

ORDINANCE NO. O-12-20

AN ORDINANCE OF THE CITY OF KAUFMAN, TEXAS AMENDING THE CODE OF ORDINANCES OF THE CITY OF KAUFMAN BY AMENDING CHAPTER 2, "ADMINISTRATION", ARTICLE 2.09, "ECONOMIC DEVELOPMENT INCENTIVES" TO ADD A NEW DIVISION 3 ENTITLED, "DOWNTOWN DEVELOPMENT INCENTIVE PROGRAM" IN ORDER TO ADOPT AN INCENTIVE PROGRAM FOR COMMERCIAL PROPERTY OWNERS AND BUSINESS OWNERS IN THE KAUFMAN DOWNTOWN DISTRICT FOR REPAIRING AND REMODELING COMMERCIAL PROPERTIES; PROVIDING ELIGIBILITY GUIDELINES AND AUTHORIZING THE CITY MANAGER, OR HIS DESIGNEE, TO ESTABLISH WRITTEN GUIDELINES FOR ADMINISTRATION OF THE PROGRAM CONSISTENT WITH ARTICLE IX; PROVIDING FOR THE INCORPORATION OF PREMISES; PROVIDING FOR AMENDMENTS; PROVIDING A CUMULATIVE REPEALER CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING FOR PUBLICATION AND AN EFFECTIVE DATE.

WHEREAS, the City of Kaufman is a home-rule municipality organized under the Constitution and the laws of the State of Texas; and

WHEREAS, Section 380.001 of the Texas Local Government Code authorizes governing bodies of municipalities to establish and provide for the administration of programs to promote local development and stimulate business and commercial activities in the municipality; and

WHEREAS, the City Council is committed to improving the quality of life of its citizens and community, promoting local development, and stimulating business and commercial activities in Kaufman which, in turn, will expand the City's tax base; and

WHEREAS, as a way of encouraging the continued revitalization, rehabilitation, and structural maintenance of the City's Downtown District, the City Council believes it in the best interest of the City to offer certain tax incentives to qualified property owners located within the boundaries of the Downtown District; and

WHEREAS, the City Council believes that it serves the public interest to establish this incentive program as set forth below, and that the incentives provided serve the public health, safety and welfare and promote economic development within the City.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KAUFMAN, TEXAS:

SECTION 1. INCORPORATION OF PREMISES. That the above and foregoing premises are true and correct and are incorporated herein and made a part hereof for all purposes.

SECTION 2. AMENDMENT. Chapter 2 "Administration," Article 2.09, "Economic Development Incentives" of the Code of Ordinances of the City of Kaufman is hereby amended to adopt a new Division 3, entitled "Downtown Development Incentive Program" which shall be and read as follows with all other provisions of Chapter 2, "Administration", not expressly amended hereby to remain in full force and effect without amendment:

ARTICLE IX. ECONOMIC DEVELOPMENT

"DIVISION 3. DOWNTOWN DEVELOPMENT INCENTIVE PROGRAM

2.09.050. Tax Incentive Programs for Downtown Properties/District Boundaries Defined. As a way of encouraging the continued revitalization, rehabilitation and structural maintenance of Kaufman's historic downtown, the City of Kaufman offers **tax incentives** in accordance with this Division that are available to owners of property located within the boundaries of the "Downtown District"; such Downtown District more specifically described in the City of Kaufman Zoning Ordinance as the Central Business District which includes the Kaufman Square and the adjacent one block area. The boundaries of the Central Business District may be expanded or decreased from time to time by amendment of the Zoning Ordinance. The area referred to herein as "Downtown District" shall mean that area identified in the Kaufman Zoning Ordinance and Official Zoning Map as the Central Business District, as amended from time to time.

2.09.051 Five-year Property Tax Refund. In accordance with the requirements of this Division, in return for significant capital investment to improve properties located within the Downtown District, property owners are eligible to receive, upon approval by the City Council, a refund of **75% of the base year assessed ad valorem property tax, a refund based upon the Incremental Growth of the property or a negotiated amount that meets the established limits set by the City Council. Qualifying Improvements include:** (1) the rehabilitation or reconstruction of an existing commercial structure; or (2) the establishment of a new commercial business within the District that remains for a period of at least three (3) years; and/or (3) that includes construction of a new building that complies with requirements that meet the historic nature and feel of the area; and (3) and the existing structure or new structure required above have an ad valorem value of at least \$150,000.

2.09.52. Applications. Applications for a Five-Year Tax Incentive must be submitted to the Development Services Director. In order to be considered for award of an incentive, an application shall comply with the following minimum requirements:

A. Taxes Current. All ad valorem property taxes due for the real property that is the subject of the application shall be currently paid and all ad valorem property

taxes for every other property within the City that is owed by the property owner requesting the incentives shall be also be currently paid in order to be eligible for incentives.

