

**GUIDELINES AND CRITERIA
FOR
TAX ABATEMENT**

August 11, 2020 – August 11, 2022

Mayor

Carl Pickett

City Council

**David Arnold
Dennis Beasley
Neal Thornton
Diane Driggers
Libby Simonson
Chipper Smith**

CITY OF LIBERTY

SCHEDULE OF TAX ABATEMENT EVENTS

- STEP 1 Request for information on Tax Abatement.
- STEP 2 Application for Abatement received by City.
- STEP 3 Discussions with applicant about application. Gathering data to meet City of Liberty Tax Abatement Guidelines and Criteria to qualify for tax abatement. Written response on findings to Applicant.
- STEP 4 Notification of Public Hearing on designation of a Reinvestment Zone for the purpose of tax abatement:
- A. to all taxing entities no later than seven days prior to meeting;
 - B. publication and posting no later than seven days prior to meeting.
- STEP 5 Public hearing on designation of a Reinvestment Zone for the purpose of tax abatement.
- STEP 6 Adoption of Ordinance designating an area a Reinvestment Zone.
- STEP 7 City Council considers Resolution authorizing the Tax Abatement Agreement and authorizes the Mayor to execute the agreement.
- STEP 8 Notice of City's intent to enter into a Tax Abatement Agreement sent to all taxing entities at least seven days prior to executing the agreement. Taxing entities must be sent a copy of proposed abatement agreement with notification.
- STEP 9 Applicant begins construction and/or acquisition of property described in abatement.
- STEP 10 Completion of improvements:
- A. City inspects the project improvements for compliance with agreement;
 - B. City receives accounting statement and/or list of capital expenditures on improvements for compliance with agreement;
 - C. City issues Certification of Completion/Compliance.

- STEP 11 Certificate of Completion/Compliance filed with Tax Collector and Chief Appraiser.
- STEP 12 Prior to April 1 of the year following the Agreement; the City sends to the appropriate state, county and/or local agencies a copy of the following:
- A. Reinvestment Zone Designation including general description, size, and type of property it includes;
 - B. Tax Abatement Agreement Including parties involved, property description and improvements or repairs to be made the portion of property to be exempted and the term of agreement.
 - C. Annual report on each Reinvestment Zone.
- STEP 13 Prior to May 1 of the year following the agreement, (and each year thereafter) the company files form titled "Application for Abatement" with the Liberty County Central Appraisal District, P. O. Box 10016, Liberty, TX 77575.
- STEP 14 At expiration of agreement or a termination due to noncompliance, the City will issue a Termination of Agreement to company with copies to all taxing entities, Tax Collector and Chief Appraiser, the Texas Department of Commerce and the State Property Tax Board.

CITY OF LIBERTY
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LIST OF EXHIBITS

- A. Sample Ordinance designating Reinvestment Zone
 - A-1 Metes and Bounds description of Reinvestment Zone
 - A-2 Drawing (Plat) of Reinvestment Zone
- B. Resolution authorizing Tax Abatement Agreement
- C. Sample Tax Abatement Agreement
 - C-1 List of proposed improvements and/or personal property, limited to manufacturing equipment.
 - C-2 Certificate of Compliance
 - C-3 Map showing existing uses and conditions to company's property within the Zone
 - C-4 Map showing proposed improvements to company's property within the Zone
- D. Commercial/Industrial Tax Abatement Application

CITY OF LIBERTY
GUIDELINES AND CRITERIA
FOR
TAX ABATEMENT

INTRODUCTION

The City of Liberty has implemented a Tax Abatement Program under the provisions of Property Redevelopment and Tax Abatement Act found in Chapter 312 of the Texas Tax Code. The City has adopted this uniform policy and these Guidelines and Criteria for Tax Abatement for businesses with qualifying real and personal property willing to execute tax abatement agreements with the City. The goal of tax abatement is to provide long term, significant impact on this community and to utilize area contractors and work force to the maximum extent feasible by developing, redeveloping and improving real property.

Tax Abatement will be negotiated with the property owner within a Reinvestment Zone. The agreement between the City and the Business will exempt from taxation all or part of the increase in value of the real property over its value in the year in which the agreement is executed. It can also exempt from taxation tangible personal property limited to manufacturing equipment.

It is the intent of these Guidelines and Criteria to outline the policy of the City toward tax abatement to determine the eligibility criteria of the industry and to outline the process for designating a Reinvestment Zone. These Guidelines and Criteria further outline the terms of the Tax Abatement Agreement with the business and the process for seeking tax abatements from the other taxing entities.

These general Guidelines and Criteria are not intended to be restrictive in any way, and are designed to be used as a guide to any business, industry or individual interested in Tax Abatement.

