

**CITY OF HUTCHINS  
GUIDELINES AND CRITERIA  
FOR  
THE ECONOMIC DEVELOPMENT INCENTIVES PROGRAM**

**Section 1  
PURPOSE**

- (a) The City of Hutchins is committed to the promotion and retention of high quality development within the City of Hutchins and to better the quality of life for its citizens. These objectives can often be attained by the enhancement and expansion of the local economy. To meet these objectives, the City of Hutchins will, on a case-by-case basis, consider providing tax abatements or other economic development incentives to aid in the stimulation of economic development in Hutchins. The City of Hutchins will give said consideration in accordance with this Guidelines and Criteria document. Nothing herein shall imply or suggest that the City of Hutchins is under any obligation to provide tax abatements or incentives to any applicant. All applicants shall be considered on a case-by-case basis.
- (b) Participation in an abatement or incentive agreement does not remove any obligation to satisfy all codes and ordinances issued by the City or any affected taxing jurisdiction that may be in effect and applicable at the time this project is implemented.

**Section 2  
DEFINITIONS**

- (a) **“Abatement”** means the full or partial exemption from ad valorem taxes of certain eligible property in a Reinvestment Zone designated for economic development purposes.  
  
    **“Agreement”** means a contractual agreement between a property owner and/or lessee and an eligible jurisdiction for the purposes of tax abatement and/or economic development incentives.”
- (b) **“Base Year Value”** means the appraised value of the unimproved property as certified by the Appraisal District as of January 1 of the year in which the tax abatement agreement is executed.”
- (c) **“City”** means the City of Hutchins, Texas.
- (d) **“Economic Life”** means the number of years a property improvement or tangible personal property is expected to be in service.”
- (e) **“Eligible Jurisdiction”** means the City of Hutchins, the Dallas Independent School District, Dallas County, or other special taxing districts that levy ad valorem taxes upon and provide services to property located within a proposed or existing reinvestment zone.

- (f) “**Expansion**” means the addition or enlargement of buildings, structures, fixed machinery, or equipment for purposes of increasing production capacity.
- (g) “**Facility**” means property improvements completed or in the process of construction which together comprise an integral whole.
- (h) “**Improvement**” means a building or structure or expansion or modernization of a building or structure.
- (i) “**Manufacturing Facility**” means buildings and structures including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or material or the processing of such goods or materials by physical or chemical change, including the assembly of goods and materials from multiple sources in order to create a finished or semi-finished product.
- (j) “**Modernization**” means the replacement and upgrading of existing facilities which increases the productivity input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration, or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing, or repairing except as may be integral to or in direct connection with an existing expansion.
- (k) “**New Facility**” means a property previously undeveloped that is placed into service by means other than or in conjunction with expansion or modernization.
- (l) “**Other Basic Industry**” means buildings or structures including fixed machinery and equipment not elsewhere describe. Futhermore, “**other basic industries**” are any industries, businesses or developments that the City Council deems appropriate and that are used for the production of products or services which result in the creation of new permanent jobs and create new wealth in the City.
- (m) “**Project**” means any property improvement including expansions, modernization, and new facilities; but excluding any deferred maintenance.
- (n) “**Regional Distribution Center Facility**” means buildings and structures, including machinery and equipment, used primarily to receive, store, service, or distribute goods or materials owned by the facility operator where a majority of the revenues generated by activity at the facility are derived from outside Dallas County.
- (o) “**Regional Entertainment/Tourism Facility**” means buildings and structures, including machinery and equipment, used or to be used to provide entertainment and/or tourism related services, from which a majority of revenues generated by activity at the facility are derived from outside Hutchins.
- (p) “**Retail Facility**” means buildings and structures including fixed machinery and equipment, used or to be used to provide retail sales and services.

- (q) **“Regional Service Facility”** means buildings and structures, including machinery and equipment, used or to be used to provide services from which a majority of revenues generated by activity at the facility are derived from outside of Hutchins.
- (r) **“Reinvestment Zone”** means any area of the City that has been designated a reinvestment zone for tax abatement purposes and which is located within the taxing jurisdiction of the City. It is the intent of the City to designate reinvestment zones on a case-by-case basis in order to maximize the potential incentives for eligible enterprises to locate or expand in the City.
- (s) **“Research Facility”** means buildings and structures including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- (t) **“Tangible Personal Property”** means personal property owned or leased by the applicant, excluding supplies and inventory which is added to the land after the execution of a tax abatement agreement.”

