



AGENDA MEMORANDUM

Action Item for the City Council Meeting of September 5, 2023

DATE: August 31, 2023

TO: Peter Zanoni, City Manager

FROM: Alma I. Casas, Interim Director of Finance and Procurement
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**Refund Requested by Flint Hills Resources in the amount of \$290,184.30
for Payment-in-Lieu-of-Taxes for Tax Years 2019, 2020, 2021, and 2022**

CAPTION:

Motion authorizing payment of a refund to Flint Hills Resources for \$290,184.30 for industrial district payments received by the City from tax years 2019, 2020, 2021, and 2022 (\$49,813.63, \$73,563.42, \$80,890.65, and \$85,916.60, respectively) as a result of decreased property values from the property appeals process with the Nueces County Appraisal District, subject to approval of the FY 2024 Operating Budget.

SUMMARY:

Flint Hills Resources has requested a refund from the City for their industrial district Payment In Lieu Of Taxes (PILOT) based on decreases in their assessed values for the tax years of 2019, 2020, 2021, and 2022. These decreases were as a result of four lawsuits filed by Flint Hills Resources against the Nueces County Appraisal District. The State awarded judgments to reduce the values.

BACKGROUND AND FINDINGS:

The purpose of an industrial district agreement is to encourage the updating, expansion, and growth of industries within the industrial district. Flint Hills Resources entered into an industrial agreement with the City in 2015 for a period of ten years. Amongst other benefits, this agreement allows Flint Hills Resources to pay the City 62.5% of their appraised value in lieu of paying property taxes. Although this is substantially less than paying 100% of appraised value, the City has been a strong supporter of industry to allow them the flexibility to succeed in our city. This support has served both the City and industry well.

The following is a list of payments made by Flint Hills Resources:

Tax Year 2019 - \$3,256,103.09
Tax Year 2020 - \$3,472,633.50
Tax Year 2021 - \$3,681,073.27
Tax Year 2022 - \$5,058,810.67

The refund request totaling \$290,184.30 by Flint Hills is as follows:

Tax Year 2019 - \$49,813.63
Tax Year 2020 - \$73,563.42
Tax Year 2021 - \$80,890.65
Tax Year 2022 - \$85,916.60

As a reminder, the City will be working on the new industrial agreement terms in this next fiscal year. All parties involved should be cognizant of the fact that payments received in lieu of taxes are affected by the appraised values. This refund request is the first request received. However, there are other companies involved in litigation regarding their appraised values, and the City of Corpus Christi may be receiving more refund requests in the future.

ALTERNATIVES:

There is no alternative. The State of Texas has ruled on the four lawsuits brought against the Nueces County Appraisal District by Flint Hills Resources.

FISCAL IMPACT:

The FY 2024 unreserved fund balance in the General Fund will be reduced by this payment to Flint Hills Resources in the amount of \$290,184.30.

FUNDING DETAIL:

Fund:	1020 – General Fund
Organization/Activity:	99
Department:	99
Project # (CIP Only):	N/A
Account:	251850 – Fund Balance
Amount:	\$290,184.30

RECOMMENDATION:

Staff recommend approval of the payment to Flint Hills Resources.

LIST OF SUPPORTING DOCUMENTS:

Refund Request Letter and supporting documentation