

# WILLIAMSON COUNTY TAX ABATEMENT POLICY

## RESOLUTION

A RESOLUTION ADOPTING GUIDELINES AND CRITERIA GOVERNING REINVESTMENT ZONES AND TAX ABATEMENT AGREEMENTS WITHIN WILLIAMSON COUNTY, TEXAS.

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

WHEREAS, new jobs and industries 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, V.A.T.S., the County may not designate an area as a reinvestment zone and may not enter into an abatement agreement unless the Commissioner's Court holds a public hearing pursuant to tax code 312.401 and has established guidelines and criteria governing tax abatement agreements, Now Therefore

BE IT RESOLVED BY THE COMMISSIONER'S COURT OF WILLIAMSON COUNTY, TEXAS

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

### SECTION 1. AUTHORIZATION OF ABATEMENT

- A. Economic Qualifications: In order for the owner of property within a reinvestment zone to be eligible to receive a tax abatement, the owner must show that the planned project will:
1. be a major investment that will substantially increase the appraised value of property within the zone; and
  2. contribute to the retention or expansion of primary and secondary employment within the County over the period of the agreement.
- B. Creation of New Value: As of January 1<sup>st</sup> of the first year of the agreement and on which substantial improvements are made an abatement will be granted for only the increased taxable value of the eligible property, property Improvements, or business 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 from the substantial improvements as agreed to in the abatement contract may not be

appealed to the Appraisal Review Board of the Central Appraisal District for a taxable value less than agreement stated on the increase in value over the period of the agreement.

- C. Agricultural Exemptions Denied: No tax abatement shall be granted for any property unless and until full market value taxes have been paid for the five years prior to the execution of a tax abatement agreement.
- D. 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 described as:

- a. real property, real property improvements or leasehold interest;
  - b. furniture, fixtures, machinery, inventory & supplies; and
  - c. leased personal property as described in attached exhibit's (if any) (attach a copy of the lease agreement).
- E. Owned/Leased Facilities: If a leased facility is granted abatement, the tax abatement agreement shall be signed by both the lessor and the lessee.
  - F. Value and Term of Abatement: 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 tax abatement agreement. Length of abatements will be determined based upon the project and according to Tax Code 312.401(c).

## SECTION II PUBLIC HEARING AND APPROVAL

- A. 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 and the tax abatement agreement. Pursuant to Section 312.401(b), the County shall give notice of the public hearing on the designation of a reinvestment zone for tax abatement purposes. 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 the tax abatement agreement.
- B. Before approving any tax abatement agreement, the County must find that the terms of the proposed agreement meet these guidelines and criteria and that:

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

### SECTION III AGREEMENT

In addition to the specific requirements of Sections 312.205 and 312.402 of the Property Tax Code, the tax abatement agreement shall include the following:

1. an estimated increase to be abated and the current taxable value of the property;
2. a percent of increase to be abated each year, designated by specific year;
3. a commencement and expiration date of abatement;
4. a proposed use of improvement, nature of construction, time schedule, map, and property description;
5. the estimated number of jobs involved per year for the life of the tax abatement agreement;
6. a provision requiring the recapture of all or a portion of property tax revenue lost as a result of the agreement if the owner fails to meet any performance criterion provided by the agreement, and payment of a penalty, or interest, or both on that recaptured property tax revenue;
7. a provision for the timely filing of letters certifying compliance with the agreement in October of the year preceding each abated year and listing of who with the company requesting the abatement will be responsible each year for filing and who with the County will be receiving said compliance letters; and
8. a provision requiring timely filed exemption applications and confidential renditions to the Central Appraisal District or said agreement may be either penalized or cancelled.

### SECTION IV ASSIGNMENT

Tax abatement agreements may be assigned to a new owner or lessee of the improvements with the written approval of the County, which consent shall not be unreasonably withheld. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all duties and obligations of the assignor as set out in the

agreement. No assignment shall be approved if the assignor or assignee is indebted to the County for ad valorem taxes or other obligations.

SECTION V  
AMENDMENTS TO GUIDELINES

This Resolution can be amended and added to upon action of the Commissioner's Court, and is effective upon December 7, 2023 and will remain in force for two (2) years, at which time all Reinvestment Zones and tax abatement agreements created pursuant to its provisions will be reviewed by the County to determine whether the goals have been achieved.

These guidelines and criteria are mutually exclusive of existing Industrial District agreements.

SECTION VI  
VARIANCES

The Commissioner's Court, at its discretion, may grant a variance from the provisions of these guidelines and criteria to the extent that such variance does not conflict with legal requirements of applicable law.

SECTION VII  
APPLICATION FEE

An Application Fee of \$1,000 shall be submitted with any request for abatements.

RESOLVED this 5th day of December, 2023.

*Valerie Covey*

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Valerie Covey, Presiding Officer

# 47 Chapter 312 Tax Abatement re-adoption

Final Audit Report

2023-12-06

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