

**WILLIAMSON COUNTY
TAX ABATEMENT
RESOLUTION AND POLICY**

**A RESOLUTION ADOPTING GUIDELINES AND CRITERIA GOVERNING TAX
ABATEMENT AGREEMENTS WITHIN WILLIAMSON COUNTY, TEXAS**

WHEREAS, Williamson County, Texas (“County”) must compete with other counties across the State of Texas and across the Nation currently offering tax abatements and other incentives to attract new industry and business facilities or to keep existing industry and business facilities; and

WHEREAS, new jobs, industries and business facilities will benefit the local economy, strengthen the real estate market, and generate future tax revenue; and

WHEREAS, pursuant to Section 312.002 of the Texas Property Tax Code, the County may not designate an area as a reinvestment zone and may not enter into an abatement agreement unless the Commissioner’s Court, after holding a public hearing, has established guidelines and criteria governing tax abatement agreements and adopted a resolution stating that the taxing unit elects to become eligible to participate in tax abatement; and

WHEREAS, these guidelines and criteria shall not be construed as implying, suggesting or committing that Williamson County is under any obligation to provide tax abatement or another incentive to any applicant, and all applicants shall be considered on a case-by-case basis;

NOW THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF WILLIAMSON COUNTY, TEXAS,

That the following guidelines and criteria governing tax abatement agreements within Williamson County, Texas are hereby adopted:

**ARTICLE I.
PURPOSE**

The County is committed to the promotion of quality development in all parts of the County that attracts jobs and employment opportunities and enhances quality of life for current and future citizens. An abatement may be considered that creates new jobs, industries and business facilities which will benefit residents, strengthen the real estate market, and generate future tax revenue. To facilitate meeting these goals, the County may consider providing a tax abatement to eligible applicants that meet requirements of Chapter 312 of the Texas Tax Code, known as the Property Redevelopment and Tax Abatement Act (hereinafter the “Act”), and the guidelines and criteria

outlined in this Williamson County Tax Abatement Resolution and Policy (hereinafter the “Policy”). All requests for an abatement will be considered on a case-by-case basis.

Tax abatement, as referred to in this Policy, means the partial, temporary exemption from ad valorem taxes on certain qualifying property in a designated Reinvestment Zone for economic development purposes. Only ad valorem (property) taxes are eligible for the incentive.

ARTICLE II. GENERAL ELIGIBILITY CRITERIA

The County will consider requests for tax abatement that meet the eligibility requirements set forth in this Policy. The primary focus is on development projects that are expected to produce a meaningful impact on the County and its economy. Some examples include, but are not limited to, development projects that:

- Retain local jobs and/or increase the number and diversity of high-quality jobs that offer attractive wages and benefits.
- Encourage redevelopment of commercial and industrial areas that result in high quality redevelopment, private investment, and an increase in the County tax base.
- Meet public policy and financial goals, as adopted by the Williamson County Commissioners Court.

ARTICLE III. GENERAL PROCEDURES FOR REQUESTS FOR TAX ABATEMENT

When the property is located within an incorporated city, an applicant should begin the abatement request process with the city where the property is located, prior to requesting an abatement from the County. The applicant should notify the Executive Director of the Williamson County Economic Development Partnership (WEDP) of its intent to seek an abatement from the County. The County will inform the city of any concerns and comments regarding terms of the agreement being considered by the city prior to final action by the city council of the city.

The applicant may then make a request of the County for participation in an abatement. If the applicant’s project is not within the city limits, then the County may consider creating a Reinvestment Zone. The County may negotiate additional or different performance criteria with the applicant that may be required for County participation.

The applicant shall ensure that any announcements are coordinated with the city, other government entities and the County.

**ARTICLE IV.
CRITERIA FOR AUTHORIZATION OF TAX ABATEMENT**

All requests for tax abatements shall be considered on an individual basis. Pursuant to the Act, the County may not designate an area as a reinvestment zone unless the Commissioners Court holds a public hearing pursuant to Act and may not enter into an abatement agreement unless the County has established guidelines and criteria governing tax abatement agreements, as outlined in this Policy. A facility may be eligible for abatement if it is a manufacturing facility, research facility, distribution center or regional service facility, or a facility that the Commissioners Court determines would enhance job creation and the economic future of the County.

A. Economic Qualifications: In order for the owner of a property within a reinvestment zone to be considered for a tax abatement, the owner must show that the project will:

1. Be a major investment that will substantially increase the appraised value of property within the zone;
2. Contribute to the retention or expansion of primary and secondary employment within the County over the period of the agreement; and
3. Provide finance revenue information, as requested for consideration.