### **SECTION 3 ABATEMENT AUTHORIZED**

- (a) **Authorized Facility.** A facility may be eligible for abatement if it is a:
- Retail Facility,
  - Manufacturing Facility,
  - Research Facility,
  - Regional Distribution Center Facility,
  - Regional Service Facility,
  - Regional Entertainment/Tourism Facility, or
  - Other Basic Industry.
- (b) **Authorized Date.** A facility shall be eligible for tax abatement if it has applied for such abatement prior to the commencement of construction, provided that such facility meets the criteria granting tax abatement in reinvestment zones created in the City of Hutchins pursuant to the guidelines and criteria adopted by the City Council.
- (c) **Creation of New Value.** Abatement may only be granted for the additional value of eligible property improvements made subsequent to and listed in an abatement agreement between the City of Hutchins and the property owner and/or lessee, subject to such limitations as the City Council may require.
- (d) **New and Existing Facilities.** Abatement may be granted to new facilities and improvements to existing facilities for purposes of modernization and expansion.

- (e) **Eligible Property.** Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements plus that office space and related fixed improvements necessary to the operation and administration of the facility.
- (f) **Ineligible Property.** The following classes of property shall be fully taxable and ineligible for abatement: land, inventories, supplies, furnishings or other forms of moveable personal property, vehicles, deferred maintenance investments, residential property, property that is associated with any activity that is illegal under federal, state, or local law, property owned or used by the State of Texas or its political subdivisions, or property owned by an organization which is owned, operated or directed by a political subdivision of the State of Texas.
- (g) **Leased Facilities.** If an authorized facility eligible for tax abatement is leased, the agreement shall be executed with both the lessor and the lessee.
- (h) **Value and Term of Abatement.** Abatement shall be granted commencing with January 1 of the calendar year immediately following the issuance of a certificate of occupancy unless otherwise provided in the Agreement. The amount of value or percentage of value and the term of abatement on new eligible property shall be determined as follows:
- (1) The value of the abatement shall not exceed 700 percent of investment by the business in eligible property described in Section 3(e), above, or such other value as permitted by law. The City Manager, or their designated representative, shall work with the applicant, prior to the execution of an abatement agreement, to determine the exact schedule for the abatement.
  - (2) Under no circumstances shall the value of abatement exceed 100 percent of the value of eligible property in a single year, and the duration of an abatement agreement shall not exceed 10 years or one-half (1/2) the economic life of the property, whichever is less.
- (i) **Economic Qualification.** In order to be eligible to receive tax abatement the applicant must meet the following qualifications:
- (1) For a new facility (with the exception of a retail or regional entertainment/tourism facility), be reasonably expected to invest not less than two million dollars (\$2,000,000) in the facility (including both eligible and ineligible property) within three years from the commencement of construction and be expected to create employment for not less than 10 persons associated with the production of goods and services at the authorized facility on a full-time permanent basis in the City of Hutchins.
  - (2) For an expanded or modernized facility, be reasonably expected to invest not less than three hundred fifty thousand dollars (\$350,000) in the facility (including both eligible and ineligible property) within three years from the commencement of construction and be expected to create or retain employment for not less than 10 persons associated with the production of goods and services at the authorized facility on a full-time permanent basis in the City of Hutchins.

- (3) For retail and regional entertainment/tourism facilities, be reasonably expected to invest not less than seven hundred fifty dollars (\$750,000) in the facility (including both eligible and ineligible property) within three years from the commencement of construction and be expected to create employment for not less than 5 persons associated with the production of goods and services at the authorized facility on a full-time permanent basis in the City of Hutchins.
  - (4) Two or more part-time, permanent employees totaling an average of not less than 40 hours per week may be considered as one full-time, permanent employee.
  - (5) Companies seeking to qualify for tax abatement on the basis of job retention shall document that without the creation of a reinvestment zone and/or tax abatement, the company will either reduce or cease operation.
  - (6) Not be expected to solely and primarily have the effect of transferring employment from one part of the City of Hutchins to another.
- (j) **Taxability.** From the execution of the abatement agreement to the end of the agreement period, taxes shall be payable as follows:
- (1) The value of ineligible property as provided in Section 3(f), above, shall be fully taxable,
  - (2) The base year value of existing eligible property as determined each year shall be fully taxable, and
  - (3) The additional value of new eligible property shall be taxable in the manner described in Section 3(h), above.
- (k) **Conflict of Interest:** Property that is in a reinvestment zone and that is owned or leased by a member of the City Council of the City of Hutchins or the Planning and Zoning Commission of the City of Hutchins shall be ineligible for property tax abatement pursuant to Section 312.204(d) of the Texas Tax Code. Members of the Hutchins Economic Development Corporation Board of Directors are also ineligible for property tax abatements under this policy.

