



WALLER COUNTY TAX ABATEMENT GUIDELINES AND CRITERIA

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SECTION 1 DEFINITIONS

1.1 These terms used in this document have the following meanings, whether or not capitalized:

- a. **“Abatement”** means the full or partial exemption from ad valorem taxes of certain real and personal property located in a reinvestment zone designated under Texas Tax Code Chapter 312 or an enterprise zone designated under Texas Government Code Chapter 2303.
- b. **“Base Year Value”** means the assessed value of eligible property on January 1 of the year preceding the execution of the agreement, plus the agreed upon value of eligible property improvements made after January 1, but before the execution of the agreement.
- c. **“Distribution Center Facility”** means a facility whose primary purpose is to receive, store, service, or distribute goods or materials.
- d. **“Expansion”** means the addition of buildings, structures, fixed-in-place machinery, or equipment for purposes of increasing production capacity.
- e. **“Facility”** means real property improvements completed or in the process of construction, and qualifying fixed-in-place machinery and personal equipment, which together comprise an integral whole.
- f. **“Hospital”** as defined in Texas Health & Safety Code Section 241.003.
- g. **“Manufacturing Facility”** means a facility whose primary purpose is the manufacturing of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- h. **“Modernization”** means a complete or partial demolition, construction, reconstruction, or installation of a Facility or facilities of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery or equipment. Modernization shall include improvements for the purpose of increasing productivity or updating the technology of machinery and equipment, or both.
- i. **“Other Basic Industry”** means a facility whose primary purpose is for the production of products or services resulting in the creation of new permanent jobs bringing in new wealth.
- j. **“Personal Property”** means every kind of property that is not real property; generally, property that is movable without damage to itself or the associated real property.
- k. **“Regional Entertainment/Tourism Facility”** means a facility whose primary purpose is to provide entertainment through the admission of the general public where the majority of users reside outside any part of Waller County.
- l. **“Real Property”** means land and any building, structure, fixture, or fence erected

on or affixed to the land which includes, but is not limited to, buildings built on skids, portable buildings, and parking areas.

- m. **“Regional Service Facility”** means a facility whose primary purpose is to service goods where a majority of the goods being serviced originate outside any part of Waller County.
- n. **“Research Facility”** means a facility whose primary purpose is for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- o. **“Spec Building”** means a new building constructed to create an enclosed area of a commercial facility, to be used by a business that would normally qualify for abatement, built without an occupying tenant at the time the construction has started or is complete.
- p. **“Tangible Personal Property”** means personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses, but does not include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right, and has negligible or no intrinsic value.
- q. **“Urgent Care Facility”** means a facility dedicated to the delivery of unscheduled, walk-in diagnosis and treatment of acute, but non-life-threatening injuries and illnesses, outside of a hospital emergency department or doctor's office.
- r. **“Veteran Owned”** means an individual or business entity has at least a fifty-one percent ownership interest in a facility, and 1) the individual is a current or former member of the United States military, or 2) a current or former member of the United States military has at least fifty-one percent (51%) or more of the business entity's outstanding ownership, membership interest, or voting power. If the individual is a former member of the United States military, the person must have received an honorable or general discharge from the military. Current military or discharge status must be verified through an official identification issued by the United States Department of Defense, or the military discharge form DD-214, as applicable.

SECTION 2 REINVESTMENT ZONES

- 2.1 **Reinvestment Zone Required:** Tax abatements may only be granted on property located within an area designated as a reinvestment zone under Texas Tax Code Chapter 312 or an area designated as an enterprise zone under Texas Government Code Chapter 2303.
- 2.2 **Unincorporated Area:** The County may only designate a reinvestment zone in the area of the County that is not within the taxing jurisdiction of a municipality.
- 2.3 **Public Hearing Required:** In order to designate a reinvestment zone, the Commissioners Court must hold a public hearing on the proposed designation. All interested persons are entitled to speak and present evidence for or against the designation.
- 2.4 **Notice Required:** Not later than the seventh (7th) day before the public hearing, notice of the public hearing must 1) be published in a newspaper having general circulation in the County, and 2) delivered in writing to the presiding officer of the governing body of each

taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone. Notice for the public hearing must also be included on the Commissioners Court agenda in accordance with Texas Government Code Chapter 551.

- 2.5 Conditions Required: A reinvestment zone may only be designated if the Commissioners Court finds that the designation would contribute to the retention or expansion of primary employment within the County, or would attract major investment into the zone that would be a benefit to the property included in the zone, and would contribute to the economic development of the County. Following the public hearing for designation of a reinvestment zone, the Commissioners' Court must make affirmative findings in the minutes of the Court that:
- a. Designation of the reinvestment zone would contribute to the retention or expansion of primary employment;
 - b. Designation of the zone would attract increased investment in the zone that would benefit the property within the zone; and/or
 - c. Designation of the zone would contribute to the economic development of the County.
- 2.6 Affected Taxing Entity: Should any affected taxing entity be able to show cause at the public hearing that the reinvestment zone would have a substantial adverse effect on its bonds, tax revenue, service capacity, or the provision of service, the Commissioners' Court may deny the designation of the reinvestment zone.
- 2.7 Reinvestment Zone Order: If the Commissioners Court determines that an area should be designated as a reinvestment zone, it shall designate the reinvestment zone by written order that contains a description of the precise boundaries of the zone. The zone shall be named according to the Texas Comptroller's Reinvestment Zone Naming Standards.
- 2.8 Documents Required: The applicant is solely responsible for providing official documents that contain a description of the precise boundaries of the zone, and any other information requested by the County to establish the reinvestment zone. The official documents must be signed and sealed by a licensed land surveyor or engineer.
- 2.9 Reinvestment Zone Expiration: The designation of a reinvestment zone expires five years after the date of the designation, and may be renewed for periods not to exceed five years. The expiration of the zone does not affect existing agreements made under Tax Code Chapter 312.

