

ORDINANCE 2024-O-012

RE-ADOPTING GUIDELINES AND CRITERIA GOVERNING TAX ABATEMENTS BY THE CITY OF LAREDO IN ACCORDANCE WITH THE REQUIREMENTS IN SECTION 312.002 OF THE TEXAS PROPERTY TAX CODE; ADDING A NEW SECTION OF INVESTMENT LEVELS TO THE GUIDELINES FOR THE CENTRAL BUSINESS DISTRICT (CBD), SECTION 3.6(D); PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE OF FEBRUARY 22, 2024 THROUGH FEBRUARY 21, 2026; AND PROVIDING FOR PUBLICATION.

WHEREAS, the City Council finds that Tax Abatements, in accordance with the “Guidelines and Criteria Governing Tax Abatements by the City of Laredo,” attached hereto as **Exhibit “A”** and incorporated herein for all purposes, contributes to the economic development of the City in furtherance of the policies and objectives of the City as authorized in Chapter 312 of the Texas Tax Code and Section 380.001 of the Texas Local Government Code, and will assist the City in achievement of its objectives to create jobs for the citizens of the City, build the tax base of the City, and provide an attractive inducement to companies to build capital intensive projects in the City; and

WHEREAS, Chapter 312 of the Texas Tax Code requires eligible taxing jurisdictions to readopt guidelines governing Tax Abatements every two years.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAREDO, TEXAS THAT:

Section 1. Guidelines and Criteria Governing Tax Abatements Adopted.

In accordance with the requirements in Section 312.002 of the Texas Tax Code, the City of Laredo hereby adopts the “Guidelines and Criteria Governing Tax Abatements by the City of Laredo” attached hereto as **Exhibit “A”** and incorporated for all purposes.

Section 2. No Limits.

Adoption of the guidelines and criteria stated in Section 1 herein does not:

- (1) Limit the discretion of the City Council to decide whether to enter into a specific Tax Abatement agreement;
- (2) Limit the discretion of the City Council to delegate to its employees the authority to determine whether or not the City Council should consider a particular application or request for Tax Abatement; or
- (3) Create any property, contract, or other legal right in any person to have the City Council consider or grant a specific application or request for tax abatement.

Section 3. Effectiveness of Guidelines.

The guidelines and criteria adopted in section 1 herein shall be for a period of two (2) years, effective February 22, 2024 and ending February 21, 2026. During that period, the said guidelines and criteria governing Tax Abatements may be amended or repealed only by a vote of three-fourths of the members of the City Council.


Section 4. Effective Date.


This ordinance shall become effective on February 22, 2024 upon passage and approval of this ordinance.

Section 5. Severability

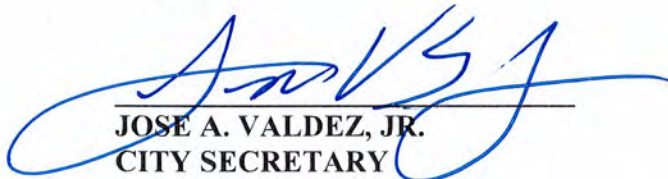
If any provision, section, subsection, sentence, clause or phrase of this resolution, or the application of same to any person or set of circumstance is for any reason held to be unconstitutional, void, invalid or for any reason unenforceable, the validity of the remaining portion of this resolution or its application to other person or sets of circumstances shall not be affected thereby, it being the intent of the City Council of the City of Laredo in adopting this resolution that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity, and all provisions are declared severable for that purpose.

PASSED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR on this the 20th day of February, 2024.



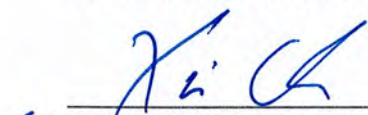
DR. VICTOR TREVINO
MAYOR


ATTEST:



JOSE A. VALDEZ, JR.
CITY SECRETARY

APPROVED AS TO FORM:



FO DOANH "ZONE" T. NGUYEN
CITY ATTORNEY



**GUIDELINES & CRITERIA GOVERNING
TAX ABATEMENTS
BY THE CITY OF LAREDO
Effective February 22, 2024 through February 21, 2026**

1. GENERAL PROVISIONS

1.1 Purpose

Chapter 312 of the Texas Tax Code allows, but does not obligate or require, the City to grant a tax abatement on the value added to a particular property on account of a specific development project that meets the eligibility requirements set forth in this policy. In order for the City to participate in tax abatement, the City is required to establish guidelines and criteria governing tax abatement agreements. This policy is intended to set forth those guidelines and criteria for persons or entities interested in receiving tax abatement from this City.

