

Chapter 26 – Economic Development

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Chapter 26 - ECONOMIC DEVELOPMENT¹

ARTICLE I. - IN GENERAL

Secs. 26-1—26-30. - Reserved.

ARTICLE II. - FOREIGN TRADE ZONES²

Sec. 26-31. - Introduction.

One of the factors that the U.S. Foreign Trade Zone Board takes into consideration when deciding whether to establish a foreign trade zone (FTZ) is the degree to which the proposed zone is supported by local taxing entities. Since local government support is thus taken into consideration, the county may be asked on occasion to endorse the creation of an FTZ in the Dallas area. So that the county can consistently review all such requests for FTZ endorsement, the policy set out in this article has been developed. It shall govern the submission and review of all FTZ endorsement requests received by the county commissioners court and the county hospital district.

(Ord. No. 94-1178, § I, 7-26-1994)

Sec. 26-32. - General requirements.

Dallas County, on behalf of it and/or the Hospital District, will consider supporting a request to establish an FTZ or to revise the boundary of an existing zone/subzone only when the following conditions are first met:

- (1) The request is made in writing;
- (2) The businesses that will be located within the zone certify that they are equal opportunity employers;
- (3) The proposed zone does not involve the relocation of an existing business from one county city to another unless the move has the formal approval of the original host city;
- (4) The proposed zone/boundary revision is formally supported by both the city and school district in which it is located; and
- (5) The proposed zone/boundary revision will, within three years, contain at least \$1 million of assessed personal property and employ 35 people on a full-time, permanent basis.

Meeting these requirements does not place the county or the hospital district under any obligation to support a FTZ proposal; it only qualifies the proposal for further consideration.

(Ord. No. 2011-2054, 11-29-2011; Ord. No. 94-1178, § II, 7-26-1994)

¹ **State Law reference**— Development Corporations Act, Vernon's Ann. Civ. St. art. 5190.6; economic development tax, Vernon's Ann. Civ. St. art. 5190.6; economic development block grant program, V.T.C.A., [Government Code § 481.191](#) et seq.

² **Federal law reference**— Foreign trade zones, 19 USC 81a et seq. **State Law reference**— Foreign trade zones, Vernon's Ann. Civ. St. art. 1446.01 et seq.; appraisal of property, V.T.C.A., [Tax Code § 25.07](#); leasehold other interest in exempt property listed, foreign trade zones, V.T.C.A., [Tax Code § 25.07\(b\)\(3\)\(c\)](#).

Sec. 26-33. – General considerations.

In determining whether to support a proposed FTZ or a boundary revision to an existing zone, the County will consider a number of related factors. Such factors shall include, but not be limited to, the degree that the zone surpasses this policy's employment and/or business personal property requirements, the short-term and long-term impact of the zone on the County's tax base, the location of the zone, its impact on the surrounding area and the local economy, the existence of any environmental or displacement issues, the background, performance, and stability of the involved firm(s) and their market/industry, current economic conditions, the likelihood of the zone being successful, the need for the zone, the type and quality of the jobs that are being created and/or retained, the ability of the zone to provide meaningful employment to the chronically unemployed, and the degree that the zone utilizes or is served by alternative forms of transportation.

(Ord. No. 2011-2054, 11-29-2011)

Sec. 26-34. - Application requirements.

- (a) Requests for FTZ endorsement must be submitted in writing to the county's director of planning and development, 411 Elm Street, Dallas, Texas 75202. These requests must also be accompanied with the following information which will be used to evaluate the requests:
- (1) Name of FTZ applicant;
 - (2) Name, telephone number and address of contact person;
 - (3) Map showing location of zone/proposed boundary modification;
 - (4) Name of businesses that will be located within the zone;
 - (5) Description of business activity that will occur within the zone;
 - (6) Description of financial and relocation histories of businesses that will be located within the zone;
 - (7) Explanation of why zone/boundary modification is needed;
 - (8) Explanation of why public will benefit from zone/boundary modification;
 - (9) Estimated start date for zone/boundary modification and any new investment/construction;
 - (10) Description of types/numbers/salary level of jobs to be created and/or retained;
 - (11) Estimated or actual assessed valuations for zone's real property and total personal property. Discussion of whether these totals will increase as a result of the zone;
 - (12) Estimated amount (in dollars) of personal property assessment to be exempt from taxation;
 - (13) Identification of any environmental or displacement issues; discussion of how these issues will be satisfactorily resolved;
 - (14) Evidence of formal support from host city and school district.
- (b) Besides the information outlined above, additional information may be requested by the County at a later date.
- (c) So as to help facilitate the review of any FTZ endorsement requests, applicants are encouraged to contact the county's director of planning and development at (214) 653-7601.

(Ord. No. 2011-2054, 11-29-2011; Ord. No. 94-1178, § III, 7-26-1994)

Secs. 26-34—26-50. - Reserved.

ARTICLE III. - CHAPTER 381 POLICY

Sec. 26-51. - Introduction.

The county commissioners court is authorized under V.T.C.A., Local Government Code ch. 381 to develop and administer a program of economic development activities, including tax abatements, loans, and grants, in order to stimulate business and commercial activity. To help ensure that requests for chapter 381 assistance will be consistently reviewed in the same manner and that assistance is provided for only the most appropriate projects, the following policy has been adopted. It shall govern the consideration of all requests for non-tax abatement chapter 381 assistance that the county receives.

(Ord. No. 2004-169, § I, 1-27-2004)

Sec. 26-52. - Chapter 381 objectives.

Chapter 381 assistance shall only be provided if it will generate meaningful investment or fill a key void within a distressed area; substantially increase the level, type, and rate of development within a non-distressed area; produce a project with regional economic implications; facilitate alternative forms of transportation; or create affordable/moderately-priced single-family housing.

(Ord. No. 2004-169, § II, 1-27-2004)

Sec. 26-53. - Eligibility requirements.

