

GRAND PRAIRIE

ECONOMIC DEVELOPMENT

City of Grand Prairie – Proposed Chapter 312 Tax Abatement Policy Guidelines
(DEC 2025)

1. Purpose and Intent

These guidelines establish the City of Grand Prairie’s framework for granting property tax abatements under Chapter 312, Texas Tax Code. The program’s purpose is to attract and retain significant economic development related investment that strengthens the local economy, enhances the City’s tax base, and drives strategic infrastructure upgrades, while maintaining fiscal balance and public transparency. Additionally, the abatement policy will serve as a mechanism to help compete amidst a challenging economic climate.

2. Policy Principles

1. Catalyze major taxable investment with long-term economic benefit.
2. Reinforce infrastructure modernization (power, fiber, roads, drainage).
3. Show clear public benefits.
4. Ensure accountability through measurable performance and applicable claw back provisions.
5. Support Grand Prairie’s vision for advanced industrial redevelopment laying the framework for industry 5.0 growth and good paying jobs with strong career pathways.

3. Eligible Areas and Projects

A. Location

- Must be within a City-designated Reinvestment Zone per Chapter 312.

B. Eligible Project Types

- Pertains to established, operational companies, and does not extend to startup companies.

EXHIBIT “A”

C. Exclusions

- Cryptocurrency mining operations, non-operational holding structures or shell buildings without a committed and qualified end-user.
- Operators in modular building structures or those in containerized units that are mobile in nature.

D. Application

- A formal application for incentives must be completed with the City of Grand Prairie’s Economic Development Department and submitted electronically and as directed by staff.
- All pertinent application fees must be paid in full at the time of application submittal.

4. Minimum Qualification Thresholds

Category	Minimum Requirement (per project)
Total Capital Investment	≥ \$50 million (combined real + business personal property)
Eligible Property	Business Personal Property defined as some (servers, racks, cooling, electrical, machinery, and related equipment that produces finished goods).
Job Creation	≥ 50 full-time permanent jobs (direct employees)
Wages	High wage jobs as determined by the City of Grand Prairie’s economic development department.
Construction Timeline	Begin within 18 months of agreement execution or at commencement of certificate of occupancy whichever comes first.
Community Contribution	Workforce partnership with local ISDs, and schools within the City of Grand Prairie, and/or a community benefit fund contribution designed for ongoing support to economic development related projects to support community growth. (negotiated per project)

EXHIBIT “A”

5. Example Matrix

Investment Tier	Eligible Abatement % (Max)	Term Limit	Notes
Tier 1: \$50M-\$499M	Up to 40%	10 years	Entry-level threshold for consideration
Tier 2: \$500M-\$1.999B	Up to 55%	10 years	Higher tier for large multi-building or phased campuses
Tier 3: \$2B and above	Up to 65%	10 years	Reserved for hyperscale or multi-tenant campuses with regional impact

Each tier’s percentage represents the maximum allowable abatement; actual levels will be negotiated based on fiscal impact, infrastructure participation, and public-benefit performance.

6. Public Benefit & Community Commitments

- **Sustainability Plan:** Measurable reductions in water or energy intensity, renewable sourcing, or waste-heat recovery.
- **Workforce & Local Procurement:** Collaboration with local colleges or workforce boards; procurement from local vendors.
- **Community Contribution:** Consideration of a voluntary payment or in-kind investment supporting local infrastructure, training, or amenities with guidance provided by the City of Grand Prairie.

7. Compliance and Oversight

- Annual compliance certification due April 1 each year for the life of the agreement.
- Reporting must be submitted in a clear, legible, and electronic format by the stated deadline; failure to meet the deadline outlined may result in the City of Grand Prairie’s right to revoke the incentive for that year.
- Each compliance package submitted to the City of Grand Prairie must contain:
 - Cover page with applicable abatement period to include date and addressed to the City of Grand Prairie Economic Development Department.
 - Table of contents as described below, and as directed by the agreement.
 - 1 page summary of the compliance package signed by senior finance executive.
 - Signed Certification of Compliance via an attached letter or sworn affidavit.

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- Annual reporting documents for the abatement period required shall include but not limited to are as follows:
 - Payroll registers to include employee counts, job titles, wages, and hire dates.
 - W-2/W-3 forms from the Texas Workforce Commission reports.
 - Invoices, purchase orders, and payment proofs for machinery, equipment, buildings, and improvements.
 - Fixed asset ledgers/depreciations schedules showing additions during the qualifying period.
 - Construction contracts, permits, and certificates of occupancy.
 - Allow the option to conduct on-site inspections with full access to the facility as necessary.
 - Rendition statements submitted to the county appraisal district and must break out and clearly list abated vs. Non-abated property values.
- Independent audit rights reserved to the City of Grand Prairie.
- Non-performance triggers partial or full recapture of abated taxes.
- No inventory or pre-agreement value is eligible for abatement.
- The City of Grand Prairie retains discretion for annual continuation of the abatement.

8. Procedural Requirements

1. Applicant submits project plan, investment schedule, and economic impact analysis with a reasonable staff review period.
2. City staff conduct fiscal impact modeling and compliance review.
3. City Council holds a public hearing to designate the reinvestment zone.
4. Abatement agreement authorized by Council resolution and executed by both parties.
5. Filed as a public record pursuant to Chapter 312 requirements.

9. Duration and Review

- Guidelines for policy valid for two years from adoption unless reauthorized.
- Amendment or repeal requires $\frac{3}{4}$ Council vote after public hearing.
- City retains full discretion to approve, modify, or deny any abatement request.

EXHIBIT “A”

10. Example Resolution Language

“The City Council of Grand Prairie hereby adopts the 2025 Guidelines and Criteria for Tax Abatement Agreements under Chapter 312 of the Texas Tax Code. These guidelines apply to Business Personal Property investments exceeding \$50 million and establish a tiered incentive structure with a maximum abatement of 65% for qualifying projects exceeding \$2 billion.”

11. Policy Rationale

Policy Lever	Intended Effect
BPP-only limitation	Business personal property tax base and maintains long-term fiscal growth.
\$50M threshold	Filters out small projects and ensures administrative effort equals public value.
Tiered % and term	Scales incentive to impact, aligning duration and value with capital intensity.
65% cap	Keeps parity with nearby peer metros (Fort Worth, Midlothian, Alliance) while preserving City ROI.
Annual review + claw backs	Creates political defensibility and transparency in high-dollar deals.

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