

RESOLUTION NO. 7-1993

A RESOLUTION DECLARING THE CITY OF ABILENE, TEXAS, ELECTS TO ADOPT A NEW TAX ABATEMENT POLICY SETTING OUT GUIDELINES AND CRITERIA IN ACCORDANCE WITH TEX. TAX CODE ANN. §312.001 ET. SEQ., OTHERWISE KNOWN AS THE PROPERTY REDEVELOPMENT AND TAX ABATEMENT ACT, GOVERNING THE CREATION OF TAX ABATEMENT REINVESTMENT ZONES AND THE EXECUTION OF ALL TAX ABATEMENT AGREEMENTS BY THE CITY.

WHEREAS, the enhancement of the local economy is in the best interest of the citizens of Abilene; and

WHEREAS, the creation of specified tax abatement reinvestment zones and the execution of tax abatement agreements will be reasonably likely to contribute to the retention or expansion of primary employment or to attract major investment that would be a benefit to the property and would contribute to the economic development of the City of Abilene; and

WHEREAS, the Property Redevelopment and Tax Abatement Act requires cities to establish local guidelines and criteria for the creation of tax abatement reinvestment zones and the execution of tax abatement agreements; and

WHEREAS, the guidelines and criteria adopted by the City on September 27, 1990, in Resolution No. 40-1990 were effective for two years only in accordance with the Property Redevelopment and Tax Abatement Act; and

WHEREAS, the Property Redevelopment and Tax Abatement Act requires the City to adopt new guidelines and criteria governing all tax abatement agreements entered into by the City.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS:

PART 1: That the guidelines and criteria outlined in exhibit "A" of this Resolution which govern tax abatement agreements are hereby adopted by the City Council and shall remain in effect for two (2) years from the date herein unless amended or repealed by a vote of three-fourths of the members of the City Council.

PART 2: That this Resolution shall take effect immediately from and after its passage.

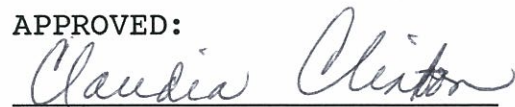
ADOPTED THE 28 DAY OF January, 1993.

ATTEST:


Jo Moore, City Secretary


Gary D. McCaleb, Mayor

APPROVED:


City Attorney

00012

**PROPERTY TAX
ABATEMENT
POLICY**

**CITY OF ABILENE,
TEXAS**

GUIDELINES:

The following establishes guidelines and criteria as adopted by the City Council of the City of Abilene, in accordance with Tex. Tax Code Ann. §312.001 et. seq., otherwise known as the Property Redevelopment and Tax Abatement Act (Act), governing property tax abatement agreements. Nothing herein shall imply or suggest that the City of Abilene is under any obligation to provide tax abatement to any applicant. All applications will be considered on a case-by-case basis.

1. Tax abatement benefits may be available to industrial, manufacturing, distribution, retail (only if located in an Enterprise Zone), and service facilities currently in Abilene or locating in Abilene as well as multi-family residential properties of no less than 50 units located only in the Abilene Reinvestment Zone #1 (downtown) area.
2. Tax abatement may be available for new facilities and structures as well as for the expansion or modernization of existing facilities and structures.

If a leased facility is granted tax abatement, the agreement shall be executed only with the property owner. In such cases, the property owner shall demonstrate binding contract(s) with the lessee(s) to guarantee job creation.

3. **Tax abatement may be granted only for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between the City and the property owner or lessee subject to such limitations as the City may require.** The additional value must exceed any reduction in the fair market value of other eligible property of the owner located within the jurisdiction of the City. Change in appraised value does not qualify for abatement except in the instance where a previously vacant facility is utilized. Value added to the tax rolls must come from actual capital expenditures.
4. Eligible property for which abatement may be granted includes non-residential real property and/or tangible personal property located on the real property other than that personal property that was located on the real property at any time before the abatement agreement becomes effective. Excluded from eligible personal property is inventory or supplies.

Real and/or personal property tax abatement may be granted only to the extent that the value of the property for each year of the agreement exceeds its value for the year in which the agreement is executed. The value for the year in which the agreement is executed shall be referred to as the "base value" and shall be the

January 1 valuation date immediately preceding the date of the execution of the agreement. With the intent of avoiding any possible erosion of the existing tax base, the City reserves the right to determine the base value upon which abatement may be calculated if the applicant owns other property(ies) in town which may be affected by the granting of tax abatement.

