

Item 24

November 21, 2023



# 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 an ordinance **designating a commercial / industrial tax abatement reinvestment zone** under Chapter 312 of the Texas Tax Code.



# Purpose of the Zone

- **Objective:** To encourage businesses to locate or expand in a specific area by offering performance-based tax reductions or exemptions.
- **Definition:** Tax abatements involve reducing or waiving property taxes for businesses in the designated zone.
- **Scope:** Only businesses in the zone qualify for tax abatements.
- **Approval Process:** City Council must approve a Chapter 312 Tax Abatement Agreement for a business within the zone to receive a tax abatement.

# Abatement Benefits & Outcomes

- Creates job opportunities
- Increases tax revenue
- Strengthens other businesses
- 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

Enter into a  
Tax  
Abatement  
Agreement

Mandatory  
Reports to the  
State

# Zone Designation & Operation

A commercial / industrial abatement reinvestment zone can be placed on an area that:

- a) Contributes to the retention or expansion of primary employment; or
- b) Attracts major investment in the zone that would benefit the property included in the zone and would contribute to the economic development of the city.
- The Zone expires after five years and may be renewed for another five years each time it expires.
- Biennial reports are due to the State Comptroller and available to the public.

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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