

**City of Kaufman, Texas**  
**Comprehensive Policy of Guidelines and Criteria for**  
**Economic Development Incentives**

**Section 1:**  
**introduction**

The City of Kaufman (the "City") is committed to the promotion of quality development in all areas of the City and to ongoing improvement in the quality of life for its citizens. In order to encourage economic growth and expansion of the local economy of the City of Kaufman, the City may provide economic incentives for qualified projects in accordance with this policy. The City will, on a case-by-case basis, give consideration to providing incentives as a stimulus for economic development. It is the policy of the City that consideration will be provided in accordance with the procedures and criteria outlined in this document; however, nothing herein shall imply or suggest that the City is under any obligation to provide any incentive to any applicant. All applications shall be considered on a case-by-case basis by the Kaufman City Council.

As authorized by the Texas Constitution, Chapters 311 and 312 (Texas Tax Code) and Chapter 380 (Texas Local Government Code) and other applicable laws, the City has established this incentive policy to work in concert with other taxing authorities as part of an overall publicly supported incentive program designed to create an economic tax base and job opportunities which bring new economic advantages to and strengthens the current and future economic base of the City. All incentive requests will be reviewed by the Kaufman City Council who may approve incentives, modify incentives or deny incentives. All incentive approvals will be memorialized in a written Agreement.

**Section 2:**  
**Overview of Council Economic Development Policy Goals**

Projects shall be consistent with the following Council Goals:

1. Set a positive image and appearance of the City;
2. Promote an intact City within which families can live and work in the City with a sense of community and pride;
3. Maximize the highest and best use of all land in Kaufman;
4. Facilitate new medical, technology and higher education development in Kaufman;  
and
5. Increase employment opportunities in high wage jobs and targeted business and industry sectors, including but not limited to:

- a. Professional, scientific, technical services and emerging technologies;
- b. Research and development facilities;
- c. Aerospace and aviation development and manufacturing;
- d. Finance, banking and investment headquarters and operational centers;
- e. Computer and telecommunications hardware and software development and manufacturing;
- f. Electronics development and manufacturing;
- g. Biotechnology research and applications;
- h. Pharmaceutical development and manufacturing;
- i. Medical technology research and application;
- j. Physical and mental research, assessment, treatment, surgery, rehabilitation and recovery;
- k. Petrochemical research and product development;
- l. Energy sector research, new product development, component manufacturing, headquarters, and services;
- m. Companies engaged in the development or manufacturing of measuring, analyzing or controlling instruments;
- n. Advanced material development;
- o. Higher education campus; or,
- p. Corporate Headquarters (national, regional or division).

**Section 3:**  
**Policy Statement**

The value, term, and aggressiveness of any particular Economic Development Incentive Package shall be dependent on:

1. The match between the individual business or group of businesses and the City Council's Economic Development Policy Goals, particularly the business sector of the development.
2. The assumption of risk by the private sector and the acceptance of a performance based incentives package by the private sector.
3. The unique competitive position of the business.
4. The balance between the magnitude of the business investment and annual operations versus the requested incentive package.
5. The generation of tax benefits to the community by the business, including, but not limited to the volume of sales taxes, the volume of real property and business personal property taxes to the City, the volume of taxes to be paid to public sector partners such as Kaufman County, Trinity Valley Community College and the Kaufman Independent School District.

The City Council may, from time to time, update or modify this Comprehensive Policy through the adoption of an Economic Development Strategic Plan or through the adoption of a new or updated Citywide Comprehensive Plan.

**Section 4:**  
**Overview of Incentive Options**

**Tax Abatements**

City tax abatements may be offered for improvements to real property and/or for business personal property and do not apply to land. City tax abatements for improvements to real property may be offered to an applicant that constructs a new or expanded facility to house the applicable project. The City tax abatement will apply to the taxable value of the new or expanded improvements. City tax abatements for business personal property may be offered to an applicant that purchases or long-term leases existing or new facilities and will apply to the taxable value or the business personal property added to the facility after the execution of the tax abatement agreement. In order to qualify for a joint City/County tax abatement, the project must be consistent with the County Policy for Tax Abatement set forth in Exhibit "A."

