

RESOLUTION NO.

WHEREAS, companies that meet certain criteria and seek to locate within the City can apply for economic development programs at the state and local level; and

WHEREAS, the City Council and City staff evaluate economic development agreements authorized under Chapter 380 of the Texas Local Government Code ("Chapter 380 Agreements") for financial impact, linkages to the Austin economy, required outlay of City services, character and number of jobs, wages, environmental initiatives, project investment, and other related items; and

WHEREAS, nine companies have active firm-based Chapter 380 agreements with the City; and

WHEREAS, the City's Chapter 380 Agreements typically provide property tax rebates and/or financial incentives for each job created; and

WHEREAS, companies also approach the City for support in seeking state incentives through programs that include the Major Events Trust Fund or the Texas Enterprise Zone Program; and

WHEREAS, according to the Travis Central Appraisal District, 90 percent of all commercial property value within Travis County is appealed annually, and

commercial property owners are often successful in receiving value reductions through those appeals to the Appraisal Review Board or District Court; and

WHEREAS, commercial appraised values are more frequently lowered than are residential appraised values, which has the effect of shifting more of the tax burden to residential properties; and

WHEREAS, mandatory sales disclosure would assist the appraisal district in developing fair and accurate valuations for commercial property, but such disclosure would require legislative action; and

WHEREAS, businesses who benefit from City incentives should pay their fair share in supporting municipal services; and

WHEREAS, the City enters into public-private agreements which repurpose City property for taxable uses; and

WHEREAS, City staff evaluate Chapter 380 proposals using WebLOCI, economic development software that computes estimated total costs and benefits associated with a company's relocation to Austin; and

WHEREAS, WebLOCI calculations include anticipated property taxes over the life of the agreement among the expected benefits; and

WHEREAS, companies that succeed in lowering their property valuations may change the assumptions upon which the financial soundness of the City investment is initially based and thus reduce the net benefit to the City; **NOW**

THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Manager is directed to develop and present for Council consideration by August 30, 2014, recommendations for a policy requiring companies seeking to enter into multi-year Chapter 380 Agreements and public-private development agreements on City-owned property with the City to agree not to protest their property tax valuations for the period of the agreement. The policy should provide for reasonable exceptions, including appeals to resolve clerical errors. The City Manager is further directed to make recommendations related to how such a policy might apply to proposals for City support for state incentive programs.

ADOPTED: _____, 2014 **ATTEST:** _____

Jannette S. Goodall
City Clerk