# FNBT TAX ABATEMENT

RS-20-037

April 28, 2020

# FNBT Tax Abatement

- On February 24, 2020, the Greater Killeen Chamber of Commerce forwarded the First National Bank Texas' (FNBT) tax abatement application to the City.
- A tax abatement is an agreement between a local government and a property owner to exempt part of the taxes owed in return for improvements to the property.
- Tax abatements increase tax revenues after the abatement period and serve as a flexible economic development tool.

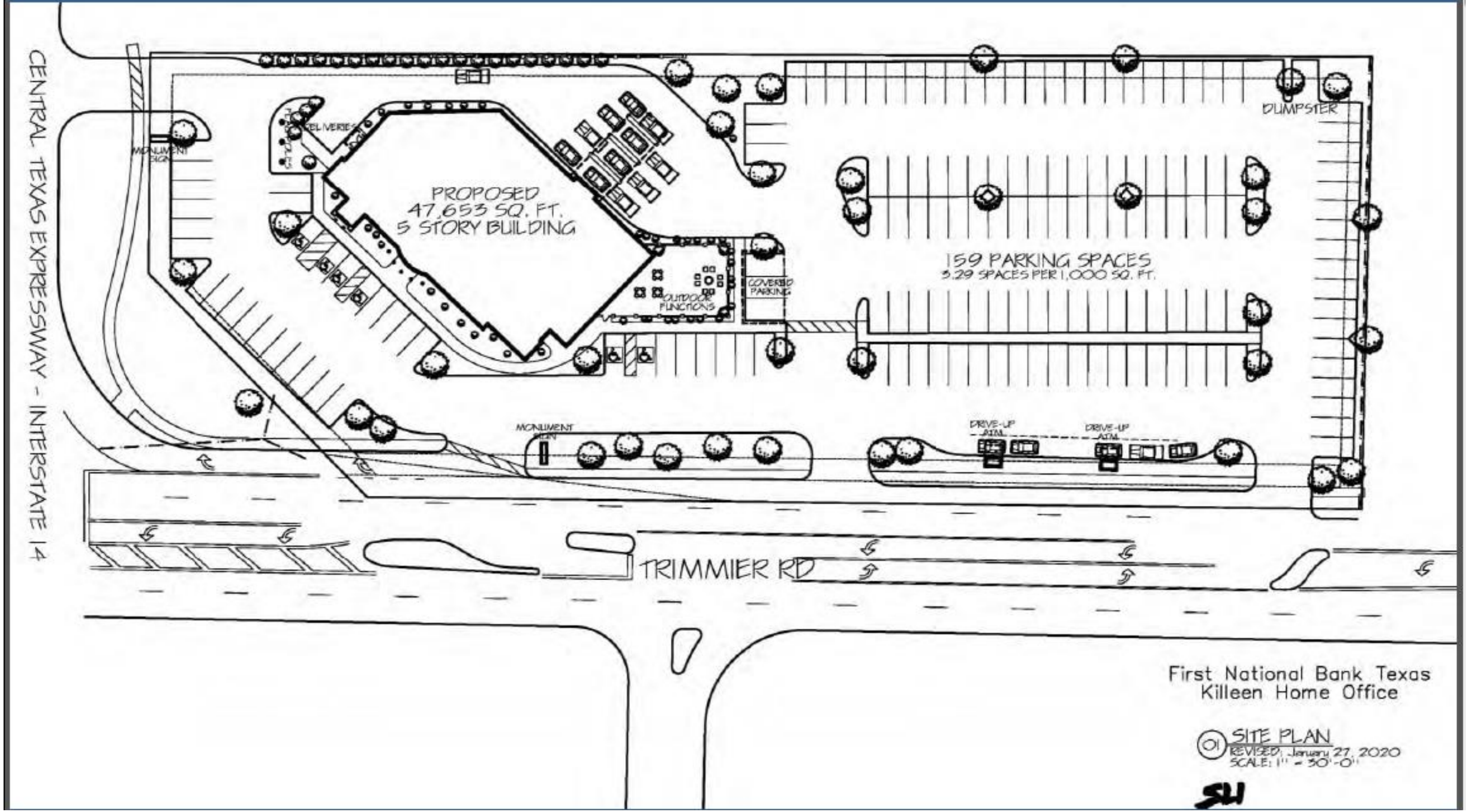
# FNBT Tax Abatement

- FNBT is proposing construction of a new five-story, 47,653 square feet commercial office building to be located at 2201 Trimmier Road, which is within the *I-14/ Trimmier Road Reinvestment Zone.*
- FNBT is requesting abatement of 100% of the ad valorem property taxes on the additional value of the commercial building (i.e. new eligible improvements), but not on the land or furnishings.
- The abatement period being requested is for ten years and will total an estimated $858,719; the annual tax abatement amount is estimated at $85,879.

# FNBT Tax Abatement

- Total new investment for commercial building ($12,273,012), furnishings, fixtures and equipment ($1,842,787), and architectural and engineering costs ($579,462) amounts to $14,695,261.
- Adjusted new investment is calculated as follows:
- total new investment of $14,695,261
- minus current appraised value at location ($ 1,399,833) =
- new incremental tax investment of $13,295,428
- minus new FF&E ($ 1,842,787)=
- Adjusted new investment of **$11,452,641**

# Proposed Site Plan




**Proposed North Elevation**


Proposed East Elevation
FIRST NATIONAL BANK TEXAS
FIRST NATIONAL BANK TEXAS


Proposed South Elevation


Proposed West Elevation

# FNBT Tax Abatement

- Staff evaluated FNBT's application and determined a final score tally of 36 points out of a possible 36 points in the following tax abatement objective criterion categories:
  - Dollar value of improvements greater than $5 million (12 points);
  - Number of jobs created or retained greater than 100 jobs (12 points); and
  - Exceptional positive impact on the community (12 points).

# Alternatives

- The City Council has three (3) alternatives.  The City Council may:
  - Disapprove the Tax Abatement agreement;
  - Amend the Tax Abatement agreement and approve it; or
  - Approve the Tax Abatement agreement as submitted.

# Recommendation

- Staff recommends that the City Council approve the FNBT tax abatement agreement. Approval of the tax abatement agreement accomplishes the goal of attracting substantial investment within the *I-14/ Trimmier Road Reinvestment Zone*.
- If approved, the tax abatement will take effect upon the issuance of a certificate of occupancy for the Facility <u>and</u> FNBT's occupancy of the Facility.