

**ORDINANCE NO. O2025-38**

**AN ORDINANCE BY THE CITY COUNCIL OF DAYTON, TEXAS; SAID  
ORDINANCE ADOPTING THE ESTABLISHED GUIDELINES AND CRITERIA FOR  
GRANTING A TAX ABATEMENT IN A REINVESTMENT ZONE CREATED BY AND  
WITHIN THE CITY**

**WHEREAS**, the creation and retention of job opportunities that bring new wealth is a high civic priority; and

**WHEREAS**, new jobs and investment will benefit the area economy, provide needed opportunities, strengthen the real estate market and generate tax revenue to support local services; and

**WHEREAS**, the City of Dayton (“City”) must compete with other localities across the nation who currently offer tax inducements to attract jobs and investments; and

**WHEREAS**, any tax incentives offered in the City will reduce needed tax revenue unless strictly limited in application to those new and existing industries that bring new wealth to the community; and

**WHEREAS**, tax incentives should not have a substantially adverse effect on the competitive position of existing companies operating in the City; and

**WHEREAS**, tax incentives should not be used to attract those industries that have demonstrated a lack of commitment to protecting our environment, but should be used to encourage projects designed to protect our environment; and

**WHEREAS**, the abatement of property taxes, when offered to attract and/or retain jobs in industries which bring money from outside a community instead of merely re-circulating dollars within a community, has been shown to be an effective method of enhancing and diversifying an area’s economy; and

**WHEREAS**, Texas law requires any eligible taxing jurisdiction to establish Guidelines and Criteria as to eligibility for tax abatement agreements prior to granting any tax abatement; said Guidelines and Criteria to have a life of two years unless amended by three-quarters vote of the City Council.

**NOW, THEREFORE, Be It Ordained** that the City Council of the City of Dayton, Texas does hereby adopt these Guidelines and Criteria for granting a tax abatement to companies situated within a reinvestment zone inside the City's corporate limit.

**I.**

**POLICY BASIS**

This Tax Abatement Policy shall apply to approved present or potential owners of taxable property in the City of Dayton, who: (1) own or are in the process of acquiring eligible property in a Reinvestment Zone approved by the City; (2) are willing to execute tax abatement agreements on property improvements and developments designed to provide benefits to eligible property and to utilize area contractors and work force to the maximum extent feasible; and (3) are operators of new, expanded or modernized manufacturing, research, distribution, service, administrative, corporate or other business or industry facilities who shall be situated on the subject real property.

**II.**

**APPLICATION**

- (a) Any current or potential owner of taxable property in the City may request the creation of a reinvestment zone and/or tax abatement by filing a completed application with the City Manager. Additionally, any current or potential owner of taxable property in the City's ETJ may request the creation of a reinvestment zone and/or tax abatement by filing a completed application along with a petition for voluntary annexation (if located outside the city limits) to the City Manager.
- (b) An acceptable tax abatement application shall consist of a completed application form accompanied by: a general description of the new improvements to be undertaken; a descriptive list of the improvements for which an abatement is requested; a list of the kind, number and location of all proposed improvements to the property; a map and legal description of the property; and a time schedule for undertaking and completing the proposed improvements. The applicant shall also include information pertaining to the reasons the abatement is necessary in order to have the project undertaken in the City, including information on the project's competitive sites. The applicant shall also include a certification of the current number of permanent, part-time and contract employees of the

applicant, by category, at the time of the application and/or the number of permanent jobs to be created, by category, when the proposed facility and improvements are up and operational. In the event the project is to be located in a leased facility, the applicant shall provide, with the application, the name and address of the lessor and a copy of the lease, if executed, or option contract. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property shall be given for the tax year immediately preceding the application. The application shall require evidence of a business plan, financial capacity and other matters related to the applicant's capacity to perform. The application shall include a profile of each of the individual applicants, its officers and directors.

- (c) Each tax abatement application will be individually reviewed by the City Council and approved or disapproved based on the merits of the application and the guidelines and criteria set forth herein. Tax abatement awards may vary in their value in accordance with project details such as the number of new jobs to be created, job diversity and the level of capital investment by the company. The issue of value, as it relates to the abatement, will be determined by the City Council on a case-by-case basis with the Council's decision being final and without appeal. An abatement that is valued at 100% for a period of 10 years shall be the maximum abatement value under this program policy. No project with a projected investment value of \$1,500,000.00 (One Million Five Hundred Thousand Dollars and No Cents) or less will be eligible for nor shall it be considered for a tax abatement.
- (d) The City Council, in its sole discretion, shall either approve or disapprove each application for tax abatement and shall set the value of same. The City Manager shall notify the applicant of approval or disapproval. Any disapproved applicant may reapply for a tax abatement.
- (e) The City Manager shall notify in writing the presiding officer of the governing body of each affected taxing jurisdiction of the receipt of an application, and effort shall be made to coordinate the requested tax abatement with such other taxing jurisdiction if the abatement is approved by the City Council.
- (f) The City shall not establish a reinvestment zone or enter into an abatement agreement if it finds that the request for abatement was filed after the commencement of construction,

alteration or installation of improvements related to a proposed modernization, expansion or new facility. Provided however that a three-quarters vote of the City Council may override this article. Property eligible for abatement includes only the new improvements that occur after the completion of an abatement agreement with the City.

