

CITY OF HASLET

RESOLUTION NO. 023-2016

A RESOLUTION OF THE CITY OF HASLET, TEXAS, READOPTING THE TAX ABATEMENT POLICY OF THE CITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the future economic viability of the City of Haslet depends on the ability to attract new investments through the location of new businesses and the expansion and modernization of existing businesses; and

WHEREAS, the City Council has determined that the creation and retention of job opportunities that result from new economic development is in the best interest of the City of Haslet; and

WHEREAS, the establishment of economic development incentives such as tax abatements may encourage enhancement of the local economy; and

WHEREAS, the City Council previously adopted Resolution No. 010-2014 on August 4, 2014, which readopted guidelines and criteria governing tax abatement agreements; and

WHEREAS, the tax abatement policy adopted on August 4, 2014 is effective for two (2) years from the date of adoption, and the City Council desires to renew and readopt the tax abatement policy for another two (2) years.

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

SECTION 1.

The City Council hereby readopts and renews the Tax Abatement Policy, attached hereto as Exhibit "A" and incorporated herein for all purposes. This Tax Abatement Policy shall govern all tax abatement matters considered by the City from and after the date of this Resolution, until said policy expires or is repealed or amended as provided by law.

SECTION 2.

The Tax Abatement policy is effective for two (2) years from the date of adoption. During that period, the Tax Abatement policy may be amended or repealed only by a vote of 3/4 of the members of the City Council. Said Tax Abatement policy is intended as a guide for use in developing tax abatement programs and agreements under the provisions of Chapter 312 of the Texas Tax Code.

SECTION 3.

The City of Haslet intends to consider providing tax abatements and hereby elects to become eligible to participate in tax abatement.

SECTION 4.

The adoption of the Tax Abatement Policy and the City's election to become eligible to participate in tax abatement as provided herein shall not be construed to require the City of Haslet to approve any proposed tax abatement agreement which meets the requirements of the policy. Tax abatements shall be reviewed on a case by case basis and shall be granted only where the City Council determines in its sole discretion that the tax abatement is in the best interest of the citizens of Haslet.

SECTION 5.

This Resolution shall become effective upon passage.

PASSED AND APPROVED this the 21st day of November, 2016.



MAYOR BOB GOLDEN

ATTEST:



DIANNA BUCHANAN, CITY SECRETARY



"EXHIBIT A" TO RESOLUTION 023-2016

ADOPTED BY THE HASLET CITY COUNCIL ON NOVEMBER 21, 2016

**CITY OF HASLET GUIDELINES AND CRITERIA
FOR TAX ABATEMENT**

I. GENERAL PURPOSE AND OBJECTIVES

The City of Haslet (the City) is committed to the promotion of high quality development in all parts of the City, and to an ongoing improvement in the quality of life for its citizens. Insofar as these objectives are generally served by the enhancement of the tax base and expansion and diversification of the local economy, the City will, on a case-by-case basis, give consideration to providing tax abatement, pursuant to the Property Redevelopment and Tax Abatement Act, Subchapters A and B, Vernon's Texas Codes Annotated, Tax Code, Sections 312.001 through 312.211, as from time to time amended (the Act), as a stimulation for economic growth and diversification in the City. Consideration will be given to both new facilities and structures and for expansion or modernization of existing facilities and structures. Proposed tax abatement agreements will be considered in accordance with the guidelines, criteria and procedures outlined in this document. Nothing herein shall imply or suggest that the City is under any obligation to provide tax abatement to any applicant.

According to the Act, the City may grant tax abatement on the incremental value of real property (measured against the property's value for the year in which the abatement agreement is entered into) that is improved pursuant to a specific development proposal which meets the economic goals and objectives of the City. Pursuant to the Act, a tax abatement may also apply to certain tangible personal property located on the real property subject to the tax abatement agreement after the period covered by the tax abatement agreement.

Based on the general purpose and objectives and in compliance with the intent and tenets of the Act, the City may establish reinvestment zones for economic development purposes. The City may enter into tax abatement agreements with one or more owners of taxable real property that is located in a reinvestment zone designated by the City.

The Guidelines and Criteria are effective for two years from the date adopted. During that period, the Guidelines and Criteria may be amended or repealed only by vote of three-fourths of the members of the City Council.

II. CRITERIA

Any proposed project must conform to the general guidelines specified below:

- A. Any request for tax abatement must involve a development project with a minimum incremental increase in assessed value of \$10,000,000 (Ten Million Dollars).
- B. Minimum number of new Full Time Equivalent (FTE) jobs with benefits – 50 FTE @ 2080 hours per year per FTE.
- C. Minimum Annual Payroll of \$1,500,000 (\$30,000 annual average salary per FTE).

- D. Tax abatements are available for both new facilities and structures and for the expansion or modernization of existing facilities and structures.

Taxpayers desiring to enter into an abatement agreement with the City must file an application for tax abatement with the City. The application must address the topics listed below. (It is understood that certain information provided will be, out of necessity, estimates only. The applicant, however, should endeavor to provide the most accurate estimates possible based upon available information. The applicant may be requested by the City to describe the logic/methodologies utilized and to supply supporting documentation.)

Proposed Improvements

1. Identify and describe the kind, number and location of the proposed improvements to the property, as well as the cost and estimated square footage of improvements, and discuss the development schedule of the proposed improvements.
2. Describe the tangible personal property which is expected to be located on the property subject to the proposed tax abatement and the estimated value of such tangible personal property.
3. Provide a brief description of the activities to be performed at the proposed project.
4. Identify the infrastructure construction which will be required to serve the proposed project and the estimated cost of said construction.

