



MEMORANDUM

To: Mayor and City Council

From: Mindi Hurley, Director of Community Development

Date: April 26, 2022

Reference: Consider approval of a resolution adopting the guidelines and criteria for tax abatement agreements; and authorizing the Mayor to sign.

2040: **Create Business and Innovation Nodes**

Background:

Chapter 312 of the Tax Code contains the statutes that govern tax abatements in the State of Texas. Each taxing unit that wants to provide tax abatements must adopt a resolution that indicates the intent to participate in tax abatement agreements. Each taxing unit must also adopt tax abatement guidelines and criteria by which tax abatement requests will be evaluated. These guidelines and criteria can either be very general to provide flexibility to consider any tax abatement request or very specific to limit the quantity of requests. Before adoption of the guidelines, criteria and resolution, a public hearing must be held to allow public comment concerning the guidelines and criteria. The guidelines and criteria are effective for a period of two years.

Analysis:

This public hearing and the adoption of guidelines and criteria for tax abatements satisfies the requirements listed in Chapter 312 of the Tax Code. Holding this public hearing and adopting guidelines and criteria does not obligate the city to approve any tax abatement agreements. These are just the requirements if a taxing entity wants to be able to offer tax abatement agreements. Each tax abatement agreement will be brought forward for consideration and approval by City Council prior to an offer being made.

The guidelines and criteria must provide an opportunity for tax abatements for both new facilities and structures as well as the expansion or modernization of existing facilities and structures. The city of Coppell has provided an opportunity for both new businesses, facilities and structures as well as existing businesses, facilities and structures to be considered for a tax abatement agreement in the current guidelines and criteria. The current guidelines and criteria have not been amended over the past nine years because they were written in a manner that allowed flexibility for tax abatements as vacant land in the community became less abundant. Interest in Coppell from the business community remained, but there were less opportunities for new construction; therefore, the guidelines and criteria were written to allow for new construction, new businesses without new construction and the expansion and modernization of existing facilities and structures.

At this time, staff recommends holding the public hearing and re-adopting our current guidelines and criteria for tax abatements to meet the requirements of Chapter 312 of the Tax Code. Staff will workshop the tax abatement guidelines and criteria at a later date when there is more clarity around the desires of City Council and the community from Vision 2040. If there is a desire to change the guidelines and criteria at that time, staff will make the appropriate changes and bring them back for adoption.

Legal Review:

N/A

Fiscal Impact:

None

Recommendation:

Staff recommends approving the resolution adopting the guidelines and criteria for tax abatements.