SECTION 3 ABATEMENT AUTHORIZED

- 3.1 Unincorporated Areas: Tax abatement is authorized, subject to approval of the Commissioners Court and execution of a lawful tax abatement agreement, for properties located within a reinvestment zone designated by the Commissioners Court or an enterprise zone established pursuant to the Texas Government Code Chapter 2303.
- 3.2 Incorporated Areas: Tax abatement is also authorized for properties located within a municipal reinvestment zone when the municipality has entered into a tax abatement agreement with regard to a property located within the zone, or a representative from the municipality has conveyed in writing an intent to enter into a tax abatement agreement with

the applicant. An agreement for such properties must be in accordance with the terms of Texas Tax Code § 312.206.

- a. The municipality must provide the County with a reinvestment zone order that fully meets the requirements of the Texas Comptroller before the Commissioners Court will approve an abatement agreement.
 - b. The municipality must provide the County with an investment analysis that indicates the project's expected investment, expected returns, jobs to be created, etc. If the municipality does not provide an analysis, or if the analysis indicates the project will not yield a sufficient return for the County, the County may decline to enter into a tax abatement agreement with the applicant.
 - c. The abatement percentage offered by the County may not exceed the percentage offered by the municipality, unless the percentage under consideration produces a low return to the County as determined by the economic impact analysis. In cases where matching the city will create a low return for the County, the County will adjust the percentage offered until a suitable return is obtained. It is within the sole discretion of the County to offer an abatement, and determine an adequate return as each applicant represents varying levels of risk and benefits to the community.
 - d. The County may approve a tax abatement agreement by official action prior to a municipality, provided that the County's agreement will only become effective upon the municipality entering into a tax abatement agreement with the applicant.
- 3.3 New Investment and Jobs: Tax abatements offered by Waller County are strictly limited to those applicants that bring new capital investment and jobs to the County.
- 3.4 Authorized Facilities: Only the following types of facilities are eligible for abatement: Distribution Center Facility, Regional Service Facility, Spec Building, Urgent Care Facility, Hospital, Manufacturing Facility, Regional Entertainment/Tourism Facility, Research Facility, and Other Basic Industry as defined in Section 1.
- 3.5 New and Existing Facilities: An abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.
- 3.6 New Value: An abatement may only be granted on the value of eligible improvements made after an abatement agreement has been executed between the County and the property owner and/or lessee.
- 3.7 Eligible Property: A percentage of the value of the following types of property may be abated: buildings, structures, fixed-in-place machinery and equipment, site improvements, and related personal equipment necessary to the primary operation of the authorized facility.
- 3.8 Ineligible Property: An abatement will not be granted on the following types of property: land; inventory; supplies; raw materials; tools; office furnishings; movable personal property; vehicles; vessels; housing; hotels; retail facilities; deferred maintenance investments (improvements necessary for continued operations which do not improve productivity or alter the process technology); improvements for the generation or transmission of electrical energy not wholly consumed on site by a new facility or

expansion; any improvements to produce, store, or distribute electricity, natural gas, fluids, or gases, which are not integral to the operation of the facility; property which will be in service for a period of less than 10 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 of the State of Texas; and any other property for which an abatement is not allowed by law.

- 3.9 Eligible Applicant: An abatement may be granted to (1) the owner of taxable real property, (2) the owner of tangible personal property, (3) the owner of a leasehold interest in tax-exempt real property for the value of the leasehold interest in real property, (4) the owner of tangible personal property or an improvement located on tax-exempt real property, and (4) the lessee of taxable real property for the value of the fixtures, improvements, other real property, and tangible personal property owned by the lessee and located on real property that is subject to the lease.
- 3.10 Value of Abatement: Only the taxable value that exceeds the base year value of eligible property may be abated. The Commissioners Court shall determine the percent of value and the term of the abatement based upon the overall value of the project, the number and types of jobs created, and the types and values of public improvements to be made. Commissioners Court may vary the length and abatement percentage on a case-by-case basis upon consideration of the above factors, and any other relevant factors. Abatement may be granted on all or a portion of the increased taxable value of eligible property over the base year value of the property.
- 3.11 Spec Abatement: An abatement may be granted on up to 100% of a to be constructed Spec Building for a period of up to two (2) years. The Commissioners Court may, in its sole discretion, extend the agreement, amend its terms, or agree to an assignment if the Spec Building is sold or leased to a tenant.
- 3.12 Construction in Progress: If a qualifying facility has not been placed in service and actively operating as specified in the abatement agreement by January 1 of the first year of the abatement period, the owner and/or lessee, as applicable, may apply for a one-year extension of the abatement period, to be granted or denied at the discretion of the Commissioners Court. Said extension must be applied for prior to the end of the first year of the abatement period specified in the agreement.
- 3.13 Abatement Denial: The County will not grant a tax abatement in the following circumstances:
- a. The planned use of the property would cause substantial adverse effect to (i) the County's tax base, (ii) the health, safety, or welfare of the community, or (iii) result in increased costs for the provision of governmental services that exceed the benefits to the County.
 - b. The applicant has insufficient financial capacity.
 - c. The abatement application is submitted after the commencement of construction, alteration, or installation of improvements for proposed modernization, expansion, or construction of a new facility.
 - d. The abatement application is submitted after an announcement that the project would

locate in Waller County or Texas.

