

**CITY OF ARLINGTON, TEXAS**  
**Policy Statement for Tax Abatement**

**I.**

**General Purpose and Objectives**

- A. The City of Arlington 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 Arlington will, on a case-by-case basis, give consideration to providing tax abatement as stimulation for economic development in Arlington. It is the policy of the City of Arlington that said consideration will be provided in accordance with the guidelines and criteria outlined in this document. Nothing herein shall imply or suggest that the City of Arlington is under any obligation to provide tax abatement to any applicant. All applicants shall be considered on a case-by-case basis, and the decision to approve or deny tax abatement shall be at the discretion of the City Council. Tax abatement agreements are made with the owners or lessees of property to exempt from taxation a portion of the value of the real property or of tangible personal property, or both. The duration of an abatement may be for a period of time determined appropriate by the City Council, based on the economic life of the improvements and consistent with the provisions of this policy, but in no case for more than 10 years in accordance with state law. Special terms and conditions may be set in the agreement governing each specific tax abatement.
- B. The City Council has designated certain areas of the City as Tax Increment Reinvestment Zones ("TIRZ"). This Policy does apply to property located in a TIRZ. However, a person or entity seeking tax abatement on property owned or leased in a TIRZ should be advised that state law requires a TIRZ's board of directors and the governing bodies of all taxing jurisdictions contributing tax increment revenue to a TIRZ to approve a City tax abatement agreement on property located in that TIRZ before the agreement can take effect. Property located in a TIRZ improvement project financed by bonds or other obligations will not be eligible for tax abatement under this policy.

**II.**

**Definitions**

- A. "Abatement" means the full or partial exemption of ad valorem taxes for eligible properties in a reinvestment zone designated as

such for economic development purposes. Abatement may be granted for either the real property improvements or business personal property but not both unless otherwise allowed in this policy.

- B. "Act of God" means an act occasioned exclusively by violence of nature and in no sense attributable to human action.
- C. "Agreement" means a contractual agreement between a property owner and a taxing authority for the purpose of tax abatement. In no event shall the duration of an abatement term exceed ten (10) years.
- D. "Base Year Value" means the taxable value of the applicant's real property and business personal property, including inventory and supplies, located in a designated reinvestment zone on January 1 of the year of the execution of the agreement as determined by Tarrant Appraisal District.
- E. "Added Taxable Value" means the value above the base year value of real property improvements and business personal property as appraised by the Tarrant Appraisal District. The abatement may be granted for either the real property improvements or business personal property but not both unless in accordance with Article III of this policy the project meets the required criteria and thereby fits within a Level described as "Negotiable"; in which case, abatement of both real and personal property value is a permissible negotiated term within the discretion of the City Council.
- F. "CDBG Eligible Area" means any census tract in which fifty-one percent (51%) or more of the residents in that census tract have low to moderate incomes, as defined by the United States Department of Housing and Urban Development.
- G. "Class A Office Building" is a high quality, well designed office building with excellent location and access using superior materials, workmanship, and finish that can compete for the most prestigious tenants. The minimum size of a Class A Office Building shall be 20,000 square feet per floor or a building total of 60,000 square feet except for the Downtown - Centre Arlington Enterprise Zone. The minimum size of a Class A Office Building in the Downtown - Centre Arlington Enterprise Zone shall be 7,500 square feet per floor or a building total of 20,000 square feet.
- H. "Class A Medical Office Building" is a Class A Office Building featuring additional capabilities required to serve as functional

workspace for the performance of medical service delivery or medical research.

- I. "Economic Life" means the number of years a property qualifies for depreciation under the Internal Revenue Service Code (Section 168) Modified Accelerated Cost Recovery System.
- J. "Expansion" means the addition of buildings, structures, fixed machinery, or equipment for the purpose of increasing production capacity or revenues.
- K. "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.
- L. "Full Service Hotel" is a well designed building offered as temporary lodging with excellent location and access using superior materials, workmanship and finish. Full Service Hotels will feature a distinctive lodging and dining experience and will house, be co-located with or located in proximity to convention facilities capable of handling a minimum of 1,000 people. The quality of the facility will meet or exceed the minimum standards required to qualify as a four star or four diamond hotel.
- M. "Job" means a permanent, full-time employment position that has provided or will result in employment of at least 1,820 hours per position in a year. Part-time positions shall not be included in this definition.
- N. "Modernization" means the replacement and upgrading of existing facilities which increase the productive input or output, updates the technology, or substantially lowers the unit cost of operation, and extends the economic life of the facility. Modernization may result from the construction, alteration, or installation of buildings, structures, fixed machinery, or equipment. It shall not be for the purpose of renovation, reconditioning, refurbishing, repairing, or completion of deferred maintenance, except in enterprise zones.
- O. "New facility" means a property previously undeveloped which is placed into service by means other than expansion or modernization.
- P. "Reconstruction" means to replace or rebuild a portion or all of a facility that has been damaged by Act of God when the damage from the Act of God has resulted in at least a 60% reduction in value of the facility as compared to the value immediately prior to the Act of God as finally determined by Tarrant Appraisal District.

