

# **TAX ABATEMENT POLICY CITY OF KERENS, TEXAS**

## **I. PURPOSE AND OBJECTIVE**

The City of Kerens is committed to the promotion of quality development in all parts of the City and to an ongoing improvement in the quality of life for its citizens. Insofar as these objectives are generally served by the enhancement and expansion of the local economy, the City of Kerens will, on a case-by-case basis, give consideration to providing tax abatement as a stimulation for economic development in Kerens. It is the policy of the City of Kerens that said consideration will be provided in accordance with the procedures and criteria outlined in this document. Nothing herein shall imply or suggest that the City of Kerens is under any obligation to provide any incentive to any applicant. All applicants shall be considered on a case-by-case basis.

## **II. CRITERIA FOR TAX ABATEMENT**

The following threshold criteria shall be used to determine whether any tax abatement incentives shall be considered:

1. The proposed development and/or redevelopment must create at least six (6) or more jobs.
2. An investment of at least \$100,000 in property improvements or in personal property, except for inventories or supplies, must be made.
3. The project must meet all relevant zoning requirements.
4. The project must be a manufacturing, warehousing, industrial or service industry. A commercial (retail sales) project will not be considered for tax abatement.

In addition to the minimum requirements stated above, the following subjective criteria shall be considered prior to granting any economic development incentive:

1. Is the project consistent with the comprehensive plan of the City of Kerens?
2. What types and cost of public improvements and services (water and sewer main extension, streets and alleys, etc.) will be required of the City? What types and values of public improvements, if any, will be made by the applicant?
3. Will the project unfairly compete with existing local firms?

## **III. TYPES OF INCENTIVES**

It is the policy of the City of Kerens to customize the offering of economic development incentives on a case-by-case basis. This individualized design of a total incentive package is intended to allow maximum flexibility in addressing the unique concerns of each applicant while enabling the City to better respond to the changing needs of the community.

The criteria outlined in Section II above will be used to determine whether it is in the best interest of the City of Kerens to provide any economic development incentives to a particular applicant. The degree to which the specified project furthers the goals and objectives of the City of Kerens and relative impact of the specified project will be used to determine the total value of the incentives provided. As a general rule, no tax abatement will be provided to any applicant in an amount exceeding the value of the following:

1. No incentive shall be provided which abates taxes on proposed property improvements and personal property (except for inventories and/or supplies) by more than 500% over 10 years. The abatement could be 100% for five years, 50% for ten years or any combination not to exceed a total of 500% over ten years.
2. A project located in the City of Kerens Reinvestment Zone is eligible for the maximum tax abatement.
3. A project located outside the City of Kerens Reinvestment Zone is eligible for up to eighty percent (80%) of the tax abatement outlined in III(1) above or 400% over ten years.

#### **IV. APPLICATION PROCEDURES**

Any person, organization or corporation desiring that the City of Kerens consider providing economic development incentives to encourage location or expanded operations within the city limits or the extraterritorial jurisdiction of Kerens shall be required to comply with the following application procedures. However, nothing within these guidelines shall imply or suggest that the City is under any obligation to provide any incentive to any applicant.

Applicant shall file an application form as required by the City Council which shall include at least the following information:

1. Applicant shall provide a plat showing the precise location of the property, all roadways within 200 feet of the site, and all existing zoning and land uses within 200 feet of the site.
2. Legal description of the property to be improved.
3. Detailed information regarding the type, number, location and costs of planned improvements.
4. Artistic or architectural rendering of proposed improvements.
5. A statement granting access to and inspection of the property and proposed improvements by City inspectors and officials to ensure that the improvements or repairs are made according to specifications and conditions of the agreements.
6. A statement limiting 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; and
7. A statement providing 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 or create the required number of jobs as provided by the agreement.

#### **V. AMENDMENTS TO THESE GUIDELINES AND CRITERIA**

The guidelines and criteria adopted herein shall not be amended or repealed except by four-fifths (4/5<sup>ths</sup>) vote of the City Council.

#### **VI. EFFECTIVE DATE**

These guidelines and criteria adopted herein shall be effective from the date of passage and remain effective for two (2) years from such date of adoption, unless otherwise repealed by a four-fifths (4/5<sup>ths</sup>) vote of the City Council.