#### **Section 4 APPLICATION**

- (a) Any present or potential property owner of taxable property in Hutchins may request the creation of a reinvestment zone and tax abatement by filing a written request with the City Manager or his/her designated representative.
- (b) The application shall consist of a completed application form accompanied by the following:

- (1) A general written description of the proposed use and the general nature and extent of the modernization, expansion, or new improvements to be undertaken,
  - (2) A descriptive list of the improvements that will be part of the facility,
  - (3) A map and property description,
  - (4) A time schedule for undertaking and completing the planned improvements,
  - (5) Such financial and other information as deemed appropriate by the City Manager for purposes of evaluating the application.
  - (6) The name, address and phone number of the owner of the real property, the contemplated improvements, any tangible personal property to be added and any lessee, if applicable, and the type of legal entity if other than an individual.”
- (c) Upon receipt of a completed application, the City Manager shall notify, in writing, the presiding officer of the governing body of each affected jurisdiction. Before acting upon the application, the City Council shall, through public hearing, afford the applicant and the general public opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on a City Council Agenda to be posted in accordance with the Texas Property Redevelopment and Tax Abatement Act and the Texas Open Meetings Act.
- (d) After receipt of an application for creation of a reinvestment zone and application for tax abatement, the Hutchins Economic Development Corporation and the City of Hutchins, shall prepare a feasibility study setting out the impact of the proposed reinvestment zone and tax abatement. The feasibility study shall include, but not be limited to, an estimate of the economic effect of the creation of the zone and the abatement of taxes and the cost/benefit to the City and other affected jurisdictions. The Hutchins Economic Development Corporation will then make a formal recommendation to the City of Hutchins City Council.
- (e) A request for a reinvestment zone for the purpose of tax abatement shall not be granted if the City Council finds that the request for abatement was filed after the commencement of construction, alteration, or installation of improvements related to a proposed expansion, modernization, or new facility authorized as eligible under these guidelines.
- (f) Variance. Request for variance from provisions of these guidelines may be made in written form to the City Administrator, or his/her designated representative. Such request shall include a complete description of the circumstances explaining why the applicant should be granted a variance. The approval of a request for a variance to any of the Guidelines and Criteria set forth herein shall require a majority vote of the City Council and shall be reflected in the tax abatement approved thereby.

**Section 5**  
**PUBLIC HEARING**

- (a) Should any affected jurisdiction be able to show cause in the public hearing why the grant of abatement will have a substantial adverse affect on its bonds, tax revenue, service capacity, or the provision of services, that showing shall be reason for the City to deny any designation of the reinvestment zone, the grant of abatement, or both.
- (b) Neither a reinvestment zone nor an abatement agreement shall be authorized if it is determined that:
  - (1) There would be a substantial adverse effect on the provision of government services or tax base,
  - (2) The applicant has insufficient financial capacity,
  - (3) Planned or potential use of the property would constitute a hazard to public safety, health or morals, or
  - (4) Planned or potential use of the property violates other codes or laws.

**Section 6  
AGREEMENT**

- (a) After approval, the City shall formally pass a resolution and execute an agreement with the owner of the facility and/or lessee, which shall include the following:
  - (1) Estimated value to be abated and the base year value,
  - (2) Percent of value to be abated each year as provided for in Section 3(h), above,
  - (3) The commencement and termination dates of the abatement,
  - (4) The proposed use of the facility, nature of the construction, time schedule for construction and commencement of operations, map, property description, and improvements as listed in the application under Section 4(b), above.
  - (5) Contractual obligations in the event of default, violation of terms and conditions, delinquent taxes, recapture, administration and assignment as provided for in Section 3(a), 3(g), 3(h), 7, 8, and 9 or other provisions that may be required for uniformity or by state law, and
  - (6) Amount of investment in, and average number of jobs associated with, the facility during the abatement period.
- (b) Such agreement shall normally be executed within 60 days after the applicant has forwarded all necessary information and documentation for evaluation of the application to the City.

