



City of Killeen

Legislation Text

File #: RS-23-034, **Version:** 1

Consider a memorandum/resolution authorizing Tax Increment Reinvestment Zone interlocal agreements with Bell County and Central Texas College.

DATE: February 7, 2023

TO: Kent Cagle, City Manager

FROM: Edwin Revell, Executive Director of Development Services

SUBJECT: TIRZ Interlocal Agreements with Bell County and Central Texas College

BACKGROUND AND FINDINGS:

A Tax Increment Reinvestment Zone, also known as "TIRZ", is an economic development tool authorized by Chapter 311 of the Texas Tax Code, through which governments can designate a portion of tax increment to finance improvements to promote the development of a defined area, called a "Reinvestment Zone."

Killeen's TIRZ #2 was established on November 4, 2008. The TIRZ Board consists of seven (7) members:

- Positions One (1) through Four (4) are reserved for the City and appointed by the City Council;
- Positions Five (5) and Six (6) are reserved for Bell County; and
- Position Seven (7) is reserved for the Central Texas College District.

On November 30, 2022, the TIRZ Board met and voted to expand the boundaries of the TIRZ #2, extend the duration of the TIRZ by twenty (20) years to December 31, 2048, and update the Project and Financing Plan for the TIRZ #2. On December 13, 2022, the City Council held a public hearing and adopted an ordinance updating the TIRZ #2 ordinance.

The attached interlocal agreements set the terms and conditions for participation in the TIRZ by the other taxing jurisdictions. Per the attached agreements, Central Texas College will dedicate one hundred percent (100%) of the incremental taxes that will be generated by increased property value within the zone for the duration of the TIRZ. Bell County will dedicate 100% of its M&O and debt service tax rate, but the 2.33¢ Road District tax will not be included in the TIRZ.

THE ALTERNATIVES CONSIDERED:

The City Council has two (2) alternatives:

- Do not authorize Tax Increment Reinvestment Zone interlocal agreements with Bell County and Central Texas College; or
- Authorize Tax Increment Reinvestment Zone interlocal agreements with Bell County and Central Texas

College.

Which alternative is recommended? Why?

Staff recommends that the City Council authorize Tax Increment Reinvestment Zone interlocal agreements with Bell County and Central Texas College.

CONFORMITY TO CITY POLICY:

The proposed interlocal agreements conform to all City policies and procedures.

FINANCIAL IMPACT:

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

The proposed interlocal agreements do not involve expenditure of City funds. However, revenue captured within the zone during the duration of the TIRZ will go into the TIRZ special revenue fund.

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

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

N/A

RECOMMENDATION:

Staff recommends that the City Council authorize the City Manager to execute Tax Increment Reinvestment Zone interlocal agreements with Bell County and Central Texas College.

DEPARTMENTAL CLEARANCES:

Development Services
Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Agreement Bell County
Agreement Central Texas College

Ordinance 08-089
Resolution 09-014R
Ordinance 22-097