- e. The project lies within the taxing jurisdiction of a municipality or a special taxing district, and the municipality or special taxing district denied an application for abatement.
- f. The abatement would violate any law or regulation.
- g. For any other reason deemed appropriate by Commissioners' Court.

- 3.14 Variances: The Commissioners Court may grant a variance from Section 3.8 upon written request. Such request shall state the requested variance, identify the property applicant is requesting a variance for, and fully state the circumstances necessitating the variance. The applicant may be required to provide additional documentation as required by the County. A variance request requires a four-fifths (4/5) vote of the governing body for approval.
- 3.15 Limitations: These guidelines and criteria do not: (1) limit the discretion of Waller County to decide whether to enter into a specific tax abatement agreement; or (2) create any property, contract, or other legal right in any applicant to have the Commissioners Court consider a specific application or request for tax abatement.
- 3.16 Texas Local Government Code Chapter 381 Tax Abatement Agreements: These guidelines and criteria also apply to tax abatement agreements entered into pursuant to Texas Local Government Code Section 381.004(g).

SECTION 4 CONDITIONS FOR CONSIDERATION AND ECONOMIC IMPACT DATA

- 4.1 Project Evaluation: The WCEDP is the primary organization responsible for evaluating projects seeking tax abatement from the County.
- 4.2 Economic Impact Analysis Required: Prior to submitting an application for tax abatement to the County, applicants must complete an economic impact analysis conducted by the WCEDP. If the results of the economic impact analysis indicate that the project will produce a return for the County such that a tax abatement would be economically advantageous to the County, the applicant may submit a tax abatement application to the County. First priority for tax abatements is given to projects that are specified in Section 3.4, Authorized Facilities.
- 4.3 Preliminary Term Sheet: If an applicant is able to submit an application after the results of the economic impact analysis, the WCEDP will provide a preliminary term sheet to the applicant that indicates the possible level of abatement. The preliminary term sheet is not binding, and is for informational purposes only. The final abatement percentages and the property to which they apply are to be determined only by a majority vote of the Commissioners Court at a public meeting that is properly noticed according to applicable law.
- 4.4 Additional Conditions: In addition to the economic impact analysis, proposed projects must meet the following conditions:
 - a. The proposed project will only locate in the County if the applicant receives a tax abatement. The applicant must submit its application prior to announcing the project's location, and before starting construction.
 - b. For the expansion of existing qualifying facilities, the applicant must invest at least

five hundred thousand dollars (\$500,000.00) in real and personal property improvements for the proposed project.

- c. For new qualifying facilities, the applicant must invest at least one million dollars (\$1,000,000.00) in real and personal property improvements for the proposed project. If the facility is veteran owned, the minimum investment is reduced to five hundred thousand dollars (\$500,000.00).
- d. The economic life of a facility and any improvements must exceed the life of the abatement agreement.
- e. The project must be expected to retain or create employment on a permanent basis in Waller County. This does not include the transfer of employment from one part of Waller County to another, except for expanding existing facilities that require a new location.
- f. The applicant shall give employment preference to residents of Waller County for operators and construction workers during the construction phase, and while hiring for normal operations thereafter. When possible, the applicant must hire Waller County residents first in positions for which a citizen is qualified.
- g. The applicant's planned improvements must have no serious adverse effect on other taxing entities located within the County, or the environment.
- h. The proposed project must produce a local economic benefit that significantly exceeds the amount of anticipated tax revenue that will be abated during the term of the abatement agreement, as determined by the economic impact analysis performed as part of the application process.
- i. If the real property subject to a proposed tax agreement will be subdivided, the final plat must be completed and recorded in the Waller County Deed Records prior to the approval of the tax abatement agreement.

4.5 Considerations: The County will consider the following factors in determining whether or not a tax abatement will be granted:

- a. The increased taxable value of the land and existing improvements.
- b. The type and taxable value of the proposed improvements.
- c. The expected economic life of the proposed improvements.
- d. The number and quality of permanent jobs to be retained or created by the proposed improvements, and the quality of applicant's existing jobs, if any.
- e. The amount of local payroll to be created or enhanced.
- f. Whether the new jobs to be created will be filled by persons residing or projected to reside in the County.
- g. The increase in taxable value as a result of the tax abatement.
- h. The costs to be incurred by the County, if any, to provide facilities or services as a direct result of the proposed improvements.