**Sales Tax Rebates**

The City collects 2% sales tax on any taxable retail sale made in the City limits and is divided as follows: 1% is allocated to the City's general fund, 0.5% is allocated to the Kaufman Economic Development Corporation (TEDC) and 0.5% is allocated to property tax reduction. An applicant may apply for a rebate of all or a portion of the City's 1% sales tax. An applicant may apply for a rebate of all or a portion of the TEDC's 0.5% local option sales tax. The City does not rebate the 0.5% local option sales tax allocated for property tax reduction.

Note: The City will pay any rebates based upon receipt of actual sales taxes and the confidential sales report received from the State of Texas Comptroller's Office and shall be solely responsible for determining the amount of the rebate.

**Hotel/Motel Occupancy Tax**

The City is committed to attracting lodging and conference center space to the community. A 6% hotel occupancy tax is levied by the State of Texas and the City levies a 6% hotel occupancy tax, for a total of 12%. These taxes may be used for purposes as allowed by law.

**Kaufman Central Business District Facade Improvement Program**

The Kaufman Central Business District Facade Improvement Program offers matching grants to eligible property owners in the City of Kaufman to renovate and enhance building facades. Eligible businesses can receive up to 50% reimbursement of their project up to \$5,000.00 for construction costs if completed within ninety (90) days; assistance for professional services; waiver of any/all related City permit fees and three (3) years abatement of any increase in City ad valorem taxes attributable to facade improvement. This

program is a part of the City's ongoing effort to revitalize and promote the City of Kaufman Central Business District.

**Kaufman Single Family Home Residential Incentive**

Under limited circumstances, a developer may apply to the City to receive an offset of development expenses of new single family homes. This is limited to single family homes with a resident homeowner with a homestead exemption. The incentive comes in the form of a payment to the developer equal to a portion of the property taxes paid by the home owner over the first few years of home ownership. Quality requirements in construction and a development agreement with City Council are required to be eligible for this program.

**Building Permit, Development, Connection and Impact Fees**

The City may approve a deferral, grant or rebate of all or a portion of related fees, including but not necessarily limited to, building permit fees, development fees, and connection fees. Regarding Impact Fees:

1. For TEDC Type A eligible projects with a job grant incentive for 25 or more qualifying primary jobs, Council may establish a Neighborhood Empowerment Zone to waive impact fees, provide a 380 Agreement Impact Fee allowance, or implement another strategy available under State Law regarding Impact Fee incentives.
2. For projects consistent with the targeted classifications listed in Section 2 with 25 or more qualifying jobs in a targeted sector, Council may establish a Neighborhood Empowerment Zone to waive impact fees, provide a 380 Agreement Impact Fee allowance, or implement another strategy available understate Law regarding Impact Fee incentives.

**Fast Track Permitting**

At the request of the applicant, permitting time can be shortened if the project needs and justifies the reduced time frame through the Kaufman Fast Track program.

**Cost Participation in Infrastructure**

The City may agree to participate in the cost of the extension, construction or reconstruction of public infrastructure necessary for the development of a project. The City may agree to participate in the cost of the extension, construction or reconstruction of selected infrastructure necessary for the development of a project. That infrastructure could include streets, sidewalks, waterlines, sewer lines, railroad lines, drainage facilities, electric lines, phone lines, gas lines and other infrastructure. As eligible projects vary in TEDC Type A State law, TIF State law, 380 agreements, the Power Center and other funding sources, the funding source utilized for such improvements shall be used to determine eligibility. Participation by the City is considered on a case-by-case basis and shall be limited to infrastructure improvements within municipal rights-of-way or easements. The City typically

operates by providing reimbursement through a performance-based tax structure for developers who provide the up-front funding for needed public improvements. A variety of different structures, including supporting private applications for State and Federal support, are available through the incentive options listed in this section.