- (g) The City Council shall have the authority to set the commencement date for any tax abatement agreement granted.
- (h) The City reserves the right to require that an application for tax abatement be accompanied by a reasonable application fee of \$1,000.00 as allowed by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code, as amended (the "Act"). Provided however that the subject application fee can be waived by a three-quarters vote of the City Council. Additionally, if the business prospect locates within the City this fee can be refundable at the option of the City Council.
- (i) An abatement may only be granted for the additional value resulting from proposed improvements to eligible property constructed after the year in which the tax abatement is granted or for approved tangible fixed personal property brought onto the property after the date of execution of a Tax Abatement Agreement;
- (j) An abatement shall be extended only to the improved value of land, buildings, structures, fixed machinery, fixed equipment, fixed personal property, and site improvements, and shall not include supplies, inventory, work in process, non-fixed machinery, and non-fixed equipment. Provided, however, that a three-quarters vote of the City Council may override this article.
- (k) An abatement shall not be granted for any property on which a total or partial ad valorem tax exemption or devaluation currently applies or is granted during the term of the tax abatement. Provided, however, that a three-quarters vote of the City Council may override this article.
- (l) Granting of total or partial ad valorem tax exemption or devaluation to any part of the property during the tax abatement period shall cancel any and all previously enacted tax abatement on the property and render the terms of said previous tax abatement agreement on the property null and void;
- (m) Facilities and/or improvements for which a tax abatement is being requested must have a minimum expected life of twenty (20) years.

### III.

#### DISCRETIONARY CONSIDERATIONS

The following factors, among such other factors as determined necessary by the City Council, shall be considered by the City Council in its discretionary approval or disapproval of each tax abatement application:

- (a) Value of land and existing improvements, if any; and/or
- (b) Type and value of proposed improvements; and/or
- (c) Productive life of proposed improvements; and/or
- (d) Number of existing jobs to be retained by proposed improvements; and/or
- (e) Number and type of new jobs to be created; and/or
- (f) Number of new jobs to be filled by local residents, or by persons projected to reside in the City; and/or
- (g) Amount of local sales tax to be generated; and/or
- (h) The costs to be incurred by the City to provide facilities or services directly resulting from the new improvements; and/or
- (i) The amount of ad valorem taxes to be paid the City during the abatement period considering
  - a. The existing values,
  - b. The percentage of new value abated,
  - c. The abatement period, and
  - d. The value after expiration of the abatement period; and/or
- (j) The population growth that occurs directly as a result of the improvements; and/or
- (k) The values of public improvements if any, to be made by applicant seeking abatement; and/or
- (l) To what extent the proposed improvements compete with existing businesses to the detriment of the local economy; and/or

- (m) The extent of business opportunities created by the proposed improvements for local businesses; and/or
- (n) Impact on attracting other new businesses as a result of the improvements; and/or
- (o) Impact the planned improvements may have on other taxing jurisdictions within the City; and/or
- (p) Environmental compatibility, and amount, if any, of negative impact on quality of life perceptions; and/or
- (q) The ratio of real property value to personal property value being considered for abatement; and/or
- (r) Whether the proposed improvements will create adverse conditions for adjacent property owners or other citizens of the City of Dayton.

#### **IV.**

Contrary or inconsistent provisions contained in these guidelines and criteria notwithstanding, the City Council may grant a tax abatement for improvements to single-family residential property under the HOME Investment Partnership administered by the Texas Department of Housing & Community Affairs.

#### **V.**

##### **PUBLIC HEARING**

- (a) The City Council may not establish a reinvestment zone until it has held a public hearing at which interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing shall be given as required by law.
- (b) Prior to entering into a tax abatement agreement, the City Council may, at its option, hold a public hearing at which persons shall be entitled to speak and present written materials for or against the approval of the tax abatement agreement.

**VI.**

**TAX ABATEMENT PLAN**

Tax abatements shall be granted effective with the years following the year the Tax Abatement Agreement is signed. The amount and duration of exemptions granted shall be at the discretion of the City Council but in no event will they exceed the limits prescribed by statute.

**VII.**

**AGREEMENT**

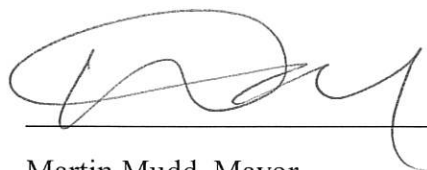
After approval and after giving affected taxing units seven (7) days written notice (including a copy of the Tax Abatement Agreement) the City shall execute an agreement with the present or potential property owner. All tax abatement agreements shall be in writing and conform to the provisions of the Act.

**VIII.**

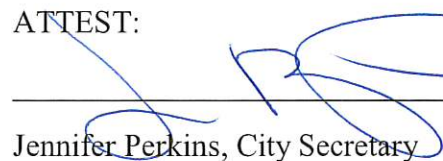
**TERM**

This policy is effective as of December 16, 2025 and will remain in force for two years at which time all reinvestment zones and tax abatement contracts created by the City will be reviewed by the City Council to determine whether the goals have been achieved and whether the policy should be confirmed. The guidelines and criteria as stated herein may be amended or repealed by a vote of three-fourths (3/4ths) of the members of the City Council.

PASSED, APPROVED, AND ADOPTED this the 15 day of December, 2025.

  
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Martin Mudd, Mayor

ATTEST:

  
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Jennifer Perkins, City Secretary

