

STATE OF TEXAS §
COUNTY OF BEXAR §
CITY OF CONVERSE §

1st Reading: 05/04/2021
2nd Reading: 05/18/2021

ORDINANCE # 209-2021

AN ORDINANCE OF THE CITY OF CONVERSE, TEXAS AMENDING CODE OF ORDINANCE CHAPTER 42. TAXATION, ARTICLE IV. TAXATION ABATEMENT GUIDELINES, SECTION 42-126 DURATION OF GUIDELINES, BY READOPTING THE TAXATION ABATEMENT GUIDELINES FOR TWO-YEARS TO EXPIRE JUNE 30, 2023.

WHEREAS, the attraction of long-term investment and the establishment of new jobs in the City of Converse enhances the economic base of area taxing entities; and

WHEREAS, the City of Converse wishes to be competitive with other communities across the region and nation currently offering tax inducements and incentives to attract industrial expansion, modernization, commercial and tourism projects; and

WHEREAS, tax abatement is one of the demonstrated means by which the public sector and the private sector can forge a partnership to promote real economic growth within a community; and

WHEREAS, the Texas Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code, authorizes taxing jurisdictions to provide property tax abatement for limited periods of time as an inducement for the development or redevelopment of property; and

WHEREAS, the Act requires eligible taxing jurisdictions to establish guidelines and criteria to determine eligibility for tax agreements prior to granting any future tax abatement, said guidelines and criteria to be unchanged for a two-year period unless amended by three-fourths vote of the governing body; and

NOW THEREFORE, BE IT ORDAINED by the City Council of the City of Converse, Texas, that Chapter 42, Article IV. Tax Abatement Guidelines, of the Code of Ordinances be amended as follows:

SECTION 1 – AMENDMENT

To readopt the Tax Abatement Guidelines and Criteria, attached hereto as Exhibit A, by Amending Section 42-126. Duration of Guidelines to read as follows:

“Section 42-126. – Duration of Guidelines

The guidelines and criteria adopted herein are made effective upon two successive publications after the second reading and adoption of the ordinance, and shall remain in effect for two years, with an expiration of June 30, 2023, unless otherwise repealed by a three-fourths vote of the city council.”

SECTION 2. SUPERSESSION

This Ordinance supersedes all previous versions in conflict with the purpose of this ordinance relating to Chapter 42. Taxation, Article IV. Tax Abatement Guidelines, of the Code of Ordinances.

PASSED AND ADOPTED by the City Council of the City of Converse, Texas
on this 18 day of May, 2021

ATTEST:

Lisa Hernandez
Lisa Hernandez, City Secretary



Al S. Sanchez, Mayor

Al S. Sanchez

EXHIBIT A

CONVERSE, TEXAS - CODE OF ORDINANCES
CHAPTER 42. - TAXATION
ARTICLE IV. - TAX ABATEMENT GUIDELINES^[6]

Sec. 42-121. - Purpose.

The city 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 will consider providing tax abatements to stimulate economic development in Converse. It is the policy of the city that such abatements will be provided to appropriate businesses in accordance with the procedures and criteria outlined in this document. However, nothing in this policy shall imply or suggest, or be construed to imply or suggest, that the city is under any obligation to provide any abatement to any applicant; all applications for tax abatement shall be considered on an individual basis.

(Ord. No. 209-2013, § A, 4-2-2013; Ord. No. 209-2019, § A, 7-2-2019)

Sec. 42-122. - Criteria for tax abatement.

- (a) It is the intent of the city to offer tax abatement on a case by case basis so that the total package of incentives may be designed specifically for each project that is proposed. This approach will allow the city maximum flexibility which is necessary to satisfy the unique needs and concerns of each applicant and the needs and concerns of the city and its citizens.
- (b) For an applicant to be considered eligible for tax abatement, the proposed development and/or redevelopment must be within a duly designated reinvestment zone or enterprise zone. Further, the project must meet the requirements of the city's master plan, zoning ordinance, building codes and other applicable city ordinances.
- (c) Abatements shall be granted only for the additional value of real property improvements. No abatement will be approved that exceeds 100 percent of the new appraised value of capital improvements will reduce current ad valorem revenues. No tax abatement will be provided to any applicant for more than ten years.
- (d) Tax abatements shall be considered based upon the abatement schedule set forth in Exhibit A attached hereto.
- (e) All recipients of a tax abatement must agree to maintain themselves as a utility customer of the city for the life of the tax abatement agreement, provided that city services are available to the recipient.

(Ord. No. 209-2013, § B, 4-2-2013; Ord. No. 209-2019, § B, 7-2-2019)

Editor's note— Exhibit "A" is not set out herein, but is on file with the city.

Sec. 42-123. - Application procedures.

- (a) Any person, organization, joint venture, partnership, association, or corporation desiring that the city consider providing tax abatement to encourage attraction or expansion of business operations within the city limits shall be required to comply with the following application procedures:
 - (1) Applicant shall file an application on a form provided by the city.