#### **Tax Increment Financing (TIF) or Tax Increment Reinvestment Zone (TIRZ)**

Chapter 311 of the Texas Tax Code allows political subdivisions to create TIF Zones in order to use the increased tax value of land from development toward financing of the public improvements in the reinvestment zone. A TIF Reinvestment Zone must meet set criteria as defined by law. TIF Districts may assist in financing development of unimproved or blighted land by dedicating the real estate property taxes to be generated by the built project to a TIF Fund for reimbursement of developer borne infrastructure expenses.

Under a TIF, the property owner pays taxes on the full value of the property, and the taxing entities pay into the TIF Fund the taxes attributed to the added value of the property due to the new development. The municipality establishes the TIF Reinvestment Zone and other taxing entities approve agreements to participate in the TIF District and set forth the percentage of tax increment they are willing to dedicate to the TIF Fund, up to a maximum of 100%.

#### **Power Center**

The Power Center operates similar to the TIF. The Power Center was established in 2013 by an Agreement between the City of Kaufman and Kaufman County. Within this zone, a subset of TIF #1, infrastructure incentives are available to developers based on property tax performance.

#### **Transportation Reinvestment Zones (TRZ)**

Transportation Reinvestment Zones ("TRZs") are an innovative tool for generating funding by capturing and leveraging the economic growth that results from a transportation project. A TRZ allows a city or county to designate a geographic area around a proposed transportation project and capture the incremental property tax or sales tax revenue generated in the area for use in funding the development of that project. A TRZ is not a tax increase—it merely allows for the dedication of all or a portion of the incremental increase in tax revenues generated within the boundaries of the TRZ to support the funding of the project which influenced the growth in tax revenues. A TRZ is created by the City under the Transportation Code and can use sales tax increment in addition to the property tax.

#### **County Energy Transportation Reinvestment Zones (CETRZ)**

County Energy TRZ (CETRZ) was established by Senate Bill 1747 (2013) for counties to assist with transportation projects in areas affected by oil and gas exploration and production facilities. A CETRZ is a specific contiguous zone, in a county that is determined to be affected because of oil and gas exploration and production activities, around a planned transportation project that is established as a method to facilitate capture of the property tax increment arising from the planned project. The new CETRZ requires a commissioner's

court to make the determination, for the creation of the zone that the area is affected by oil and gas exploration/production and would benefit from Transportation Infrastructure Fund grants. These are created under the Transportation Code by the County and all of the revenue goes toward the specified transportation projects.

#### **State Infrastructure Bank (SIB)**

The State Infrastructure Bank is administered by the Texas Transportation Commission and operates as a revolving loan fund, where the account balance grows through the monthly interest earned and repaid principal and interest payments. In Texas, SIB financial assistance can be granted to any public or private entity authorized to construct, maintain or finance an eligible transportation project. Projects must be eligible for funding under the existing federal highway rules (Title 23) to comply with SIB requirements. This usually requires a project to be on a state's highway system and included in the statewide Transportation Improvement Plan. Work eligible for the program's funding in Texas includes planning and preliminary studies; feasibility, economical and environmental studies; right of way acquisition; surveying; appraisal and testing; utility relocation; engineering and design; construction; inspection and construction engineering. For a project to qualify, a developer would be required to enter into an agreement with the City Council and apply for State consideration. For example, the SIB would fund the project under agreement with the City, and the City, using the TRZ, TIF or Power Center would pay back the SIB loan. The private partner would guarantee a minimum payment amount to the SIB, in the event the taxing structure did not produce revenue sufficient to cover the repayment.

#### **Public Improvement District**

A Public Improvement District is a public financing vehicle (Chapter 372 of the Texas Local Code) that can be used to finance the cost of public infrastructure related to the project. Under a Public Improvement District:

1. A Public Improvement District is formed over property that will benefit from public improvement projects to be constructed.
2. Assessments are levied in a manner that apportions costs according to the benefits received from the public improvements.
3. Assessments are paid by the property owners (usually over a period of years, although assessments may be prepaid in full or in part at any time). Assessments transfer along with title to the property. Therefore, end users typically pay the bulk of assessments. This is fitting as the public improvements benefit the end users' property.

