

CITY OF WILMER, TEXAS
GUIDELINES FOR TAX ABATEMENT

GENERAL PURPOSES AND OBJECTIVES

The City of Wilmer is committed to the promotion of high quality development in all parts of the City and to an ongoing improvement in the quality of life for its citizens. Insofar as these objectives are generally served by the enhancement and expansion of the local economy, the City will, on a case-by-case basis, consider providing tax abatement as a stimulus for economic development in Wilmer. It is the policy of the City that such consideration will be provided in accordance with the procedures and criteria outlined in this document and in Chapter 312 of the Tax Code. Nothing herein shall imply or suggest that the City of Wilmer is under obligation to provide any tax abatement to any applicant.

According to the Property Redevelopment and Tax Abatement Act, codified at Chapter 312 of the Texas Tax Code, the City may only grant tax abatement on the increment in value added to a particular property by specific improvements that meet the economic development goals and objectives of the City. The tax abatement may apply to the real estate portion of the project or the tangible personal property added to the real estate or both.

Tax abatements are granted to the owners of real and personal property; for projects where the real estate is leased, special terms and conditions will be required in the agreement.

MINIMUM STANDARDS FOR TAX ABATEMENT

To be considered eligible for tax abatement, the proposed project and/or property must meet the following criteria:

1. An investment of at least \$ 10,000,000 in taxable assets for any new construction. The acquisition cost of the real estate is not included in computing the amount of taxable assets. Construction costs are not necessarily indicative of the taxable value of the property. (The taxable value is determined by the Dallas Central Appraisal District as of January 1 of each year.)
2. The City may consider tax abatement for an investment of at least \$ 10,000,000 in taxable assets for any construction related to the expansion, remodeling or modernization of existing businesses provided that the businesses are current in all obligations to the city/county and school district and that they are operating lawfully in accordance with zoning and all other regulations of the city,

Exhibit A
Resolution R17-0706D

3. The City may consider tax abatement for an investment less than those established in these guidelines for the taxable assets based upon City evaluation of economic development factors, including but not limited to: the location of taxable inventory on the property; the amount of sales tax which the project or property will generate for the City; and the amount of any rollback taxes triggered by the development or project.
4. The project makes a substantial contribution to redevelopment efforts or the project has high visibility, image impact, or is of a significantly higher level of development quality.
5. The project is in an area that might not otherwise be developed because of restraints of topography, ownership patterns, site configuration, or other constraints.
6. The project stimulates concentration of employment and/or commercial activity.
7. A project submitted for tax abatement shall be subject to fiscal impact analysis to determine whether the services required for the facility will exceed the amount of taxes generated if abatement was provided. It shall be the general policy that the city will not consider a tax abatement for any project that will generate negative cost to the city, however if a project is to be constructed in two or more phases and the net result for the overall project will result in a positive impact for the city, an abatement agreement may be considered.
8. Applicants must provide a written narrative in the form of an application for a Tax Abatement Agreement that details how a development/project meets the above minimum standards. The application must also provide information to address the following criteria:

OBJECTIVE CRITERIA

The following criteria are designed to evaluate specific components common to all applicants:

1. How much property (including personal property) tax base will be added?
2. How much local annual payroll will be created?
3. How many new jobs will be created and/or in the case of existing business how many jobs are being retained. This description shall include the type of jobs full/part time including projected wages rates and benefits.
4. How much sales tax will be generated?

