

**TITUS COUNTY
TAX ABATEMENT POLICY**

I. Tax Abatement Policy Principles.

- a. A county, pursuant to state law, is authorized to offer abatement of county ad valorem taxes to industries and commercial enterprises within the county limits. The tax abatements are granted to real property owners who execute a tax abatement agreement with the county. The purpose of the tax abatement is to encourage the growth and establishment of industry and commercial enterprise in the county. Growth is measured both by increases in capital expenditure for buildings, machinery, and other capital goods and the increased employment of the Titus County workforce. The city's priority for tax abatement is to extend tax abatement to primary employers. A primary employer is one which forms the economic base of the community by generating a majority of sales outside of Titus County. Tax abatements may also be available to facilities built or significantly remodeled which are designed to house and provide care for the elderly, invalids and persons requiring long term residential physical therapy. Tax abatements may be available to manufacturing firms, distribution firms and these long term residential care facilities making an investment in the county. Abatement is given to provide significant, long term, positive economic impact to the community by using local contractors and the resident workforce to that maximum extent feasible and by developing, redeveloping and improving real estate within the county limits. The county's goal in providing tax abatements is to create additional jobs within the county. Examples of uses eligible for abatements include manufacturing facilities, distribution facilities and research parks. Examples of eligible health care facilities would be rest homes and assisted living facilities. Small companies have provided a significant source of new jobs within the city. Therefore, proposals by small entrepreneurs will be encouraged whenever the proposals comply with the above policies.
- b. The county strives for efficiency in processing applications for tax abatement. It is understood that unduly long decision making processes will discourage businesses that might otherwise be interested in relocating to or expanding in Titus County.

II. Abatement Eligibility Criteria.

- a. Tax abatement will be considered for the following facilities if such development will create substantial capital improvements within the county limits or additional jobs.
 - 1. Manufacturing facilities
 - 2. Distribution facilities
 - 3. Research parks
 - 4. Residential Care Facilities
- b. Application for abatement must be completed prior to project inception.
- c. Successful applicants must be located within a reinvestment zone prior to the inception of the project.

- d. The project must provide for capital expenditures of at least *five hundred thousand dollars (\$500,000)* or, an annual payroll increase of *one hundred five thousand dollars (\$105,000)* with the creation of *five (5) new, permanent, full-time jobs*.
- e. When an investment improves existing property, the portion of the value of property eligible for abatement is
 - 1. For real property, the value of real property which has increased in market value because of the development, redevelopment or improvements specified in the abatement contract.
 - 2. For personal property, the market value of the personal property at the location, other than inventory or supplies, purchased with new capital identified in the tax abatement agreement contract. Personal property located at the site before the period covered by the agreement is not eligible for tax abatement.
 - 3. If the investment meets the criteria set out in paragraph c., the property eligible for abatement may be personal, real or mixed.

III. Tax Abatement Formulas

The formulas set forth below represents the maximum tax abatement which is available. The abatement formula offered may vary from the maximum due to the percentage of the total project which is equipment, expected life of equipment, applicant’s financial capacity, and impact to existing services.

Manufacturing, Research Parks and Distribution Facilities:

Tax Abatement Formula Titus County, Texas			
Investment Level	Or	Job Creation Level	Tax Abatement Term and Formula
\$500,000 to \$750,000	Or	5-10 FT Jobs	An average of a 30% abatement 90% Yr. 1, 75% Yr. 2, 45% Yr. 3
\$751,000 to \$1,250,000	Or	11-25 FT Jobs	An average of 40% abatement over 90% Yr. 1, 90% Yr. 2, 70% Yr. 3, 30% Yr. 4
\$1.25M to \$2.M	Or	26-50 FT Jobs	An average of 50% abatement over 90% Yr. 1, 90% Yr. 2, 90% Yr. 3, 75% Yr. 4
\$2.1 M to \$3. M	Or	51-100 FT Jobs	An average of 60% abatement over 90% Yr. 1, 90% Yr. 2, 90% Yr. 3, 75% Year 4, 75% Yr. 5
\$3. M and Above	Or	101 or Greater FT jobs	Formula and term to be negotiated City Manager
A combination of Investment <i>and</i> Job Creation may be sufficient to qualify the business for additional abatement			

Health Care Facilities:

Tax Abatement Formula Titus County, Texas			
Investment Level	Or	Job Creation Level	Tax Abatement Term and Formula
\$750,000 to \$1,000,000	Or	25-50 FT Jobs	An average of a 30% abatement 90% Yr. 1, 75% Yr. 2, 45% Yr. 3
\$1,000,001 to \$1,500,000	Or	50-100 FT Jobs	An average of 40% abatement over 90% Yr. 1, 90% Yr. 2, 70% Yr. 3, 30% Yr. 4
\$1,500,001 to \$2.M	Or	101-125 FT Jobs	An average of 50% abatement over 90% Yr. 1, 90% Yr. 2, 90% Yr. 3, 75% Yr. 4
\$2.1 M to \$3. M	Or	126-150 FT Jobs	An average of 60% abatement over 90% Yr. 1, 90% Yr. 2, 90% Yr. 3, 75% Year 4, 75% Yr. 5
\$3. M and Above	Or	151 or Greater FT jobs	Formula and term to be negotiated With City Manager
A combination of Investment <i>and</i> Job Creation may be sufficient to qualify the business for additional abatement			

IV. Abatement Review.

- a. The City Manager, in consultation with the Mount Pleasant Industrial Development Corporation (“MPIDC”), will initially review all tax abatement applications. A proposed contract will be prepared and submitted to the Mount Pleasant City Council (“CityCouncil”) for consideration. The recommendation of the MPIDC will be submitted to all participating local governments, including the City Council.
- b. The MPIDC is responsible for reviewing all applications for abatement, recommending action to be taken on the application by the City Council, and monitoring compliance with abatement contracts. The MPIDC will report any deviations from the original abatement contract to the City Council along with recommendations.
- c. When considering abatement contracts, the city will consider any burdens that will be placed on existing infrastructure and basic services by the proposed project. The city may reject applications that place inordinate demands on public services or require inordinately large expenditures to improve or maintain local government infrastructure.
- d. Representatives of the taxing jurisdictions periodically review commitments made pursuant to this policy; this policy is reviewed every two years; all reinvestment zones are reviewed every five years; and tax abatement contracts are reviewed annually. This policy is separate from any policy concerned with enterprise zones and any obligations deriving from existing industrial development contracts.