- (a) The county will only consider providing chapter 381 assistance when one or more of the aforementioned chapter 381 objectives and all of the following applicable conditions are first met:
- (1) The requested assistance is in the form of a repayable loan;
 - (2) The assistance will be used to undertake an activity that is located within a tax increment finance (TIF) district, that is allowable under both the state TIF statute and the county's TIF policy, and that is consistent with the TIF district's final project/finance plan;
 - (3) The assistance will be funded from previously-provided county increment that the host city is willing to release for this purpose and shall be no greater than 25 percent of the total amount provided by the host city, the county, and any other local taxing entity;
 - (4) At least 20 percent of any housing directly constructed with assistance provided under this policy shall be affordable (as defined by HUD) to low/moderate income people;
 - (5) The project does not involve the relocation of an existing firm or facility from one Dallas County municipality to another Dallas County municipality unless this move has the formal approval of the original host city; and
 - (6) The firm that would receive the chapter 381 assistance certifies that it is an equal opportunity employer and demonstrates that it provides its full-time permanent employees with health insurance.
- (b) Requests for chapter 381 assistance covered by this policy will not be considered if, prior to the submission of an application, the project is already substantially underway or completed. A project will be considered to be substantially underway if more than 90 days has passed since the project received formal approval from the host city for other forms of assistance, if a building permit has been issued for construction not associated with mitigating an environmental hazard, if the project's site has been cleared and prepared for development, if construction (including renovations or tenant finish-out) has begun, if site specific infrastructure has begun to be installed, or if equipment, inventory, or employees have been relocated to the new site. However, the execution of a lease, the mitigation of environmental problems, the purchase of land, the completion of an environmental assessment, or the preparation of architectural and engineering plans does not constitute a project being substantially underway nor

does the prior preparation of an historic building for demolition (if the building is to now be preserved) or the stabilization of an historic building.

- (c) Requests for chapter 381 assistance will not be considered for property that will be used in whole or in part for a sexually-oriented business, including but not limited to condoning, legitimizing, or promoting obscene materials, nude or topless modeling or dancing, adult motel operations, escort services, sexual encounter centers, sex phone centers, or any other sexually-oriented business activity or for an establishment that derives more than 25 percent of its revenue from the sale of alcoholic beverages and/or tobacco products.
- (d) Requests for assistance will also not be considered if the assistance will be utilized by a firm in which the county is currently involved in litigation or a pending claim or in which the county has experienced unsatisfactory contractual performance (including previous abatements or chapter 381 awards) within the past 36 months.
- (e) A request for chapter 381 assistance will be considered by the county only after it meets the aforementioned provisions of this policy. However, meeting these provisions only qualifies the request for consideration; it does not obligate the county to actually provide chapter 381 assistance.

(Ord. No. 2004-169, § III, 1-27-2004)

Sec. 26-54. - Definitions and general conditions.

- (a) For the purposes of this policy, an area will be defined as "distressed" if it meets three of the four following criteria:
 - (1) The assessed valuation of the city in which the TIF district is located grew at a rate during the last five years that is less than the rate at which the county grew;
 - (2) No more than 60 percent of the land in the TIF district is vacant/undeveloped;
 - (3) The percentage of housing contained in the TIF district's census tract that was built before 1960 is greater than the county average; and/or
 - (4) The TIF district is located in an area that is defined as being distressed under the county's tax abatement policy.
- (b) A chapter 381 project will be considered to possess regional economic implications if it will create a major sports/cultural/recreational venue, generate at least 1,000 new full-time permanent manufacturing or technology-related jobs within three years of funding approval, or create at least 250 new full-time permanent jobs within three years of funding approval if the project is located in a census tract with a median family income that is no greater than 150 percent of the poverty level for a family of four.
- (c) Loans authorized under this policy must be originated and serviced by the host city who, in so doing, will have the primary responsibility of preparing the loan documents and other needed instruments. These loans must also be adequately secured and have terms no greater than 20 years.

(Ord. No. 2004-169, § IV, 1-27-2004)

Sec. 26-55. - Application and evaluation process.

- (a) The county will consider providing chapter 381 assistance on a case-by case basis. A written application shall be submitted for each request to the county's director of planning and development (Dallas County Commissioners Court, 411 Street, Dallas, Texas 75202). Each application shall be accompanied by all of the information outlined below which will be used to evaluate the request:
 - (1) A description of the project that will be undertaken with the requested assistance, including its location, its estimated cost, the schedule for undertaking the project, the amount of investment that will occur, and the amount of funding that the applicant will provide;

