



## **ECONOMIC DEVELOPMENT INCENTIVE POLICY**

### **I. GENERAL PURPOSE AND OBJECTIVES**

The Town of Flower Mound is committed to the attraction of high quality development that meets the needs and desires of residents throughout the community and which helps to grow and diversify the local tax base. Success in economic development ensures Flower Mound's financial ability to provide continued quality service and updated infrastructure for its residential and corporate citizens.

The purpose of this policy is to establish standards and guidelines that will govern the granting of financial initiatives to facilitate economic growth. The Town encourages the use of incentives only as necessary to fill financial gaps and limits them to reasonable and appropriate project expenses which have a public benefit.

Insofar as such objectives are generally served by the enhancement and expansion of the local economy, the Town may, on a case-by-case basis, give consideration to providing financial incentives as a stimulus for commercial development in Flower Mound. It is the policy of the Town that consideration for such incentives will be provided in accordance with the procedures and criteria outlined in this document. Nothing herein shall imply or suggest that the Town is under any obligation to provide financial incentives to any applicant.

### **II. METHODOLOGY**

All applications shall be considered and negotiated on a case-by-case basis. Incentives may be utilized only as inducements to generate development that otherwise would not occur. Incentives will not be considered if a building permit for new construction has already been issued, the purchase of an existing building has been finalized, or a tenant lease has been executed.

### **III. CRITERIA**

Information provided in applications will be used to determine whether or not it is in the best interest of the Town to recommend incentives be offered for a project. In order to determine the feasibility of a project, a Cost/Benefit Analysis will be performed internally to determine the expected economic impact to the community. The applications shall be evaluated based upon a review of the projected fiscal, community, and employment impacts to the Town.

Specific consideration will be given to projects which further the goals and objectives of the community as described in the Town of Flower Mound Master Plan, as well as those with a significant positive impact on diversifying existing markets, adding employment, expanding the local tax base through added improvement values, and increasing sales tax revenues to the Town.

#### IV. AVAILABLE INCENTIVES

##### Tax Abatement for Real and/or Personal Property

The Town of Flower Mound may offer real and/or business personal property tax abatements for qualifying projects that meet the minimum capital investment values listed below, as authorized by Chapter 312 of the Texas Tax code. Qualifying projects include new tenancies, expansions, or renovations of existing facilities. Tax abatements shall only apply to the value of improvements made to real property and/or to the value that new business personal property has brought into the taxing jurisdiction. If the determination is made that a tax abatement should be offered for a project, the value and term of the abatement may be determined by consideration of the following factors:

- Financial Investment in Improvements:

Minimum Capital Investment	Years of Abatement	Percentage of Abatement
\$35 M +	Negotiable up to 10	Negotiable
\$25 M - \$34,999,999	6-7	40%
\$15 M - \$24,999,999	5	30%
\$5 M - \$14,999,999	4	25%
\$1 M <sup>1</sup> - \$4,999,999	3	20%

- Increased Local Employment:

Added Full-Time Equivalents (FTEs)	Percentage of Abatement
250 +	20%
101 – 250	15%
51 – 100	10%
25 <sup>2</sup> – 50	5%

- Wages:

15% higher than the average annual wage for Denton County, TX  
for all employees located at the operations in Flower Mound, TX

Additional 5%

- Environmentally Conscious Efforts:

LEED<sup>3</sup>-registered (or equivalent) “green” development

Additional 5%

The thresholds as described above are considered guidelines for establishing tax abatement agreement terms; however, the Town retains discretion to determine the resulting amounts and terms of abatement for individual projects. Nothing herein shall imply or suggest that the Town is under any obligation to provide financial incentives at any time to any applicant.

<sup>1</sup> Projects applying for incentive must result in a minimum capital improvement value of \$1 million.

<sup>2</sup> Projects applying for incentive must add, through relocation or new creation, a minimum of 25 FTEs.

<sup>3</sup> LEED stands for the U.S. Green Building Council’s Leadership in Energy and Environmental Design program.



