

# Mayor and Council Communication

**DATE:** 02/28/23

**M&C FILE NUMBER:** M&C 23-0152

**LOG NAME:** 17TAPOLICY2022

## **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)

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## **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.

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## **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 (Policy), which was adopted pursuant to Resolution No. 5337-01-2021 (Mayor & Council Communication (M&C) 21-0074), and effective from January 29, 2021 through January 28, 2023. Any amendment to the Policy prior to its scheduled expiration requires approval by a three-fourths vote of the City Council.

Since adoption of the current Policy in January 2021, the City Council accepted revisions to the City's Economic Development Strategic Plan that included changes to specified target industries and other updates (M&C 22-0113).

Staff recommends amending the Policy to reflect updated target industries and to make certain other revisions relating to criteria for tax abatement eligibility at specified rates of abatement.

A copy of the proposed policy is attached.

Once adopted, the proposed General Tax Abatement Policy will be effective from February 28, 2023 through February 27, 2025, 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.

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## **FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that approval of this Policy will have no material effect on the Fiscal Year 2023 Budget, any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long term financial forecast.

**Submitted for City Manager's Office by:** William Johnson 5806

**Originating Business Unit Head:** Robert Sturns 2663

**Additional Information Contact:** Michael Hennig 6024