#### **Neighborhood Empowerment Zone**

A Neighborhood Empowerment Zone is a tool for cities that would promote at least one of the following: (1) the creation of affordable housing, including manufactured housing, in the zone; (2) an increase in economic development in the zone; (3) an increase in the quality of social services, education, or public safety provided to residents in the zone; or (4) the

rehabilitation of affordable housing in the zone. Tax Code § 378.002. A city may offer incentives consistent with this Comprehensive Policy and consistent with State Law regarding Empowerment Zones.

#### **Triple Freeport Tax Exemption**

The Triple Freeport Tax Exemption allows local governing bodies the option to exempt personal property consisting of goods, wares, merchandise or ores other than oil, natural gas and petroleum from property taxes. To be eligible, property must be transported out of the state within 175 days of acquisition, but it may first be assembled, stored, manufactured, processed or fabricated locally. All three taxing entities, the City, the Kaufman Independent School District and Kaufman County offer the Triple Freeport Tax Exemption.

#### **TEDC/Type A Specific Incentives**

The Kaufman Economic Development Corporation (TEDC) operates with a 0.5% sales tax under State Law regarding Type A Corporations. Decisions regarding actions of the TEDC require first a vote of the TEDC Board of Directors, which recommends incentives to the City Council. The City Council makes the final determination of TEDC expenditures and agreements. Limited incentives are available related to targeted infrastructure for both manufacturing and retail/medical projects. However, Type A incentives are typically available for only manufacturing and distribution jobs consistent with State Law regarding Type A Corporations and the State definition of "primary jobs". Example programs of the TEDC include the following:

**Job Training:** The City of Kaufman offers all training programs that are available to companies throughout Texas. These training programs include those offered through the Texas Workforce Commission. The City is located within a commuting distance of institutions of higher learning.

**Structures/Buildings:** The TEDC may construct, or provide funding to construct a building or structure needed for project. TEDC may construct or provide funding to construct buildings or structures for industrial and manufacturing projects.

**Relocation Expenses:** The TEDC will consider paying a qualified applicant's necessary and substantiated relocation expense. Such reimbursements may be available to a business locating in the City for the partial reimbursement of project development fees, broker fees, land/building acquisition closing costs and infrastructure.

**Temporary Housing, Offices, or Travel Vehicles:** The TEDC will consider paying the cost of temporary housing, offices and travel vehicles for a qualified applicant's senior and middle management.

**Employee Recruitment:** Recruitment expenses may be reimbursed to a company by the TEDC (for industrial and manufacturing projects) for the senior and middle

management personnel working for the businesses who choose to relocate to the City of Kaufman city limits.

Job Incentives: Subject to Council approval, projects must create and retain at least 25 full time jobs within 1 year after commencement of operation. The required full time jobs must be for "primary jobs" as defined by the Development Corporation Act of 1979. The term "Primary Jobs" is targeted at manufacturing and industrial projects.

A primary job must be available both at the business for which a majority of the products or services of the business are ultimately exported to regional, statewide, national or international markets, and it must fall within one of the sectors of the North American Industry Classification System (NAICS) set forth in the statute. The NAICS codes are broader than manufacturing and industrial projects, but exclude retail jobs. Job incentive payments range in value per job based on project specific factors such as industry type and wage/salary rate.

### **380 Agreements**

380 Agreements are the structure under State Law for municipalities to provide a variety of incentives for economic development purposes. The incentives listed above are often grouped by the City into a single "380 agreement" between the City, the TEDC and the Developer. This allows the City to combine and customize incentives consistent with the Council policy goals described in this Policy. Each 380 Agreement is dependent upon specific market conditions and, as such, no single 380 Agreement may serve as a template or precedent for following agreements. Developers seeking a 380 Agreement should follow the process listed below to determine the package of incentives which may, or may not, be available for their specific circumstances.



