



## **ECONOMIC DEVELOPMENT INCENTIVES PROGRAM**

### **GUIDELINES & CRITERIA FOR PARTICIPATION IN PROJECTS UNDER CHAPTER 381 OF THE TEXAS LOCAL GOVERNMENT CODE**

#### **SECTION I. GENERAL PURPOSE**

The County of Hidalgo (the “County”) has established an economic development program pursuant to Section 381.004 of the Texas Local Government Code. This program evidences the County’s continuing commitment to improving the growth, sustainability and diversity of the local economy, and thereby contribute to the long-term prosperity of the County and its citizens.

In accordance with Section 381.004, the County authorizes the County Judge to continue to develop and administer this economic development program:

- (1) for state or local economic development;
- (2) for small or disadvantaged business development;
- (3) to stimulate, encourage, and develop business location and commercial activity in the County;
- (4) to promote or advertise the County and its vicinity or conduct a solicitation program to attract conventions, visitors, and businesses;
- (5) to improve the extent to which women and minority businesses are awarded the County contracts;
- (6) to support comprehensive literacy programs for the benefit of County residents; or
- (7) for the encouragement, promotion, improvement, and application of the arts;

It is the policy of the County to implement its economic development program to

- (1) cooperate with cities to improve the quality of life of their residents;
- (2) plan for and promote the future development of the County, including communities, rural areas, and the Rio Grande Valley region; and
- (3) eliminate duplication and promote efficiency in the coordinated economic development of Hidalgo County.

The County aims to be flexible and innovating in exploring various avenues for economic development through this program and welcomes input from the community regarding other ways to support economic development in the County.

Through this program, the County may provide incentives for certain private and/or public developers and businesses that make or will make a measurable difference in achieving economic growth and development, expanding and diversifying the tax base and creating new employment opportunities within the County, pursuant to Chapter 381, Texas Local Government Code.

The County may use grants or loans of County funds, tax incentives and, to the extent the legislature appropriates unclaimed money the comptroller receives under Chapter 74, Property Code (“Comptroller Funds”), any Comptroller Funds received by the County in carrying out the program.

This program includes training for County personnel, support for various programs and initiatives that contribute to these economic development goals and purposes stated above and support for industry and businesses.

This policy also includes standards by which new businesses or expansion of existing businesses, and new developments or re-developments may be considered for financial incentives. The County will only consider granting such incentives to business and industry to the help alleviate underdeveloped, unproductive and/or blighted areas in the County that, without such incentives, would not normally be developed or redeveloped. In light of the County’s goal to incentivize the development of areas of the County that would not normally be developed or redeveloped, the County will only provide incentives under this program to businesses or industries that are receiving an incentive from a municipality or other governmental entity if the project is located within a municipality’s jurisdiction. The incentive granted by the county must be less than the incentive granted by a municipality or other governmental entity.

It is the policy of the County that said consideration will be provided in accordance with the guidelines and criteria outlined in this document (the “Guidelines and Criteria”). The County is not obligated to grant any incentives to any applicant and nothing herein will imply or suggest that the County is under any obligation to provide such incentives to any applicant. All applicants will be considered on a case-by-case basis, and the decision to approve or deny any incentives to any particular applicant will be at the discretion of the Commissioners Court of the County. Adoption of these Guidelines and Criteria does not (1) limit the discretion of the Commissioners Court to decide whether to grant a specific incentive or enter into any related agreement, (2) limit the discretion of the Commissioners Court to delegate to its employees the authority to determine whether the Commissioners Court should consider a particular application for incentives or (3) create any property, contract or other legal right in any person to have the County consider or grant a specific application or request for incentives.

## **SECTION II. PROGRAM COMPONENTS.**

**A. Economic Development Office Initiatives.** The staff of the County Judge’s office tasked with oversight of economic development matters for the county (the “economic development office”) shall as part of this program:

- i. implement and oversee marketing and advertising programs to support the purposes hereof; and

- ii. participate in training and educational programs concerning economic development, including travel and other incidental expenses related thereto.
- iii. Creating and administering emergency services programs for the purpose of stimulating business and commercial activity in the County.

