CITY OF LAVON, TEXAS

RESOLUTION NO. 2025-07-10

Renewal of Tax Abatement Policy

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAVON, TEXAS RENEWING APPROVAL OF A TAX ABATEMENT POLICY INCLUDING GUIDELINES, CRITERIA, AND PROCEDURES.

WHEREAS, the Board of Directors of the Lavon Economic Development Corporation (LEDC) developed and advanced a proposed policy for the consideration of tax abatement as an economic development incentive; and

WHEREAS, the City of Lavon is a home rule municipality, and the City Council has authority under state law and the charter to approve the policy and guidelines herein; and

WHEREAS, in February 2023, the City Council approved Resolution No. **2023-02-06** renewing a Tax Abatement Policy; and

WHEREAS, the City Council finds that renewing approval of the Tax Abatement Policy serves the best interest of the City and the public health, safety, and welfare of the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAVON, TEXAS, THAT:

SECTION 1. That the City Council does hereby renew approval of the Tax Abatement Policy including guidelines, criteria, and procedures, attached hereto and labeled "**Exhibit A**";

SECTION 2. That this resolution shall take effect from and after the date of its passage.

DULY PASSED AND APPROVED by the City Council of the City of Lavon, Texas on the 15th day of July 2025.

Vicki Sanson
Mayor

CITY OF LAVON, TEXAS

ATTEST:

Rae Norton
City Secretary

CITY OF LAVON, TEXAS

RESOLUTION NO. 2025-07-10

EXHIBIT A

Tax Abatement Policy

Guidelines, Criteria, Procedures and Application

prepared by the Lavon Economic Development Corporation

Background

One of the important roles of the Lavon Economic Development Corporation (LEDC) is to advise the City Council on ways to attract new investment and new development. The LEDC developed a list of Economic Development Incentives that the City may utilize to attract new investment and new development. This list of Incentives is on the LEDC web site and is attached here.

Under tax abatement on this list of Economic Development Incentives it says, "The Lavon City Council may consider abating the real estate and /or personal property tax for development projects for up to 10 years."

The opportunities are available now to consider working with the City Council to establish the Tax Abatement Policy which is an initial step to utilizing Tax Abatement as an economic development tool attracting new development. It is important to have a policy and administrative procedure ready for when the opportunities come. Often you will lose a candidate for new investments, before they come to the City, if they do not see the policy available on the city web site. <u>A policy is not a right to receive a tax abatement. A policy with guidelines and administrative procedure just sets the framework for a reasonable process and decision making.</u>

The tax abatement policy does not mean that any project may obtain tax abatement. The policy sets the framework for establishing the ability to consider tax abatement. A tax abatement agreement and the establishment of a reinvestment zone are steps required before any such grant of tax abatement may be considered. Also often required is an economic impact study.

The economic impact of commercial and industrial development is significant. New manufacturers and new commercial development may bring significant new taxable improvements and buildings. These investments also bring new employees with new residents and new spending. It is said that one dollar of a new manufacturer's investment brings $10 to $15 additional dollars as that investment moves throughout the City. Each economic impact study should reveal the economic impact of the new investment.

State Authorization

The Texas Tax Code Chapter 312 Property Redevelopment and Tax Abatement Act authorizes cities to participate in tax abatement but only after the City Council has established guidelines and criteria for governing tax abatement agreements. These guidelines are effective for two years and then must be re-examined. Texas Comptroller states in a publication on tax abatement that tax abatements can benefit communities in that they increase local property tax revenue by attracting new development and the new development will boost sales tax as well with new employees and new families moving to the city. Generally, this new development will continue after the 10-year pe!iilbd and continue to grow and provide jobs and new investment. The tax abatement is also a flexible economic development tool that requires performance to obtain and does not require initial EDC or City dollars into the venture.

2019-2020 HB 3143, requires a public hearing to be held by the City Council prior to adoption of the guidelines.

Competing Communities

Lavon competes for new investment and new jobs with nearby communities and the larger communities of Collin County. Examples of some of the tax abatement policies include:

Collin County- Collin County has stated they offer no tax abatements in order to keep their tax rate as low as possible. However, they do offer tax abatement to historical properties and have guidelines for these tax exemptions.

Wylie - Has listed 5 separate reinvestment zones with ordinances on their web site but no tax abatement guidelines on the web site. The tax abatement policy would need to be updated every 2 years. The Wylie Economic Development Corporation notes that tax abatement is available as an incentive in Wylie.