- (2) A description of the type of chapter 381 assistance that is needed, including proposed interest rate, maturity schedule, and repayment terms and an explanation of why this assistance is needed;
 - (3) A description of the project's impact on the local economy and the county's property tax base and, if applicable, a description of the number/types of new permanent jobs to be created and the projected payroll and/or the number/types of housing units to be created and the projected sales/rental prices for each type of housing. An explanation of how the project addresses this policy's chapter 381 objectives should also be included in this description;
 - (4) A copy of a map which clearly illustrates the location of the proposed project and the boundaries of the TIF district in which it is located;
 - (5) An explanation of how the use of previously-provided tax increment for this assistance will affect the TIF district;
 - (6) The amount of acreage that the project will utilize and the current total of assessed valuation of this property;
 - (7) A description of the developer's/firm's background, its record at undertaking similar projects, the background of its major principals, its relocation/expansion history over the past 15 years, its financial condition (including whether it has ever declared bankruptcy and copies of audited balance sheets and annual income statements for each of the most recent two years), and its source of financing for this project;
 - (8) An explanation, if applicable, of how the project will revitalize economically distressed areas and/or provide employment for the chronically unemployed;
 - (9) The identification of any environmental problems and a discussion of how they will be resolved;
 - (10) A discussion of whether any existing businesses or residents will be displaced and how the adverse impact of this displacement will be alleviated;
 - (11) The status of financial assistance requests with other public entities;
 - (12) To the extent they are available at the time of the application, draft copies of the legal documents that will be needed to implement the assistance that is requested;
 - (13) A copy of firm's current EEO-1 report which shows the composition of the firm's workforce by occupation, gender, race, and ethnicity and material that confirms that firm provides medical insurance to full-time permanent employees;
 - (14) The name, address, and telephone number of a contact person; and
 - (15) Any other information that may be requested.
- (b) The county commissioners court will be responsible for determining whether the county provides chapter 381 assistance. In determining the level, if any, at which the county will provide chapter 381 assistance, the commissioners court will consider a number of factors. These factors shall include, but not be limited to, the proposed terms for the assistance, the location of the project, the nature and the level of investment that is projected to occur, the increase in the local property tax base that is expected to occur, the background and qualifications of the entity that will be receiving the assistance, the likelihood that the assistance will be repaid, the feasibility and the appropriateness of the proposed project, the impact it will have on transportation and on the cost of providing county/hospital district services, the amount of new sales tax and hotel tax revenue that will be generated by the district, the extent to which the city contributes these new revenues to similar activities within the same area, the availability of other financing mechanisms, and the likelihood of other development occurring within the area.

(Ord. No. 2004-169, § V, 1-27-2004)

Sec. 26-56–26-60. Reserved

ARTICLE IV. - TAX INCREMENT FINANCE POLICY³

Sec. 26-61. – Introduction

Texas counties are authorized under [Chapter 311 of the Tax Code](#) to create and/or to participate in tax increment finance (TIF) districts. To help ensure that all TIF district creation/participation requests are consistently reviewed and that only the most effective and appropriate districts are selected for creation/participation, the following policy has been adopted. It shall govern the consideration of all TIF district requests received by Dallas County. It does not apply to the Dallas County Hospital District, which generally does not participate in TIF districts, nor does it apply to other local entities such as the Dallas County Community College District and the Dallas County School Board over which the County has no jurisdiction.

(Ord. No. 2011-1264, 8-2-11)

Sec. 26-62. – Tax Increment Finance Objectives

Tax increment finance shall only be used if it will generate meaningful investment within a distressed area; substantially increase the level, type, and rate of development within a non-distressed area; produce a project with regional economic implications; or create affordable/moderately-priced single-family housing.

(Ord. No. 2011-1264, 8-2-11)

Sec. 26-63. – Definitions

Distressed Area: The area within a TIF district is considered to be “distressed” if it meets three of the four following criteria:

- The assessed valuation of the city in which the district is located grew at a rate during the last five years that is less than the rate at which the County grew;
- No more than 60% of the land in the district (excluding public parks) is vacant/undeveloped;
- The percentage of housing contained in the district’s census tract(s) that was built before 1960 is greater than the County average; and/or
- The district is located in an area that is defined as being distressed under the County’s tax abatement policy.

Regional economic implications: A TIF district is considered to possess regional economic implications if it will create a major sports/cultural/recreational venue, generate at least 1000 new full-time permanent manufacturing or technology-related jobs within three years of the adoption of the TIF district’s final project/finance plan, or create at least 250 new full-time permanent jobs within three years of the adoption of the TIF district’s final project/finance plan if the district is located in a census tract with a median family income that is no greater than 150% of the poverty level for a family of four.

(Ord. No. 2011-1264, 8-2-11)

³ **State Law Reference** – Tax Increment Financing Act, [Tax Code Chapter 311](#).

Editor’s Notices – The Tax Increment Finance policy was moved from Chapter 62 to this Chapter via Court Order No. 2017-XXXX.

Sec.26-64. – General Requirements

Dallas County will consider creating and/or participating in a TIF district only when one of the aforementioned TIF objectives and all of the following applicable conditions are first met:

1. The district meets the eligibility criteria contained in [Chapter 311.005 \(a\) \(1\) and \(2\) of the Tax Code.](#)
2. The district will generate an increase in the County's property tax base of at least \$15 million within three years of the approval of the district's final project/finance plan.
3. Present value analysis indicates that the additional tax revenue benefits that the district will generate for the County will at least equal, within a reasonable period of time, the cost of the incremental revenues that the County would forego.
4. All proposed TIF districts and/or any TIF participation Court Orders or agreements between the County and the relevant city shall have sufficient safeguards in place in the event that the proposed development does not take place. Such safeguards shall include, but not be limited to, automatic TIF district/County participation termination provisions, requiring the developer to initially fund the public improvements/tying the repayment of these improvements to generated increment, requiring some acceptable form of financial security from the developer, or scheduling public improvements after the private development has begun.
5. Residential projects using direct site-specific TIF assistance must either have at least twenty percent of the produced housing be affordable (as defined by HUD) to low/moderate income people or propose an alternative affordable housing option that is satisfactory to the County. Such alternative options may include, but not be limited to, providing funding for an affordable housing fund or providing affordable housing elsewhere within the district or within the immediate area. Determining what is a satisfactory affordable housing alternative is solely at the County's discretion.

In the event that a city wishes to proceed with a residential TIF project that is unable to appropriately satisfy this requirement, it may do so. However, it cannot utilize any County-provided increment for this purpose.

6. The district does not involve the relocation of an existing firm or facility from one Dallas County municipality to another Dallas County municipality unless this move has the formal approval of the original host city.
7. If a firm/developer requests the creation of a TIF district, it certifies that it is an Equal Opportunity Employer.

A proposed TIF district will be considered by Dallas County only after it meets the aforementioned provisions of this policy. However, meeting these provisions only qualifies the TIF proposal for consideration; it does not obligate the County to create and/or participate in the TIF district.

