



TIRZ

South Gateway | Tax Increment Reinvestment Zone

Tax Increment Financing Policy and Procedures

**As adopted by the
TIRZ Board of Directors
August 3, 2023**

Table of Contents

I.	Overview	1
A.	Definition	1
B.	Authority	1
C.	Purpose	1
II.	Guiding Principals for Consideration of Tax Increment Financing.....	2
A.	Public Benefits.....	2
B.	Qualifying Expenditures.....	2
C.	General Policy Considerations	3
III.	TIF Project Process	3
A.	Procedures for TIF Project Approval and Funding.....	3

I. Overview

A. Definition

Tax Increment Financing is defined as a public financing mechanism through which the growth in taxes (increment) associated with new development or redevelopment can be captured and used to pay costs associated with economic development for the public good.

Two acronyms are used throughout this policy and have the following meaning:

TIF	Tax Increment Financing
TIRZ	Tax Increment Reinvestment Zone

B. Authority

Under authority of Chapter 311 of the Texas Tax Code, municipalities are permitted to establish Tax Increment Reinvestment Zones.

The City of Amarillo authorized the creation of TIRZ #3 by approving Ordinance #8033 in December 2022. The City of Amarillo will comply with all requirements of Chapter 311 of the Texas Tax Code and Chapter 380 of the Local Government Code.

The City of Amarillo adopted the Tax Increment Financing Policy and Procedures and Tax Increment Financing Assistance Application in March 2008.

C. Purpose

The fundamental purpose of Tax Increment Financing is to encourage economic development or redevelopment within a geographic area known as a TIRZ that would not occur without the assistance provided through TIF. The policies and guidelines contained herein are established in an effort to sustain, develop, and expand Amarillo's economic base by leveraging private investment for specific types of development.

It is the policy of the City Council and appropriate TIRZ Boards to consider the judicious use of Tax Increment Financing for those projects that demonstrate a substantial and significant public benefit. Goals envisioned include strengthening the employment and economic base of the City by creating a diversity of mixed land uses, eliminating blight, reducing unsanitary and unsafe conditions, improving public infrastructure, and stabilizing and revitalizing neighborhood and business areas.

Care will be exercised in the use of TIF by thoroughly evaluating each project to ensure that the benefits, which will accrue from the approval of a TIF investment project, are appropriate for the costs that will result.

II. Guiding Principals for Consideration of Tax Increment Financing

A. Public Benefits

The policies and guidelines herein exist to achieve the following public benefits:

- To promote a desirable mix of uses including residential, commercial, and industrial developments that would otherwise not occur.
- To increase and diversify the long-term tax base of Amarillo.
- To remove blight by encouraging redevelopment of residential, commercial, or industrial structures and/or areas.
- To finance appropriate public improvements.
- To retain and enhance existing development.
- To encourage additional unsubsidized private development either directly or indirectly.
- To increase the local employment base and provide economic diversity.
- To promote aesthetically appropriate architectural designs.
- To create opportunities for affordable housing.
- To reduce or abate environmental hazards which create a barrier to development.
- To accomplish goals, strategies, or objectives as set forth in an approved TIRZ Project and Financing Plan.

B. Qualifying Expenditures

Tax incentives must be used as authorized by Chapter 311 of the Texas Tax Code or Chapter 380 of the Texas Local Government Code. Examples of eligible projects include but are not limited to the following:

- On and off site public infrastructure
- Public utility upgrades
- Public spaces or facilities such as auditoriums, arenas, athletic and exhibition venues
- Public art
- Preservation Corridors (parks, railroads, etc.)
- Streets, Sidewalks, Streetscapes
- Road improvements
- Street lighting
- Public parking facilities
- Abatement of environmental hazards
- Land acquisition
- Chapter 380 economic development activities

C. General Policy Considerations

Other considerations related to TIF investment include the following:

