



STAFF REPORT

DATE: 5 June, 2018

TO: Ronald L. Olson, City Manager

FROM: Ray Shanaa, Exec. Director of Planning and Development Services

SUBJECT: Electing Eligibility And Re-Adoption Of The Guidelines And Criteria For North Killeen Tax Abatements

BACKGROUND AND FINDINGS:

In March of 2015 at a combined meeting of the Killeen City Council and Planning and Zoning Commission, it was decided that a committee made up of three (3) appointed council members and 3 appointed planning and zoning members would be formed to discuss and form recommendations regarding the revitalization of Northern Killeen. The group met on multiple occasions and discussed the appropriate boundary and target area for North Killeen redevelopment, desired goals and outcomes for the area, development incentives, and current code constraints.

The committee proposed an area bounded by W. S. Young to the East, Ft. Hood Street to the West, the Northern City limits and West Hallmark Avenue and Terrace Drive to the South. The committee drafted Tax Abatement Guidelines and Criteria for this area offering tax abatement opportunities to commercial and multi-family property owners who increase their property value 50% for new construction or 25% for expansion or renovation of a new facility and an overall new investment of at least \$25,000 in taxable assets.

Ordinance 15-056 was passed and approved at a regular meeting of the City Council on the 22nd day of September 2015. Included in the ordinance was a sunset provision that dictated the ordinance would remain in force for two (2) years, unless amended or repealed by three-quarters vote of the City Council of the City of Killeen in accordance with Tax Code Section § 312.002 (C).

THE ALTERNATIVES CONSIDERED:

In order to offer tax abatements, the City is required to establish guidelines and criteria governing tax abatement (Tax Code §312.002). The Tax Code provides that the guidelines and criteria adopted are effective for two years from the date adopted. The current Guidelines and Criteria for Granting Tax Abatement were originally adopted by the City of Killeen in 2015.

ALTERNATIVE 1: Re-adopt the Guidelines and Criteria originally established. This does not limit the City Council's discretion in determining whether to enter into other tax abatement, nor does it create any expectation of approval by an applicant.

ALTERNATIVE 2: Allow the current sunset provisions to remain in effect and elect not to readopt the Guidelines and Criteria for North Killeen, and therefore be unable to participate in tax abatement.

CONFORMITY TO CITY POLICY:

The re-adoption of the guidelines and criteria governing tax abatement conforms to city policy.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

The re-adoption of Eligibility, Guidelines and Criteria for Tax Abatements will not have a direct impact on the City of Killeen fiscally. Individual cases wishing to pursue tax abatement opportunities will be presented to the City Council separately as appropriate.

Is this a one-time or recurring expenditure?

This is not applicable.

Is this expenditure budgeted?

This is not applicable.

If not, where will the money come from?

This is not applicable.

Is there a sufficient amount in the budgeted line-item for this expenditure?

This is not applicable.

RECOMMENDATION:

Staff recommends that the City Council elect to be eligible to participate in tax abatement and re-adopt the attached North Killeen Revitalization Area Tax Abatement Guidelines and Criteria.

DEPARTMENTAL CLEARANCES:

This item has been reviewed by the Legal Department.

ATTACHED SUPPORTING DOCUMENTS:

Guidelines and Criteria
Map