Farmersville – The Farmersville EDC lists tax abatement on their web site but does not publish established guidelines.

Plano - This City has an application form and administrative guidelines on their web site with no specific minimum investment listed.

McKinney - This City states that there are no active tax abatement projects but do note on the economic development page that tax abatement is an incentive available They do offer tax exemptions based on the Collin County policy for historic properties.

Royse City- This City has no policy and they have not done tax abatement.

Fate - This City has no policy and they have not done tax abatement.

Rockwall - This City has no current policy of incentive agreements with tax abatement, they utilized their land in their industrial park as an incentive.

Task Ahead

Lavon City Council should continue to consider tax abatement as an economic development tool to be cautiously utilized in competitive situations. The Lavon EDC recommends to the Lavon City Council a set of policy guidelines and criteria for offering tax abatement. A draft of guidelines and the administrative process for the Lavon EDC recommendation to City Council follow this background discussion with the Lavon EDC.

City of Lavon

Tax Abatement Policy

Effective November 17, 2020

Adopted by Resolution No. 2020-11-05

Updated Policy Adopted 2023-2-6

Adopted by Resolution No. 2023-2-6

General Purpose

The City of Lavon (the "City") is actively working to attract quality new investment and new development within its city limits. The purpose of attracting new investment and new development is to improve the quality of life for Lavon's citizens, providing new services, opportunities, and new jobs for residents. Therefore, the City of Lavon is interested in establishing a policy providing for the case by case consideration of the provision of tax abatement as an effort to attract new investment and new development that will provide new services and new jobs for residents.

The City of Lavon will consider providing tax abatement in accordance with the procedures and criteria outlined in this policy. Nothing herein shall imply or suggest that the City of Lavon is obligated to provide tax abatement to any applicant. All applications will be considered on a case-by -case basis.

Criteria

A tax abatement provided through the City of Lavon shall have as its basis the creation of new dollars of investment and new jobs into the City. To qualify for a tax abatement incentive the minimum value of new real estate or personal property shall be $10,000,000. The new investment dollars shall be measurable, and reportable and binding upon the recipient of the tax abatement as set forth in an agreement between the City and recipient.

Any person, profit making organization, or corporation seeking a tax abatement to create a new location, expansion or improvement within the city limits of the City of Lavon shall comply with all of the established procedures. Nothing within the procedures shall imply or suggest that Lavon is under any obligation to provide any incentive to an applicant.

Tax Abatement Categories

Tax abatement incentives may be offered in two categories 1) real property and/or 2) business personal property. Real property abatement will be offered to applicants that pursue the construction of new or expanded facilities in which to house the applicable project. The abatement will apply to the assessed value of improvements made. Business personal property abatements will be offered to applicants that pursue the purchase or long-term lease on existing facilities. The abatement will apply to the assessed value of "newly created" personal business property brought into the City of Lavon.

Existing real property value or existing business personal property value shall not be subject to a tax abatement incentive. Assessed value as used in this Policy Statement shall mean the taxable value of improvements to real property and business personal property as determined by the Collin County Appraisal District.

The City Manager shall determine, following assessment of the Application and narrative response, if the application has satisfied the criteria. Additional consideration shall be given to a project or applicant that furthers the goals and objectives of the City or meets or complements a need identified by the City.

Once a determination has been made that a project is eligible for tax abatement, the City Council will determine the percentage of abatement and terms of the abatement based upon information provided in the Application and narrative response.

Tax Abatement Agreement Terms

At a minimum, all tax abatement agreements shall include or consider the following provisions:

1. No Business shall be relocated from another Reinvestment Zone in the City of Lavon.
2. Right of inspection to the premises must be provided to ensure compliance with the agreement.
3. The City's right of recapture of previously abated taxes if applicant fails to pay taxes for the assessed value for the Real Property and/or Business Personal Property.
4. The value of all Real Property improvements and Business Personal Property will be the assessed value as determined by the Collin County Appraisal District.
5. The term of a tax abatement agreement may not exceed ten (10) years as required by law.

6. The right to terminate a tax abatement agreement in the event of a material breach of the agreement.

7. Written annual certification by the Chief Financial Officer, President and/or other City approved designated officer of the entity receiving the incentive that it has complied with the terms and conditions of the incentive agreement.

TAX ABATEMENT POLICY

ADMINISTRATIVE GUIDELINES

Application Requirements

A. Applicant shall complete the attached "Application for Tax Abatement" (Application)

B. Applicant shall provide a plat showing the precise location of the property to which the tax abatement applies, all roadways within 500 feet of the site and all existing land uses and zoning within 500 feet of the site, and the current general address of the property.

