

**City of Palacios
Tax Abatement Program
Administrative Procedures
And Application**

The following is an outline of recommended steps for review and consideration of applications for tax abatement in City of Palacios based on the requirements contained in the Property Redevelopment and Tax Abatement Act (Tax Code, Chapter 312) and the "Guidelines and Criteria for the Granting of Tax Abatement in the City of Palacios", adopted by the City Council on August 5, 1996; readopted and amended on July 3, 2006; and readopted and amended on September 26, 2013.

Step 1: Receipt of Application

Upon receipt of an application for tax abatement, the original and two copies should be dated. The original should be placed in a central file in the City Clerk's Office.

One copy should be delivered to the Matagorda Tax Appraisal District Office and one copy should be provided to the local economic development organization (e.g., City of Palacios Economic Development Corporation [Palacios EDC]).

Step 2: Analysis of Application

Prior to approving the resolution providing for a tax abatement agreement, the City Council shall request the following information:

The City Manager or the Palacios EDC will determine if the facility is eligible under Section 2(a) of the Guidelines and Criteria, if the application was submitted prior to the commencement of construction or installation of equipment as provided in Section 2(b), and will review the description of improvements to determine if the value of the improvements exceeds the \$75,000 minimum requirement.

The Matagorda County Tax Office will determine if the applicant is delinquent in payment of taxes to the City or other affected taxing jurisdictions.

The Palacios EDC will review the financial information provided to determine the viability of the business. At a minimum, the Palacios EDC should contact the State Securities Commission of any state in which the business is currently operating to determine if the company is in compliance with securities laws and regulations and contact Dunn and Bradstreet to determine the company's financial capacity. (The Texas Department of Commerce can assist with this research.)

The Chairman and/or County Judge of any affected taxing authority or entity and the Superintendent of the Palacios Independent School District shall provide the City Council with an assessment of the service impacts on their operations or bonds of tax abatement on the proposed improvements.

The City Attorney shall determine whether the application is in compliance with the adopted Guidelines and Criteria. If the company has requested a variance from the Guidelines and Criteria, the City Attorney shall determine if the request is consistent with the requirements provided in Section 3(f) of the Guidelines and Criteria.

Step 3: Consideration of the Resolution to Grant Tax Abatement

At a regularly scheduled meeting of the City Council, the Council members shall consider the application for tax abatement.

Following a public hearing on the request for tax abatement, the Council members approve one resolution unless they find one of the following reasons for denying the tax abatement:

- (a) The application is not consistent with the adopted Guidelines and Criteria;
- (b) There would be a substantial adverse effect on the provision of government services or tax base,
- (c) Planned or potential use of the property would constitute a hazard to public safety, health, or morals,
- (d) Planned or potential use of the property violates other codes or laws, or
- (e) Action by the City Council would impose a penalty under Chapter 312 of the Texas Tax Code on any other tax jurisdiction.

Step 4: Execution of an Abatement Agreement Contract

Following approval of the resolution, the City Attorney shall prepare an abatement agreement contract that, at a minimum lists:

- (a) The kind, number, and location of all proposed improvements;
- (b) Provides access to and authorizes inspection of the property by City employees to ensure that the improvements are made according to the terms and conditions of the abatement agreement;
- (d) Limits the use of property consistence with the general purpose of encouraging development or redevelopment of the zone during the period of the agreement, and
- (e) Provides for recapturing property tax revenue tax lost as a result of the agreement if the owner of the property fails to make the improvements as provided for in the agreement.

If the applicant leases the property, the City Attorney shall prepare a tri-party agreement between the City, the property owner and the lessee, establishing the benefits and responsibilities for each party.

The application for abatement should be attached to and incorporated within the abatement agreement contract.

Step 5: Annual Determination of Taxable Value

At the inception of the tax abatement agreement, the Matagorda County Appraiser shall determine the base value of the facility. The base value of the facility is defined as the appraised value on the January 1 prior to the execution of the agreement, plus the value of any improvement made between January 1 and the date of the agreement.

Annually, the Matagorda Tax Appraiser shall determine the taxable value of the facility based on the Guidelines and Criteria and report such value to all affected taxing jurisdictions.

Annually, the EDC shall determine whether the company has made the improvements described in the application for abatement and has complied with the minimum investment and employment

requirements and present such information to the City Manager with a recommendation on whether to continue or to terminate the agreement for non-compliance.

