



Legislation Text

File #: ORD 16-117, **Version:** 1

Consideration of and action on an ordinance re-affirming the Tax Abatement Policy.

Summary:

Background: Chapter 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code provides authority for cities to establish guidelines and criteria for property tax abatement. Tax abatement guidelines are effective for a period of two (2) years. Also, during the 2 year period after approval or reaffirmation, the guidelines and criteria may only be amended or repealed by a 3/4th vote of the members of the governing body.

Tax Abatement Policy History: The City's Tax Abatement program was established by ordinance in 1998, amended in 2000, and reaffirmed in November of 2008. Ordinance No. 3381 was adopted in December of 2010, which amended the Tax Abatement Program to include new categories allowing qualifying restaurants and retail establishments that achieve certain thresholds for minimum investment (\$2 million for restaurants and \$5 million for retail) and number of employees. Also, Ordinance 3381 revised the minimum qualifying threshold for "basic industry" (manufacturing, regional distribution, research & development, etc.) from a minimum of \$10 million to \$7 million. Ordinance No. 3537, was passed on Nov. 20, 2012, reaffirmed the Tax Abatement Program under Ordinance No. 3381. On December 6, 2014, Ordinance No. 3687 was passed which reaffirmed the majority of the existing Tax Abatement program, but included the changes summarized below:

- The minimum qualifying threshold for "basic industry" (manufacturing, regional distribution, research & development, etc.) was reduced from a minimum of \$7 million to \$5 million. Previous comparisons with other cities have shown that the \$7 million minimum threshold for this category is relatively high.
- Revision of the criteria to attract large retail to allow Council to determine the percentage and length of tax abatement as well as the required number of employees depending on the magnitude of the economic impact projected by the proposed development.

The tax abatement guidelines & criteria are only effective for a two year period so it is now time to review this program and decide whether to reaffirm the current provisions or make amendments. Staff proposes no changes to the current Tax Abatement Policy, and that the existing policy be re-affirmed by ordinance.

Fiscal/Budgetary Impact:

None

Approve the ordinance reaffirming the Tax Abatement Policy. This was previously discussed at the November 1, 2016 Workshop.