



## Legislation Text

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**File #:** ORD 18-031, **Version:** 1

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Consideration of and action on Ordinance No. 3975 authorizing the City's Participation in the Texas Enterprise Zone Program pursuant to the Texas Enterprise Zone Act, Chapter 2303, Texas Government Code (Act), and Adding Tax Incentives which may be offered by the City to Nominate a Qualified Business an Enterprise Project (Project) to the Office of the Governor Economic development & Tourism (EDT) through the Economic Development Ban (Bank) as an Enterprise Project.

### Summary:

The Texas Enterprise Zone Program is an economic development tool for local communities to partner with the State of Texas to promote job creation and capital investment in economically distressed areas of the state (census block groups with a poverty level greater than 20 percent).

Designated projects are eligible to apply for state sales and use tax refunds on qualified expenditures. Qualified expenditures include building materials, machinery and equipment, electricity, gas and tangible property purchased and consumed in the normal course of business, and taxable services.

The level and amount of refund is related to the capital investment and jobs created at the qualified business site. In addition, local communities must offer incentives to participants under the Enterprise Zone Program, such as tax abatement, tax increment financing, one-stop permitting, and other incentives developed by participating communities.

Communities may nominate projects for a designation period up to five years, not including a 90-day window prior to the application deadline. Employment and capital investment commitments must be incurred and met within the five-year time frame.

The Enterprise Zone program is very competitive and the selections are made on a point rating system. The more incentives, the more points the nomination scores in the selection process. Local incentives are established by city ordinance. The City previously listed incentives in 2009 by Ordinance #3302 and in 2011 by Ordinance #3419. The City has previously sponsored three Enterprise Zone nominations for the following local businesses; Shell Refinery, Lubrizol, Rohm & Haas Texas, Inc.

The proposed ordinance would add the following new incentives:

- A. Local Sales Tax Refunds (2 pts. If included in ordinance; 4 pts. If actually delivered to the project)
- B. Other tax deferrals, tax refunds or tax incentives (2 pts. If included in ordinance; 4 pts. If actually delivered to the project)
- C. Provision of publicly owned land for development purposes (1 pts. if included in ordinance; 4 pts. If actually delivered to the project)

The City's incentives currently total 28 out of a possible 53 points. Adding the proposed incentives would add 5 points for a total of 33 out of a possible 53 points

NOTE: including an incentive in the list of incentives does not require the city to offer an incentive to any business.

**Fiscal/Budgetary Impact:**

Approve Ordinance No. 3975 authorizing the City's Participation in the Texas Enterprise Zone Program pursuant to the Texas Enterprise Zone Act, Chapter 2303, Texas Government Code (Act), and Adding Tax Incentives which may be offered by the City to Nominate a Qualified Business an Enterprise Project (Project) to the Office of the Governor Economic development & Tourism (EDT) through the Economic Development Ban (Bank) as an Enterprise Project.