These guidelines and criteria should not be construed as implying or suggesting that the City of Liberty is under any obligation to provide tax abatement or other incentive to any applicant. All applications shall be considered on a case by case basis.

POLICY

It is the policy of the City of Liberty to use tax abatement as an effective tool for economic development. Tax Abatement will be used to exempt owners of property within the Reinvestment Zone from paying taxes on improvements on that property.

Each tax abatement application will be individually reviewed by the City Council and approved or disapproved based on the merits of the application and the guidelines and criteria set forth herein. Tax abatement awards may vary in their value in accordance

with project details such as the number of new jobs to be created, job diversity and the level of capital investment by the company. The issue of value, as it relates to the abatement, will be determined by the City Council on a case-by-case basis with the Council's decision being final and without appeal. An abatement that is valued at 100% for a period of 10 years shall be the maximum abatement value under this program policy.

The City Council, in its sole discretion, shall either approve or disapprove each application for tax abatement and shall set the value of same. The City Manager shall notify the applicant of approval or disapproval. Any disapproved applicant may reapply for tax abatement.

DEFINITIONS

Abatement – means the full or partial exemption from ad valorem taxes of certain real property values and/or tangible personal property values in a reinvestment or enterprise zone designated by the City for economic development purposes.

Abatement Agreement – means a contractual agreement between a property owner and/or lessee and the City.

Base Year Value – means the assessed value of eligible property on January 1 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.

Expansion – means the addition of building, structures, machinery, equipment, payroll or other taxable value for purposes of increasing production capacity.

Modernization – means a complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alternation or installation of buildings, structures, machinery, equipment, pollution control devices or resource conservation equipment.

New Construction – means a property previously undeveloped which is placed into service by means other than in conjunction with Expansion or Modernization.

Productive Life – means the number of years a property improvement is expected to be in service in a facility.

Tax Abatement – means the full or partial exemption from ad valorem taxes of certain real property values and/or tangible personal property values in a reinvestment or enterprise zone designated by the City for economic development purposes.

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

ELIGIBILITY PROCEDURES AND GUIDELINES

Procedures

Prior to beginning any demolition, rehabilitation, reconstruction or construction, purchase or any improvement to be included in a tax abatement agreement, the owner and/or developer shall first submit to the City, in writing, a request for tax abatement. The City will then determine the eligibility of the business and the proposed improvements and upon determination of eligibility, the City shall respond to such in writing. As outlined in the Tax Abatement Agreement (discussed in detail later in this document), the business is required to meet all codes and ordinances and acquire all permits required prior to any construction. Contact should be made early in the project with the City's Building Official.

Guidelines

The following guidelines will apply to all categories of redevelopment:

The proposed property to be affected must be designated by the City of Liberty as a reinvestment zone by ordinance pursuant to Chapter 312 of the Texas Tax Code or designated as an Enterprise Zone by the State of Texas. The proposed property must be located in either the City limits or the City's ETJ. Applicants that own property in the City's ETJ must also submit a petition for voluntary annexation to the City along with the tax abatement application.

The property owner must enter into an agreement with the City of Liberty which satisfies the guidelines and criteria adopted by the City of Liberty.

The information furnished with a request to the City is confidential and not subject to public disclosure until the tax abatement agreement is executed.

A portion of the value of the real property, or of tangible personal property, located on the real property or both may be part of the tax abatement agreement.

Abatement for real property will be based on the increase in market value of the real property from the development, redevelopment, and/or improvement specified in the abatement contract.

Abatement for tangible personal property will be the market value of the personal property located on the real property, other than inventory or supplies. Personal property located on the real property before the period covered by the agreement will not be considered for tax abatement. Personal property may be considered as part of the overall abatement agreement or by separate agreement. Personal property is limited to manufacturing equipment and must equal a minimum of \$250,000.

In the evaluation of abatement contracts, the City of Liberty will consider the burden on existing basic services that the development, redevelopment, or improvement proposed by the abatement applicant will have.

ELIGIBLE PROJECTS

New Construction. Any new commercial or industrial construction with a minimum capital investment of \$1,750,000 or the creation of twenty (20) jobs (*The acquisition cost of the real property is not included in the capital investment*).

Business Expansions. Any project which adds buildings, structures, fixed machinery, equipment, and personal property for the purpose of increasing production capacity. Any business expansion project must have a minimum capital investment of \$750,000.

Modernization Projects. Any project that upgrades an existing facility which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation; modernization may result from the construction, alternation or installation of buildings, structures, fixed machinery, equipment and personal property. It shall not be for the purpose of refurbishing or repairing. Any modernization project must have a minimum capital investment of \$750,000 to qualify for a tax abatement under this policy.