Step 6: Recapture in the Event of Non-compliance or Cessation of Production

If the company is not in compliance with the abatement agreement or the company becomes delinquent, the City Attorney shall provide notice to the company of the determination of non-compliance and establish a deadline for resolution of the compliance issues as provided in Section 7(b) of the Guidelines and Criteria. If the compliance issues are not resolved, the City Attorney shall provide the company and the Matagorda Tax Appraiser of notice of termination of the abatement agreement. The Matagorda Tax Assessor-Collector shall recapture all taxes previously abated by virtue of the agreement as provided in Section 7(c) (2) of the Guidelines and Criteria. If the company ceases production for a period of one (1) year, the City Attorney shall provide notice of termination of the abatement agreement to the company and the Matagorda Tax Appraiser and the Matagorda Tax Assessor-Collector shall recapture abated taxes for the current tax year as provided for in Section 7(a) of the Guidelines and Criteria.

**City of Palacios
Application for Tax Abatement
General Instruction**

Filing Deadline

To be eligible for tax abatement, the applicant must file the attached forms and all supplemental information prior to the commencement of any construction or the installation of equipment associated with the project for which the abatement is being sought.

Applications are accepted on a continuous basis.

An original and two copies of the application and all attachments must be submitted to:

City Manager
City of Palacios
Post Office Box 845
Palacios, Texas 77465

Applicant information

If the applicant company is incorporated under one name and doing business under another, please provide both.

The contact **person** for purposes of this application shall be someone authorized to answer questions and provide additional information, if necessary, related to the City Council's consideration of the application.

Primary activity is the good(s) and/or service(s) currently, or to be, produced at the facility for which the applicant has applied for abatement.

Number of employees (full-time or part-time) refers to current operations within the City of Palacios. For the location of a new plant, the appropriate response is zero.

Project Information

If the applicant is seeking to qualify for abatement as a regional distribution center, regional service center, regional entertainment/tourism facility, agriculture/aquaculture facility or other basis industry, the applicant must provide documentation showing that a majority of the revenues associated with the goods/services produced at the facility come from sources outside of the City of Palacios. For an existing business, adequate documentation includes invoices or receipts for the previous 12-month period. For new enterprises, acceptable documentation includes a detailed marketing and sales plan. Include this information as Attachment F to the application form.

Estimated total value of improvements is the value of building, structures, fixed equipment and other eligible property that would be subject to the abatement.

To receive credit for **total jobs retained** for purpose of satisfying the minimum investment requirements provided in Section 2(k)(1) and 2(k)(3) of the "Guidelines and Criteria for Granting Tax Abatement in Reinvestment Zones Created in the City of Palacios," the applicant must provide documentation that the company will reduce or cease operations in the City of Palacios without the proposed modernization. Documentation (e.g., long-range corporate plan) must indicate the extent to which operations will be reduced and the time frame for implementing the reduction. Include this information as Attachment G to the application form.

Public Service Requirements and School District Impacts

Treated water and effluent treatment requirements refer only to increases in services resulting from a new plant or expansion over the service level at the time of application.

Number of transferred families means only those families not currently residing in the City of Palacios.

Other Abatement Agreement Applications

If the applicant has applied to any other taxing jurisdiction, inside or outside the City of Palacios, for tax abatement associated with the project, please provide the requested information as Attachment H to the application form.

Variance

If approval of this application will require a variance from the "Guidelines and Criteria." referenced above, the applicant must provide a complete description of the circumstances that necessitate a variance and the basis on which such variance should be granted. Include this information under separate cover or as Attachment I to the application form.

Attachments

Attachments should be provided in order listed and identified by the letter associated with the attachments (e.g., written description of the project should be labeled Attachment A.)

Assurances

Must be signed by an authorized officer of the corporation or business.

The date of signature is not considered the date of application for purposes of eligibility. The date of application is the date the application request is received in the Office of the City Manager.

City of Palacios
Application for Tax Abatement

Filing Instructions

This application must be filed prior to the commencement of construction or the installation of equipment associated with the project for which the abatement is being sought. This filing acknowledges that the applicant has read and understands the "Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone the in City of Palacios," approved by the City Council on August 5, 1996; and re-adopted and amended on July 3, 2006; and re-adopted and amended on July 9, 2013. Furthermore, the applicant agrees to comply with all requirements stated in the Guidelines.

This application will become a part of any tax abatement agreement or contract executed between the applicant and the City of Palacios, and knowingly false representations therein will be grounds for voiding such agreement or contract.