## **Section 5 Process**

### **Developer/Business Experience**

The ownership principals of the business shall have a minimum of at least five prior years of successful business activity. The ownership principals must be able to provide at least three years of financial statements prepared by a certified public accountant. The principals and/or management of the business must be able to demonstrate at least five prior years of experience (individual not collective) in the business industry of the project.

### **Capital Investment**

The applicant must have a minimum combined capital investment and wage/benefits investment made by or through the project that exceeds the value of the incentive. Capital investment means the total capitalized cost to the applicant for the private and public aspects of the overall project.

### **Application Procedure**

Any person or company requesting that the City provide an economic development incentive shall comply with the following procedure:

1. The applicant shall submit a completed written request for the incentive(s) stating the justification and statistics related to the project's economic impact and community benefit.
2. The applicant shall address all criteria set forth in this policy.
3. The applicant shall: provide a plat, map or survey showing the location of the property and the proposed project, all streets, land uses and zoning within 500 feet of the site.
4. The applicant shall provide a legal description of the property; the name, address, phone number, fax number of the owner of the property; the tenants or proposed tenants, if any; and state whether the property is to be owner occupied or leased.
5. The applicant shall describe in detail the proposed project and the type of economic development incentive(s) requested.

### **Impact Analysis**

The City and the TEDC reserve the right to perform an economic impact analysis for any project to determine the impact the project will have on the City. The City shall request various market, operational, and performance data as necessary to make an analysis.

### **Negotiation Process**

The process of developing a final agreement on incentives involves detailed discussions and negotiations, these differ for all projects. In general, the City handles negotiations via the following protocol:

1. Projects have dual eligibility between City and TEDC Type A incentives, the City and the TEDC shall work cooperatively with the authorized representatives of the applicant.

No incentives will be deemed offered to the applicant until such time as the offer of incentives has been approved by the City Council.

### **Approvals**

All incentive requests will be reviewed by the Kaufman City Council who may approve incentives, modify incentives or deny incentives. All incentive approvals will be memorialized in a written Agreement.

1. The City Council will, when applicable, consider the recommendations of the TEDC Board, Power Center Board, TIF Board, Airport Board, Planning and Zoning Commission and various partner entities impacted by this policy.
2. The City Council will conduct public hearings when required by law.
3. When necessary under this policy the City Council will, at a regular meeting and when allowed by law at a special meeting, consider the approval of an economic development incentive agreement.
4. Information submitted by the applicant regarding the requested incentive is confidential to the extent allowed by law.
5. City Council shall make an independent decision to authorize the execution of any and all Economic Development Incentive Agreements.

## **“EXHIBIT A”**

### **KAUFMAN COUNTY POLICY STATEMENT FOR TAX ABATEMENT**

#### **I. GENERAL PURPOSE AND OBJECTIVES.**

The Kaufman County Commissioner’s Court is committed to the promotion of high quality development in all parts of the County; and to an ongoing improvement in the quality of life for its citizens. Insofar as these objectives are generally served by the enhancement and expansion of the local economy, the Kaufman County Commissioners’ Court will, on a case-by-case basis, give consideration to providing tax abatement as stimulation for economic development in the County. It is the policy of the Kaufman County Commissioners’ Court that said consideration will be provided in accordance with the procedures and criteria outlined in this document. Nothing herein shall imply or suggest that the Kaufman County Commissioners’ Court is under any obligations to provide tax abatement to any applicant. All applicants shall be considered on a case-by-case basis.

#### **II. CRITERIA/GUIDELINES/FORMULA.**

Any request for tax abatement shall be reviewed by the Joint Committee on Tax Abatement, said Committee being comprised of two (2) representatives from each entity and Kaufman County.

The Joint Committee on Tax Abatement serves as a recommending body to the four (4) taxing entities regarding whether economic development incentives should be offered in each individual case. Their recommendation shall be based upon a subjective evaluation of the following criteria which each application will be requested to address in narrative format.