### **Other Incentives**

Under Chapter 380 of the Texas Local Government Code, the Town may, on a case-by-case basis, consider other incentive options to promote and encourage economic development, including but not limited to:

- Cash grants
- Forgivable loans
- Hotel occupancy tax rebates
- Relocation assistance
- Matching grants
- Sales tax rebates
- Training grants
- Any combination of listed options

Fee-based incentives may also be considered in lieu of or in addition to a tax abatement if the project presents extraordinary value to the Town in terms of added tax value, increased employment opportunity, or enhanced quality of life amenities. Fee-based incentives may include the reduction or full waiver of building permit fees assessed by the Town and/or rebated impact fees.

In the case of speculative buildings, the town council may incentivize a speculative building if it meets the following qualifications: 1). Majority office space, 2). Is located in an area dedicated by the Master Plan as office and 3). Meets the town council's goals for future development.

### **V. EXISTING BUSINESS RETENTION/EXPANSION**

The Flower Mound Town Council may consider the use of incentives to retain existing businesses that have necessity to request assistance in the cases that these businesses propose to improve or redevelop property within the Town limits, or to keep jobs in Flower Mound that would otherwise go elsewhere. Tax abatement for the expansion of an existing facility will only apply to the increased valuation of the improvements over the appraised value of the property prior to such improvements as established by the appraisal district the year in which the tax abatement agreement is executed.

### **VI. INCENTIVE RECONSIDERATION**

Application for incentive may be made at any time and in regards to any commercial project within the Town of Flower Mound. Reconsideration of an application previously denied may be requested after any of the following alterations: the type of incentive requested is different, the terms associated with the requested incentive are different, new information related to the project and its benefit to the community is obtained, or on an annum basis following initial rejection in response to the changing economic needs, desires, goals, and objectives of the community.

Applicants seeking the reconsideration of an incentive are to complete and submit an Incentive Application in the same manner as a new incentive request and will receive additional information in the same timely manner as a new incentive request. Previously submitted documents may be referenced in each subsequent determination.



## **VII. EXCEPTIONS**

Tax abatements will not be considered within any Tax Increment Reinvestment Zone (TIRZ) created in the Town. Providing ad valorem tax abatements in a TIRZ would dilute the fund's projected value and limit the Town's ability to carry out approved projects within these zones. Additionally, the Town will not consider any incentives for residential projects or the residential portion of designated mixed-use projects.

In order to encourage the retention/expansion of existing business, attraction of new businesses which satisfy a community goal or objective, or to meet a special need of the community, the Town Council retains the ability to approve an incentive which does not comply with the terms outlined in this policy.

## **VIII. APPROVAL**

All applications are considered on a case-by-case basis and all incentive agreements are subject to final approval by the Town Council. Even though a project may meet the criterion set forth in this policy, an application may be denied for any reason at the discretion of the Town.

The Town will not enter into an incentive agreement with a business entity unless the business entity, in accordance with Section 2252.908 of the Texas Government Code and rules adopted by the Texas Ethics Commission, submits a disclosure of interested parties to the Town at the time the business entity submits the signed incentive agreement to the Town.

## **IX. PERFORMANCE**

All financial incentives granted by the Town of Flower Mound are performance-based. Should a project granted incentive fail to satisfy the terms outlined within each individual agreement, the contracted party will be denied the full amount of abatement to be received for that given year. Approved incentive agreements other than tax abatements will include individual performance measures to be met by the contracted party and specific recapture provisions intended to safeguard the Town from potential financial loss.

## **X. ANNUAL EVALUATION**

Throughout the year, the Town will perform evaluations of approved incentive agreements in order to ensure compliance by all parties. At the end of each year, an Annual Incentives Report will be generated and made available online to the public which will summarize the status of each incentive that was active during the respective year.

## **XI. PROCEDURAL GUIDELINES**

Any person, organization, or corporation desiring that the Town of Flower Mound consider providing incentives to encourage local economic development is expected to comply with the following procedural guidelines. Nothing within these guidelines shall imply or suggest that the Town is under any obligation to provide tax abatement or any other incentives to any applicant.



