

LIBERTY COUNTY, TEXAS

COMMISSIONERS COURT:

JAY KNIGHT

County Judge

MIKE MCCARTY

Commissioner, Pct.#1

GREG ARTHUR

Commissioner, Pct.#2

EDDIE LOWERY

Commissioner, Pct.#3

LEON WILSON

Commissioner, Pct.#4

GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN A REINVESTMENT ZONE CREATED IN LIBERTY COUNTY

WHEREAS, the creation and retention of job opportunities that bring new wealth is the highest civic priority; and

WHEREAS, new jobs and investment will benefit the area economy, provide needed opportunities, strengthen the real estate market and generate tax revenue to support local services; and

WHEREAS, the communities within Liberty County must compete with other localities across the nation currently offering tax inducements to attract jobs and investments; and

WHEREAS, any tax incentives offered in Liberty County would reduce needed tax revenue unless strictly limited in application to those new and existing industries that bring new wealth to the community; and

WHEREAS, any tax incentives should not have a substantial adverse effect on the competitive position of existing companies operating in Liberty County; and

WHEREAS, tax incentives should not be used to attract those industries that have demonstrated a lack of commitment to protecting our environment, but should be used to encourage projects designed to protect our environment; and

WHEREAS, the abatement of property taxes, when offered to attract primary jobs in industries which bring in money from outside a community instead of merely recirculating dollars within a community, has been shown to be an effective method of enhancing and diversifying an area's economy; and

WHEREAS, Texas law requires any eligible taxing jurisdiction to establish Guidelines and Criteria as to eligibility for tax abatement agreements prior to granting any tax abatement, said Guidelines and Criteria to be unchanged for a two year period unless amended by a three-quarters vote; and

WHEREAS, to assure a common, coordinated effort to promote our communities' economic development, any such Guidelines and Criteria should be adopted only through the cooperation of affected school districts, cities and Liberty County; and

WHEREAS, Liberty County Commissioners Court has approved the circulation of the attached Guidelines and Criteria to affected taxing jurisdictions for consideration as a common policy for all jurisdiction which choose to participate in tax abatement agreements;

NOW, therefore, be it resolved that Liberty County does hereby adopt these Guidelines and Criteria for granting tax abatement in reinvestment zones in Liberty County.

I.

POLICY BASIS

This Tax Abatement Policy shall apply to approved present or potential owners of taxable property in Liberty County, who: (1) own or are in the process of acquiring eligible property in a Reinvestment Zone approved by the County; (2) are willing to execute tax abatement agreements on property improvements and developments designed to provide benefits to eligible property and to utilize area contractors and work force to the maximum extent feasible; and (3) are operators of new, expanded or modernized manufacturing, research, distribution, service, administrative, corporate or other business or industry facilities on the subject real property.

II.

APPLICATION

- (a) Any current or potential owner of taxable property in Liberty County may request the creation of a reinvestment zone or tax abatement by filing a completed application with the Liberty County Commissioners Court.
- (b) A completed application shall consist of a completed application form accompanied by: a general description of the new improvements to be undertaken; a descriptive list of the improvements for which an abatement is requested; a list of the kind, number and location all proposed improvements of the property; a map and legal description of the property; and a time schedule for undertaking and completed the proposed improvements. The applicant shall also include information pertaining to the reasons the abatement is necessary in order to have the project undertaken in Liberty County, including information on the project's competitive siting. The applicant shall also include a certification of the current number of permanent, part-time and contract employees of the applicant, by category, at the time of the application. In the event the project is to be located in a leased facility, the applicant shall provide with the application the name and address of the lessor and a copy of the lease, if executed, or option contract. In the case of modernization a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial capacity and other factors of the applicant. The application should also include a profile of each of the individual applicants or its officers and directors.
- (c) Each tax abatement application will be individually reviewed by Commissioners Court and approved or disapproved based on the merits of the application and the guidelines and criteria set forth herein. In addition, in its discretion, Commissioners Court may appoint a Tax Abatement Review Board, including residents of major taxing entities within Liberty

County, to review and make suggested recommendations to Commissioners Court regarding each application.