##### **(a) Definitions.**

- (1) “Abatement” means the full or partial exemption from ad valorem taxes of the increase in value of certain real property in a reinvestment zone designated by the County for economic development purposes due to repairs and or improvements made to the real property.
- (2) “Agreement” means a contractual agreement between a property owner and Kaufman County Commissioners’ Court for the purposes of tax abatement.
- (3) “Base year value” means the assessed value of eligible property on January 1 preceding the execution of the agreement.
- (4) “Deferred maintenance” means improvements necessary for continued operations which do not improve productivity or alter the process technology.
- (5) “Expansion” means the addition of buildings, structures, or machinery or equipment for purposes of increasing production capacity.

- (6) "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.
- (7) "Manufacturing Facility" means buildings and structures including fixed machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (8) "Modernization" means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of a facility of similar or expanded production capacity. Modernization may include improvements for the purpose for increasing productivity, updating the technology of fixed machinery and equipment, or both.
- (9) "New facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- (10) "Existing Facility" means a facility or business that has been in operation for more than one (1) year.

**(b) Abatement Authorized.**

- (1) Authorized Facility/Project. All types of facilities or projects will be eligible for abatement if they meet the criteria set forth in this policy.
- (2) Creation of New Value Abatement may only be granted for the additional value resulting from improvements to eligible property made subsequent to and specified in an abatement agreement between the Kaufman County Commissioners' Court may require.
- (3) New and Existing Facilities Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.
- (4) Eligible Property Abatement may be extended to the value of buildings, structures, fixtures, inventories, machinery, equipment and site improvements plus that office space necessary to the operation and administration of the facility.
- (5) Ineligible Property. The following types of property shall be fully taxable and ineligible for abatement: land; supplies; tools; furnishings and other forms of moveable personal property; vehicles; vessels; aircraft; housing; hotel accommodations; deferred maintenance investments; property which has a useful life of less than ten (10) years; property owned or used by the State of Texas or its political subdivision or by any organization owned, operated or directed by a political subdivision of the State of Texas.

- (6) Leased Facilities. In order for a facility to qualify for abatement, the land and eligible property must be owned by the same individual or company and leased to a facility operator whose lease commitment is at least ten (10) years.
- (7) Expansion of Existing Facility/Business. A facility or business that has been in operating for one (1) year or more and meets the other requirements as set forth in this policy will be eligible for the same amount of tax abatement as set forth in the formula set out in Section II(d).

**(c) Objective/Subjective Factors.**

- (1) Economic Qualification/Objective Factors. In order to be eligible to receive tax abatement the proposed project will be evaluated by the following objective factors:

- (A) Employment Impact  
How many jobs will be created?

What will the total annual payroll be?

- (B) Fiscal Impact  
How much real and personal property value will be added to the tax roll?

How much direct sales tax will be generated?

What infrastructure construction would be required?

The project must be at least \$1,000,000 that will be added to the tax rolls.  
(Project includes both real and personal property)

- (C) Community Impact  
What type of pollutants, if any, will be created by the project?

Project can serve as a prototype and catalyst for other development of higher standard.

Must not have a primary effect of transferring jobs within the county.

Property has high visibility, image impact, or is of a significantly higher level of development.

- (2) Subjective Factors: In addition to the objective criteria, several additional considerations must be evaluated.

- (A) Is project sponsor a local company?

- (B) What types and values of public improvements, if any, will be made by the applicant?

- (C) Does, or can, the project meet all relevant zoning, subdivision and other legal requirements?
- (D) Does the project provide particular benefit to an area of the County targeted for revitalization?
- (E) Will the project substantially increase the business opportunities of existing local suppliers and contractors?
- (F) Will the project compete with existing businesses to the detriment of the local economy?
- (G) Does the project pose any negative environmental, operational, visual or other impacts (i.e., pollution, noise, traffic congestions, etc.)?
- (H) Project is an area which might not otherwise be developed because of constraints of topography, ownership patterns, site configuration, etc.
- (I) What impact will the project have on other taxing entities?
- (J) How will this project affect existing businesses/industries?

