Tax Abatement Ordinance Readoption

Economic Development Committee

August 19, 2026

Mayor's Office of Economic Development

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Tax Abatement Program
TX Tax Code Chapter 312

- Chapter 312 of Texas Tax Code gives authority to cities to enter into tax abatement agreements
- Ordinance establishes economic development guidelines and criteria used to encourage companies to invest in Houston, to retain businesses, and to incentivize projects that align with the City's development priorities
- Abatements of property taxes cannot exceed a maximum term of 10 years
- State law requires cities' tax abatement ordinances to expire after 2 years

Tax Abatement Ordinance Chapter 44 Article IV

- Ord. 2024-624 established our tax abatement program through 12:00am on August 28, 2026
  - Economic Development Abatement (Sec. 44-127)
  - Brownfield Development Abatement (Sec. 44-129)
  - LEED Tax Abatement (Sec. 44-131)
  - Green Stormwater Infrastructure (GSI) Abatement (Sec. 44-132)
  - Deteriorated/Demolished Property Abatement (Sec. 44-133)

Ordinance History

- Program first established in 1988 (Ord. 1988-104)
- Ord. 2016-252 (March 30, 2016)
  - Provided favorable consideration for applications that include community benefits, including but not limited to: mid-skill jobs, reentry jobs, internships for low-income students and workforce and/or housing
- Ord. 2018-391 (May 16, 2018)
  - Required companies to commit to at least 1 community benefit as a term of agreement. Allowed tax abatement on inventory for Logistic and Distribution related projects. Explored a reduction or variance on current requirements such as job creation and minimum investment to maximize use of program in complete communities.

Ordinance History

- Ord. 2020-424 (May 13, 2020)
  - Established special eligibility and community benefit requirements for properties located within Qualified Opportunity Zone Census Tracts
- Ord. 2020-1091 (December 16, 2020)
  - Created the Green Stormwater Infrastructure abatement and increased the percentage of property value eligible to be abated for LEED abatements
- Ord. 2022-344 (May 4, 2022)
  - Readopted the tax abatement ordinance with no material changes

Ordinance History

- Ord. 2024-624 (August 28, 2024)
  - Decreased the minimum total project costs and GSI costs to become eligible for the GSI abatement
  - Expanded the eligible costs for GSI projects to include the interest incurred in financing the project and increased allowable maintenance costs to 5 years
  - Updated language regarding public hearings to align with state statute
  - Added the requirement to post public hearing notifications related to tax abatement agreements on the City's website
  - Added an hour time expiration on the sunset provision

2026 Tax Abatement Ordinance

Proposing to readopt the current tax abatement ordinance with no material changes.

Once the Mayor's Office of Economic Development has completed a review of the program's current guidelines and criteria, any proposed amendments will be presented to the Economic Development Committee.

Council Action Timeline

- Motion to Set Hearing Date

August 10, 2026

August 26, 2026

- Public Hearing
- On Agenda