5. A tax abatement agreement may not be executed unless the area for which tax abatement is requested meets the criteria for designation as a tax abatement reinvestment zone as set forth in the Act. The City Council may adopt an ordinance designating a tax abatement reinvestment zone only after a public hearing has been held.
6. No tax abatement agreement for real property shall exceed a term of ten (10) years from the date of execution, and no tax abatement agreement for personal property shall exceed a term of three (3) years from the date of execution.
7. All tax abatement applicants shall submit an application to the City of Abilene. A committee composed of one (1) member each from the City of Abilene, Taylor County, Wylie ISD, Abilene ISD, Eula ISD and any other taxing unit affected by the specific application being considered shall be formed to recommend the adoption or rejection of all applications. In determining where and how tax abatement will be utilized, the committee will examine the potential return on public's investment. Return on public investment will be measured in terms of net jobs created, jobs retained, broadening of the tax base, and expansion of the economic base.
8. Individual taxing units governing a reinvestment zone may choose to grant tax abatement to an owner or lessee, but according to state law, if granted, the terms of the agreements must be identical to the agreement already executed by the City.
9. At any time before expiration, any tax abatement agreement may be terminated by mutual consent of all parties involved in the same manner that the agreement was approved and executed.

CRITERIA:

1. A tax abatement agreement must:
 - a. list the kind, number, and location of all proposed improvements to the property,
 - b. provide for City employees to have access and authority to conduct inspections of the eligible property to ensure that

the improvements or repairs are made in accordance with the agreement,

- c. limit the uses of the eligible property to remain consistent with encouraging development or redevelopment of the tax abatement reinvestment zone during the term of the tax abatement agreement,
- d. provide for recapturing of property tax revenue lost as a result of the agreement if the owner or lessee of the eligible property fails to make the improvements or repairs as provided by the agreement.

2. The owner or lessee of eligible property requesting tax abatement within a tax abatement reinvestment zone shall, prior to the commencement of eligible property improvements, agree to expend a designated sum of money and provide a certain number of jobs as further defined below.

3. To be eligible for tax abatement, a business shall invest a minimum amount of capital in the project and create a minimum number of jobs. The creation of jobs shall be defined as a net increase in the company's employment within the City's taxing jurisdiction. All existing jobs as well as those created shall be maintained throughout the term of a tax abatement agreement.

If the minimum requirements are not met during the period as negotiated in the agreement, the percentage of abatement shall be reduced to the level of abatement at which minimum requirements have been met, and any taxes abated before the adjustment shall be recaptured by the City.

RETAIL BUSINESSES

Tax abatement may be available only to those retail businesses which are located within either Abilene's West Enterprise Zone or Abilene's East Enterprise Zone if:

1. the business is or shall become certified as a "qualified business" as defined in The Texas Enterprise Zone Act,
2. a minimum capital expenditure of \$100,000 is made on eligible property improvements,
3. at least 50 full-time, permanent jobs are created during the time period as negotiated in the tax abatement agreement.

If less than 50 jobs are to be created and the business is located in the Abilene Reinvestment Zone #1 (downtown), at least 10 full-

time, permanent jobs must be created during the time period as negotiated in the tax abatement agreement. Minimum abatement shall be 10% with additional abatement granted at the rate of 5% for every five jobs created, with a maximum abatement of 25%, and the agreement shall not exceed five years.

If the above criteria are met, tax abatement may be as follows:

Level 1:	Abatement	Years
----------	-----------	-------

Min. cap. expenditure of \$100,000 & min.	25%	1-5
50 jobs created	15%	6-10

Level 2:	Abatement	Years
----------	-----------	-------

Min. cap. expenditure of \$500,000 & min. 100 jobs created	50%	1-5
	25%	6-10

Tax abatement may be available to industrial, manufacturing, distribution and service businesses located anywhere within Abilene's city limits based on the following:

Level 1:	Abatement	Years
----------	-----------	-------

Min. cap. expenditure of \$200,000 & min. 10 jobs created	25%	1-5
	15%	6-10

Level 2:	Abatement	Years
----------	-----------	-------

Min. cap. expenditure of \$500,000 & min. 25 jobs created	50%	1-5
	25%	6-10

Level 3:	Abatement	Years
----------	-----------	-------

Min. cap. expenditure of \$1,000,000 & min. 50 jobs created	75%	1-5
	37.5%	6-10

**INDUSTRIAL,
MANUFACTURING,
DISTRIBUTION &
SERVICE
BUSINESSES**

**RESIDENTIAL
PROPERTIES**

Level 4:	Abatement	Years
Min. cap. expenditure \$2,000,000 and min. 100 jobs created	100%	1-5
	50%	6-10

Tax abatement may be available to multi-family residential properties of no less than 50 units located in Abilene Reinvestment Zone #1 (downtown), so long as at least 51% of the units are available to low-income persons.

The minimum amount of abatement may be 50% with an additional 5% for every 5 units over 50 for a maximum period of five (5) years. Additional abatement may be available as negotiated depending on the number of jobs created and/or the total amount of capital investment made.

OTHER

If any business is located or will locate within one of Abilene's two (2) Enterprise Zones, an additional 5-10% abatement may be available, as individually negotiated, with total abatement not to exceed 100%.

For additional information on tax abatement or the Enterprise Zone Program, contact The Economic Development Department of the City of Abilene at (915) 676-6390.

kt\wp51\taxabate\policy.doc
rev. 1-18-93