



## Recommendation for Action

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**File #:** 20-3486, **Agenda Item #:** 50.

2/4/2021

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### **Posting Language**

Set a public hearing to consider an ordinance amending Ordinance No. 20191114-068 to recognize other local incentives and economic development tools available to qualifying enterprise zone projects. (Suggested date: February 18, 2021, at Austin City Hall, 301 W. Second Street, Austin, TX.)

### **Lead Department**

Economic Development Department.

### **Fiscal Note**

There is no fiscal impact.

### **Prior Council Action:**

October 18, 2007 - Council approved Ordinance No. 20071018-008 electing to participate in the Texas Enterprise Zone Program.

November 4, 2010 - Council approved Ordinance No. 20101104-046 amending its program identifying additional local incentives for the Texas Enterprise Zone Program.

November 14, 2019 - Council approved Ordinance No. 20191114-068 amending its program identifying additional local incentives for the Texas Enterprise Zone Program.

### **For More Information:**

Sylvia Holt-Rabb, Acting Director, Economic Development Department 512-974-3131, Dusty McCormick, Economic Development Liaison, 512-974-6390

### **Additional Backup Information:**

This action is to conduct a public hearing to consider an update to the City's Enterprise Zone Program established in Ordinance No. 20071018-008. The original ordinance was adopted by City Council on October 18, 2007 in order to submit future enterprise zone project applications to the Texas Enterprise Zone Program. The ordinance was updated on November 4, 2010, and again on November 14, 2019, to amend the program by identifying additional local incentives for the Texas Enterprise Zone Program. Per Texas Government Code, Section 2303.405(d)(4)(B), "road repair" is a factor to be considered in evaluating the local effort of a public entity. However, this factor was inadvertently omitted from the Ordinance. This proposed amendment adds this local incentive and economic development tool, to fully maximize the local incentives recognized in state law.

By approving this ordinance with the additional incentive, the State will allot additional points under the "Local Participation" section for future enterprise zone project applications, thus best positioning the City of Austin to successfully compete at the state level. The Texas Enterprise Zone Program is an economic development tool for local communities to partner with the State of Texas to promote job creation and capital investment with emphasis on distressed areas through incentives. Communities may nominate a qualified business as an Enterprise Project. Designated projects are eligible to apply for a state sales and use tax refund on qualified expenditures. The level and amount of the refund is related to the capital investment and jobs created or

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retained at the site. When designated as an Enterprise Zone Project, companies would be eligible for a refund of state sales and use tax based on the employment criteria and the amount of the capital spent at the qualified business site. The Texas Legislature currently authorizes 105 state designations each biennium. The City is eligible to receive up to nine (9) Enterprise Projects designations based on availability and competitiveness of the project every two (2) years.