

## Policy Questions

Should the County's participation in future Tax Abatements and TIRZ's be determined or tied to agreements approved by prior Commissioners Courts?

Discussion: The County previously approved abatements and TIRZ's that exceeded 50% participation and did not include the calculation of city's sales tax revenue. The proposed policies set hard caps on participation and eligibility requirements. Some cities believe that changing the standards from past agreements will put the new TIRZ or abatement at an unfair advantage.

Should the County participate in Tax Abatements and TIRZ at the same percentage as cities?

Discussion: In the past, the County matched the City's percentage participation in refunding real property taxes to the TIRZ. In a TIRZ with retail, the City directly collects 1% in sales tax on transactions within zone. With the exception of Plano and Richardson, the city's economic development (EDC) and community development (CDC) corporations collect another 1% in sales taxes. Plano and Richardson contribute 1% of sales tax to DART. In the proposed TIRZ policy, the projected lifetime refund by a city to the TIRZ will be divided by the total property tax and sales tax collected by a city, CDC, and EDC to determine the participation percentage. One argument that has been made by cities to exclude sales tax in the calculation is that cities provide a greater level of service to the district than the County. The answer could be that the level of required services for an area is balanced by the amount of taxes assessed by the County in the district (.2425) compared to the higher property tax rate and sales tax collected by the participating city.

Should there be a minimum limit on the County's participation in a Tax Abatement?

Discussion: The current Tax Abatement Policy sets minimum value requirements of \$15 million in combined business and real property tax for cities of greater than 50,000 and \$1 million for the smaller cities. The policy was adopted to focus County participation in only "impact" projects. The belief was that the small cities would see a large impact by the addition of projects under \$15 million than large cities. As a reminder, the County's 50% participation in a \$1 million dollar abatement is equal to \$1,212.50.

Should the County's participation in a TIRZ or Tax Abatement result in a net tax gain to the County?

Discussion: There are various purposes to create a TIRZ including economic development and quality of life. The proposed TIRZ policy is focused on economic development by requiring that the County's participation in a TIRZ will result in a net gain in revenue. The same financial benefit review is made of abatement proposals. If the project is expected to create a financial benefit to the County, the proposed policies require the submission of business plan materials to the County to verify the proposed benefits.

If the County chooses to participate in a TIRZ, should the County determine or approve the projects funded by the TIRZ?

Discussion: The current TIRZ agreements require a general statement as to the use of the TIRZ proceeds. State law requires the TIRZ proceeds be used for a public purpose and those can include parks, sidewalks, parking garages, initial landscaping, etc. The majority of the current TIRZ agreements have either a specified list of TIRZ projects or a policy statement (such as infrastructure improvements) included in the agreement. If specific projects are included in the initial TIRZ agreement, the TIRZ Board must come back to the taxing entities to amend the project list. The TIRZ board, with the exception of one County appointee, is appointed by the City and can have up to 9-15 appointees including representation of the property owners in the TIRZ district.