### **Completion of the Application**

1. Applicants should complete the "Application for Economic Incentives" and include a statement explaining why incentives are being sought for the specific project.
2. The incentive request should include a map or other documentation showing the following:
  - The location of the project property and all roadways within 500 feet of the site.
  - A complete legal description of the project property.
  - Any known existing uses assigned to and conditions of the project property.
  - A summary of the proposed improvements and uses on the site.
  - A proposed project site plan and elevations, if applicable.
  - Outline any proposed changes in zoning that may be requested.
  - Statement indicating that the applicant understands the project must be compatible with the Town of Flower Mound's Master Plan, applicable building codes, and all Town ordinances.
3. Completed application forms and supplementary information may be submitted to the Director of Economic Development, at

Town of Flower Mound  
ATTN: Economic Development Office  
2121 Cross Timbers Road  
Flower Mound, Texas 75028

Or via email by sending scanned documents to [econdev@flower-mound.com](mailto:econdev@flower-mound.com).

4. All information in the application package detailed above will be reviewed for completeness and accuracy. Additional information may be requested.



### **Consideration of the Application**

1. The application and supplemental documentation is determined by the Economic Development Office to provide a complete overview of the project and incentive request. Additional information may be requested at this time, as needed.
2. Town Council reviews the application during Closed Meeting at a regular or called meeting(s).
3. Additional information may be requested again, as needed.
4. The recommendation of the Town Council is communicated to the Economic Development Director who provide a response to the applicant on behalf of the Town.
5. If the Town Council wishes to formally consider a request for tax abatement and the project meets all applicable criteria, the Town will call a public hearing to consider the establishment of a tax reinvestment zone in accordance with Section 312.201 of the Tax Code<sup>4</sup>.
6. For other financial incentive requests, the Town Council shall call a public hearing to determine if the project is feasible, practical, and desirable and would continue to be of benefit to the community following the anticipated expiration of the incentive agreement.
7. If the Town Council is generally interested in granting an incentive for the project in question, terms are discussed and outlined and an agreed-upon draft incentive is constructed and verified for legal compliance.
8. The incentive agreement draft is brought before the Town Council at a regular or called meeting(s) for public presentation, discussion, and a final vote.
9. Following a majority approval vote, the Mayor or his or her designee, will execute copies of the agreement. One original agreement will be filed with the appropriate county jurisdiction and one original mailed to the contracted party. A copy of each executed agreement will be maintained in the Economic Development Office.

The Town reserves the authority to enter into incentive agreements on a case-by-case basis and at differing terms than any previous or existing agreement that may have been approved in the Town or elsewhere, whether of a similar scope and size or not. Nothing within these guidelines shall imply or suggest that the Town is under any obligation to provide tax abatement or any other incentives to any applicant.

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- <sup>4</sup> If a public hearing is called to consider the incentive request, the application and all supplemental information shall be regarded as a matter of public record and will be available for inspection by the public. Notwithstanding the foregoing, pursuant to Section 312.003 of the Texas Tax Code, information the applicant provides to the Town in connection with its application or request for a tax abatement that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which the applicant seeks a tax abatement is confidential and not subject to public disclosure until the tax abatement agreement is executed, unless a waiver has been obtained from the applicant. The applicant's information in the custody of the Town after the agreement is executed is not confidential.



### **Definitions**

“Abatement” means the full or partial exemption of ad valorem taxes for eligible properties in a reinvestment zone designated as such for economic development purposes. Abatement may be granted for real property improvements and/or business personal property as determined by the terms of each individual agreement.

“Base Year Value” shall mean the taxable value of the specified real property and business personal property (including inventory and supplies) located in a designated reinvestment zone on January 1 of the year of the execution of the agreement as determined by the Central Appraisal District.

