

ORDER NO. \_\_\_\_\_

**AN ORDER OF THE COMMISSIONERS COURT OF CALLAHAN COUNTY, TEXAS: (1) APPROVING THE CALLAHAN COUNTY, TEXAS GUIDELINES AND CRITERIA FOR TAX ABATEMENT AND OTHER ECONOMIC DEVELOPMENT; (2) APPROVING COUNTY INTENT AND ELIGIBILITY TO PARTICIPATE IN TAX ABATEMENT AND OTHER ECONOMIC DEVELOPMENT; AND (3) ESTABLISHING AN EFFECTIVE DATE AND COMPLIANCE WITH THE TEXAS OPEN MEETING ACT.**

**WHEREAS**, Callahan County, Texas (“County”) is a county of the State of Texas, having been duly created and organized under the constitution and laws of Texas, and further, the Callahan County Commissioners Court (“Commissioners Court”) is the governing body of the County; and

**WHEREAS**, pursuant to Article V, Section 18 and Article III Section 52-a of the Texas Constitution, Chapters 81 and 381 (“Chapter 381”) of the Texas Local Government Code, Chapter 312 (“Chapter 312”) of the Texas Tax Code, and other authority, the County may participate in tax abatement agreements and other authorized economic development activities as part of an economic development program designed to stimulate economic development and business and commercial activity in Callahan County, Texas; and

**WHEREAS**, pursuant to the exercise of its lawful authority, discretion, and best business judgment, the Commissioners Court desires by this order to (1) approve, adopt, and implement the **Callahan County, Texas Guidelines and Criteria for Tax Abatement and Other Economic Development** (“Guidelines”), in the form and scope attached as **Exhibit 1**, in order to stimulate economic development and business and commercial activity in Callahan County, Texas, and (2) approve County intent and eligibility to participate in tax abatement and other economic development as allowed by law; and

**WHEREAS**, the Commissioners Court finds that the successful enactment and implementation of the Guidelines, as described in **Exhibit 1**, shall achieve or substantially accomplish all public purposes described in the Guidelines and this order.

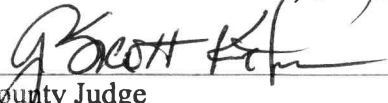
**NOW, THEREFORE, BE IT RESOLVED AND ORDERED** by the Commissioners Court of Callahan County, Texas, for and on behalf of said County and in the public interest, as follows:

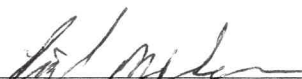
- (1) Unless otherwise designated, the past, present, or future tense shall each include the other, the masculine, feminine, or neuter gender shall each include the other, and the singular and plural number shall each include the other where necessary for a correct meaning.

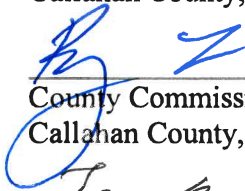
- (2) All statements made in the caption and preliminary recitals of this instrument, and all attached documents, are incorporated by reference.
- (3) The Commissioners Court hereby approves and adopts, and shall implement, the **Callahan County, Texas Guidelines and Criteria for Tax Abatement and Other Economic Development** in the form and scope attached as **Exhibit 1** in order to stimulate economic development and business and commercial activity in Callahan County, Texas.
- (4) All prior enacted County guidelines and criteria for tax abatement and other economic development are rescinded and replaced by the Guidelines attached as **Exhibit 1**, except as otherwise required by law.
- (5) Pursuant to the authority described in this order, the Commissioners Court: (a) elects for Callahan County to become eligible to participate in tax abatement and other economic development; and (b) declares County intent to participate in tax abatement and other economic development agreements from time to time through the exercise of the lawful authority, discretion, and best business judgment of the Commissioners Court in order to stimulate economic development and business and commercial activity in Callahan County, Texas.
- (6) All conditions precedent for the lawful approval and adoption of the Guidelines have been accomplished as required by law, including the: (a) performance of all required public notice; and (b) the holding of a required public hearing.
- (7) This order shall take effect immediately from and after its passage.
- (8) This matter was ordered, approved, and adopted at a meeting held in compliance with Chapter 551 of the Texas Government Code, the Texas Open Meetings Act.

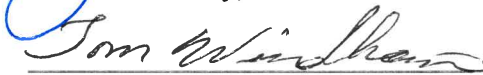
**ORDERED, APPROVED, AND ADOPTED** on the 24th day of October, 2022.


