



# A Resolution Adopting Chapter 312 Abatement Guidelines and Criteria

An economic development tool to attract new industry and to encourage the retention and development of existing businesses

**Goal 1:** Cultivate an Environment Conducive to Strong, Economic Development

# Action Requested

That City Council approve a resolution **electing to participate** in local tax abatement agreements as permitted by Chapter 312 of the Texas Tax Code; and **establishing guidelines and criteria** regarding how local tax abatement agreements will be decided.

# Abatement Benefits & Outcomes

- Reduces unemployment
- Strengthens other businesses
- Increases tax revenue
- Tax receipts continue to grow long-term after agreement expires
- Provides a flexible economic development tool



# Tax Abatement Timeline

Adopt  
Guidelines  
& Criteria

Statement  
of  
Abatement  
Eligibility

Designate  
an Eligible  
Zone

30-day  
Notice  
Period

Entering  
into a Tax  
Abatement  
Agreement

Mandatory  
Reports to  
the State

# Adopt Guidelines & Criteria

## Section 312.002(a) of the Texas Tax Code:

A taxing unit may not enter into a tax abatement agreement under this chapter and the governing body of a municipality or county may not designate an area as a reinvestment zone unless **the governing body has established guidelines and criteria** governing tax abatement agreements by the taxing unit **and a resolution stating that the taxing unit elects to become eligible to participate in tax abatement.**

# Guidelines and Criteria

- In effect for two years
- Can be amended or repealed by a super-majority vote
- Must be posted online
- Outlines the City's Abatement Incentive Policy, including eligibility (project type and taxable value), application contents, administration, agreement structure, and recapture provisions

# Abatement Incentive Eligibility

Meet all criteria in the City's Chapter 380 Incentive Policy and:

- Be located within a designated eligibility zone or Texas Enterprise Zone;
- Provide "Added Value" of:
  - At least \$2.5 million or
  - \$50,000 for qualifying Infill Properties
- Only available for real property improvements.

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## MISSION



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

## VISION



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



## VALUES

Integrity, **R**espect, **E**xcellence,  
**A**ccountability, **P**eople