Personal Property. Personal property, limited to manufacturing equipment, may be eligible for tax abatement. Any personal property of this nature should be identified in the Tax Abatement Agreement. The taxable situs of any personal property abated in an agreement must be within the taxing jurisdiction of the City of Liberty for the term of the abatement unless such property is sold. Should the situs of the personal property change, the property owner shall notify the appraisal district. Personal property is limited to manufacturing equipment and must equal a minimum of \$250,000.

Downtown Liberty – Minimum investment requirements in Downtown Liberty shall be at the discretion of the Liberty City Council. Downtown Liberty shall mean the area defined in Section 3.09.125 of the Code of Ordinances.

DISCRETIONARY CONSIDERATIONS

The following factors, among such other factors as determined necessary by the City Council, shall be considered by the City Council in its discretionary approval or disapproval of each tax abatement application:

1. All tax abatement agreements are considered on a case-by-case basis.
2. All tax abatement agreements must be approved by the Liberty City Council
3. No tax abatement will be given for longer than ten (10) years

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

4. General Considerations:

- a. Value of land and existing improvements, if any; and/or
- b. Type and value of proposed improvements; and/or
- c. Productive life of proposed improvements; and/or
- d. Number of existing jobs to be retained by proposed improvements; and/or
- e. Number and type of new jobs to be created; and/or
- f. Number of new jobs to be filled by local residents, or by persons projected to reside in the City; and/or
- g. Amount of local sales tax to be generated; and/or
- h. The costs to be incurred by the City to provide facilities or services directly resulting from the new improvements; and/or
- i. The amount of ad valorem taxes to be paid the City during the abatement period considering
 - i. The existing values,
 - ii. The percentage of new value abated,
 - iii. The abatement period, and
 - iv. The value after expiration of the abatement period; and/or
- j. The population growth that occurs directly as a result of the improvements; and/or
- k. The values of public improvements if any, to be made by applicant seeking abatement; and/or
- l. To what extent the proposed improvements compete with existing businesses to the detriment of the local economy; and/or
- m. The extent of business opportunities created by the proposed improvements for local businesses; and/or
- n. Impact on attracting other new businesses as a result of the improvements; and/or
- o. Impact the planned improvements may have on other taxing jurisdictions within the City; and/or
- p. Environmental compatibility, and amount, if any, of negative impact on quality of life perceptions; and/or
- q. The ratio of real property value to personal property value being considered for abatement; and/or
- r. Whether the proposed improvements will create adverse conditions for adjacent property owners or other citizens of the City of Liberty.

REINVESTMENT ZONE

There are seven criteria under which either of Reinvestment Zones may be designated. An area may meet any one of these seven in order to qualify. They are as follows:

Criteria for Designation.

An area must (as provided in Chapter 312 of Texas Tax Code):

- (1) substantially impair or arrest the sound growth of a city or town, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use by reason of the presence of a substantial number of substandard, slum, deteriorated, or deteriorating structures; predominance of defective or inadequate sidewalk or street layout; faulty lot layout in relation to size, accessibility, or usefulness; unsanitary or unsafe conditions; deterioration of site or other improvements; tax or special assessment delinquency exceeding the fair value of the land; defective or unusual conditions of title; the existence of conditions that endanger life or property by fire or other cause; or any combination of these factors or conditions; or
- (2) be predominately open and, because of obsolete platting or deterioration of structures of site improvements, or other factors, substantially impair or arrest the sound growth of the City; or
- (3) be in a federally assisted new community located within a home-rule city or in an area immediately adjacent to the federally assisted new community; or
- (4) be located wholly within an area which meets the requirements for federal assistance under Section 119 of the Housing and community Development Act of 1974; or
- (5) encompass signs, billboards, and other outdoor advertising structures designated by the City Council for relocation, reconstruction, or removal for the purpose of enhancing the physical environment of the City, which the Legislature hereby declares to be a public purpose; or
- (6) be designated a local or state-federal enterprise zone under the Texas Enterprise Zone Act; or
- (7) Be reasonably likely, as the result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in the Zone that would be a benefit to the property and contribute to the economic development of the City.

Process for Designation.

A public hearing must be held prior to the adoption of the Ordinance. A notice of public hearing must be published in the newspaper not less than seven days before the date of the hearing. Following the public hearing, the Ordinance creating the Reinvestment Zone may be adopted.

A Reinvestment Zone must be created by Ordinance. The Ordinance must describe the boundaries of the Zone by metes and bounds and describe the designation of the Zone as residential or industrial/commercial; such description to be provided by the applicant prior to the designation of the Zone.