- i. The amount of ad valorem taxes to be paid to the County during the tax abatement period - considering (a) existing taxable values, (b) the percentage of new taxable value abated, (c) the tax abatement period, and (d) the taxable value of the project after expiration of the tax abatement period.
- j. The population growth that may occur as a direct result of the proposed project.
- k. Whether the applicant will help offset any negative impact to public infrastructure as a result of the new facility, and the types and value of any public improvements to be made by applicant.
- l. The impact on the business opportunities of existing businesses, including whether the applicant will use local labor, subcontractors, and vendors/suppliers.
- m. Whether the proposed project will attract other new businesses to the area.
- n. Whether the proposed project will compete with existing businesses to the detriment of the local economy.
- o. Whether the project is compatible with the community, particularly with respect to the environment, as well as the values, health, safety, and welfare of County residents.
- p. The applicant's company profile, including business references, principal bank, audited financial statement, and business plan.
- q. The overall economic impact to Waller County.

4.6 Foreign Investors and Organizations: In order to maintain cooperation with international organizations, the County will treat foreign citizens and foreign organizations in the same manner in which the County treats U.S. citizens and U.S. organizations. Notwithstanding the foregoing, Waller County supports economic equity around the world, and the County will not consider a tax abatement on property that is owned or leased by a foreign citizen, foreign organization, or a U.S. organization that receives foreign investment, whether direct or indirect, if the foreign citizen, foreign organization, or foreign investor is a citizen of or is organized in a country with a communist government, or a country with a poor human rights record. A country with a poor human rights record is one that has an overall score of a 5.9 or lower on the CATO Institute's Human Freedom Index, an overall score of 4.9 or lower on the World Justice Project's Index, or a score of 49 or lower on Transparency International's Corruption Perceptions Index. This prohibition does not apply to entities that are organized in the U.S., and are publicly traded on a U.S. stock exchange.

SECTION 5 APPLICATION

5.1 Timely Application: Any present or potential owner or lessee of property subject to County ad valorem taxes may request the creation of a reinvestment zone and/or a tax abatement by submitting a completed application to the County Judge's Office prior to any public expression of a siting decision or any legal or financial commitment to the proposed project. The application must be submitted within 30 days of the applicant receiving a preliminary term sheet from the WCEDP. *See Appendix A for the application.*

- 5.2 Application Fee: Each applicant shall pay a \$1,000 non-refundable application fee to the County. If the facility is veteran owned, the application fee is waived.
- 5.3 Application Package: An application is not submitted unless it is complete. The completed application package shall consist of the following:
- a. A completed Waller County Application Form.
 - b. A check or money order in the amount of \$1,000 payable to Waller County.
 - c. A certificate of formation issued by the state of formation if the applicant is a business organization.
 - d. A general description of the proposed use, general nature and extent of the modernization, expansion, or new improvements to be undertaken.
 - e. A descriptive list of the improvements which will be a part of the facility.
 - f. A survey, site map, and legal description of the property.
 - g. A plat if the land where the eligible property is located will be subdivided.
 - h. A time schedule for undertaking and completing the planned improvements.
 - i. Financial and other information as the County deems appropriate for evaluating the financial capacity, risk, and other factors of the applicant.
 - j. Copies of any environmental permits required for the project, and any additional environmental impact analyses.
 - k. If the applicant is requesting an abatement for the modernization or expansion of existing facilities or structures, the applicant shall provide a statement of the assessed value of the facility or structures for the year immediately preceding the application that separately states the values for taxable real and personal property.
- 5.4 Application Review: Each application shall be reviewed on its individual merit in accordance with these guidelines. After such review, a tax abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.
- 5.5 The Public Information Act: Waller County is subject to Texas Government Code Chapter 552, the Public Information Act. Any information included in the application that is confidential or proprietary should be clearly marked as such by the applicant. To the extent provided by law, Waller County will not disclose any properly labeled confidential or proprietary information. However, any information submitted to the County may be deemed public information pursuant to the Public Information Act. The County may submit any information contained in the application to the Texas Attorney General, and must release information as directed by the Texas Attorney General. The County will make good faith efforts to notify the applicant when information marked as confidential or proprietary is requested pursuant to the Public Information Act.

SECTION 6 AGREEMENT

- 6.1 Preparation: The County will prepare a proposed tax abatement agreement.
- 6.2 No Retroactive Abatements: Ad valorem taxes may only be abated for the tax year that begins on January 1 of the year immediately following the date of execution of the

abatement agreement, or thereafter.

- 6.3 Abatement Period: The period of abatement may not exceed ten (10) years. An initial abatement period may be extended, provided that the total period of abatement may not exceed ten (10) years.
- 6.4 Required Terms and Conditions: A tax abatement agreement with the owner or lessee of the property shall include the following terms and conditions:
- a. The commencement and termination dates of both the agreement term and abatement period.
 - b. The estimated appraised value of the improvements.
 - c. The required amount of investment and jobs to be created.
 - d. The percentage of taxable value to be abated each year.
 - e. The use of the facility will be limited during the abatement term to those that are consistent with the general purpose of encouraging development or redevelopment of the reinvestment zone, and consistent with the County's development goals.
 - f. The required time frame for construction completion.
 - g. A description of the property to be abated.
 - h. A list of the kind, number, and location of all proposed improvements to the property.
 - i. Both the County and the Waller County Appraisal District shall have access to and authorization to inspect the property and relevant documents, including construction expenditures and invoices, and personal property tax renditions, to ensure compliance with the agreement. All inspections will be made only after the inspector has given reasonable notice, and will be conducted in a manner that does not unreasonably interfere with the construction and/or operation of the improvements. All inspections will be made with one or more representatives of the owner and/or lessee, and in accordance with written safety standards.
 - j. The County shall recapture property tax revenue lost as a result of the agreement if the applicant fails to make improvements or create jobs as required by the agreement.
 - k. The County may cancel or modify the agreement at any time if the applicant fails to comply with the terms of the agreement.
 - l. Certification that each term that was agreed upon with the applicant is included in the written agreement.
 - m. The applicant shall annually certify compliance with the terms of the agreement to each taxing unit with jurisdiction over the reinvestment zone.
 - n. Remedies in the event of default, violated terms or conditions, delinquent taxes, and other provisions that may be required for uniformity or by state law.
 - o. The Commissioners Court may reduce the percentage of the abatement or terminate the agreement if the owner and/or lessee fails to comply with the terms of the

