

RESOLUTION NO. 1498

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BROOKSHIRE, TEXAS, AMENDING GUIDELINES AND CRITERIA FOR TAX ABATEMENT AGREEMENTS AS AUTHORIZED BY CHAPTER 312 OF THE TEXAS TAX CODE; AND, AUTHORIZING THE CITY SECRETARY TO POST THE GUIDELINES AND CRITERIA FOR TAX ABATEMENT ON THE CITY'S WEBSITE AND TO SUBMIT A COPY OF THIS RESOLUTION TO THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS AS MAY BE NECESSARY.

WHEREAS, the City Council of the City of Brookshire, Texas (the "Council") understands that tax abatement is an important economic development tool that can be used to attract and retain business and jobs in the City of Brookshire (the "City"); and

WHEREAS, the Council intends to participate in tax abatement subject to all applicable laws and regulations; and

WHEREAS, the Council finds it to be in the public interest to adopt guidelines and criteria for tax abatement agreements that it might consider; and, **NOW, THEREFORE**,


THE CITY COUNCIL OF THE CITY OF BROOKSHIRE, TEXAS RESOLVES:

Section 1. THAT it intends to participate in tax abatement, but that this Resolution does not bind the City Council of the City of Brookshire to enter into any tax abatement agreement.

Section 2. THAT the Guidelines and Criteria for Tax Abatement Agreements, which are attached to and made a part of this Resolution as Exhibit "A", are hereby approved and adopted as authorized by Chapter 312 of the Texas Tax Code.

Section 3. THAT the City Secretary is hereby authorized and directed to post the Guidelines and Criteria for Tax Abatement Agreements on the City of Brookshire website and to submit a copy of this Resolution to the Texas Comptroller of Public Accounts as necessary.

PASSED, APPROVED, and RESOLVED this 1 day of May, 2025.


DARRELL BRANCH, MAYOR - Protem
Robert Richards,

ATTEST:


LaKethia Connor, City Secretary

EXHIBIT A – Guidelines & Criteria for Tax Abatement Agreements

GUIDELINES & CRITERIA FOR TAX ABATEMENT AGREEMENTS

CITY OF BROOKSHIRE, TEXAS

THESE GUIDELINES & CRITERIA FOR TAX ABATEMENT AGREEMENTS (THE "GUIDELINES") WERE ADOPTED BY THE CITY COUNCIL (THE "COUNCIL") OF THE CITY OF BROOKSHIRE (THE "CITY") ON May 1, 2025 IN ACCORDANCE WITH TEXAS TAX CODE, CHAPTER 312 (THE "ACT"). THE GUIDELINES ARE EFFECTIVE FOR TWO (2) YEARS FROM THE DATE OF THEIR ADOPTION, UNLESS AMENDED OR REPEALED AS PROVIDED FOR IN THE ACT.

Section 1. The City may agree in writing with the owner of taxable real property that is located in a reinvestment zone, but that is not in an improvement project financed by tax increment bonds, to exempt from taxation all or a portion of the value of the real or tangible personal property located on the real property, or both, for a period not to exceed ten (10) years, or as otherwise allowed by the Act or other applicable law, subject to the rights of holders of outstanding bonds of the municipality, on the condition that the owner of the property make specific improvements or repairs to the property (an "Agreement"). As used herein, a "reinvestment zone" is an area designated by the Council as a reinvestment zone in accordance with the Act, and meeting the criteria for a reinvestment zone as set forth in the Act.

Section 2. An Agreement may provide for the exemption of real property in each year covered by the Agreement only to the extent its taxable value as determined by the Waller County Appraisal District for that year exceeds its value on January 1 of the year in which the Agreement is executed.

Section 3. An Agreement may provide for the exemption of tangible personal property located on the real property in each year covered by the Agreement, other than tangible personal property that was located on the real property at any time before the period covered by the Agreement.

Section 4. An improvement, repair, development, or redevelopment taking place under an Agreement must conform to all City, State, and Federal rules, laws, and regulations.

Section 5. The Agreements made with the owners of property in the same reinvestment zone must contain identical terms for: the portion of the value of the property that is to be exempt; and, the duration of the exemption.

Section 6. The property subject to an Agreement may be located in the extraterritorial jurisdiction of the City. In that event, the Agreement applies to taxes of the City if the City annexes the property during the period specified in the Agreement.

