

**RESOLUTION NO. 987-2025**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UNIVERSAL CITY, TEXAS, ESTABLISHING ELEGIBILITY TO PARTICIPATE IN TAX ABATEMENT; ADOPTING GUIDELINES AND CRITERIA GOVERNING TAX ABATEMENT AGREEMENTS IN THE CITY OF UNIVERSAL CITY UNDER CHAPTER 312 OF THE TEXAS TAX CODE; PROVIDING FOR SEVERABILITY; AND SETTING AN EFFECTIVE DATE.**

WHEREAS, for a City to participate in tax abatement under Chapter 312 of the Texas Tax Code, the City Council must elect to become eligible to participate and establish guidelines and criteria that govern tax abatement agreements prior to designating a Reinvestment Zone and entering into a tax abatement agreement; and

WHEREAS, Chapter 312 of the Texas Tax Code requires the City Council to adopt guidelines and criteria governing tax abatement agreements every two years if the Council elects to be eligible to participate in tax abatement; and

WHEREAS, the guidelines and criteria may only be amended or repealed by a vote of three-fourths of the members of the City Council during the two-year period; and

WHEREAS, Tax Code § 312.002 (c-1) requires the City Council to hold a public hearing at which members of the public are given the opportunity to be heard, before it may adopt, amend, repeal, or reauthorize guidelines and criteria governing tax abatement; and

WHEREAS, on July 15th, 2025 the City Council conducted, in the time and manner and after notice required by law and applicable ordinances, a public hearing on the proposed adoption of guidelines and criteria governing tax abatement; and

WHEREAS, the City Council elects to declare it is eligible to participate in tax abatement as provided for in Chapter 312 of the Texas Tax Code and wishes to adopt guidelines and criteria governing tax abatement according to the terms set forth in this Resolution; NOW, THEREFORE;

**BE IT RESOLVED BY THE CITY COUNCIL  
OF THE CITY OF UNIVERSAL CITY, TEXAS:**

**Section 1. Guidelines and Criteria Governing Tax Abatements Adopted**

In accordance with the requirements of Section 312.002 of the Texas Tax Code, as amended, the City of Universal City hereby adopts the "Guidelines and Criteria Governing Tax Abatements by the City of Universal City" attached hereto as Exhibit "A" and incorporated for all purposes.

**Section 2. No Limits**

Adoption of the guidelines and criteria stated in Section 1 herein does not:

- (a) Limit the discretion of the City Council to decide whether to enter into a specific Tax Abatement Agreement;
- (b) Limit the discretion of the City Council to delegate to its employees the authority to determine whether or not the City council should consider a particular application for request for Tax Abatement; or
- (c) Create any property, contract, or other legal right in any person to have the City Council consider or grant a specific application or request for Tax Abatement.

**Section 3. Effectiveness of Guidelines.**

The guidelines and criteria in Section 1 shall be for a period of two (2) years effective July 15, 2025 and ending July 14, 2027. During the period, the said guidelines and criteria for governing Tax Abatements may be amended or repealed only by a vote of three-fourths of the members of the City Council.

**Section 4. Effective Date**

That, after conducting a Public Hearing, this Resolution shall become effective upon passage and approval by the City Council of Universal City, Texas.

**Section 5. Severability**

If any provision, section, subsection, sentence, clause or phrase of this resolution or the application of the same to any person or set of circumstances is for any reason held to be unconstitutional, void, or invalid or for any reason unenforceable, the validity of the remaining portion of this resolution of tis application to other person or sets of circumstance shall not be affected thereby, it being the intent of the City Council of Universal City in adopting this resolution that no portion hereof or provision or regulation contained therein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity, and all provisions are declared severable for that purpose.

**PASSED AND APPROVED** by the City Council of Universal City, Texas on this 15<sup>th</sup> day of July 2025.

CITY OF UNIVERSAL CITY, TEXAS

APPROVED:



  
\_\_\_\_\_  
Tom Maxwell, Mayor

ATTEST:

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Maribel Garcia, City Clerk

  
\_\_\_\_\_  
Natalie Thamm, Legal Counsel, DNRBS&Z

BY THE CITY OF UNIVERSAL CITY  
Effective July 15, 2025 through July 14, 2027

## 1. GENERAL PROVISIONS

### 1.1 Purpose

Chapter 312 of the Texas Tax Code allows, but does not obligate or require, the City to grant a tax abatement on the value added to a particular property on account of a specific development project that meets the eligibility requirements set forth in this policy. In order for the City to participate in tax abatement, the City is required to establish guidelines and criteria governing tax abatement agreements. This policy is intended to set forth those guidelines and criteria for persons or entities interested in receiving tax abatement from this City.

