



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor, Assistant City Manager

DATE: April 2, 2024

SUBJECT

Consider approval of a resolution of the City Council of the City of Denton, approving the 2022/2023 Tax Increment Reinvestment Zone Number Two (Westpark TIRZ) annual report; and declaring an effective date. The TIRZ Number Two Board recommends approval (11-0).

BACKGROUND

A Tax Increment Reinvestment Zone (TIRZ) is a tool used to fund public improvements, stimulate development or redevelopment, and enhance infrastructure within a defined area. A TIRZ operates by capturing increases in tax revenue from the defined area and using the revenue on projects within the same area. When a TIRZ is created, a base taxable value of the property in the zone is established. In following years, the increment of increased valuation between the base year and the following years goes to the TIRZ fund for use in the development district. Chapter 311 of the Texas Tax Code statute, the section of state law that regulates TIRZ creation and operation, is also known as the Tax Increment Financing Act.

On December 17, 2012, the City Council adopted an Ordinance No. 2012-366 designating and describing the boundaries of Tax Increment Reinvestment Zone Number Two (Westpark TIRZ) to provide the public infrastructure necessary to encourage development in the largest industrially zoned area in the City.

By statute, an annual report is required to be submitted to the State Comptroller of Public Accounts, detailing the previous year's TIRZ activities. According to 311.016 of the Texas Tax Code, the report is required to include: the base and appraised value; revenue in the Tax Increment Fund from all participating taxing entities; purpose of expenditures; and any outstanding bonded indebtedness interest due. Staff has drafted a report (attached) for consideration by City Council.

FISCAL INFORMATION

This is the eleventh year of the Westpark TIRZ. The report period includes October 1, 2022 through September 30, 2023 (FY 2022-23). During FY 2022-23, \$606,140 was collected for the City's portion based on the last supplemental valuation of the calendar year from the Denton Central Appraisal District (DCAD). The City's and County's contribution in the TIRZ fund for FY 2022-23 was \$606,140 and \$235,181, respectively. An additional \$62,123 in interest was earned for the period, bringing the total FY 2022-23 contribution to \$903,444. This is a \$270,269,188 increase from the 2012 base value of \$119,458. The valuation and contribution into the TIRZ fund is illustrated in the tables that follow.

Table 1: City Certified and Supplemental TIRZ Two Valuation Summary

Tax Year	Certified TIRZ Tax Value	Supplemental TIRZ Tax Value*	Incremental Increase (Decrease)	Contribution	Adjusted Incremental Value	Annual TIRZ Ad Valorem Revenue
2013	119,458	119,458	N/A	N/A	N/A	N/A
2014	566,436	555,807	436,349	40%	174,540	1,204
2015	120,538	120,538	1,080	40%	432	3
2016	2,401,349	2,401,349	2,281,891	40%	912,756	6,237
2017	63,108,366	63,108,366	62,988,908	40%	25,195,563	160,711
2018	68,549,662	72,165,650	72,046,192	40%	28,818,477	178,812
2019	110,654,075	119,113,120	118,993,662	40%	47,597,465	281,041
2020	175,546,028	175,546,028	175,426,570	40%	70,170,628	414,325
2021	226,991,678	226,957,789	226,838,331	40%	90,735,332	513,401
2022	270,388,646	270,388,646	270,269,188	40%	108,107,675	606,140
Totals						\$2,161,874

Table 2: County Certified and Supplemental TIRZ Two Valuation Summary

Tax Year	Certified Tax Value	Supplemental Tax Value*	Incremental Increase (Decrease)	Contribution	Adjusted Incremental Value	Annual TIRZ Ad Valorem Revenue
2013	119,458	119,458	N/A	N/A	N/A	N/A
2014	566,436	241,101	121,643	40%	48,657	132
2015	120,538	120,538	1,080	40%	432	1
2016	2,401,349	2,401,349	2,281,891	40%	912,756	2,267
2017	63,108,366	63,108,366	62,988,908	40%	25,195,563	59,918
2018	68,549,662	72,165,650	72,046,192	40%	28,818,477	65,007
2019	110,654,075	119,113,120	118,993,662	40%	47,597,465	107,227
2020	175,546,028	175,546,028	175,426,570	40%	70,170,628	157,873
2021	226,991,678	226,957,789	226,838,331	40%	90,735,332	211,491
2022	270,388,646	270,388,646	270,269,188	40%	108,107,675	235,181
Totals						\$839,097

Table 3: TIRZ Two Total Certified and Supplement Summary

Tax Year	Certified Tax Value	Supplemental Tax Value	Incremental Increase (Decrease)	Contribution	Adjusted Incremental Value	Annual TIRZ Ad Valorem Revenue	Interest Income**	Total Expenditures	Total Revenue
2013	119,458	119,458	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	566,436	555,807	436,349	40%	174,540	1,336	7	0	1,343
2015	120,538	120,538	1,080	40%	432	4	10	0	14
2016	2,401,349	2,401,349	2,281,891	40%	912,756	8,505	81	0	8,586
2017	63,108,366	63,108,366	62,988,908	40%	25,195,563	220,629	2,534	0	223,163
2018	68,549,662	72,165,650	72,046,192	40%	28,818,477	243,819	8,885	198,991	53,713
2019	110,654,075	119,113,120	118,993,662	40%	47,597,465	388,268	7,713	195,734	200,247
2020	175,546,028	175,546,028	175,426,570	40%	70,170,628	572,199	4,995	197,336	379,858
2021	226,991,678	226,957,789	226,838,331	40%	90,735,332	724,893	10,947	197,203	538,637
2022	270,388,646	270,388,646	270,269,188	40%	108,107,675	841,321	62,123	862,709	40,735
Total City and County Contributions						3,000,974	97,295	1,651,973	1,446,296

* Tax Year 2014 - City uses Supplement #18 dated 12/23/14 and County uses Supplement #20 dated 1/30/2015.

** Tax Year 2016 includes interest earned through 12/31.

Total Fund Balance at 9/30/23 is \$1,446,296.

PRIOR ACTION REVIEW

February 14, 2024 - The TIRZ Number Two Board recommended City Council approve the 2022/2023 Annual Report for Tax Increment Reinvestment Zone Number Two (11-0).

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Resolution and TIRZ Two 2022-23 Annual Report

Exhibit 3 – Form 50-806

Respectfully submitted:
 Erica Sullivan
 Economic Development Program Administrator