

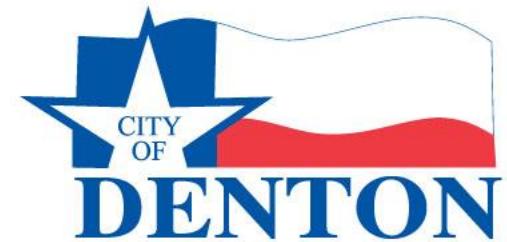


# Incentive Policies

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# Incentive Policies

History

Tax Abatement Considerations

Proposed Changes



# Policy History

## City of Denton Policy for Tax Abatement and Incentives

- First Tax Abatement Policy approved in 1989
- The policy was updated to include green initiatives in 2010 and 2012.
- The policy was broadened to apply Chapter 380 of the Texas Local Government Code (LGC) to implement a wider range of incentive programs in 2014.
- Retail was addressed, definitions were 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



# Tax Abatement Considerations

- Chapter 312 of the Texas Tax Code requires governing body to adopt guidelines and criteria governing tax abatement agreements 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  - During the 2 year period, the policy can only be amended or repealed by a three-fourths vote of the government body
  - Governing body must hold a public hearing regarding the proposed policy
  - Denton County will participate in tax abatements with Cities, but will not utilize Chapter 381 of the Texas LGC to administer an economic development program to provide grants as a form of economic development.



# Proposed Changes to Current Policies: City Values

## Prior

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

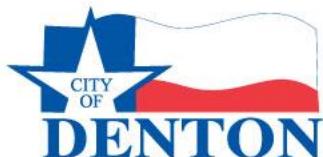
## Current

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



# Proposed Changes to Current Policy Continued

- Further structure the policies priority considerations and public benefit factors around both the three major goals and the SGAs of the strategic plan;
- Update the Incentive Evaluation Matrix to match these changes;
- Incorporate possible underwriting of incentives into the policies;
- Update the Incentive Evaluation Matrix to match these SGA priority changes
- Update to the Census maps



# Strategic Growth Areas

Connective

Creative

Sustainable

Competitive



SGA Targets by NAICS		Targets (15 Points)	Points
NAICS:			
Creative			
Sustainable			
Competitive			
Other Target Areas (Max 5 points):			
SGA Targets Subtotal		0	
Economic and Fiscal Impacts		Economic and Fiscal Impacts (55 points)	Points
Expand The Tax Base (Max Points 10)		Project provides new property, sales, HOT, or other taxes to the City, County, DISD, and DCTA through the development of property or facility or by making improvements to an existing property or facility, a new business or expansion, a new multi-tenant complex, or increase in jobs	
Public-Private Partnership (Max Points 10)		Project includes development of public infrastructure or amenities deemed beneficial, or developer assumes responsibility for development of infrastructure or public facilities beyond what is required. Project will involve a significant relationship with DISD or institution of higher education	
Increases High Wage Jobs (Max Points 10)		Project includes new jobs with an average or has a significant percentage of jobs that earn an annual base salary of \$65,000 or more	
Encourage Knowledge Base Jobs (Max Points 5)		Project includes new jobs or has a significant percentage of jobs that require specialized and theoretical knowledge, usually acquired through experience or a college education, or other training which provides comparable knowledge; requires some research, analysis, or requires special licensing, certification	
Pays a living wage for all new employees (Max 10 points)		From the most current MIT Living Wage Calculator for Denton County	
Other (Max 5 points):			
Economic and Fiscal Impacts Subtotal		0	
Connective (15 points)		Connective (15 points)	Points
Generates New Utility Customers (Max Points 10)		Project is a customer of City utilities focusing on electric. Higher points awarded for larger customers.	
Other Target Areas (Max 5 points):			
Connective Subtotal		0	
Creative (30 points)		Creative (30 points)	Points
Community Investment (Max Points 5)		Project, company, or developer demonstrates a commitment to community support or involvement through monetary or in-kind support of local nonprofits, public institutions, or community organizations	
Encourages New Business Markets/Suppliers And Entrepreneurship (Max Points 10)		Project is from an industry not significantly represented in local economy or company is a new business startup or entrepreneurial endeavor	
Child Care Assistance (Max Points 10)		Provides on-site child care; vouchers or other financial assistance; backup services; flexible or remote work accommodations; and flexible spending accounts	
Other Considerations (Max 5 points):			
Creative Subtotal		0	
Sustainable (25 Points)		Sustainable (25 Points)	Points
Engages in Sustainable Practices (Max Points 10)		Project has adopted sustainable or green business practices (e.g. LEED certification, renewable energy commitment or use, energy efficient construction)	
Spur Infill Development Or Redevelopment (Max Points 10)		Project is to develop/redevelop a property or facility in a manner that reduces urban sprawl and or increases density in a desirable area; project includes use of existing facility that has been vacant for at least 2 years	
Other Considerations (Max 5 points):			
Sustainable Subtotal		0	
Competitive(20 Points)		Competitive(20 Points)	Points
Headquarters (Max Points 10)		The project is an international or national headquarters facility	
Use of Local Contractors/Construction Vendors (Max Points 5)		Project agrees to use vendors that have their principal place of business within the Denton City Limits	
Other Factors (Max 5 points):			
Competitive Subtotal		0	
Total by Category		Score	
Total		0	
Poor (0-44 points)			
Acceptable (45-84 points)			
Excellent (85-155 points)			

