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## Fulshear City Council Approves Development Of Tax Abatement Policy

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Following approval by city council Tuesday evening, Fulshear's 4A Corporation will develop a tax abatement policy to attract more economic and business development to the city.

Council members gave the go-ahead to develop the policy following a presentation by 4A Corporation consultant Bill Knesek.

When completed, the policy will have to be approved by city council before it is implemented.

The city's 4A Corporation uses dedicated tax money to promote economic development. Tax abatements are often used to attract business and industrial prospects to locate in a given area, Knesek said.

Knesek also said state law requires a policy to be in place before such abatements can be offered. The 4A Corporation has agreed to fund development of the policy.

"Prospects do not like questions marks," Knesek told the council. "When negotiating with a prospect, one of the first questions is usually 'what tax abatements are available?' Having a policy in place allows that negotiation to begin immediately, rather than having (the prospect) wait three to four months while a policy is developed."

He also stressed that having a policy in place does not obligate the city to grant a tax abatement. Decisions on abatements are made on a case-by-base basis depending on what economic stimulus the business or industry would bring to the city.

Having such a policy also sends a "pro-business message," Knesek said.

The consultant also told council members he would propose a "low-tier" \$100,000 economic impact threshold for a business to qualify under the program. This would open the door for existing businesses to get an abatement for expansion.

"This is not just for outsiders," Knesek said.

If ultimately adopted by city council, the abatement policy would be good for two years. It must then be re-authorized. During the two-year period, terms of the abatement can be changed only by a two-thirds vote of city council.

Fulshear previously had a tax abatement policy in the 1980s, but allowed it to expire.

"We simply think it would be good policy to have it ready should we need it," Knesek said.

City council approved developing the policy on a 3-0 vote, with Mayor Pro-Tem J.B. Collins and Alderman Stephen Gill absent.

The draft policy is expected to be ready in two to three months.

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In related action, council also approved the 4A Corporation's proposed 2010-2011 budget.

Knesek called the \$80,450 budget "conservative," and noted it had already been approved by the 4A Corporation board of directors.