

CITY OF MCKINNEY, TEXAS TAX ABATEMENT POLICY

I. General Purpose and Objectives

The City of McKinney 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 McKinney will, on a case by case basis, give consideration to providing tax abatement as a stimulus for economic development in McKinney. It is the policy of the City of McKinney that said consideration will be provided in accordance with the procedures and criteria outlined in this document.

According to Texas law, Property Redevelopment and Tax Abatement Act, V.T.C.A., Tax Code, Chapter 312, the City of McKinney may grant a tax abatement on the increment in value added to a particular property by a specific development proposal which meets the economic goals and objectives of the City. The tax abatement shall not apply to any portion of the inventory or land value of the project. Tax abatement may be offered on improvements to real property owned by the applicant and/or on new personal property brought to the site by the applicant. Projects which are developed involving leased real or personal property shall be governed under special terms and conditions which may be set forth in the agreement governing each specific tax abatement.

Tax abatement will not be ordinarily considered for projects which would be developed without such incentives unless it can be demonstrated that higher development standards or other development and community goals will be achieved through the use of the abatement.

Nothing herein shall imply or suggest that the City of McKinney is under any obligation to provide tax abatement to any applicant. All applicants shall be considered on a case-by-case basis.

II. Criteria for Tax Abatement

Any request for tax abatement shall be reviewed by the City Manager or their designee. The City Manager or their designee is authorized to draft and submit a tax abatement proposal to the company requesting an incentive package, subject to later review and approval by the City Council.

Their proposal shall be based upon a subjective evaluation of job creation, additional taxable value created, other incentives provided by the City of McKinney and the McKinney Economic Development Corporation, length of time to recover value of all incentives provided through property taxes, and community impact. If necessary, the applicant may be requested to provide additional eligibility criteria in narrative format.

III. Value of Incentives

The subjective criteria outlined in Section II will be used by the City Manager or their designee in determining whether or not it is in the best interests of the City to recommend that tax abatement be offered to a particular applicant. Specific considerations will include the degree to which the individual project furthers the goals and objectives of the City, as well as the relative impact of the project.

Once a determination has been made that tax abatement should be offered, the value and term of the abatement will be determined on a case-by-case basis by the City Council in conjunction with the recommendation of the City Manager or their designee.

Any tax abatement granted a project shall become effective on January 1 of the year following the issuance of a Certificate of Occupancy (CO) unless otherwise specified in the tax abatement agreement.

Any person, organization, or corporation desiring that McKinney consider providing tax abatement to encourage location or expansion of operations within the city limits of McKinney shall be required to comply with the following procedural guidelines. Nothing within these guidelines shall imply or suggest that McKinney is under any obligation to provide tax abatement in any amount or value to any applicant.

Preliminary Application Steps

- A. Applicant shall complete "MEDC Application for Assistance" form.
- B. Applicant shall submit a cover letter describing the project, its expected benefits to the community, other impacts on the community, any incentives requested or approved by other city entities, and any additional information pertinent to the project.
- C. Applicant shall prepare a plat showing the precise location of the property, and all roadways within 500 feet of the site.
- D. If the property is described by metes and bounds, a complete legal description shall be provided.
- E. Applicant shall complete all forms and information detailed in items A through D above and submit them to the City Manager's Office, City of McKinney, Post Office Box 517, McKinney, Texas 75069-0517.

Application Review Steps

- F. All information in the application package detailed above will be reviewed for completeness and accuracy. Additional information may be requested as needed.
- G. The application will be distributed to the appropriate City departments for internal review and comments. Additional information may be requested as needed.

- H. Copies of the complete application package and staff comments will be provided to the City Manager or their designee for review.

Consideration of the Application

- I. The City Manager or their designee will present the application and provide their recommendation to the City Council of McKinney at a regular or called meeting(s). Additional information may be requested as needed.
- J. The recommendation of the City Council of McKinney in conjunction with the proposal of the City Manager or their designee will be forwarded, with all relevant materials, to the chief administrative officer of each taxing entity.
- K. The City Council of McKinney may consider a resolution calling for a public hearing to consider establishment of a reinvestment zone.
- L. The City Council of McKinney may hold the public hearing and determine whether the project is "feasible and practical and would be of benefit to the land to be included in the zone and to the municipality."
- M. The City Council of McKinney may consider adoption of an ordinance designating the area described in the legal description of the proposed project as a commercial/industrial reinvestment zone.
- N. The City Council of McKinney may consider adoption of a resolution approving the terms and conditions of a contract between the City and the applicant governing the provisions of the tax abatement.
- O. The governing bodies of the McKinney Independent School District, Collin County and Collin County Community College may consider ratification of and participation in the tax abatement agreement between the City of McKinney and the applicant.