The facility owner shall have the burden to prove the required decrease in value to the satisfaction of the City Manager or his designee prior to consideration by the City Council of a tax abatement application for a Reconstruction project.

- Q. "Reinvestment Zone" is an area designated as such for the purpose of tax abatement as authorized by Subchapter B, Municipal Tax Abatement, Title 3, Local Taxation, Vernon's Texas Codes Annotated.
- R. "Supply and Service Expenses" are discretionary expenses incurred during the normal maintenance and operation activities of a business.
- S. "Target Industry" is an industry identified as a target industry in the City's Policy Statement for Tax Abatement and Exhibits thereto, as amended from time to time.
- T. "Value," when used in this Policy, shall mean value as determined by an appraisal prepared by Tarrant Appraisal District, unless otherwise specified. If a facility is damaged by an Act of God and an appraisal of the damaged facility is not available from Tarrant Appraisal District when needed in order to comply with the duty established in Section II.K. of this Tax Abatement Policy, "decrease in value" may be determined by an independent appraiser agreed upon by the City and either the owner of a facility or applicant for a tax abatement. The term "value added" means increase in appraised value.

### III.

#### Abatement Authorized

- A. Eligible Facilities: Tax abatement may be granted for new facilities, expansion, modernization or reconstruction of existing facilities. The economic life of a facility, and/or eligible property must exceed the duration of the abatement.
- B. Eligible Property: An applicant may apply for abatement on either the real property improvements or business personal property eligible for abatement in accordance with this agreement, whichever is higher, unless otherwise negotiated in accordance with this Policy. Tax abatement may not be granted for both real property improvements and business personal property, for a particular project specified on the tax abatement application, unless the abatement fits within a Level with a percentage listed negotiable in this Article III. Inventory and supplies are not eligible for tax abatement.

- C. A project that fits within the "Hospitality and Tourism" industry cluster (see **Exhibit "A"** of this Policy), shall be eligible for tax abatement only upon a finding by the City Council that the project will make a unique or unequalled contribution to the economy, development, redevelopment, tourism or employment opportunities in the City of Arlington.
  
- D. Except as otherwise provided in this subsection D., if the retail sale of merchandise is the primary use and purpose of a project, tax abatement may be granted for the project only upon a finding by the City Council that the project will make a unique or unequalled contribution to the economy, development, redevelopment, tourism or employment opportunities within the City of Arlington. In the Downtown - Centre Arlington Enterprise Zone, tax abatement may be granted for retail development if the City Council determines that the project for which furtherance of the "Downtown Arlington Unified Master Plan as adopted by Resolution 04-520 and as may be subsequently amended.
  
- E. **Criteria and Abatement Guidelines:** Tax abatement may be granted for eligible facilities on all or a portion of the increased taxable value of eligible property over the Base Year Value. The percentage of taxes abated and the duration of the abatement, or any other limitation or condition included in this Policy and not required by state or federal law, may vary from these guidelines based on a determination by the City Council that granting tax abatement for a particular project is consistent with the economic development objectives of the City of Arlington.

Any person, organization or corporation may request tax abatement by filing an Application for Incentives as described in Section IV. Consideration will be given to requests from applicants for the confidentiality of proprietary information, consistent with state law.

The City Council has adopted these tax abatement guidelines for designated areas of the City:

1. Downtown - Centre Arlington Enterprise Zone Guidelines (As defined in **Exhibit "B"**)

Projects in the Centre Arlington Enterprise Zone area may be granted abatement in accordance with the guidelines shown below for either the real property improvements or business personal property, but not both, unless negotiated under the guidelines of Section III.E.12.

