

# **CITY OF MANSFIELD**

## **POLICY STATEMENT FOR TAX ABATEMENT**

### **20142016**

#### **I. General Purpose and Objectives**

The City of Mansfield is committed to the promotion of high quality development in all parts of the City; and to an ongoing improvement in the quality of life for its citizens. Insofar as these objectives are generally served by the enhancement and expansion of the local economy, the City of Mansfield will, on a case-by-case basis, give consideration to providing tax abatement as an economic tool to encourage balanced economic development in Mansfield. It is the policy of the City of Mansfield to make available tax abatement for both new facilities and for the expansion or modernization of existing buildings and structures. It is the policy of the City of Mansfield that said consideration will be provided in accordance with the procedures and criteria outlined in this document. Nothing herein shall imply or suggest that the City of Mansfield is under any obligation to provide tax abatement to any applicant.

The City of Mansfield may grant tax abatement on the increment in value added to a particular property by a specific development proposal, which meets the economic development goals and objectives of the City of Mansfield. Tax abatements are granted to the owners of real property; for projects where property is leased, special terms and conditions may be set in the agreement governing each specific tax abatement. For the purposes of this policy, the term "investment" is defined as capital expenditures on property and/or equipment as provided in ~~Chapter~~ Section 312 of the Texas Tax Code.

This City of Mansfield Policy Statement for Tax Abatement should be reviewed on even numbered years to evaluate and make adjustments to insure the economic needs of our city are being met in order to promote a strong and balanced economy.

#### **II. Minimum Standards for Tax Abatement**

To be considered for a tax abatement, the proposed project and/or property must be within a designated reinvestment zone and meet A. and one other of the following criteria:

- A. Project involves a minimum increase in property value shown in Section III - Value of Incentives.
- B. Project makes a substantial contribution to redevelopment efforts or special area plans by enhancing either functional or visual characteristics, i.e., parking, circulation, facades, materials, signs, historic structures, etc.
- C. Project has high visibility, image impact, or is of a significantly higher level of development quality.
- D. Project is an area, which might not otherwise be developed

because of constraints of topography, ownership patterns, site configuration, etc.

- E. Project can serve as a prototype and catalyst for other development of a higher standard.
- F. Project stimulates concentrations of employment and/or commercial activity.
- G. Project generates greater employment than would otherwise be achieved, i.e. commercial/industrial vs. residential or manufacturing vs. warehouse.

### **III. Value of Incentives**

The subjective criteria outlined in "Application for Tax Abatement" will be used by the City in determining whether or not it is in the best interests of the City to recommend that tax abatement be offered to a particular applicant. Specific consideration will include the degree to which the individual project furthers the goals and objectives of the community, as well as the relative impact of the project. The impact of the project will allow the council to modify the agreement terms on a case-by-case basis. Once a determination has been made that a tax abatement should be offered, the value and term of the abatement will be determined by referencing the following table:

#### **New Investment – Industrial**

<u>Minimum Investment</u>	<u>Value Up To</u>	<u>Term</u>
\$2 – 5 million	50%	3 yr.
> \$5 – 10 million	50%	5 yr.
> \$10-25 million	50%	7 yr.
<del>Over</del> ≥ \$25 million	50%	10 yr.

#### **Retention of Existing Businesses**

<u>Minimum Investment</u>	<u>Value Up To</u>	<u>Term</u>
\$1 – 5 million	50%	5 yr.
≥ \$5-10 million	50%	7 yr.
<del>Over</del> ≥ \$10 million	50%	10 yr.

#### **Commercial**

<u>Minimum Investment</u>	<u>Value Up To</u>	<u>Term</u>
\$5-10 million	50%	3 yr.
> \$10-25 million	50%	5 yr.
> \$25 – 50 million	50%	7 yr.
<del>Over</del> ≥ \$50 million	50%	10 yr.

## **Designated Redevelopment Areas**

### **West Broad Street**

<u>Minimum Investment</u>	<u>Value Up To</u>	<u>Term</u>
\$250,000	75%	5 yr.

### **Existing Industrial Parks/Zone**

Defined as: Heritage Business Park, Alpine Industrial Park, Sentry Industrial Park, Hillcrest Industrial Park, Mansfield Industrial Park, and Mansfield Industrial Park East

<u>Minimum Investment</u>	<u>Value Up To</u>	<u>Term</u>
\$500,000 - \$1,000,000	50%	3 yr.
<del>≥\$1,000,001 - \$3,000,000</del>	50%	5 yr.
<del>Over ≥\$3,000,001 - \$7,500,000</del>	50%	7 yr.
<del>Over &gt;\$7,500,000</del>	50%	10 yr.