“Full-Time Equivalent (FTE)” shall mean any employee working for a company on the specified project site on a forty (40) hour or more per week schedule, or a combination of two (2) or more employees on part time schedules that equal forty (40) hours.

“Reinvestment Zone” shall mean an area designated as such for the purpose of tax abatement as authorized by Chapter 312, Subchapter B, Texas Tax Code.



## Application for Economic Incentives

Completed application forms and supplementary information may be submitted to: Town of Flower Mound Economic Development Office, 2121 Cross Timbers Road, Flower Mound, Texas 75028 or via email to econdev@flower-mound.com. For questions, please contact 972-874-6044.

Contact Name: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ E-mail: \_\_\_\_\_

Project/Company Name: \_\_\_\_\_

Project Address/Location: \_\_\_\_\_

Company's Primary Business: \_\_\_\_\_

**Please provide the following information based on the completed project at full operation. It will be assumed that the project is phased in equal annual increments unless indicated otherwise. All values should be those on Appraisal District tax rolls. Please provide supporting documentation where appropriate. Additional pages for responses may be attached.**

1. Incentive(s) Requested: \_\_\_\_\_  
*(Rank order of priority)*

2. Necessity of Requested Incentive(s): \_\_\_\_\_  
*(Describe the reason(s) why this project is seeking assistance)*

3. Would this project be financially feasible without requested incentive?: \_\_\_\_\_

4. Is the project a relocation or new facility expansion?: \_\_\_\_\_

a. If relocation, please state current location(s): \_\_\_\_\_

5. Is the project new construction or lease?: \_\_\_\_\_

a. If new construction, is it a shell building or build-to-suit?: \_\_\_\_\_

b. If new construction, number of water and irrigation meters and size(s): \_\_\_\_\_

c. If a lease, will it occupy existing space or new construction?: \_\_\_\_\_

6. Number and square footage of proposed/existing project building(s): \_\_\_\_\_

7. Will the incentive applicant be the owner and/or a tenant?: \_\_\_\_\_



8. List the specific operations to be performed at proposed location (products produced/distributed, services provided, etc.):

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9. Projected date of occupancy: \_\_\_\_\_

10. Property Size (Acreage): \_\_\_\_\_ 11. Current assessed value of land: \_\_\_\_\_

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12. Estimated value of improvements to property: \_\_\_\_\_

13. Proposed uses for project: \_\_\_\_\_

*(Include percentage of each use based on total project space)*

14. Estimated value and description of business personal property: \_\_\_\_\_

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15. Estimated value of end-of-year inventory subject to triple freeport exemption: \_\_\_\_\_

16. Number of new FTEs on-site: \_\_\_\_\_ 17. Average annual salary: \_\_\_\_\_

18. Annual estimated sales subject to local sales tax: \_\_\_\_\_

19. Annual estimated sales subject to Town hotel occupancy tax: \_\_\_\_\_

20. Will Flower Mound be designated as point of sale for construction/equipment purchases?: \_\_\_\_\_

a. If so, estimated project construction/equipment cost?: \_\_\_\_\_

21. Is this anticipated to be a LEED certified (or equivalent) project?: \_\_\_\_\_

22. Is the property zoned to accommodate proposed use(s)?: \_\_\_\_\_

a. If not, what zoning is required for project?: \_\_\_\_\_

23. Other factors the applicant would like to have taken into consideration: \_\_\_\_\_

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24. Please sign here signifying that you understand the project must be consistent with the Town's Master Plan, applicable development codes, and all ordinances to be considered for incentives and to indicate that you believe the proposed project does, in fact, meet those criteria: \_\_\_\_\_

**Supplemental Attachments – Check all documents that may be attached to submitted application:**

- |   |  |
|---|--|
| <input type="checkbox"/> Map of property location           | <input type="checkbox"/> Summary of proposed site improvements |
| <input type="checkbox"/> Legal description of property      | <input type="checkbox"/> Proposed project site plan            |
| <input type="checkbox"/> Existing uses assigned to property | <input type="checkbox"/> Proposed project elevations           |