

Collin County Policy Regarding Tax Abatements

Purpose:

Collin County is committed to the promotion of quality development in all parts of the County and to improving the quality of life for its citizens. In order to help meet these goals, Collin County will consider providing tax abatements to stimulate economic development based upon the following policy.

Scope:

This policy shall apply to any tax abatements granted by the Collin County Commissioners Court.

If an applicant seeks a tax abatement for a project located in an unincorporated area of the County, the Commissioners Court must first designate a Reinvestment Zone pursuant to Section 312.401 of the Texas Tax Code. This policy shall also apply to County tax abatements for projects located in municipally-designated Reinvestment Zones, which the County is authorized to enter into pursuant to Section 312.206 of the Texas Tax Code.

Specific tax abatement programs may be adopted by the Commissioners Court conforming to this abatement policy, and incorporated as addendums to this Policy.

Criteria for Tax Abatement:

All applicants for tax abatements shall be considered on an individual basis.

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 in the zone 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 by creating new jobs. In general, new jobs mean the creation of jobs to the county and not the relocation of jobs from one location of the county to another; and
- 3) meet the requirements of all zoning ordinances, building codes and other applicable County requirements and municipal ordinances.

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Creation of New Value. Abatement may be granted only for the increased assessed value of eligible property and property improvements 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.

County Burden. In determining what level of tax abatement and other incentives will be provided to the applicant, the following criteria may be considered:

- 1) The types and cost of public improvements and services which will be required of the County;
- 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 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;

- 4) The amount of time necessary to complete the project and create the jobs which are to be provided by the applicant.

Payment of Prior Years Taxes. No tax abatement shall be granted for any property unless and until full market value taxes (including rollback taxes related to agricultural exemptions) have been paid for five years prior to the execution of the abatement agreement. Exceptions may be granted if it can be demonstrated that significant and sustained valuation increases can be achieved.

Owned/Leased Facilities. If a leased facility is granted an abatement, the abatement agreement shall be signed by both the lessor and the lessee.

Authorized Project. The economic life of the project and the improvements must exceed the life of the abatement agreement.

Environmental Impacts Environmental impact information must be provided, noting any anticipated impacts of the project on the environment, including water quality, storm water, runoff, floodplain, solid waste disposal, noise levels and air quality.

Value and Term of Abatement. The abatement shall be effective as provided in the abatement agreement. The percentage of the increase abated shall be determined in each abatement agreement. No abatement agreement shall exceed 10 years. A project must provide an extraordinary economic benefit to the County to be considered for a one hundred percent abatement.

Application Procedures:

If located in a municipality all tax abatements must be approved by the Municipality before being submitted for approval to the Commissioners Court.

The Applicant and the sponsoring Municipality, if any, should provide to the County:

- 1) A brief description of the proposed improvement or expansion along with the project's estimated cost, the type of business operation proposed, the number and types of jobs created, the expected source of applicants for such jobs, the project's beginning date of operation, the project's fulfillment of the Criteria for Tax Abatement described above, the type and value of the tax abatements which are requested by Applicant and the amount of abated taxes anticipated;
- 2) A plat 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 plan which provides access to and inspection of the project by County inspectors and officials to ensure that the improvements are made according to the requirements and conditions of the abatement agreement;
- 5) A method to provide for the recovery of property tax revenues if the applicant fails to perform its obligations under the agreement;
- 6) Any other information about the proposed project which may be required by the County.

The application will be reviewed by the County Administrator or his or her designee for completeness and accuracy, and comments will be received from the appropriate departments. When this information is compiled, the application and review comments will be forwarded to members of the Commissioners Court. After the review by the members of the Commissioners Court, additional information may be requested of the applicant and the sponsoring Municipality, if any.

All requirements of Chapter 312 of the Texas Tax Code, known as the Property Redevelopment and Tax Abatement Act, shall be followed.

Public Hearing and Approval:

Prior to entering into any abatement agreement, the County may, at its option, hold a public hearing at which interested persons shall be entitled to speak for or against the approval of the proposed abatement agreement.

Abatement Agreement:

If the Commissioners Court determines that it is in the best interest of the County to provide incentives to a particular applicant, a court order shall be adopted approving the terms and conditions of the abatement agreement with the applicant which will enumerate the types of incentives to be provided and the conditions which are applicable to them.

Subsequent to the agreement, applicant will be required to provide County with written annual certification in a form satisfactory to the County that the applicant is in compliance with all the terms and conditions of the agreement.

Assignment:

Abatement agreements may be assigned to a new owner or lessee of the improvements with the written consent and court order authorizing the new assignment. Any new 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 are indebted to the County for ad valorem taxes or other obligations.

Default and Recapture:

Should the County determine that an applicant is in default with regard to the items specified in the abatement agreement, then the County may declare a default and may terminate the abatement agreement. The County shall provide applicant and the municipality, if any, with written notice of such default. If the abatement agreement is terminated, then taxes will be due for the tax year during which termination occurred and taxes shall accrue without abatement for all tax years thereafter. In addition, taxes abated for any years prior to termination during which the applicant was in default of the terms of the abatement agreement shall also be due and payable to the county in the year the abatement agreement is terminated.