

RESOLUTION NO. _____

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

WHEREAS, the City Council desires to promote economic development within Denton; and

WHEREAS, the Property Development and Tax Abatement Act (“the Act”), Chapter 312, Texas Tax Code allows the City to establish its own criteria for tax abatements; and

WHEREAS, the Act requires the City to establish guidelines and criteria prior to entering into a tax abatement agreement; and

WHEREAS, guidelines and criteria adopted under the Act are effective for two years from the date adopted; and

WHEREAS, on June 6, 2000, the City Council approved guidelines and criteria, known as the Denton Policy for Tax Abatements and Incentives (“Policy”); by passing Resolution No. R2000-28; and

WHEREAS, the City previously adopted, amended, and reauthorized guidelines and criteria for tax abatement by passing Resolution Nos. R90-18, R98-004, R2000-028, R2001-020, R2003-021, R2005-057, R2008-003, R2010-009, R2012-009, R2014-016, R2015-042, R2016-009; 18-148; 20-504; and 22-356; and

WHEREAS, on May 7, 2024, the City Council approved the current Policy by passing Resolution No. 24-821; and

WHEREAS, the current Policy expired on May 7, 2026; and

WHEREAS, the City Council held a public hearing on July 14, 2026, as required by the Act, to receive public feedback regarding the proposed adoption of the Policy attached hereto as Exhibit A and incorporated herein for all purposes; and

WHEREAS, the City Council deems it in the public interest to continue to be eligible for participation in tax abatements and to adopt policies, guidelines, and criteria for tax abatement by adopting the Policy attached hereto as Exhibit A and incorporated herein for all purposes; NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY RESOVLES:

SECTION 1. The policies, guidelines, and criteria, set forth in Exhibit A, which is made a part of this Resolution and incorporated herein for all purposes, is approved and adopted, and shall be known as the Denton Chapter 312 Tax Abatement Policy.

SECTION 2. From and after the effective date of this Resolution, the attached Denton Chapter 312 Tax Abatement Policy shall constitute the policies, guidelines, and criteria for tax abatement agreements for the City of Denton in accordance with Chapter 312 of the Texas Tax Code.

SECTION 3. Pursuant to Texas Tax Code Section 312.002(c), the Denton Tax Abatement Policy approved herein shall be effective for two (2) years from the date of the approval of this Resolution, during which time it may amended or repealed by a vote of $\frac{3}{4}$ of the members of Council.

SECTION 4. The City Council reasserts its decision to become eligible to participate in tax abatements. The City Council provides certain tax abatements to applicable business enterprises in various reinvestment zones which are established in the City in accordance with the applicable provisions of Chapter 312 of the Texas Tax Code and in accordance with the Denton Chapter 312 Tax Abatement Policy.

SECTION 5. The Denton Chapter 312 Tax Abatement Policy shall be filed in the official records with the City Secretary and posted on the City's website in accordance with Texas Tax Code Section 312.002(c-2).

SECTION 6. This resolution shall become effective immediately upon its passage and approval.

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

	Aye	Nay	Abstain	Absent
Mayor, Chris Watts:	_____	_____	_____	_____
Jordan Villarreal , District 1:	_____	_____	_____	_____
Nick Stevens, District 2:	_____	_____	_____	_____
Suzi Rumohr, District 3:	_____	_____	_____	_____
Joe Holland, District 4:	_____	_____	_____	_____
George Michael Ferrie Jr., At Large Place 5:	_____	_____	_____	_____
Jill Jester, At Large Place 6:	_____	_____	_____	_____

PASSED AND APPROVED this the _____ day of _____, 2026.

