



MEMORANDUM

To: Mayor Donna Dodgen and Seguin City Council
Cc: Steve Parker, City Manager. Andy Quittner, City Attorney
From: Joshua Schneuker, Director of Economic Development
Date: December 15, 2020
Subject: City of Seguin Tax Abatement Guidelines and Criteria

Overview

The City of Seguin is committed to the promotion of quality development in all parts of the City and to improving the quality of life for its citizens. In order to help meet these goals, the City of Seguin may consider providing tax abatements to stimulate economic development in Seguin. It is the policy of the City of Seguin that such abatements may be provided to prospective businesses and/or development projects that spur positive economic growth and help create or retain jobs within the community. Tax abatements provided to appropriate business prospects and/or development projects must abide by the rules and procedures outlined within the Tax Abatement Guidelines and Criteria for the City of Seguin, as well as Chapter 312 of the Texas Tax Code. It is important to note that all tax abatement applications are always considered on a case-by-case basis. The Tax Abatement Guidelines and Criteria do not imply or suggest, or be construed to imply or suggest, that the City of Seguin is under any obligation to provide any abatement to any applicant.

The current Tax Abatement Guidelines and Criteria adopted by the Seguin City Council are set to expire on December 31, 2020. Chapter 312 of the Texas Tax Code requires that in order to consider tax abatement proposals for a business prospect and/or development project, a set of Guidelines and Criteria must be adopted by the taxing entity. To ensure that the City of Seguin is not operating with an expired set of Guidelines and Criteria for tax abatement, action is required to readopt the Guidelines and Criteria for another two years. The proposed Guidelines and Criteria have been attached to this memo. Several changes have been made to the proposed Guidelines and Criteria from those that are currently adopted. Some of the changes include:

- The removal of abatement schedules that a business prospect may be eligible for should they meet certain investment and job creation/retention benchmarks. This is identified as "Exhibit A" under the current Tax Abatement Guidelines and Criteria;
- Establishing that any request for tax abatement must involve a development and/or redevelopment project, excluding land, with a minimum incremental increase in ad valorem tax value of at Five Hundred Thousand Dollars (\$500,000.00) upon completion of the anticipated improvements or expansion based

upon the Guadalupe Appraisal District's assessment of the eligible property, per Section II, Subsection 4(a) of the proposed Tax Abatement Guidelines and Criteria; and

- Establishing factors that will be considered by the Seguin City Council in determining whether to grant tax abatement. These factors are listed in Section IV, Subsection 1 of the proposed Tax Abatement Guidelines and Criteria. Additional factors as determined necessary by City Council in determining whether to grant abatement.

The proposed changes to the Tax Abatement Guidelines and Criteria create much more flexibility for the City when considering an application for tax abatement, allowing City Council to exercise its sole discretion for granting tax abatement to qualified projects on a case-by-case basis.

Staff Recommendation

Staff recommends approval of the Tax Abatement Guidelines and Criteria for the City of Seguin, Texas.