

**To the Mayor and Members of the City Council**

**September 10, 2019**

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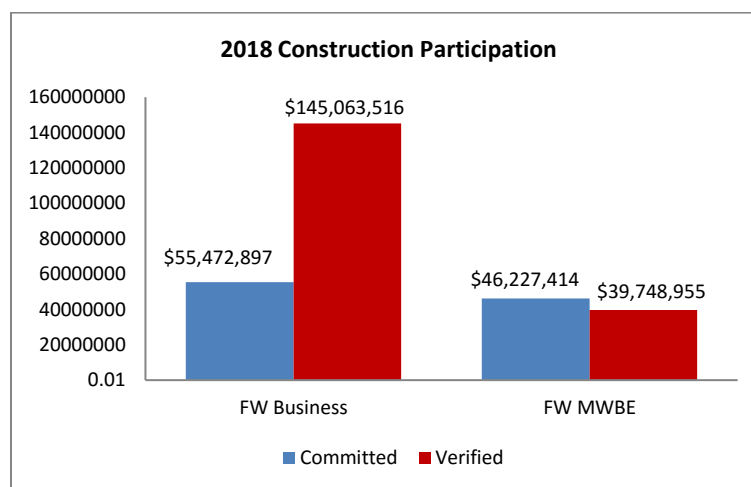


**SUBJECT: 2018 REVIEW YEAR RESULTS FOR ECONOMIC DEVELOPMENT INCENTIVE AGREEMENTS**

The purpose of this Informal Report is to provide a brief overview of the incentive compliance review process for economic development incentive agreements and results for Tax Year 2018.

All companies with City incentive agreements must submit an annual report and supporting documentation by February 1<sup>st</sup>. The Internal Audit Department verifies construction documentation for projects that are newly completed, and Economic Development Department staff review documentation for the rest of the active agreements. The purpose of the review is to determine compliance with each requirement of the agreement and calculate the percentage of taxes to be abated or reimbursed to the company based on compliance achieved. This year staff reviewed 10 tax abatement and 31 economic development program (Chapter 380 Grant) agreements. Results also include one relocation tax abatement.

Two of the Chapter 380 Grants involved project completions: the expansion at Clearfork Development and the Tanger Outlets construction. Total capital investment for Clearfork (\$58.5 M) and for Tanger Outlets (\$86.6 M) was approximately \$145 million. Clearfork earned 68.71% out of the available 70% construction incentive and Tanger Outlets earned 91.72% out of the available 100% construction incentive. In addition to requirements for minimum dollar amounts of construction investment, incentive agreements generally tie a portion of the possible incentive to participation by Fort Worth Businesses and Fort Worth MWBE's. Both Clearfork and Tanger did not achieve the maximum construction incentive due to shortfalls in expected participation by Fort Worth MWBE companies. However, the overall gap between expected MWBE construction participation and actual performance was reduced by approximately 33% year over year, so the trend is moving in a positive direction. It is anticipated that with the changes to the incentive policies approved in 2019, that we will see a further strengthening of the MWBE construction participation over time. For Tax Year 18, Fort Worth and Fort Worth MWBE's received over \$180.0 M in construction spending from economic development projects.



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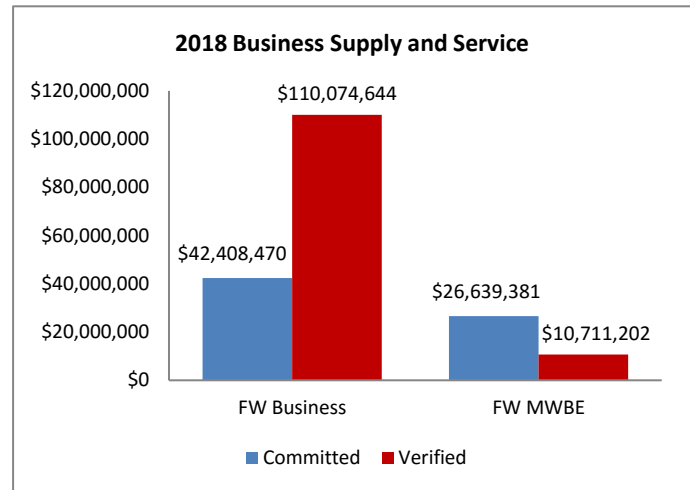
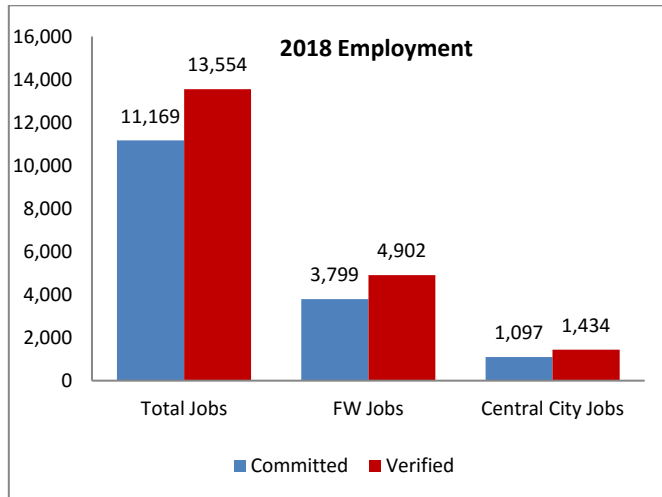
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In addition to construction spending, employment and business supply and service participation are key ongoing requirements for the economic development agreements. The results of these categories for Tax Year 2018 are shown as follows:



Businesses with active agreements in 2018 provided the following tax revenue to the City:

**Taxes Collected from Companies with Incentive Agreements**

	Levied	Granted or Abated	Net To City
Real and Business Personal Property and Sales*	\$40,386,976	\$22,028,571	<b>\$18,358,405</b>
Hotel Occupancy Tax (7%+2%)	\$4,373,910	\$3,863,367	<b>\$510,543</b>
<b>Total</b>	<b>\$44,760,887</b>	<b>\$25,891,938</b>	<b>\$18,868,949</b>

\*Sales Tax and HOT collections shown include only companies with an incentive based on sales tax or HOT

The City of Fort Worth's 2018 net assessed value – real and personal property – is \$60.9 billion. City property taxes received were an estimated \$477.8 million, and sales taxes were an estimated at \$231.9 million, for a total of \$709.7 million in total taxes. For tax year 2018 property taxes abated or reimbursed totaled just over \$22.0 million, which represents 3.1% of the City's total tax revenue. In addition, the City collected \$29.1 million of Hotel Occupancy Tax, of which \$3.8 million or 13.3% was reimbursed.

The private investment leveraged by the economic development program totaled \$3.5 billion, making the City's total incentive participation 0.73%, resulting in a private to public investment ratio of 137:1.

If you have any questions concerning this information, please contact Robert Sturns, Economic Development Director at 817-212-2663 or robert.sturns@fortworthtexas.gov.

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