



AGENDA MEMORANDUM

Action Item for the City Council Meeting of May 13, 2025

DATE: May 13, 2025

TO: Peter Zaroni, City Manager

FROM: Mike Culbertson, President/CEO, CCREDC
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Nominating CITGO Refining & Chemical Co. L.P. as a Texas Enterprise Project

CAPTION:

Resolution nominating CITGO Refining and Chemical Co., LP ("CITGO") to the Office of the Governor Economic Development & Tourism ("EDT") through the Economic Development Bank ("Bank") as a single enterprise project pursuant to the Texas Enterprise Zone Act ("Act")

SUMMARY:

Designate CITGO Refining & Chemical Co. L.P for a single enterprise designation for the Texas Enterprise Zone incentive.

BACKGROUND AND FINDINGS:

CITGO Refining Investment Overview – Corpus Christi Refinery

Over the next five years, CITGO Refining and Chemical Company L.P. ("CITGO Refining") plans to invest approximately \$250 million in upgrades and retain 500 full-time employees to its Corpus Christi Refinery complex. These investments are aimed at improving production capacity, operational efficiency, and reinforcing CITGO's commitment to environmental and safety standards.

Investment Breakdown

Category	Amount (USD)	Purpose
Regulatory Projects	\$5 million	Ensure compliance with federal, state, and local health, safety, and environmental regulations.
Strategic Projects	\$175 million	Improve and expand facility performance and operations.
Safety & Risk Mitigation	\$10 million	Address health, safety, environmental, security, and operational risks.
Capital Upgrades	\$60 million	Upgrade or replace equipment, facilities, and infrastructure.

This capital investment, as well as the retention of jobs represent the basis for this enterprise project nomination.

Since 2005, the City of Corpus Christi has nominated a total of 18 projects under the Texas Enterprise Zone Program. Notable participants include Valero, Bay Ltd, M&G Resins, voestalpine, and Flint Hills Resources. Collectively, these designated projects have generated more than \$6.5 billion in capital investment in Corpus Christi. This level of local investment represents a significant share of the total capital investment made in enterprise zones across the state of Texas.

Under state law, the Office of the Governor – Economic Development and Tourism Division, through the Texas Economic Development Bank, administers the Texas Enterprise Zone (TEZ) Program. According to the Texas Enterprise Zone Act (Chapter 2303, Texas Government Code), the program's purpose is to encourage job creation, job retention, and capital investment in areas of economic distress.

The 78th Legislature amended the Act to increase participation in the program, reduce paperwork, and streamline administrative processes. Under the amended Act, communities are no longer required to submit an application and fee to create an enterprise zone, and designation of enterprise zones is automatic based on decennial census figures. Designated areas include census block groups with at least 20% poverty and federally designated Renewal Communities. Previously designated enterprise zones will retain their status until expiration, after which the area must meet the 20% poverty guideline to qualify again. Projects seeking designation as a Texas Enterprise Zone Project must still be nominated by the local governing body and submitted to the Office of the Governor for consideration.

Participating communities must offer incentives to nominated projects, with at least one incentive being exclusive to participation in the Texas Enterprise Zone Program. For designated projects located inside an Enterprise Zone, the project must retain at least 25% of its employees from residents of the enterprise zone or from economically disadvantaged groups. For projects located outside the zone, the project must hire at least 35% of new employees from residents of enterprise zones or economically disadvantaged groups. In return, designated projects are eligible to receive a refund of state sales and use taxes from the Texas Comptroller's Office, with a program benefit of a \$2,500 refund per qualifying job created or retained.

State law permits communities with a population under 250,000 to nominate up to six projects per biennium, while communities with a population over 250,000 may nominate up to nine projects per biennium. Since the City of Corpus Christi's population exceeds 250,000, it is allowed to nominate up to nine projects during the current biennium. A "double jumbo" project counts as two nominations, and a "triple jumbo" project counts as three nominations. At present, the City has not nominated any businesses during this biennium, and this nomination will utilize one of the City's available nine nominations for local businesses.

ALTERNATIVES:

Pursuant to state statute, no entity other than the City may serve as the official nominating authority. However, the City retains full discretion and may elect not to nominate a company for designation.

FINANCIAL IMPACT:

This incentive is a rebate of the State's portion of the sales tax and does not affect the City in any way.

Funding Detail:

Fund:

Organization/Activity:

Mission Element:

Project # **(CIP Only)**:

Account:

RECOMMENDATION:

Staff recommends approval of the Resolution to nominate CITGO Refining & Chemical Co. LP as a single Texas Enterprise Zone project, as presented.

LIST OF SUPPORTING DOCUMENTS:

Resolution – CITGO TEZ