agreement, or ceases to operate the facility as required by the agreement.

- 6.5 Leased Facilities: If a leased facility is granted a tax abatement, the agreement must be executed by the lessor and the lessee.

SECTION 7 APPROVAL

- 7.1 Commissioners Court Approval Required: In order to be effective, a tax abatement agreement must be approved by the affirmative vote of a majority of the members of the Commissioners Court at a regularly scheduled meeting.
- 7.2 Public Notice Required: Public notice of a meeting at which the Commissioners Court will consider the approval of a tax abatement agreement must be publicly posted at least 30 days before the scheduled time of the meeting and otherwise in accordance with Texas Government Code Chapter 551, the Open Meetings Act, and must contain:
- a. The name of the property owner and the name of the applicant for the tax abatement agreement;
 - b. The name and location of the reinvestment zone in which the property subject to the agreement is located;
 - c. A general description of the nature of the improvements or repairs included in the agreement; and
 - d. The estimated cost of the improvements or repairs.
- 7.3 Other Affected Taxing Entities: Should any affected taxing entity be able to show cause at the meeting that the tax abatement agreement will have a substantial adverse effect on its bonds, tax revenue, service capacity, or the provision of service, that showing shall be reason for the Commissioners' Court to deny the tax abatement agreement.

SECTION 8 RECAPTURE

- 8.1 Recapture Authorized: If an owner or lessee fails to comply with the terms of the tax abatement agreement, the Commissioners Court may terminate the agreement, and recapture all or a portion of the tax revenue lost during the abatement period. The tax revenue lost during the abatement period shall be due immediately, and paid to the County within sixty (60) days of the date of termination.
- 8.2 Events of Default: If the County determines that the owner or lessee is in default according to the terms and conditions of its agreement, the County shall notify the parties to the agreement in writing as specified in the agreement. If the owner and/or lessee does not cure the default within the allotted time, then the Commissioners Court may terminate the agreement.
- 8.3 Tax Indebtedness: If the owner or lessee fails to timely pay ad valorem taxes owed to the County or another taxing entity, the Commissioners Court has the right to terminate the agreement, and recapture tax revenue lost as a result of the agreement.
- 8.4 Assignment: If the owner or lessee assigns the agreement in violation of Section 10, the Commissioners Court may terminate the agreement, and recapture all of a portion of the tax revenue lost during the abatement period. The tax revenue lost during the abatement period shall be due immediately, and paid to the County within sixty (60) days of the date of

termination.

- 8.5 Payment in Lieu of Taxes Agreement (PILOT): If, during the abatement period, any federal or state law provides an additional tax exemption on property subject to a tax abatement agreement, which exempts the property from ad valorem taxation (*i.e.*, for environmental or emissions improvements, or a Foreign Trade Zone), applicant may be required to decline the federal or state tax exemption during the abatement period. If applicant is unable to decline that federal or state tax exemption, applicant shall make a payment in lieu of taxes to the County to compensate the County for the tax revenue lost as a result of the exemption.

SECTION 9 ADMINISTRATION

- 9.1 Property Assessments: The Waller County Appraisal District (“WCAD”) shall annually assess the value of the real and personal property subject to a tax abatement agreement. Each year, the owner and/or lessee receiving an abatement shall furnish the WCAD with such information as may be required by law or the terms of an agreement to determine compliance with the agreement. The WCAD’s determination of value for property subject to an abatement agreement shall be final.
- 9.2 Annual Application to WCAD: Each owner and lessee that receives a tax abatement shall apply annually to WCAD for recognition and implementation of their abatement agreement, and shall annually file all forms required by WCAD, including the Tax Abatement Compliance Certification Form. *See Appendix B for the form.* The Commissioners Court may terminate the abatement agreement if the owner or lessee fails to provide the required forms, or fails to cooperate in verifying compliance with the terms of the agreement
- 9.3 WCAD Evaluation: WCAD shall annually evaluate the property subject to a tax abatement to ensure compliance with the agreement, and shall report possible violations of the agreement to the County.
- 9.4 WCAD Filings: The WCAD shall timely file, with the appropriate person, agency, department, or board of the State of Texas, all information required by Chapter 312 of the Texas Tax Code.

SECTION 10 ASSIGNMENT

- 10.1 Written Approval Required: A tax abatement agreement may be assigned only upon the prior written approval of the Commissioners’ Court. Whether or not an assignment is made is within the sole discretion of the Commissioners Court.
- 10.2 Assignment Requirements: All assignments shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions set out in the agreement to be assigned, and shall be executed by both the assignor and the assignee. The assignee is subject to Section 4.6. The assignor shall provide a copy of the written assignment to the County prior to the assignment becoming effective.
- 10.3 Indebtedness: No assignment shall be approved if any party to an existing tax abatement agreement, the new owner, or the new lessee are indebted to the County or any other taxing entity for past due ad valorem taxes or other obligations.