**THE COMMISSIONERS COURT OF  
CALLAHAN COUNTY, TEXAS**

  
\_\_\_\_\_  
County Judge  
Callahan County, Texas

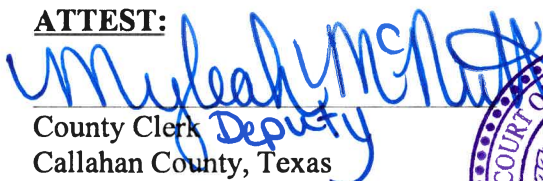
  
\_\_\_\_\_  
County Commissioner, Precinct 1  
Callahan County, Texas

  
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County Commissioner, Precinct 2  
Callahan County, Texas

  
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County Commissioner, Precinct 3  
Callahan County, Texas

  
\_\_\_\_\_  
County Commissioner, Precinct 4  
Callahan County, Texas

**ATTEST:**

  
\_\_\_\_\_  
County Clerk Deputy  
Callahan County, Texas



**EXHIBIT 1**  
**(Callahan County, Texas Guidelines and Criteria for Tax Abatement  
and Other Economic Development)**

**CALLAHAN COUNTY, TEXAS GUIDELINES AND CRITERIA FOR TAX  
ABATEMENT AND OTHER ECONOMIC DEVELOPMENT**

**(Effective Date: October 24, 2022)**

**I. Preliminary Matters**

1.1. **County and Governing Body.** Callahan County, Texas is a duly organized and operating county of the State of Texas, and the Callahan County Commissioners Court is the governing body of the County.

1.2. **Enactment.** The County, acting by and through its Commissioners Court, hereby declares this instrument, the **Callahan County, Texas Guidelines and Criteria for Tax Abatement and Other Economic Development**, to be lawfully enacted, adopted, and approved. These Guidelines are enacted and shall be implemented pursuant to and in compliance with the authority described in this instrument, including Chapter 381 of the Texas Local Government Code and Chapter 312 of the Texas Tax Code, to establish a uniform policy of tax abatement and other economic development designed to provide long term, significant, and positive economic growth for said county in the public interest.

1.3. **Website Posting.** These Guidelines shall be posted on the County's internet website as required by Chapter 312 of the Texas Tax Code and other authority.

1.4. **Application.** These Guidelines shall constitute a County economic development program which is authorized by law, and shall be implemented regarding proposed Projects, Applications, and Agreements submitted by eligible Applicants to the County requesting: (a) tax abatement as authorized by Chapter 381 of the Texas Local Government Code, Chapter 312 of the Texas Tax Code, or other applicable authority; and/or (b) another type of economic development incentive authorized to be granted by Texas counties pursuant to Chapter 381 of the Texas Local Government Code or other applicable authority.

1.5. **Authorized Economic Development Incentives.** Using its lawful authority, discretion, and best business judgment, the Commissioners Court may consider the following economic development incentives requested by an eligible Applicant regarding a proposed Project, Application, or Agreement submitted to the County, unless otherwise expressly stated in these Guidelines: an economic development incentive authorized by Chapter 381 of the Texas Local Government Code, Chapter 312 of the Texas Tax Code, or other applicable authority.

1.6. **Identification of Public Purpose.** By enacting and implementing these Guidelines, the Commissioners Court is committed to promoting the economic growth and development of Callahan County, Texas and improving the quality of life for the public. These Guidelines are enacted and shall be implemented using the lawful authority, discretion, and best business judgment of the Commissioners Court to accomplish the following non-exclusive, worthwhile, and declared public purposes:

- (a) to stimulate, encourage, and develop business location and commercial activity in Callahan County, Texas;
- (b) to promote and advertise said county and its vicinity to attract businesses, visitors, and tourism;
- (c) to establish a uniform policy of economic development for said county, and in so doing, provide long term, significant, and positive economic growth for said county and the public;
- (d) to directly engage and assist in the effort to stimulate and improve business and commercial activity in said county through the successful enactment and implementation of worthwhile economic development programs;
- (e) to encourage the acquisition, placement, location, construction, maintenance, and operation of substantial, successful business and commercial projects in said county, which, due to their size and scope, will result over time in increased economic opportunity for said county and the public, with said projects having a positive effect regarding local and regional economic issues, including but not limited to (i) increased local tax bases, (ii) increased employment, salaries, and wages, (iii) increased wholesale and retail sales, and (iv) a decrease in the number of families living in poverty;
- (f) to encourage and enhance quality business, commercial, and manufacturing development in said county in order to attract and retain high quality development and jobs;
- (g) to develop and expand the local economy by promoting and encouraging (i) development, modernization, and redevelopment that enhances the local economic base and quality of life for the public, (ii) diversification and expansion of jobs, and (iii) creation of revenue for said county;
- (h) to encourage the development of business, commercial, and/or industrial improvements in Callahan County, Texas which are feasible and practical and would be a benefit to the property included in a designated project area or tax abatement reinvestment zone after the expiration of any economic development incentive granted by the County;

- (i) to contribute to the retention or expansion of primary employment or the attraction of major investment to Callahan County, Texas that would be a benefit to the property comprising a designated project area or tax abatement reinvestment zone, and that would contribute to the economic development of said county; and
- (j) to protect and enhance the fiscal ability of said county to provide high quality public services, programs, facilities, and infrastructure for the health, safety, and welfare of the public.