A Reinvestment Zone designation expires after five years and may be renewed for an additional five years. However, the term of an existing Tax Abatement Agreement within the Zone is not affected. There is no limit as to the size or number of Reinvestment Zones the City of Liberty may have. All Zones must, however, conform to the comprehensive zoning ordinance of the City. A copy of a proposed Reinvestment Zone Ordinance is attached.

TAX ABATEMENT AGREEMENT

General

The Tax Abatement Agreement, between the City and the business, is entered into after the creation of a Reinvestment Zone.

Provisions of Agreement

An Agreement must include the following provisions (as provided in Chapter 312.205 (a) of the Texas Tax Code). Provisions must:

- (1) list the kind, number and location of all proposed improvements of the property, and
- (2) provide for access to an authorized inspection of property by municipal employees to ensure that the improvements or repairs or purchase of personal property were made according to the specifications or conditions of the Agreement, and
- (3) limit the uses of the property consistent with the general purposes of encouraging development or redevelopment of the Zone during the period that the property tax exemptions are in effect, and
- (4) provide for recapture of property tax revenue lost as a result of the Agreement if the owner of the property fails to make the improvements or repairs or purchases of personal property as provided by the Agreement.
- (5) contain each term agreed to by the owner of the property;
- (6) require the owner of the property to certify annually to the governing body of each taxing unit that the owner is in compliance with each applicable term of the agreement; and
- (7) provide that the governing body of the municipality may cancel or modify the agreement if the property owner fails to comply with the agreement.

An Agreement with the business may also include, at the option of the City, the following provisions (as Provided by Chapter 312.205 (b) of the Texas Tax Code):

- (1) Improvements or repairs by the City to streets, sidewalks, and utility services or facilities associated with the property, except that the Agreement may not provide for lower charges or rates than are made for other services or properties of similar character.
- (2) An Economic Development Feasibility Study including a detailed list of estimated improvement costs, a description of the methods of financing all estimated costs and the time when the related costs or monetary obligations are to be incurred.

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

- (3) A map showing uses and conditions of real property in the Reinvestment Zone in relation to property descriptions as used by Liberty County Central Appraisal District.
- (4) A map showing proposed improvements and uses in the Reinvestment Zone in relation to property descriptions as used by Liberty County Central Appraisal District.
- (5) Proposed changes of the zoning ordinance, master plan, map, building codes and City ordinances.
- (6) The recapture of all or a portion of property tax revenue lost as a result of the agreement if the owner of the property fails to create all or a portion of the number of new jobs provided by the agreement, if the appraised value of the property subject to the agreement does not attain a value specified in the agreement, or if the owner fails to meet any other performance criteria provided by the agreement, and payment of a penalty or interest, or both, on that recaptured property tax revenue.

Process for the Adoption of the Agreement

Prior to entering into the proposed Agreement, the City must publish notice of consideration of establishing a Reinvestment Zone for the purpose of entering into a Tax Abatement Agreement, and a copy of the notice must be delivered, either by registered or certified mail, or in person, to the appropriate county and school official prior to the meeting at which the Reinvestment Zone is discussed. The City must also deliver a copy of the proposed Agreement to the presiding officer of Liberty County, Liberty Independent School District, and other taxing authorities with jurisdiction in the Reinvestment Zone along with written notice that the City intends to enter into the Agreement. This proposed Agreement must be delivered, either by registered or certified mail, or in person, seven days prior to the date the City intends to enter into the Agreement.

The City Council may adopt a Resolution authorizing the Tax Abatement Agreement. The Tax Abatement Agreement may be modified or terminated by mutual consent of the parties.

CONCLUSION

The City of Liberty has developed and adopted these Guidelines and Criteria in order to allow any business interested in tax abatement opportunity to understand the requirements and processes.

These Guidelines are subject to and governed by Chapter 312 of the Texas Tax Code and the statutes, rules and regulations of the State of Texas and the United States of America. In case of any conflict between the guidelines and any statute, the statute shall control.

These Guidelines and Criteria are effective for a two year period and may be renewed or amended after that date using the same procedure for adoption as was followed for this adoption. However, any amendment, alteration, or repeal of these Guidelines and Criteria can only become effective upon vote by three-fourths of the members of the City Council.

For reference purposes, an Outline of Procedures for Tax Abatement: Establishing Guidelines and Criteria for Designating Reinvestment Zones and for Entering into Tax Abatement Agreement are included.

For reference purposes, a Commercial/Industrial Tax Abatement Application is included.