### 1.2 Objective

The City of Universal City is committed to the promotion of high quality development in all parts of the City; and to an ongoing improvement in the quality of life for its citizens. Insofar as these objectives are generally served by the enhancement and expansion of the local economy, the City of Universal City, will on a case-by-case, give consideration to providing tax abatement as stimulation for economic development in Universal City. It is the policy of the City of Universal City to make available tax abatement for both new facilities and for the expansion or modernization of existing buildings and structures. It is the policy of the City of Universal City that said consideration will be provided in accordance with the procedures and criteria outlined in this document. Nothing herein shall imply or suggest that the City of Universal City is under any obligation to provide tax abatement to any applicant.

### 1.3 General Eligibility Criteria

A Tax Abatement can only be granted to persons or entities eligible for tax abatement pursuant to Section 312.204(a) of the Texas Tax Code, which persons or entities as of the effective date of this Policy are: (i) the owner of taxable real property located in a tax abatement reinvestment zone; or (ii) the owner of a leasehold interest in tax-exempt real property located in a tax abatement reinvestment zone. A Tax Abatement will not be granted for any development in which a building permit has been filed.

### 1.4 General Exclusions and Limitations

#### **1.4.1 Leases of Real Property**

A person or entity seeking tax abatement on real property that is leased from a third party should be advised that, pursuant to state law, the City can only abate taxes on the increased value of the taxable leasehold interest in the real property, if any, and the increase in value of taxable improvements and tangible personal property located on the real property and subject to the leasehold interest, if any. Before applying for a Tax Abatement from the City, such persons or entities should seek professional and legal guidance and may wish to consult with the appraisal district having jurisdiction over the property in question, as to whether their development projects will result in a taxable leasehold interest in the property and, if so, the anticipated value of that leasehold interest.

## **2. DEFINITIONS**

As used within these guidelines and criteria, the following words or phrases shall have the following meanings:

**2.1 "Abatement" or "Tax Abatement"** -The temporary, full or partial exemption from ad valorem taxes of certain Added Value to eligible taxable real property and in some cases tangible personal property located in a Reinvestment Zone.

**2.2 "Added Value"** -The increase in the assessed value, as compared to base year value, of an eligible property as a result of expansion or modernization of an existing facility or construction of a new facility.

**2.3 "Agreement"** - A contractual agreement between a property owner and/or lessee and the City of Universal City for the purpose of tax abatement.

**2.4 "Base Year Value"** - The assessed value of eligible property as of the January 1 preceding the execution of an Agreement, as determined by the Bexar or Guadalupe County Appraisal District.

**2.5 "Expansion"** - The addition of buildings, structures, fixed machinery or equipment for the purposes of increasing capacity.

**2.6 "Facility"** - Property improvements completed or in the process of construction which together compromise an integral whole.

**2.7 "Modernization"** - The replacement and upgrading of existing facilities which increase the productive input or output, updates the

technology or substantially lowers the unit cost of the operation, and extends the economic life of the facilities. Modernization may result from the construction, alteration, or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing, repairing or completion of deferred maintenance.

2.8 **"New Facility"** - Property previously undeveloped which is placed into service by means other than or in conjunction with an expansion or modernization.

2.9 **"Owner"** - means the owner of a facility subject to abatement. If the Facility is constructed on a leased property, the owner shall be the party which owns the property subject to tax abatement. The other party to the lease shall join in the execution of agreement but shall not be obligated to assure performance of the party receiving abatement.

2.10 **"Full-time and Full-time Equivalent (FTE) Jobs "** - means a new employment position created by a business that provides full-time or part-time employees whose regular work schedule adds up to at least 40 hours per week or 2,080 hours a year.

2.11 **"Reinvestment Zone"** - means an area that the City Council of the City of Universal City designates by Ordinance as a Reinvestment Zone that meets the requirements of Chapter 312 of the Texas Tax Code.

### **3. ABATEMENT AUTHORIZED**

#### **3.1 Authorized Facilities**

Abatement may be granted for New Facilities and improvements to existing facilities for the purpose of Modernization or Expansion.

#### **3.2 Creation of New Value**

Abatement may only be granted for the Added Value of eligible property improvements based on valuations as determined by the Bexar or Guadalupe County Appraisal District and subject to and listed in an abatement agreement between the City and the property owner and lessee, if required, subject to such limitations as said jurisdiction may require.

#### **3.3 Eligible Property**

Abatement may be extended to the Added Value of real and tangible

personal property as noted in Section 3.6 (B).

