



## **ECONOMIC DEVELOPMENT INCENTIVES**

### **GUIDELINES AND CRITERIA - SYNOPSIS**

The Guidelines & Criteria include the following Economic Incentives:

#### **380 Agreements**

Chapter 380 of the Texas Local Government Code allows cities to create economic development programs to offer economic incentives, on a case by case basis, that will stimulate economic growth within cities.

#### **Sales Tax Rebates**

The sales tax generated from a project is given back to the developer or business that develops the project. All or a portion of the sales tax may be given back to the developer or business depending on negotiations with the City and approval of the City Council.

#### **Development Fee Rebate & Waivers**

Development Fees generated from a project are given back to the developer or business that develops the project or waived by the City Council so the developer or business does not have to pay certain development fees to start. Development fees that may be rebated or waived include: building & permit fees and planning & zoning fees. On a case by case basis, all or a portion of the development fees may be given back to the developer or business depending on negotiations with the approval of the City Council.

#### **Loans & Grants**

Loans & Grants may be provided to a developer or business. Loans & grants may include the use of City staff time to provide assistance to a developer or business. This is usually in the form of administration of a sales tax rebate or other incentive. However, it may also be in the form of using staff to host a job fair or other similar type program on behalf of a business.

The City may also partner with the developer by providing infrastructure assistance and extending, constructing or reconstructing infrastructure. The City may partner with the Economic Development Corporation on such projects, they may use funds from a Capital Improvement Program or even, once again, provide staff to assist on such projects.

### **Tax Abatement**

The City may abate taxes on real & personal property. All abatements are on the increased value of improvements, not on existing value. The City will continue to see revenues on existing value. The Criteria for abatements shall be granted on a scale approved in the agreement. The value of the abatement shall not exceed 500 percent of investment by the business in an eligible property. Each year's abatement shall not exceed 100 percent.

### **City Safeguards**

- Incentives are granted on a case-by-case basis. This means that by approving this document, the City is not committing to grant an incentive to businesses that meet the qualifications outlined above. The policy just gives guidelines for the City to follow during negotiations. It also allows the developer to know what is offered in the City of Forest Hill.
- Tax Incentives or tax abatement shall not be allowed after the commencement of construction, alteration or installation of improvements to a new facility or expansion.
- Information is requested proving that the developer or business can see a project through to completion.
- An in-depth analysis is required prior to making recommendations to the City Council to grant economic incentives or tax abatement.
- The agreement must contain a provision for recapturing City expenditures in the event the developer or business is found to be in default of the agreement between the developer or business and the City.
- The agreement must contain a provision allowing City officials access to the project to inspect facilities in order to ensure compliance with the agreement between the developer or business and the City.

### **Other Incentives**

Tax Increment Reinvestment Zones, Tax Exempt Financing, Public Improvement Districts, the Creation of other Special Districts and other less common incentives are NOT included in this policy. These incentives are project specific and have detailed processes required by State Law, which are different than the processes covered by this policy.