1.2 Objective

The City of Laredo is committed to the promotion of high quality development in all parts of the City; and to an ongoing improvement in the quality of life for its citizens. Insofar as these objectives are generally served by the enhancement and expansion of the local economy, the City of Laredo, will on a case-by-case, give consideration to providing tax abatement as stimulation for economic development in Laredo. It is the policy of the City of Laredo to make available tax abatement for both new facilities and for the expansion or modernization of existing buildings and structures. It is the policy of the City of Laredo that said consideration will be provided in accordance with the procedures and criteria outlined in this document. Nothing herein shall imply or suggest that the City of Laredo is under any obligation to provide tax abatement to any applicant.

1.3 General Eligibility Criteria

A Tax Abatement can only be granted to persons or entities eligible for tax abatement pursuant to Section 312.204(a) of the Texas Tax Code, which persons or entities as of the effective date of this Policy are (i) the owner of taxable real property located in a tax abatement reinvestment zone; or (ii) the owner of a leasehold interest in tax-exempt real property located in a tax abatement reinvestment zone. A Tax Abatement will not be granted for any development in which a building permit has been filed or is obtaining a Tax Abatement under Neighborhood Empowerment Zone (NEZ) Program.

1.4 General Exclusions and Limitations

1.4.1 Leases of Real Property

A person or entity seeking tax abatement on real property that is leased from a third party should be advised that, pursuant to state law, the City can only

abate taxes on the increased value of the taxable leasehold interest in the real property, if any, and the increase in value of taxable improvements and tangible personal property located on the real property and subject to the leasehold interest, if any. Before applying for a Tax Abatement from the City, such persons or entities should seek professional and legal guidance, and may wish to consult with the appraisal district having jurisdiction over the property in question, as to whether their development projects will result in a taxable leasehold interest in the property and, if so, the anticipated value of that leasehold interest.

2. DEFINITIONS

As used within these guidelines and criteria, the following words or phrases shall have the following meanings:

2.1 “Abatement” or “Tax Abatement” – The temporary, full or partial exemption from ad valorem taxes of certain Added Value to eligible taxable real and in some cases tangible personal property located in a Reinvestment Zone.

2.2 “Added Value” – The increase in the assessed value, as compared to base year value, of an eligible property as a result of expansion or modernization of an existing facility or construction of a new facility.

2.3 “Agreement” - A contractual agreement between a property owner and/or lessee and the City of Laredo for the purpose of tax abatement.

2.4 “Base Year Value” – The assessed value of eligible property as of the January 1 preceding the execution of an Agreement, as determined by the Webb County Appraisal District.

2.5 “Expansion” – The addition of buildings, structures, fixed machinery or equipment for the purposes of increasing capacity.

2.6 “Facility” – Property improvements completed or in the process of construction which together compromise an integral whole.

2.7 “Modernization” – The replacement and upgrading of existing facilities which increase the productive input or output, updates the technology or substantially lowers the unit cost of the operation, and extends the economic life of the facilities. 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, repairing or completion of deferred maintenance.

2.8 “New Facility” – Property previously undeveloped which is placed into service by means other than or in conjunction with an expansion or modernization.

2.9 “Owner” – means the owner of a facility subject to abatement. If the Facility is constructed on a leased property, the owner shall be the party which owns the property

subject to tax abatement. The other party to the lease shall join in the execution of agreement but shall not be obligated to assure performance of the party receiving abatement.

2.10 “Permanent full-time job” means a new employment position created by a business that provides a regular work schedule of at least 40 hours per week or 2080 hours of regular employment per year to a City of Laredo resident, meets MIT Living Wage Requirement, Local Hire Requirement, and Employee Healthcare Benefits in Sections 3.7, 3.8, and 3.9 and maintains the employment position during the term of the abatement agreement.

3. ABATEMENT AUTHORIZED

3.1 Authorized Facilities

Abatement may be granted for New Facilities and improvements to existing facilities for the purpose of Modernization or Expansion.