Level	Added Taxable Value*	Job Guidelines	Maximum Abatement %	Maximum Term
Level I	\$50,000		50% Real or BPP	2 Years
Level II	\$100,000		65% Real or BPP	4 Years
Level III	\$250,000		80% Real or BPP	6 years

*\*Added Taxable Value may be met by including the appraised value of real property improvements and business personal property as determined by the Tarrant Appraisal District's Official Tax Rolls, but the abatement may be granted only on either the real property improvements or business personal property (BPP).*

2. Great Southwest Industrial District Guidelines (As defined in **Exhibit "C"**)

Projects in the Great Southwest Industrial District area may be granted abatement in accordance with the guidelines shown below for either the real property improvements or business personal property, but not both, unless negotiated under the guidelines of Section III.E.12.

Level	Added Taxable Value*	Job Guidelines	Maximum Abatement %	Term
Level I	\$500,000	25-49	25% Real or BPP	5 Years
Level II	\$2,500,000	50-100	35% Real or BPP	5 Years
Level III	\$10,000,000	101-250	50% Real or BPP	7 Years
Level IV	\$15,000,000	251-499	65% Real or BPP	7 Years
Level V	\$30,000,000	500+	Negotiable, not to exceed 90%	Up to 10 Years

*\*Added Taxable Value may be met by including the appraised value of real property improvements and business personal property as determined by the Tarrant Appraisal District's Official Tax Rolls, but the abatement may be granted only on either the real property improvements or business personal property (BPP).*

3. I-20 Corridor Guidelines (As defined in **Exhibit "D"**)

Projects in the I-20 Corridor, eligible facilities may be granted abatement in accordance with the guidelines shown

below, if the eligible facilities are classified as a Target Industry; or, in the alternative, the Added Taxable Value in the eligible facilities must exceed Thirty Million Dollars (\$30,000,000.00). Abatement may be granted for either the real property improvements or business personal property but not both unless negotiated under the guidelines of Section III.E.12.

Level	Added Taxable Value*	Jobs Guidelines	Maximum Abatement %	Maximum Term
Level I	\$2,500,000	25-49	25% Real or BPP	5 Years
Level II	\$5,000,000	50-100	35% Real or BPP	5 Years
Level III	\$10,000,000	101-250	45% Real or BPP	7 Years
Level IV	\$15,000,000	251-499	55% Real or BPP	7 Years
Level V	\$30,000,000	500+	Negotiable, not to exceed 90%	Up to 10 Years

*\*Added Taxable Value may be met by including the appraised value of real property improvements and business personal property as determined by the Tarrant Appraisal District's Official Tax Rolls, but the abatement may be granted only on either the real property improvements or business personal property (BPP).*

4. Entertainment District Guidelines (As defined in **Exhibit "E"**)

Projects in the Entertainment District may be granted abatement in accordance with the guidelines shown below. Additionally, the project must fit within the "Hospitality and Tourism" industry cluster (see **Exhibit "A"** of this Policy) and the City Council must find the project will make a unique or unequalled contribution to the economy, development, redevelopment, tourism or employment opportunities in the City of Arlington.

Abatement may be granted for either the real property improvements or business personal property but not both unless negotiated under the guidelines of Section III.E.12.

Below is a table showing the minimum Added Taxable Value, maximum permissible percentage of taxes abated and the duration of the abatement agreement for each level of tax abatement in the Entertainment District.

<b>Level</b>	<b>Added Taxable Value*</b>	<b>Jobs Guidelines</b>	<b>Maximum Abatement %</b>	<b>Maximum Term</b>
Level I	\$5,000,000	101-250	45% Real or BPP	5 Years
Level II	\$10,000,000	251-499	55% Real or BPP	7 Years
Level III	\$30,000,000	500+	Negotiable, not to exceed 90%	Up to 10 Years

*\*Added Taxable Value may be met by including the appraised value of real property improvements and business personal property as determined by the Tarrant Appraisal District's Official Tax Rolls, but the abatement may be granted only on either the real property improvements or business personal property (BPP).*

5. Guidelines for Abatement in Other Areas of the City

To be considered for tax abatement in other areas of the City, eligible facilities should be classified as a Target Industry and result in a minimum added value of One Million Dollars (\$1,000,000.00) in real property improvements and business personal property (excluding inventory and supplies). If the eligible facilities are not classified as a Target Industry the Added Taxable Value in the eligible facilities must exceed Thirty Million Dollars (\$30,000,000.00). Abatement may be granted for either the real property improvements or business personal property but not both unless negotiated under the guidelines of Section III.E.12.