5. How much taxable inventory will be located on the property?
 6. Any extraordinary utility uses and if possible a projection of anticipated franchise or similar fee revenues which may accrue to the benefit to the city.
 7. An investment of less than \$ 10,000,000 in taxable assets may be eligible for tax abatement based upon the evaluation of other economic development factors, including, but not limited to, the location of taxable inventory on the property; the amount of sales tax which the property or project will generate for the City; and the amount of any rollback taxes triggered by the development or the project.
 8. Recommended Schedule of Performance Criteria and Abatement Amounts
- Total Appraised/Assessed Taxable Value/Full Time Employees
- \$10 - \$20 Million and 25 FTE's could receive up to 25% Abatement for 7 Years
\$21 - \$35 Million and 50 FTE's could receive up to 50% Abatement for 7 Years
\$36 - \$50 Million and 75 FTE's could receive up to 50% Abatement for 10 Years
\$51 - \$65 Million and 100 FTE's could receive up to 65% Abatement for 10 Years
Over \$65 Million and 200 FTE's could receive up to 70% Abatement for 10 Years

SUBJECTIVE CRITERIA

The applicant must also present in written narrative information regarding the following:

1. Is the project new construction/business or expansion remodel or modernization of an existing business?
2. What type and value of public improvements, if any, will be made by the applicant as well as identifying any additional cost to the public for increased services or public improvements which may be necessary to support the project.
3. Will the applicant be the owner or lessee? If lessee, are occupancy commitments already existing?
4. Does or can the project meet all relevant zoning, subdivision and other legal requirements?
5. What impact will the project have on other taxing units?

5. Is the project consistent with the comprehensive plan of the City?
6. Is the level of quality significantly higher than the typical projects of a similar use? Are site amenities provided?
7. Does the project pose any negative environmental, operational, and visual or other impacts (i.e. pollution, noise, traffic congestion, etc.)?

AMOUNT AND DURATION OF TAX ABATEMENT

The above criteria will be used to determine whether it is in the best interest of the City to provide tax abatement to an applicant. The following represents the type of economic development projects which the City Council has determined is desirable to promote a diversified tax base within the City of Wilmer and which may be eligible for tax abatement incentives from the city.

1. Tax abatements are available for both new facilities and structures and for the expansion and modernization of existing facilities and structures. For expansion and modernization of existing facilities, abatement will only be considered for the value added to buildings, equipment, and tangible personal property; the land value increase will not be abated. The City of Wilmer may provide up to 70 % tax abatement for eligible expansion or modernization projects. The following definitions shall apply to these eligible project categories:

Warehousing and Distribution -	Temporary storage of materials received in bulk for later transfer or shipment in smaller lots and in combination with other materials received.
Fabrication and Assembly -	The connection of standard, previously manufactured components to form a consumer product.
Manufacturing and Processing -	The combining of raw materials to form finished products that are physically altered and result in consumer products, which includes certain intellectual property activities such as computer software development.
Regional Service Operation -	The provision of financial, accounting, insurance, or other similar back-office

Exhibit A
Resolution R17-0706D

processing or services for a regional, national or multinational organization.

Major Tourist Attraction -

Any major tourist attraction, amusement park, stadium, arena, race track or similar facility or expansion which will employ not less than 40 permanent full-time employees or a comparable equivalent.

2. Any other uses, not elsewhere listed in this policy, will have to be considered on an individual basis to evaluate the desirability and compatibility of the proposed use for the community.

3. For capital intensive projects with a capital investment in excess of One Hundred Million Dollars (\$100,000,000), the City Council reserves the right to negotiate such terms and conditions as are permitted by state statute (i.e. potentially 100% for 10 years).

4.

5.

6. A project may be granted tax abatement on real and/or personal property for a period of up to 10 years, depending on the evaluation of the tax abatement guideline criteria. The actual percentage of taxes subject to abatement shall be determined as outlined above and will apply only to the portion of the taxable value of the real property or of the tangible personal property located on the real property, or both, that exceeds that property's taxable value for the year in which the agreement is executed (base year). The tax abatement agreement for tangible personal property may only apply to the personal property added to the real property after the agreement is executed.