EXHIBIT A

Sample Ordinance Creating Reinvestment Zone

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LIBERTY, TEXAS, DESIGNATING A CERTAIN AREA AS A COMMERCIAL/INDUSTRIAL REINVESTMENT ZONE, CITY OF LIBERTY, TEXAS, PROVIDING FOR THE ESTABLISHMENT OF AGREEMENTS WITHIN THE ZONE, AND OTHER MATTERS RELATING THERETO; PROVIDING FINDINGS OF FACT; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE FOR THE COMMENCEMENT OF THE REINVESTMENT ZONE AND THIS ORDINANCE; AND PROVIDING AN OPEN MEETINGS CLAUSE.

WHEREAS, the City Council of the City of Liberty, Texas, (the "City"), desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a Reinvestment Zone, as codified in Chapter 312 of the Texas Tax Code (the "Act"); and

WHEREAS, a hearing before the City Council was set for _____ p.m. on the _____ day of _____ 20____, such date being at least seven (7) days after the date of publication of the notice of such public hearing in a newspaper of general circulation in the City of Liberty; and

WHEREAS, the City has called a public hearing and published notice of such public hearing, and has properly notified the proper officials of Liberty County, Liberty Independent School District, and other taxing authorities with jurisdiction in the reinvestment zone as required by the Act; and

WHEREAS, upon such hearing being convened there was presented proper proof and evidence that notices of such hearing had been published and mailed as described above; and

WHEREAS, the City at such hearing invited any interested person, or his attorney, to appear and contend for or against the creation of the Reinvestment Zone. The boundaries of the proposed Reinvestment Zone, whether all or part of the territory, which is described by a metes and bounds description attached hereto as Exhibit A-1 and depicted in the drawing attached hereto as Exhibit A-2, should be included in such proposed Reinvestment Zone; and

WHEREAS, all owners of property located within the proposed Reinvestment Zone and all other taxing units and other interested persons were given the opportunity at such public hearing to protest the creation of the proposed Reinvestment Zone or the inclusion of their property in such Reinvestment Zone; and

WHEREAS, the proponents of the Reinvestment Zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the Reinvestment zone; and

WHEREAS, after considering all testimony and evidence offered at the public hearing, the City Council finds that improvements in the Reinvestment Zone will enhance significantly the value of all taxable real property in the Zone, that it will be of general benefit to the City of Liberty and that it will be in the public interest to pass this Ordinance creating a Reinvestment zone;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LIBERTY, TEXAS:

SECTION 1: That the facts and recitations contained in the preamble of this ordinance are hereby found and declared to be true and correct.

SECTION 2: The City, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on adoption of the Reinvestment Zone has been properly called, held and conducted and that notice of such hearing has been published as required by law.
- (b) That the City has jurisdiction to hold and conduct this public hearing on the creation of the proposed Reinvestment Zone pursuant to the Act; and
- (c) That creation of the proposed Zone with boundaries as described herein will result in benefits to the City, its residents and property owners and to the property, residents and property owners in the Reinvestment Zone.
- (d) That the Reinvestment Zone, as defined herein in Exhibits A-1 and A-2, meets the criteria for the creation of a Reinvestment Zone as set forth in Chapter 312.202 of the Act in that:
 - (1) It is a contiguous geographic area located wholly within the corporate limits of the City.

- (2) The area will reasonably be likely, as a result of the designation, to contribute to the retention or expansion of primary employment, or to attract major investment in the Zone that would be a benefit to the property and that would contribute to the economic development of the City.
- (3) No part of the property in the Reinvestment Zone is owned or leased by a member of the governing body of the City or town or by a member of zoning or planning board or commission of the City.
- (4) Improvements in the Reinvestment Zone will enhance significantly the value of all taxable real property in the Reinvestment Zone.

SECTION 3: That the City hereby creates a Reinvestment Zone over the area described by the description attached hereto and depicted in a drawing attached hereto and such Reinvestment Zone shall hereafter be identified as the Commercial/Industrial Reinvestment Zone, Number _____, _____, City of Liberty, Texas, (the "Zone").

SECTION 4: That operation of the Zone shall commence on _____, 20____, for a period of five years, may be renewed for an additional five years or may terminate sooner by subsequent ordinance.

SECTION 5: That a written agreement as provided in the Act, with the owners of the property located within the Reinvestment Zone is hereby authorized according to the schedule and term outlined in Exhibit C-3, and the written agreement shall provide an exemption from taxation the increased value of the real and/or personal property according to that schedule.

SECTION 6: That if any section, paragraph, clause or provision of this ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this ordinance.

SECTION 7: That it is hereby officially found, determined, and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the City Council at which this ordinance was adopted was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter hereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

SECTION 8: That the contents of the notice of public hearing, which hearing was held before the City Council on _____, and the publication of said notices, are hereby ratified, approved and confirmed.

PASSED, APPROVED AND ADOPTED on the _____ day of _____, 20____.

