



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor

DATE: July 14, 2026

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 (7-0).

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 2024. The Tax Abatement Policy expires in May 2026.

The Tax Abatement and Incentive Policy were separated into two policies in 2022: Denton Tax Abatement Policy and the Denton Chapter 380 Policy. The policies were updated to align with the City's Core Values and the 2020 Economic Development Strategic Plan. 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.

The last update to the policies in 2024 made the following changes:

- Structured the policy priority considerations and public benefit factors around both the three major goals and the SGAs of the strategic plan;
- Incorporated possible underwriting of incentives into the policies;
- Updated the Incentive Evaluation Matrix to match these changes; and
- Updated the Census maps

Staff has prepared draft updates to the Tax Abatement Policy, (Exhibit 2). The following changes to the Tax Abatement Policy 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
- Add targeted industry sectors to replace the SGAs
- Reduce the minimum job threshold of at least 90% to 75% of the jobs in the application to help incentivize projects in early stages that have a path to full employment and support hiring delays due to seasonal, training or supply chain needs
- General administrative clean-up of definitions not needed and other edits to shorten the policy
- Update the Census maps

At the June 10, 2026 Economic Development Partnership Board (EDPB) meeting, the board recommended a revision to the eligibility requirement in the Chapter 312 Tax Abatement Policy from 24 months from the execution of the agreement to 24 months after a permit is issued. The proposed change to the policy is included below.

- To qualify to receive the abatement, companies must meet the minimum threshold of projected tax value for the project in the first 24 months after permit issued or as specified in the tax abatement agreement. The minimum threshold is at least 75% of the incentivized projected tax value for new projects and 50% of the tax value for expansion projects.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

- **June 10, 2026** - The EDPB reviewed the proposed Chapter 312 Tax Abatement Policy and recommended approval (7-0).

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Resolution and Chapter 312 Tax Abatement Policy

Exhibit 3 – Presentation

Respectfully Submitted:
Brittany Sotelo
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Prepared By:
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