

Item H-4

Consider a resolution approving an updated incentives policy to promote Economic Development and stimulate business and commercial activity in the city; establishing guidelines and criteria for approval of tax abatements and other incentives; in accordance with Chapter 380 of the Texas Local Government Code; and Chapter 312 of the Texas Tax Code; replacing Resolution No. 3460, dated December 17, 2013.

Incentives Offered	Current Policy	Proposed Policy
Tax Abatement/Tax Grant	✓	✓ 5.1
Sales Tax “Rebates”	✓ 3-year max with eligible percentages based on annual sales projections	✓ 5.2 – removes eligible percentages requirements
Building Permit, Development, Connection, and Impact Fees	✓ waiver, deferral, grant or “rebate”	✓ 5.3 – removes waiver
Cost Participation in Infrastructure	✓ improvements in city ROW only	✓ 5.7 – includes extensions
Hotel/Motel Occupancy Tax	✓	✓ 5.11
TIF/PID	✓	✓ 5.10
Neighborhood Empowerment Zone	✓	
Process-related incentives	✓	✓ 5.9
OTK Façade Improvement Matching Grant	✓	
Structure/Building	✓ construct or provide funding	✓ 5.8/5.5 – construction on city-owned land only, includes demolition costs and environmental mitigation
Grants/Forgivable Loan	✓ cash grants only	✓ 5.4.4; 5.4.5
Equipment Purchase/Lease		✓ 5.4.1
Lease/Loan Guarantee		✓ 5.4.2; 5.4.3
Sales, lease or exchange of land or buildings		✓ 5.5
Employment-related incentives		✓ 5.6
Support for state and federal incentives		✓ 5.12; 5.13

Other Policy Updates

- Authorizes KEDB to review and make recommendations on incentive requests
- Provides clear goals and objectives
- Establishes general eligibility
- Prioritizes TIRZ No. 2 for incentive investments
- Removes language not recognized by the State of Texas regarding local incentives (i.e. rebates)
- Adds minimum performance requirements beyond sales tax revenues
- Includes performance agreement provisions
- Provides recapture options
- Updates application and administrative procedures to better serve applicants



Questions?
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