- B. Literacy Programs and Arts Development Initiatives.** The County’s economic development office is instructed to develop requirements for arts and literacy projects that may be supported through this program, including developing an appropriate application for this component of the program. Projects must demonstrate either support for economic development or increased attractiveness of the County for economic development. The County anticipates such projects will be nonprofit.
- C. Financial Incentives for Business and Industry.** Business and industry development projects meeting the Guidelines and Criteria set forth below may be considered for financial incentives as part of this program. The County will use its tax abatement application as the application for this program (with applicants required to provide such additional materials as required to meet the requirements hereunder), until such time, if any, as the economic development office opts to utilize a separate application.
- D. University of Texas System Medical School.** The County finds that assisting the development of the new University of Texas System medical school in the County (the “Medical School”), will substantially enhance economic development in the County through the construction and development of the Medical School, the operation of the medical school and the improvement to the health and welfare of the workforce. Until such time, if any, as a hospital district is approved and implemented for the Medical School, the County may include support of the Medical School under this program.
- E. Continuing and Grandfathered Projects.** The County finds that continuing existing programs funded by the County through Chapter 381 (“Continuing Projects”) as well as Grandfathered Projects (as defined below) may help serve the economic development needs of the County. The County may include funding for Continuing Projects and Grandfathered Projects under this program.

### **SECTION III. AVAILABLE ECONOMIC DEVELOPMENT INCENTIVES**

Given the extensive need for economic development in the County, this program incorporates the broad range of incentives that the County is authorized to offer, including the following:

- Reimbursement based on property tax abatements
- Assistance in pursuing grant/loan funding from other public agencies
- Making loans or grants of public money
- Providing personnel and services of the County
- Other forms of requested assistance as may be approved by the County

The provisions of these Guidelines and Criteria shall apply to any incentive project authorized by the County under Chapter 381, and any agreement relating to such project shall incorporate these Guidelines and Criteria by reference. Notwithstanding the foregoing, every project authorized by the County under Chapter 381 shall be subject to these Guidelines and Criteria even if the agreement relating to such project fails to specifically mention these Guidelines and Criteria.

A. Comptroller Funds.

Each fiscal year, the County shall request Comptroller Funds.

Provision of funds to literacy and arts projects pursuant to Section II.B. above shall only be made as part of this program to the extent the County has sufficient Comptroller Funds available during the applicable year.

The County may also use Comptroller Funds for other purposes hereunder, except with respect to projects approved pursuant to Section II.C.

B. Tax Abatements and Similar Incentives

With respect to projects included hereunder pursuant to Section II.C above, the incentives will be funded from property tax from the related property and may be granted for a period of not more than ten (10) years. As a matter of general policy, more than one type of incentive (i.e., tax abatement, tax reinvestment zones, and Chapter 381 agreements entered into as a result of this policy) will not be used simultaneously unless the revenue stream from which the incentives granted in the Chapter 381 agreement are funded is derived from sources other than property tax.

The development of the project must commence within one year of applying for the incentive and construction must be completed within two years of execution of the agreement unless the agreement allows for construction in phases.

The amounts of incentives available hereunder will be governed by the County's tax abatement guidelines and criteria, provided that the agreement will require each year that the applicable tax abatement percentage will be reduced by 5% (for example, in year two, a 40% abatement will be reduced to 35%) or, in the case of Extraordinary Impact projects, 2.5%, with a 5% abatement being the floor. Further, any incentive agreement awarded hereunder will also contain provisions that tie the amount of the tax abatement in a particular year to continued growth in the County's revenue for that same year (for example, if revenues for a particular year decreased by 5%, the abatement to be paid that year will be reduced by a similar percentage [in addition to any scheduled reduction in the abatement for that year]).

Award of incentives requires the applicant to meet eligibility criteria and enter into an agreement with the County, which is approved by the Commissioners

Court. The County may require a master development agreement as part of the application process when other public entities are participating in the Project.

The application process and incentive award is administered by the economic development office.

