



ECONOMIC DEVELOPMENT CORPORATION

To: Donna Dodgen, Mayor
Seguin City Council

CC: Steve Parker, City Manager
Mark Kennedy, City Attorney

From: Josh Schneuker, Assistant City Manager

Date: 10-06-2025

Subject: Public Hearing & First Reading of Ordinance to Create Tax Increment Reinvestment Zone #3.

Overview

With approximately 544 acres within the City of Seguin, located along both IH-10 and FM 78 and just west of SH 46, Houston-based development group, NewQuest, currently owns in the City of Seguin available for future development. Opportunity exists on this property to bring not only additional light industrial businesses to the City, but also much-needed retail, hospitality, dining, and more. Without a public private partnership between the City and the developer, it is unlikely that the full scope of uses anticipated for the property will be able to develop in a timely manner, due largely to the costs associated with needed infrastructure to serve the future development.

Chapter 311 of the Texas Tax Code permits the governing body of a municipality, by ordinance, to designate a geographic area, either fully in the corporate limits of the municipality or in the extraterritorial jurisdiction, as a Tax Increment Reinvestment Zone (TIRZ) if the governing body determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future. Within a TIRZ, the incremental valuation growth that occurs from development can be captured for further enhancement within the zone it originated from, providing a powerful and essential funding for projects that have a clear and distinguished financial gap preventing their occurrence. A TIRZ is not an additional tax burden to the residents (commercial or otherwise) within, or outside of, the designated boundary; rather, it is a way of guaranteeing that new revenue created in a specific area is able to benefit that same specific area for a determined period of time. In this way, a successful TIRZ allows new development to feed itself quickly and allow for bigger returns.

Because of the significance of the potential development anticipated at the NewQuest property, as well as the need to evaluate and address potential financial gaps that may exist that can hinder development of this project in either timely or quality manners, it is prudent to consider the option of a TIRZ as a financial tool for this development. Staff sought, and received, Council's support at the last Council Meeting to bring forward this Public Hearing and first reading of an ordinance for the creation of Tax Increment Reinvestment Zone #3, also called TIRZ #3, which encompasses the NewQuest property.

Public Hearing

A Resolution setting a Public Hearing under Section 311.003 of the Texas Tax Code for the Creation of a Tax Increment Reinvestment Zone within the corporate limits of the City of Seguin, Texas, was approved by the Seguin City Council during their Regular Meeting held on Tuesday, September 16, 2025. A Notice of Public Hearing on Creation of Tax Increment Reinvestment Zone was published in legal accordance in the Seguin public newspaper more than seven (7) days prior to the posted date of the hearing.

Creation Ordinance

This ordinance includes three main components, including: (1) identification of the specific boundary of the anticipated TIRZ #3, in this case fully encompassing the NewQuest property tracts as of the current date, (2) the termination date for the TIRZ, and (3) the amount of City participation to be contributed to the TIRZ.

The ordinance also initiates creation of a Board of Directors to manage and oversee the operations of TIRZ #3, identifies intention to create a Tax Increment Fund by which captured increment shall be transmitted, and establishes an effective date.

The ordinance includes the participation rate by the City of Seguin of 50% of the City's property tax and 50% of the City's 1% sales tax increment generated within TIRZ #3 for the duration of the term of the zone. This participation is reflected in preliminary Project and Finance Plan, which is attached as Exhibit C within the ordinance document.

A second reading of this ordinance is anticipated at a subsequent Council Meeting following this initial reading and Public Hearing.

Fiscal Impact

No up-front costs are associated with the creation of Tax Increment Reinvestment Zone #3.

Staff Recommendation

Staff recommends approval of the creation ordinance for Tax Increment Reinvestment Zone #3 and establishment of an Effective Date.

Attachments

1. TIRZ #3 Creation Ordinance