3.2 Creation of New Value

Abatement may only be granted for the Added Value of eligible property improvements based on valuations as determined by the Webb County Appraisal District and subject to and listed in an abatement agreement between the City and the property owner and lessee, if required, subject to such limitations as said jurisdiction may require.

3.3 Eligible Property

Abatement may be extended to the Added Value of real and tangible personal property as noted in Section 3.6 (B).

3.4 Ineligible Property

The following types of property shall be fully taxable and ineligible for abatement: land, intangible personal property, inventory and supplies.

3.5 TYPE OF INDUSTRIES:

In keeping with the broad based approach to economic development, agreements will not be restricted to any particular type of industry. Preference will, however, be given to manufacturing and any other type of industry which provides permanent full-time jobs with relatively higher wages.

Hospitality (Hotel, motels, inns, or such businesses that provides transitional or short-term lodging), Tourism (businesses that are involved in catering to pleasure travel) and Retail (businesses that sell consumers goods and/or services to earn a profit) will only be considered if City Council determines that project will make a unique or unequalled contribution to the economy and project is expected to have at least 10 million in Added Value to real property and 10 New Permanent full-time jobs.

In keeping with obtaining the highest cost-benefit, tax abatements will be granted on the basis of (a) new jobs and (b) additional investments, for a maximum term of 5 years.

3.6 Period and Percentage of Abatement

To obtain Abatement, all projects must meet both Jobs and Added Value as indicated on the following respective formula tables.

A. Basic Formula

New Permanent Full Time Jobs	Added Value in Real Property, as assessed by Webb County Appraisal District	Percent of Abatement	Term
50 to 100 jobs	\$1 million up to \$2.5 million	25%	5 years
101 to 150 jobs	Over \$2.5 million up to \$5 million	50%	5 years
151 to 200 jobs	Over \$5 million up to \$10 million	75%	5 years
Over 200 jobs	Over \$10 million	100%	5 years

B. Formula - Real and Tangible Personal Property

New Permanent Full Time Jobs	Added Value in Real and Tangible Personal Property, as assessed by Webb County Appraisal District	Percent of Abatement	Term
Over 200 jobs	Over \$20 million	100%	5 years

C. Formula – Exceeds \$10 Million with Less Jobs or Unique and Unequalled Contribution to the Economy

1) If the required additional investment exceeds \$10 million and the number of jobs indicated in the Basic Formula, 3.6(A), are not expected to be met within the first year of occupancy; or

2) This is a Hospitality, Tourism, and Retail development where City Council determined that project will make a unique or unequal contribution to the economy; an abatement may be allowed utilizing the following criteria, if Jobs and Added Value are met.

New Permanent Full Time Jobs	Added Value in Real Property, as assessed by Webb County Appraisal District	Percent of Abatement	Term
At least 10 jobs	Over \$10 million	100%	Year 1
		80%	Year 2
		60%	Year 3
		40%	Year 4
		20%	Year 5

D. Formula - Central Business District (CBD)

To promote the revitalization of the downtown area known as the Central Business District (CBD), a project for a New Facility and improvements to existing facilities for the purpose of Expansion or Modernization may be eligible for the a five (5) year tax abatement as follows if:

- 1) The property is in the designated area as identified in Exhibit B.
- 2) Minimum new permanent full time jobs required and sustained for each year of the abatement period for the CBD area will be at least 90% of the jobs stipulated in the application.

Added Value in Real Property as Assessed by Webb County Appraisal District	Abatement Level
\$1 million up to \$2.5 million	1
Over \$2.5 million up to 5 million	2
Over \$5 million up to \$7.5 million	3
Over \$7.5 million up to \$10 million	4
Over \$10 million	5

Percent of Abatement					
Year	Level 1	Level 2	Level 3	Level 4	Level 5
1	100%	100%	100%	100%	100%
2	80%	100%	100%	100%	100%
3	60%	80%	100%	100%	100%
4	40%	60%	80%	100%	100%
5	20%	40%	60%	80%	100%

3.7 Living Wage Requirement

In order to count as a permanent full-time job under this tax abatement program, the job should pay employees the Minimum Living Wage as defined by the Massachusetts Institute of Technology (MIT) Living Wage Calculator throughout the full term of the agreement, which is subject to change without notice (Current MIT: \$15.83 per hour for Laredo, Texas, 2022-2023). Additional compensation, such as commissions and mileage, will be taken into consideration and will be included in the wages. However, overtime will not be considered.