- (d) The County, upon the sole approval of Commissioners Court, shall by resolution either approve or disapprove each application for tax abatement. The County Judge shall notify the applicant of approval or disapproval. Any disapproved applicant may reapply for tax abatement.
- (e) The County Judge shall notify in writing the presiding officer of the governing body of each affected taxing jurisdiction of the receipt of an application, and effort shall be made to coordinate the requested tax abatement with such other taxing jurisdictions if the abatement is approved by Commissioners Court.
- (f) The County shall not establish a reinvestment zone or enter into an abatement agreement if it finds that the request for the abatement was filed after the commencement of construction, alteration or installation of improvements related to a proposed modernization, expansion or new facility. Property eligible for abatement includes only the new improvements that occur after the completion of an abatement agreement with Liberty County or participating municipality.
- (g) Liberty County reserves to right to require that an application for a tax abatement be accompanied by a reasonable application fee not to exceed \$1000.00 as allowed by the Property Redevelopment and Tax Abatement Act.
- (h) Abatement shall only be granted for the additional value resulting from proposed improvements to eligible property constructed after the year in which the tax abatement is granted by official action of Commissioners Court or for approved tangible personal property brought onto the property after the date of execution of a Tax Abatement Agreement;
- (i) Abatement shall be extended only to the improved value of land, buildings, structures, fixed machinery and equipment and site improvements and personal property not including supplies or inventory;
- (j) Abatement shall not be granted for any property on which total or partial ad valorem tax exemption or devaluation currently applies, or is granted during the term of tax abatement. Granting of total or partial ad valorem tax exemption or devaluation to any part of the property during the tax abatement period shall cancel any and all tax abatement on the property, and render the terms of any tax abatement agreement on the property null and void;
- (k) The resulting facility will have a minimum expected life in excess of ten (10) years.

III.

DISCRETIONARY CONSIDERATIONS

The following matters may be considered by Commissioners Court in its discretionary approval or disapproval of each tax abatement application:

- (a) The proposed improvements will increase County tax revenue at least \$10,000.00 annually after the abatement period expires, based upon the County tax rate for the year in which the tax abatement is granted by official action of Commissioners Court;
- (b) The proposed improvements will create a minimum of 25 new permanent jobs in the County upon opening for business, and should promote further employment in the County; or should increase County tax revenue substantially over the minimum amount set forth in paragraph III. A., above; or
- (c) The proposed improvements will not have the sole or primary effect of transferring employment from one part of the County to another.

IV.

PUBLIC HEARING

- (a) The Commissioners Court may not adopt a resolution designating a reinvestment zone until it has held a public meeting at which interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing shall be clearly identified on the Commissioners Court agenda at least 13 days prior to the hearing. The presiding officers of eligible jurisdictions shall be notified in writing at least 7 days prior to the hearing.
- (b) Prior to entering into a tax abatement agreement, the Commissioners Court may, at its option, hold a public hearing at which persons shall be entitled to speak and present written materials for or against the approval of the tax abatement agreement.

V.

TAX ABATEMENT PLAN

Tax abatement shall be granted effective with the years following the year the Tax Abatement Agreement is signed. The amount and duration of exemptions granted shall be at the discretion of Commissioners Court but in no event will they exceed the limits prescribed by statute.

VI.


AGREEMENT

After approval and resolution and after giving affected taxing units seven (7) days written notice (including a copy of the Tax Abatement Agreement) the County, through the County Judge, shall execute an agreement with the present or potential property owner on standard form as approved by the County Attorney's Office. All tax abatement agreements shall be in writing, and conform to the provisions of the Property Redevelopment and Tax Abatement Act, formerly Texas Revised Civil Statutes, Article 1066f.

VII.

TERM

This policy is effective as of October 1, 2015, and will remain in force until September 30, 2017, at which time all reinvestment zones and tax abatement contracts created by Commissioners Court will be reviewed by the Commissioners Court to determine whether the goals have been achieved, and whether the policy should be continued. The guidelines and criteria as stated herein may be amended or repealed only by a vote of three-fourths (3/4ths) of the members of the Commissioners Court.

LIBERTY COUNTY, TEXAS


JAY KNIGHT
COUNTY JUDGE

ATTEST:



PAULETTE WILLIAMS, LIBERTY COUNTY CLERK