The tax abatement guidelines and criteria shall be the primary standard for the award of an incentive hereunder; however, the Commissioners Court shall have discretion to deviate from the tax abatement guidelines and criteria and consider a different percentage of tax abatement that the County will award as an economic incentive on a case-by-case basis after proper and reasonable negotiations with an applicant and other participating public entities by economic development staff in the County Judge's office. As a matter of general policy, the County will exclude any amount required for debt service when determining a participation or award amount. Further, the County will not award an economic incentive to an applicant greater than that of a municipality, an economic development corporation, or other governmental entity for the same project, when the applicant is receiving an incentive from a municipality, an economic development corporation, or other governmental entity for the same project.

C. Pilot Program on Job Creation and Retention.

As part of its endeavor to explore different approaches for economic growth in the County, in lieu of the other incentives available hereunder, incentives based on Job creation and retention will be available to Grandfathered Projects. The incentive available to a Grandfathered Project will be capped at the maximum incentive per year that, in the County's calculation, would have been applicable pursuant to the applicable original agreement. The incentive will be funded from the tax abatements generated by property taxes assessed on and received from the Grandfathered Project.

D. Grants and Loans of Public Funds.

Except as expressly provided in these Guidelines and Criteria, the County will not make grants or loans of public funds of public funds pursuant to this program. Until such time as a hospital district is established and implemented for the Medical School, the County may, however, consider provision of public funds to the Medical School hereunder.

E. Provision of County Services and Personnel

Upon request, the County will consider provision of specific services and personnel on a case-by-case basis.

**SECTION IV. MINIMUM REQUIREMENTS FOR FINANCIAL INCENTIVES TO BUSINESSES AND INDUSTRY**

Except as otherwise set forth in this policy, in order to be considered for incentives under this program pursuant to Section II.C, a project must meet the following minimum requirements, and must explain in the project plan (submitted as part of the application) how the requirements are met:

- A. The County pursues a stable, year-round economy with unemployment rates at least as favorable as the rest of Texas. The project must create at least 26 new jobs.
- B. The County seeks to attract projects that will include substantial economic development for the County. The project must invest at least \$1.5 million in real and personal property in the County.
- C. The project, including all businesses and entities related to it, must comply with all applicable environmental and governmental regulations during the term of incentive agreement.
- D. In the event the project is located in whole or in part in any municipality, the municipality must (i) fund at least 50% of the total costs of the proposed public improvements or associated project costs for which incentives are provided by the County and (ii) assume responsibility for any future maintenance costs associated with such public improvements (if applicable).

Requirements:

- Application includes a statement of compliance with all applicable rules and regulations.
- Application includes a copy of city ordinance and related agreement that demonstrates funding and maintenance commitments toward the project.
- Such other documentation as required by the County.

Grandfathered Projects are deemed to have met the minimum requirements.

While the County is not obligated to grant incentives to any applicant, an applicant pursuant to Section II.C. must meet the minimum criteria set forth about in this section and qualify under Section V in order to be eligible for consideration for any incentives under these Guidelines and Criteria. A project meeting all of these criteria does not entitle the applicant to incentives for the project, and nothing contained herein limits the discretion of the Commissioners Court with respect to denying incentives.

This process is intended to ensure that projects the County invests in pursuant to Section II.C. of this program are of a certain quality, and that the projects match the region's needs and result in viable opportunities for the local workforce.

## **SECTION V. GENERAL CRITERIA**

Projects meeting the minimum requirements set forth in Section IV above or within an exception below, will be evaluated on the following criteria and scored accordingly.

## **A. Overall Economic and Fiscal Impact**

The project must demonstrate public purpose and economic benefit through advancement of the County's economic goals, including expanding the tax base, creating jobs, increasing private capital investment in the community, spurring development in targeted County locations; or encouraging development of targeted businesses or clusters desirable to enhance the County's economy.

