

# **Tax Abatement Guidelines and Criteria**

**City of Cedar Hill, Texas**

**CITY OF CEDAR HILL, TEXAS**  
**TAX ABATEMENT GUIDELINES AND CRITERIA**

**Adopted: May 25, 2021**

**SECTION 1. GENERAL PURPOSE AND OBJECTIVES.**

The City of Cedar Hill, Texas (hereinafter referred to as 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 a tax abatement agreement, authorized by Chapter 312 of the Texas Tax Code, as amended.

Consideration will be given to both new facilities and structures and for the expansion or modernization of existing facilities and structures. Priority consideration will be given to those projects that create greater than 100 new primary jobs or 25 new jobs for data centers. Proposed economic development incentives agreements will be considered in accordance with the guidelines, criteria and procedures outlined in this document. Nothing herein shall suggest or imply that the City is under any obligation to provide an economic development incentive agreement in any amount or value to any applicant. All applicants shall be considered on a case-by-case basis.

Consistent with state law, the City may grant a Tax Abatement Agreement (hereinafter referred to as “Tax Abatement Agreement”) based upon the incremental value of a particular property that is improved pursuant to a specific development proposal, which meets the economic goals and objectives of the City, other relevant criteria agreed to by the parties, and state law. The Tax Abatement Agreement will apply only to the incremental increase in valuation. In addition, the Tax Abatement Agreement may also apply to tangible personal property located on the property after the execution of the Tax Abatement Agreement. All Tax Abatement Agreements will comply with state law.

Tax Abatement Agreements. In the event the City chooses to enter into a tax abatement agreement, consistent with the Texas Property Redevelopment and Tax Abatement Act, the City will establish a reinvestment zone for economic development purposes. Within the reinvestment zone there may be an tax abatement granted for the increase in value of real and tangible personal property. Tax abatement will be offered only within designated reinvestment zones and only to those industries identified in Section 2(c)(5) below.

Section 2264.051 of the Texas Government Code requires the City to provide within the tax abatement application a statement certifying that the business, or a branch, division, or department of the business, does not and will not knowingly employ an undocumented worker. Accordingly, all Tax Abatement Agreements will contain a provision specifying the rate and terms of the repayment of the public subsidy if convicted of knowingly employing an undocumented worker.

## **SECTION 2. CRITERIA; APPLICATION; INFORMATION TO BE PROVIDED.**

- (a) Any proposed project must conform to the general guidelines specified below:
  - (1) Any request for a tax abatement agreement must involve a development project, excluding land, with a minimum expenditure on improvements at total buildout for a minimum amount of \$70,000,000.00.
  - (2) The project must have high visibility, image impact or be of a significantly higher level of development quality than that which currently exists in the City; and
  - (3) The project must generate a higher concentration of employment potential than would otherwise be achieved.
- (b) Taxpayers desiring to enter into an Tax Abatement Agreement with the City may be requested to file an application with the City. The application must address the factors listed in Section 2(c), below.
- (c) It is understood that much of the information provided will be estimates only. The applicant should endeavor to provide the most accurate estimates possible based upon available information. The applicant may be requested by the City to describe the logics/methodologies utilized and to supply supporting documentation that substantiates the economic feasibility of the overall project and assists in determining the long-term benefit to the City.
  - (1) **Employment Impact**

Number of new jobs to be created in the City.
  - (2) **Proposed Improvements**

Identification and description of the kind, number and location of all proposed improvements to the property, as well as the land area and cost, accompanied by a discussion of the development schedule for the proposed improvements. The City may also request the square footage of the proposed project. Identification of the infrastructure construction that will

be required to serve the proposed project and the estimated cost of that construction.

(3) **Fiscal Impact**

Amount of direct property tax and sales tax to be generated.

Cost to the City to provide municipal services to the proposed project.

(4) **Community Impact**

Rezoning and platting/replatting required.

Impact on the City.

Impact on local school districts.

Impact on the county government.

Impact on all other taxing entities with jurisdiction over the property subject to the proposed abatement agreement.

(5) **Eligible Enterprise; Definition**

Any proposed project must be an *Eligible Enterprise*, which term shall be defined to mean a commercial or industrial property, facility or enterprise that shows high promise of creating new jobs and positive economic spill-over effects beneficial to the City.

(6) **Property Description**

Applicant shall provide a complete and accurate legal description of the property at issue.