An original and two copies of this application and attachments should be submitted to:

City Manager
City of Palacios
Post Office Box 845
Palacios, Texas 77465

Applicant Information

Company Name: _____
Mailing Address: _____
Street Address _____
Phone Number: (____) _____
Fax Number: (____) _____
Email: _____
Primary Contact Person: _____
Contact Person's Title: _____
Phone Number: (____) _____
Fax Number: (____) _____
Email: _____
Second Contact Person: _____
Title: _____
Phone Number: (____) _____
Fax Number: (____) _____
Email: _____

Type of Business (please check appropriate type):

- Privately Held Corporation (until sold)
- Publicly Held Corporation
- Proprietorship
- Sole Partnership
- Limited Liability Partnership
- Other

Attach One of the Following Documents (please check which document is attached):

- Article of Incorporation
- Assumed Name Certificates
- Certificate to do Business in Texas

Federal Tax ID No.: _____

Primary Activity (Good/Service Produced): _____

Standard Industrial Code (4 digit): _____

Annual Sales at Time of Application: _____

Number of Permanent, Full-time Employees at Time of Application: _____

Number of Permanent, Part-time Employees at Time of Application: _____

Project Information

Type of Tax Abatement being sought:

- | | |
|---|--|
| <input type="checkbox"/> Manufacturing | <input type="checkbox"/> Agriculture/Aquaculture* |
| <input type="checkbox"/> Research | <input type="checkbox"/> Regional Distribution* |
| <input type="checkbox"/> Regional Service* | <input type="checkbox"/> Regional Entertainment/Tourism* |
| <input type="checkbox"/> Other Basic Industry* | <input type="checkbox"/> Personal Property (type): |
| <input type="checkbox"/> Commercial use vehicles, vessels, aircraft | _____ |
| <input type="checkbox"/> Residential Housing | _____ |
| | _____ |

* Note: Applicant must provide evidence that a majority of the revenues generated by this facility are from sources outside of the City of Palacios.

Type of Improvements:

- New Plant
- Modernization of Existing Facility
- Expansion of Existing Facility
- New Commercial Use Vehicles, Vessels or Aircraft
- New furnishings or other forms of movable property
- Residential Housing

Estimated total Value of Improvements: \$ _____

Appraised Value of Land: \$ _____

Estimated Costs to Build: \$ _____

Estimated Costs to Rehabilitate: \$ _____
 Estimated Annual Debt Service: \$ _____
 Building Contractor: _____
 Contact Person: _____
 Title: _____
 Phone Number: (_____) _____
 Fax Number: (_____) _____
 Email: _____
 Interim Construction Lender: _____
 Contact Person: _____
 Title: _____
 Phone Number: (_____) _____
 Fax Number: (_____) _____
 Email: _____
 Mortgage Lender: _____
 Contact Person: _____
 Title: _____
 Phone Number: (_____) _____
 Fax Number: (_____) _____
 Email: _____
 Estimated date Construction to Begin: _____
 Estimated date of Completion of Project: _____
 Project Location (Address and Legal Description, Please provide a map if available):

(NOTE: Once tax abatement is approved, please provide a copy of Title Policy to the Property)

Commercial use Vehicles, Vessels, and Aircraft:
 Name of manufacturer: _____
 Name of Financing Institution (if applicable): _____
 Contact Person: _____
 Title: _____
 Phone Number: (_____) _____
 Fax Number: (_____) _____
 Email: _____

- Also Required:
1. Copy of Matagorda County Registration for commercial use Vehicle, Vessel or Aircraft
 2. Serial Number and Registration Number of commercial use Vehicle, Vessel or Aircraft
 3. Picture of commercial use Vehicle, Vessel or Aircraft attached to application
 4. Proof of Insurance on commercial use Vehicle, Vessel or Aircraft
 5. Project Location (Address and Legal Description, please provide map if available).

FACILITY ANALYSIS:

Estimated Value of New Facility \$ _____
 Estimated Value of Personal Property: \$ _____

Estimated Value of Inventory: \$ _____
Estimate the annual amount of electricity usage (KWH): _____
Estimate the annual amount of water usage (gallons): _____
Estimate the annual amount of natural gas consumption (cubic feet): _____
Size of Building: _____ sq.ft.
Acreage of Property: _____
Project Location (Address and Legal Description. Please provide a map if available):

CONSTRUCTION INFORMATION:

Anticipated date construction will begin: _____
Anticipated date construction will be completed: _____
Anticipated operations start date: _____
Anticipated peak construction work force: _____
Estimated construction purchases in Palacios: \$ _____
Length of construction period, in months: _____

EMPLOYMENT INFORMATION:

Total new permanent employment: _____
Total jobs retained (if modernization): _____
*Note: Applicant must provide evidence that the company would reduce or cease operations within Palacios, if not for the proposed modernization.
Palacios payroll amount: \$ _____
How many employees live in Palacios: _____ in Matagorda \County: _____
Estimate the percentage of employees that own a house in Palacios: ____ in Matagorda County

Estimate the number of employees that will live in the school district to which the business pays school tax: _____

Please list job titles or classifications of new employees with average hourly or monthly salaries and the number of jobs in each position:

Job Title	No. of Positions	Avg. Hourly/Monthly Salary
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Other Information:

Public Service Requirements and School District Impacts

Volume of treated water required (gallons per day): _____
Volume of effluent to be treated (gallons per day): _____
Number of families to be transferred to new facility: _____
Estimated number of children of school age (K-12) in transferred families: _____

Other Abatement Agreement Applications

Has the applicant made application for tax abatement of the value of real property improvement or personal property associated with this project to any other taxing jurisdiction?

