



# Memorandum

**Date:** October 27, 2023  
**To:** Mark Israelson, City Manager  
**From:** Doug McDonald, Economic Development Director  
**Subject:** Reauthorization of the City of Plano Policy Statement for Tax Abatement

At the November 27, 2023 City Council meeting, Council will hold a public hearing and consider approval and reauthorization of the City of Plano Policy Statement for Tax Abatement. Below is a summary of the state statute and the City's existing tax abatement program. The Policy Statement has been updated to align with the goals and eligibility of the new Policy Statement for Economic Development Incentives, which was recently approved by City Council on August 14, 2023.

## State Enabling Legislation

Chapter 312 of the Texas Local Government Code enables municipalities to elect to become eligible to participate in tax abatement. To remain eligible to participate, a municipality must reauthorize guidelines and criteria to govern tax abatement agreements by resolution every two years.

The City first adopted the Policy Statement for Tax Abatement on November 14, 2011. This policy was amended and reauthorized on January 23, 2012, January 13, 2014, December 14, 2015, December 11, 2017, November 25, 2019 and December 7, 2021. The current policy will expire on December 7, 2023.

## Public Hearing

Before the governing body of a taxing unit may adopt, amend, repeal, or reauthorize guidelines and criteria, Chapter 312 of the Texas Local Government Code requires the governing body to hold a public hearing regarding the proposed adoption, amendment, repeal, or reauthorization.

## Tax Abatement History

Tax abatements can be offered in two categories: (1) real property and/or (2) business personal property. Real property abatements may be offered to applicants that pursue the construction of new, expanded, or significantly improved facilities in which to house the applicant's project. The tax abatement will apply to the assessed value of real property improvements made. Business personal property abatements may be offered to applicants that pursue the occupancy of a new or significantly improved existing facility. The abatement will apply to the assessed value of new business personal property brought into the taxing jurisdiction. Business personal property may not be moved from another Plano location to the applicant's proposed site. Agreements cannot exceed 10 years.

Since 1987, Plano City Council has passed 141 tax abatement agreements. Currently, the City has 15 active tax abatement agreements. Six of the 15 active tax abatement agreements will expire on December 31, 2023. The last tax abatement City Council approved was on March 21, 2016.

## **Modifications to Existing Policy Statement for Tax Abatement**

The Policy Statement for Tax Abatement has been updated to align with the recently approved Policy Statement for Economic Development Incentives. New sections to the Policy Statement for Tax Abatement include:

- State Enabling Legislation
- Goals *(aligned goals with the recently adopted Policy Statement for Economic Development Incentives)*
- Eligibility *(aligned eligibility with the recently adopted Policy Statement for Economic Development Incentives)*
- Comprehensive Plan & Infrastructure Alignment
- Economic Impact Report
- Administrative Authority - *(References authority granted in the recently adopted Policy Statement for Economic Development Incentives)*