**(d) Formula.** Once a determination has been made that tax abatement should be offered, projects will be evaluated based upon total project costs as stated in the above policy. Tax abatement will apply to property as stated in this Policy Statement. The value and term of the abatement will be determined by referencing the following tables:

- (1) Facility/Project Adding at least \$5,000,000.00 to Tax Rolls and creating a minimum of twenty-five (25) jobs:

<u>YEARS OF ABATEMENT</u>	<u>PERCENTAGE OF ABATEMENT</u>
Year 1	100%
Year 2	90%
Year 3	80%
Year 4	70%
Year 5	60%
Year 6	50%
Year 7	40%
Year 8	30%
Year 9	20%
Year 10	<u>10 %</u>
	550%

- (2) Facility/Project adding at least \$2,500,000.00 to the tax rolls but less than \$5 Million and creating a minimum of fifteen (15) jobs:

YEARS OF	PERCENTAGE
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<u>ABATEMENT</u>	<u>OF ABATEMENT</u>
Year 1	100%
Year 2	90%
Year 3	80%
Year 4	70%
Year 5	<u>60%</u>
	400%

- (3) Facility/Project adding at least \$1,000,000.00 to the tax rolls but less than \$2.5 Million and creating a minimum of ten (10) jobs.

<u>YEARS OF ABATEMENT</u>	<u>PERCENTAGE OF ABATEMENT</u>
Year 1	100%
Year 2	80%
Year 3	60%
Year 4	40%
Year 5	<u>20%</u>
	300%

Abatements on all facility/projects (both real and personal property) are open to negotiation up to the state law limits of 100% per year for ten (10) years. The number of years and/or percentage of abatements can be decided at the discretion of the Commissioners' Court on an individual basis. Maximum years of abatement will not exceed the maximum number of years permitted by state law.

### **III. PROCEDURAL GUIDELINES.**

Any person, organization or corporation desiring that Kaufman County Commissioners' Court consider providing tax abatement to encourage location or expansion of operations within the area designated by the location or expansion of operations within the area designated by the County shall be required to comply with the following procedural guidelines. Nothing within these guidelines shall imply or suggest that Kaufman County Commissioners' Court is under any obligation to provide tax abatement in any amount or value to any applicant.

### **IV. UNDOCUMENTED WORKERS PROVISION.**

Section 2264.051 of the Texas Government Code requires the County to provide within the tax abatement application a statement certifying that the business, or a branch, division, or department of the business, does not and will not knowingly employ an undocumented worker. Further, the tax abatement agreement will contain a provision specifying the rate and terms of the payment of interest should the business be convicted of knowingly employing an undocumented worker, in violation of 8 U.S.C. Section 1324a(f).

### **PRELIMINARY APPLICATION STEPS**

- A. Applicant shall complete the attached "Applications for Tax Abatement."
- B. Applicant shall address all criteria questions outlined in Section II(c) above in letter format.
- C. Applicant shall prepare a plat showing the precise location of the property, all roadways within 500 feet of the site, and all existing land uses and zoning within 500 feet of the site.
- D. If the property is described by metes and bounds, a complete legal description shall be provided.
- E. Applicant shall complete all forms and information detailed in Items A through D above and submit them to the County.

### **APPLICATION REVIEW STEPS**

- F. All information in the application package detailed above will be reviewed for completeness and accuracy. Additional information may be requested as needed.
- G. The application will be distributed to the appropriate departments of the fair taxing entities for internal review and comments. Additional information may be requested as needed.
- H. Copies of the complete application package and staff comments will be provided to the Joint Committee on Tax Abatement.

### **CONSIDERATION OF THE APPLICATION**

- I. The Joint Committee on Tax Abatement will consider the application at a regular or called meeting(s). Additional information may be requested as needed.
- J. The recommendation of the Joint Committee on Tax Abatement will be forwarded, with all relevant materials, to the chief administrative officer of each taxing entity.