



# READOPTION OF TAX ABATEMENT GUIDELINES AND CRITERIA

RS-22-157

November 1, 2022

# Background

- In order to offer tax abatement, the City is required to establish guidelines and criteria governing this economic development incentive. The Tax Code provides that tax abatement guidelines and criteria are effective for two years from the date of adoption.
- The previous guidelines and criteria for tax abatement were approved on March 24, 2020 and expired on March 24, 2022.

# Background

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- The readoption of the guidelines and criteria for tax abatement does not limit the City Council's discretion in determining whether to enter into other tax abatement agreements, nor does it create any expectation of approval.

# Background

- The attached tax abatement guidelines and criteria has **one minor revision** of the definition of Abatement to include real property **or tangible personal property located on the real property, or both.** This language more closely mirrors the state tax code.
- The scoring criteria and the percentage of abatement calculations are not being revised.

# Alternatives

- ❑ The City Council has two (2) alternatives. The City Council may:
  - ❑ Disapprove the City's eligibility (under State law) to participate in tax abatements and not adopt the Tax Abatement Guidelines and Criteria; or
  - ❑ Approve the City's eligibility (under state law) to participate in tax abatements and re-adopt the Tax Abatement Guidelines and Criteria .

# Recommendation

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- Staff recommends that the City Council readopt the Tax Abatement Guidelines and Criteria as presented.
- If approved, the Guidelines and Criteria will need to be readopted again in two (2) years.