C. Twenty-one (21) days prior to the required public hearing, the applicant must provide a metes and bounds property description and a current general address of the property.

D. Applicant shall complete all forms and information identified in the Application including item B above and submit these items to the City of Lavon, P.O. Box 340, 120 School Road, Lavon, TX 75166 (kim.dobbs@cityoflavon.org). Applicant shall also submit a copy of the Application and Plat to the Lavon Economic Development Corporation. P.O. Box 340, 120 School Road, Lavon, TX 75166 (info@lavonedc.com).

E. Any information provided by applicant on the Application may be subject to release to the public pursuant to the Texas Public Information Act. It is the responsibility of the applicant to clearly identify information it wishes to protect from release that is considered proprietary or confidential. The City will notify the applicant if a request is made for information indicated as confidential by the applicant so that the applicant may request to the Texas Attorney General its right for information to be withheld from release.

F. Certain information provided to the City in connection with an Application may be confidential and not subject to public disclosure until the incentive agreement is executed. The City of Lavon will respond to requests for disclosure as required by law and will assert exceptions on its behalf 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.

Application Review Process

1. All information in the application packaged will be reviewed for completeness and accuracy. Additional information may be requested as needed.

2. The City Manager may use City personnel and third parties to assist in the Application review process.

3. The City Manager will determine whether he/she will recommend proposed tax abatement to the applicant subject to final Council approval. The proposed incentive recommendation by the City Manager does not bind the City Council to grant a tax abatement. The conditional recommendation is offered and subject to the City Council's approval.

4. Upon receipt of the proposed offer to be recommended to the City Council, the applicant will have ninety (90) days to accept, decline or request an extension of the proposed offer. All responses and requests shall be made in writing to the City Manager.

5. Upon written acceptance by the applicant of the proposed offer and the recommendation of the City Manager, all relevant materials will be forwarded to the City Council.

6. The City Council of Lavon may consider a resolution calling a public hearing to consider establishment of a Reinvestment Zone. Notice of a public hearing shall be posted in a newspaper of general circulation and such notice shall be delivered to every other taxing unit that has jurisdiction over the property.

7. The City Council of Lavon may hold the public hearing and determine whether the project is feasible and practical and would be of benefit for the land to be included in the Zone and for the City after the expiration of the tax abatement agreement.

8. The City Council of Lavon may consider adoption of a resolution approving the terms and conditions of a contract between the City and the applicant governing the provision of the tax abatement.

9. If the tax abatement agreement is approved, the City of Lavon will send copies of the agreement to the Office of the Governor Economic Development and the Office of the Comptroller.

10. Property taxes are assessed on January 1 of each year. It is the obligation of the applicant to ensure that all final approvals for the tax abatement agreement have occurred by December 31st of the year prior to the year the improvements are assessed. No tax abatement can be given for improvements that are on the Tax Assessor's Roll before the tax abatement is effective. The applicant should be aware that because of mandatory publication requirements, compliance with

the governing body's calendar, and other matters, the process for obtaining approval for a tax abatement with the City Council of the City of Lavon may take as long as six (6) weeks. It is the applicant's responsibility to ensure the follow up on these items, agreements and approvals are made.

Modification of Tax Abatement Agreements

Any requests by the applicant to modify the terms of the agreement subsequent to City Council action shall be accompanied by the payment of a non-refundable, modification processing fee in the amount of One Thousand Dollars ($1,000) plus associated third party and administrative costs.

