

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF DENTON, TEXAS, ALLOCATING EXPIRING ECONOMIC DEVELOPMENT INCENTIVES TO THE CATALYST FUND; PROVIDING FOR AN EVALUATION OF AND LIMIT OF THE AMOUNT OF ALLOCATION; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on August 16, 2016, by Ordinance No. 2016-229, the City Council of the City of Denton established and specified certain revenue sources for the Economic Development Investment Fund; and

WHEREAS, on September 27, 2022, by Ordinance No. 22-1803, the City Council of the City of Denton renamed the Economic Development Investment Fund to the Catalyst Fund in conjunction with its financial statements beginning with Fiscal Year 2022-2023 and specified certain additional revenue sources for the Catalyst Fund; and

WHEREAS, the City Council of the City of Denton may allocate a portion of fees, taxes, and other funds to be committed to the Catalyst Fund to support economic development activities as part of the budget process through Ordinance 22-1803; and

WHEREAS, the City Council of the City of Denton approved a budget of \$7,293,325 for Fiscal Year 2022-23 for the Catalyst Fund to support economic development activities;

WHEREAS, the City Council of the City of Denton elects to include annual budget evaluations of expiring incentives to allocate to the Catalyst Fund as part of the budget process beginning with Fiscal Year 2025-2026; NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The findings and recitations contained in the preamble of this Ordinance are found to be true and are incorporated herein by reference.

SECTION 2. The City Council hereby elects to allocate funds from expiring incentives into the Catalyst Fund in accordance with the following:

- For each Chapter 380 economic development incentive agreement which expires during a given fiscal year under which the City, as a party, agrees to provide a grant to a grantee (each an "Incentive Agreement"), an amount of General Funds equal to the portion of the grant attributable to ad valorem taxes paid by the grantee that was paid or obligated to be paid by the City during the prior year to expiration of the Agreement shall be eligible to be allocated to the Catalyst Fund for the following Fiscal Year.
- For each Tax Abatement Agreement the City has elected to participate in pursuant to Chapter 312 of the Texas Tax Code which expires during a given fiscal year, an amount of General Funds equal to the amount of City ad valorem taxes that was abated the prior year to expiration of the Agreement shall be eligible to be allocated to the Catalyst Fund for the following Fiscal Year.

- Allocations to the Catalyst Fund pursuant hereto are contingent on annual budget evaluations and General Fund status and shall be made during the annual budget process, during which the City Manager or their designee shall calculate the total amount of funds eligible for allocation to the Catalyst Fund from expiring Incentive Agreements and shall make recommendations to the City Council regarding allocation of all or a portion of those funds to the Catalyst Fund. The City Council shall incorporate its determination of whether to allocate funds from expiring Incentive Agreements to the Catalyst Fund in its adoption of the annual budget.
- The amount of funds allocated to the Catalyst Fund from expiring Incentive Agreements shall not exceed \$9,000,000 over the period beginning with Fiscal Year 2025-2026 and ending Fiscal Year 2035-2036.

SECTION 3. If any section, subsection, paragraph, sentence, clause, phrase or word in this ordinance, or application thereof to any person or circumstances is held invalid by any court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this ordinance, and the City Council of the City of Denton, Texas hereby declares it would have enacted such remaining portions despite any such validity.

SECTION 4. This Ordinance shall become effective immediately upon its passage and approval.

The motion to approve this Ordinance was made by _____ and seconded by _____, the Ordinance was passed and approved by the following vote [____ - ____]:

	Aye	Nay	Abstain	Absent
Mayor Gerard Hudspeth:	_____	_____	_____	_____
Vicki Byrd, District 1:	_____	_____	_____	_____
Brian Beck, District 2:	_____	_____	_____	_____
Suzi Rumohr, District 3:	_____	_____	_____	_____
Joe Holland, District 4:	_____	_____	_____	_____
Brandon Chase McGee, At Large Place 5:	_____	_____	_____	_____
Jill Jester, At Large Place 6:	_____	_____	_____	_____

PASSED AND APPROVED this the _____ day of _____, 2025.

GERARD HUDSPETH, MAYOR

ATTEST:
LAUREN THODEN, CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:
MACK REINWAND, CITY ATTORNEY

BY:  _____
Scott Bray
Deputy City Attorney