

Mayor and Council Communication

DATE: 01/26/21

M&C FILE NUMBER: M&C 21-0074

LOG NAME: 17TAPOLICY2021

SUBJECT

(ALL) Conduct Public Hearing, Adopt Resolution Stating the City of Fort Worth Elects to be Eligible to Participate in Tax Abatement Authorized by Chapter 312 of the Texas Tax Code and Adopt New General Tax Abatement Policy

(PUBLIC HEARING - a. Report of City Staff: Robert Sturns; b. Public Comment; c. Council Action: Close Public Hearing and Act on M&C)

RECOMMENDATION:

It is recommended that the City Council:

1. Conduct a public hearing concerning the City's participation in property tax abatement and the adoption of the General Tax Abatement Policy.
2. Adopt the attached resolution stating that the City elects to be eligible to participate in property tax abatement, pursuant to the Texas Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code, as amended; and
3. Adopt the attached General Tax Abatement Policy, including guidelines and criteria, governing certain property tax abatements granted by the City of Fort Worth for a period of two-years, with an effective adoption date of January 29, 2021.

DISCUSSION:

Chapter 312 of the Texas Tax Code authorizes cities to designate tax abatement reinvestment zones and to enter into Tax Abatement Agreements only after the city elects to become eligible to participate in tax abatement and adopts a Tax Abatement Policy that establishes guidelines and criteria governing its tax abatement program. A Tax Abatement Policy adopted by a city is effective for two years from the date of adoption. The City of Fort Worth's most recent General Tax Abatement Policy, which was adopted pursuant to Resolution No. 5040-01-2019 (Mayor & Council Communication (M&C) G-19464), and expires on January 28, 2021.

The adopted policy enhanced the tools available to the City and was developed, following significant stakeholder engagement and research, to specifically address the Economic Development Strategic Plan recommendation *4.2 Create new incentive tools to encourage business growth within target industries and to facilitate development and redevelopment in designated districts*. The City Council accepted the Economic Development Strategic Plan (M&C G-19192) on December 12, 2017.

Staff is recommending amending the existing policy with four basic changes as follows:

1. Definition of Certified MBE Company to mirror the definitions included in the New Business Equity Ordinance, Chapter 20, Article X, as approved by City Council November 17, 2020 (M&C 20-0841).
2. Revise the minimum average annual salary from \$43,992 to \$52,300, which remains 80% of the City of Fort Worth Median Income. This change will impact the eligibility criteria in Sections 3, 4 and 5 of the policy as found in the attached redlined version.
3. Revise Section 8: Eligibility Requirements for Catalytic Development Projects to include Urban Villages and identified Revitalization Areas in addition to the Designated Investment Zones.
4. Revise Section 10: Eligibility for Redevelopment Projects on Central Business District Surface Parking Lots to include areas of East Lancaster and Jacksboro Highway.

A copy of the proposed policy is attached.

Once adopted, the proposed General Tax Abatement Policy will be effective from January 29, 2021 through January 28, 2023, unless amended or repealed by at least a three-fourths vote of the City Council. The General Tax Abatement Policy does not apply to tax abatement granted pursuant to the City's Neighborhood Empowerment Zone (NEZ) Policy.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this Policy will have no material effect on the Fiscal Year 2021 Budget, and any effect on expenditures and revenues will be budgeted in future fiscal years and included in the long term forecast.

Submitted for City Manager's Office by: Jay Chapa

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Originating Business Unit Head:

Robert Sturns

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Expedite Requested