

## CITY OF PLANO

### **POLICY STATEMENT FOR ECONOMIC DEVELOPMENT INCENTIVES PROGRAM** Effective 08-28-2023

#### **I. Purpose**

The City of Plano, Texas is committed to the promotion and retention of high-quality developments throughout the City and to an ongoing improvement in the quality of life for all citizens, both residential and commercial. The City of Plano will, on a case-by-case basis, consider providing financial grants, loans, and lending of personnel and services to promote economic development and stimulate business and commercial activity in Plano.

The purpose of this Policy Statement is to define the program goals and guiding principles for the City of Plano to consider when providing economic development incentives. This Policy Statement also establishes criteria for persons or entities interested in receiving economic development program grants or loans and other support from the City. Nothing herein shall imply or suggest the City of Plano is under any obligation to provide any incentive to any applicant.

The City Council first approved the general concepts for incentives by Resolution No. 99-5-24.

#### **II. State Enabling Legislation**

Article III, Section 52-a of the Texas Constitution sets up the constitutional framework for the public funding of economic development efforts.

The municipal authority to create economic development incentives is granted by a variety of statutes. The City of Plano has developed this Policy Statement to govern the overall approach to economic development that can be achieved through a wide variety of mechanisms, programs, entities, initiatives, and other activities within this legal framework. Other authorities and programs may exist that are not specifically mentioned in this document; however, any such authority that enables the City of Plano, Texas to engage for purposes of economic development value is considered a part of this overarching document.

These enabling statutes include the following:

##### **Chapter 380 - Grants and Loans**

Local Government Code Title 12. Planning and Development, Subtitle A. Municipal Planning and Development, Chapter 380 Miscellaneous Provisions Relating to Municipal Planning & Development

Chapter 312 - Tax Abatements

Tax Code Title 3. Local Taxation Subtitle B. Special Property Tax Provisions  
Chapter 312. Property Redevelopment and Tax Abatement Act

Transportation 431 - External Corporations

Transportation Code Title 6. Roadways Subtitle I. Transportation Corporations  
Chapter 431. Texas Transportation Corporation Act

Chapter 378 - Neighborhood Empowerment Zones

Local Government Code Title 12. Planning and Development Subtitle A. Municipal  
Planning and Development Chapter 378. Neighborhood Empowerment Zone

Chapter 372- Public Improvement Districts

Local Government Code Title 12. Planning and Development Subtitle A. Municipal  
Planning and Development Chapter 372. Improvement Districts in Municipalities  
and Counties

Chapter 311- Tax Increment Financing

Tax Code Title 3. Local Taxation Subtitle B. Special Property Tax Provisions  
Chapter 311. Tax Increment Financing Act

Chapter 351 - Municipal Hotel Occupancy Taxes

Tax Code Title 3. Local Hotel Occupancy Taxes Subtitle D. Local Hotel Occupancy  
Taxes Chapter 351. Municipal Hotel Occupancy Taxes Subchapter A. Imposition  
and Collection of Tax

Chapter 11 - Taxable Property and Exemptions

Tax Code Title 1. Property Tax Code Subtitle C. Taxable Property and Exemptions  
Chapter 11. Taxable Property and Exemptions Subchapter A. Taxable Property

**III. Supporting Policies for Economic Development Program**

This Policy Statement is intended to provide guiding principles for the City's economic development program. Additional policies have been developed to support the City's economic development efforts. These include:

- Policy Statement for Tax Abatements
- Policy Statement for Retail Revitalization
- Heritage Tax Exemption Program

**IV. Economic Development Incentive Fund**

In 2006, the Plano City Council developed the Economic Development Incentive Fund. Two cents of the property tax rate are dedicated each year to the Economic Development Incentive Fund to promote economic development efforts and incentives. In addition, all General Fund operational costs of the Department of Economic Development, including City staff salaries, are reimbursable by the Economic Development Incentive Fund.

## **V. Program Mission**

The Program's mission is to offer an integrated approach of programs and services to support the creation of new businesses, the expansion and retention of existing businesses within the City of Plano, and the attraction of companies offering high impact jobs that share the community's values.

## **VI. Program Goals**

A successful economic development approach responds to the needs of the community, illustrates resiliency during dynamic market conditions, utilizes a proactive intervention strategy, and is guided by shared community values. Listed below are the four primary goals of Plano's Economic Development Incentives Program:

1. Retain existing jobs and attract new jobs to provide access through economic growth.
2. Create new value from both real property and business personal property improvements to increase tax base and provide high quality services to citizens.
3. Diversify the economic base to cushion against economic shock.
4. Stimulate commercial activity to encourage investment in and redevelopment of underperforming office, industrial and retail developments, as well as special reinvestment areas (such as Downtown Plano).