3.8 Local Hire Requirement

Any company seeking a tax abatement must hire all employees residing in the City of Laredo or Webb County and must NOT relocate current employees from within the City or the County.

3.9 Employee Healthcare Benefits

The company seeking tax abatement from the City must provide each full-time person employed in the project and his or her dependents with access to a Healthcare package, including a health insurance program that pays at least 50% of their health benefits.

3.10 Other General Guidelines

- (a.) They must be offered to local companies for the expansion of existing facilities as well as new facilities.
- (b.) They must be “performance based” to provide cost benefit advantages to Laredo and Webb County.
- (c.) They must not permit outside companies to unfairly compete with local companies in the same business in the local market: competing companies may be considered if 75% of their customers are outside Laredo/Webb County, or if any other measures are offered which are judged to make the companies compatible with Laredo interests.
- (d.) They must be negotiated quickly and in good faith by representatives of all concerned local entities.
- (e.) They must be contractual and fully and accurately disclosed to the public.
- (f.) The contracts must be effectively protected by cancellation, recalibration and “claw-back” provisions which would insure the return of the community’s funds if the companies default on their part of the agreement. There should however, be no levy of penalties above repayment of actual local costs.

3.11 Other Considerations

- (a.) Depending upon the applicant, tax abatement agreements may be negotiated with consideration of cost benefit, company’s financial statements or D&B rating, past business history, nature of the production process, environmental hazards, cost breakdown of the investment into land, building, equipment, probable project status at the end of 5 years, percent of hiring of local workers, and benefits to be paid to local workers.
- (b.) City Council reserves the right to vary the term and percent of abatement, on a case per case basis, where the applicant shows unique circumstances that meets the economic development goals and objectives of the City of Laredo.

3.12 Submission of Application

If a given development project qualifies for Tax Abatement pursuant to the eligibility criteria detailed in this Policy, an applicant for Tax Abatement must complete and submit a City of Laredo Tax Abatement Application. An Application can be obtained from and should be submitted to the Economic Development Department.

A non-refundable application fee of two thousand five hundred dollars (\$1,500.00) will be required to be submitted with the completed Tax Abatement application.



CITY OF LAREDO DOWNTOWN AREA

City of Laredo Planning Department
 1413 Houston Street
 Laredo, Texas 78040

Date: 3/21/5/2023

Elaborated by: Alexis Rodriguez

- Legend**
- Downtown
 - CBD (Central Business District)
 - H-CBD (Historic District - Central Business District)
 - Park
 - schools

EXHIBIT "B"

Legislation Details (With Text)

File #:	2024-O-012	Version:	1
Type:	Final Readings	Status:	Agenda Ready
File created:	2/6/2024	In control:	City Council
On agenda:	2/20/2024	Final action:	
Title:	An Ordinance re-adopting Guidelines & Criteria Governing Tax Abatements by the City of Laredo in accordance with the requirements in Section 312.002 of the Texas Property Tax Code; adding a new section of investment levels to the guidelines for the Central Business District (CBD), Section 3.6(D); providing for severability; providing for an effective date of February 22, 2024 through February 21, 2026; and providing for publication.		
Sponsors:			
Code sections:			
Attachments:	1. EXHIBIT B.pdf, 2. GUIDELINES.pdf, 3. 2024-O-012.pdf		

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

SUBJECT

An Ordinance re-adopting Guidelines & Criteria Governing Tax Abatements by the City of Laredo in accordance with the requirements in Section 312.002 of the Texas Property Tax Code; adding a new section of investment levels to the guidelines for the Central Business District (CBD), Section 3.6(D); providing for severability; providing for an effective date of February 22, 2024 through February 21, 2026; and providing for publication.

PREVIOUS COUNCIL ACTION

On February 5, 2024, a public hearing was held and an ordinance was introduced to established guidelines & criteria governing tax abatements by the City of Laredo. State law requires that the guidelines are only effective for a period of two years; therefore, it is necessary to re-adopt the guidelines and criteria every two years.