(Ord. No. 2011-1264, 8-2-11)

Sec. 26-65. – County TIF District Approval/Participation

The Dallas County Commissioners Court will be responsible for determining whether Dallas County creates and/or participates in any given TIF district.

For TIF districts that meet the general requirements of this policy, the County may provide as much as 35% of its annual increment. This level of participation will be known as the "base" level of participation.

This "base" level of participation may be increased by "blocks" of as much as an additional 10% for each of the following significant features that a TIF district possesses:

1. The district is located within a distressed area;
2. The district will generate, within a twenty-year period, an increase in the property tax base that is at least eight times the total cost (including debt service) of the district's proposed public improvements.
3. The district is exclusively dedicated to producing single-family housing, and it creates at least 450 homes, of which at least 35% of the housing is affordable to households earning no more than 80% of the area's median income for a family of three and of which at least 70% of the housing costs no more than 85% of the Dallas area maximum FHA single-family loan limit;
4. The district will facilitate the use of alternative forms of transportation either by containing a trolley line, a commuter/light rail station or a bus transit center, by providing funding for the operation of a trolley line, or the design/construction of a trolley/commuter/light rail line, a rail station/bus transit center, or a trail that is contained in the County's trail plan or that will connect to a trail within the County's trail plan;
5. The district possesses regional economic implications; and/or
6. Participation by the County at the requested level will shorten the period of time needed to finance the proposed public improvements by at least two years.

The maximum level at which the County/Hospital District will financially participate in any TIF district, regardless of how many of the aforementioned significant features a district may possess, is 75%.

In addition to the limitations previously outlined within this policy, tax increment provided by the County cannot be used for public art, public improvements that a city, or other governmental entity, or private company was already obligated to provide before a TIF district was formally contemplated, the construction of golf courses, an equity interest in any development, or the purchase of existing public improvements. Accordingly, in calculating the amount of increment that the County may provide, this figure shall be reduced by the County's pro-rata share of projected cost of any improvement or activity that is not consistent with this policy.

The maximum length of time that the County will financially participate in a TIF district is twenty years. However, once a TIF district with County participation becomes operational, the County may extend its participation and financially participate in a district for a total period of up to twenty-five years if the TIF district is located in a distressed area, if the TIF district has significantly under-performed because of changes in the economy and has no reasonable chance of achieving its original financial projects before the County's current participation expires, and if there are pending projects that will increase the district's assessed valuation by at least \$100 million over the next five years and that would not otherwise occur without an extension.

In determining whether to create a TIF district and/or the level and the duration of any County financial participation in a TIF district, the Commissioners Court will consider such factors as the TIF district area's present condition, the increase in the local property tax base that is expected to occur with or without the district, the impact that County participation will have on the financing of public improvements, the factors (if applicable) associated with having the County considering creating the district rather than the local city, the impact that the TIF district will have on transportation and on the cost of providing County services, the amount of new sales tax and hotel tax revenue that will be generated by the district, the extent to which the city contributes these new revenues to the district, the extent to which the city and the other taxing jurisdictions participate in the district, the location and the boundaries of the proposed district, the nature and the level of investment that is projected to occur, the existence of any ready developers and pending projects, the availability of other financing mechanisms, the likelihood of other development occurring within the area, the appropriateness of the proposed public improvements and financing plan, and the feasibility of the proposed development.

(Ord. No. 2011-1264, 8-2-11)

Sec. 26-66 – Application Process

Dallas County will consider creating and/or participating in a TIF project on a case-by-case basis when the request is made in writing to the County's Director of Planning & Development (411 Elm Street, 3rd floor, Dallas, Texas, 75202) and when the request is accompanied by all of the information outlined below which will be used to evaluate the TIF request:

1. An explanation of why the TIF district and tax increment financing is needed.
2. An explanation, if applicable, of why the County is being asked to create the TF district and not the city.
3. The estimated life of the TIF district and a description of the proposed private sector development, its investment level, and its implementation schedule.
4. The submission of either a detailed financial forecast of what growth will occur in the proposed district if the district is not created/does not become operational or the assessed valuations of the proposed district for each of the past five years.
5. A description of what public improvements will be undertaken, how they will be funded, and how these improvements relate to the area's barriers to growth.
6. A description of the level and duration of tax increment financing that is being requested from each taxing entity.
7. A detailed description of anticipated annual TIF district revenues, costs, increments, and debt service requirements.
8. An explanation of the district's financial and economic growth assumptions.
9. A description of the district's impact on the local economy and the County's property tax base and, if applicable, a description of the number/types of new permanent jobs to be created and the projected payroll and/or the number/types of housing units to be created and the projected sales/rental prices for each type of housing.
10. The results of present value analysis which show in what year the additional tax revenue benefits to the County will equal or exceed the incremental revenues that the County will forego.
11. A copy of a map which clearly illustrates the location and the boundaries of the TIF district.
12. The amount of acreage and the current total of assessed valuation contained within the district.
13. A copy of any existing marketing/feasibility study.
14. A description of the developer's/firm's background, its record at undertaking similar projects, the background of its major principals, its relocation/expansion history over the past fifteen years, its financial condition over the past five years, and its source of financing for this project.
15. An explanation, if applicable, of how the district will revitalize economically distressed areas and/or provide employment for the chronically unemployed.
16. A discussion of how the district avoids, addresses, and/or alleviates displacement and environmental concerns.
17. The name, mailing address, email address, and telephone number of a contact person.
18. Any other information that may be requested.

(Ord. No. 2011-1264, 8-2-11)

Sec. 26-67–26-70. Reserved

ARTICLE V. - TAX ABATEMENT POLICY⁴

Sec. 26-71. - Introduction.

