

ORDINANCE NO. 762

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DONNA, TEXAS NOMINATING AN AREA AS AN ENTERPRISE ZONE PURSUANT TO THE TEXAS ENTERPRISE ZONE ACT (TEXAS GOVERNMENT CODE, CHAPTER 2303); PROVIDING TAX INCENTIVES; DESIGNATING AN AUTHORIZED REPRESENTATIVE TO ACT ON ALL MATTERS PERTAINING TO THE NOMINATION AND DESIGNATION OF THE AREA DESCRIBED HEREIN AS AN ENTERPRISE ZONE AND REINVESTMENT ZONE (TEXAS TAX CODE, CHAPTER 312); AND FURTHER DESIGNATING A LIAISON TO ACT ON ALL MATTERS PERTAINING TO THE ENTERPRISE ZONE ACT ONCE DESIGNATED BY THE TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT.

WHEREAS, the City Council of the City of Donna, Texas desires to create the proper economic and social environment to induce the investment of private resources in productive business enterprises located in severely distressed areas of the city and to provide employment to residents of such area;

WHEREAS, certain conditions exist in such area which represents a threat to the health, safety, and welfare of the people of such area; and

WHEREAS, it is necessary and in the best interest of the City to nominate such area as an enterprise zone pursuant to the Texas Enterprise Zone Act (Texas Government Code, Chapter 2303, the "Act");

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

Section 1. That the City hereby nominates the area described in Exhibit "A" attached hereto and incorporated herein for designation as an enterprise zone.

Section 2. That the City Council finds the zone meets the qualifications of the Act.

Section 3. That the City Council hereby ordains and declares that upon designation of the Proposed Zone as an enterprise zone, the City shall provide the following incentives in the Proposed Enterprise Zone, including tax incentives, which are not applicable throughout the City:

(a) The City shall refund to any qualified business located in such enterprise zone the amount of tax paid under the Municipal Sales and Tax Use Act (Texas Tax Code, Chapter 321) by the

business and remitted to the Comptrollers of Public Accounts up to the maximum extent authorized by Sections 2303.505 and 2303.506 of the Act, and for a period determined by the City, but shall not exceed 5 years.

(b) The City may abate taxes on the increase in value of real property improvements and eligible personal property that locate in the designated enterprise zone. The level of abatement shall be based upon the extent to which the business receiving the abatement creates jobs for qualified employees, in accordance with the attached Exhibit "B", and with qualified employee being defined by the Act.

(c) The City is committed to Zone Infrastructure Participation by assisting with necessary infrastructure to any new commercial development throughout the proposed Zone.

Other incentives shall be provided by the City in the proposed enterprise zone upon its designation as an enterprise zone and throughout the City, including:

- (a) Target grants and state funds to the zone.
- (b) The City has an Industrial Park, which is located within the proposed zone that may be used for commercial development.
- (c) Accelerated Zoning and Permit Procedures.
- (d) Capital improvements to water and wastewater facilities.
- (e) Capital improvements to City streets.
- (f) Improvement of City Parks.
- (g) Neighborhood Youth Center
- (h) Literacy and Employment Skills Programs are offered at the City Public Library.
- (i) Police and Fire Protection.
- (j) Permit Fee Assistance: reduce permit fees by 50%.
- (k) Health and Clinic Services are provided within the City.
- (l) Drug Abuse programs are available through the Donna Boys and Girls Club.
- (m) Community Clean up.

Section 4. That area described in this ordinance is designated as an enterprise zone and a reinvestment zone, subject to approval of the Texas Department of Economic Development.

Section 5. That the City Council directs and designates its mayor or the city manager as the City's authorized representative to act in all matters pertaining to the nomination and designation of the area described herein as an enterprise zone and a reinvestment zone.