B. Value of Qualifying Improvements. The estimated cost of the proposed rehabilitation or reconstruction project shall equal or exceed \$50,000. This includes interior finishes and/or build out that will remain with the property. New construction must be equal to or exceed \$150,000. Qualifying Improvements shall include eligible expenditures made for new construction, structural repairs and improvements, electrical repairs and improvements, plumbing repairs and improvements, mechanical repairs and improvements, interior repairs and improvements, and/or exterior improvements or restoration made to the physical structure. Taxes incurred for investment in personal property shall not be eligible for incentive provided under this Division.

2.09.053 Application Processing.

A. Submission. The completed Downtown District Tax Incentive Application must be submitted to the Development Services Department for coordination of processing and submission to the City Council for consideration. The Department may identify any additional documentation necessary for processing. Applicants shall timely provide such requested information in order to be considered.

B. Pre-Meeting. A pre-development meeting will be hosted by City staff and will include City departments such as Development Services, Engineering, Economic Development and Fire Department, in addition to the property owner.

C. Exterior Standards. All exterior modifications to property shall meet the historic nature and feel of the downtown area and be in compliance with the Downtown Overlay Design Guidelines and recommended for approval to the City Council by the Downtown Advisory Board.

D. Permits Required. The Applicant shall secure all City permits and shall secure periodic inspection to insure proper completion of the project. City of Kaufman Development Services is the central point of contact for permitting information.

E. Council Approval. Following the submission by the property owner of the completed Application for Tax Incentive meeting all of the requirements of this Division and applicable City ordinances, such application shall be submitted to the City Council for review and approval. Approval or disapproval by the City Council shall be within the sole discretion of the Council, and the decision of the Council shall be final. Upon approval of an application and determination of incentive amount by the City Council, the determined refund amount shall be paid each year for a period of five (5) years following completion of the qualifying

improvements as long as all other qualifications set forth herein and by the City Council continue to be met. The property owner shall be required to execute a written agreement for compliance with this Division.

F. Frequency of Incentive Award. Once a property owner has received a tax incentive under this ordinance for a specified property, the property must be on the tax roll at full value for a minimum of 10 (ten) years before that property is eligible to be considered for another similar tax incentive. A new commercial business must remain at the location for a period of three (3) years or the incentive will cease upon vacating or closing

G. Grants. Economic Development Grants may also be available for some improvements. If an applicant for Tax Incentives under this Division secures one or more of the available Economic Development Grants, the amount of the grant awarded to the applicant will be added to the minimum \$50,000 of required improvements; however, in no event shall grant money be count toward determination of improvement value for the Tax Incentive program.

2.09.054. Effective Date for Incentive/Required Documentation. The tax incentive based upon ad valorem valuation, if approved, will not become effective until required value is confirmed or established through the first certified appraisal by the Kaufman County Appraisal District after the work is determined to be complete. A copy of the completed application, along with a copy of the tax statement or receipt, and invoices for work performed marked "Paid in Full" or canceled checks totaling the full amount applicable to the specific work performed, must be submitted to the Development Services Department no later than December 31 of the year for which the tax incentive is to be granted.

2.09.055. Sales Tax Reimbursement Opportunity. As an alternative, if the anticipated sales tax revenue of a new commercial business is larger than the anticipated property tax incentive through the program set forth in this Division, the owner may be eligible for a **sales tax reimbursement**. If the owner chooses to seek sales tax reimbursement, the owner may do so through a negotiated 380 Agreement with the City of Kaufman. Notwithstanding the foregoing, the City negotiation and award of a sales tax reimbursement shall be at the sole discretion of the City Council.


2.09.056. Participation Not Exclusive. Participation in the Program authorized under this Division does not disqualify an applicant from seeking other incentives or grants except as expressly set forth herein."

SECTION 3. CUMULATIVE REPEALER CLAUSE. This Ordinance shall be cumulative of all other Ordinances of the City of Kaufman and shall not repeal any of the provisions of such Ordinances except for those instances where there are direct conflicts with the provisions of this Ordinances. Ordinances or parts thereof in force at the time this Ordinance shall take effect and that are inconsistent with this Ordinance are hereby repealed to the extent that they are inconsistent with this Ordinance.

SECTION 4. SEVERABILITY CLAUSE. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance or application thereof to any person or circumstance is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance, and the City Council hereby declares it would have passed such remaining portions of this Ordinance despite such invalidity, which remaining portions shall remain in full force and effect.

SECTION 5. PUBLICATION/EFFECTIVE DATE. This Ordinance shall take effect immediately from and after its passage, as the law and City Charter in such cases provide.

PASSED AND APPROVED this 18th day of May 2020.



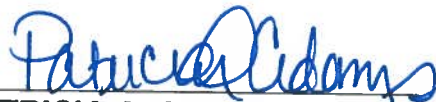
JEFF JORDAN
MAYOR

ATTEST:



JESSIE HANKS
CITY SECRETARY

APPROVED AS TO FORM:



PATRICIA A. ADAMS
CITY ATTORNEY

