



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor, Assistant City Manager

DATE: May 7, 2024

SUBJECT

Hold a public hearing and consider approval of a resolution of the City Council of the City of Denton, Texas approving the establishment of policies, guidelines, and criteria governing Tax Abatements; and declaring an effective date. The Economic Development Partnership Board recommends approval (8-0).

BACKGROUND

The City of Denton first adopted a Tax Abatement Policy in 1989. Chapter 312 of the Texas Tax Code requires that the Policy for Tax Abatement and Incentives must be approved by the City Council every two years. The current Tax Abatement Policy and Chapter 380 Policy were approved in May 2022. The Tax Abatement Policy expires in May 2022.

The Tax Abatement and Incentive Policy were separated into two policies in 2022: Denton Tax Abatement Policy and the Denton Chapter 380 Policy. The last update to the policies were developed to align with the City's Core Values and the three major goals of 2020 Economic Development Strategic Plan: Accelerate Recovery, Foster Growth, and Strengthen Community Inclusion. Strategic Growth Areas (SGA), identified in the strategic plan, replaced our former policy targeted industry sectors for cultivation and recruitment. An additional consideration to encourage minimum and/or living wage was added to the SGAs. An Incentive Evaluation Matrix incorporating these strategic initiatives and values was also developed.

Staff also included the Entrepreneurial-Tech Grant Program and Job Based Grants under one umbrella in the Chapter 380 policy, providing: Job based grant definitions, a stratified job based grant table, and made necessary third party verification updates to the Based Aircraft Grant.

Staff has prepared draft updates to the Tax Abatement Policy, (Exhibit 2) Chapter 380 Policy, (Exhibit 3) and Incentive Evaluation Matrix (Exhibit 4) The following changes to both policies seek to:

- Update and align the city's core values that have changed slightly since the last policy update from Integrity, Transparency, Inclusion, Fiscal Responsibility, and Outstanding Customer Service to Inclusion, Collaboration, Quality Service, Strategic Focus and Fiscal Responsibility;
- Further the structure the policies priority considerations and public benefit factors around both the three major goals and the SGAs of the strategic plan;
- Incorporate possible underwriting of incentives into the policies;
- Update the Incentive Evaluation Matrix to match these changes;
- Update the Census maps

At the April 10, 2024 Economic Development Partnership Board (EDPB) meeting, the board recommended the proposed Denton Tax Abatement and Chapter 380 incentive policies to City Council for consideration with a changes to the policies and Incentive Evaluation Matrix. The following changes have been made to the policies and matrix:

- Revised the Childcare, remote work and flexible spending account consideration to include a comprehensive benefits package: “Provides ~~benefits childcare assistance~~ to employees that may include: on-site childcare services; **adult care**; vouchers or other financial assistance for child **or adult care**; backup or temporary childcare services; flexible hours or remote work accommodations; ~~and~~ flexible spending accounts; **401(k) matching/pension; tuition reimbursement; or other benefits;**”

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

- **April 10, 2024** - The EDPB reviewed the proposed Denton Tax Abatement and Chapter 380 incentive policies and recommended approval (8-0).

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Draft Denton Tax Abatement Policy Redline

Exhibit 3 – Resolution and Denton Tax Abatement Policy

Exhibit 4 – Draft Incentive Evaluation Matrix

Exhibit 5 – Presentation

Submitted by:
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