

**Policy on Tax Abatement and
Other Economic Development Incentives
for Clay County, Texas**

Section A. Purpose

1. The County of Clay, Texas (County), is committed to the promotion of economic development in all parts of the County to achieve the following goals and purposes:
 - a. to improve the quality of life for its citizens and taxpayers
 - b. to avoid harming, creating a diminution of existing value, discriminating against, or unduly affecting the quality of life for its citizens and taxpayers
 - c. to promote economic development in all parts of the County
 - d. to utilize, within its discretion, specific incentives to promote such economic development
 - e. to protect the environment, historical and cultural resources, and sites, wildlife species, the aesthetic, and ethical integrity of the lands, property, and citizens of the County
 - f. provide a transparent and open process for any persons or entities seeking any incentive from the County, to the County's citizens and taxpayers throughout the entire process
 - g. to provide initial minimum requirements, specific guidelines and a process for those individuals and entities seeking any support or incentive from the County, which the County believes is necessary and beneficial to the County, its citizens, and taxpayers
2. To help meet these goals, the County will consider providing tax abatement or other incentives to stimulate economic development in the County and expand the local tax base. It is the policy of the County that such incentives will be provided to appropriate businesses following the procedures and criteria outlined in this document. Nothing in this policy shall imply, suggest, or be construed to imply or suggest that the County is under any obligation to provide an abatement or incentive to any applicant. All applicants for tax reduction or other economic incentives shall be considered on an individual basis.

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Section B. Criteria for Tax Abatement and other Economic Development Incentives

1. The following criteria will be addressed by the Clay County Commissioners Court for an applicant to be considered eligible to contract for tax abatement or any other economic development incentive:
 - a. An investment by the applicant that will increase the fair market value ("FMV") of the reinvestment zone property by not less than \$1,000,000.00 is required. If the project is too small to increase the FMV by \$1,000,000.00, it must increase the FMV of the reinvestment zone property by not less than 50% of the current FMV
 - b. The application shall include personal (capital equipment) or real property improvements
 - c. Tax abatement may be granted to owners of real and personal property for projects where the real property is leased, and special terms and conditions may be set in the agreement governing each specific tax abatement
 - d. Inventory and supplies shall not be included
 - e. The project must meet the requirements of the building codes and other applicable County requirements and City Codes, within the city limits or extraterritorial jurisdiction ("ETJ") of the cities with ETJ in Clay County
2. In addition to the minimum requirements stated above, the following criteria will be considered in determining what level of tax abatement or other incentives may be provided to the applicant:
 - a. Expansion of the local tax base
 - b. Creation of permanent full-time employment and projected 5-year growth in the number of employees.
 - c. Tax abatement must encourage employee benefits such as health insurance
 - d. The types of public improvements (e.g., county roads, city streets, water, sewer, drainage) and services (e.g., fire, police) and the expected cost of those improvements to the County or any impacted City/ Town in the County

- e. The types and cost of public improvements which will be made by the applicant
 - f. The type of commercial activity (e.g., office, retail, manufacturing, energy, etc.)
 - g. The time necessary to complete the project by the applicant
 - h. The impact of the project on the environment, wildlife, historical and cultural sites, and on existing businesses
 - i. Community perception of the project, including how that perception was determined, who was polled, including the perception of any potential routes from project to energy transmission lines and pipelines
 - j. A table of applicants requested tax abatement percentage for each year of a request incentive or abatement
 - k. The setback of the project from any pre-existing structure if needed
3. The County will give preference to businesses that use local suppliers, labor force, and that require no new public facilities.

Section C. Types of Incentives

1. The County intends to consider tax abatement and other economic development incentives on a case by case basis so that the total package of incentives may be designed specifically for each project.
2. The criteria outlined in Section B, above, will be used to determine whether or not it is in the best interest of the County, its citizens, and taxpayers to provide any tax abatement or other economic development incentives to a particular applicant.

The County will also consider the following:

- The extent to which a proposed project furthers the goals and objectives of the County.
 - The projected impact of the project on the County will determine the types and value of the incentives provided.
3. An abatement may be for any amount that the County determines. The County may

provide for an abatement on a sliding scale. The County may determine there will be no abatement or economic incentive at all.

Section D. Application Procedures

1. Any person, or entity, including an organization, joint venture, partnership, association or corporation, desiring that the County consider providing a tax abatement or other economic development incentives to encourage the location of a business or expand a business operation in the County must comply with the following application procedures.
 - a. The applicant shall file an application with the office of the County Judge in a form provided by the County. The application shall detail the entire scope of the project and the type and value of economic development incentives requested.
 - b. The applicant shall also file a copy of the above-referenced application with any city or ETJ with jurisdiction, if the city or ETJ also has an abatement process.
 - c. The application will immediately be a public document, subject to review by any party requesting such. It will be posted on the county's website at least 30 days before the required public hearing on the application.
2. The following information shall accompany each application:
 - a. The project name
 - b. A list of the names and addresses (include eMail addresses) of all principals of the applicant. The information shall include all owners, beneficial owners, or if a corporate entity, all officers and directors
 - c. City or ETJ with jurisdiction, if the city or ETJ also has an abatement process
 - d. A certification of the applicant's intent to comply with all applicable local, state, and federal laws
 - e. The name and address of any public official that has or may have any interest (financial or otherwise) in the success of the project, or that is in any way employed by any person or entity associated with the applicant