1.7. **Accomplishment of Public Purpose.** The enactment and implementation of these Guidelines shall achieve or substantially accomplish the public purposes herein described.

1.8. **Term, Periodic Review, and Revision.** These Guidelines shall be effective and operable on the Effective Date and shall remain in force for two (2) years from the Effective Date unless amended or revised by the Commissioners Court or otherwise required by law. These Guidelines shall be reviewed in a timely manner, kept current pursuant to the requirements of the law, and may be amended or revised in accordance with the County's economic development needs, pursuant to the lawful authority, discretion, and best business judgment of the Commissioners Court. Should the Commissioners Court consider the amendment or revision of these Guidelines, all existing Zones and Agreements may be reviewed to determine whether the County's public policy goals have been substantially obtained. Based on that review, and notwithstanding anything to the contrary herein stated, these Guidelines may be modified, renewed, eliminated, or discontinued as allowed by law, provided that such actions shall not affect existing contracts.

1.9. **County Discretion.**

- (a) Pursuant to its lawful authority, discretion, and best business judgment, the Commissioners Court may negotiate a proposed tax abatement or other authorized economic development incentive on a case by case basis in order to compete favorably for positive economic growth.
- (b) The Commissioners Court may grant a tax abatement or other economic development incentive on the same or similar terms as other taxing entities having jurisdiction regarding a proposed business property or Project -- but the County is not required to do so. Notwithstanding anything to the contrary herein stated, these Guidelines shall not limit the lawful authority, discretion, and best business judgment of the Commissioners Court to consider, not consider, approve, disapprove, modify, or decline any proposed tax abatement or another authorized economic development incentive.

- (c) These Guidelines shall not create any property, contract, or other legal right in any Applicant, person, or business entity for the County to consider, approve, or grant (in whole or in part) any tax abatement or another authorized economic development incentive.

1.10. **Effective Date.** The Effective Date of these Guidelines is October 24, 2022.

1.11. **Conditions Precedent.** All conditions precedent and notice for the lawful enactment of these Guidelines have been accomplished.

1.12. **Notice.** Unless otherwise designated in this instrument, a notice or document submission to the County required by these Guidelines shall be in writing and delivered by the United States Postal Service by certified mail, or by courier, or by hand-delivery, with proof of delivery established by a delivery receipt or other document. The County's contact official regarding notice or a document submission required by these Guidelines is designated as follows: County Judge, Callahan County, Texas, Callahan County Courthouse, 100 West 4<sup>th</sup> Street, Suite 200, Baird, Texas 79504 (telephone 325-854-5805).

1.13. **Partial Invalidity.** Should any part of this instrument be determined invalid by a court, other tribunal, administrative agency, or government office, the remainder shall remain fully effective and operable.

1.14. **Headings.** The separate headings contained in this instrument are for reference and convenience only and shall not limit or otherwise affect in any way the meaning of any part of this instrument.

1.15. **Adopted Authority.** The following authority, as amended, including the express and implied regulatory powers and authority therein granted to the County, are approved and adopted by the County to support the enactment, interpretation, and implementation of these Guidelines: Article V, Section 18 and Article III Section 52-a of the Texas Constitution; Chapters 81 and 381 of the Texas Local Government Code; Chapter 312 of the Texas Tax Code; and all other authority described in this instrument.

1.16. **Declaration of County Intent.** Pursuant to Chapters 312 and 381, the Commissioners Court hereby: (a) elects for Callahan County, Texas to become eligible to participate in tax abatement and other economic development; and (b) declares the County's intent to participate in tax abatement and other economic development agreements from time to time through the exercise of the lawful authority, discretion, and best business judgment of the Commissioners Court in order to stimulate economic development and business and commercial activity in Callahan County, Texas as described in this instrument.



## **II. Definitions and Interpretation**

2.1. **Common Word Usage.** Unless specially defined, words and phrases used in this instrument shall be interpreted according to their common usage or meaning in order to result in the most reasonable application and interpretation.

2.2. **Special Definitions.** Unless otherwise designated in this instrument, the following special definitions shall apply:

- (a) **“Abatement”** shall mean the full or partial abatement from ad valorem taxation (based on an agreed diminution of appraised value) of certain designated Eligible Property located in a tax abatement reinvestment zone or enterprise zone for authorized economic development purposes pursuant to these Guidelines.
- (b) **“Affected Jurisdiction”** shall mean Callahan County, Texas or any municipality, school district, or other taxing entity located in said county that levies ad valorem taxes upon or provides services to property located within a proposed or existing Project development site, Project area, tax abatement reinvestment zone, or enterprise zone.
- (c) **“Agreement”** shall mean an agreement between the County and Applicant in which an economic development incentive, including but not limited to tax abatement, authorized by this instrument is granted or described for a Project pursuant to an approved Application.
- (d) **“Applicant”** shall mean the person or business entity seeking through a Project Application: (i) the creation of a tax abatement reinvestment zone or enterprise zone; or (ii) a grant from the County by an Agreement of a tax abatement or another economic development incentive authorized by this instrument for a Project. The Applicant shall be the actual owner, lessor, or lessee of the proposed Project property and improvements. Applicant shall include the Applicant’s directors, partners, members, managers, officers, employees, agents, contractors, permitted assigns. and successors.
- (e) **“Application”** shall mean the fully executed and complete application (including all supporting documents) submitted to the County in accordance with these Guidelines by an Applicant seeking: (i) the creation of a tax abatement reinvestment zone or