⁴ **Editor's note**— Ord. No. 2015-0054, §§ I—X, adopted Jan. 13, 2015, deleted provisions formerly set out as art. IV of this chapter in their entirety and enacted new provisions which have been included herein as a new art. IV at the editor's discretion. Former art. IV, §§ 62-211—62-219, pertained to similar subject

Counties in Texas are authorized under V.T.C.A., [Local Government Code ch. 381](#) and V.T.C.A., [Tax Code § 11.24](#) and [ch. 312](#) to provide tax abatements for historic preservation, housing, and economic development projects. To help ensure that all tax abatement requests are consistently reviewed and that only the most effective and appropriate projects are undertaken, the following policy has been developed. It shall govern the consideration of all tax abatement requests received by the county commissioners court. It shall not apply to requests for abatements from other entities like the Dallas County Community College District and the Dallas County School Board over which the commissioners court has no jurisdiction nor shall it apply to the Dallas County Hospital District which does not provide tax abatement assistance.

(Ord. No. 2015-0054, § I, 1-13-2015)

Sec. 26-72. - Definitions.

[The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:]

Affordable housing. Housing is deemed to be affordable if its monthly cost does not exceed 30 percent of the monthly income of a household earning 80 percent of the Dallas area's median income.

Applicant. The firm, party, entity, or organization that would be receiving the tax abatement if granted.

Dallas CBD. The area bounded by Woodall Rodgers Freeway, I-30, I-35, and I-45.

Dallas County city. The portion of any city located within Dallas County.

Distribution center project. An economic development project involving the operation of a warehouse used for the temporary storage of goods that will subsequently be shipped/redistributed to retailers, wholesalers, or consumers.

Economic development project. One of five general tax abatement project categories under this policy. Projects falling within this category generate new jobs, increase the local property tax base, involve the modernization/addition of equipment, and/or the expansion, construction, or leasing of business facilities.

Economically significant project. An economic development project that either creates at least 1,000 new full-time permanent jobs or increases the county's tax base by at least 100 million dollars through the addition of new equipment, the expansion of inventory, the construction of a new facility, and/or the renovation/expansion of an existing facility.

Established area. A census tract whose median owner-occupied home value is in excess of the county median value.

Facility expansion/modernization project. An economic development project involving the modernization/addition of equipment/inventory and/or the physical expansion or modernization of an existing facility or the construction of a new/additional building within the same city where the firm's major Dallas County facility is located.

Fortune 1000 corporate HQ project. An economic development project involving the relocation of a Fortune 1000 firm's corporate headquarters. Said project must involve the location of the principle office of the firm's chief executive officer, the office must be designated as the firm's corporate headquarters in the firm's news releases, corporate reports, letterhead, website, etc., and the average salary of all of the jobs associated with the project must be at least \$100,000.00.

matter and derived from Ord. No. 2003-919, §§ I—IX, adopted May 27, 2003, and Ord. No. 2004-2195, §§ I—IX, adopted Dec. 7, 2004.

State Law reference— Tax abatement for historic sites, V.T.C.A., [Tax Code § 11.24](#); Tax Abatement Act, V.T.C.A., [Tax Code § 312.01](#) et seq.

Editor's Notes – The Tax Abatement Policy was moved from Chapter 62 to this chapter via Court Order No. 2017-XXXX.

Higher education facilities project. One of five general tax abatement project categories under this policy. Projects falling within this category involve the construction/renovation/expansion of facilities that primarily consist of classrooms, distance learning centers, libraries, and/or laboratories that are exclusively used by accredited universities and colleges.

Historic preservation project. One of five general tax abatement project categories under this policy. Projects falling within this category involve the utilization of a structure that is either listed in the National Register of Historic Places, is eligible for such listing, or is located within a district that is listed in the National Register.

Housing project. One of five general tax abatement project categories under this policy. Projects falling within this category must be located within either a priority area, a strategic area, or the Dallas CBD and involve the construction, development, or rehabilitation of housing or the conversion of an existing structure into housing.

Inland Port Area. The area south of Ledbetter, east of I-35, and west of the Trinity River to the county-line with Ellis County.

New construction/relocation project. An economic development project involving the construction of a new facility or the utilization of an existing building (including its inventory and equipment) for a new business or an existing firm that is relocating from outside of Dallas County; the construction of another facility or the utilization of an existing building (including its inventory and equipment) for an existing business if the construction/building utilization will occur in a city other than where its major county facility is located; or the construction of another facility or the utilization of an existing building (including its inventory and equipment) for an existing business if the new facility/utilization of an existing building, while it will occur in the city where the firm's major county facility is located, will replace an existing facility in another Dallas County city.

Payroll. Payroll includes all forms of compensation, such as salaries, wages, reported tips, commissions, bonuses, vacation allowances, sick-leave pay, employee contributions to qualified pension plans, and the value of fringe benefits before deductions for Social Security, income tax, insurance, union dues, etc. are made. For corporations, it also includes amounts paid to officers and executives; for unincorporated businesses, it does not include profit or other compensation of proprietors and partners.

Priority area. A census tract whose median owner-occupied home value is 75 percent or less than the county median.

Retail shopping area redevelopment. One of five general tax abatement project categories under this policy. Projects falling within this category involve the conversion, replacement, or substantial improvement of those existing retail shopping areas that are largely characterized by the presence of such items as obsolete physical lay-outs, high vacancies, declining property values, low economic-value tenants, and/or dated signage/storefronts.

Strategic area. Either the Dallas CBD or a census tract whose median owner-occupied home value is greater than 75 percent of the county median, but does not exceed the county median.

Strategic investment project. An economic development project involving the new construction of a hotel, home improvement center, movie theater, or grocery store in a either a strategic or priority area.

Tax abatement. A form of tax incentive that is authorized under either V.T.C.A., Local Government Code ch. 381, V.T.C.A., Tax Code § 11.24 or ch. 312 and that reduces, in part, applicable ad valorem taxes so that a particular type of economic activity can be undertaken. For purposes of this policy, this term is also interchangeable with such terms as "tax reduction," "tax deferral," and "tax rebate."

