination will support:
 - **\$8.2 million** investment to update primary surgery and catheterization laboratory
 - Hiring of 10 new employees and retention of **1,397** employees



Project Location

10301 Gateway Boulevard West (District 7)



Blue = Texas State Enterprise Zones

Staff Recommendation

El Paso Healthcare System, LTD. meets the criteria for designation as an Enterprise Project. The company will:

- Invest \$8.2 million
- Create 10 jobs and retain 1,397 employees (of which 546 meet the definition of “retained job” in Texas Government Code)
- 25% of the new employees hired will be residents of an enterprise zone, economically disadvantaged, or veterans

Staff recommends **approval** of the nomination

- The applicant’s capital investments and employment commitments will further El Paso’s Business Retention and Expansion initiative
- **No impact to City funds**; program involves only state sales and use tax refunds
- Approval of this resolution will enable El Paso Healthcare System LTD.’s application for Enterprise Project Designation to proceed for review and approval by the Texas Economic Development and Tourism Office



Council Requested Action

Authorize the Mayor to sign a resolution nominating El Paso Healthcare System, LTD. As a Texas State Enterprise Zone Project.





Mission

Deliver exceptional services to support a high quality of life and place for our community



Values

Integrity, **R**espect, **E**xcellence,
Accountability, **P**eople



Vision

Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government