(2) Applicant shall provide the following:

- a. A plat showing the precise location of the property, all roadways within 200 feet of the site, and all existing zoning and land uses on the site.
- b. A complete legal description of the property.
- c. A brief description and cost of the proposed improvements or expansion, the type of business operation proposed, the number of jobs created, the expected source of applicants for such jobs, the estimated annual payroll of all new jobs, the projected date of beginning construction and operation, and the type and value of any economic development incentives which are requested.
- d. A time schedule of the planned improvements.
- e. A summary description of the new facility or expansion.
- f. A chart showing the improvements and jobs created for each year for which an abatement is requested.

(3) The applicant shall provide any other information about the proposed project which may be required by the city.

- (b) The application will be reviewed by the City Manager and the Executive Director of the Converse Economic Development Corporation for completeness and accuracy. Once this information is compiled, the application and review comments will be forwarded to the members of the Converse Economic Development Corporation. Upon a favorable recommendation by the Converse Economic Development Corporation, the application, review comments and recommendation will be forwarded to the Converse City Council and to other taxing entities that may be involved in offering tax abatement. At any time during the review by the Converse Economic Development Corporation, the city council and/or other taxing entities, additional information may be requested of the applicant.
- (c) All requirements of V.T.C.A., Texas Tax Code Ch. 312 known as the Property Redevelopment and Tax Abatement Act, shall be followed.
- (d) Applications for tax abatement made to the City will be denied if the city finds that construction, alteration or installation of improvements related to a proposed expansion or new facility was commenced on or before the date of approval of the abatement agreement.

(Ord. No. 209-2013, § C, 4-2-2013; [Ord. No. 209-2019](#), § C, 7-2-2019)

Sec. 42-124. - Default; recapture.

- (a) In the event that a facility that has been granted a tax abatement discontinues producing goods or services, fails to commence or complete the required capital investment or fails to comply with any other provision of the tax abatement agreement, the abatement agreement may be terminated by the city and all taxes previously abated will be recaptured and paid within 60 days of the termination.
- (b) In the event that an applicant allows its ad valorem taxes to become delinquent and fails to properly follow the legal procedures for their protest and/or contest, the tax abatement agreement shall terminate and so shall the abatement of taxes for the calendar year of the delinquency. The total taxes assessed without abatement for that calendar year shall be paid within 60 days from the date of termination.
- (c) Should the City determine that the applicant is in default according to the terms and conditions of its abatement agreement, it shall notify the applicant in writing at the address stated in the agreement that if such default is not cured within 60 days of the date of notice, then the agreement may be terminated.

In the event the applicant fails to cure the default within 60 days, the agreement may be terminated and the taxes by virtue of the agreement will be recaptured and paid as provided herein.

- (d) In the event that an applicant fails to meet all of its obligations under a contract with the Converse Economic Development Corporation or is found to have defaulted on an agreement entered into with the Converse Economic Development Corporation, the tax abatement agreement shall be terminated by the city and all taxes previously abated will be recaptured and paid within 60 days of termination.
- (e) In the event that the applicant fails to comply with all city ordinances, including zoning ordinances, and further fails to come into compliance within 30 days after receiving notice of such violation or is found in violation of the same ordinance for a second time, the tax abatement agreement may be terminated by the city and all taxes previously abated will be recaptured and paid within 60 days of termination.

(Ord. No. 209-2013, § D, 4-2-2013; Ord. No. 209-2019, § D, 7-2-2019)

Sec. 42-125. - Approval of tax abatement by the city council.

- (a) If the city council determines that it is in the best interest of the city to provide tax abatement to a particular applicant, a resolution shall be adopted approving the terms and conditions of a tax abatement agreement with the applicant which will enumerate the abatements to be provided and the conditions which are applicable to them.
- (b) Any tax abatement agreement must include at least the following items:
 - (1) A description of each of the types of incentives to be provided and their duration.
 - (2) A legal description of the property to be designated as a reinvestment zone in which the agreement will be operative.
 - (3) Detailed information regarding the type, number, location and cost of planned improvements.
 - (4) A plan which provides access to and inspection of the property and proposed improvements by city inspectors and officials to ensure that the improvements are made according to the requirements and conditions of the agreement.
 - (5) A provision limiting the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that tax abatements and/or other economic development incentives are in effect.
 - (6) A method to provide for the recovery of property tax revenues and all waived fees and costs which are lost as a result of the agreement if the applicant fails to perform its obligations under the agreement.

(Ord. No. 209-2013, § E, 4-2-2013; Ord. No. 209-2019, § E, 7-2-2019)

(Amendment to Section 42-126 in Consideration)

Sec. 42-126. - Duration of guidelines.

The guidelines and criteria adopted herein are made effective as of July 17, 2019 and shall remain in effect for two years, with an expiration of June 30, 2021, unless otherwise repealed by a three-fourths vote of the city council.

(Ord. No. 209-2013, § F, 4-2-2013; Ord. No. 209-2019, § F, 7-2-2019)