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CITY OF SEGUIN, TEXAS TAX ABATEMENT GUIDELINES AND CRITERIA

I. Purpose

The City of Seguin is committed to the promotion of quality development in all parts of the City and to improving the quality of life for its citizens. In order to help meet these goals, the City of Seguin will consider providing tax abatements to stimulate economic development in Seguin. It is the policy of the City of Seguin that such abatements will be provided in accordance with the procedures and criteria outlined in this document. Nothing herein shall suggest or imply that the City is under any obligation to provide tax abatement for any amount or value to any applicant. All applicants will be considered on a case-by- case basis.

II. General Criteria for Tax Abatements

1. For an applicant to be considered for tax abatement, the proposed development and/or redevelopment project must be within a duly designated reinvestment zone.
2. The project must meet the requirements of the City's Master Plan, zoning ordinances, building codes and other applicable City ordinances.
3. Tax Abatements shall be granted only for the additional value of real property and/or personal property improvements. No abatement will be approved that exceeds 100% of the new appraised value of capital improvements and/or personal property, or that will reduce current ad valorem revenues. No tax abatement will be provided to any applicant for more than 10 years.
4. Any proposed project to be considered eligible for tax abatement must meet the general criteria specified below:
 - (a) Any request for tax abatement must involve a development and/or redevelopment project, excluding land, with a minimum incremental increase in ad valorem tax value of at Five Hundred Thousand Dollars (\$500,000.00) upon completion of the anticipated improvements or expansion based upon the Guadalupe Appraisal District's assessment of the eligible property; and

- (b) The project must which meets the economic goals and objectives of the City, and have high visibility, image impact or be of a significantly higher level of development quality than that which currently exists in the City.
- 5. All recipients of a tax abatement must agree to maintain themselves as a utility customer of the City for the life of the tax abatement agreement, provided that City utility services are available to the recipient.

III. Application Procedures and Review

Any applicant seeking to enter into a tax abatement agreement with the City shall be required to file an application on a form provided by the City. The applicant will comply with the following application procedures:

1. The applicant shall complete an Application for Economic Incentives on a form provided by the City of Seguin.
2. The applicant may be asked to complete an economic impact questionnaire as provided by the City of Seguin.
3. The applicant shall also provide the following:
 - a. A map and legal description of the property associated with the project.
 - b. A description of the proposed project including, but not limited to, a summary description of the new facility or expansion, the proposed total capital investment to be made in association with the project, the type of business operation associated with the project, the projected date of beginning construction and operation, a time schedule of the planned improvements.
4. The applicant may be asked to provide any financial and other information about the proposed project the City for the purpose of evaluating the capacity of the applicant to successfully deliver the anticipated investment in land, buildings and personal property and other factors and information concerning the applicant that the City may find appropriate.
5. The application will be reviewed by the Director of Economic Development and/or City Manager for completeness, accuracy and to assess the economic impact of the project to the City. After review, the project and application will be presented by Staff to the Seguin City Council. At any time during the review of the application by the City of Seguin Staff and the Seguin City Council, additional information may be requested from the applicant.
6. All requirements of Chapter 312 of the Texas Tax Code, known as the Property Redevelopment and Tax Abatement Act, shall be followed.

7. Applications for tax abatement made to the City will be denied if the City finds that construction, alteration, or installation of improvements related to a proposed expansion or new facility was commenced on or before the date of adoption of the abatement agreement.

IV. Criteria for Granting Tax Abatement

1. The following factors, among other factors as determined necessary by the Seguin City Council, shall be considered in determining whether to grant tax abatement:
 - a. Value of land and existing improvements, if any;
 - b. Type and value of proposed improvements associated with the project.
 - c. Productive life of proposed improvements associated with the project.
 - d. Number of existing jobs to be retained by proposed project.
 - e. Number of, and type of new jobs to be created by proposed project.
 - f. Amount of local payroll and the wage rates to be created as a result of the project.
 - g. Type of benefits the employer provides its employees;
 - h. Amount of local sales taxes to be generated directly as a result of the project.
 - i. Amount the property tax base valuation will be increased during the term of abatement and after abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than Five Hundred Thousand Dollars (\$500,000.00) upon the completion of the anticipated improvements;
 - j. The costs to be incurred by the city to provide facilities or services directly resulting from the project.
 - k. The amount of ad valorem taxes to be paid the city during the abatement period considering (a) the existing values, (b) the percentage of new value abated, (c) the abatement period, and (d) the value after expiration of the abatement period.
 - l. The population impact on the city as a result of the project.
 - m. The types of values of public improvements, if any, to be made by applicant seeking abatement;
 - n. Whether the proposed project competes with existing businesses to the detriment of the local economy;
 - o. The impact on the business opportunities of existing businesses;
 - p. The attraction of other new businesses to the area;