enterprise zone; or (ii) a grant from the County by an Agreement of a tax abatement or another economic development incentive authorized by this instrument.

- (f) **“Chapter 312”** shall mean Chapter 312 of the Texas Tax Code.
- (g) **“Chapter 381”** shall mean Chapter 381 of the Texas Local Government Code.
- (h) **“Chapter 551”** shall mean Chapter 551 of the Texas Government Code, the Texas Open Meetings Act.
- (i) **“Chapter 2303”** shall mean Chapter 2303 of the Texas Government Code relating to an enterprise zone.
- (j) **“Commencement of construction”** shall mean the placement or initial construction of Project improvements after the Effective Date at a Project site or in Zone; however: (i) the storage of building materials shall not constitute commencement of construction; and (ii) design, engineering, site preparation, and similar preliminary activities shall not constitute commencement of construction.
- (k) **“Commissioners Court”** shall mean means the Commissioners Court of Callahan County, Texas.
- (l) **“County”** shall mean Callahan County, Texas, including its elected officials, appointed officials, employees, and agents.
- (m) **“County Judge”** shall mean the County Judge of Callahan County, Texas.
- (n) **“Development”** shall mean any actual or proposed man-made change to improved or unimproved real property, or to a river, watercourse, lake, or other body of water, including but not limited to (i) activity related to buildings or other structures, (ii) mining, dredging, filling, grading, paving, excavation or drilling operations, or (iii) the storage of equipment or materials.
- (o) **“District”** shall mean the Callahan County Appraisal District, including its directors, chief appraiser (“Chief Appraiser”), other officers, employees, agents, and representatives, with its current business office located at 132 West 4<sup>th</sup> Street, Baird, Texas 79504-

5314 (telephone 325-854-5865).

- (p) **“Economic development incentive”** shall include the following matters authorized by law for Texas counties: (i) pursuant to § 381.004 of the Texas Local Government Code (1) using county employees or funds for an economic development program, (2) accepting contributions, gifts, donations, or other resources to develop and administer an economic development program, (3) tax abatement agreements as authorized by Chapters 312 and 381, and (4) making loans and grants of public money and providing personnel and services of a county; (ii) tax abatement agreements pursuant to Chapters 312 and 381; and (iii) any other applicable economic development incentive authorized by Chapters 381, 312, or other law for Texas counties.
- (q) **“Effective Date”** shall mean October 24, 2022, the date these Guidelines were approved by the Commissioners Court.
- (r) **“Eligible Property”** shall mean Project property designated as eligible for tax abatement or the grant of another economic development incentive authorized by these Guidelines.
- (s) **“Guidelines”** shall mean this instrument.
- (t) **“Ineligible Property”** shall mean Project property designated as ineligible for tax abatement or the grant of another economic development incentive authorized by these Guidelines.
- (u) **“TLMCID”** shall mean the Texas Labor Market & Career Information Department of the Texas Workforce Commission.
- (v) **“Modernization”** shall mean the expansion, upgrading, or replacement of existing facilities for a Project which increases productive input or output, updates technology, or substantially lowers unit cost of the Project’s operation. Modernization may result from Project construction, alteration, or installation of buildings, structures, or fixed machinery or equipment; however, modernization shall not include the reconditioning, refurbishing or repairing of Project real or personal property.
- (w) **“Project”** shall mean a proposed business development project (including modernization, and all real property, personal property, facilities, and jobs related thereto), located, constructed, operated,

and maintained in Callahan County, Texas and: (i) made the subject of an Application submitted by an Applicant; or (ii) made the subject of an Application request by an Applicant for a grant of a tax abatement or another economic development incentive authorized by this instrument.

- (x) **“Recipient”** shall mean the recipient of a tax abatement or another authorized economic development incentive granted by the County to an Applicant through the approval and execution of an Agreement.
- (y) **“State”** shall mean the State of Texas and its administrative agencies.
- (z) **“Temporary jobs”** shall mean newly created Project employment positions on a full-time or part-time but non-permanent basis, including construction, installation, maintenance, or office jobs.
- (aa) **“Zone”** shall mean a tax abatement reinvestment zone or enterprise zone comprised of a contiguous land area located in Callahan County, Texas and authorized by Chapters 312, 381, 2303 or other applicable authority.

