



CITY COUNCIL COMMUNICATION

October 28, 2014

SUBJECT: Resolution Amending the Guidelines and Criteria of the Tax Abatement Policy

SUBMITTED BY: Mike Collins, Director of Planning & Economic Development

REFERENCE NO: Resolution No. 14-1447

ACTION REQUESTED:

Consider approval of Resolution No. 14-1447, amending the guidelines and criteria of the tax abatement policy.

ALTERNATIVES:

- Approve the request with modifications
- Table the request
- Deny the request

SUMMARY OF SUBJECT:

The Texas Legislature, during the 2009 Legislative Session reauthorized the Property Redevelopment and Tax Abatement Act within Chapter 312 of the Texas Tax Code through September 1, 2019. Consistent with that legislation, the City Council adopted a Resolution No. 14-1421 on January 14, 2014 making the Tax Abatement Policy effective for another two (2) years. During this time, the policy may be amended or repealed only by an affirmative three-fourth ($\frac{3}{4}$) vote of the City Council.

Staff has recently had opportunity to work with a significant economic development prospect and to identify potential financial incentives that could be recommended to the City Council in the future for its consideration. Staff is recommending the City Council consider approval of an amendment to the current Tax Abatement Policy to explicitly establish that a Corporate Headquarters Facility is eligible for consideration of a tax abatement. As with any request, the City Council has the authority to fully evaluate the merits and benefits of each individual project and retains the flexibility to offer any project up to the maximum tax abatement allowed under the law.

The following definition would be proposed for Section 1:

“Corporate Headquarters Facility” – means the location where most, if not all, of the important functions of an organization (such as financial, legal, technical, logistics, and personnel activities) are coordinated and performed.

Corporate Headquarters Facility would be added in the following manner to Section 2:

Section 2
ABATEMENT AUTHORIZED

(a) Authorized Facility. A facility may be eligible for abatement if it is a:

- Manufacturing Facility,
- Research Facility,
- Regional Distribution Center Facility,
- Regional Service Facility,
- Regional Entertainment/Tourism Facility,
- Regional Retail Facility, or
- CORPORATE HEADQUARTERS FACILITY, and
- Other Basic Industry

In addition, the following has been added to Section 2:

(i) Economic Qualification

4. For a corporate headquarters facility - be reasonably expected to invest not less than ten million dollars (\$10,000,000) in the facility (including both eligible and ineligible property) within three years from the commencement of construction, and be expected to create employment for not less than 25 persons associated with the production of goods and services at the authorized facility on a full-time, permanent basis in the City of Euless.

SUPPORTING DOCUMENTS:

- Resolution No. 14-1447

APPROVED BY:

_____ **LG** _____

City Manager's Office

_____ **HH** _____

City Secretary's Office