BACKGROUND

Since 1998, the City of Laredo has offered a tax abatement program. In the past, the director of the Laredo Development Foundation indicated that companies who were considering locating in Laredo asked if the City of Laredo has a tax incentive program. In 1998, the Laredo Development Foundation (LDF) recommended that tax abatement incentives be initiated in the City of Laredo. As a result, the City of Laredo adopted through Ordinance No. 98-O-141 Guidelines and Criteria as prepared by the Laredo Development Foundation. Since then, City Council has been re-adopting guidelines & criteria in accordance with state law.

COMMITTEE RECOMMENDATION

Not Applicable.

STAFF RECOMMENDATION

Approval of Ordinance.

Fiscal Impact

Fiscal Year:	Click or tap here to enter text.
Budgeted Y/N?:	Click or tap here to enter text.
Source of Funds:	Click or tap here to enter text.
Account #:	Click or tap here to enter text.
Change Order: Exceeds 25% Y/N:	Click or tap here to enter text.

FINANCIAL IMPACT:

The City will receive less revenue if City Council approves future tax abatement agreements.

RENTO CASAS DE TORNOS

MODELOS - NO CREDIT

CHECK - NO DEPOSIT

FRONTERA TRYLAR

SALES, LLC

(956) 462-8345

(956) 857-2391

Legals/Public Notices

GET THE SPRING, BEST DOGS
on this planet & these are
really special. For information
Call (956) 740-9436

GOLDEN RETRIEVER PUPPY
3mths registered, all vaccines,
call (956) 284-1190

Agribusiness

ELECTRIC Post with Breaker Box
\$100, Refrigerator Kenmore
\$150, Good condition.
Call: (956) 771-1069

Legals/Public Notices

ORDINANCE NO. 2024-O-019

AMENDING THE ZONING ORDINANCE (MAP) OF THE CITY OF LAREDO BY AUTHORIZING THE ISSUANCE OF A CONDITIONAL USE PERMIT FOR A CHILD DEVELOPMENT CENTER - DAYCARE CENTER ON LOTS NUMBER 1, 2, AND THE WEST 15 FEET OF LOT 3, BLOCK 1573, EASTERN DIVISION, LOCATED AT 2601 CLEVELAND STREET; PROVIDING FOR PUBLICATION AND EFFECTIVE DATE.
L-61

ORDINANCE NO. 2024-O-018

AMENDING THE ZONING ORDINANCE (MAP) OF THE CITY OF LAREDO BY REZONING APPROXIMATELY 0.138 ACRES AS FURTHER DESCRIBED BY METES AND BOUNDS IN ATTACHED EXHIBIT A, LOCATED AT 3511 PINE STREET, FROM R-1 (SINGLE FAMILY RESIDENTIAL DISTRICT) TO R-1A (SINGLE FAMILY REDUCED AREA DISTRICT); PROVIDING FOR PUBLICATION AND EFFECTIVE DATE.
L-60

ORDINANCE NO. 2024-O-017

AMENDING THE ZONING ORDINANCE (MAP) OF THE CITY OF LAREDO BY REZONING APPROXIMATELY 2.38 ACRE TRACT OF LAND, AS FURTHER DESCRIBED BY METES AND BOUNDS IN ATTACHED EXHIBIT A, LOCATED SOUTH OF STATE HIGHWAY 359 AND EAST OF RANCH ROAD 6986 D, FROM R-1 (SINGLE FAMILY RESIDENTIAL DISTRICT) TO M-1 (LIGHT MANUFACTURING DISTRICT); PROVIDING FOR PUBLICATION AND EFFECTIVE DATE

ORDINANCE NO. 2024-O-021

AMENDING THE ZONING ORDINANCE (MAP) OF THE CITY OF LAREDO BY REZONING APPROXIMATELY 1.144 ACRES, AS FURTHER DESCRIBED IN METES AND BOUNDS IN ATTACHED EXHIBIT A, LOCATED EAST OF EJIDO AVENUE AND NORTH OF CIELITO LINDO BOULEVARD, FROM AG (AGRICULTURAL DISTRICT) TO B-1 (LIMITED BUSINESS DISTRICT); PROVIDING FOR PUBLICATION AND EFFECTIVE DATE.
L-63