Tax abatement agreements in this category, defined as an area other than the above-referenced Downtown Enterprise Zone, Great Southwest Industrial District, I-20 Corridor, or Entertainment District, may be granted as Level I, II, or III abatements.

Below is a table showing the minimum Added Taxable Value, maximum permissible percentage of taxes abated and the duration of the abatement agreement for each level of tax abatement in this category.

<b>Level</b>	<b>Added Taxable Value*</b>	<b>Job Guidelines</b>	<b>Maximum Abatement %</b>	<b>Maximum Term</b>
Level I	\$1,000,000	5-49	20% Real or BPP	5 Years
Level II	\$5,000,000	50-100	30% Real or	5 Years

			BPP	
Level III	\$10,000,000	101-250	40% Real or BPP	7 Years
Level IV	\$30,000,000	251+	Negotiable, not to exceed 90%	Up to 10 Years

*\*Added Taxable Value may be met by including the appraised value of real property improvements and business personal property as determined by the Tarrant Appraisal District's Official Tax Rolls, but the abatement may be granted only on either the real property improvements or business personal property (BPP).*

6. Business Expansion Projects for Existing Arlington Businesses  
(As defined in **Exhibit "F"**)

To be eligible for tax abatement under this Policy, a Business Expansion Project must meet the following criteria:

(i) Be located in a CDBG Eligible Area or Council adopted strategic priority area; and (ii) Have been in business continuously for at least six months prior to the submission of an Application to the City for Tax Abatement, and (iii) the Added Taxable Value in the eligible facilities must exceed \$250,000.

Abatement may be granted for either the real property improvements or business personal property but not both unless negotiated under the guidelines of Section III.E.12.

Below is a table showing the minimum Added Taxable Value, maximum permissible percentage of taxes abated and the duration of the abatement agreement for each level of tax abatement for Business Expansion Projects.

Level	Added Taxable Value*	Job Guidelines	Maximum Abatement %	Term
Level I	\$250,000	25-49	20% Real or BPP	5 Years
Level II	\$500,000	50-100	50% Real or BPP	5 Years
Level III	\$1,000,000	101-200	50% Real or BPP	7 Years
Level IV	\$5,000,000	200+	65% Real or BPP	7 Years

7. Bonus Levels

In addition to the percentage of taxes eligible for abatement stated in this Article III, an applicant may be eligible for a bonus percentage for the same duration as the abatement granted. In no event may the abatement (including bonuses) granted to an applicant exceed 90% unless the project fits within a Level designated by this Article as negotiable, in which case the maximum abatement may not exceed an average of 90% over the term of the abatement agreement.

The following chart shows the conditions to be met to qualify annually for a bonus percentage, and the maximum percentage permissible for each condition met.

<b>Bonus Category and Conditions</b>	<b>% Bonus Abatement</b>
<u>Bonus Category: Wages -</u>  The median wage of persons employed at the site of the project in the City of Arlington exceed the City's median wage	10% Real or BPP
<u>Bonus Category: Arlington and/or Certified Minority/Women-Owned Contractors, Suppliers and Service Providers</u>  Must show Arlington Contractors and/or Certified Minority/Women-Owned Contractors are utilized for a minimum of 30% of the total costs for the project's Construction, Supply and Service Expenses	10% Real or BPP
<u>Bonus Category: Target Industry</u>  Primary NAICS code of the firm must be defined as a Target Industry (see <b>Exhibit "A"</b> of this Policy)	10% Real or BPP

**Bonus Terms Defined:**

a. "Median Wage":

- (1) The Median Wage for Arlington will be determined by the Median Earnings for Workers as reported by the most recent release of the American Community

Survey available at the time the application is submitted to the City.

To qualify, an applicant's median wage must exceed the figure determined by multiplying the reported Margin of Error for Median Earnings for Workers times 1.20 and adding this figure to the reported estimate of Median Earnings for Workers. If Margin of Error is not reported, the figure that an applicant's median wage must exceed will be determined by taking the difference between the reported High Estimate and Estimate and multiplying the difference by 1.20 and adding this figure to the Estimate.