### **Downtown Historic District**

<u>Minimum Investment</u>	<u>Value Up To</u>	<u>Term</u>
<del>\$35,000</del>	<del>100%</del>	<del>3 yr.</del>

~~Note: 1. A \$250.00 non-refundable application fee is due to the Mansfield Economic Development Corporation at the time the Application for Abatement is submitted.~~

The City Council reserves the right to vary the term and percent of abatement where the applicant shows unique circumstances, upon a favorable vote of a super-majority vote by the members of the Council.

#### **IV. Procedural Guidelines**

Any person, organization or corporation desiring that Mansfield consider providing tax abatement to encourage location or expansion of operations within the city limits of Mansfield shall be required to comply with the following procedural guidelines:

##### **Preliminary Application Steps**

- A. Applicant shall complete the ~~attached~~ "Application for Tax Abatement" at [www.mansfield-texas.com](http://www.mansfield-texas.com)
- B. Applicant shall address minimum standards outlined in Section II. above in letter format.
- C. Applicant shall ~~prepare~~ provide a plat showing the precise location of the property
- D. If the property is described by metes and bounds, a complete legal description shall be provided.
- E. The "Application for Tax Abatement" shall be complete and submitted to the Economic Development Director for the City of Mansfield, 301 S. Main Street, Mansfield, Texas, 76063. A preliminary application and an executive summary of Tax Abatement request shall be provided to the Mansfield City Council at the next regularly scheduled City Council meeting.

##### **Application Review Steps**

- F. All information in the application package detailed above will be reviewed for completeness and accuracy by the Economic Development Director within ten (10) working days. Additional information may be requested as needed.
- G. Copies of the complete application package and staff comments will be forwarded to the City Council for approval.

##### **Consideration of the Application**

- H. The City Council will consider the application at a regular or special called meeting(s). Additional information may be requested as needed.
- I. The recommendation of the City will be forwarded, with all relevant materials, to the chief administrative officer of each taxing entity.
- J. The City Council 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.

Should the City Council determine that it is in the best interests of the City of Mansfield to provide tax abatement to a particular applicant, a resolution shall be adopted declaring that, under the guidelines and criteria established herein, the applicant is eligible for abatement and the reinvestment zone is established. The resolution shall further authorize the City Manager or his designee to negotiate an agreement with the applicant governing the provision of the abatement.

An agreement must include at least the following specific items:

- General description of the project.
- Amount of the tax abatement.
- Duration of the abatement.
- Legal description of the property.
- Type, number, location and timetable of planned improvements.
- Any specific terms and conditions to be met by applicant.
- Improvements or repairs by the municipality to streets, sidewalks, and utility services or facilities associated with the property, except that the agreement may not provide for lower charges or rates than are made for other services or properties of a similar character.
- An economic feasibility study, including a detailed list of estimated improvement costs, a description of the methods of financing all estimated costs, and the time when related costs or monetary obligations are to be incurred.
- Should the terms of the agreement subsequently not be satisfied, the tax abatement shall be null and void, and all abated taxes and accrued interest as permitted by law, under **section Section** 312 of the Texas Tax Code, shall immediately be paid to the City of Mansfield and all other taxing jurisdictions participating in the tax abatement agreement. Provisions to this effect shall be incorporated into the agreement.

- Provide access to and authorize inspection of the property by municipal employees to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement.

K. It is the intention of the City to establish a tax abatement policy and negotiate agreements which are legally subject to being adopted under the laws of the State of Texas. Should any provision of this plan or any agreement be held to be unconstitutional or deemed null and void or otherwise unenforceable, it shall be re-construed so as to achieve the clear intentions of the parties to the agreement.

L. The governing bodies of Tarrant County, Johnson County or Ellis County may consider ratification of and participation in the tax abatement agreement

between the City of Mansfield and the applicant.

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- M. The owner of property subject to tax abatement shall certify annually to the Mansfield Economic Development Corporation that the owner is in compliance with each applicable term of the agreement. At a minimum, the certification shall include a statement that the improvements have been completed and the initial value of the property meets the requirement of the contract. Each agreement shall define any further applicable terms subject to certification.
  - N. The City of Mansfield shall have the right of entry to verify the annual certification. The company for which the tax abatement was issued shall provide access to the records, files and other information for such an inspection during normal business hours. Failure to allow entry will forfeit the tax abatement and cause repayment of all abated taxes and accrued interest to become due. If the City of Mansfield requests, the company shall at their own cost audit the equipment or the approved replacement equipment to assure the City of Mansfield that the equipment is still in good working order and that all equipment originally made part of the abatement is in good working condition. The current value of the equipment is not a consideration.