CITY OF LIBERTY

Carl Pickett
Mayor

ATTEST:

April Gilliland
City Secretary

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

EXHIBITS TO ORDINANCE

- A-1 Metes and Bounds description of zone
- A-2 Map of Zone

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

EXHIBIT A-1
METES AND BOUNDS DESCRIPTION OF
REINVESTMENT ZONE

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

EXHIBIT A-2
DRAWING (PLAT) OF
REINVESTMENT ZONE

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

EXHIBIT B

Sample Resolution Creating Tax Abatement

RESOLUTION NO. _____

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF LIBERTY, TEXAS, AUTHORIZING AN AGREEMENT FOR COMMERCIAL/INDUSTRIAL TAX ABATEMENT FOR REINVESTMENT ZONE NO. _____.

WHEREAS, the City Council of the City of Liberty did previously approve and adopt Tax Abatement Guidelines and Criteria; and

WHEREAS, the City Council has established a Commercial/Industrial Reinvestment Zone by Ordinance No. _____ for _____.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Liberty, Texas, does hereby authorize entering into a Commercial/Industrial Tax Abatement Agreement with _____, Reinvestment Zone No. _____.

FURTHER, BE IT RESOLVED that through the adoption of this Resolution, the Mayor of the City of Liberty, Carl Pickett, is authorized to execute the commercial/Industrial Tax Abatement Agreement as attached hereto.

PASSED, APPROVED AND ADOPTED this _____ day of _____, 20____.

CITY OF LIBERTY, TEXAS

Carl Pickett
Mayor

ATTEST:

April Gilliland
City Secretary

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

EXHIBIT C
SAMPLE TAX ABATEMENT AGREEMENT

STATE OF TEXAS

COUNTY OF LIBERTY

This instrument is an Abatement Agreement executed by and between the City of Liberty, Texas, and _____ company _____. Its terms and conditions are supported by good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged.

RECITALS

1. The Texas Property Redevelopment and Tax Abatement Act and all amendments thereto ("Law") provide that the governing body of an incorporated City (such as the City of Liberty) has the power to create one or more Reinvestment Zones for the abatement of ad valorem taxes assessed against real and/or personal property provided that certain conditions as detailed in the law are met.
2. _____ ("Company") owns real property ("Real Property") and/or personal property ("Personal Property") located within the taxing jurisdiction of the City of Liberty ("City").
3. The City has designated by ordinance the real property as Reinvestment Zone No. _____ ("Zone") eligible for the abatement of ad valorem taxes assessed against the real property or certain tangible personal property located thereon. The Ordinance creating the Zone is included as Exhibits C with Exhibits C-1 and C-2 describing and depicting the Zone. By virtue of the City following the requirements of the Law in creating the Zone, the City and Company now exercise their rights to enter into this instrument, the terms and conditions of which are detailed below and, with the Exhibits, constitute the full and complete agreement ("Agreement") between the City and Company concerning the abatement of ad valorem taxes assessed against the real property and personal property within the Zone and otherwise payable to the City.

TERMS AND CONDITIONS

1. The first year of Tax Abatement under this Agreement shall be the year following the year in which it is executed unless otherwise noted. All valuations are determined by the Liberty County Central Appraisal District as of January 1st of each year.

2. The percentage of abatement on properties covered are described in Exhibit E attached hereto and made a part hereof.
3. Company will construct within the Zone improvements and/or purchase certain tangible personal property, limited to manufacturing equipment, for use in the Zone, and prior to completion or purchase by _____ ("Completion Period") spend a minimum of \$_____ in construction cost and/or a minimum of \$_____ in personal property costs.
4. A list of the kind, number and location of all proposed improvements constituting the Facilities are attached to this Agreement as Exhibit E-5. Employees and/or designated representatives of the City will have access to the Zone during the term of this Agreement to inspect the Facilities to determine if the terms and conditions of the Agreement are being met. All inspections will be made during normal business hours and will only be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the Facilities. All inspections will be made with one or more representatives of Company, and in accordance with its safety standards.
5. The use of the real property and/or personal property is limited to those uses consistent with the general purpose of encouraging development or redevelopment of the Zone during the period that the Property Tax Abatements are in effect. Company will declare the real property to be the tax situs of the personal property and will render both the real property and the personal property with Liberty County Central Appraisal District during each year this agreement is in effect.
6. In the event that company (a) allows its ad valorem taxes owed the City to become delinquent and fails to timely and properly follow the legal procedures for their protests and/or contests; or fails to cure during the Cure Period (as hereafter provided), or (b) violates any of the terms and conditions of this Agreement by failing to make the improvements and repairs or renditions as provided by this Agreement, this Agreement then may be terminated by the City, and all taxes otherwise abated by virtue of this Agreement will be recaptured and paid to the City by Company within sixty (60) days of the termination. As an alternative, the City may in its discretion, not declare the Agreement terminated, but it must certify to Liberty County Central Appraisal District that the company has failed to qualify for an abatement for that tax year.
7. In the event that the Facilities are completed and Company begins operations, but subsequently discontinues operations for any reason excepting fire, explosion or other casualty or accident or natural disaster for a period of one year during the abatement period, then this Agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the Facility no longer operates. The taxes otherwise abated for that calendar year shall be paid to City within sixty (60) days from the date of the termination.

