

December 14, 2022

WHEREAS, the City of Dallas (“City”) recognizes the importance of its continued role in local economic development; and

WHEREAS, the City Council finds that the City is (i) acting in its governmental capacity and its performance hereunder is pursuant to authority granted by the State of Texas or for the benefit of the sovereign; (ii) entering into this agreement to primarily benefit the public at large; or (iii) performing functions closely related or essential to the performance of governmental activities; and

WHEREAS, City Council adopted the new Economic Development Policy 2022-2032 (“Policy”) on May 26, 2021 by Resolution No. 21-0927 and the City now proposes a revised Policy (attached hereto as **Exhibit A**) to clarify action items for City staff, align the action items with ongoing plans, programs, policies, and other initiatives at the City, designate lead City departments to implement the action items, and consolidate and prioritize such action items; and

WHEREAS, an overarching goal of the Policy is to foster continued economic growth through an equitable lens to increase inclusive prosperity in the City by providing tools to allow the City to incentivize worthy projects and support development throughout the City, primarily focused on southern Dallas and other underinvested areas; and

WHEREAS, in furtherance of the new Policy goals, the City proposes the new Economic Development Incentive Policy (“Incentive Policy”), attached hereto as **Exhibit B**, which will: (1) supersede the City’s Public/Private Partnership Program – Guidelines and Criteria approved by City Council on June 8, 2022 by Resolution No. 22-0901; (2) supersede the City’s Tax Increment Financing (TIF) Policy approved by City Council on February 23, 2005 by Resolution No. 05-0745, as amended; (3) supersede the City’s Public Improvement District (PID) Policy approved by City Council on December 14, 2005 by Resolution No. 05-3539, as amended (4) create the City’s new Community Development Program, (5) create the City’s new Predevelopment Assistance Program, (5) create the City’s new Infrastructure Investment Fund; (6) include provision of the City’s New Markets Tax Credits, HUD Section 108, and Property Assessed Clean Energy (PACE) programs; and (7) incorporate into the Incentive Policy the proposed City of Dallas Neighborhood Empowerment Zone No. 21 (“Zone”); and

WHEREAS, investment decisions made by business owners, developers, and property owners are often significantly influenced by a municipality’s ability to provide economic development incentives; and

WHEREAS, the City finds that the designation of the Zone will promote an increase in economic development in the Zone by promoting job creation and additional business activity for the purposes of implementing the Incentive Policy in conformance with Section 378.002 of the Texas Local Government Code; and

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WHEREAS, the City finds that the designation of the Zone benefits the public and is for the public purpose of increasing the public health, safety, and welfare of the persons in the City; and

WHEREAS, the City finds that the designation of the Zone satisfies the requirements of the Property Redevelopment and Tax Abatement Act Section 312.202 in that the designation of the Zone to facilitate the tax abatement program is reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract major investment in the Zone that would be a benefit to the property and that would contribute to the economic development of the City; and

WHEREAS, the Zone will align with the state-designated Enterprise Zones depicted for illustrative purposes on the Target Area map (attached as **Exhibit C**); and

WHEREAS, Texas Local Government Code, Chapter 378 empowers municipalities to enter into agreements abating municipal property taxes on property in the Zone subject to the duration limits of the Property Redevelopment and Tax Abatement Act, Section 312.204; and

WHEREAS, the Property Redevelopment and Tax Abatement Act codified as Texas Tax Code, Chapter 312, as amended, requires any taxing jurisdiction wishing to enter into tax abatement agreements to establish guidelines and criteria governing tax abatement agreements, which the City is now establishing by and through the Incentive Policy for the period January 1, 2023 through December 31, 2024; and

WHEREAS, the City Council finds that it is in the best interest of the City to adopt these new guidelines and criteria within the Incentive Policy to make use of available economic development incentives for the promotion of new businesses, the retention and expansion of existing businesses, enhancement of the tax base, and the creation and retention of job opportunities for Dallas citizens; and

WHEREAS, the Incentive Policy shall not be construed as implying or suggesting that the City is under obligation to provide tax abatement or other incentive to any applicant, and all applicants shall be considered in accordance with the guidelines and criteria within the Incentive Policy; and

WHEREAS, that in accordance with the Incentive Policy, the City Council desires to create the Infrastructure Investment Fund and, annually over a period of ten (10) years, transfer from the General Fund into the Infrastructure Investment Fund an amount equal to the amount of increment contributed by the City in the last year of an expired or terminated TIF district, with an option to extend, by resolution upon the OED Director's recommendation, said transfers for an additional five (5) year period subject to availability of the funds and appropriations of each expired or terminated TIF district. The specific amount of each transfer shall be determined in the future as TIF districts expire or terminate ; and

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WHEREAS, on October 12, 2022, in accordance with the requirements of the Texas Tax Code, Section 312.002, City Council approved Resolution No. 22-1560, authorizing a public hearing to provide a reasonable opportunity for any interested person to speak for or against the adoption of the Incentive Policy and said public hearing shall be held no earlier than 9:00 a.m. on December 14, 2022 in the City Council Chamber, Dallas City Hall, 6th Floor, 1500 Marilla Street, Dallas, Texas 75201 at which time any interested person may appear and speak for or against the adoption of the Incentive Policy, effective January 1, 2023 through January 1, 2025; and

WHEREAS, on November 9, 2022, City Council held a public hearing to provide a reasonable opportunity for any interested person to speak for or against the adoption of the new Community Development Program (pursuant to Texas Local Government Code, Chapter 373) effective January 1, 2023 to January 1, 2025; and

WHEREAS, to support small businesses in Dallas, the City transfers administrative responsibility of City of Dallas Neighborhood Empowerment Zone Nos. 9 and 10, created in 2019 by Resolution Nos. 19-0723 and 19-0948, respectively, from the Office of Economic Development to the Small Business Center, including the related funding.