SECTION 11 SUNSET PROVISION

- 11.1 Effective Dates: These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two (2) years, unless amended by four-fifths (4/5) vote¹ of the Commissioners' Court.

¹ Pursuant to Tax Code Section 312.002 (c), a three-fourths (3/4) vote is required to amend or repeal the Guidelines and Criteria. This effectively is a 4/5 vote in Commissioners' Court.

WALLER COUNTY, TEXAS TAX ABATEMENT APPLICATION

Please read carefully the Instructions (see below) and then complete the appropriate sections. If additional space is needed, please complete the answer on a separate sheet of paper and attach it to the completed application. Please attach any additional information as requested.

SECTION 1 – APPLICANT INFORMATION			
Entity Name			
Headquarters Address			
Local Address, if any			
Contact Person			
Phone		E-Mail	
Entity Type		☐ Corporation ☐ Partnership ☐ Limited Liability Company ☐ Sole Proprietorship	
State of Formation		Year of Formation	
Federal Employer Identification Number (EIN)			
NAICS Code(s)			
Is applicant a subsidiary of another entity as defined by Texas law? <i>If yes, please complete Section 4.</i>			☐ Yes ☐ No
Is the entity currently authorized to transact business in Texas?			☐ Yes ☐ No
Estimated Annual Sales			
Number of Current Employees			
Does an entity organized in, or a citizen of a country other than the Unites States own 51% or more of applicant’s outstanding ownership or membership interest?			☐ Yes ☐ No
If yes, what is the country of organization or citizenship?			
Does an entity organized in, or a citizen of a country other than the Unites States possess 51% or more of applicant’s voting power?			☐ Yes ☐ No
If yes, what is the country of organization or citizenship?			
Is 51% or more of applicant’s debt held in a financial institution located in a country other than the United States?			☐ Yes ☐ No
If yes, in what country is the financial institution located?			
Is applicant a named party in any active litigation?			☐ Yes ☐ No
If yes, please provide the jurisdiction, court, and cause number(s) of the litigation.			
Does applicant own or lease the real property? <i>If applicant leases the real property, please complete Section 5.</i>			☐ Own ☐ Lease
Is applicant delinquent on any tax debt?			☐ Yes ☐ No
Is applicant currently a party to any other tax abatement agreement(s)? <i>If yes, applicant may be required to provide a copy of any tax abatement agreement to which they are a party.</i>			☐ Yes ☐ No
Has applicant applied for a tax abatement in any other taxing jurisdiction? <i>If yes, please provide the following information:</i>			☐ Yes ☐ No
Name of Taxing Jurisdiction		Date of Application	
Hearing Date (if any)		Jurisdiction Contact Name	
Contact Phone		Contact E-Mail	
<i>Please attach copies of all communications from the jurisdiction that indicate their intent to provide a tax abatement or other incentive.</i>			

Will the person signing this application on behalf of applicant also sign an abatement agreement, if offered?			☐ Yes ☐ No	
<i>If no, please provide the following information:</i>				
Name of Individual to Sign Agreement				
Title		Contact E-Mail		
SECTION 2 – SITE LOCATION INFORMATION				
Project Site Address				
Project Site Location		☐ Unincorporated Waller County ☐ Hempstead ☐ Waller ☐ Prairie View ☐ Brookshire ☐ Katy ☐ Pattison ☐ Pine Island ☐ Other		
If the site is located in a municipality, has the applicant requested a tax abatement from the municipality?				☐ Yes ☐ No
If yes, what is the status of the tax abatement application with the municipality?				
☐ Approved ☐ Denied ☐ Pending				
Is the project site in an already established reinvestment zone?				☐ Yes ☐ No
If yes, what is the name of the reinvestment zone?				
<i>If no, please provide a survey and map that clearly describes the boundaries for the proposed zone.</i>				
Is the project site located in the Brookshire-Katy Drainage District?				☐ Yes ☐ No
If yes, has BKDD approved the site and drainage plan?				☐ Yes ☐ No
If no, please provide a brief explanation as to why the drainage and site plan have not been approved, and an anticipated approval date.				
Does the parcel on which the project site is located need to be subdivided and platted?				☐ Yes ☐ No
<i>If yes, please attach a preliminary plat.</i>				
Please provide a brief description of the project site.				
Does the project site have any existing improvements?				☐ Yes ☐ No
If yes, please provide a brief description of the improvements.				
SECTION 3 – PROJECT INFORMATION				
Project Type ☐ New Facility ☐ Expansion ☐ Modernization				
Estimated Start Date		Estimated Completion Date		
Will the facility be owned by a veteran as defined by the Guidelines and Criteria?				☐ Yes ☐ No
Is applicant seeking a variance to the Guidelines and Criteria?				☐ Yes ☐ No
If yes, please describe the requested variance and identify the relevant section(s) of the Guidelines and Criteria.				
What kind of qualified facility is the tax abatement requested for?				
☐ Manufacturing ☐ Regional Service ☐ Research ☐ Hospital ☐ Urgent Care ☐ Regional Distribution ☐ Regional Entertainment Center ☐ Other Basic Industry ☐ Spec Building				