CHRIS WATTS, MAYOR

ATTEST:
KRISTI FOGLE, INTERIM CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:
MACK REINWAND, CITY ATTORNEY

BY:  _____
Scott Bray
Deputy City Attorney

EXHIBIT A

Denton Chapter 312 Tax Abatement Policy



Chapter 312

Tax Abatement Policy



**Office of Economic
Development**

Statement of Policy

The City of Denton is committed to promoting economic growth and redevelopment that expands and diversifies the tax base; creates and retains quality jobs; enhances the quality of life for residents; protects human health and the environment; and secures new customers for municipal utilities. Local economic development incentives serve as a tool for the City to accomplish those objectives. To provide a framework for the consideration of the use of public resources to stimulate economic activity, the City has established this policy to align the use of tax abatement incentives with the City's strategic focus areas and ensure a positive return on investment for the community. Tax incentives, as described in this policy, will be available for new and/or existing facilities and structures and for businesses wanting to locate, expand, upgrade, or modernize existing or new facilities and structures in the City of Denton. These tax incentives, as described herein, are governed by Chapter 312 of the Texas Tax Code. This policy is adopted under the authority of the Constitution and Laws of the State of Texas and the City Charter of the City of Denton.

The City of Denton has adopted the core values of

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

These values are exemplified in our operations and are considered when contemplating any request for incentives.

The 2020 Economic Development Strategic Plan has a framework built around three major goals: Accelerate Recovery, Foster Growth, and Strengthen Community Inclusion.

While this policy is used to outline the procedures and criteria for granting incentives, the City is not under any obligation to provide an incentive to any applicant. The City considers incentives to be strategic investments in organizations, developments, or projects that benefit the community, are in alignment with the economic development strategic plan, and must comply with all program criteria, policies, and guidelines adopted by the City Council.

All applications or requests are considered on a case-by-case basis by the Economic Development Partnership Board (EDPB) and the City Council. The City will conduct significant due diligence when an application is submitted, which could include reviewing an applicant's submission, requesting information to verify any claims, reviewing any other incentives received by the applicant from other jurisdictions, and conducting an independent economic and fiscal analysis for any proposed project. This policy is designed to help catalyze investment that would not otherwise occur at the scope or length of time without additional public investment. Applications will be excluded from consideration if a building permit for new construction or alteration has been issued or the purchase of an existing building has been executed (excluding existing businesses seeking to expand).

The Office of Economic Development has target industry sectors for recruitment that will be given priority consideration:

- aviation/aerospace

- drone and transportation applications
- mobility
- advanced manufacturing
- biomedical/bioscience
- information technology
- renewable energy
- research and development
- supply chain and logistics

While these targeted industry sectors will be given priority consideration, not being in a targeted industry sector does not disqualify a business from applying for an incentive if it meets other requirements under the policy.

All incentives offered will be evaluated through a cost-benefit analysis. The economic impacts evaluated may include net new jobs, wages, and contributions through property tax, sales taxes, hotel occupancy taxes, mixed beverage taxes, or other significant public benefit. Applicants for tax abatement must make specific repairs or improvements to the property that provide a benefit both to the property and City that will last beyond the expiration of a tax abatement agreement.

All agreements will be based on performance. Successful applicants must demonstrate performance with agreed-upon metrics to continue to receive funding. Failure to meet performance standards will result in recapture, reduction of abatement(s), or termination of agreement(s). Grantees will also be responsible for making periodic reports on their investments, hiring, and providing the City access to records to verify their reports.

Definitions

“Agreement” means a contract between an Incentive recipient and the City clarifying the terms, performance measures, and obligations of the parties.

“Assessed Taxable Value” means the value of the real and business personal property, as appraised by the Denton Central Appraisal District (“DCAD”/or “District”), after any exemptions have been applied.

“Base Year Value” means the Assessed Taxable Value as of January 1 preceding the execution of the agreement, excluding land value, inventory, vehicles and supplies, as determined by the DCAD.

“Business Personal Property” means property associated with a Project other than Real Property and excluding inventory, vehicles and supplies.

“Capital Investment” means the total actual capital cost to grantee for the acquisition of land, development, and construction of the Project, including a reasonable capital operating reserve, and the furniture and equipment installed at the Project.

