



Legislation Text

File #: 21-4011, **Version:** 1

Resolution - A Resolution Authorizing the City of Mansfield, Texas to Enter into a Chapter 380 Agreement with Highland Homes - Dallas, LLC for the Purpose of Promoting Economic Development Within the City of Mansfield, Texas

The City Council will approve a resolution authorizing the City to enter into a Chapter 380 Agreement with Highland Homes-Dallas, LLC for the purpose of reallocating sales tax revenue to the City of Mansfield, Texas which is currently being paid outside the City of Mansfield.

Staff recommends approval of the Resolution.

Highland Homes-Dallas, LLC approached the City with an offer to partner with the City in the reallocation of the sales tax it pays on building materials purchased. The terms of this Chapter 380 Agreement are identical to the terms in the agreement City Council approved on October 26, 2015 with First Texas Homes, Inc. and Bloomfield Homes, L.P. on January 09, 2017.

Currently, Highland Homes pays sales tax at the location it purchases building materials. Texas Rule 3.288 of the Texas Administrative Code would allow Highland Homes to elect how they pay sales tax if they assume full responsibility for reporting and paying sales tax to the Texas Comptroller's Office. Highland Homes has proposed that it will assume full responsibility of paying and reporting the sales tax that they are required to pay under Rule 3.288, and in so doing, the City will receive sales tax on building materials that are being used in the City of Mansfield, Texas. The City is currently not receiving sales tax revenue on these purchased materials; it is being paid in other cities where the materials are purchased.

In return for the partnership, the City will receive 60% of all sales tax revenue on the materials used in the City of Mansfield, Texas and Highland Homes will receive the remaining 40% in the form of a grant. (The grant amount is 80% of 1% of the City's sales tax and does not affect the MPFDC or MEDC sales tax.) There is no cost to the City of Mansfield, Texas with the exception of the administrative expense of disbursing the grant funds to Highland Homes.

Highland Homes estimates they will develop 137 lots in the M3 Ranch Community. The average home sales price is estimated to be \$488,000. The revenue to the City over the term of the agreement is expected to be \$144,409 at a minimum, with the potential to reach \$216,541. Highland Homes would receive a minimum of \$96,273 and potentially \$144,361 over the 10-year term of the agreement.

The grant will be paid out of the General Fund, and is a revenue offset, not a true expense.
Troy Lestina, Finance Director

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