

Final

FANNIN COUNTY

ABATEMENT POLICY & GUIDELINES

Approved By County Commissioners

FANNIN COUNTY AUDITOR

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FANNIN COUNTY TAX ABATEMENT POLICY

SECTION 1: Authority

Authority defined in Section 312.000 Texas Tax Code

A County, pursuant to state law, is authorized to offer "abatement" of county ad valorem property taxes to industries and commercial enterprises within the local taxing jurisdiction. Property tax abatements may be granted to owners of real property located within Fannin County, and that execute a tax abatement agreement with the governing body of Fannin County.

SECTION 2: Purpose

The purpose of the tax abatement is to encourage growth and establishment of industry and commercial enterprises of primary employers within Fannin County.

Growth may be measured by increases in capitol expenditure for building, machinery and other capitol goods, and or the increase in workforce. A primary employer is one which forms the economic base of the community by generating a majority of sales outside of Fannin County. In providing local jobs, the retention of existing jobs is recognized as more important than the recruitment of new companies. Historically, three-fourths of all new jobs come from the expansion of existing local enterprises. Abatement is given to provide significant, long term, positive economic impact to the communities within Fannin County by using local contractors and the resident workforce to the maximum extent feasible, and by developing, redeveloping and improving real estate within the taxing jurisdictional boundaries of Fannin County.

The county has two goals in providing tax abatement:

First is to create additional jobs within the county.

Second, is to increase the industrial base by the addition of new buildings and improvements.

Abatements, however, may be granted when the county is convinced that the abatement is needed to retain existing jobs which would otherwise be lost. Examples of eligible uses for abatements include manufacturing, distribution centers, corporate or regional office parks or complexes, and research facilities.

Small companies also provide significant sources of new jobs within Fannin County. Therefore, proposals by small entrepreneurs will be encouraged whenever the proposals comply with the policies of this chapter.

The Commissioners Court of Fannin County strives for efficiency in processing applications for tax abatement. It is understood that unduly long decision making processes will discourage businesses that might otherwise be interested in moving to or expanding in Fannin County.

SECTION 3: Abatement Eligibility Criteria

a. Tax Abatement will be considered for the following facilities if such development will increase employment opportunities for residents of Fannin County, or create substantial capitol improvements within the taxing jurisdictional boundaries of Fannin County:

1. Manufacturing Facilities
2. Distribution Facilities
3. Corporate Offices of Office Complex
4. Research Parks
5. Major Tourism Attractions

b. Successful applicants property subject to abatement, must be located within the Reinvestment Zone prior to the inception of the project.

c. The project must provide an annual payroll, or increase in existing payroll, of at least three hundred thousand dollars, or the capitol improvement(s) to existing property in excess of one million dollars.

d. When an investment improves existing property, the portion of the value of property eligible for abatement is:

1. For real property, defined as buildings and grounds, the value of the property which has increased in market value because of the development, re-development or improvements specified in the abatement contract.
2. For personal property, defined as fixtures, furniture, equipment and machinery located at the site under ownership of the real property owner, purchased with new capitol identified in the tax abatement agreement contract. Personal property located at the site before the period covered by the tax abatement agreement, or personal property located at the site, not under ownership of the real property owner, is not eligible for abatement.

3. If the investment meets the criteria set out in paragraph c., the property eligible for abatement may be personal property, real property, or mixed.

SECTION 4: Reinvestment Zone Committee

A. The Fannin County Commissioners Court, the approving authority for the taxing unit, will appoint a committee to review all applications received by property owners requesting an abatement. Committee members will be representatives who are active in promoting economic health to Fannin County. A representative of the County Attorney's Office, a representative of the County Auditor's Office, and the County Commissioner most affected by the abatement will represent the taxing jurisdiction.

B. The committee will provide copies of the application for abatement, and intended recommendations to all taxing units and local governments in which the real property subject to abatement is located. In this information, the committee will provide a date the Commissioners Court will officially act on the abatement application.

C. In considering abatement contracts, the approving authority will consider any burdens which may be placed on the existing or planned infrastructure, and/or basic services by the proposed project. The approving authority may reject any application which is determined to place inordinate demands on public services, or that require inordinate or large expenditures to improve or maintain government infrastructure.

SECTION 5: Abatement Review

A. The Reinvestment Zone Committee is responsible for the review of all applications for abatement, recommending actions to be taken on the application by the County Commissioners Court, determining Application Fee amounts (described in Reinvestment Zones), and monitoring compliance with the approved contracts.

B. Any deviations from the original abatement contract will be reported by the committee to the Commissioners Court, thru the County Auditor. The Committee will include representatives from each of the taxing units in which the property is located.

SECTION 6: Terms & Definitions

Certified Appraised Value: The appraised value, for property tax purposes, as certified by the Fannin County Appraisal District.

Completion Date: Defines the date the construction and installation of said improvements and other personal property on the land are substantially complete.

Employment Positions: Shall be defined as non-temporary full time employment positions, including management, professional and supervisory positions, at the premises. This includes but is not limited to: employees of contractors and operators of contractors assigned full time to the premises. Two or more part-time employee's totaling 32 hours or more per week may be substituted for one full time employee, as long as the part time employees have benefits substantially similar to the full time employees.

Force Majeure: Means any contingency or cause beyond the reasonable control of a party including, without limitations, acts of God or the public enemy, war, riot, civil commotion, insurrection, adverse weather, government or de facto governmental action (unless caused by acts or omissions of such party) fires, explosions or floods, strikes, slowdowns or work stoppages.

Improvements: Defined as any structure, building, or man made item placed on or in the ground. Includes the reshaping of the earth for purposes of construction, flood control, the capture or containment of water, or any modifications, changes or additions to any improvements on or to the ground.

Land: Defined and described by provided survey and deed which will be attached to the abatement contract as an "Exhibit" to the abatement contract.

Maintenance of Premises: The property owner shall, during the entire term of the agreement, maintain the property and premises in accordance with all federal, state or legal laws or regulations, or provide a valid waiver thereto. The premises should be maintained and operated so as not to constitute a nuisance.

Payroll: Defined as annual compensation for services rendered excluding any added benefits.

Personal Property: Defined as tangible personal property machinery, furniture, fixtures, and equipment. For purposes of Tax Abatement, personal property does not include items of pollution control, which are exempt from taxation.

Personal Property DOES NOT INCLUDE inventory and supplies, or any item of personal property located on the land, prior to or at the time the abatement contract is executed.

Premises:
improvements on or to the land.

Defined collectively as the land and any

Reinvestment Zone:
for abatement by the approving authority falling within the taxing jurisdictional boundaries of Fannin County, Texas.

The geographic areas defined as eligible

Start Date:
January 1 following the completion date.

The date the abatement contract begins.