

July 14 2026

Chp. 312 Tax Abatement Policy

OFFICE OF ECONOMIC DEVELOPMENT

Erica Sullivan
Economic Development Program Administrator



ID 26-0925; 7/14/2026

Incentive Policies

Overview and History

Tax Abatement Considerations

Proposed Changes

Tax Abatement Overview

- New and Expanded businesses
- Minimum capital investment required
- Property owner receives an exception deducted from total on tax statement from appraisal district
- Economic analysis is performed to determine project costs and ROI to the City

Increment: New ad valorem taxes created from real property improvements and business personal property improvements

Policy History

City of Denton Policy for Tax Abatement and Incentives

- First Tax Abatement Policy approved in 1989
- Updated to include green initiatives in 2010 and 2012
- Broadened to apply Chapter 380 of the Texas Local Government Code (LGC) to implement a wider range of incentive programs in 2014
- Retail addressed, definitions added, and the Investment Fund and Aircraft Incentive programs were incorporated in 2018
- Update in 2020 had no significant changes

Policy History: Economic Development Strategic Plan

- The 2020 Strategic Plan was approved in February of 2021.
- The policies were separated and aligned with the strategic plan and the City's Core Values in 2022.

Five Guiding Principles

Core Resiliency
Future Focused
Inclusive Growth
Entrepreneurial Spirit
Cultural Vitality

Three Major Goals

Accelerate Recovery
Foster Growth
Strengthen Community
Inclusion

- Structured the priority considerations and public benefit factors around the SGAs, added a comprehensive benefit package consideration and incorporated underwriting in 2024.

Tax Abatement Considerations

Chapter 312 of the Texas Tax Code requires governing body to adopt guidelines and criteria governing tax abatements in order to be eligible to grant tax abatements.

- Policy is effective for 2 years after adoption
- During the 2 year period, the policy can only be amended by a three-fourths vote of the government body
- Governing body must hold a public hearing regarding the proposed policy
- Denton County generally prefers to participate in tax abatements with Cities

Proposed Changes to the Current Policy

- Any minimum job-related thresholds will be at least 75% of the jobs in the application (previous was 90%)
- Revision to the eligibility requirement from 24 months from the execution of the agreement to 24 months after a permit is issued.
- General administrative clean-up of definitions and items not needed
- Updated the Census maps

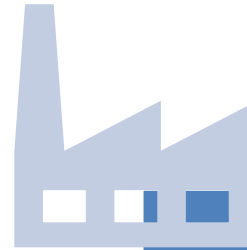
Proposed Changes to the Current Policy: Values



Current

City Core Values

- Integrity
- Transparency
- Inclusion
- Fiscal Responsibility
- Outstanding Customer Service



Proposed

City Core Values

- Inclusion
- Collaboration
- Quality Service
- Strategic Focus
- Fiscal Responsibility

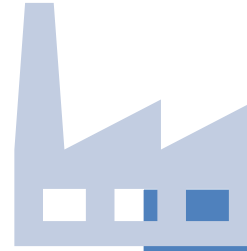
Proposed Changes to Current Policies: Targets



Current

Targeted Sectors

- Strategic growth areas and related industries, organized by (NAICS) codes. These industries have been identified in the Strategic Plan.
- The strategic growth areas include: Connectivity, Creativity, Sustainability, and Competitiveness.



Proposed

Targeted Sectors

- Aviation/aerospace
- Drone & Transportation
- Mobility
- Advanced Manufacturing
- Biomedical/Bioscience
- Information Technology
- Renewable Energy
- Research & Development
- Supply Chain & Logistics
- Significant Consumers of Municipal Utilities
- UAS Tech Ecosystem

EDPB and Staff Recommendations

Prior Action/Review

- The Economic Development Partnership Board (EDPB) reviewed the proposed Chapter 312 Tax Abatement Policy and recommended approval (7-0).

Staff Recommendation

- City Council approve the Chapter 312 Tax Abatement Policy with the proposed changes

Questions

ID 26-0925; 7/14/2026