2.3. **Tense, Gender, and Number.** Unless otherwise designated, the past, present, or future tense shall each include the other, the masculine, feminine, or neuter gender shall each include the other, and the singular and plural number shall each include the other, where necessary for a correct meaning in this instrument. All statements made in the preliminary recitals of this instrument are incorporated by reference.

2.4. **Minimum Requirements.** These Guidelines shall be considered as requiring minimum requirements or standards for Projects, Applications, and Agreements seeking the grant of authorized economic development incentives from the County. These minimum requirements shall be liberally construed in favor of the County.

2.5. **Repeal of Prior Guidelines.** All guidelines and criteria for tax abatement or other economic development enacted by the County prior to the Effective Date are hereby rescinded, repealed, and replaced by these Guidelines unless otherwise required by law.

### **III. Minimum Standards**

3.1 **Taxable Value.** In order for Eligible Property located in Callahan County, Texas for a Project to be considered for a grant by the County of a tax abatement or another economic

development incentive authorized by this instrument, the Project must add at least \$1,000,000.00 in taxable property value (in aggregate) to the County tax roll.

### **3.2 Applicant Eligibility.**

- (a) **Tax Abatement.** An Applicant shall be eligible to apply to the County for the grant of a tax abatement if: (i) a Zone already has been established regarding a Project, or a Zone is requested in the Application; (ii) Applicant is the actual owner, lessor, or lessee of the Project property; (iii) the issuance of a building permit or commencement of construction for the Project has not occurred; and (iv) the Project and Application meet the applicable requirements of this instrument.
- (b) **Other Economic Development Incentive.** An Applicant shall be eligible to apply to the County for an economic development incentive other than tax abatement (as authorized by this instrument) for a Project if: (i) Applicant is the actual owner, lessor, or lessee of the Project property; (ii) the issuance of a building permit or commencement of construction for the Project has not occurred; and (iii) the Project and Application meet the applicable requirements of this instrument.

### **3.3 Creation of New and Commensurate Value.**

- (a) **Tax Abatement.** A tax abatement may be granted by the County based on the applicable issues of analysis described in these Guidelines. The County may grant a tax abatement for a Project only for the new or additional value of Eligible Property accrued subsequent to the filing of an Application and specified in the Agreement executed between the County and Applicant pursuant to these Guidelines, however: (i) a tax abatement grant by the County for a Project may occur only to the extent the revenue and/or other benefits realized by the County for the Project exceed a minimum amount established by the Agreement; and (ii) those public benefits must be commensurate with the value of the tax abatement granted by the County.
- (b) **Other Economic Development Incentive.** An economic development incentive other than tax abatement may be granted by the County based on the applicable issues of analysis described in these Guidelines. The County may grant such an incentive for a Project only to the extent: (i) the revenue and/or other benefits

realized by the County for the Project exceed a minimum amount established by the Project Agreement; and (ii) those public benefits must be commensurate with the value of the economic development incentive granted by the County.

**3.4 Eligible Property.** The taxable property identified by Chapter 312 as being eligible for county tax abatement may be considered by the County for tax abatement or another economic development incentive authorized by these Guidelines, unless otherwise designated in this instrument; however, nothing in these Guidelines shall limit the lawful authority, discretion, and best business judgment of the Commissioners Court to consider, adopt, grant, modify, or decline any request for tax abatement or the grant an authorized economic development incentive, as herein described.

**3.5 Ineligible Property.** The following property is designated as Ineligible Property for County tax abatement and this Ineligible Property shall be fully taxable at all times: (a) land; (b) inventories; (c) supplies; (d) tools; (e) animals; (f) furnishings; (g) vehicles and vessels; (h) private aircraft; (i) deferred maintenance investments; (j) property in a Zone or Project area owned by a non-Applicant lessor; (k) property not located in a Zone or Project area; (l) property located in a Zone or Project area before the signing of an Agreement; (m) property located in a Zone or Project area after the termination or expiration of an Agreement; (n) property located in a Zone or Project area and used by Applicant for an activity not for or related to the approved Project; (o) property located in a Zone or Project area and used by Applicant in violation of an Agreement; and (p) property designated by Chapter 312 or these Guidelines as ineligible for tax abatement.

**3.6 Fully Taxable Property.**

- (a) **Tax Abatement Agreement.** Upon the execution of an Agreement involving the County's grant of a tax abatement, Applicant's Eligible Property and Ineligible Property in the Zone shall be assessed and taxed by the County according to its full appraised value without tax abatement for the periods occurring: (i) after the execution date of the Agreement, but prior to commencement of the abatement period specified in the Agreement; (ii) after the expiration of the abatement period specified in an Agreement; and (iii) after the termination of the Agreement. Applicant's Ineligible Property in the Zone shall be assessed and taxed at all times according to its full appraised value, without tax abatement.
- (b) **Other Economic Development Incentive.** Upon the execution of an Agreement involving the County's grant of an authorized economic development incentive other than tax abatement, all of Applicant's taxable property located in the designated Project area

and described in an Application, Agreement, and Project shall be assessed and taxed by the County according to the full appraised value of said property, without tax abatement.