B. Creation of New Value: The abatement may only be granted for the additional and increased taxable value of the eligible property, property improvements, or tangible personal property made subsequent to and listed in an abatement agreement between the County and the property owner and lessee (if required), subject to such limitations as the County may require. The amount of value of the substantial improvements as agreed to in the abatement agreement may not be appealed/protested to the Appraisal Review Board of the Williamson Central Appraisal District for a taxable value less than the agreement stated on the increase in value over the period of the agreement.

C. Eligible Property: Tax abatement agreements may exempt from taxation all or part of the increase in the value of the property over its value: (i) in the year in which the agreement is executed; or (ii) at a later date as agreed upon in the applicable agreement.

Eligible property will be limited to:

1. Real property, real property improvements or leasehold interest; and
2. Tangible personal property and related fixed improvements necessary to the operation and administration of the facility, at the discretion of the Commissioners Court.

D. Ineligible Property: The following types of property shall be fully taxable and ineligible for tax abatement:

1. Land with agricultural exemptions. No tax abatement shall be granted for any property unless and until full market value taxes have been paid for the rollback period prior to the execution of a tax abatement agreement;
2. Personal property, tools, furnishings, and other forms of movable personal property;
3. Vehicles, watercrafts, aircrafts, housing, convalescent homes, assisted living homes/centers, deferred maintenance investments;
4. Real property with a productive life of less than 15 years, property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision; and
5. Any other property for which abatement is not allowed by Texas Tax Code.

E. Environmental Impacts: Environmental impact information must be provided, noting any anticipated impacts of the project on the environment, including but not limited to water quality, storm water, runoff, floodplain, solid waste disposal, noise levels and air quality.

F. Value and Term of Abatement: The abatement shall be granted effective on January 1 of the year (i) following the date of execution of the tax abatement agreement, or (ii) a later date as agreed upon in the applicable agreement. The percentage of the increase abated shall be determined in each individual tax abatement agreement. Length of abatements will be determined based upon the project and according to the Act.

G. County Participation Level: In determining what level of tax abatement (if any) will be provided to the applicant, the following criteria may be considered:

1. The types and cost of public improvements and services requested by the applicant (roads, utilities, etc.) will be determined prior to determining the County's level of participation;
2. The types and value of public improvements which will be made by the applicant;
3. The method or methods which will be available to the County to recapture property tax revenue lost as a result of entering into a tax abatement agreement with the applicant if the applicant fails to fulfill its responsibilities under the agreement, as required by applicable law; and
4. The amount of time necessary to complete the project and create the jobs which are to be provided by the applicant.

ARTICLE V. STANDARDS FOR TAX ABATEMENT

A. Minimum Standards

The County will consider a tax abatement only on eligible projects which meet at least two (2) of the following criteria:

1. The project involves a minimum increase in property value of three hundred percent (300%) for construction of a new facility, or fifty percent (50%) for expansion of an existing facility, with an overall new investment of at least \$20 million in taxable assets. For eligible facilities in a reinvestment zone within an identified strategic investment zone corridor, the project must involve either a minimum increase in property value of one hundred and fifty percent (150%) for construction of a new facility, or twenty-five percent (25%) for expansion of an existing facility.
2. The project makes a substantial contribution to redevelopment efforts, special area plans, or strategic economic development programs.
3. The project stimulates desired concentrations of employment or commercial activity.
4. The project generates greater employment than would otherwise be achieved.

B. Minimum Assessed Value: All applicants shall agree in the tax abatement agreement that the real and tangible personal property assessed valuation (as defined in the Texas Tax Code) shall reach a minimum assessed valuation, as determined by the Williamson Central Appraisal District, during each year of the term of the tax abatement agreement. Failure in any year to reach the minimum assessed valuation shall trigger the default provisions as stated in Section X. herein below.

C. Job Creation: The creation of jobs refers to a job paying not less than two hundred and fifty percent (250%) of the hourly rate set by the Texas Minimum Wage Act, excluding benefits. To qualify for a level of tax abatement, the applicant must commit to hiring and retaining a required number of full-time employees during the term of the tax abatement agreement, which shall be determined on a case-by-case basis and set forth in the tax abatement agreement..

D. Internships and Employment of Students: The applicant may be required to establish one (1) or more programs at the property to create internship and employment opportunities for the benefit of students in Williamson County, Texas.