(Ord. No. 2015-0054, § II, 1-13-2015)

Sec. 26-73. - General requirements/considerations.

- (a) All requests for tax abatement must meet the terms and criteria contained within this policy if they are to be eligible for consideration. In no situation does meeting the terms and criteria of this policy obligate the county to provide any abatement to an applicant.
- (b) All applicants seeking tax abatement must, at the time of the application and before their requests can be reviewed, demonstrate that they regularly provide some type of medical coverage/health insurance for all full-time permanent non-contract employees, certify that they are equal opportunity employers, and certify that they do not and will not knowingly employ an undocumented worker and that if they are convicted of such a violation, shall repay any abatement (with interest) that the county may have provided.
- (c) In determining whether to provide an abatement for a project and, if so, at what level, the county will consider a number of related factors. Such factors shall include, but not be limited to, the degree to which the project surpasses the county's investment requirements, the short-term/long-term impact of the project on the county's tax base, the location of the proposed project, its impact on its surrounding area, the type and durability of the proposed investment, the existence of any environmental problems, the background and past performance of the applicant, the potential for the project to be successfully implemented, the need for the requested abatement, the degree to which the project utilizes or is served by alternative forms of transportation, the project's impact on the provision of county services, and current economic conditions. In addition, to the extent that they are applicable, other factors that will be considered shall include the project's ability to provide meaningful employment to the chronically unemployed, the type and quality of any jobs that will be produced, the number of affordable housing units that will be produced, the number and type of jobs that will be retained, the type of higher education facilities that will be produced, and the number of students that will utilize the proposed facilities.
- (d) The maximum term for an abatement that can be provided under this policy is ten years. However, in the event a subsequent project will utilize a site that already has a real property abatement, then the existing real property abatement may be extended to provide a total abatement of up to 15 years if the subsequent project will be conducted by a party not affiliated with the existing abatement's recipient and the subsequent project constitutes either an economically significant project or a priority area project that meets the job generation and tax base increase requirements of an established area project.
- (e) Abatements can only be authorized by formal action of a majority of the commissioners court in open session after the required abatement application information has been submitted to the county. Because the availability of abatement assistance can facilitate the selection of a specific site when numerous sites are under consideration, a court member in whose district a project is considering locating to and the county judge may, in some limited instances, jointly issue a non-binding letter (or instruct staff to issue such a letter on their behalf) in which they propose terms for a particular abatement. Such letters may only be issued when a site outside of the county is also under consideration, when the project and the proposed terms are consistent with this policy, when the magnitude of the project warrants such action, and when requested by the potential applicant or its representative. Such letters shall clearly note that they are non-binding and that the proposed abatement can only be authorized by formal action of the commissioners court.
- (f) Abatements will only be awarded when the city in which the project is located has formally approved the provision of either a generally comparable abatement or another form of economic development assistance of comparable value and when the applicant and the county have entered into a formal tax abatement agreement. This agreement shall contain specific provisions that tie the abatement to actual increases in the tax base, housing production, and/or job creation for housing and economic development projects and to actual increases in the tax base and preservation/ maintenance for historic preservation projects. Any year that the agreed-upon tax base increases, renovation, housing production, payroll, job generation amounts, etc. are not reached, then the abatement will be discontinued unless otherwise revised to reflect both the performance that actually took place and a corresponding reduction in the percentage abated.

- (g) Requests for abatements will not be considered if, prior to the submission of an application, the project is already substantially underway or completed. A project will be considered to be substantially underway if actions such as, but not limited to, the following have occurred:
 - (1) Demolition, site preparation, or the installation of infrastructure has begun;
 - (2) A building permit has been issued for construction not associated with mitigating an environmental hazard;
 - (3) Construction (including renovations or tenant finish-out) has begun;
 - (4) Equipment, inventory, or employees have been relocated to the new site; or
 - (5) The initial contact with the county about the project was more than 90 days after the host city had executed an abatement agreement for the project.
- (h) However, having had demolition and/or site preparation occur for a project that solely utilizes property that has been tax-exempt for at least the past 50 years and that is now taxable because of the proposed tax abatement project does not constitute the project being substantially underway. Also, the execution of a lease, the mitigation of environmental problems, the purchase of land, the completion of an environmental assessment, or the preparation of architectural and engineering plans does not constitute a project being substantially underway nor does the prior preparation of an historic building for demolition (if the building is to now be preserved with an abatement) or the stabilization of an historic building.
- (i) For tax abatement projects with multiple phases, once the initial abatement has been approved, additional abatement requests associated with any successive phase shall be evaluated under the terms of the tax abatement policy that was in effect at the time the project's initial request was approved, provided these successive requests are submitted within 12 months of the initial phase's approval.
- (j) Requests for an abatement will not be considered for an establishment that derives more than 25 percent of its revenue from the on-site sale of alcoholic beverages and/or tobacco products. Requests will also not be considered for property that will be used in whole or in part for a sexually-oriented business, including, but not limited to, condoning, legitimizing, or promoting obscene materials, nude or topless modeling or dancing, adult motel operations, escort services, sexual encounter centers, sex phone centers, or any other sexually-oriented business activity. Similarly, property receiving an existing abatement for another use cannot convert this property for use as a sexually-oriented business or an establishment that would derive more than 25 percent of its revenue from the on-site sale of alcohol and tobacco and still retain this abatement.
- (k) Requests for an abatement will also not be considered if the abatement will be utilized by a firm in which the county is currently involved in litigation or a pending claim or in which the county has experienced unsatisfactory contractual performance (including previous abatements) within the past 36 months.

(Ord. No. 2015-0054, § III, 1-13-2015)

Sec. 26-74. - Economic development requirements.