**3.7 Economic Development Factors.** Through an Agreement, the County may grant a tax abatement or other economic development incentive authorized by these Guidelines for a Project based on a review and analysis of the following economic development factors and issues, which shall be identified and described in an Application:

- (a) **Jobs.** All jobs proposed for the Project (including new, permanent, and temporary jobs), will be considered, including:
  - (i) the number and type of existing jobs to be retained as a result of the Project, the number and type of new jobs (whether temporary or permanent) to be created by the Project, and the average amount of local payroll to be created as a result of the Project;
  - (ii) salaries/wages of the Project jobs, including (1) whether the annual salary or wage amount for each job shall exceed the Callahan County, Texas average salary/wage rate, as determined by the TLMCID pursuant to its data released for the most recent year with four full quarters of data determined, (2) a description of all health care, pension, or other benefits associated with each job, and (3) whether all or part of the employee health care benefits or other benefits will be paid by the employer; and
  - (iii) the number and type of jobs performed or to be performed by Callahan County, Texas residents for the Project.
- (b) **Fiscal and Economic Impact.** The fiscal and overall economic impact of the Project will be considered, including the:
  - (i) kind, number, and location (including type, value, and productive life) of the existing and proposed Project property and improvement;
  - (ii) Project construction schedule, commencement of operations, and estimated length of time the Project will be operating in Callahan County, Texas;
  - (iii) uses to be applied to said property and improvements;

- (iv) amount of real and personal taxable property value to be added to the local tax rolls as a result of the Project;
- (v) amount of wholesale or retail sales of goods or services to be produced in said county by the Project;
- (vi) the Project payments to be made by Applicant to the County (or to any Affected Jurisdiction, government entity, person, or individual) regarding any proposed deferral year compensation, payments in lieu of taxes, or economic development grants or donations associated with the Project;
- (vii) the type, value, and productive life of all proposed public improvements resulting from or needed for the Project, including all proposed County-funded transportation, drainage, or other public infrastructure or improvements;
- (viii) the amount by which property tax valuations may be increased by the Project, before, during, and after the proposed economic incentive grant period requested by Applicant;
- (ix) whether the County's costs and expenses incurred (including attorney and other consultant fees) for its review, consideration, negotiation, implementation, and administration of the Project will be reimbursed by Applicant;
- (x) a financial analysis of the (1) economic development incentives sought to be received by Applicant for the Project from any source (including any Affected Jurisdiction, governmental entity, business entity, or individual), (2) provisions identifying the source of funding and method for calculating a tax abatement or another an economic development incentive sought for the Project, and (3) taxes estimated to be paid to the County and the other Affected Jurisdictions (segregated by taxing entity for each year of the estimated life of the Project), for the Project, including therein (a) Applicant's proposed depreciation schedules and values for Project improvements (and in the case of a modernization Project, a statement of the assessed value of the existing



improvements, which shall be separately stated for real and personal property for the tax year immediately preceding the Application date), (b) economic incentive values being sought from all Affected Jurisdictions, and (c) value of the Project improvements after the conclusion of the Project economic incentive grant period;

- (xi) the description of the method and means for measuring whether Applicant and any other responsible parties have met their obligations pursuant to a Project Agreement;
- (xii) the population growth estimated for Callahan County, Texas for the life of the Project, as a direct result of the Project;
- (xiii) whether Applicant promptly will repair the damage, or provide payment to the County for the damage, caused by Project operations to the public infrastructure of the County, including its public road and bridge system;
- (xiv) whether Applicant will: (1) annually and timely furnish the District's Chief Appraiser the information described in Chapter 22 of the Texas Tax Code or other authority, as may be necessary or advisable for the proper administration of any Agreement executed with the County for the Project; (2) render its Project improvements, Eligible Property, and Ineligible Property located in Callahan County, Texas for ad valorem taxation in Callahan County, Texas; and (3) designate Callahan County, Texas as the situs for the appraisal, assessment, levy, and collection of taxes on said property by the County, and as the situs for the payment of said taxes by Applicant regarding said property, for the purposes of and pursuant to an Agreement;
- (xv) regarding a Project Agreement, a description of the proposed term, termination, default, remedy, indemnity, governmental immunity, assignment, and other potential administration and litigation issues, including without limitation: (1) default definitions and the application of default-cure or force majeure extension provisions, and whether said provisions will not be applicable to excuse timely performance of the Agreement in certain situations, (2) the extent to which the County may pursue all litigation

remedies allowed by law or equity due to an Applicant default, including (a) the recapture of the tax abatement or other economic development incentives granted to Applicant by the Agreement (and all penalties and interest allowed by law), and (b) the recovery of all damages, attorney's fees, reimbursement and other costs or expenses, interest, offsets, and credits incurred by or otherwise due the County; (3) whether Texas law will be designated as the choice of law between the parties to control Agreement interpretation and performance; (4) whether mandatory venue provisions designating a court of competent jurisdiction in Callahan County, Texas, or the proper federal court designated for said county, will be agreed as the situs for litigation; (5) a description of County indemnity rights for liability issues and events occurring as a result of Project construction, operation, maintenance, or repair; and (6) the extent to which the County may terminate, cancel, or modify an Agreement with or without cause;

