

# CITY OF EMORY

## TAX ABATEMENT POLICY

### Principles

A city, pursuant to state law (Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code), is authorized to offer abatement of city ad valorem taxes to enterprises within the city limits.

Tax abatements are granted to real property owners who execute a tax abatement agreement with the city. The purpose of tax abatement is to encourage the growth and establishment of industry and commercial enterprise in the city.

Growth is measured both by increases in capital expenditures for buildings, machinery, and other capital goods, increases in the workforce and increases in sales tax. The City's priority for tax abatement is to extend tax abatement to "primary employers" but shall not be limited to primary employers. Primary employers are those that expand the economic base of the city by generating a majority of their sales outside of the City of Emory, and preferably outside of Rains County and the state of Texas.

Retention of existing jobs is recognized as more important than recruitment of new jobs.

Tax abatement is given to provide significant, long term positive economic impact to the city by using local contractors and resident work forces to the maximum extent feasible and by developing, redeveloping and improving real estate within the city limits.

The City's goal in providing tax abatements is to create additional jobs within the city, while expanding and diversifying the tax base and increasing sales tax receipts.

Abatements may be granted when it is needed to retain existing jobs.

It is the City of Emory's intention to only abate taxes on new projects or for significantly expanded and enhanced existing businesses and not abate taxes for existing businesses that are currently on the tax rolls unless there is an expansion. State Law prohibits abating taxes on existing businesses unless there is a significant expansion and enhancement of the business.

Examples of facilities that may be eligible for tax abatement include, but are not limited to, manufacturing, distribution centers, corporate or regional office parks, research facilities, entertainment venues, hotels and motels, multi-family senior citizen housing, nursing homes, assisted living homes and retail businesses.

### Rapid Handling of Requests

The Mayor, the Director of City Planning, the Emory City Council and City of Emory Development Corporation acknowledge that rapid handling of tax abatement requests encourage the expansion of existing businesses and recruitment of new businesses. Therefore, such requests will be handled in an efficient and expedient manner.

### Negotiated Agreements Reviewed Annually

All tax abatements will be negotiated with the applicant and granted or denied by resolution of the Emory City Council. Tax abatements will be provided in the form of an agreement between the applicant and the City Council and will be reviewed annually to assure all provisions of the agreement are being met prior to abatement being granted for a given tax year. The Emory Development Corporation will act as the "gatekeeper" and "go-between" in providing the City Council the required annual review information.

### General Guidelines

This policy provides general guidelines, which may or may not be followed by the City Council.

### Application Process

Application for tax abatement shall be made to the Director, City of Emory Development Corporation, who will, after review for proper form, pass on to the City Administrator. The City Administrator shall either accept the application or negotiate an agreement for presentation to the City Council. City Council may approve, modify or deny such agreement.

Applications will proceed according to the following schedule:

- Emory Development Corporation Board consideration
- City of Emory City Council consideration
- Rains County Commissioners' Court consideration, if appropriate
- Emergency Services District Board consideration, if appropriate

### County Tax Abatements

It is the City's intent to duplicate an agreement for tax abatement of County Ad Valorem taxes provided by Rains County, as that agreement pertains to city ad valorem taxes, provided the County requests the City to do so. This intent applies even when the County's agreement may not follow these guidelines.

### Abatement Guidelines

NEW JOBS	PROJECTED INCREASED AD VALOREM VALUE	TIME PERIOD	ABATEMENT% BY YEAR
2 to 5	\$200,000 - \$500,000	3 years	1 - 90% 2 - 80% 3 - 70%
6 to 25	\$500,000 - \$1,000,000	5 years	1 - 100% 2 - 90% 3 - 80% 4 - 70% 5 - 60%
More than 25	above \$1,000,000	7 years	1 - 100% 2 - 100% 3 - 90% 4 - 80% 5 - 70% 6 - 60% 7 - 50%

### Effective Period

This policy is effective (Date) 8/17/2021 and shall be reviewed semi-annually by the City Council and modified as appropriate, as required by State Law.