Employment Impact

1. Estimate the number of new jobs expected to be created in the City and the expected payroll with respect to such new jobs.
2. Identify the types of jobs which are expected to be created as a result of the proposed project.

Fiscal Impact

1. Estimate the amount of direct property and sales tax to be generated by the proposed project.
2. Estimate the cost of the City to provide municipal services to the proposed project.

Community Impact

1. Describe the rezoning and platting/replatting required.
2. Describe the expected impact of the proposed project on the City.
3. Describe the expected environmental impact, if any that will be created by the proposed project.

Other Information

Provide a complete legal description of the real property subject to the tax abatement agreement.

The criteria outlined in this section will be used by the City Council to determine whether it is in the best interest of the City that tax abatement be offered to a particular applicant. Specific considerations will include the degree to which the proposed project furthers the goals and objectives of the community, as well as the relative impact of the project on the community.

III. GUIDELINES

After complying with all statutory and other requirements and after a determination is made that a tax abatement agreement should be entered into with the applicant, the value and term of the abatement will be determined by the following guidelines:

- A. The rate of tax abatement with respect to any tax abatement agreement shall not exceed 100% of the incremental increase in value of real property and shall not exceed 100% of the value of tangible personal property other than inventory and supplies eligible for tax abatement under the Act. Tax abatement agreements made with owners of property in a reinvestment zone must contain identical terms for the portion of the value of the property that is to be exempt and the duration of the exemption.
- B. The tax abatement period shall not exceed ten (10) years.
- C. Any tax abatement granted a project will become effective on January 1 of the year following the issuance of a Certificate of Occupancy for the new facilities unless otherwise specified in the tax abatement agreement.
- D. Each tax abatement agreement shall (a) list the kind, number, and location of all proposed improvements of the property; (b) provide access to and authorize inspection of the property by City employees to ensure that the improvements or repairs are made according to the specifications and conditions of the tax abatement agreement; (c) limit the uses of the property consistent with the general purpose of encouraging development or redevelopment of the reinvestment zone during the period that property tax exemptions are in effect; (d) provide for recapturing property tax revenue lost as a result of the tax abatement agreement if the owner of the property fails to make the improvements or repairs as provided by the tax abatement agreement (and address the remedies and rights of the parties in connection with the breach of other terms of the tax abatement agreement); (e) describe the duration of the abatement; (f) describe the percentage or amount of tax abatement and the property to which the abatement applies (including any conditions with respect to determining the percentage or amount of abatement); (g) describe any other terms or conditions to be met by the applicant; and (h) describe the applicant's reporting obligations. In addition, the tax abatement agreement may provide information listed in Section 312.205(b) of the Act or any other provisions allowed by law.
- E. A tax abatement agreement may apply to property which is, or is expected to, be leased by the owner to a third party. In addition, in a circumstance in which the property is, or is expected to be, leased to a third party, the tax abatement agreement may abate eligible tangible personal property owned by the lessor and/or the lessee.

- F. At any time before its expiration, a tax abatement agreement may be modified by the parties to the agreement pursuant to Section 312.208 of the Act.
- G. **Recapture/Clawback in Event of Breach or Default.** If the project fails to meet its performance requirements as stated in the project's criteria, or in the event of any breach or default by the applicant in connection with any covenant, condition, warranty, representation, obligation or duty under the tax abatement agreement, then some or all of the abatement granted must be paid back to the City as specified in the tax abatement agreement.

IV. PROCEDURE

Any person, partnership, organization, corporation or other entity desiring that the City consider providing tax abatement to it shall be required to comply with the following procedural guidelines. Nothing within these guidelines shall imply or suggest that the City is under any obligation to provide tax abatement in any amount or value to any applicant irrespective of whether the proposed project meets the criteria described in Section II above.

PRELIMINARY APPLICATION STEPS

- A. Applicant shall submit an "application for tax abatement," and shall address all the factors required to be addressed in Section II above.
- B. The application must be submitted to the City of Haslet, 105 Main Street, Haslet, Texas 76052. The application must be accompanied by a non-refundable Application fee of \$250.

APPLICATION REVIEW STEPS

- A. All information in the application package detailed above will be reviewed for completeness and accuracy. Additional information may be requested as needed.
- B. The application may be distributed to the appropriate City department(s) for internal review and comments. Additional information may be requested as needed.
- C. Copies of the complete application package and staff comments will be provided to the City Council.

CONSIDERATION OF THE APPLICATION

- A. The City Council will consider the application.
- B. The City Council may consider a resolution calling a public hearing to consider establishment of a reinvestment zone if the property subject to the proposed tax abatement agreement is not already located in a reinvestment zone.
- C. The City Council may hold the public hearing and determine whether the creation of the reinvestment zone would contribute to the retention or expansion of primary employment or would attract major investment in the zone and would contribute to the economic development of the City or would satisfy any of the other circumstances listed in Section

312.202(a) of the Act which allow for the designation of a reinvestment zone under the Act.

- D. The City Council may consider adoption of an ordinance designating the area described in the legal description of the proposed project (or a larger area) as a reinvestment zone for tax abatement.
- E. The City Council may consider, at a regularly scheduled meeting of the City Council, adoption of a resolution authorizing the City to enter into a tax abatement agreement between the City and the applicant (and, if desired by the City, any lessee).
- F. The governing bodies of any other applicable taxing units may consider ratification of and participation in the tax abatement agreement between the City and the applicant.