- (xvi) the estimated financial impact (whether positive or negative) on existing businesses in Callahan County, Texas as a result of the Project;
- (xvii) the potential for new business activity to be attracted in said county as a result of the Project;
- (xviii) based on the size and scope of the Project, whether: (1) market conditions and the growth potential are favorable or unfavorable for Project success given economic and market conditions; (2) Applicant has the financial strength and capability to successfully undertake, complete, operate, and maintain the Project for its estimated life in Callahan County, Texas; (3) Applicant has been involved in any business failures, bankruptcy, or litigation for the collection of delinquent financial obligations, including taxes, or for other contract performance violations; and (4) whether a delinquency for the payment of ad valorem taxes currently exists or has existed in the past regarding real or personal property owned or leased by Applicant in any jurisdiction;
- (xix) whether Applicant will agree to spend a designated minimum amount annually for the life of the Project in

Callahan County, Texas (i.e., a local spend commitment), said minimum amount to include all salaries/wages paid by Applicant for Project jobs in said county, but said amount not to include any amounts spent by Applicant for Project improvements or payments to the County or other Affected Jurisdictions.

- (xx) whether Applicant will: (1) allow the County and District access to Applicant's business records and Project site for the purposes of inspection, review, and/or copying (at County or District expense) to ensure that (a) Project improvements are in compliance with a Project Agreement, and (b) Applicant compliance has occurred with all terms and provisions of a Project Agreement; and (2) certify annually to each Affected Jurisdiction that Applicant is in compliance with the Project Agreement; and
  - (xxi) the identity of Applicant's (1) affiliate business entities (whether senior or subordinate affiliates, or partially or wholly owned, held, or operated), and (2) directors, partners, officers, members, managers, and senior management staff, and those of an Applicant affiliate.
- (c) **Community Impact.** The community impact of the Project will be considered, including:
- (i) the opportunities for Callahan County, Texas business entities and persons to supply goods, services, and/or labor for the Project;
  - (ii) the revitalization of any economically depressed area in said county as a result of the Project;
  - (iii) the impact on other taxing entities in said county as a result of the Project;
  - (iv) the employment opportunities associated with the Project; and
  - (v) whether the Project will (1) contribute to the retention or expansion of primary employment in said county, and (2) attract major investment that would be a benefit to the Project property and surrounding property, and that would

contribute to the economic development of said county.

#### **IV. Procedure**

##### **4.1.1 Application Required.**

- (a) The Applicant may request the creation of a Zone and/or Agreement by submitting a written Application (and 3 complete copies) in full compliance with these Guidelines to the County Judge at his office address described in paragraph 1.12.
- (b) The Application shall be in the form of a cover letter with all necessary, desired, and supporting documents attached.
- (c) Regarding an Application for a tax abatement, a non-refundable filing fee shall be paid by Applicant to the County when the Application is submitted to the County Judge. This filing fee shall be in the amount of \$1,000.00 and paid by Applicant in the form of a cashier's check or money order made payable to the order of Callahan County, Texas.

**4.2 Applicant Signature.** The Application must be signed by the Applicant and provide complete contact information for the Applicant.

**4.3 Application for Zone and/or Agreement.** An Application for the creation of a Zone and/or Agreement at minimum shall contain the following:

- (a) documents sufficient to describe the Project, Zone, and designated Project area;
- (b) a map or plat, property description, and site plan which adequately identify and describe: (i) all land of the designated Project area or Zone; (ii) whether the Zone or designated Project area is wholly located in Callahan County, Texas; and (iii) whether the Zone or designated Project area contains land in an incorporated municipality;
- (c) a description of: (i) the economic development factors and issues for analysis described in paragraphs 3.1 and 3.7; and (ii) regarding tax abatement and proposed creation of a Zone, the issues stated in §§ 312.202 and 312.402 of the Texas Tax Code;

- (d) a description of all property for which a tax abatement or another authorized economic development incentive will be requested;
- (e) a proposed construction schedule for completing and implementing the Project;
- (f) financial and project information sufficient for the County to evaluate Applicant's financial capacity to successfully complete and implement the Project;
- (g) regarding an enterprise zone, all information required by Chapters 312 and 2303 for said Zone;
- (h) should a variance be requested, a description of (i) all facts and the submission of all documents deemed necessary or desired by Applicant to support the request, and (ii) the identify of all witnesses who may testify in support of the request; and
- (i) a statement by the Applicant that all facts contained in the Application are true and correct.

