CITY OF EL PASO, TEXAS
AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM

CITY CLERK DEPT.
07SEP -4 AM11:30

DEPARTMENT: **Economic Development**

AGENDA DATE: **Intro: September 18, 2007; Discussion & Action: September 25, 2007**

CONTACT PERSON/PHONE: **Kathy Dodson, PhD, Director 541-4670**

DISTRICT(S) AFFECTED: **8**

SUBJECT:
An Ordinance of the City of El Paso, Texas establishing a policy regarding sale and use tax rebates within the area covered by the Downtown 2015 Plan

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BACKGROUND/DISCUSSION:

The Economic Development Department of the City of El Paso has been charged with implementing incentive programs as part of the Downtown Plan implementation. This is one of a series of incentives for the downtown area. Additional incentives are being proposed by other departments as well. The sales tax rebate is an incentive to encourage new construction and major renovations downtown by providing a sales tax rebate on the labor and materials used to remodel, rehabilitate or build a structure in the downtown Historic District and Tax Increment Reinvestment Zones. To be eligible for a rebate, a minimum expenditure of $100,000 must be made. This ordinance will sunset in five years.

PRIOR COUNCIL ACTION:
Has the Council previously considered this item or a closely related one?
No.

AMOUNT AND SOURCE OF FUNDING:
How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?
N/A

BOARD/COMMISSION ACTION:
Enter appropriate comments or N/A.
N/A

**********REQUIRED AUTHORIZATION**********

LEGAL: (if required) _____ **FINANCE: (if required)**_____

DEPARTMENT HEAD: _____
(Example: If RCA is initiated by Purchasing, client department should sign also). ***Information copy to appropriate Deputy City Manager***

APPROVED FOR AGENDA:

CITY MANAGER:_____ **DATE:** _____

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ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF EL PASO, TEXAS, ESTABLISHING A POLICY REGARDING SALES AND USE TAX REBATES WITHIN THE AREA COVERED BY THE DOWNTOWN 2015 PLAN.

WHEREAS, the downtown area is considered the economic heart of El Paso, Texas and its vibrancy is key to the investments made throughout the community;

WHEREAS, the El Paso City Council has determined that a revitalization strategy is necessary to address the critical needs of the downtown area in order to foster and support economic growth and opportunity and to facilitate new investment to the area;

WHEREAS, Ordinance 016487 was previously passed by the City of El Paso approving the Downtown 2015 Plan and that the plan envisioned the use of various incentives to accomplish the goals and objectives of the Plan;

WHEREAS, Article III, Section 52-a of the Texas Constitution provides in pertinent part for "the creation of programs and the making of loans and grants of public money, other than money otherwise dedicated by this constitution to use for a different purpose, for the public purposes of development and diversification of the economy of the state, the elimination of unemployment or underemployment in the state, the stimulation of agricultural innovation, the fostering of the growth of enterprises based on agriculture, or the development or expansion of transportation or commerce in the state";

WHEREAS, Section 380.001(a) of the Texas Local Government Code provides that the City Council of the City of El Paso, Texas, "may establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality";

WHEREAS, the City Council of the City of El Paso, Texas, finds and determines that establishing this policy regarding sales and use tax refunds within the area covered by the Downtown 2015 Plan will serve the public purposes of development and diversification of the economy of the state, the elimination of unemployment or underemployment in the state, or the development or expansion of transportation or commerce in the state, and otherwise satisfies the requirements of article III, section 52-a of the Texas Constitution, and chapter 380 of the Texas Local Government Code.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

THAT, rebates of the City's portion of sales and use tax within the area covered by the Downtown 2015 Plan is hereby authorized according to the following guidelines:

1. ***Minimum Expenditure required.*** A minimum total aggregate expenditure of $100,000.00 for improvements or new construction within the boundaries of the area covered by the Downtown 2015 Plan shall be required in order to apply for sales and use tax rebates.

2. ***Permits.*** All improvements or new construction made within the boundaries of the area covered by the Downtown 2015 Plan must have first obtained all applicable approvals and permits before improvements or construction is begun in order to be eligible for sales and use tax rebates.

3. ***Eligible taxes.*** The City may agree to a rebate of its local sales and use taxes paid by business or person:

   A) on the purchase of material for use in remodeling, rehabilitating, or constructing a structure in the area covered by the Downtown 2015 Plan or;

   B) for labor in the remodeling, rehabilitating, or construction of a structure in the area covered by the downtown plan.

4. ***Separate Agreements required.*** The City will, by separate Chapter 380 Agreement, consistent with Chapter 380 of the Texas Local Government Code, consider rebating the *eligible* local sales and use tax paid for a period to be determined by the Agreement but not to exceed two (2) years.

5. ***Documentation required.*** Business or persons entitled to a rebate of local sales and use tax under this Section shall pay the entire amount of State and local sales and use taxes at the time of purchase. A business or person entitled to a rebate of the City's local sales and use tax may request a rebate once each year in writing. A business or person entitled to a rebate of sales and use tax must provide documentation necessary to support a rebate claim in a form prescribed by the City's Director of Economic Development.

6. ***Sunset.*** This ordinance will sunset five (5) years after enactment unless otherwise extended by council action.

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ADOPTED this ____ day of _____, 2007.

THE CITY OF EL PASO

_____
John F. Cook
Mayor

ATTEST:

_____
Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:

Sylvia Borunda Firth
Senior Assistant City Attorney

APPROVED AS TO CONTENT:

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Kathryn Dodson, Director
Economic Development Department

Doc. No.: 29563 v3
Doc. Name: Ord-07-Sales & Use Tax-Downtown Plan
Doc. Author: SFIR

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