- Section 6. That the City Council further directs and designates the city manager or the economic development director as liaison for communication with the Texas Department of Economic Development to oversee zone activities and communications with qualified businesses.
- Section 7. That the public hearing to consider this ordinance was held by the City Council on September 18, 2000.
- Section 8. That this ordinance shall take effect from and after passage as the law and charter in such cases provided.

#### EXHIBIT "A"

The City of Donna Enterprise Zone proposed zone area is as follows:

*Commencing at the intersection of Miller Avenue and Eleventh Street; thence in a southerly direction to a road named "El Chaparral"; thence in a easterly direction to a road named "Soderquist"; thence in a northerly direction to Stites Road; thence in an easterly direction to Victoria Road; thence in a northerly direction to Cummings Road; thence in an easterly direction to Midway road; thence in a northerly direction to Mile 9 North Road; thence in a westerly direction to Victoria Road; thence in a northerly direction to Mile 9 ½ North Road; thence in a westerly direction to FM 493; thence in a southerly direction to Mile 9 North Road; thence in a westerly direction to Old La Blanca Road; thence in a southerly direction to Ramsey Road; thence in a westerly direction to Billman Road; thence in a northerly direction to Mile 9 ½ North Road; thence in a westerly direction to Val Verde Road; Thence in a northerly direction to the northern boundary of Lot 2, Engelman Subdivision No. 2; thence in a westerly direction to Whalen Road; thence in a southerly direction to U.S. Business 83; thence in an easterly direction to the northwest corner of Lot 22, West Donna Estates Subdivision; thence in a southerly direction to the southwest corner of Lot 22, West Donna Estates Subdivision; thence in an easterly direction to Hutto Road; thence in a northerly direction to the southwest corner of Lot 56, West Donna Estates Subdivision No. 2; thence in an easterly direction to the southeast corner of Lot 62, West Donna Estates Subdivision No.2; thence in a northerly direction to U.S. Business 83; thence in an easterly direction to First Street; thence in a southerly direction to Miller Avenue; thence in an easterly direction to 11<sup>th</sup> Street the starting point.*

*Said enterprise zone boundary encompassing 9.3 square miles.*

## EXHIBIT "B"

**Local Business Incentive:**      **Property and Business Tax Abatement**

**1. Proposed Incentive:**

Donna proposes the offering property tax abatement to local qualified businesses.

**2. Description of the Incentive:**

The City of Donna has agreed to abate the increased valuation of property taxes on real property for new construction and expansion and modernization of existing facilities or structures to qualified businesses in the enterprise zone. The amount of property tax abated on any increment in value added to the ad valorem value of the property will be determined by the following objective criteria.

**A. Economic Development Policy.**

**1. Objective Requirements.**

- a. The business must have a minimum of one (1) new full-time position, with full time being defined as at least 1820 hours annually.
- b. The qualified business must not be located on any property that is owned leased by the City Manager, any member of the City Council, or any member of the Donna Economic Development Corporation and no person related within the second degree by affinity or third degree by consanguinity shall be eligible for the property and business tax abatement.

**B. Property Tax Abatement Eligibility.**

The commercial property tax abatement will be for a three-year cycle.

**Property Tax Abatement Schedule**

1. The first year the property would be abated at 100 percent.
2. The second year the property would be abated at 66 percent.
3. The third year the property would be abated at 33 percent.
4. On the fourth year the property would be listed on the tax roll at 100 percent of valuation.

**C. Business Incentive / Tax Relief.**

To qualify for tax relief and to continue to qualify for tax relief and other incentives described in paragraph 4 below, Qualified Business, as defined in the Act and/or improvements made by the Qualified Business must meet the criteria mandated by state legislation and comply with the following local requirements:



1. Must be, and remain, current with all city, school and county taxes.
2. Pursuant to Section 321.201 of the Texas Tax Code and to the extent permitted by law, the City hereby establishes the following guidelines and criteria, described in paragraph 3 through 5 below, governing any and all tax abatements agreements entered into the City effective for three (3) years from the date of the adoption of this ordinance.
3. To qualify for tax abatement, a business, whether a sole proprietorship, a partnership, or a corporation, must meet the following criteria;
  - a. The business must be engaged in the active conduct of a trade or business in the zone;
  - b. At least twenty-five percent (25%) of the business' employees in the Zone must be residents of the Zone or "Economically Disadvantage Individuals", as defined in paragraph 5 below; and
  - c. If the business is already active within the Zone at the time this resolution is adopted and operates continuously after such date, the business must hire residents of the Zone or economically disadvantaged workers after the adoption of this resolution so that those individuals constitute as least twenty-five (25%) of the business' employees in the Zone; and
  - d. The businesses must establish a job priority and consider as follows: residents of the City of Donna, Donna Independent School District, and then Hidalgo County.
4. In addition to meeting all the criteria described in paragraph d above, to qualify for tax abatement such business and/or improvements by such businesses must;
  - a. Be located wholly within the Enterprise Zone;
  - b. Be qualified under one of the following:
    - i. To qualify for 25% tax abatement, a business must invest between \$25,000 and 250,000 in capital investment in the Zone.
    - ii. To qualify for 50% tax abatement, a business must invest between \$250,001 and \$500,000 in capital investment in the Zone.
    - iii. To qualify for 75% tax abatement, a business must invest between \$500,001 and \$750,000 in capital investment in the Zone.

- iv. To qualify for 100% tax abatement, a business must invest between \$750,001 or higher in capital investment in the Zone.
  - c. conform to the requirements of the City's zoning ordinances and all other applicable laws and regulations of both the City of Donna and the County; and
  - d. the new construction and/or site work must not begin until after the designation of the Enterprise Zone by the Texas Department of Economic Development.
- 5. "Economically Disadvantage Individual" is defined as an individual with a business meeting the criteria set forth in paragraph 4 above, was unemployed or received public assistance benefits, such as welfare payments and food stamp payments based on need and intended to alleviate poverty. An individual is unemployed if the individual is not employed and has exhausted all unemployment benefits, whether or not the individual is actively seeking employment.
- 6. If a business meets all the guidelines and criteria described in paragraph 3 above, and such business meets the guidelines and criteria described in paragraph 4 above, the City may enter into tax abatement agreements with such business and offer other incentives described in Section B, after appropriate consideration of an action on each such agreement as required by law, pursuant to which the City may exempt from taxation for a period of three (3) years from 33 percent (33%) to 100 percent (100%) of the increase in value of taxable real property of such business in the City over the same property's value in the year in which such tax abatement agreement is executed according to the Property Tax Abatement Schedule.

**Section 9: Nepotism:** No person related within the second degree by affinity or third degree by consanguinity to the City Manager, any member of the City Council or any member of the Donna Economic Development Corporation and the Development Corporation of Donna, Inc., shall not be eligible for the local incentives abovementioned.

**Section 10: Administrative Authority:** The City Council further designates the Donna Economic Development Corporation and the Development Corporation of Donna, Inc. to act on behalf of the City on all



administrative matters pertaining to the enterprise zone and its program functions.

Section 11: Termination: That operation of the zone shall commence on the date it is reviewed and approved by the Texas Department of Economic Development and that termination of the operation of the zone shall occur seven (7) years from said date.

Section 12: If any section, or part of any section, paragraph or clause of this Ordinance is declared invalid or unconstitutional for any reason, such declaration shall not be held to invalidate or impair the validity, force or effect of any other section, part of any section, paragraph or clause of this Ordinance.

Passed and approved on first reading this 19<sup>th</sup> day of September 2000.

Passed, approved and adopted on second and final reading on this 17<sup>th</sup> day of October 2000.


CITY OF DONNA

  
Lonnie Flores, Mayor

Approved as to Form and Substance:

  
Javier Villalobos  
Interim City Attorney

Attest:

  
Rosa Ana Rodriguez  
City Secretary