- (2) A facility attempting to qualify for additional levels of abatement under this provision will determine their median wage by considering the gross annual income of the jobs in the facility when ranked by gross annual income for the most recent full calendar year.
  - (3) Demonstrating that the value described in item (2) exceeds the value described in item (1) will satisfy qualification for additional abatement under this provision.
- b. "Arlington and/or Minority/Women-Owned Certified Contractors" means a contractor certified by a local, state or federal agency as a minority or woman-owned contractor, supplier or service provider, or certified by the applicant to be an Arlington contractor.
  - c. "Target Industry Cluster" is described in **Exhibit "A"** to this Policy, attached and made a part of this Policy for all purposes.
8. The maximum percentage of tax abatement granted in accordance with this policy statement shall not exceed 90% or if a project fits within a Level designating the percentage abatement as "negotiable," the maximum average percentage abatement over the duration of the Agreement cannot exceed 90%.
  9. A project that fits within the definition of "Reconstruction" is eligible to be considered for tax abatement without meeting the minimum Added Taxable Value requirements

established in this Article III. However, to be considered for tax abatement, the Reconstruction project must result in either a. or b. as follows, whichever is greater:

- a. Eligible Property that adds value equal to or exceeding 60% of the applicable minimum Added Taxable Value requirement as established in this Article.
  - b. Eligible Property that restores the value of the facility to an amount equal to or exceeding the value of the facility immediately prior to the Act of God as such value is established by the most recent appraisal of the facility by Tarrant Appraisal District conducted prior to the damage caused by the Act of God.
10. In cases where the Added Taxable Value guidelines are met for a particular Level but the minimum number of Jobs requirement is not met, the company may qualify for the percentage abatement authorized or the next lower Level.
  11. In cases where the Added Taxable Value requirements are met for Level 1 but the minimum number of Jobs requirement is not met, the company may qualify by demonstrating qualification for the Wages Bonus Level. In these cases, the Wages Bonus Level only qualifies a company for a Level 1 abatement, the company does not receive additional abatement for qualifying for the Wages Bonus Level.
  12. In cases where the Jobs requirement are met for a particular Level but the minimum amount of Added Taxable Value is not met, the company may qualify for the percentage abatement authorized by the next lower level, provided the company can demonstrate meeting the Added Taxable Value required for Level 1 and the wage levels specified in III E.6.a.2. In these cases, the wage criteria is an additional qualification requirement, the company does not receive additional abatement for qualifying for the Wages Bonus Level.
  13. Notwithstanding the guidelines above, the City Council may grant tax abatement if the City Council finds that the abatement is in the public interest because it will facilitate at least one of the following objectives:
    1. Increase or preserve tax base
    2. Finance or improve public infrastructure

3. Provide quality employment opportunities in the City, or upgrade the skills of existing employees so as to support their advancement to higher-paying jobs
4. Provide or help acquire or construct public facilities
5. Contribute to the redevelopment or renewal of distressed areas
6. Contribute to the diversity and quality of Arlington's business community

F. Additional Criteria: The following additional criteria will be considered in determining the maximum value of tax abatement:

1. Degree to which the project meets the objectives of the City's and Chamber's Economic Development Strategic Plan and other goals of the City's Comprehensive Plan.
2. Degree to which the project makes a substantial contribution to redevelopment efforts or special area plans by enhancing either functional or visual characteristics, e.g. historical structures and facades, traffic circulations, parking, materials and urban design.
3. Number and types of jobs to be created or retained as a result of the project.
4. Sales taxes, hotel taxes or other incomes that would be generated by the project to the benefit of local taxing authorities.
5. Offsite infrastructure investment to be made by applicant as a result of the project.
6. Degree to which the project minimizes investment by the taxing authorities in order to serve the project.

#### IV.

#### Procedural Guidelines

A. Any person, organization or corporation may request tax abatement by filing a written application with the City Manager of the City of Arlington. Consideration will be given to requests from applicants for the confidentiality of proprietary information, consistent with state law.

1. An Application for Incentives form must be completed and signed by an officer of the company with corporate signature authority. The Application must be submitted to the City of Arlington City Manager's Office prior to application for a building permit or issuance of a certificate of occupancy, whichever occurs first, for the project to which the incentive application pertains. The legal entity requesting the tax abatement must be properly formed prior to making an application.