Requirements:

- Economic impact analysis (jobs, economic activity)
- Net fiscal impact analysis
- Other project-specific items

## **B. Linkages to Local Economy**

1. The County supports the development of underdeveloped areas, blighted areas, and targeted infill areas within the County. Specifically, the County desires to support projects that benefit rural areas within the County and those areas with high unemployment.
2. The County supports the retention and expansion of existing businesses within the County, and the maintenance and attraction of headquarters operations to the County.
3. The County seeks to attract businesses within the industry clusters identified by Workforce Solutions in the Industry Cluster Analyses for the Rio Grande Valley: manufacturing, transportation, logistics and warehousing, business and professional services, retail, tourism, recreation and entertainment, and health services and medical technologies. In particular, the County seeks to encourage development of new industry clusters, such as telecommunications and technology. The applicant must be in a growing industry and demonstrate financial stability and capacity to complete the project.
4. The County of Hidalgo supports the attraction and retention of companies that have strong regional, national, or international markets for their products or services.
5. The County supports projects that create contracting opportunities for local firms, especially small and disadvantaged business.

Requirements:

- Application must include a detailed project plan, which covers the above criteria, including establishing goals for diversity in vendor contracting.
- Analysis of materials provided with application and information gleaned from secondary sources.

### **C. Infrastructure Impact**

1. The County supports projects that positively impact the County and communities in the County, and that have a regional benefit beyond the proposed project.

Requirement:

- Application includes a detailed description of any public improvements that will be undertaken, how they will be funded, and a statement about how these improvements benefit the County, or an area and/or region of the County.

2. A project should generate revenues to the County which outweigh costs associated with incentives. The County will not consider projects that make a disproportionate demand on County's infrastructure.

Requirement:

- Net fiscal impact analysis, economic impact analysis, and other information included in application and obtained from other sources.

3. The County supports projects that provide new public facilities (e.g., park and other public open space, libraries, hike and bike trails) and/or meet U.S. Green Building Council Leadership in Energy and Environmental Design Program (LEED) Standards/Certification.

Requirement:

- Documentation of public facilities, programs or services included in application.
- U.S. Green Building Council LEED Standards/Certification

### **D. Character of Jobs/Labor Force Practices**

The County seeks to attract projects that create substantial employment opportunities, with an emphasis on the following:

1. The County will consider average wage paid and how wages compare to the local or national industry average. The County will also consider the median wage paid and how job categories and wages are distributed with the overall structure of the business. Specifically, the County is interested in jobs that pay a wage or salary equal to or greater than the then current Hidalgo County Median Wage as computed annually by the Texas

Workforce Commission. (For example, 2006 Median wage was \$19,582/year or \$9.41/hour.)

2. The County seeks to attract projects in which the majority of the new hires are already residents of the County.
3. The County is interested in projects that provide education, training or other opportunities for advancement.

Requirements:

- Total of number of jobs created.
- Average and median wages compared to national/regional averages.
- Estimate of percentage of hiring from local labor force.
- Employee training plan or other information in application about available opportunities for advancement.

#### **E. Extraordinary Impact**

For a project to be eligible for additional consideration for incentives pursuant to these Guidelines and Criteria, the business or commercial development project, in the opinion of the Hidalgo County Commissioners Court, must meet all of the following additional criteria:

1. The project creates 250 or more jobs (as defined in Section IV.A. above).
2. The project invests \$25 million or more in real and personal property within the County.
3. The project makes health benefits available to its employees, including paying at least 50% of the insurance premium.

Requirements:

- Economic impact analysis (jobs, economic activity).
- Net fiscal impact analysis.
- Documentation of health benefits.

#### **F. Qualification By Means of Other Economic Development Programs (Grandfathered Projects)**

In lieu of meeting the requirements set forth in Section V.A through E above, a project (each, a “Grandfathered Project”) may be eligible for incentives hereunder if it meets the following criteria:

1. The applicant previously applied for economic development incentives from the County through a different program prior to adoption of these Guidelines and Criteria.

2. Commissioners Court previously approved economic development assistance through other County programs (such as tax abatement).
3. The applicant did not receive economic development assistance from County for the project due to issues involving lack of participation of a non-applicant owner of real property involved in the project.
4. The project has and is expected to continue to provide to the County the economic benefits for which the County originally approved economic development assistance, including that it has created or will create at least 26 jobs (as defined in Section IV.A. above) and that the project invests or has invested \$1.5 million or more in real and personal property within the County.

Requirements:

- Update original application, including economic impact analysis (jobs, economic activity), and explanation of how the project meets the goals of this program.
- Net fiscal impact analysis.
- Documentation of jobs, investment and health benefits.
- Release the County from any and all obligations under original economic development incentive program and/or agreements.