- 8. Company must annually, on or before February 15th of each year, certify to the City Council that it is in compliance with the terms of this Agreement as of January 1st of that year.
- 9. Should the City determine that company is in default in the terms and conditions of this Contract, then the City shall notify Company at the address stated below of such claimed default, and if such is not cured within sixty (60) days from the date of such notice ("Cure Period"), this Agreement may be terminated by the City. Any notice of default shall be in writing and shall be given by personal delivery or by certified mail, return receipt requested. In the event the notice is effected by personal delivery, the date and hour of actual delivery shall be the time and date of such notice to Company. Absent a postal strike or other stoppage of the mails, in the event of delivery of notice by registered or certified United States mail, the date and hour following 48 hours after the date and hour at which the sealed envelope containing the notice is deposited in the United States mail, properly addressed, and with postage prepaid, shall be the time and date of such notice to Company.
- 10. This Agreement is made subject to all conditions, prohibitions, obligations, acts of default, termination, reimbursement and recapture contained in Section 312.204 of the Property Redevelopment and Tax Abatement Act, a copy of which is marked Exhibit F attached hereto and made a part hereof.
- 11. All notices required or contemplated by this Agreement shall be addressed as follows:

If to Company, then to

If to the City, then to 1829 Sam Houston, Liberty, Texas, 77575, Attention: Mayor of the City of Liberty, Texas.
- 12. The terms and conditions of this Agreement are binding upon the successors and assigns of both parties hereto. This Agreement cannot be assigned by company unless permission is first granted by the City, in its sole discretion.
- 13. This Agreement was approved by the affirmative vote of a majority of the members of the governing body of the City Council of the City of Liberty at a regularly scheduled meeting on the _____ day of _____, 20____, and Carl Pickett, Mayor, was authorized to sign on behalf of the City of Liberty, Texas.
- 14. This Agreement was authorized by Company, and _____ of Company was authorized to sign on its behalf.

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

- 15. This Agreement is performable in Liberty County, Texas.
- 16. All values used shall be established by Liberty County Central Appraisal District.
- 17. The current taxable value of the property of Company in the Zone is:

Real property	\$ _____
Personal Property	\$ _____
Total Base Value	\$ _____

NOTE: Values will be confirmed by Liberty County Central Appraisal District prior to execution of Agreement.

- 18. The City of Liberty hereby exempts from ad valorem real and personal property taxation for the term set forth, the value in the Zone in excess of that stated in (2) above, in accordance with Tax Abatement Agreement Exhibit E-1, Tax Abatement Schedule.
- 19. The term of the exemption will be for a period of six (6) years, beginning January 1, 20 _____. After the term expires, the full value of the improvements shall be included on the tax roll and assessed appropriately, and this Agreement shall terminate.
- 20. The company shall, within the term of this Agreement, construct or cause to be constructed upon Company's property in the Zone certain improvements and/or repairs as set forth in Exhibit E-2 of this Agreement and/or purchase or cause to be purchased certain tangible personal property as set forth in Exhibit E-2 of this agreement. Such Exhibit lists the kind, number and location of all proposed improvements and/or repairs to the property of Company in the Zone. Make, model and serial number of tangible personal property should be listed when known. However, it is the intent of the City to abate taxes on all improvements and additions in excess of the base value, regardless of whether itemized on Exhibit E-2.
- 21. The company agrees to build improvements in accordance with all applicable laws, ordinances, codes, rules, requirements or regulations of the City and any subdivision, agency, or authority thereof, and prior to commencing shall secure all permits, licenses and authorization required.
- 22. Upon completion and inspection by the City of the improvements specified in this Agreement, Company and City shall execute a Certificate of Compliance set out in Exhibit E-3 of this Agreement. A copy of this shall be sent to each taxing entity involved, the company and to the Liberty County Central Appraisal District.
- 23. Should company fail to make the improvements and/or repairs and/or personal property purchases as provided in this Agreement, then all real and personal

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

property tax revenue lost by the City of Liberty from Company's property in the Zone due to this Agreement shall be forthwith paid to the City of Liberty by Company, and this Agreement shall become void.