E. Health Care Benefits: The applicant must offer a health benefit plan to its full-time employees at a rate comparable to health benefits plans offered to employees at similar businesses in Williamson County, Texas and that is affordable to the majority of its employees, and which allows access to the plan by the employees' dependents. For additional consideration, the applicant may provide information on other employee benefits provided, such as retirement/pension programs.

F. Contribution to WEDP: The applicant must agree to make a contribution to the WEDP to support economic development throughout Williamson County, Texas with such contribution amounts being negotiated by the applicant and the County as a part of a tax abatement agreement.

G. Additional or Enhancement Factors:

The following is a non-exhaustive list of additional enhancement factors the County may consider in relation to a request for tax abatement:

1. Businesses seeking to expand and grow within the County.
2. The extent to which the proposed project adds to the net commercial, industrial or general tax base of the County and optimizes the private development of the proposed site.
3. The proposed project provides services or is an industry not already provided in the County or are services which are needed.
4. The applicant would not be in direct competition with an existing business in the County.
5. The extent to which the project requires improvements in County infrastructure, such as road improvements or construction, or an impact on other County services such as law enforcement.
6. The extent that the proposed project will impact environmental or natural resources.
7. The applicant has a corporate community engagement program or policy that provides meaningful support for the welfare of the County's communities.

H. Taxes Subject of Abatement: A tax abatement granted by the County shall only be an abatement of ad valorem taxes paid in relation to the County's Maintenance and Operations Fund Tax Rate (the "M&O Rate") portion of the Williamson County Fund (identified as "Williamson CO" on tax statements) and such abatement shall not apply to the County's Debt Service Fund Tax Rate (the "I/S Rate") portion of the Williamson County Fund or to ad valorem taxes paid by a company to the Williamson County Road & Bridge Fund (identified as "Williamson CO FM/RD" on tax statements.) The agreed upon abatement percentage will be an amount that accounts for the omission and exclusion of the I/S Rate portion of the Williamson County Fund and the Williamson County Road & Bridge Fund.

**ARTICLE VI.
REQUEST FOR ABATEMENT PROCEDURES**

If located within the corporate boundaries of a municipality, all tax abatements must be approved by the municipality before approval by the Commissioners Court.

The Commissioner Court shall review a request for tax abatement during a regular or closed session(s). *See 551.087 Open Meeting Act.*

A complete request package, utilizing any application form(s) required by the County and including additional documentation attached by the applicant, for consideration of a tax abatement shall, at a minimum, shall consist of:

1. An investment budget detailing components and costs of the real property improvements for which tax abatement is requested, including type, number, and economic life.
2. A map showing the precise location of the project, all roadways within 200 feet of the site, and all existing zoning and land uses on the site and within 200 feet of the site.
3. A complete legal description of the property associated with the project.
4. A time schedule for undertaking and completing the proposed improvements.
5. The estimated number of jobs to be created per year for the life of the tax abatement agreement.
6. A plan which provides access to and inspection of the project by County inspectors and/or officials to ensure that the improvements are made according to the requirements and conditions of the abatement agreement.
7. Any financial projections and supporting documentation used by the governing body of the sponsoring municipality, if any, in making its determination to participate in the proposed project.
8. A method or provision to provide for the recapture of all or a portion of property tax revenues, if the applicant fails to perform its obligations under the agreement, including payment of a penalty, or interest, or both on the recaptured property tax revenue.
9. A provision requiring timely filed exemption applications and confidential renditions to the Williamson Central Appraisal District or the agreement may be either penalized or cancelled.
10. A plan which provides access to and inspection of the project by the Williamson Central Appraisal District appraisers, inspectors and/or officials.
11. Any other information about the proposed project which may be required by or helpful to the County.
12. A one thousand dollar (\$1,000) application fee.

The request package will be reviewed by County staff for completeness and accuracy, and comments will be received from the appropriate departments. When this information is compiled, the request package and review comments will be provided to members of the Commissioners Court. After the review by the Commissioners Court, additional information may be requested of the applicant and the sponsoring municipality, if any.

All requirements of the Act shall be followed.

ARTICLE VII. PUBLIC HEARING AND APPROVAL

A. Public Hearing: If a proposed project is outside of a city's limits, the County must first consider and create a Reinvestment Zone. Prior to designating a reinvestment zone and entering into any tax abatement agreement, the County must hold a public hearing at which interested persons shall be entitled to speak for or against the approval of the reinvestment zone

designation. Pursuant to the Act, the County shall give notice of the public hearing concerning the designation of a reinvestment zone for tax abatement purposes. A request for designation of an area as a Reinvestment Zone shall not be granted if the County finds that the request for the tax abatement incentive was submitted after the commencement of construction or installation of improvements related to a proposed new facility or expansion of an existing facility began. If a reinvestment zone comprising or containing the area of the proposed property to be abated has been previously designated by Commissioners Court, then the Court may, at its option, hold a public hearing at which interested persons shall be entitled to speak for or against the approval of a tax abatement agreement.