What kind of property is applicant requesting an abatement for?			
☐ Real Property ☐ Personal Property ☐ Both			
Estimated Employees to be Hired in Waller County			
Does the project require any federal, state, or local environmental permits?			☐ Yes ☐ No
If yes, please briefly describe the purpose of the permits, and attach copies of the permits or permit applications.			
Briefly describe the project, and the products or services to be provided.			
Briefly describe all proposed real property improvements to be made at the project site. Please include the itemized list of improvements and estimated values from Exhibit B.			
If a tax abatement is requested for personal property, generally describe how the property will be used in the entity's primary functions or processes. Do not include any information that is confidential or business proprietary. Please include the categories of personal property items and values from Exhibit B.			
SECTION 4 – PARENT ENTITY INFORMATION			
Parent Entity Name			
Headquarters Address			
Local Address, if any			
Contact Person			
Phone		E-Mail	
What percentage of applicant's outstanding ownership or membership interest does the parent entity own?			
What percentage of applicant's voting power does the parent entity possess, if any?			
Is parent entity organized in a country other than the United States?			☐ Yes ☐ No
If yes, in which country is the parent entity organized?			
Is 51% or more of parent entity's debt held in a financial institution located in a country other than the United States?			☐ Yes ☐ No
If yes, in what country is the financial institution located?			
SECTION 5 – LEASE INFORMATION			
Property Owner Name			
Address			
Contact Person			
Phone		E-Mail	

Entity Type	☐ Corporation ☐ Partnership ☐ Limited Liability Company ☐ Sole Proprietorship		
State of Formation		Year of Formation	
Is the entity currently authorized to transact business in Texas?			☐ Yes ☐ No
Is the property owner delinquent on any tax debt?			☐ Yes ☐ No
Is the property owner currently a party to any other tax abatement agreement(s)?			☐ Yes ☐ No
<i>If yes, property owner may be required to provide a copy of any tax abatement agreement to which they are a party.</i>			
SECTION 6 – CERTIFICATION			
I, _____, (<i>responsible official</i>), certify that, to the best of my knowledge, the information contained in this application is true and correct, and is an accurate description of the project details. I understand that the information provided with this application is subject to annual review for compliance during the term of the abatement agreement, if granted.			
_____ <i>Print or Type Name and Title</i>		_____ <i>Signature</i>	_____ <i>Date</i>

INSTRUCTIONS

Completing the Waller County Tax Abatement Application

Before submitting the Waller County Tax Abatement Application, the application must first complete an economic impact analysis conducted by the Waller County Economic Development Partnership.

Requesting a tax abatement from Waller County is a two-phase process. First, the entity seeking the abatement must complete an economic impact analysis conducted by the Waller County Economic Development Partnership. There is no charge for the analysis. The results of the analysis will determine if the entity will proceed to the second phase for further consideration by the County. Second, the entity will submit an application to the County.

This application must be submitted to the County prior to the commencement of any construction or the installation of any equipment. By submitting the application, the applicant acknowledges that it has read and will comply with the terms contained in the current Waller County Tax Abatement Guidelines and Criteria (the “Guidelines”). The Guidelines govern what facilities and property are eligible for a tax abatement, and the various applicable terms and economic qualifications. A project must comply with the Guidelines in all respects in order to be eligible for a tax abatement. Information provided in this application will become part of any tax abatement agreement with the County. Any intentional misrepresentations on this application will be cause for the County to terminate any resulting tax abatement agreement.

At the time of application, all applicants must submit an application fee of one thousand dollars (\$1,000.00) by check or money order made payable to Waller County, Texas.

Attachments

Section 5.3 of the Guidelines and various sections of the application identify attachments that must be included with the application. In addition to those attachments, the following documents must be attached to all applications:

- a legal description of the real property on which the real or personal property for which an applicant is seeking an abatement will be located. A survey or plat are preferred, but other documentation may be accepted upon applicant’s request.
- a “Certification of Appraised Value of Properties.” The certification must include the entire parcel of land on which the property to be abated will be located. For additional information, please contact the Waller County Appraisal District at (979) 921-0060.

All attachments must reference the section that requires the attachment.

Special Comments

Financial Information – The applicant may be required to submit documentation demonstrating that it has the financial capacity to successfully complete the project and comply with the Guidelines and any resulting tax abatement agreement. This may include i) an entity’s most recent annual report to stockholders, ii) business references (e.g. principal bank, accountant, attorney, etc.), iii) an audited financial statement, iv) financing verification and current cash availability, v) a business plan, vi) other company financial documents, and/or vii) any other document deemed necessary by the County. The information will be for review only, and will not be included in any public documents.

Additional Project Information – Regional Entertainment Facilities, Regional Service Facilities, and Regional Distribution Center Facility applicants must attach i) market studies, ii) business plans, iii) agreements, and/or iv) other materials that demonstrate that the facility is intended to serve a market the majority of which is substantially outside of Waller County.

