



Texas Enterprise Zone – Enterprise Project Nomination: Phelps Dodge Refining Corporation

Economic & International Development

August 24, 2022

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



Requested Council Action

Approve a resolution nominating Phelps Dodge Refining Corporation to receive the designation as a Texas Enterprise Zone project.

- Company will invest a minimum of \$20,000,000
- Retain over 400 jobs over the 5 year period
- No impact to City funds; program involves **state sales and use tax** rebates only

About the Texas Enterprise Zone Program

- **Economic development tool** for local communities to partner with the State of Texas to encourage job creation and capital investment
- Texas communities nominate companies in their jurisdiction to participate
 - Municipalities of our size are eligible for up to **9 enterprise zone project designations** during a state biennium (Current term is 9/1/21 through 8/31/23)
- Designated businesses receive **state tax incentives** under this program in the form of state sales and use tax rebates
- 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 5-year
 - **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
 - If located outside of an Enterprise Zone, **35% of the company's new employees** must be economically disadvantaged, have an enterprise zone residency, or be veterans

Company Background: Phelps Dodge Refining Corp.

- Wholly-owned subsidiary of Freeport-McMoRan who employs 24,700 employees worldwide
- Employ over 400 in El Paso
 - 219 at its copper refinery
 - 184 at its rod mill
- Estimated investment of \$20,000,000
 - Upgrade and improve its refinery and rod mill facilities
- Staffing levels will be maintained over the 5-year designation period, at a minimum



Recommendation

Phelps Dodge Refining Corporation meets the criteria for designation as an Enterprise Project

- Company will invest a minimum of \$20,000,000
- Retain over 400 jobs over the 5-year period, at a minimum
- 35% of any new hires will be residents of an enterprise zone, economically disadvantaged, or veterans

Recommend **approval** of the nomination

- No impact to City funds; program involves only **state sales and use tax** rebates
- Leverage a state program to assist with a significant local investment
- Generate incremental tax revenue



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