_____ Yes _____ No

If yes, please provide the following information on each pending application:

- Name of tax jurisdiction
- Date of application
- Date of public hearing (if required)
- Action taken by jurisdiction (if any)

Variance

Does approval of this application by the City Council require a variance from the Guideline and Criteria, adopted by the City Council on July 6, 1998; readopted and amended on July 3, 2006; readopted and amended on July 9, 2013, and readopted and amended on March 28, 2017?

_____ Yes _____ No

If "Yes", applicant must provide a complete description of the circumstances explaining why the applicant should be granted a variance. Approval of a request for a variance requires a three-fourths (3/4) vote of the governing body.

Attachments

All applications must contain attachments (a), (b), (c), (d) and (e). The City Council may not review an application until the requested information has been provided.

- (a) A written description of the proposed use and the general nature and extent of the modernization, expansion or new improvements to be undertaken.
- (b) A description (including estimated value) of each improvement that will be part of the project.
- (c) A map of the project location and legal property description (including current ownership).
- (d) A time schedule for undertaking and completing, the planned improvements.
- (e) Financial information (annual reports or tax returns) for the most recent two years of operations for which information is available.

Other Special Case Attachments

- A. Pictures of commercial use vehicles, vessels or aircraft
- B. Detailed business plan

Assurances

I do hereby certify:

- (a) The information provided above is, to the best of my knowledge, complete and accurate.
- (b) That I have received and read a copy of the "Guidelines and Criteria for Granting Tax Abatement Reinvestment Zone in the City of Palacios," re-adopted and amended on July 9, 2013, and that I understand the conditions and terms under which a tax abatement agreement may be executed.
- (c) That employees and/or designated representatives of the City shall have access to the facility during the period of the abatement agreement to determine if the

company is in compliance with the terms and conditions of the agreement, as provided in Section 7(b) of the "Guidelines and Criteria," referenced above.

- (d) I understand that failure to comply with the terms and conditions of the abatement agreement may result in the recapture by the City of any and all taxes previously abated by virtue of the agreement.
- (e) I understand that participation in an abatement agreement does not remove any obligation to satisfy all codes and ordinances issued by the City or any other affected taxing jurisdiction that may be in effect and applicable at the time this project is implemented.

Signature of Authorized Officer

Date

Name of Officer (Type or Print)

Title (Type or Print)

IF YOU HAVE ANY QUESTIONS, CALL THE PALACIOS ECONOMIC DEVELOPMENT CORPORATION AT 361-972-3729

SITE INSPECTION CERTIFICATION
FOR
CITY OF PALACIOS TAX ABATEMENT
APPLICATION

Date: _____

_____, City of Palacios Building Inspector, do hereby certify that I have inspected the site where the proposed property improvement(s) are to be made and further certify that at the time of this application, construction had not yet begun on the property in question.

Property Owner(s):

N a m e : _____

Address: _____

Phone: _____

Inspected by:

City of Palacios Building Inspector

PALACIOS I S D TAX OFFICE
1209 12" STREET
PALACIOS, TEXAS 77465

Date: _____

_____, of the Palacios I S D Tax Office, Palacios, Texas, do hereby certify that all taxes are paid and current as of the date of this affidavit for the purposes of a tax abatement application with the City of Palacios for the following property:

Property Owner(s):

Name: _____

Property Address: _____

Parcel Identification Number: _____

I certify that all taxes on the above property are paid and current:

Palacios I S D Tax Office, Palacios, Texas

MATAGORDA COUNTY TAX OFFICE
1700 7TH STREET, ROOM 203
BAY CITY, TEXAS 77414

Date: _____

_____, of the Matagorda County Tax Office, Bay City, Texas, do hereby certify that all taxes are paid and current as of the date of this affidavit for the purposes of a tax abatement application with the City of Palacios for the following property:

Property Owner(s):

Name: _____

Property Address: _____

Parcel Identification Number: _____

I certify that all taxes on the above property are paid and current:

Matagorda County Tax Office, Bay City, Texas