Submission Procedures

Applicants should complete the application, have the appropriate official sign it, attach all required documents, and then send the original application, its attachments, and the application fee to the County. The application may be submitted by mail or electronically. **The application will not be considered complete until the County has received the application fee. The application fee may be paid by check or money order, or by credit card. To pay by credit card, contact the Waller County Treasurer's Office at (979) 826-7707.**

Applications submitted by mail must be sent to:

**Waller County Judge
836 Austin Street, Suite 4300
Hempstead, Texas 77445**

Applications submitted electronically must be sent to:

m.kelley@wallercounty.us AND j.hill@wallercounty.us

The application must be completed in its entirety. Any failure to include required information or attachments will result in the application being returned without review. If you have any questions about completing or submitting the application, please contact the Waller County Judge's Office at (979) 826-7700 or the Waller County Economic Development Partnership at (979) 921-9059.

WALLER COUNTY TAX ABATEMENT AGREEMENT CERTIFICATION FORM

Compliance with the Waller County Tax Abatement Agreement

All tax abatement recipients must complete Sections 1-3 for each tax year that they receive an abatement. If the County enters a tax abatement agreement with two or more recipients, each recipient must complete this form. If the tax abatement agreement contains a requirement to create jobs and/or maintain a minimum rendered taxable inventory, please complete Sections 4 and 5, as applicable.

SECTION 1 – TAX ABATEMENT RECIPIENT INFORMATION			
Recipient Property Owner's Name			
Address			
Name and Title of Contact Person			
Telephone Number		E-Mail	
NAICS Code		Taxpayer ID	
Contract ID Number		Property ID Number	
Tax Account Number		Federal EIN	
Business Activity	☐ Expanding/Modernizing Existing Facilities/Structures ☐ New Facilities/Structures		
What was the appraised value of the property at the time of the abatement execution?			
SECTION 2 – TAX ABATEMENT AGREEMENT INFORMATION			
Reinvestment Zone Name			
Agreement Execution Date		Abatement Term (in years)	
Abatement Effective Date		Abatement Expiration Date	
Type of Property Abated	☐ Real Property ☐ Personal Property ☐ Both		
Does the agreement require any of the following: (please check <u>all</u> that apply)			
☐ New Construction ☐ Current Facility Renovation/Remodeling ☐ Current Facility Retooling/Upgrading ☐ Furniture/Fixture Purchase ☐ New Machinery/Equipment Purchase			
Please provide the percentage of taxable value abated for the applicable type of property for each year of the Abatement Period (e.g. 2025 – Real Property 100%, Personal Property 50%).			
Does the abatement agreement require the creation of new full-time positions? If yes, please complete the following two questions.			☐ Yes ☐ No
How many new full-time employment positions are is recipient owner required to create during the entire term of the abatement period?			
How many new full time employment positions were created for the applicable tax year?			
How many payroll dollars does the recipient owner anticipate creating over the term of the abatement period?			
How many payroll dollars were created for the applicable tax year?			
Does the abatement agreement require the recipient owner to maintain a specified value of inventory for the applicable tax year?			☐ Yes ☐ No
If yes, what is the dollar amount of the required inventory?			
What is the dollar amount of inventory actually maintained?			
What is the dollar amount of property value abated pursuant to the agreement?			
Are any other taxing units party to the tax abatement agreement? If yes, please complete the following information:			☐ Yes ☐ No
Taxing Unit Name		Abatement Period	
Tax Account Number			
Type of Property Abated	☐ Real Property ☐ Personal Property ☐ Both		
Please provide the percentage of taxable value abated by each taxing unit for the applicable type of property for each year of the Abatement Period (e.g. Taxing Unit A – 2025 Real Property 100%, Personal Property 50%)			

Is the recipient owner receiving any tax incentives other than a tax abatement?		☐ Yes ☐ No
If yes, what kind? <i>Please check all that apply</i>	☐ Grants ☐ Loans ☐ Job Training Assistance ☐ Other	
Please provide the dollar amount received for each type of assistance received.		

SECTION 3 – CERTIFICATION OF COMPLIANCE WITH TERMS OF THE TAX ABATEMENT AGREEMENT

I, _____, (*responsible official*), certify that, to the best of my knowledge, the information contained in this Waller County Tax Abatement Agreement Compliance Certification Form is true and correct, and that _____ (*abatement recipient*) has complied with the terms of the abatement agreement in all respects, including filing the appropriate forms and required documentation with the Waller County Appraisal District for tax year _____.

Print or Type Name and Title

Signature

Date

SECTION 4 – CERTIFICATION OF COMPLIANCE WITH JOB CREATION REQUIREMENT

Recipient created number of jobs required by abatement agreement for tax year _____. ☐ Yes ☐ No

If no, how many jobs were created during the relevant tax year? _____

I, _____, (*responsible official*), certify that, to the best of my knowledge, the information contained in this Section 4 is true and correct, and that _____ (*abatement recipient*) employed the number of employees as indicated above for tax year _____.

Please attach supporting documentation.

Print or Type Name and Title

Signature

Date

SECTION 5 – CERTIFICATION OF COMPLIANCE WITH INVENTORY REQUIREMENT

Recipient maintained the inventory required by the abatement agreement for tax year _____. ☐ Yes ☐ No

If no, how much inventory was maintained during the relevant tax year? _____

I, _____, (*responsible official*), certify that, to the best of my knowledge, the information contained in this Section 5 is true and correct, and that _____ (*abatement recipient*) maintained the rendered taxable inventory as indicated above for tax year _____.

Please attach supporting documentation.

Print or Type Name and Title

Signature

Date