- Preferential consideration will be given to projects in which TIF investment is distributed upon completion of the project.
- As a general rule, the TIF Fund will retain a minimum of 10% of the increment generated by an approved project to help achieve overall TIRZ goals.
- The term of any TIF investment agreement cannot exceed the term of the applicable TIRZ.
- The Applicant must not owe any debt to the City of Amarillo or have delinquent property taxes.
- The Applicant seeking TIF assistance must provide the following:
 - ✓ Information satisfactorily demonstrating the financial commitments to undertake and complete the project (i.e. financial statement, complete sources and uses budget, or Letter of Credit from an appropriate financial institution).
 - ✓ A complete and detailed market feasibility study.
 - ✓ A complete and detailed cost benefit analysis (employment benefits - number of jobs created, tax base benefit – estimated market value of new development, new property taxes generated, housing benefits- number of new rental or ownership benefits related to the project, parking impacts, etc.)
 - ✓ A demonstrable gap in financing for the project (i.e. the profitability and feasibility of the project both with and without public assistance, including a detailed delineation of the developer equity contribution into the project and the overall proposed financial structure of the project).
 - ✓ Proposed security, collateralization, or credit enhancement.
 - ✓ Upon request, submit a current credit report.
 - ✓ Demonstrated commitments to the quality of development, the project area and project completion.
 - ✓ A schedule indicating timing of improvements (i.e. commencement and completion dates).
 - ✓ A Phase I Environmental Site Assessment if applicable.

III. TIF Project Process

A. Procedures for TIF Project Approval, **Management** and Funding

The following procedures will be followed to effect approval and funding of a TIF assisted project in the City of Amarillo.

- **Pre-Application Meeting:** Meeting is held with City staff, and may include TIRZ Board members, to discuss the proposed project, potential TIF eligibility, and the TIF Application Process and Forms. TIRZ Board members may attend meetings as necessary.

- After the required pre-application meeting, the applicant may submit a fully completed “Application for Tax Increment Financing Assistance” to the designated City staff member. If assistance requested is \$50,000 or less, the applicant may submit a “Short Form Application.”
- City staff will maintain a log of application contacts and inquiries. Staff may brief the TIRZ Board on the conceptual nature of any potential project.
- Preliminary Review: City staff will review the application within 10 working days of receipt to ensure substantial compliance with the guidelines. If City staff determines that an application materially fails to meet the specified criteria, the applicant will be so notified of any additional information needed. The applicant will have 60 days to submit the requested information without having to submit a new application.
- An applicant may appeal the rejection by staff of an application to the TIRZ Board Chair. If the Chair determines there is substance to the appeal, the application will be placed on the next regularly scheduled TIRZ Board agenda.
- TIRZ Board Review: Once City staff has completed the preliminary review; City staff will place the proposed project on the next regularly scheduled TIRZ Board agenda for discussion. Once City staff and the applicant have come to agreement on a proposed incentive, staff will develop a “Proposed Term Sheet” and present the draft proposal with a recommendation for TIF funding to the applicable TIRZ Board for consideration. Final terms will be negotiated between the TIRZ Board and applicant.
- If the TIRZ Board recommends approval of the project, the Board will direct staff to prepare the final Term Sheet which will be forwarded with Board recommendation to the City Council and other appropriate governing entities for review and final approval.
- If the project is not approved, the applicant may submit an amended application.
- Once approved by the Amarillo City Council, appropriate officials representing the City of Amarillo, TIRZ Board, and Applicant will execute the Development Agreement.
- TIF eligible expenses will only be paid if all conditions of the Development Agreement are met.
- Once a project is approved, the TIRZ Chair, Vice Chair and Randall County Representative, as a committee, are authorized to grant adjustments in the project time line throughout the duration of the project, without further Board action, up to a cumulative total of 180 days. (Policy Statement #1 8-14-08)

- Upon submission of an application, all project information provided to or developed by the City is subject to provisions of the Texas Public Information Act and could become public information.
 - Exceptions include certain information made confidential by law; certain personnel information; information relating to litigation; information related to competitive bidding; certain commercial information; location and price of property; legislative documents; certain law enforcement records; and attorney-client privileged information.