Section V outlines the process for consideration of an abatement request. In order to have an incentive agreement considered and executed in the same year application is made, a completed application should be submitted to the City of Arlington City Manager's Office by October 15th.

2. Applicant shall prepare a descriptive list of the improvements for which abatement is requested. This list shall include the class life of the improvements based on the Internal Revenue Service Code (Section 168) Modified Accelerated Cost Recovery System.
3. Applicant shall prepare a plat or map showing the precise location of the property, location of proposed improvements, all roadways within five hundred feet (500') of the site, and all existing land uses and zoning within five hundred feet (500') of the site.
4. Applicant shall address all criteria outlined in Section III, Item E in letter format. In the case of a modernization or expansion, applicant shall also include a statement of the facility's current property value, stated separately for real property improvements and business personal property.
5. Applicant shall prepare a time schedule for undertaking and completing the planned improvements.
6. Applicant shall provide a tax certificate verifying that no taxes are past due on applicant's property located within the proposed reinvestment zone.
7. Applicant shall disclose all insurance matters dealing with a loss of existing facilities, including, but not limited to: proceeds from any insured loss, denial of any claim, or such information as required by the City. Such disclosure shall be provided by the insurer through the applicant. The City Council shall consider such information in determining

whether tax abatement is advisable to induce reconstruction of damaged property.

- B. Upon receipt of a completed application and application fee, the City Manager, or his/her designee, shall distribute copies of the application to the appropriate City departments for internal review and comments. The City Manager may request additional information as needed to determine applicant's eligibility for tax abatement according to this Policy.

#### V.

#### **Consideration of Application and Authorization of Agreement**

- A. An applicant's request may be first considered by a Council Committee designated to consider such matters. However, the City Council of the City of Arlington shall have final decision-making authority on a tax abatement request. When either the City Council or the Committee considers a tax abatement request, it shall consider the feasibility and impact of the proposed tax abatement by making an estimate of the economic effect of the abatement of taxes and the benefit to the property to be covered by the abatement and to the taxing authorities involved.

The application shall require such financial and other information as may be deemed appropriate for evaluating the financial capacity of the applicant. This analysis may include an economic feasibility study which requires data such as:

- 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
  - Historical financial statements and statements of revenues
  - Expenses, net income and cash flow for the first five years of the project which have been audited, reviewed or compiled by a certified public accountant
- B. The City Council of the City of Arlington may consider a resolution calling a public hearing to consider establishment of a reinvestment zone. Not later than the seventh day before the date of the hearing, the City Manager or his designee shall give notice of the hearing in accordance with Tex. Tax Code Ann. Sec. 312.201(d), as amended from time to time.
- C. The City Council of the City of Arlington may hold the public hearing and determine whether the project is feasible and

practical and would be of benefit to the land included in the zone and to the municipality after the expiration of an agreement.

- D. The City Council of the City of Arlington may consider adoption of an ordinance designating the area described in the legal description of the proposed project as a commercial/industrial reinvestment zone.
- E. The City Council may consider adoption of a resolution approving the execution of an agreement between the City and the applicant governing the provision of the tax abatement within the reinvestment zone.
- F. Not later than the seventh day before the date on which the City of Arlington enters into a tax abatement agreement, the City Manager or his designee shall deliver written notice to the presiding officer of the governing body of each other taxing entity in which the property to be subject to the agreement is located. The notice shall include a copy of the proposed agreement. This notice is required by Tex. Tax Code Ann. Sec. 312.2041, as amended from time to time. If the Tax Code is amended to require different notice, State law shall prevail until such time as an amendment to this sub-section F. occurs.
- G. The governing bodies of the appropriate taxing authorities may consider ratification of and participation in the tax abatement agreement between the City of Arlington and the applicant.
- H. Any tax abatement agreement will address various issues, including, but not limited to, the following:
  - 1. General description of the project;
  - 2. The percent of value to be abated each year;
  - 3. Method for calculating the value of the abatement including the base year value;
  - 4. Duration of the abatement, including commencement date and termination date;
  - 5. Legal description of the property;
  - 6. Kind, number, location and timetable of planned improvements;
  - 7. Specific terms and conditions to be met by applicant;

8. The proposed use of the facility and nature of construction; and
9. Contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment.
10. Operating or capital leases, if any.