# Policy Changes: Incentive Evaluation Matrix

SGA TARGETS	<b>Targets (10 Points)</b>	Score
NAICS:		
<b>Connective</b>		
<b>Creative</b>		
<b>Sustainable</b>		
<b>Competitive</b>		

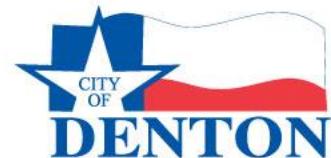


# Policy Changes: Incentive Evaluation Matrix

Economic and Fiscal Impacts	Economic and Fiscal Impacts (55 Points)	Score
	<p><b>Expand the Tax Base</b> (Max Points 10) Project provides new property, sales, HOT, or other taxes to the City, County, DISD, and DCTA through the development of property or facility or by making improvements to an existing property or facility, a new business or expansion, a new multi-tenant complex, or increase in jobs</p>	
	<p><b>Public Private Partnership</b> (Max Points 10) Project includes development of public infrastructure or amenities deemed beneficial, or developer assumes responsibility for development of infrastructure or public facilities beyond what is required. Project will involve a significant relationship with DISD or institution of higher education</p>	
	<p><b>Increases High Wage Jobs</b> (Max Points 10) Project includes new jobs with an average or has a significant percentage of jobs that earn an annual base salary of \$65,000 or more</p>	
	<p><b>Encourage Knowledge Based Jobs</b> (Max Points 5) Project includes new jobs or has a significant percentage of jobs that require specialized and theoretical knowledge, usually acquired through experience or a college education, or other training which provides comparable knowledge; requires some research, analysis, or requires special licensing, certification</p>	
	<p><b>Pays a Living Wage for all New Employees (Max 10 points)</b> From the most current MIT Living Wage Calculator for Denton County</p>	

# Policy Changes: Incentive Evaluation Matrix

Connective	Connective (15 Points)  <b>Generates New Utility Customers (Max Points 10)</b> Project is a customer of City utilities focusing on electric. Higher points awarded for larger customers.	Score
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# Policy Changes: Incentive Evaluation Matrix

Creative	Creative (30 Points)	Score
	<b>Community Investment (Max Points 5)</b> Project, company, or developer demonstrates a commitment to community support or involvement through monetary or in-kind support of local nonprofits, public institutions, or community organizations	
	<b>Encourages New Business Markets/Suppliers And Entrepreneurship (Max Points 10)</b> Project is from an industry not significantly represented in local economy or company is a new business startup or entrepreneurial endeavor	
	<b>Childcare Assistance (Max Points 10)</b> Provides on-site childcare; vouchers or other financial assistance; backup services; flexible or remote work accommodations; and flexible spending accounts	



# Policy Changes: Incentive Evaluation Matrix

	<b>Sustainable (25 Points)</b>	<b>Score</b>
Sustainable	<p><b>Engages in Sustainable Practices (Max Points 10)</b> Project has adopted sustainable or green business practices (e.g. LEED certification, renewable energy commitment or use, energy efficient construction)</p>	
	<p><b>Spur Infill Development Or Redevelopment (Max Points 10)</b> Project is to develop/redevelop a property or facility in a manner that reduces urban sprawl and or increases density in a desirable area; project includes use of existing facility that has been vacant for at least 2 years</p>	

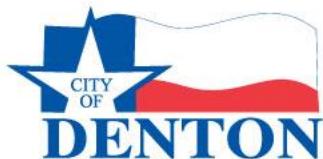
# Policy Changes: Incentive Evaluation Matrix

Competitive	<b>Competitive (20 Points)</b>  <b>Headquarters (Max Points 10)</b> The project is an international or national headquarters facility  <b>Use of Local Contractors/Construction Vendors (Max Points 5)</b> Project agrees to use vendors that have their principal place of business within the Denton City Limits	Score



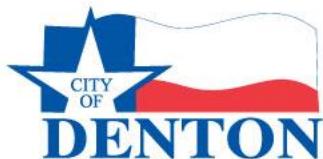
# Policy Changes: Incentive Evaluation Matrix

TOTAL BY CATEGORY	Total by Category
	Total
	Poor (0-44 points)
	Acceptable (45-84 points)
	Excellent (85-155 points)



# Options and Staff Recommendations

- The board can recommend the proposed changes to the economic development incentive policies to the City Council
- The board can make a recommendation to include items, exclude items, or provide other direction concerning the policies in the board's recommendation to City Council



# Questions?

