

CITY OF PLANO

POLICY STATEMENT FOR TAX ABATEMENT

Effective 11-27-2023

I. Purpose

The City of Plano, Texas (“City”) is committed to the promotion and retention of high-quality development in all parts of the City and to an ongoing improvement in the quality of life for its citizens. The City will, on a case-by-case basis, consider providing tax abatements to promote economic development and to 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 to consider when providing tax abatements. Nothing herein shall imply or suggest that the City is under any obligation to provide any tax abatement to any applicant.

The City Council first approved the tax abatement guidelines and criteria on November 14, 2011. This Policy Statement aligns with the City’s Policy Statement for Economic Development Incentives Program.

II. State Enabling Legislation

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

Municipal authority to create economic development incentives is granted by a variety of statutes. 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.

III. 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. The primary goals for City’s Policy Statement for Tax Abatement are to:

1. Retain existing jobs while attracting new jobs to provide access to wealth through economic growth;
2. Create new value from improvements (in both real and business personal property) to increase the tax base and provide high quality services to citizens;
3. Diversify the economic base to cushion against economic shock; and

4. Stimulate commercial activity to encourage investment in and redevelopment of underperforming office, industrial and retail developments, and special reinvestment areas, such as Downtown Plano.

For a tax abatement to be approved (granted), the goals must be measurable and binding upon the tax abatement's recipient as set forth in the agreement between the City and recipient.

IV. Eligibility

All tax abatements provided by the City must have as their underlying goal to further economic development in Plano. The City will ensure that the public purpose of economic development is pursued and the tax abatement, 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 tax abatements 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 and its economy and that 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.

Eligibility of tax abatement includes both new facilities and structures and expansion or modernization of existing facilities and structures.

V. Comprehensive Plan & Infrastructure Alignment

Prior to submitting an application for tax abatement, 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.

VI. Tax Abatement Categories

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 existing facilities where the applicant's project will be housed. 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.

Assessed value, as used in this Policy Statement, shall mean the taxable value of real property and/or business personal property improvements as determined by the county appraisal district in which the property is located.

Following an assessment of an application, the City Manager shall determine whether it is in the best interest of the City to recommend a tax abatement. If a recommendation is made to offer a tax abatement, the percentage of a proposed abatement and term will be determined based upon information provided in the tax abatement application.

VII. General Application Requirements and Procedures for Tax Abatement

Any person, organization or corporation seeking a tax abatement must comply with the following procedures. Nothing within these procedures shall imply or suggest that the City is under any obligation to provide any tax abatement to an applicant. Prior to submitting an application, the applicant should meet with the City's Economic Development Department ("Department") to determine project eligibility and review application requirements. A mutual non-disclosure agreement may be executed at this time 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 ("TPIA"). However, certain information provided to the City in connection with an application may be confidential and not subject to public disclosure until the tax abatement agreement is executed. The City 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 Texas Office of Attorney General in accordance with the TPIA.

Application Process

An application must be completed and submitted to the Department.

- A. All information in the application will be reviewed for completeness and accuracy. The applicant shall prepare and submit a metes and bounds legal description of the property. The applicant's recent annual audit/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 meeting where members of the City will review the application and hear from the applicant about the proposed project.
- C. Upon review, the City Manager will determine whether it is in the best interests of the City to recommend that a tax abatement be offered to the applicant. If a tax abatement is recommended, it will be presented to the City Council in an executive session pursuant to the Texas Open Meetings Act. The proposed tax abatement recommendation by the City Manager does not bind the City Council to provide any tax abatement. It is a conditional recommended offer and subject to the City Council's approval.
- D. Upon receipt of the proposed offer, the applicant will have ninety (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 may consider a resolution calling a public hearing to consider establishment of a Reinvestment Zone as required by Chapter 312 of the Texas Local Government Code.
- G. The City Council may hold a public hearing and determine whether the project is "feasible and practical and would be of benefit to the land to be included in the zone and to the municipality after the expiration of the tax abatement agreement."
- H. A minimum of forty-five (45) days prior to the public hearing, the applicant must provide a metes and bounds (legal property description) and a general address of the property. To meet the requirement of state law, notice of the public meeting where a Reinvestment Zone and a tax abatement will be considered must be published at least thirty (30) days before the scheduled City Council public hearing meeting date.

Additionally, the following information is required in the public notice:

- a. The name of the property owner and the name of the applicant for the agreement;
- b. The name and location of the Reinvestment Zone where the property subject to the tax abatement agreement is located;
- c. A general description of the nature of the improvements or repairs included in the proposed agreement; and
- d. The estimated cost of the improvements or repairs.

- I. After the public hearing, the City Council may consider adoption of an ordinance designating the area described in the metes and bounds (legal property description) of the proposed project as a Reinvestment Zone.
- J. The City Council may consider adoption of a resolution approving the terms and conditions of a tax abatement agreement between the City and the applicant governing the provisions of the tax abatement.
- K. If the tax abatement agreement is approved and executed, the City will send copies of the agreement to the Office of the Governor Economic Development and Tourism, Office of the Comptroller and the State Property Tax Board each April.
- L. Property taxes are assessed on January 1 of each year. It is the obligation of the applicant to ensure that all final approvals for the tax abatement agreement have occurred by December 31st of the year prior to the year the improvements are assessed. No tax abatement can be given for improvements that are on the Tax Assessor's Roll before the tax abatement is effective. It is the applicant's responsibility to ensure the follow-up of these items and approvals.
- M. At a minimum, all tax abatement agreements will include the following provisions:
 - 1) No business personal property shall be relocated from any other Plano location;
 - 2) Job creation and/or retention shall not be a requirement in the City's tax abatement agreements including any tax abatement agreements in effect at the time of adoption of this Policy;
 - 3) Right of inspection by the City of the premises must be provided by the applicant to ensure compliance with the agreement;
 - 4) The right of recapture by the City of previously abated taxes if applicant fails to pay taxes for the assessed value for the real property and/or business personal property;
 - 5) The value of all real property improvements and business personal property will be the assessed value as determined by the appropriate county appraisal district;
 - 6) The term of a tax abatement agreement may not exceed ten (10) years as required by state law;
 - 7) The right to terminate a tax abatement agreement in the event of a material breach of the agreement; and

- 8) Written annual certification to the City by a designated officer of the applicant receiving the tax abatement that it has complied with the terms and conditions of the tax abatement agreement.

VIII. Economic Impact Report

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

IX. Administrative Authority

The City Manager or designee has been authorized by the City Council to administer and approve specific items related to economic development incentive agreements. This authority is described in the City's Policy Statement for Economic Development Incentives Program.