“City” means the City of Denton, Texas, and its governing and operating bodies.

“Community Support and Involvement” may include but is not limited to monetary or active investment in local nonprofits, public institutions, or community organizations.

“City Council” is the City Council of the City of Denton, Texas.

“Default” is an event in which a party to an Agreement has failed to meet Performance Measures and to perform under prescribed cures.

“Expansion” means an investment in fixed assets that will result in an increase in occupied building areas, increased employment, or higher Assessed Value of Real Property or Business Personal Property by a firm already located in the City.

“Higher wage” means having an average annual wage of \$65,000 or greater for all positions or at least 25% of the positions have an annual wage of \$75,000 or greater.

“Improvement” means a building, structure, or fixture erected on or affixed to land.

“Incentive” means any inducement for economic activity given by the City such as a tax abatement or rebate or any other incentives not prohibited by state or federal law.

“Job” means a permanent, full-time employment position that has provided or will result in employment of at least 2,080 hours per position per year. Part-time positions may be aggregated to create a full-time position for consideration in this policy.

“Knowledge-based jobs” are defined as occupations which require specialized and theoretical knowledge, usually acquired through a college education or through work experience or other training which provides comparable knowledge; require some research, analysis, report writing and presentations; or require special licensing, certification, or registration to perform the job task.

“Leadership in Energy and Environmental Design” (LEED) certification is a voluntary, internationally recognized green building certification system, with verification by a third party that a building or community was designed and built using strategies aimed at improving performance across the following metrics: energy savings, water efficiency, CO₂ emissions reduction, improved indoor environmental quality, and stewardship of resources.

“Living Wage” is the wage necessary to provide the basic family expenses “basic needs budget” plus all relevant taxes.¹

“Local Contractors” and “Local Sub-Contractors” refer to vendors that have their “principal office or place of business,” as reported to the Texas Secretary of State Office, located within Denton City Limits or Extraterritorial Jurisdiction (ETJ).

¹ Online Internet. Massachusetts Institute of Technology’s (MIT) Living Wage Calculator for Denton County <https://livingwage.mit.edu/counties/48121>.

“Modernization” means the replacement and upgrading of existing facilities which increases the productive input or output, updates the technology, or substantially lowers the unit cost of operation, and extends the economic life of the facility. Modernization may result from the construction, alteration, or installation of buildings, structures, fixed machinery, or equipment.

“Primary Employer” refers to employers that produce products or services which are sold outside of the community or region.

“Project” means the combination of proposed investment, improvements, and economic activity that is submitted in an application for an economic incentive.

“Real Property” means land or an improvement affixed thereto.

“Reinvestment Zone” is a geographic area designated as blighted and in need of revitalization for the purpose of granting incentives as authorized by law.

“Tax Abatement” means the full or partial exemption of ad valorem taxes for eligible properties in a reinvestment zone designated as such for economic development purposes for new or expanded business development for a period of up to 10 years. Abatement may be granted for real property improvements and/or business personal property.

“Sustainable materials” or products related to manufacturing may include but are not limited to: biobased; recyclable; pollution reduction equipment or systems; and reclaimed goods.

Application Procedure

To ensure fairness, accountability, and compliance with all applicable regulations, every incentive request must proceed through a uniform application process. Nothing within these guidelines implies or suggests that the City is under any obligation to provide an incentive to any applicant.