- q. The overall compatibility with the zoning ordinances and comprehensive plan for the area;
 - r. Whether the project is environmentally compatible with no negative impact on quality of life perceptions; and
 - s. The relationship of the value of real estate to personal property being considered for abatement.
- 2. The rate of tax abatement with respect to any tax abatement agreement may be up to one hundred percent (100%) of the incremental increase in value of real property and may be up to one hundred percent (100%) of the value of tangible personal property eligible for tax abatement under Chapter 312 of the Texas Tax Code, as amended.
- 3. The tax abatement period shall not exceed ten (10) years.
- 4. For all planned improvements valued at more than Five Hundred Thousand Dollars (\$500,000.00), the percentage and duration of the tax abatement shall be determined by the Seguin City Council in the exercise of its absolute discretion on a case by case basis, taking into consideration the factors listed above in Section IV, Subsection 1.
- 5. An applicant may be denied for tax abatement if it is determined that:
 - a. There would be a substantial adverse effect on the provision of government service or tax base;
 - b. The applicant has insufficient financial capacity;
 - c. Planned or potential use of the property would constitute a hazard to public safety, health, or morals;
 - d. Violation of other codes or laws; or
 - e. Any other reason deemed appropriate by the City Council.

V. Approval of Tax Abatement by the City Council

- 1. If the City Council determines that it is in the best interest of the City of Seguin to provide tax abatement to a particular applicant, a resolution shall be adopted approving the terms and conditions of a tax abatement agreement with the applicant which will enumerate the abatements to be provided and the conditions which are applicable to them.
- 2. Any tax abatement agreement must include at least the following items:
 - a. A description of the abatement to be provided, including the percent of value to be abated each year, and the commencement date and the termination date of abatement.

- b. A legal description of the property designated as a reinvestment zone in which the agreement will be operative.
- c. Detail information regarding the type, number, location and cost of all proposed improvements and well as information detailing the number of jobs created and/or retained
- d. A provision which provides access to and inspection of the property and proposed improvements by City inspectors and officials to ensure that the improvements are made according to the requirements and conditions of the agreement.
- e. A provision limiting the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that tax abatements and/or other economic development incentives are in effect.
- f. A requirement that owner and/or lessee annually certify to City in writing its compliance with each applicable term of the agreement.
- g. A method to provide for the recapturing of property tax revenues lost as a result of the agreement if the owner fails to perform its obligations under the agreement.

VI. Default and Recapture

1. In the event that a facility that has been granted a tax abatement discontinues producing goods or services, fails to commence or complete the required capital investment or fails to comply with any other provision of the tax abatement agreement and/or Chapter 312 of the Texas Tax Code, the abatement agreement may be terminated by the City and all or a portion of taxes previously abated shall be recaptured and paid within 60 days of the termination.
2. In the event that an applicant allows its ad valorem taxes to become delinquent and fails to properly follow the legal procedures for their protest and/or contest, the tax abatement agreement shall terminate and so shall the abatement of taxes for the calendar year of the delinquency. The total taxes assessed without abatement for that calendar year shall be paid within 60 days from the date of termination.
3. Should the City determine that the applicant is in default according to the terms and conditions of its abatement agreement, it shall notify the applicant in writing at the address stated in the agreement that if such default is not cured within 60 days of the date of notice, then the agreement may be terminated. In the event the applicant fails to cure the default within 60 days, the agreement may be terminated and the taxes by virtue of the agreement will be recaptured and paid as provided herein.

4. In the event that the applicant fails to comply with all City ordinances, including zoning ordinances, and further fails to come into compliance within thirty (30) days after receiving notice of such violation or is found in violation of the same ordinance for a second time, the tax abatement agreement may be terminated by the City and all taxes previously abated will be recaptured and paid within 60 days of termination.

VII. Duration of Tax Abatement Guidelines and Criteria

The guidelines and criteria adopted herein are made **effective as of January 1, 2021** and shall remain in effect for two years, with an **expiration of December 31, 2022**, unless otherwise repealed by a three-fourths vote of the City Council.