### **G. Continuing Projects**

In lieu of meeting the requirements set forth above in this Section V, a Continuing Project may be eligible for incentives hereunder if it meets the following criteria:

1. The Continuing Project has received economic development incentives from the County through Chapter 381 within the fifteen months prior to the request for incentives hereunder.
2. The County is satisfied with the performance of the Continuing Project.
3. The request is for incentives of a similar kind to the previously granted incentives and is for the purpose of continuing and/or expanding the Continuing Project.

Requirements:

- Update original application, if any.
- Provide information on progress of the Continuing Project, ongoing needs and explanation of how the Continuing Project meets the goals of this program.

## **SECTION VI. APPLICATION AND EVALUATION PROCESS**

The County will review the project plan and other materials submitted by the applicant. The economic development office may make a recommendation to Commissioners Court as to the suitability of a project and appropriate incentives as set forth below.

The decision to provide any economic development incentives will be considered on a project-by-project basis, in accordance with the criteria set forth in this policy, and at the discretion of the Hidalgo County Commissioners Court who, with respect to:

- (i) Continuing Projects and applicants who submitted a written request for incentives through other economic development programs prior to January 1, 2014;
- (ii) applicants concerning projects within any existing or proposed County transportation reinvestment zone in accordance with Section 222.107 of the Texas Transportation Code;
- (iii) the Medical School; and
- (iv) applicants concerning projects of Extraordinary Impact

The Hidalgo County Commissioners Court may waive some or all of the requirements, criteria and application award process set forth in this policy if reasonable proof is shown of why the waiver is needed and of the benefit to the County of granting both the waiver and the economic development incentive. A waiver of any or all of the requirements, criteria and application award process must be set forth in a writing signed by the County Judge and reflected in the minutes of a meeting of the Hidalgo County Commissioners Court.

The County will consider participating in projects pursuant to Sections II.B-C and E on a case-by-case basis when a fully completed application in a form provided by the County is received by the Office of the County Judge (or such other documentation as is required hereunder), which may be forwarded to such office by the applicable Precinct, and when the application is accompanied by all of the required information and any subsequent information requested by such office, which will be used by the economic development office and Commissioners Court to evaluate the County's participation in awarding incentives under a Chapter 381 agreement.

The information requested on the application will allow the County to assess the project's eligibility, perform a cost/benefit analysis of the proposed project, and evaluate the proposed project based on the County's incentive award amount criteria.

Applications should be received by the County Judge's Office no later than October 1, in order to have an agreement considered and executed in the same year that the application is submitted to the County; it being understood that certain applications may require additional time for review and that the County may decline to grant requested incentives in its discretion.

All information provided by the applicant that is labeled confidential shall be treated as confidential to the extent permitted by State law, including without limitation Section 312.003 of Texas Tax Code and Section 552 of the Texas Government Code. When an economic incentive is awarded by the Commissioner's Court, the core business data required to demonstrate eligibility will be included in the public report to the Commissioner's Court. The incentive agreement will also be available to the public.

Applicants for incentives under Section II.C must submit with the application, proof of having paid to the County a non-refundable application fee of \$1,000 in accordance with the tax abatement guidelines, if applicable, (which may include proof of having previously paid such fee to the County in the case of a Grandfathered Project). Such fee is to partially offset the County's

expenses in reviewing the application and shall not be refunded in the event the application is withdrawn by applicant or denied by the County. By paying the fee or submitting an application, the applicant agrees to these Guidelines and Criteria, including without limitation that the fee is non-refundable.