1. Applicant shall complete the online Incentive Application Form. The application Form will not be considered until it is administratively complete. The Economic Development Director or the City Manager, or their designee, may amend the Application Form at their discretion from time to time. Applicant shall be responsible for obtaining and submitting the most recent Application Form from the City.
2. Applicant shall prepare a map or other documents providing the following: precise location of the property and all roadways within 500 feet of the site; existing uses and conditions of real property; proposed improvements and uses; zoning changes; compatibility with the Denton 2040 Plan and applicable building codes and City ordinances; and a complete legal description as provided in the deed granting title to the owner of the property. This information will be submitted with the completed Incentive Application Form or the application may be considered incomplete.
3. Applicant shall provide metes and bounds, legal description, and/or plat information on the property in order for staff to prepare the reinvestment zone materials required under Chapter 312 of the Texas Tax Code.
4. Applicant shall complete a Due Diligence Form which authorizes the City to obtain and review any and all information needed to evaluate an application for an

economic development incentive, including business financial statements, creation documents, and credit rating. The City may request additional information related to the creditworthiness or financial position of a business in the process of reviewing and evaluating the application for economic development incentive.

5. Applicant shall complete all forms and information detailed in the Incentive Application Form and submit the Incentive Application Form and all additional required information on the online Application Form.
6. All information in the application package detailed above will be reviewed for completeness and accuracy. Additional information may be requested as needed.
7. The application will be distributed to the appropriate City departments for internal review and comment. Additional information may be requested as needed.
8. Fiscal agents of the City may review the application for comment and recommendation. Additional information may be requested as needed.
9. A third-party underwriter may also be used to review the project and present possible options or recommendations. Additional information may be requested as needed.
10. The Denton Economic Development Partnership Board (EDPB) serves as an advisory body, which makes recommendations to the City Council regarding whether economic development incentives should be offered in each individual case. Its recommendation shall be based upon an evaluation of information submitted in the incentive application and any additional information requested by the EDPB or presented to the EDPB. The EDPB will consider the application at a regular or special-called meeting(s). All meetings of the EDPB shall be held in compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code. Additional information may be requested as needed. The recommendation of the EDPB will be forwarded, with all relevant materials, to the City Council.
11. If the City Council decides to grant a tax abatement, it shall call a public hearing to consider establishment of a tax reinvestment zone in accordance with Section 312.201 of the Texas Tax Code. The reinvestment zone must meet one or more of the criteria of Section 312.202 of the Texas Tax Code.
12. The City Council may consider adoption of an ordinance or resolution approving the terms and conditions of a contract between the City and the applicant governing the provision of the tax abatement or incentive and the commitments of the applicant, including all the terms required by Section 312.205 of the Texas Tax Code and such other terms and conditions as the City Council may require.
13. The City reserves the authority to enter into tax abatement agreements at differing percentages and/or terms as set forth in the guidelines of this Policy, consistent with the requirements of Chapter 312 of the Texas Tax Code. The City also reserves the authority to enter into incentive agreements under Chapter 380 of the Texas Local Government Code. The City has a separate policy for Chapter 380 incentive programs.

Section 312.003 of the Texas Tax Code makes confidential information provided to the City as a part of this application that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property. This information is not subject to

public disclosure until the incentive agreement is executed. Section 522.131 of the Texas Government Code (Texas Public Information Act) makes confidential information which relates to economic development negotiations between the City and a business prospect that the City seeks to have locate, stay, or expand in or near the territory of the City. The information must relate to a trade secret of the business prospect or commercial or financial information which the business prospect can demonstrate based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained or information about a financial or other incentive being offered to the business prospect by the City or by another person. Information about a financial or other incentive being offered to the business prospect is required to be disclosed when an agreement is made with a business prospect. The City will respond to requests for disclosure as required by law and will assert exceptions to disclosure as it deems relevant. The City will make reasonable attempts to notify the applicant of the request so it may assert its own objections to the Attorney General.