B. Approval: Before approving any tax abatement agreement, the County must find that the terms of the proposed agreement adhere to these guidelines and criteria and that:

1. There will be no substantial adverse effect on the provision of County services or on its tax base; and
2. The planned use of the property will not constitute a hazard to public safety, health, or welfare.

ARTICLE VIII. ADMINISTRATION

The Williamson Central Appraisal District shall administer the tax abatement agreements, to include calculation, assessment, collection and distribution of any rebates applicable to an abatement agreement.

Upon completion of project construction, the municipality or County creating the reinvestment zone shall annually evaluate each facility receiving an abatement to ensure compliance with the agreement and report possible violations of the city agreement to the Williamson County Judge and the Williamson County Auditor's office. The County shall evaluate compliance with the tax abatement agreement.

On or before April 30th each year of a tax abatement agreement, it shall be the responsibility of the company, pursuant to the Texas Tax Code, to file an annual abatement application form prescribed by the Texas Comptroller of Public Accounts for the tangible personal property and the premises with the Chief Appraiser of the Williamson Central Appraisal District. A copy of the respective abatement application shall be submitted to the Williamson County Judge and the Williamson County Auditor. All recipients of the form listed above will have full access to the company's abated property.

By using the form prescribed by the Texas Comptroller of Public Accounts, the company shall, before May 1, of each calendar year that the tax abatement agreement is in effect, certify in writing to the County that the company is in compliance with each term of the tax abatement agreement.

The company shall annually render the value of the tangible personal property to the Williamson Central Appraisal District using the form prescribed by the Williamson Central Appraisal District and

shall provide a copy of the same to the County upon written request. The company shall also be responsible for annually rendering the value of any existing tangible personal property using the form prescribed by the Williamson Central Appraisal District which has been improved so as to render its value higher than in previous years.

ARTICLE IX. ASSIGNMENT

Tax abatement agreements may be assigned to a new owner or lessee of the improvements with the written approval of the County. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all duties and obligations of the assignor or as set out in a consent to assignment agreement. No assignment shall be approved if the assignor or assignee is indebted to the County for ad valorem taxes or other obligations.

ARTICLE X. DEFAULT PROVISIONS

All companies shall agree in the tax abatement agreement that:

1. Upon termination of the tax abatement agreement by the County, a “Recapture Amount” for the respective property shall become a debt to the County and shall become due and payable to the County by the company. The Recapture Amount must be paid to the County not later than thirty (30) days after a notice of termination is delivered to the company by the County;
2. The computation of the Recapture Amount for the purposes of the tax abatement agreement shall be based upon the full taxable value of the respective property without tax abatement for the years in which tax abatement under the tax abatement agreement was received, as determined by the Williamson Central Appraisal District, and be multiplied by the tax rate of the years in question, as calculated by County Tax Assessor-Collector;
3. The Recapture Amount shall accrue interest at the statutory rate for delinquent taxes as determined by the Texas Tax Code, but without penalty, and such interest shall commence to accrue after expiration of the thirty (30) days after a notice of termination is delivered to the company;
4. County shall have all remedies for the collection of the abated taxes provided generally in the Texas Tax Code for the collection of delinquent property taxes;
5. The Recapture Amount, along with all accrued interest shall be recoverable against the company and shall constitute a tax lien against the respective property.

ARTICLE XI. VARIANCES

Requests for any variance from this Policy may be made in written form to the County. Such request shall include a complete description of the circumstances explaining why the applicant or company should be granted a variance. Approval of a request for variance requires a four-fifths (4/5) majority vote of the Commissioners Court.

**ARTICLE XII.
EFFECTIVE DATE OF POLICY**

This Policy shall supplant any prior adopted Williamson County Economic Development Policy and shall be effective immediately upon adoption by the Commissioners Court and shall remain in full force and effect until amended or repealed by a majority vote of the Commissioners Court.

**ADOPTED BY THE WILLIAMSON COUNTY COMMISSIONERS TO BE EFFECTIVE
ON THIS ___DAY OF _____, 20___.**

**Steven Snell
County Judge**

**Terry Cook
Commissioner, Pct. 1**

**Valerie Covey
Commissioner, Pct. 3**

**Cynthia Long
Commissioner, Pct. 2**

**Russ Boles
Commissioner, Pct. 4**