The application and award process is as follows:

1. The application is submitted to the County Judge's Office with a copy of the receipt issued by the Hidalgo County Treasurer evidencing payment of the application fee.
2. A determination of eligibility based on the minimum requirements, if applicable is made by the economic development office, and if the determination is that such requirements are not met, the applicant is so notified and the application process ends.
3. The application, if deemed to meet the minimum requirements, is referred to the auditor's office, budget office, tax office, planning department, and appropriate County precinct office for comments.
4. A representative from the budget office, tax office, planning department and each of the four County Precincts may submit recommendations to the economic development office as to how such representatives rate the project based upon the evaluation criteria.
5. The economic development office may then recommend what incentives, if any, the applicant should receive and length of incentive, based on the results of the evaluation criteria rating. If the economic development Office does not recommend an incentive, the economic development office shall so notify the applicant and the application process ends unless the Commissioners Court directs the economic development office to reconsider an application.
6. If an incentive is recommended, the project is referred to legal counsel for review and preparation of an agreement.
7. The Economic Development Office recommends an economic incentive award amount, duration and type to the Commissioner's Court for their review and action.
8. The Commissioner's Court reviews the Economic Development Office's recommendation and may deny the application or take such other action as it deems appropriate, which may include approving the recommended incentive.
9. If an incentive is authorized by the Commissioner's Court, an appropriate agreement is entered into with the applicant, defining the terms and conditions of the award.
10. Except with respect to the projects qualifying pursuant to Section VF (which may commence construction after submission of the original application), Project construction may only commence after the appropriate agreement is entered with the applicant. Commencement of construction is considered to have taken place when any one of the following has occurred:

- a) A building permit has been issued for construction not associated with mitigating an environmental hazard;
- b) The project's site has been cleared and prepared for development;
- c) Construction (including renovations or tenant finish-out) has begun;
- d) Site specific infrastructure has begun to be installed; or
- e) Equipment, inventory, or employees have been relocated to the new site.

If at any stage the application is found to be missing required elements, or additional information is deemed to be needed, the application will be on hold until such time as the elements or information is provided. Any application on hold for 30 days will be deemed voluntarily withdrawn by the applicant. Receipt of the elements or information may cause the application to need to repeat steps in the process. An appeal of any action hereunder must be submitted to the Office of the County Judge, for review by the Commissioners Court, within thirty days of such action.

Without limiting the generality of the foregoing, incentives approved by the Commissioners Court are subject to the applicant (and any other parties required by the County) entering into a written agreement on terms acceptable to the County and the incentives will not be provided to the applicant absent such written agreement.

## **SECTION VII. COMPLIANCE**

All economic development incentives will be formalized in a written agreement between the County, the applicant, and, if applicable, one or more cities. The recipient of the incentive will be required to meet the following performance criteria:

- Compliance with all applicable requirements under this policy.
- Compliance with all applicable governmental laws, rules and regulations.
- Jobs created as required in the agreement.
- Capital investment in real and personal property as required in the agreement.
- Compliance with wage requirements.
- Compliance with any other conditions imposed by the Economic Development Incentives Agreement.

The County reserves the right to audit the recipient to assure compliance with the Economic Development Incentives Agreement. The recipient will be required to certify compliance with any conditions imposed by the agreement prior to obtaining any reimbursement from the County. Non-compliance with any provisions, including failure to provide sufficient documentation of compliance on a timely result, will result in waiver of the incentives for the calendar year. In addition, the Commissioner's Court may discontinue or reduce any on-going incentives if the performance criteria are not met, including timely provision of such documentation.

The County may require such recapture and other enforcement provisions as it deems suitable in any applicable agreement under this program. Applicants are referred to the County's tax

abatement guidelines for examples of recapture and other enforcement provisions, although the County reserves the right to use other or additional compliance and enforcement provisions as it deems appropriate in 381 agreements.

## **SECTION VIII. ADMINISTRATION**

### **A. Access to Facility.**

Each agreement will stipulate that employees and/or designated representatives of the County will have access to the project and related facilities during the term of the incentive or any applicable agreement to inspect the facility and/or improvements to determine if the terms and conditions of the granting of the incentive or of the agreement are being met. The County may execute a contract with any other jurisdiction(s) to conduct such inspections. All inspections will be conducted in a manner as to not unreasonably interfere with the construction and/or operation of the facility; provided however, the County may conduct “spot” inspections requiring no advance notification to application. All inspections will be made with one or more representatives of the owner, lessor or lessee, and in accordance with such party’s safety standards.

