



CITY OF HITCHCOCK

7423 Highway 6 • P.O. Box 48, Hitchcock, Texas 77563 • Tel: 409-986-5591 • Fax: 409-986-6903

Marie Gelles
City Manager
(409) 986-5591
mgelles@cityohitchcock.org

FOR IMMEDIATE RELEASE

CITY OF HITCHCOCK TAKES LEGAL ACTION

Hitchcock, Texas, March 23, 2021: On March 22, 2021, the City of Hitchcock filed a lawsuit in Galveston County, Texas against Cressman Tubular Products Corporation (“Cressman”) located in Addison, Texas. This action arose from a dispute related to a May 2014 Economic Development Agreement between the parties. Under the Agreement, Cressman was to construct a development to be known as the “Hitchcock Project.” The Hitchcock Project would afford Cressman the opportunity to build a workplace facility and in return receive certain sales tax rebates. Upon completion of the workplace facility, the City would make annual payments to Cressman in an amount equal to 65% of the eligible 2.00% annual sales taxes collected at the Hitchcock Project.

Cressman never began construction of the Hitchcock Project but attributed sales to the City and received the sales tax payments as outlined in the Agreement. In 2020, the Texas Comptroller of Public Accounts conducted an audit which revealed that Cressman never operated a facility in the City and that the City was overpaid sales tax totaling \$3,161,162.15 of which Cressman was paid a total of \$974,142.75. The State Comptroller is now seeking repayment of all sales taxes related to the Agreement. The City made a demand on Cressman for the return of the monies it was paid but did not get a response.

In order to recoup the monies paid to Cressman, the City has filed a lawsuit in Galveston County, Texas seeking to recover not less than the \$974,142.75 in sales tax Cressman was not entitled to receive.

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