Now, Therefore,

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

SECTION 1. That Resolution Nos. 05-0745, as amended, 05-3539, as amended, and 22-0901 are repealed.

SECTION 2. That the City Council hereby adopts the Economic Development Policy, attached hereto as **Exhibit A** in its entirety .

SECTION 3. That the City Council hereby adopts the Economic Development Incentive Policy attached hereto as **Exhibit B**, with an effective date of January 1, 2023, as the guiding policy on the ongoing management of economic development incentives in accordance with Federal and State law and the City Charter.

SECTION 4. That, pursuant to Texas Local Government Code, Chapter 378, the City of Dallas Neighborhood Empowerment Zone ("NEZ") No. 21 is hereby designated to promote economic development in NEZ No. 21 and the boundaries of NEZ No. 21 are aligned with the block groups depicted and further described in **Exhibit C**, and align with the state-designated Enterprise Zones for the City of Dallas under the Texas Enterprise Zone Act, Government Code, Section 2303.101, effective January 1, 2023.

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SECTION 5. That City Council amends Resolution Nos. 19-~~0948~~0723, approved on ~~June 12~~May 8, 2019, and Resolution No. ~~2019-1232~~0948, approved on ~~August 26, 2020~~ June 12, 2019, as amended, to permit the City Manager to: (a) transfer the administrative responsibility, including programmatic elements and funding, of City of Dallas Neighborhood Empowerment Zone (NEZ) Nos. 9 and 10 from the Office of Economic Development (OED) to the MGT-Small Business Center (SBC); and (b) authorize the SBC Director to administer the NEZ Nos. 9 and 10 programs.

SECTION 6. That, as part of the transfer of NEZ No. 10, City Council further amends Resolution No. 19-0948, approved on June 12, 2019, and Resolution No. 20-1232, approved on August 26, 2020, whereby any existing programs and related agreements shall continue in full force, and authorizes the SBC Director to take any and all actions necessary to effectuate the following changes to existing contract funding approved prior to the effective date of this resolution, pursuant to resolution or administrative actions as follows: **(a)** reassign the remaining balance of the 2017 – Proposition (I) in the amount of \$950,000.00 from Fund: 1V52, Dept. ECO, Unit VI13, to Fund 1V52, Dept. MGT (Small Business Center), Unit VI13, various object codes, Program EC17VI13.

SECTION 7. That the Chief Financial Officer is authorized to create the new Infrastructure Investment Fund, and, annually over a period of ten (10) years, transfer from the General Fund into the Infrastructure Investment Fund (Fund 5117) an amount equal to the amount of increment contributed by the City (based on the General Fund (maintenance and operations) portion of the tax rate only) in the last year of an expired or terminated TIF district, with an option to extend, by resolution upon recommendation by the OED Director, said transfers for an additional five (5) year period subject to the availability and appropriations of each expired or terminated TIF district. The specific amount of each transfer shall be determined in the future as the TIF district expires or terminates and may be adjusted based on the 3.5 percent reappraisal cap resulting from the Texas Reform and Transparency Act of 2019 (Senate Bill 2).

SECTION 8. That the Chief Financial Officer is hereby authorized to appropriate an allocation of \$100,000.00 per year for two consecutive years corresponding to FY 2022-23 and FY 2023-24 for a total not to exceed \$200,000.00 from the City's Public/Private Partnership Fund (Fund 0352, Department ECO, Unit P151, Activity PPPF, various object codes) to the Public/Private Partnership Fund (Fund 0352, Department ECO, Unit W953, Activity PPPF) to be earmarked for the Predevelopment Assistance Program and authorize disbursement of such funds via resolution or administrative action pursuant to the Policy.

SECTION 9. That the Chief Financial Officer is authorized to set up a Business Loan Receivable in an amount not to exceed \$200,000.00 in the Public Private Partnership Fund, Fund 0352, Department ECO, Balance Sheet Account 016B (Business Loan Receivable) and 0898 (Unavailable/Deferred Revenue)

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SECTION 10. That the Chief Financial Officer is hereby authorized to receive and deposit principal on loan payments into the Public Private Partnership Fund, Fund 0352, Unit W953, Activity PPPF, Various Revenue Sources.

SECTION 11. That upon receiving loan payments, that the chief Financial Officer is authorized to reverse Business Loan Receivable in a principal amount up to \$200,000 in the Public Private Partnership Fund, Fund 0352, Department ECO, Balance Sheet Account 016B (Business Loan Receivable), and 0898 (Unavailable/Deferred Revenue)

SECTION 12. That the facts and recitations contained in the preamble of this resolution are hereby found and declared to be true and correct.

SECTION 13. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.