### **B. Reports, Audits and Inspections.**

Owners of facilities and lessees, if any, of eligible property for which incentives are granted will annually certify to the County that they are in compliance with the terms of the incentives and of any applicable agreement. In addition, owners and lessees will provide reports and records reasonably necessary to support each year of the agreement. Such reports and records will include information supporting job creation and retention requirements, information on property purchases, and status reports on the project’s progress. Reports supporting job creation and retention shall include Texas Workforce Commission Reports (all Social Security numbers must be redacted prior to submitting such reports to the County) submitted to the State Comptroller on a quarterly basis and a breakdown of all jobs with total annual hours per job. Upon completion of a project, property owners will provide the County with a final report (i) describing all property for which tax incentive is granted, (ii) providing documentation of the final investment costs and (iii) certifying the number of jobs created. If the incentives are granted to a lessor and lessee, the lessee will provide and certify the portion of the final report concerning the number of jobs created. This final report will be accompanied by the opinion of an independent certified public accountant as to its accuracy and completeness. The County will periodically evaluate each facility receiving an incentive to ensure compliance with the agreement and report possible violations of the agreement. The County will have the right to audit the books and records related to the eligible property and supporting the eligible property reports.

## **SECTION IX. DEFINITIONS**

The following definitions apply to the use of terms herein:

- A. “Base year value” means the taxable value of the applicant’s real and personal property of a type eligible for tax abatement (which excludes inventory and supplies) located in a designated reinvestment zone on January 1 of the year of the execution of the Agreement.
- B. “Comptroller Funds” has the meaning given such term in Section I above.
- C. “Continuing Project” has the meaning given such term in Section II.E. above.
- D. “County” has the meaning given such term in Section I above.
- E. “Economic development office” has the meaning given such term in Section II.A. above.
- F. “Grandfathered Project” has the meaning given such term in Section V.F. above.
- G. “Guidelines and Criteria” has the meaning given such term in section I above.
- H. “Job” means a permanent, full-time employment position, hired directly or contracted through another entity, that has provided or will result in employment of at least 1,820 hours in the position in a year. Any position providing less than the specified number of hours a year, regardless of the employer’s designation of such position, or otherwise not intended as primary employment does not qualify as a “Job” for purposes of these Guidelines and Criteria. See Section V.D above for additional provisions concerning jobs.
- I. “Medical School” has the meaning given such term in Section II.D. above.
- J. “Personal property” means property that is not real property, and consists of intangible and tangible personal property. Intangible personal means a claim, interest (other than an interest in tangible property), right, or other thing that has value but cannot be seen, felt, weighed, measured, or otherwise perceived by the senses, although its existence may be evidenced by a document. It includes a stock, bond, note or account receivable, certificate of deposit, share account, share certificate account, share deposit account, insurance policy, annuity, pension, cause of action, contract, and goodwill. Tangible personal property means personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses, but does not include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value.
- K. “Primary employment” means retention or creation of new jobs for residents of the County as a result of new, expanded or modernized building projects.
- L. “Real property” means land, improvements, a mine or quarry, minerals in place, standing timber; or an estate, other than a mortgage or deed of trust creating a lien on property or an interest securing payment or performance of an obligation, in a property enumerated above.
- M. “Tax Abatement Guidelines” means the County’s most recent guidelines and criteria for tax abatements, as the same may be adopted or amended from time to time.

Additional definitions are found in the tax abatement guidelines

#### **SECTION X. SEVERABILITY**

If any provision, section, subsection, sentence, clause, or phrase of these Guidelines and Criteria, or the amendments duly adopted hereto, or the application of the same to any person, entity, or set of circumstances, is for any reason held to be unconstitutional, void, voidable, invalid, or contrary to any existing or prospectively enacted law or statute, the validity and enforceability of the remaining part of these Guidelines and Criteria and amendments thereto will not be affected thereby.

#### **SECTION XI. SUNSET**

These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two years unless amended by vote of the Commissioners Court, at which time all incentives and related agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on that review, the Commissioners Court may modify or renew these Guidelines and Criteria or enact new guidelines and criteria. The County reserves the right to allow these Guidelines and Criteria to lapse on December 31, 2023, and to not thereafter adopt new guidelines and criteria.

Adopted December 13, 2022