PROCEDURAL GUIDELINES

Any person, organization or corporation desiring that the City consider providing tax abatement to encourage location or expanded operation within the city shall comply with these

procedural guidelines. **Nothing within these guidelines shall be construed to suggest that the City is under any obligation to provide any abatement to any applicant even if certain criteria are satisfied. The City reserves the right to reject any application.**

APPLICATION

Applicants must submit an application for tax abatement to the City Administrator or Economic Development Director addressing all of the above criteria, and include a legal description of the property and a plat showing the precise location of the property, current tax affidavits, ownership information and authorization form the owner of the property if different from the applicant, all roadways within five hundred feet of the site, and all existing zoning and land uses within five hundred feet of the site. A completed application must be submitted, along with a check payable to the City of Wilmer for Five Hundred Dollars (\$ 500) for new construction or for existing business expansion as an application fee. Should the applicant withdraw the application during the process or fail to perform based on the agreed to schedule, the fee shall then be forfeited and utilized by the city to offset the cost incurred to process the application.

APPLICATION REVIEW PROCESS

The City Administrator or Economic Development Director will review the complete application for compliance with the guidelines contained herein which, if acceptable, will be presented to the Wilmer City Council for its review and consideration. The Council's review shall be based upon a subjective evaluation of the completed application and it may invite representatives from the Dallas County to participate in the review. Additional information may be requested as needed. The application may be distributed to appropriate City departments for internal review and comments. Copies of the complete application package and staff comments, if any, will be provided to other taxing entities.

After review, the application will be presented to the Wilmer City Council for final action. The applicant must execute the Tax Abatement Agreement prior to submission to the City Council for approval. Upon Council approval, the application will be forwarded to other taxing entities for their review and possible participation if applicable.

The Mayor will make recommendations on the application to the City Council; however, the applicant may be requested to meet with the City Council. Based on the recommendation, the City Council may consider a resolution calling a public hearing to consider the establishment of a tax reinvestment zone. Although the applicant must first execute the tax abatement agreement, it will be subject to Council approval. Before the City may enter into a tax abatement agreement, the property involved must be designated by the City Council as a Reinvestment Zone.

Exhibit A
Resolution R17-0706D

The City Council will then give notice and hold a public hearing to determine whether the property involved should be designated as a Reinvestment Zone, whether the project is feasible and practical, and whether the project would be a benefit to the City after expiration of the agreement. At the public hearing, the City staff and/or the applicant may make a presentation after which interested persons may speak for or against the designation.

After the public hearing, the City council will consider adoption of an ordinance designating the area described in the legal description of the proposed project as a Tax Abatement Reinvestment Zone. After designation of the Reinvestment Zone, the tax abatement agreement will be executed.

ADOPTION OF TAX ABATEMENT AGREEMENT

The City will employ a standard form tax abatement agreement, the terms and provisions of which may be negotiated to accommodate the specific or unique aspects of the project. However, any tax abatement agreement must include the following terms:

1. General description of the project.
2. Amount of tax abatement.
3. Method for calculating the value of the abatement.
4. Term of the abatement.
5. Legal description of the property.
6. Type, number, location and timetable of planned improvements.
7. Any specific terms or conditions to be met by applicant.

Should the terms of the tax abatement agreement subsequently not be satisfied, the tax abatement shall be null and void and all a specific remedy related to the previously abated tax amounts as established in the agreement shall apply. Provisions to this effect will be incorporated into the agreement.

RECAPTURE/CLAWBACK

(a) Should the City determine that the company or individual is in default according to the terms and conditions of the abatement agreement, the City shall notify the company or individual, in writing, at the address stated in the agreement, and if such non-compliance is not resolved within sixty (60) days from the date of such notice, then the agreement shall be terminated.

(b) If in the event that the company or individual:

Exhibit A
Resolution R17-0706D

- (1) Allows its ad valorem taxes owed the City or other affected jurisdiction to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, or
- (2) Violates any of the terms and conditions of the abatement agreement and fails to resolve such violations within sixty (60) days from the date of written notice of such violations.

the agreement then may be terminated and all or a portion of taxes previously abated by the agreement will be recaptured and paid within sixty (60) days of the termination.