

**RESOLUTION NO. 21-034**

**A RESOLUTION OF THE CITY OF TEXAS CITY, TEXAS, PROVIDING FOR ELIGIBILITY TO PARTICIPATE IN TAX ABATEMENT; MAKING CERTAIN FINDINGS OF FACT; ADOPTING GUIDELINES AND CRITERIA FOR CERTAIN TAX ABATEMENT AGREEMENTS IN ACCORDANCE WITH CHAPTER 312 OF THE TEXAS TAX CODE; AND PROVIDING FOR SEVERABILITY.**

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**WHEREAS**, pursuant to the Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code (the "Act"), the City of Texas City, Texas (the "City") must elect to become eligible to participate in tax abatement; and

**WHEREAS**, pursuant to the Act, the adoption of tax abatement guidelines and criteria is necessary prior to the creation of a reinvestment zone and prior to executing a tax abatement agreement; and

**WHEREAS**, the City previously adopted tax abatement guidelines and criteria on October 16, 2014 by Resolution No. 14-078; and

**WHEREAS**, the City Commission desires to adopt new tax abatement guidelines and criteria specifically applicable to oil and gas, manufacturing, and other industry related projects; and

**WHEREAS**, the City Commission finds and determines that the guidelines and criteria hereinafter set out are in the best interest of the City to encourage oil and gas, manufacturing, and other industry related development to the exclusion of others; and

**WHEREAS**, the City Commission acknowledges that the guidelines and criteria hereinafter set out may be amended or repealed only by a vote of three-fourths (3/4) of the City Commission; and,

**WHEREAS**, the City Commission reaffirms its absolute discretion to approve or reject any application for tax abatement and subsequent related tax abatement agreements.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF TEXAS CITY, TEXAS:**

**SECTION 1. Purpose.** Chapter 312 of the Texas Tax Code allows, but does not obligate or require, the City to grant a tax abatement on the value added to a particular property on account of a specific development project that meets the eligibility requirements set forth in this policy. In order for the City to participate in tax abatement, the City is required to establish guidelines and criteria governing tax abatement agreements. This policy is intended to set forth those guidelines and criteria for persons or entities interested in receiving a tax abatement from the City. This policy shall expire two (2) years from the date pursuant to Sec.312.002(c) of the Texas Tax Code.

**SECTION 2. Adoption of Recitals.** The City Commission of the City of Texas City, Texas, hereby adopts the recitals of this Ordinance as outlined above.

**SECTION 3. Eligibility Election.** Pursuant to the provisions of Section 312.002(a) of the Texas Tax Code, the City of Texas City, Texas previously elected to become eligible to participate in tax abatement by Resolution 14-078 which was considered and adopted at a properly notice public meeting occurring on October 16, 2014.

**SECTION 4. Projects Eligible for Tax Abatement.** To be eligible for tax abatement under this policy, an industrial development project must meet all of the following minimum tax abatement application criteria:

- i. Must contribute a minimum capital investment of \$1,000,000 to the proposed project;
- ii. Must be eligible to conduct business or otherwise operate in the State of Texas;
- iii. Must be located in the corporate limits of the City of Texas City;
- iv. Must complete a Tax Abatement Application in form approved by the City Commission;
- v. Must tender an application fee of \$500 to the City;
- vi. Must require 40% of its employees to reside within the City of Texas City or within the extra territorial jurisdiction (ETJ) as defined by the City; and
- vii. Must tender to the City a current and active Texas Direct Payment Permit or, in the alternative, obtain a Texas Direct Payment Permit from the Texas

Comptroller of Public Accounts for the direct payment of sales and use tax associated with the construction of improvements associated with the proposed project, and where applicable, shall require its contractors and subcontractors to also file for, or present such permit to the City for the direct payment of sales and use tax associated with the construction of improvements associated with the proposed project.

- viii. The City may grant a Specific Residency Waiver to employees upon receiving an application submitting the request and upon the showing of a specific need. The City may negotiate waivers of the residency requirements in any actual Abatement Agreement approved by the City.

**SECTION 5. Duration and Abatement Percentages.** The duration of any tax abatement shall be for a maximum of 10 years. The percentage of abatement may be negotiated on a case by case basis, but a guideline will be as follows:

|            |                |
|------------|----------------|
| Years 1-3  | 100% Abatement |
| Years 4-6  | 50% Abatement  |
| Years 7-10 | 25% Abatement  |

**SECTION 6. Severability.** In the event that one or more of the provisions contained in this Resolution is for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability of this Resolution shall be construed as if such invalid, illegal or unenforceable provision has never been contained herein, but shall not affect the remaining provisions of this Ordinance, which shall remain in full force and effect.

**PASSED AND ADOPTED this 5th day of May 2021.**

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Dedrick D. Johnson, Sr., Mayor  
City of Texas City, Texas

ATTEST:

APPROVED AS TO FORM:

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Rhomari D. Leigh  
City Secretary

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Kyle L. Dickson  
City Attorney