- (d) The criteria and information outlined in this Section 2 will be used by City staff to determine whether a recommendation should be made to the City Council. The City Council will consider the application at a meeting of the City . Specific considerations will include the degree to which the individual project furthers the goals and objectives of the community, as well as the relative impact of the project on the community.
- (e) If applicant is requested to submit an application for a tax abatement agreement, the applicant shall complete all forms and information as required by this incentives policy, and submit them to:

City of Cedar Hill, Texas

285 Uptown Blvd.  
Cedar Hill, Texas 75104

**SECTION 3. GUIDELINES TO DETERMINE VALUE AND TERM OF AGREEMENT.**

After an applicant qualifies, follows, and complies with all statutory and other requirements, and after the City determines that a Tax Abatement Agreement should be entered into with the applicant, the City will determine the value and term of the agreement in accordance with the following guidelines and limitations:

- (a) The rate of tax abatement with respect to any tax abatement agreement will be determined by City Council, and consistent with Chapter 312 of the Texas Tax Code, as amended.
- (b) The tax abatement period shall not exceed ten (10) years.
- (c) Pursuant to Section 312.007 of the Texas Tax Code, the City and the owner of real property may defer the commencement of the tax abatement period until a date that is subsequent to the date the tax abatement agreement is entered into, except that the duration of an abatement period may not exceed ten (10) years.
- (d) If a project is not completed as specified in the Tax Abatement Agreement, the City has the right to cancel the Tax Abatement Agreement, and monies shall become due and payable to the City and all other affected taxing jurisdictions participating in any Tax Abatement Agreement as provided by law, unless otherwise provided in the Tax Abatement Agreement.

**SECTION 4. APPLICATION REVIEW; AGREEMENT TERMS AND CONDITIONS.**

Any person, partnership, organization, corporation or other entity desiring that the City consider providing an Tax Abatement Agreement shall be required to comply with the following procedural guidelines.

- (a) **Application Review Steps**
  - (1) All information in the application package detailed above will be reviewed for completeness and accuracy. Additional information may be requested as needed.
  - (2) The application may be distributed to the appropriate City departments for internal review and comments. Additional information may be requested as needed.
  - (3) Copies of the complete application package and staff comments will be provided to the City Council.

(b) **Consideration of the Application; Terms of Tax Abatement Agreement**

- (1) The City Council will consider the request for a Tax Abatement at meetings conducted pursuant to the Texas Open Meetings Act. Additional information may be requested as needed.
- (2) For tax abatement agreements,
  - (A) the City Council may consider a resolution calling a public hearing to consider establishment of a reinvestment zone.
  - (B) 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.
  - (C) the City Council may consider adoption of an ordinance designating the area described in the legal description of the proposed project as a commercial/industrial reinvestment zone for tax abatement.
  - (D) The City Council may consider adoption of a resolution that approves the terms and conditions of an agreement between the City and the applicant, and governs the provision of the tax abatement. At minimum, the agreement shall include the following:
    - (i) General description of the project;
    - (ii) Amount of the tax abatement;
    - (iii) Duration of the tax abatement;
    - (iv) Type, number and location(s) of planned improvements;
    - (v) Specific terms and conditions to be met by applicant; and
    - (vi) Any applicable provisions required by law.
  - (E) The governing bodies of any other applicable taxing units may consider ratification of and participation in the tax abatement agreement between the City and applicant.
  - (F) If a project granted a tax abatement ceases to operate or is no longer in conformance with this policy statement, the tax abatement agreement shall

not remain in effect for the period of time during which the project is not operating or is not in conformance. The City may negotiate with the recipient of a tax abatement to waive the recapture provisions or to terminate the agreement.

(G) The City Council may consider providing the following ratios:

- (1) A minimum ratio of 1 to 1 ratio for real property value to business personal property value for a fifty percent (50%) tax abatement; and
  - (2) A minimum ratio of 1 to 1.5 ratio for real property value to business personal property value for an eighty percent (80%) tax abatement.
- (3) The City reserves the right to verify an applicant's creditworthiness prior to granting a Tax Abatement Agreement and to review the financial condition of the project during the term of the agreement. The City also reserves the right for a City representative to inspect the facilities of the applicant during the term of the agreement and to verify the information provided in the Tax Abatement Agreement. Provisions to this effect shall be incorporated into the Tax Abatement Agreement.

#### **SECTION 5. TERM.**

This tax abatement guidelines and criteria policy is effective for two (2) years from the date of adoption. During this two (2) year period, the tax abatement guidelines and criteria may be amended or repealed only by a vote of three-fourths (3/4<sup>th</sup>) of the members of the City Council.