

# CITY OF BIG SANDY TAX ABATEMENT AND POLICY

## I. GENERAL PURPOSE AND OBJECTIVES

The City of Big Sandy is committed to the promotion and retention of high quality jobs for its residents, and to the continuous improvement of the quality of life for all its citizens. Insofar as these objectives are served by the enhancement and expansion of the local economy, the City of Big Sandy will, on a case by case basis, give consideration to providing tax abatement to promote economic development in the City. Any consideration for tax abatement will be in accordance with this policy. Nothing herein shall imply that the City of Big Sandy is under any obligation to offer tax abatement to any applicant. The purpose of this policy is to establish guidelines for providing tax abatement. The City Council retains the right to take any action allowed by law without amending these guidelines.

## II. POLICY

In order to offer tax abatement a City must designate a Reinvestment Zone, according to state law.

It is the policy of the City of Big Sandy to use tax abatement as an effective tool for economic development. Tax Abatement will be used to exempt owners of property within the Reinvestment Zone from paying taxes on improvements on that property according to the schedule outlined in Exhibit A.

State law requires that a city passes a tax abatement policy prior to extending tax abatement.

**The City's priority is to extend tax abatement to primary employers. A primary employer is one who builds the city's economic base by selling their products outside of the city.**

The City's goal in providing tax abatements is to create additional jobs within the city. Abatements, however, can be used when the abatement is necessary to retain existing jobs.

The city strives for efficiency in processing applications for tax abatement. It is understood that a long decision-making process will discourage business that might otherwise be interested in expanding in Big Sandy.

This tax abatement policy is valid for three years time and replaces any previous tax abatement policy.

### **III. CRITERIA**

Prior to beginning any demolition, rehabilitation, reconstruction or construction, purchase or any improvement to be included in a tax abatement agreement, the owner and /or developer shall first submit to the City, in writing, a request for tax abatement. The application for tax abatement will first be reviewed by the Board of Directors of the Big Sandy Community Development Corporation (“BSCDC”), who will then make a recommendation to the City Council.

As a minimum, the project must meet one of the following criteria.

1. Capital Expenditures of at least \$500,000.
2. The creation of 15 full-time jobs.
3. Annual payroll increase of \$250,000.

### **IV. PROCESS FOR DESIGNATION**

A public hearing must be held prior to the adoption of the Ordinance. A notice of public hearing must be published in the newspaper not less than seven days before the date of the hearing. Following the public hearing, the Ordinance creating the Reinvestment Zone may be adopted.

A Reinvestment Zone must be created by Ordinance. The Ordinance must describe the boundaries of the Zone by metes and bounds and describe the designation of the Zone as residential or industrial/commercial; such description to be provided by the applicant prior to the designation of the Zone.

A Reinvestment Zone designation expires after five years and may be renewed for an additional five years. However, the term of an existing Tax Abatement Agreement within the Zone is not affected. There is no limit as to the size or number of Reinvestment Zones the City of Big Sandy may have.

### **V. CONCLUSION**

The City of Big Sandy has developed and adopted these Guidelines and Criteria in order to allow any business interested in tax abatement opportunity to understand the requirements and processes.

These Guidelines and Criteria are effective for a three year period and may be renewed or amended after that date using the same procedure for adoption as was followed for this adoption. However, any amendment, alteration or repeal of these Guidelines and Criteria can only become effective upon vote by three-fourths of the members of the City Council.

**EXHIBIT A: Abatement Schedules.**

The following are general guidelines to follow when the City sets the terms of a tax abatement agreement.

These guidelines represent the maximums. The City reserves the right to offer tax abatement at a reduced rate.

Schedule 1

Capital Improvements		Full-Time Job Creation		Payroll Increase
\$500,000	and	15 or more	or	\$250,000 Annually
\$1,000,000	and	5 or more	or	\$80,000 Annually
Abatement Amount				
Year			Percentage	
1,2, and 3			100%	
4			75%	
5			50%	
6			25%	
7			0%	

Schedule 2

Capital Improvements		Full-Time Job Creation		Payroll Increase
\$1,000,000	and	50 or more	or	\$1,000,000 Annually
Abatement Amount				
Year			Percentage	
1-10			100%	

**EXHIBIT B:** Resolution # \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION BY THE CITY COUNCIL OF THE  
CITY OF BIG SANDY, TEXAS, ADOPTING GUIDELINES  
AND CRITERIA FOR TAX ABATEMENT.

WHEREAS, the City Council of the City of Big Sandy desires to promote the development / redevelopment of certain contiguous geographic areas within its jurisdiction; and

WHEREAS, the City of Big Sandy is authorized to enter into Tax Abatement Agreements for commercial / industrial purposes as authorized in Chapter 312 of the Texas Tax Code, "Property Redevelopment and Tax Abatement Act" (The Act); and

WHEREAS, the Act requires the City of Big Sandy to establish guidelines and create criteria for the designation of Reinvestment Zones and the entering into Tax Abatement Agreements.

NOW, THEREFORE, BE IT RESOLVED that the City of Big Sandy does hereby adopt the attached guidelines and criteria for tax abatement.

PASSED, APPROVED, AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

CITY OF BIG SANDY, TEXAS

\_\_\_\_\_  
MAYOR [print Mayor's name here],

ATTEST:

\_\_\_\_\_  
Sharon Lee, CITY SECRETARY

**EXHIBIT C: Application for Tax Abatement.**

COMMERCIAL / INDUSTRIAL TAX ABATEMENT  
APPLICATION

Name of Company

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Address

\_\_\_\_\_ (Street) \_\_\_\_\_ (Mailing, if  
different)

City \_\_\_\_\_ State \_\_\_\_\_ Zip

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Phone

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Contact \_\_\_\_\_ Person

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I. List kind, number and location of all proposed improvements of the property, both real and personal (attach an additional sheet if necessary):

II. Attach to this application:

(A) a map showing current uses and conditions of real property;

(B) a map showing proposed improvements and uses.

Use a copy of the Upshur Appraisal District map of your property as the base map for your property.

III. Attach a metes and bounds description of the property.

PAGE TWO  
TAX ABATEMENT APPLICATION

The tax abatement policy of the City of Big Sandy reflects a balance between the revenue needs of local government and the desire to provide incentives for the expansion and relocation of industry.

The City agrees to abate ad valorem taxes on real and personal property improvements of qualified businesses in Commercial/Industrial Reinvestment Zones as follows:

Schedule 1

Capital Improvements		Full-Time Job Creation		Payroll Increase
\$500,000	and	15 or more	or	\$250,000 Annually
\$1,000,000	and	5 or more	or	\$80,000 Annually
Abatement Amount				
Year			Percentage	
1,2, and 3			100%	
4			75%	
5			50%	
6			25%	
7			0%	

Schedule 2

Capital Improvements		Full-Time Job Creation		Payroll Increase
\$1,000,000	and	50 or more	or	\$1,000,000 Annually

Abatement Amount	
Year	Percentage
1-10	100%

IV. Company plans to invest \$ \_\_\_\_\_ in real property improvements and / or invest \$ \_\_\_\_\_ in personal property (manufacturing equipment) prior to \_\_\_\_\_ (date).

V. The current taxable value of the property of the Company is:

Real Property \_\_\_\_\_

Personal Property \_\_\_\_\_

Total \_\_\_\_\_

You will receive a written response to your application for Commercial/Industrial Tax Abatement. Should you have any question, please contact:

City Secretary  
 100 North Tyler St  
 Big Sandy, TX 75755