**3.4 Ineligible Property**

The following types of property shall be fully taxable and ineligible for abatement: intangible personal property, inventory and supplies, improvements prior the effective date of the applicable tax abatement agreement, property owned or leased by a member of the City Council or the Planning & Zoning Commission, and any other property for which Abatement is not allowed by State Law.

**3.5 Type of Industry**

In keeping with the broad-based approach to economic development, agreements will not be restricted to any particular type of industry.

**3.6 Period and Percentage of Abatement**

**To obtain Abatement, all projects must meet or exceed the following respective formula:**

<b>New FTE Created</b>	<b>Added Value as Assessed By Appraisal District</b>	<b>Abatement Level</b>
1-15	Up to \$500,000	1
16-30	\$500,001 up to \$1 million	2
30+	Over \$1 million	3

<b>Percent of Abatement</b>			
<b>Year</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
1	100%	100%	100%
2	80%	80%	100%
3	60%	60%	80%
4	40%	40%	60%
5	20%	20%	40%

**3.6 Other General Abatement Guidelines**

- (a) They must be offered to local companies for the expansion of existing facilities as well as new facilities.
- (b) They must be "performance based" to provide cost benefit advantages to Universal City.
- (c) They must not permit outside companies to unfairly compete with local companies in the same business in the local market: competing

companies may be considered if their customers are outside Universal City, or if any other measures are offered which are judged to make the companies compatible with Universal City's interests.

- (d) They must be contractual and fully and accurately disclosed to the public.
- (e) The contracts must be effectively protected by cancellation, recalibration and "claw-back" provisions which would insure the return of the community's funds if the company or companies default on their part of the agreement. There should, however, be no levy of penalties above repayment of actual City costs.

### **3.7 Other Considerations**

- (a) Depending upon the applicant, tax abatement agreements may be negotiated with consideration of cost benefit, company's financial statements or D&B rating, past business history, nature of the production process, environmental hazards, cost breakdown of the investment into land, building, equipment, and probable project status at the end of 5 years.
- (b) City Council reserves the right to vary the term and percent of abatement, on a case-by-case basis, where the applicant shows unique circumstances that meet the economic development goals and objectives of the City of Universal City.
- (c) The Abatement Agreement may not be transferred nor assigned by the holder to a new owner or lessee of the same facility without prior approval by resolution of the City Council of Universal City. Any assignment shall provide that all conditions, terms and obligations in the original Abatement Agreement are guaranteed by the execution of an additional contractual Agreement with the City as an addendum to the Abatement Agreement. No assignment or transfer shall be approved if the parties to the existing Agreement (the new owner or new lessee) are liable to any jurisdiction for outstanding taxes or other obligations.
- (d) Any other provisions required by law or required by the City Council.
- (e) If a given development project qualifies for Tax Abatement pursuant to the eligibility criteria detailed in this Policy, an applicant for Tax Abatement must complete and submit a City of Universal City Tax Abatement Application. An Application can be obtained from and should be submitted to the Development Services Department.

### **3.8 Termination and Cure**

The City reserves the right to terminate the agreement if the Owner breaches the agreement.

- (a) **“Termination.”** If the company or individual (1) allows its ad valorem taxes owed the City to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or (2) violates any of the terms and conditions of the Agreement and fails to cure during the Cure Period (as defined below), the Agreement then may be terminated and all taxes previously abated by virtue of the Agreement will be recaptured and will be due and payable thirty (30) days after the termination of the Agreement.
- (b) **“Cure Notification.”** Should the City determine that the company or individual is in default according to the terms and conditions of its Agreement, the City shall notify the company or individual of such default in writing at the address stated in the Agreement, and if such is not cured within thirty (30) days from the date of such notice (“Cure Period”), then the Agreement may be terminated.

### **3.9 Procedures**

- (a) The Chief Appraiser of the Bexar or Guadalupe County Appraisal District shall annually determine an assessment of the real property covered under the Abatement. Each year, the company or individual receiving abatement shall furnish the Chief Appraiser with such information as may be necessary for the Abatement. Once value has been established, the Chief Appraiser shall notify the City of the amount of the assessment.
- (b) The recording of a copy of the agreement in the Bexar or Guadalupe Real Property Records by the City.
- (c) Upon completion of construction, the designated representative of the City shall annually evaluate information regarding each facility receiving abatement to ensure compliance with the Agreement, and a formal, written report shall be made to the County Tax Assessor- Collector and the City Council.
- (d) The City shall timely file with the Texas Department of Commerce and the State Comptroller’s Office all information required by the Tax Code. The County Tax Assessor-Collector has direct authority to act on behalf of the City with this requirement.