- 24. A map showing existing uses and conditions of company's property within the Zone is attached as Exhibit E-4 and incorporated herein by reference.
- 25. A map showing proposed improvements and uses to Company's property within the Zone is attached as Exhibit E-5 and incorporated herein by reference.

WITNESS OUR HANDS, this _____ day of _____, 20_____.

CITY OF LIBERTY, TEXAS

Carl Pickett
Mayor

ATTEST:

April Gilliland
City Secretary

"Company"

By

Title

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

THE STATE OF TEXAS

COUNTY OF LIBERTY

Before me, the undersigned authority, on this day personally appeared _____, _____, _____, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity herein stated and as the act and deed of said Corporation.

Given under my hand and seal of office on this the _____ day of _____, 20____.

Notary Public in and For the State of Texas

THE STATE OF TEXAS

COUNTY OF LIBERTY

Before me the undersigned authority, on this day personally appeared _____, Mayor of the City of Liberty, a Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said Corporation.

Given under my hand and seal of office on this the _____ day of _____, 20____.

Notary Public in and for the State of Texas

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

TAX ABATEMENT AGREEMENT
EXHIBIT C-1

(List of personal property, limited to manufacturing equipment)

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

EXHIBIT C-2
CERTIFICATE OF COMPLIANCE
AGREEMENT FOR DEVELOPMENT AND TAX ABATEMENT
WITH _____
IN REINVESTMENT ZONE NO. _____ CITY OF LIBERTY
FOR COMMERCIAL/INDUSTRIAL TAX ABATEMENT
CITY OF LIBERTY, TEXAS

THE STATE OF TEXAS:

COUNTY OF LIBERTY

_____, (The "Company") hereby certifies that the real and/or personal property improvements on the property, described on Exhibit e-2, as attached hereto, as called for in the above referenced Agreement, have been completed and that all facilities and improvements have been constructed or acquired pursuant to said Agreement.

Signed the _____ day of _____, 20_____.

Name, Title

The above described improvements have been accepted by the City of Liberty, Texas, as being in compliance with the above-referenced Agreement, and that pursuant to said Agreement, the exemption from taxation shall commence on _____ and the "base value" for the purposes of determining the taxable value of the Premises shall be the value of the property as established in the said Agreement.

Signed this _____ day of _____, 20_____.

Inspector

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

City of Liberty, Texas

EXHIBIT C-3

MAP SHOWING EXISTING USES AND
CONDITIONS OF REAL PROPERTY



EXHIBIT C-4

MAP/LIST OF PROPOSED
IMPROVEMENTS AND USES

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

EXHIBIT D
COMMERCIAL/INDUSTRIAL TAX ABATEMENT
APPLICATION

Name _____ of _____ Company

Address _____
_____ (Street) _____ (Mailing, if different)

City _____ State _____ Zip _____

Phone _____

Contact Person _____

- I. List kind, number and location of all proposed improvements of the property, both real and personal (attach an additional sheet if necessary).
- II. Attach to this application:
 - (A) a map showing current uses and conditions of real property;
 - (B) a map showing proposed improvements and uses.

Use a copy of the Liberty County Central Appraisal District map of your property as the base map for your property. You can get this from their office at 2030 Sam Houston Street, Liberty, Texas. There will be a minimal charge. Liberty County Central Appraisal District now requires that all applications for Tax Abatement use a District map as the base map for all drawings or improvements and Reinvestment Zones.

- III. Attach a metes and bounds description of the property.

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)

Page 2
Tax Abatement Application

The tax abatement policy of the City of Liberty reflects a balance between the revenue needs of local government and the desire to provide incentives for the expansion and relocation of industry.

The City agrees to abate ad valorem taxes on real property and personal property improvements of qualified businesses in Commercial/Industrial Reinvestment Zones as follows:

The value of any real property improvements must equal \$250,000.00 minimum.

Personal Property is limited to manufacturing equipment and cost must equal \$50,000.00 minimum.

The tax abatement terms are determined by the City Council on a case by case basis with a maximum term of ten (10) years.

- IV. Company plans to invest \$_____ in real property improvements and/or invest \$_____ in personal property (manufacturing equipment prior to _____ (date).
- V. The current taxable value of the property of the Company is:

Real Property _____

Personal Property _____

Total _____

You will receive a written response to your application for Commercial/Industrial Tax Abatement .

April Gilliland
City Secretary
1829 Sam Houston
Liberty, TX 77575

Attachment: EXHIBIT A - Tax Abatement Guidelines (4883 : Tax Abatement Guidelines - Resolution)