**VI.**  
**Denial of Abatement**

- A. All eligible applications for tax abatement shall be considered on a case-by-case basis and except for the instances set forth in Paragraph VI(B) herein, the decision to approve or deny tax abatement shall be made at the discretion of the City Council in accordance with the City of Arlington Policy Statement for Tax Abatement.
- B. Provided, however, neither a reinvestment zone nor abatement agreement may be authorized if it is determined that:
  1. There would be an adverse impact on the provision of government service or tax base;
  2. The applicant has insufficient financial capacity to complete the project;
  3. Planned or potential use of the property would constitute a hazard to public safety or health; or
  4. Violation of other codes or laws exists.
- C. Nothing herein shall imply or suggest that the City of Arlington is under any obligation or duty to provide tax abatement to any eligible applicant, or that any applicant has an entitlement to tax abatement except as may be determined on a case by case basis by the City Council.

**VII.**  
**Taxability**

From the execution of the abatement agreement to the end of the agreement period, taxes shall be payable as follows:

- A. The value of ineligible property shall be fully taxable;

- B. The base year value property shall be fully taxable;
- C. The additional value of eligible property shall be taxed in the manner and for the period provided for in the abatement agreement; and
- D. The additional value of eligible property shall be fully taxable at the end of the abatement period, and in subsequent tax years.

**VIII.**  
**Recapture**

- A. Should a project granted tax abatement cease to operate; or should the terms of the agreement not be satisfied, including projected Added Taxable Value or the creation of the number of new jobs; or should the ad valorem taxes on any property owed to the City of Arlington become delinquent; then in any such event the tax abatement agreement shall be subject to cancellation or modification as provided in the tax abatement agreement, and all or a portion of the abated taxes shall be subject to recapture. The amount of abated taxes to be recaptured shall be at the sole discretion of the City Council.
- B. Each tax abatement agreement shall contain a provision indicating that the tax abatement agreement does not affect the lien for taxes against the property established by Section 32.01 of the Tax Code of the State of Texas. The tax abatement agreement shall state that the tax lien shall secure the payment of all taxes, penalties and interest ultimately imposed on the property, including any taxes abated and subject to recapture in accordance with the tax abatement agreement. A tax abatement agreement granted to a Lessee of real property must include as a party to the tax abatement agreement the owner of the real property to which the tax lien will attach.
- C. If, after receiving an incentive or a "public subsidy" as defined in Government Code § 2264.001(3), the business or a branch, division, or department of the business, is convicted of a violation of knowingly employing an undocumented worker under 8 U.S.C. § 1324a(f), the business shall repay the amount of the incentive or the public subsidy with interest, at the rate and according to the other terms provided by an agreement required under Government Code § 2264.053, not later than the 120th day after the date the City notifies the business of the violation.

**IX.**  
**Administration**

- A. Access to Facility: The agreement shall stipulate that employees and/or designated representatives of the taxing authorities will have access to the facility during the term of the agreement to inspect the facility during the term of the agreement to determine if the terms and conditions of the agreement are being met. All inspections shall be conducted in a manner as to not unreasonably interfere with the construction and/or operation of the facility; provided however, the City may conduct "spot" inspections requiring no advance notification to applicant. All inspections will be made with one or more representatives of the company or individual, and in accordance with its safety standards.
- B. Reports, Audits and Inspections: Owners of facilities and/or other eligible property for which tax abatement is granted shall annually certify to City that they are in compliance with the terms of the agreement. In addition, owners shall provide reports and records reasonably necessary to support each year of the agreement. Such reports and records shall include information supporting job creation and retention requirements, information on property purchases, and status reports on the project's progress. Upon completion of a project that, in accordance with Article III of this Policy, meets the required criteria and thereby fits within a Level described as "Negotiable," property owners shall provide City with a final report describing all property for which tax abatement is granted. This final report shall be accompanied by the opinion of an independent certified public accountant as to its accuracy and completeness. City periodically evaluate each facility receiving abatement to ensure compliance with the agreement and report possible violations of the agreement. City shall have the right to audit the books and records related to the eligible property and supporting the eligible property reports.
- C. Transfer or Assignment: A contract for tax abatement may be transferred or assigned by the original applicant to a new owner upon the approval of the City Council of the City of Arlington.

(Revised 11/4/08)