- (a) For purposes of the county's tax abatement policy, there are five types of economic development projects (economically significant, Fortune 1000 corporate HQ, strategic investment, facility expansion/modernization, and new construction/relocation) that can occur in three types of areas (priority, strategic, and established).
- (b) To be eligible for an abatement, facility expansion/modernization and new construction/relocation projects must, within three years of the date in which the abatement is approved, increase the county's property tax base and either increase the number of full-time permanent jobs within the county or increase the firm's local payroll by the amounts listed below.

MINIMUM GENERATION REQUIREMENTS

Project Type	For Priority Area			For Strategic Area			For Established Area		
	Jobs	Payroll	Tax Base	Jobs	Payroll	Tax Base	Jobs	Payroll	Tax Base
New construction/relocation	100	\$6 million	\$8 million	200	\$12 million	\$16 million	600	\$36 million	\$48 million
Facility expansion/modernization	50	\$3 million	\$4 million	100	\$6 million	\$8 million	400	\$24 million	\$32 million

- (c) To be eligible for an abatement, economically significant projects must, within three years of the date in which the abatement is approved for any first phase, either create 1,000 new full-time permanent jobs or increase the county's tax base by 100 million dollars.
- (d) To be eligible for an abatement, strategic investment projects must be located within either a priority area or a strategic area and must, within three years of the date in which the abatement is approved for any first phase, meet the following requirements.

Project Type	Tax Base Increase	Jobs Created	Other Requirements
Hotel	\$5 million	25	contain 150 rooms
Home improvement center	\$10 million	130	create 100,000-square-foot store
Grocery store	\$4 million	100	create 50,000-square-foot store
Movie theater	\$5 million	20	n/a

- (e) To be eligible for an abatement, Fortune 1000 corporate HQ projects must, within three years of the date in which the abatement is approved, employ at least 100 full-time high-paying jobs and increase the county's tax base by at least 2.5 million dollars.
- (f) In meeting the tax base increase requirements described above, no Freeport-eligible property that a project may possess can be utilized. Also, the county may, at its discretion, consider the retention of existing jobs to satisfy some portion of the job generation requirements listed above if the average salary/wage of the jobs that are to be retained are equal to at least 80 percent of the average salary/wage for the county, if there is tangible evidence of the possibility that these existing jobs may relocate to a new site outside of the county, and if the project, depending upon its location, retains the following number of jobs and possesses the following existing amounts of taxable property.

JOB RETENTION REQUIREMENTS

	Priority Area	Strategic Area	Established Area

Number of jobs to be retained	100	200	400
Required amount of existing taxable property	\$5 million	\$10 million	\$20 million

- (g) Whether the county chooses to allow job retention to satisfy all or a portion of the standard job generation requirement will be dependent upon a number of factors, including the location of the project, the condition of the local economy, the type of jobs and industry involved, and the extent to which the project exceeds the job retention, average salary, tax base increase, and existing taxable property requirements.
- (h) Economic development projects cannot involve an outside firm seeking or being offered a tax abatement from more than one Dallas County city unless that firm is also considering locating its operations outside of the county or a present county firm primarily relocating its operations from one Dallas County city to another unless this move has the formal approval of the current host city. Abatements also cannot be provided for the construction of a distribution center/warehouse unless 70 percent of the facility's space is pre-leased or will be used by the builder/owner for use in its business operations.
- (i) The maximum abatement that will be provided to a new construction/relocation project, a strategic investment project, or a facility expansion/modernization project that is located in a priority area or to an economically significant project is 90 percent of the increase in assessed valuation that occurs. The maximum abatement that will be provided to a new construction/relocation project, a strategic investment project, or a facility expansion/modernization project that is located in an established area is 50 percent or 75 percent of the increase in assessed valuation that occurs if the project is located in a strategic area. The maximum abatement that will be provided to a distribution center project in the inland port area or to a Fortune 1000 corporate HQ project is 75 percent. Also, the amount of an abatement provided during a specific year may exceed the limits for established and strategic area projects as long as the average percent abated over the life of the abatement does not exceed these limits.

(Ord. No. 2015-0054, § IV, 1-13-2015)

Sec. 26-75. - Housing requirements.

- (a) Under this policy, the county will consider providing tax abatements for housing projects located within a priority area, a strategic area, or the Dallas CBD. To be eligible for an abatement, a housing project located within a priority area must produce 30 units of housing and increase the county's property tax base within three years of the date in which an abatement is approved for any first phase and within three years of the effective date for any subsequent phase by 1.5 million dollars. For a project located within the Dallas CBD or a strategic area, a project must produce 100 units of housing and increase the county's property tax base within three years by five million dollars.
- (b) For projects involving the new construction of housing in a strategic area, at least ten percent of the housing that is produced must be affordable.
- (c) The maximum abatement that will be provided to a housing project in a priority area is 90 percent of the increase in assessed valuation that occurs. For a project located within the Dallas CBD or a strategic area, the maximum abatement that will be provided is 75 percent.

(Ord. No. 2015-0054, § V, 1-13-2015)

Sec. 26-76. - Retail shopping area redevelopment requirements.

- (a) To be eligible for a retail shopping area redevelopment abatement, a project must involve the redevelopment of at least five acres of contiguous property that currently consists of a group of stores and other commercial establishments built around a shared parking area. If a project involves either substantially improving or replacing an existing retail shopping area with a new retail shopping development, then the project must increase the county's tax base by at least 2.5 million dollars within three years of the date that any abatement is approved.
- (b) If a project involves the demolition and replacement of an existing retail shopping area with a residential development, then the project must produce 30 new units of housing and increase the county's tax base by at least 1.5 million dollars within three years of the date that any abatement is approved.
- (c) The maximum abatement that will be provided to a retail shopping area redevelopment project is 75 percent of the increase in assessed valuation that occurs if the project is located in either a strategic or established area or 90 percent of any increase if the project is located in a priority area.

(Ord. No. 2015-0054, § VI, 1-13-2015)

Sec. 26-77. - Historic preservation requirements.