Legals/Public Notices

Legals/Public Notices

ORDINANCE NO. 2024-O-016

AMENDING THE ZONING ORDINANCE (MAP) OF THE CITY OF LAREDO BY REZONING LOT 5, BLOCK 1261, EASTERN DIVISION, LOCATED AT 2219 PLUM STREET, FROM R-1 (SINGLE FAMILY RESIDENTIAL DISTRICT) TO R-3 (MIXED RESIDENTIAL DISTRICT); PROVIDING FOR PUBLICATION AND EFFECTIVE DATE.
L-58

ORDINANCE NO. 2024-O-015

AMENDING THE ZONING ORDINANCE (MAP) OF THE CITY OF LAREDO BY REZONING APPROXIMATELY 31.641 ACRES, AS FURTHER DESCRIBED BY METES AND BOUNDS IN ATTACHED EXHIBIT A, LOCATED SOUTH OF FACULTAD BOULEVARD AND WEST OF US HIGHWAY 83, FROM AG (AGRICULTURAL DISTRICT) TO R-1MH (SINGLE FAMILY MANUFACTURED HOUSING DISTRICT); PROVIDING FOR PUBLICATION AND EFFECTIVE DATE.
L-57

ORDINANCE NO. 2024-O-014

AMENDING THE ZONING ORDINANCE (MAP) OF THE CITY OF LAREDO BY REZONING APPROXIMATELY 7.043 ACRES, AS FURTHER DESCRIBED BY METES AND BOUNDS IN ATTACHED EXHIBIT A, LOCATED SOUTH OF FACULTAD BOULEVARD AND WEST OF US HIGHWAY 83, FROM AG (AGRICULTURAL DISTRICT) TO R-1B (SINGLE FAMILY HIGH DENSITY DISTRICT); PROVIDING FOR PUBLICATION AND EFFECTIVE DATE.

ORDINANCE NO. 2024-O-020

AMENDING THE ZONING ORDINANCE (MAP) OF THE CITY OF LAREDO BY REZONING APPROXIMATELY 40.1622 ACRES AS FURTHER DESCRIBED BY METES AND BOUNDS IN ATTACHED EXHIBIT A, LOCATED SOUTH OF FM 1472 AND NORTH OF KRAUS LOOP, FROM AG (AGRICULTURAL DISTRICT) TO M-1 (LIGHT MANUFACTURING DISTRICT); PROVIDING FOR PUBLICATION AND EFFECTIVE DATE.
L-62

Legals/Public Notices

Legals/Public Notices

ORDINANCE NO. 2024-O-013

AMENDING THE ZONING ORDINANCE (MAP) OF THE CITY OF LAREDO BY REZONING LOT 1, BLOCK 1104, WESTERN DIVISION, LOCATED AT 120 HOUSTON STREET, FROM B-1 (LIMITED BUSINESS DISTRICT) TO B-3 (COMMUNITY BUSINESS DISTRICT); PROVIDING FOR PUBLICATION AND EFFECTIVE DATE.
L-55

ORDINANCE 2024-O-012

RE-ADOPTING GUIDELINES AND CRITERIA GOVERNING TAX ABATEMENTS BY THE CITY OF LAREDO IN ACCORDANCE WITH THE REQUIREMENTS IN SECTION 312.002 OF THE TEXAS PROPERTY TAX CODE. ADDING A NEW SECTION OF INVESTMENT LEVELS TO THE GUIDELINES FOR THE CENTRAL BUSINESS DISTRICT (CBD), SECTION 3.6(D); PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE OF FEBRUARY 22, 2024 THROUGH FEBRUARY 21, 2026; AND PROVIDING FOR PUBLICATION.
L-54

ORDINANCE NO. 2024-O-011

AMENDING THE ZONING ORDINANCE (MAP) OF THE CITY OF LAREDO BY REZONING APPROXIMATELY 2.65 ACRES OF LAND, AS FURTHER DESCRIBED IN BY METES AND BOUNDS IN ATTACHED EXHIBIT A, LOCATED NORTH OF LA TERRAZA WAY AND EAST OF EJIDO AVENUE, FROM R-1A (SINGLE FAMILY REDUCED AREA DISTRICT) TO B-1 (LIMITED BUSINESS DISTRICT); PROVIDING FOR PUBLICATION AND EFFECTIVE DATE.