Any incentive agreement will address various issues, including but not limited to, the following:

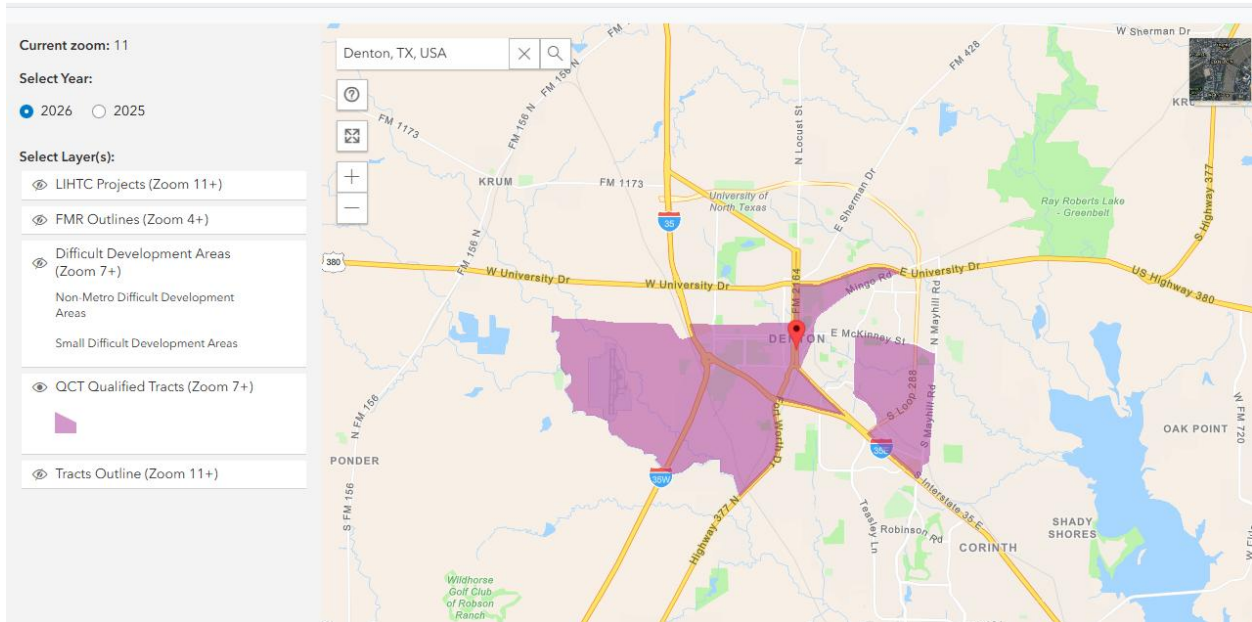
1. General description of the project
2. Amount of the incentive and percent of value to be abated each year
3. Method of calculating the value of the abatement
4. Duration of the abatement, including commencement date and termination date
5. Complete legal description of the property as provided in the deed granting title to the owner of the property
6. Kind, number, location and timetable of planned improvement
7. Specific terms and conditions to be met by applicant, which will be based on the information submitted by the applicant in the Incentive Application Form and/or other appropriate criteria
8. The proposed use of the facility and nature of construction
9. Contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, any decrease in valuation, administration and assignment.

Businesses receiving an incentive are asked to use diligent efforts to purchase all goods and services from Denton businesses whenever such goods and services are comparable in availability, quality and price. The City of Denton also encourages the use, if applicable, of qualified contractors, subcontractors and suppliers who are historically underutilized businesses based on information provided by the General Services Commission pursuant to Chapter 2161 of the Government Code. Businesses receiving an incentive are encouraged to use diligent efforts to hire local contractors and local subcontractors where possible during construction of the project.

Businesses receiving incentives are asked to endeavor to make available, or endeavor to cause lessees or assignees to make available full-time or part-time employment for Denton residents. In this effort, the business, lessee or assignee is encouraged to recruit from the low-moderate income Census tracts as further defined by the U.S. Department of Housing and Urban Development's (HUD) Qualified Census Tracts (QCT) map shown in Figure 1. HUD defines QCTs as "census tracts in which one-half or more of the households have incomes below 60 percent of the area median income or the poverty rate is 25 percent of [or] higher.