All program goals should be measurable and binding upon the recipient of the incentive as set forth in an agreement between the City and recipient.

## **VII. General Eligibility**

All incentives provided by the City of Plano must have as their underlying goal to further economic development in Plano. The City will ensure the public purpose of economic development is pursued, and any incentives, once granted, will promote economic development, stimulate commercial activity, enhance the tax base, and further the economic vitality of the City.

All applicants will be considered on a case-by-case basis. Although the City will consider all applications for incentives that meet the eligibility requirements set forth in this Policy, the City is especially interested in supporting projects that are expected to produce a meaningful impact on the City, its economy, and result in one or more of the following:

- retention or expansion of an existing employer,
- creation of high-wage jobs,

- growth of business activity, employment, or investment in one of the City's identified target industries,
- significant investment in real property and business personal property, or
- revitalization with likelihood of ancillary development in areas identified for redevelopment in the City's Comprehensive Plan

### **VIII. Comprehensive Plan & Infrastructure Alignment**

Prior to submitting any application for incentive, the applicant should review the City's Comprehensive Plan along with existing water, sewer, and roadway plans to determine if the use is supported and if additional infrastructure capacity is warranted for the new development.

### **IX. Summary of Incentive Programs**

#### **Tax Abatement Program**

The City can offer tax abatements in two categories: (1) real property and/or (2) business personal property. Real property abatements will apply to the value of improvements made. Business personal property abatements will apply to the value of new personal property brought into the taxing jurisdiction. Tax abatement guidelines and criteria governing tax abatement agreements are adopted by a separate Resolution every two years.

#### **Chapter 380 Program**

Chapter 380 of the Texas Local Government Code allows Texas municipalities to provide a grant or loan of city funds or services to promote economic development. Chapter 380 Economic Development Grants (380 Grants) can be offered through several categories, including but not limited to: job and workforce grants, site and infrastructure grants, rebates for permit fees or relocation expenses, retail revitalization grants and other specialty grants. Grants are performance-based payments based on an applicant's commitments.

#### **Special Districts**

##### Tax Increment Financing District

A tax increment financing district is an economic development tool through the strategic investment of future tax revenues to support the revitalization and growth of areas. The City utilizes Tax Incrementing Financing (TIF) to concentrate public resources for maximum impact, entice catalyst projects to an area, and to accelerate the improvement of market conditions to support development. The City's use of TIF revenue supports efforts to increase the tax base, attract private investment, address public infrastructure challenges, and provide a strong foundation that the market can build on to generate quality development and support a vibrant economy.

##### Public Improvement District

Public Improvement Districts (PIDs) are defined geographical areas established to provide specific types of improvements or maintenance, which are financed by

assessments against the property owners within the area. Chapter 372 of the Texas Local Government Code authorizes the creation of PIDs by cities. The owners of the properties in the defined PID area can request the City to form a PID through a petition, which may include the establishment of an Advisory Body. Once an Advisory Body is established, the property owners within the PID have control over the types of improvements, level of maintenance, and amount of assessments to be levied against the property owners.

### **Triple Freeport Exemption Program**

The Freeport Exemption on goods-in-transit is offered by the City of Plano, Collin County, and the Plano Independent School District. Freeport goods are defined as goods, wares, merchandise, or other tangible property. Freeport goods are exempt from ad valorem taxation, if:

- the property is acquired in or imported into this state to be forwarded outside this state;
- the property is detained in this state for assembling storing manufacturing processing or fabricating purposes; or
- the property is transported outside this state not later than 175 days after the person acquired or imported the property in this state.

## **X. General Application Requirements and Procedures for Tax Abatement and Chapter 380 Economic Development Incentive Programs**

Any person, organization, or corporation seeking an economic development incentive must comply with the following procedures. Nothing within these procedures shall imply or suggest that Plano is under any obligation to provide any incentive to an applicant. Prior to submitting an application, the applicant should meet with the Plano Department of Economic Development to determine project eligibility and review application requirements. A mutual Non-Disclosure Agreement may be executed at the request of the applicant.

Information provided by applicant on the application may be subject to release to the public pursuant to the Texas Public Information Act. However, certain information provided to the City, in connection with an application, may be confidential and not subject to public disclosure until the incentive agreement is executed. The City of Plano will respond to requests for disclosure as required by law and will assert exceptions to disclosure as it deems relevant. The City will make reasonable attempts to notify the applicant of the request so it may assert its own objections to the Attorney General.

### Application Process

To begin the process, an application must be completed and submitted to the Plano Department of Economic Development.