- f. A detailed description of the project business
- g. A description of the project location (including a plat with precise location and legal description.) It must show the detail of all proposed ingress and egress and all county, state and federal roads that might be affected); and the location of any pre-existing structure within one mile of the reinvestment zone or project
- h. A description of the project size, scope and footprint (physical; showing all anticipated or required zoning and land uses on the site); and in the case of renewable energy, the number and size of turbines or solar panels
- i. The expected fair market value (“FMV”) of the project upon completion showing a separate FMV of the land on which the project will be located and the added FMV of the projects facility
- j. The increase in FMV of the reinvestment zone property when the project is completed and operational, showing the FMV both before and after the project is completed
- k. Identify any land outside the reinvestment zone property, affected for additional resources such as water, sewer, drainage, roads, easements, pipelines, and electricity (showing route to a transmission line or pipeline)
- l. The number of full-time permanent employees/jobs to be created by the project when operational
- m. The salary ranges for permanent employees, including employee benefits, stated separately
- n. The initial determination of applicable City, County, State, Federal or other jurisdictional entities (such as TCEQ, FDA, DOD) Codes or Requirements, and any Extraterritorial Jurisdiction (ETJ) impacting the proposed project
- o. Expected additional resources required of the County such as water, sewer, drainage, roads, easements, fire, and security
- p. Any plans for environmental, historical, anthropological, cultural, and aesthetical impact to the reinvestment zone property and the properties of the immediate neighbors of the project, the general area of the project will be an important consideration in approval of abatement agreement

- q. Anticipated time to complete the project showing all phases as scheduled
 - r. Applicant's requested abatement by percentage, by year
 - s. The percentage of local suppliers, contractors, or labor force to be used in the construction of the project
 - t. Determination of how proposed affected land and property is currently taxed (FMV or Ag value)
 - u. All accompanying supporting information, such as photos, plats, maps, and written documents, shall be accurate, legal and correct copies
 - v. The projected dates for the beginning construction and the beginning of actual operations
 - w. Whether or not the project will change the tax status of the reinvestment zone land and whether the applicant will pay ad valorem taxes for the land on which the facility is located
 - x. Whether the facility is expected to require connection to an energy source (electric or gas) including generally the route(s) to connect to any existing energy source (electric transmission line or pipeline)
 - y. Whether or not securing a connection to an energy source will cause acquiring rights-of-way by eminent domain. (*This shall identify all public roads and landowners to be crossed to connect to a transmission line.*)
 - z. Any other information about the proposed project which may be required by the County
3. The application will be signed and sworn to by an officer of the entity, or a principal, with Notary Public attesting.
 4. The applicant shall submit accurate and correct copies of all applications, to any other taxing entity related to the proposed project.
 5. The County Judge will review the application for completeness and accuracy and comments from the appropriate departments. The County Judge will forward compiled application, review comments, and recommendations to the members of

the Commissioners' Court.

6. All requirements of Chapter 312 of the Texas Tax Code, known as the Property Redevelopment and Tax Abatement Act, must be followed.
7. Applying for abatement after the commencement of construction, alteration, or installation of improvements related to the proposed modernization, expansion, or a new facility, may result in the County denying Applications for tax reduction, abatement, or other economic development incentives made.
8. Public hearings will be held to get public input on the proposed project, with at least 30 days posted notice before the required public hearing.

Section E. Approval of Tax Abatement and Other Economic Development Incentives by the Commissioners' Court

1. If the Commissioners' Court determines that it is in the best interest of the County, its citizens, and taxpayers to provide abatements or incentives to a particular applicant, a resolution shall be adopted. The approval of the terms and conditions of tax abatement or other economic development incentive agreement with the applicant will enumerate the types of incentives, and the conditions which apply to them.
2. Any tax abatement and economic incentive agreement must include the following items:
 - a. A description of each type of incentives to be provided and their duration
 - b. A legal description of the property on which the agreement will operate
 - c. Detailed information regarding the type, number, location, and cost of all improvements on the property
 - d. A plan which provides access to and inspection of the property and proposed improvements by the court or its designee
 - This condition is to ensure that the improvements are made according to the specifications and conditions of the agreement
 - e. A provision limiting the uses of the property consistent with the general

purpose of encouraging development or redevelopment of the reinvestment zone property during the period that the property tax abatement or other economic development incentives are in effect

- f. A non-compliance penalty shall require payment of all abated taxes immediately if the abatement agreement is violated or canceled
- g. Require the owner of the reinvestment zone property to certify annually to the governing body of each taxing unit involved that the owner complies with each applicable term of the agreement
 - The Commissioners Court will provide this letter of the certification form
- h. Provide that the governing body of the County may cancel or modify the agreement if the property owner fails to comply with the agreement
- i. Require the property owner to pay timely all assessed ad valorem taxes on the property subject to the agreement, or the County shall cancel the agreement
- j. In applications of renewable energy projects, require the applicant to provide to the county satisfactory evidence of financial assurance in the form of certified funds, cash escrow, a bond, a letter of credit, or parent guarantee, to cover the cost of decommissioning. Decommissioning will include, but not be limited to, removal of infrastructure, restoring, through soil stabilization and revegetation, the first four feet of depth (without the addition of topsoil) of the soil on any land affected by the facility
- k. Encourage the property owner to add employees

Section F. Duration of Guidelines

The guidelines and criteria adopted herein shall be complied with from the date they are adopted by the Commissioners' Court and shall remain in effect for two years unless otherwise repealed or modified by a three-fourths (3/4) vote of the Commissioners' Court.

The Resolution was adopted on August 31, 2020.

Mike Campbell, County Judge. ___ Aye ___ Nay
Richard Lowery, Commissioner Precinct 1 ___ Aye ___ Nay

Johnny Gee, Commissioner Precinct 2.....___ Aye ___ Nay
John McGregor, Commissioner Precinct 3.....___ Aye ___ Nay
Chase Broussard, Commissioner Precinct 4.....___ Aye ___ Nay