Figure 1: 2026 Qualified Census Tracts in Denton

The 2026 Qualified Census Tracts (QCTs) and Difficult Development Areas (DDAs) are effective January 1, 2026. The 2026 QCT designations use tract boundaries from the 2020 decennial census. The 2026 metro DDAs use ZIP Code Tabulation Area (ZCTA) boundaries from the 2020 decennial census. The designation methodology is explained in the [Federal Register notice](#) published September 30, 2025.



Tax Abatement

New, expanding, and modernizing businesses may be considered for a tax abatement if a minimum threshold of \$5 million in ad valorem value will be created by the project. Once a determination has been made that a project is eligible for a tax abatement, the targeted industries, public benefit factors, and considerations will serve as a basis for determining the amount and term of abatement.

To qualify to receive the abatement, companies must meet the minimum threshold of projected tax value for the project within the first 24 months after the City issues a construction permit for the project 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. Minimum job-related thresholds, if applicable, will be at least 75% of the jobs in the application for that year, or as required by the agreement.

If, upon initial application, a project qualifies for tax abatement under the guidelines set forth in this Policy, the City may consider the economic and fiscal impacts, targeted industries, public benefit factors, and the following priority considerations in evaluating the project and the abatement percentage.

- Generates new utility customers (priority consideration for larger customers);
- Encourages new business markets/suppliers and entrepreneurship (the project is from an industry not significantly represented in the local economy or is a new business startup or entrepreneurial endeavor);
- Expands the tax base through property, sales, Hotel Occupancy Tax (HOT), or other taxes to the City, County, DISD, and DCTA through the development of property, facility or by making improvements to an existing property or facility, through the development of a new business

or expansion of an existing business, through the development of a new multi-tenant complex where businesses can locate, or through the addition or increase in jobs available in the City;

- Public-Private Partnerships include development of public infrastructure or public amenities that City deems beneficial, or developer assumes responsibility for development of infrastructure or other public facilities beyond what is required. Project will involve a significant relationship with a public school district or institution of higher education;
- Increases higher wage or knowledge-based jobs (includes an average annual wage of \$65,000 or greater for all positions or at least 25% of the positions have an annual wage of \$75,000 or greater or an average wage that is above the average wage in Denton County or at least 25 percent of jobs requiring a college bachelor's degree);
- Pays a living wage for all new employees in accordance with the current "Living Wage" from the MIT Living Wage Calculator for Denton County;
- Engages in sustainable practices (Renewable energy will be generated, stored, or utilized for the project or the project incorporates significant environmentally sustainable practices that include: Leadership in Energy and Environmental Design (LEED) certification, recycling initiatives, the manufacture of sustainable materials or products that support sustainable industries, or the incorporation of clean technology);
- Spur infill development or redevelopment (Project is to develop/redevelop a property in a manner that reduces urban sprawl and/or increases density in a desirable area; project includes property or an existing facility that has been vacant or underutilized for at least two years);
- The project is an international or national headquarters facility;
- Provides benefits 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;
- The project will redevelop or create improvements in Tax Increment Reinvestment Zone Number One or it meets a community priority of the Design Downtown Plan.
- Community Investment demonstrates a commitment to community support or involvement through monetary or in-kind support of local nonprofits, public institutions, or community organizations;
- Other priorities or considerations as determined by City Council.
- 25% of local contractors used in construction or 25% of new jobs filled by Denton residents

All abatements are subject to final approval of the City Council. Even though a project may meet the criteria as set forth in this Policy, an application may be denied at the discretion of the City. The incentive shall not apply to any portion of the land value of the project.

The City may consider the use of incentives to retain existing businesses, which propose to improve or redevelop property within the City limits. The City may also take into consideration the expansion/redevelopment of existing businesses that create new or additional higher wage or knowledge-based jobs. The incentive will only apply to the increased valuation of the improvements

over the appraised value of the property prior to such improvements as determined by the Denton Central Appraisal District the year in which the tax abatement agreement is executed. The City may also consider other tax incentives authorized by law.