

PANOLA COUNTY

TAX ABATEMENT POLICY

WHEREAS, the County of Panola having jurisdiction to adopt a tax abatement policy affecting development throughout the unincorporated area of Panola County is willing to provide abatements to qualifying/eligible real property owners who will execute an abatement agreement with the County of Panola. The County of Panola will offer this abatement to local expanding industries as well as newly recruited businesses. The abatement concept is designed to provide a significant, long-term, positive economic impact to the county by utilizing local contractors and the resident work force to the maximum extent feasible and by developing, redeveloping and improving real property. The County of Panola's goal in providing tax abatements is to create additional jobs. Unless there is irrefutable evidence that a local business would be eliminated and a similar number of jobs displaced, established local property owners will not be protected from this abatement policy being used to attract similar usage. The utilization of the real property receiving the abatement may be for any purpose approved by the Panola County Commissioners' Court Committee and meeting the minimum criteria of this policy or better.

Consideration in the Creation of this Policy

The County of Panola recognizes competition for business and development is intense. There are often many competitors for each potential relocation or expansion.

The County of Panola wishes to support the small entrepreneur when possible. The preponderance of new jobs tends to come from small companies.

Retention is recognized as more important than recruitment in providing local jobs. Surveys in Texas have shown three-fourths of new jobs come from expansion of existing local companies.

This policy strives to keep local time frames to a minimum. It is recognized that in competition with other areas, an unduly long decision making process will not be favorable to businesses which have made the decision to move and will prove to be a competitive disadvantage for the area.

Abatement Considerations

Tax abatement will normally be considered if it can be demonstrated that such development would create substantial capital improvements or jobs. Generally, tax

abatement is not designed to encourage speculative office development or retail development. However, any office or retail development which guarantees a minimum of 25 new jobs or \$400,000 annual payroll may be considered for a tax abatement.

The available abatements require the real property owner to be located within a reinvestment zone prior to the inception of the project(s), and that the real property owner is capable of entering into an abatement contract based on the following minimum criteria:

Capital cost of the project to be sufficient to increase the taxable value of the property by at least \$1,000,000 or annual payroll to be at least \$400,000 or at least 100 new permanent, full-time jobs to be created.

A portion of the value of the real property, or of tangible personal property, located on the real property, or both, may be part of the tax abatement agreement.

Real Property: Abatement for real property will be on the increase in market value of the real property from the development, redevelopment, and/or improvement specified in the abatement contract.

Personal Property: Abatement for tangible personal property will be the market value of personal property located on the real property, other than inventory or supplies. Personal property located on the real property before the period covered by the agreement will not be considered as part of an overall abatement agreement or by separate agreement.

The length of this abatement contract may be for any number of years, either on the basis of 100% per year or on any other decreasing percentage per year for up to a total of ten (10) years.

Review and Negotiations

The Panola County Commissioners' Court will enforce this policy, make changes, and ensure compliance with abatement contracts. Deviations from the original abatement contract will be dealt with by the Commissioners' Court.

The negotiation of abatement contracts will be conducted by the County Judge, or his designee, in conjunction with the Panola County Commissioners' Court. The primary responsibility for contracts to be considered by the County of Panola will lie with the County Judge or his designee. The County of Panola will adopt or reject all abatement applications after receiving recommendations from the County Judge

or his designee.

In evaluation of abatement contracts, the County of Panola will consider the burden on existing basic services that the abatement applicant will have. Those applicants whose potential service needs would drastically increase public services may be denied application for tax abatement.

This policy will be reviewed periodically at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed to determine whether its goals have been achieved. This policy is mutually exclusive of Enterprise Zone activity or other existing Industrial Development Contracts which may have additional stipulations affecting real property.

This policy shall be effective from June 7, 2024 through June 7, 2026. It is the intention of this Commissioners' Court to review the Policy prior to its expiration date on June 7, 2024, and consider its renewal.