**Section 7  
RECAPTURE**

- (a) Should the City determine that the company or individual is in default according to the terms and conditions of the abatement agreement, the City shall notify the company or individual, in writing, at the address stated in the agreement, and if such non-compliance is not resolved within sixty (60) days from the date of such notice, then the agreement shall be terminated.
- (b) In the event that the company or individual:
  - (1) Allows its ad valorem taxes owed the City or other affected jurisdiction to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, or
  - (2) Violates any of the terms and conditions of the abatement agreement and fails to resolve such violations within sixty (60) days from the date of written notice of such violations.

the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination.

**Section 8  
ADMINISTRATION**

- (a) The Chief Appraiser of the appraisal district in which the eligible property is located shall, determine the appraised value of the real and tangible personal property located in the reinvestment zone. Each year, the company or individual receiving the tax abatement shall furnish the City and the Chief Appraiser with such information as may be necessary to determine the eligibility and continuation of abatement including the number of new and/or retained employees associated with the facility.”
- (b) The agreement shall stipulate that employees and/or designated representatives of the City will have access to the reinvestment zone during the term of the abatement agreement to inspect the facility to determine if the company or individual is in compliance with the terms and conditions of the abatement agreement. All inspections will be made only after notification of not less than twenty four (24) hours and will only be conducted in such a manner as not to unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual present and in accordance with the company’s safety standards.
- (c) Upon completion of construction, the City shall annually evaluate each facility receiving abatement to ensure compliance with the agreement and report possible violations to the City Council and City Attorney.



- (d) All proprietary information required by the City for purposes of monitoring compliance by a company with the terms and conditions of an abatement agreement shall be considered confidential as allowed by law.

**Section 9  
ASSIGNMENT**

- (a) Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of the City Council subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement with the City of Hutchins.
- (b) The expiration date of the new contractual agreement shall not exceed the termination date of the abatement agreement with the original owner and/or lessee.
- (c) No assignment or transfer shall be approved if the parties to the existing agreement, or the new owner or new lessee are liable to the City of Hutchins or any affected taxing jurisdiction for outstanding taxes or other obligations.

**Section 10  
OTHER ECONOMIC DEVELOPMENT INCENTIVES**

- (a) **Economic Development Incentives.** The City by resolution may enter into an economic development incentive agreement as permitted by Chapter 380.001 of the Texas Local Government Code. An incentive may include but is not limited to:
  - (1) **Loans and Grants.** The City may provide subsidized loans or grants upon approval of the City Council.
  - (2) **Provide Personnel.** The City may provide personnel and services of the municipality upon approval of the City Council.
  - (3) **Waiver of Fees.** Permit application, utility tap, impact fees and similar fees may be waived upon approval of the City Council.
  - (4) **Infrastructure.** Extension, construction or reconstruction of infrastructure necessary for the development of a targeted enterprise may be made upon approval of the City Council.
- (b) Any agreement will include, but not be limited to, the following specific items:
  - (1) All appropriate stipulations included in the application, as outlined by the document, for an economic development incentive agreement,

- (2) The amount and type of incentive,
- (3) A method for determining the qualifications of meeting the criteria and applicant's promise to meet and maintain these qualifications over the term of the agreement. This may require the submission of an annual report to the City Manager demonstrating that the terms and conditions required to receive an incentive have been met, and the City will be allowed, upon written request and reasonable notice, to inspect and audit such records of the applicant as are necessary to substantiate that the applicant is meeting the criteria agreed upon during the term of the incentive,
- (4) A provision for recapturing City expenditures and/or cost of labor associated with the agreement, in the event the company or individual is found to be in default according to the terms and conditions of the incentive agreement.
- (5) All proprietary information required by the City for purposes of monitoring compliance by a company with the terms and conditions of an incentive agreement shall be considered confidential.

**Section 11**  
**SEVERABILITY AND LIMITATION**

In the event that any section, clause, sentence, paragraph, or any part of these Guidelines and Criteria shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid such invalidity shall not affect, impair, or invalidate the remainder of these Guidelines and Criteria.