City of Lavon

Application for Tax Abatement

Project Information

1. Name of Company Applying, ______________________________

   Name of Company Representative for this Application ____________

   Title of Company Representative ______________________________

   Mailing Address ______________________________________

   City, State, Zip Code ______________________________________

   Office Telephone Number ______________________

   Mobile Telephone Number ____________________

   Email Address of Representative. ____________________________

   Company Web Site Address __________________________________

2. Property Owner of Site ____________________________________

   Property Owner Representative for this Application ______________

   Title of Property Owner Representative _______________________

   Mailing Address ____

   City, State, Zip Code, ______________________________________

   Office Telephone Number ________________

   Mobile Telephone Number ________________

   Email Address of Property Owner Representative _________________

   Property Owner Web Site Address, ____________________________

3. Tenant's Representative for this Application ____________________

   Title of Tenant Representative. _______________________________

Mailing Address ____

City, State, Zip Code ______________________________________

Office Telephone Number __________________________________

Mobile Telephone Number _________________________________

Email Address of Tenant Representative___________________________

4. Property Address of Project Site and/or location description _______________

____

5. Site Size __________and attached legal Description (Metes and Bounds) to this application

6. Selection Location Criteria of Project Site (check all that apply)

___. City of Lavon

___ Community Independent School District

___ Collin County

___ Bear Creek Special Utility District

___ Other Public District (specify) ______________________________

7. Applicant Company _ nonprofit company; _____ for profit company

8. Applicant Company Business Organization (select one) Sole Proprietor_;

Partnership _ Corporation__ If Corporation, Type of Corporation __________

9. Date of Startup of Applicant Parent Company __.Attached to this application the publicly registered organizational documents including the State of Incorporation and By-Laws.

10. Last Audit date___________ Attach last 3 years of annual audit, profit and loss statement and balance sheet

11. Applicant Company primary NAICS Industry Code ; proposed Expansion/Relocation primary NAICS Industry Code _____

12. Attach an Applicant Parent Company description including headquarters location, years in business, products and services, number of employees and annual revenue and growth of last 3 years. limit the description to no more than two (8 x 11 pages).

13. Describe the Development, Expansion and/or Relocation project including building size and site acreage needs, estimated startup date, number of employees at startup, in 3 years and in S years, type of products produced and estimate annual revenue at initial year and 3 and 5 years. Limit the description to no more than two (8 x 11 pages).

14. Is selected site zoning in need of change or adjustment? ___ yes no

15. Describe the need of public improvements (water, sanitary sewer, roadways) and estimated costs of each improvement individually for the project site,______________

____

attached no more than two (8 x 11) pages as is necessary.

16. Describe the proposed type of project occupancy ______________owner occupied; ____________________________________tenant leasing

17. Describe the requested tax abatement by real and personal property, amount of abatement and years of abatement

____

____

18. Specify other economic assistance or incentive requested ____________________

____

19. Describe the necessity of requesting property tax abatement from the standpoint of competition, financial risk and market dynamics.______________________________

______________________________________.attach no more than one (8 x 11 page) as necessary.

<u>Community Economic Impact</u>

1. Describe the overall economic impact on the City of Lavon (total sales generated, total revenue generated, value of increase real property and increase personal property improvements, total employment created; all by the initial year, in 3 years and in 5 years. Limit this description to no more than 2 (8 x 11) pages.

2. What is the annual value of sales subject to sales tax in the initial year, in 3 years and in 5 years?

3. Estimate the annual number of hotel rooms and nights generated by the project.

Employment Impact

1. Provide the total number of full-time equivalents (FTE) employed by the applicant company at the startup of the project and then at 3 years and at 5 years. Provide FTE employed by contract at the startup of the project and then at 3 years and at 5 years.

2. Project the total number of full-time equivalents employed in years 10, 20 and 30 employed by the applicant company and then by contract for 10, 20 and 30 years.

3. What is the median annual salary of company's FTE's (at occupancy) by category:

Executive
Professional
Managerial
Technical
General
Production
Laborers
Total FTE's

4. Project annual payroll at occupancy, in 3 years and in 5 years.

Certification of No Undocumented Workers

Chapter 2264 of the Texas Government Code requires that each business that submits an application to receive a public subsidy include in the application a statement certifying that the business, or a branch, division or department of the business, does not and will not knowingly employ an undocumented worker. An undocumented worker means an individual who, at the time of employment, is not lawfully admitted for permanent residence to the United States or authorized under the law to be employed in that manner in the United States. If after receiving a public subsidy, the business, or a branch, division, or department of the business, is convicted of a violation under 8 U.S.C. Section 1324 a (f), the business shall repay the amount of the public subsidy with interest, at the rate and according to the other terms provided by an agreement under Section 2264.053, not later than the 120 days after the date the public agency, state or local taxing jurisdiction, or economic development department notifies the business of the violations.

I, ______________________hereby certify on ___________ that_____________is in compliance with Chapter 2264 of the Texas Government Code.

Signature ______________________________

Name ________________________________

Title _________________________________

Company_______________________________

I certify that I have read the City of Lavon Policy Statement for Tax Abatement and the information provided in this Application is, to the best of my knowledge and belief, true and correct.

Date_____________

Signature ______________________________

Name ________________________________

Title _________________________________

Company _______________________________