

**ORDER ADOPTING AMENDMENT TO GUIDELINES AND CRITERIA
FOR
GRANTING TAX ABATEMENTS
IN HIDALGO COUNTY, TEXAS**


WHEREAS, the Commissioners Court of Hidalgo County, Texas, adopted Guidelines and Criteria for Granting Tax Abatements in Hidalgo County, Texas, effective March 16, 2010, which were amended by the Commissioners Court effective June 08, 2010 (as so amended, the "Guidelines") to allow Hidalgo County, on a case-by-case basis, to give consideration to providing tax abatement as a stimulation for economic development in Hidalgo County pursuant to chapter 312 of the Texas Tax Code.


WHEREAS, the Commissioners Court of Hidalgo County desires to amend the Guidelines in order to better provide for the stimulation of economic development in Hidalgo County.

NOW, THEREFORE IT IS HEREBY ORDERED that the Commissioners Court of Hidalgo County, Texas, hereby adopts the Amendment to Guidelines and Criteria for Granting Tax Abatements in Hidalgo County, Texas, attached as Exhibit A.

PASSED, APPROVED, ADOPTED AND ORDERED this the 6th day of July, 2010 by the Commissioners Court of Hidalgo County, Texas.

SIGNED AND ENTERED ON THE ABOVE DATE BY THE FOLLOWING MEMBERS OF THE HIDALGO COUNTY COMMISSIONERS COURT


A.C. CUELLAR, JR.
County Commissioner, Pct. 1


RENE A. RAMIREZ
County Judge


HECTOR "TITO" PALACIOS
County Commissioner, Pct. 2


JOEM FLORES
County Commissioner, Pct.3

OSCAR L. GARZA, JR.
County Commissioner, Pct. 4

Attested to:

ARTURO GUAJARDO, JR.
County Clerk

APPROVED AS TO FORM:
ATLAS AND HALL, L.L.P.

By: 
STEPHEN L. CRAIN

owner or between the County and the lessor and lessee, subject to such limitations as the County may impose.

Subsection III.G of the Guidelines and Criteria is amended to read in its entirety as follows:

G. Criteria and Value of Abatement. Abatement may be granted for eligible facilities on all or a portion of the newly created value of eligible property according to the following:

- (1) An owner of real property where an eligible facility is located, prior to the inception of the project(s) subject to an agreement, must agree to expend a designated sum of money and/or provide a certain number of jobs in order to qualify for an abatement and must expend at least the agreed sum and provide at least the agreed number of jobs in accordance with the agreement in order to receive such abatement. The percent of value to be abated is dependent upon the greater of the newly created value or the number of jobs created:

Percent of Increase in Property Value To be Abated	Newly Created Value	Number of Jobs Created
0%	Less than \$1,500,001	0 – 25
25%	\$1,500,001 up to and including \$5,000,000	26 – 50
50%	Over \$5,000,000 up to and including \$10,000,000	51 – 100
80%	Over \$10,000,000	101 or more

The amount of newly created value may be less than or equal to but will not be greater than the amount expended by the owner or by the lessor and lessee, as applicable, on the project pursuant to the tax abatement agreement.

- (2) In a lessor-lessee abatement, the lessor’s abatement will be the applicable amount set forth in subsection G.(1) of this Section III based on newly created value of real property at the eligible facility as determined by the Hidalgo County Appraisal District and these Guidelines and Criteria. The abatement for the lessee will be based on job creation and the corresponding percentage of abatement set forth in subsection G.(1) of this Section III will be applied on the newly created value of real and/or personal property owned by the lessee at the eligible facility as may be determined by the Hidalgo County Appraisal District.
- (3) Only the newly created value will be eligible for abatement and then only to the extent that such increase exceeds any reduction in fair market value of other real or personal property of an owner, lessor or lessee located within the reinvestment zone.

- (4) The length of an agreement may be for a period not to exceed ten (10) years from the successful completion of the development, redevelopment or improvement of the project. The abatement of the real and personal property in each year covered by the agreement shall only be received to the extent its taxable property value for that year exceeds its taxable property value for the year in which the agreement is executed.
- (5) As an additional incentive to create and sustain jobs, any abatement based upon job creation will be subject to increases or decreases in subsequent tax years based on the level of jobs added or lost. For example, a project that initially creates thirty (30) jobs is eligible for a 25% abatement. In the second year of the abatement period, if twenty-one (21) additional jobs are added, the abatement will then increase to 50% (although such increased abatement shall not apply retroactively), and so on as jobs are created during the abatement period. Conversely, if jobs are reduced, the percent of abatement will also be reduced.
- (6) With respect to any abatement based upon newly created value, the amount of abatement will be subject to increased or decreases in subsequent tax years based upon the calculation of newly created value. For example, if a project, according to the Hidalgo County Appraisal District, generates newly created value of \$2,500,000.00, it will be eligible for 25% tax abatement, and if in any succeeding year additional newly created value of \$3,000,000 is recorded by the Hidalgo County Appraisal District the amount of tax abatement would increase for subsequent years to an aggregate of 50%. The percentage of tax abatement may be reduced if an action of the owner, lessor, or lessee results in a decrease of property value.
- (7) Improvements, expansions or modernizations must not be expected to solely or primarily have the effect of transferring employment from one part of the County to another.
- (8) The project must be expected to prevent the loss of payroll or retain, increase or create payroll on a permanent basis in the County

Except as expressly amended hereby, the Guidelines and Criteria are hereby ratified and confirmed.

EXHIBIT A
AMENDMENT TO
GUIDELINES AND CRITERIA FOR
GRANTING TAX ABATEMENTS
IN HIDALGO COUNTY, TEXAS

Effective July ____, 2010

Subsection II. of the Guidelines and Criteria for Granting Tax Abatements in Hidalgo County, Texas, effective March 16, 2010 as amended to the date hereof (as so amended, the "Guidelines and Criteria") is amended by:

1. renumbering subsections II.R. through II.V. as II.S. through II. W.
2. inserting the following new subsection II.R. immediately following subsection II.Q.:

R. "Newly created value" means the difference between the taxable property value in the base year and the taxable property value at the time the value is being newly calculated, provided that (i) the newly created value may not exceed the amount invested pursuant to the tax abatement agreement in the property by the owner or lessor and lessee, as applicable, and (ii) any increase in valuation due to reclassification or change in use of the Property or, any other increase other than as a direct result of the development, redevelopment and improvement specified in the tax abatement agreement by owner or lessor and lessee in the Property shall not be included in the newly created value.

3. inserting the following new subsection II.X. immediately following newly renumbered subsection II.W.:

X. "Taxable property value" means the value of the Property being valued as determined by deducting from the assessed value of such Property, as recorded by the Hidalgo County Appraisal District, the amount of any applicable exemption as defined by the Texas Property Tax Code.

Subsection III.D of the Guidelines and Criteria is amended to read in its entirety as follows:

D. New Value. Abatement may only be granted for the newly created value of eligible property improvements made subsequent to and specified in an agreement between the County and the