Section 7. Property that is in a reinvestment zone and that is owned or leased by a member of the Council is excluded from property tax abatement.

Section 8. The Council may agree in writing with the owner or lessee of real property, which is located in a reinvestment zone, to exempt from taxation for a period not to exceed ten (10) years, a portion of the value of the real property or of personal property owned or leased by a certificated air carrier. The certificated air carrier must make specific improvements on the property. A lessee, to be eligible for tax abatement, must lease the property for at least ten (10) years and agree to make certain improvements to the property. These Guidelines apply to an agreement with a certificated air carrier.

Section 9. Every Agreement must:

- (a) list the kind, number, and location of all proposed improvements of the property;

- (b) provide access to and authorize inspection of the property the City to ensure that the improvements or repairs are made according to the terms of the Agreement;
- (c) limit the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;
- (d) provide for the recapturing of property tax revenue lost as a result of the Agreement if the owner of the property fails to make the improvements or repairs as provided by the Agreement;
- (e) contain each term agreed to by the owner of the property;
- (f) 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,
- (g) provide that the Council may cancel or modify the Agreement if the property owner fails to comply with the Agreement.
- (h) provide payment in Lieu of Taxes: If, during the abatement period, any Federal or State law provides an additional tax exemption (*i.e.*, for environmental or emissions improvements) for the property that is already the subject of the Abatement Agreement, applicant may be required to agree with the City to decline that tax exemption during the abatement period. If applicant is unable to decline that tax exemption, applicant may be required to agree to pay the taxes, or payment in lieu of taxes, on the reduction of property tax revenue to City of Brookshire that is the result of said exemption.

Section 10. To the extent allowed by the Act and other applicable law, an Agreement may contain provisions that are acceptable to the City and the property owner, including, but not limited to, provisions requiring:

- (a) 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 rates than are made for other services or properties of a similar character, though refundable utility deposits may be adjusted as part of the Agreement;
- (b) an economic feasibility study, including a detailed list of estimated improvement costs, a description of the methods of financing all estimated costs, and the time when related costs or monetary obligations are to be incurred; and
- (c) a map showing existing uses and conditions of real property and proposed improvements and uses in the reinvestment zone.

Section 11. The Council will consider capital investment, increased employment, and additional payroll when considering tax abatement.

Section 12. An Agreement with a lessee may provide for the exemption of tangible personal property located on the real property in each year covered by the Agreement, other than tangible personal property that was located on the real property at any time before the period covered by

the Agreement, including inventory or supplies.

Section 13. An Agreement may provide for the recapture of all or a portion of property tax revenue abated 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, and may provide for payment of a penalty or interest, or both, on such recaptured property tax revenue.

Section 14. An Agreement may provide for the recapture of all or a portion of property tax revenue abated as a result of the Agreement if the appraised value of the property subject to the Agreement does not attain the value specified in the Agreement, and may provide for payment of a penalty or interest, or both, on such recaptured property tax revenue.

Section 15. An Agreement may provide that the City may offset any amounts due and payable under the Agreement against any debt, including financial incentives and taxes, lawfully due the City from the person, individual, corporation, or entity receiving the abatement under the Agreement, regardless of whether the amount due arises pursuant to the terms of the Agreement or otherwise, and regardless of whether or not the debt due the City has been reduced to judgment by a court.

Section 16. The property owner who is given an abatement is solely responsible for timely filing an exemption application for the tax abatement each year with the Waller County Appraisal District.

Section 17. To be designated as a reinvestment zone under the Act, an area must be reasonably likely, as a result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of the City or the other criteria listed in the Act.

Section 18. These Guidelines may be amended or repealed only by a vote of three-fourths (3/4) of the Council.

Section 19. These Guidelines provide for the availability of tax abatement for both new facilities and structures and for the expansion or modernization of existing facilities and structures.

Section 20. The adoption of these Guidelines does not limit the discretion of the Council to decide whether or not to enter into an Agreement.

Section 21. The adoption of these Guidelines does not create any property, contract, or other legal right in any person to have the Council consider or grant a specific application or request for tax abatement.

Section 22. The City Secretary shall ensure that a copy of these Guidelines is posted to the City's website and that a copy is sent to the Texas Comptroller of Public Accounts, as necessary.