- A. All information in the application will be reviewed for completeness and accuracy. The Company's most recent annual audit and company financials will also be reviewed by City. Additional information may be requested, as needed. The City Manager may use City personnel and third parties to assist in the application review process.
- B. The City will invite the applicant to attend a staff meeting on incentives where members of the City will review the application and receiving a briefing from the company about the proposed project.
- C. Upon review, the City Manager will determine whether it is in the best interests of the City to recommend an incentive be offered to the applicant. If an incentive is recommended, it will be presented to the City Council in Executive Session. The proposed incentive recommendation by the City Manager does not bind the City Council to provide any incentive. It is a conditional offer and subject to the City Council's final approval.
- D. Upon receipt of the proposed offer, the applicant will have 90 days to accept, decline, or request an extension of the proposed offer. All responses and requests must be made in writing to the City Manager. In certain circumstances, the City Manager may alter the time frame.
- E. Upon written acceptance by the applicant of the proposed offer, the recommendation of the City Manager (with all relevant materials) will be forwarded to the City Council.
- F. The City Council will consider adoption of a resolution approving the terms and conditions of an agreement between the City and the applicant for an economic incentive(s). In general, 380 Grant agreements will include the following provisions:
  - 1) Recapture of all incentive value provided in the event of default by the party to the agreement.
  - 2) No assignment of the agreement in whole or part by the applicant without prior approval of the City.
  - 3) Annual certification of the entity receiving the incentive that it has complied with the terms and conditions of the incentive agreement.
  - 4) Right of inspection to records must be provided to ensure compliance with the agreement.

## **XI. Economic Impact Report**

An economic impact report will be developed by the City for applicable economic development incentive requests based on information provided in the application. This report will summarize the employment, fiscal and community impact of the project, value of incentive, city-associated costs, net financial benefits, and the rate of return/payback period.

## **XII. Administrative Authority**

Under this Policy, the City Manager or designee has been authorized to approve the following modifications to active economic development incentive agreements or economic development incentive offers. These include executed 380 Grant agreements and any other agreement whereby the City of Plano agreed to provide incentives or financial assistance to an external party. All items approved under the City Manager's administrative authority must be net revenue positive based on the Economic Impact Report.

1. After an initial offer has been presented to the applicant:
  - a. The City Manager has the authorization to increase the initial offer up to 10% or \$200,000, whichever is less.
  - b. The City Manager has the authorization to decrease the initial offer up to 10% or \$200,000, whichever is less, if project factors have changed resulting in fewer jobs, reduced investment, shorter lease periods, or reduced square footage of the leased property.
2. After the economic development incentive agreement has been executed:
  - a. The City Manager has the authorization to amend project details of the agreement if the amendment would not result in a change to the incentive value.
  - b. The City Manager has the authorization to decrease the incentive value up to 10% or \$200,000, whichever is less, if project factors have changed resulting in fewer jobs, reduced investment, shorter lease period or reduced square footage of the leased property.
  - c. The City Manager has the authorization to extend the initial occupancy and compliance deadlines up to one year. If initial occupancy and compliance deadlines are extended, the subsequent deadlines stated in the agreement may also be extended for the same duration up to one year.
  - d. For economic development agreements executed prior to 2024, the City Manager has the authorization to allow a company up to 365 days to cure a default in the Full-Time Equivalent(s) requirements.
3. For economic development agreements which require the applicant to add Real Property or Business Personal Property improvement, the City Manager has the authorization to approve a compliance variance if the assessed value of the Real Property or Business Personal Property improvement by the appraisal district is less than the required assessed value in the agreement. The variance shall not exceed 10% of the required

assessed value of Real Property or Business Personal Property improvement or \$200,000, whichever is less.

4. The City Manager has the authorization to approve a rescission of any agreement which is not fully executed by both parties.
5. The City Manager has the authorization to approve any economic development agreement with an incentive value of \$100,000 or less, as long as the agreement meets the requirements of this Policy Statement.

Approvals of these modifications is not automatic. Incentive awardees and applicants must request such extensions or modifications in accordance with the certification requirements of each incentive agreement, and the approval of and terms of any extension shall be determined by the City Manager.

### **XIII. Program Restrictions**

The following are restrictions for the Tax Abatement and Chapter 380 Grant programs:

1. Business attraction grants are intended to be “deal closing” grants. The company must not have made a location decision (i.e. signed a lease) prior to receiving an incentive offer from the City of Plano. A company can proceed with signing a lease after receiving an initial offer from the City of Plano.
2. Speculative (“spec”) buildings are not eligible for the City of Plano’s economic development incentive program. If new construction is proposed, grants can be eligible to the tenant including Tax Abatement and Chapter 380 Grants.