- (a) To be eligible for an historic preservation tax abatement, the project must utilize a structure that is either listed in the National Register of Historic Places, is eligible for such listing, or is located within a district that is listed in the National Register, and the project must increase the county's tax base by at least two million dollars within three years of the date that any abatement is approved for any first phase and within three years of the effective date for any subsequent phase. Also, the renovation/restoration work must be appropriate and consistent with the structure's historical significance, as should the building's general maintenance.
- (b) All historic preservation projects will initially be eligible for a maximum abatement of up to 50 percent of any increase in assessed valuation. Additional "bonus" abatements may be awarded if the project develops housing, if it is located in a priority area, if it utilizes a structure with extraordinary historical significance, if the structure is in serious danger of being demolished (i.e., there are no likely alternative uses, the building has been vacant for some time, etc.), and/or if the project will generate significant economic activity (i.e., the amount of investment to be undertaken greatly exceeds the county's requirements, it will assist tourism, increase retail sales, etc.). The maximum abatement that can be received for an historic preservation project is 90 percent of the increase in assessed real property valuation that occurs.

(Ord. No. 2015-0054, § VII, 1-13-2015)

Sec. 62-218. - Higher education facilities.

Dallas County will consider providing a tax abatement for the construction/renovation/expansion of higher education facilities that will be exclusively used by an accredited college or university if the assessed valuation of the new improvements is at least 2.5 million dollars within three years of the date in which an abatement is approved for any first phase and within three years of the effective date for any subsequent phase. The maximum abatement that will be provided for a higher education facility is 100 percent of the increase in assessed real property that occurs.

(Ord. No. 2015-0054, § VIII 1-13-2015)

Sec. 26-79. - Application process.

- (a) Requests for tax abatement from the county commissioners court must be made in writing and submitted to the county's director of planning and development, 411 Elm Street, Dallas, Texas 75202. These requests must also be accompanied with the following information:

Required Application Information	Economic Development Projects	Housing Projects	Retail Redevelopment Projects	Historic Preservation Projects	Higher Education Facilities
Description of requested abatement for each year (amount and duration)	X	X	X	X	X
Current assessed valuation of property/firm	X	X	X	X	X
Projected annual assessed valuation of applicable proposed improvements/ business personal property over life of abatement (PLEASE NOTE THAT THESE FIGURES WILL BE USED AS THE QUALIFYING BENCHMARKS IN ANY ABATEMENT AGREEMENT)	X	X	X	X	X
Description of proposed project (including, where applicable, the amount/type of investment involved, increase in local payroll, number/types of jobs created/retained, how much of projected tax base increase is attributable to Freeport-eligible inventory, number of housing units to be produced, average rent/sales price, type of renovations/improvements to be made, square footage of retail space that will be demolished/replaced/improved, type of educational facilities to be constructed, number of students involved, etc.)	X	X	X	X	X
Detailed schedule for implementing project (including, where applicable, when property will be acquired, when financing will be obtained, when demolition/construction/renovation will begin/be completed, when new equipment will be installed, when facility will be fully operational, when new positions are filled, when jobs will be relocated, etc.)	X	X	X	X	X

Financial pro forma showing impact of abatement on operating expenses		X		X	
Explanation of why abatement is needed	X	X	X	X	X
Map/location of proposed project	X	X	X	X	X
Date retail area was constructed			X		
Current occupancy rate for retail area			X		
Description of how project is served by such alternative forms of transportation as light rail, bus, car pool programs, HOV lanes, hike/bike trails, etc. or is immediately located within the community it will serve/from which its employees will reside	X	X	X	X	X
Description of applicant's business history (including location of firm's other Dallas County projects/facilities)	X	X	X	X	X
Description of firm's relocation history over the past 15 years	X	X	X	X	X
Identification of any displacement or environmental issues/problems and discussion of how these issues/problems will be addressed	X	X	X	X	X
Status of tax abatement/economic development assistance requests with other jurisdictions	X	X	X	X	X
Preliminary architectural sketches			X	X	
Explanation, if applicable, of how project will revitalize priority areas or employ the chronically unemployed	X	X	X	X	X
Current use of building/average occupancy rate over past 12 months				X	

Description/documentation of building's historic significance				X	
Documentation/description of medical coverage/health insurance provided to all full-time, permanent non-contract employees	X	X	X	X	X
Statement that firm does not and will not knowingly employ an undocumented worker and that if convicted of doing so, it shall repay any abatement (with interest)that may have been provided	X	X	X	X	X
Copy of most recent EEO-1 or equivalent work force composition report	X	X	X	X	X
Name, telephone number, email address, and mailing address of contact person	X	X	X	X	X

- (b) Besides the information outlined above, additional information may be requested by the county at a later date.
- (c) So as to help facilitate the consideration of any tax abatement request, potential applicants are strongly encouraged to contact the county's director of planning and development at (214) 653-7601 as early in the project formulation process as possible.

(Ord. No. 2015-0054, § IX, 1-13-2015)

Sec. 26-80. - Review and approval.

The county commissioners court will review all eligible tax abatement requests submitted to the county and determine to what degree the county will provide such assistance.

(Ord. No. 2015-0054, § X, 1-13-2015)

Secs. 26-81—26-100. - Reserved.

ARTICLE VI. - FREEPORT GOODS⁵

Sec. 26-101. - Tax exempted for business personal property.

⁵ **State Law reference**— Freeport goods exemptions, V.T.C.A., [Tax Code § 11.251](#).

Editor's Notices – The Freeport Goods policy was moved from Chapter 62 to this chapter via Court Order No. 2017-XXXX.

The county commissioners court authorizes the granting of the freeport tax exemption for business personal property, effective January 1, 1997, for the county and the county hospital district, authorized in Texas Constitution, art. VIII, § 1-j.

Secs. 26-102—26-110. - Reserved.