**4.4 Commissioners Court Action.** The Application may be granted in full, denied in full, or granted or denied in part by the Commissioners Court to the extent deemed appropriate to the public interest as described in paragraph 1.9. The County shall give all public notice required by law regarding the proposed creation of a requested Zone or Agreement.

**4.5 Zone Approval and Creation.** The creation of an enterprise zone and approval of any related tax abatement Agreement shall be governed by the applicable provisions of these Guidelines and Chapters 2303. Regarding a tax abatement reinvestment zone and approval of any related tax abatement Agreement, the following procedures shall apply:

- (a) **New Zone Creation.** Should Applicant request to locate the Project in an area of Callahan County not then designated as an existing tax abatement reinvestment zone, the Commissioners Court, using its lawful authority, discretion, and best business judgment may proceed to consider Applicant's Zone request and may set the matter for a public hearing as required by law. If the Zone is approved and created by the Commissioners Court after the public hearing, a submitted Applicant tax abatement Agreement request for Project property in the Zone then may be considered for approval by the Commissioners Court, again using its lawful authority, discretion, and best business judgment, and

pursuant to the procedures required by Chapters 312, 381, and 551, and these Guidelines.

- (b) Existing Zone. Should Applicant request to locate the Project in an area of Callahan County, Texas designated as an existing, active Zone, a submitted Applicant tax abatement Agreement request for Project property in the Zone then may be considered for approval by the Commissioners Court, again using its lawful authority, discretion, and best business judgment, and pursuant to the procedure required by Chapters 312, 381, and 551, and these Guidelines.

**4.6 Agreement Approval.** Once an Agreement for a tax abatement or other economic development incentive authorized by these Guidelines is approved by the Commissioners Court in the manner required by law and these Guidelines, it shall be executed by the Applicant and the County (by and through the County Judge on behalf the Commissioners Court). The Agreement shall contain and address the following matters as negotiated by the parties:

- (a) regarding all Agreements – a description of the applicable issues described in §§ 312.204-.205, 312.207, 312.402, and 312.404 of the Texas Tax Code, and paragraphs 3.1, 3.7, and 4.3 of these Guidelines.
- (b) regarding a tax abatement Agreement -- a description of the (i) abatement period, which shall be no longer than 10 years in duration as required by law, and (ii) total value of Eligible Property to be abated, and the percent or degree of value to be abated each year;
- (c) regarding all Agreements – a description of the proposed use of the Eligible Property for the Project (in compliance with these Guidelines), nature and type of its construction, a time schedule for completing Project construction, sufficient mapping, a property description for the Project, and a list of all proposed Project facilities and improvements;
- (d) regarding all Agreements – a description of the reasonable access rights granted by Applicant to the County and District to inspect Project land, property, improvements, facilities, and business records of Applicant, in order to verify compliance with the Agreement and ensure that the public purposes herein described are achieved or substantially accomplished.

- (e) regarding all Agreements -- the kind, number, and location of all proposed Project improvements and facilities to be located in the Zone or designated Project area;
- (f) regarding all Agreements -- the limitation, if any, regarding the uses of the Applicant's Project property in the Zone or designated Project area, consistent with any Project description approved by the County and the County's general purpose of encouraging modernization, development, and redevelopment of the Zone or designated Project area during the Agreement; and
- (g) regarding all Agreements -- provisions showing compliance with all other applicable federal, state, or local authority or regulations, including (i) Chapters 2264 (relating to restrictions on use of certain public subsidies) and 2271 (relating to prohibitions on contracts with companies boycotting Israel) of the Texas Government Code, (ii) Chapters 171 and 176 (relating to conflicts of interests) of the Texas Local Government Code, and (iii) Form 1295/Texas Ethics Commission, Certificate of Interested Parties procedure, pursuant to § 2252.908 of the Texas Government Code.

**4.7 Variance.**

- (a) A variance request from the strict application of a requirement of these Guidelines shall be made in writing by Applicant and submitted as a part of the Application.
- (b) The Commissioners Court may not grant a variance from these Guidelines which violates this paragraph 4.7.
- (c) Notwithstanding anything to the contrary stated in these Guidelines, the total duration of an abatement period in a tax abatement Agreement may not exceed 10 years pursuant to § 312.007 of the Texas Tax Code and other authority; therefore, no variance can be granted regarding that mandatory statutory issue.
- (d) A variance from these Guidelines only may be granted (i) pursuant to a recorded public vote of the Commissioners Court conducted at a public meeting in compliance with the Texas Open Meetings Act, (ii) pursuant to the lawful authority, discretion, and best business judgment of the Commissioners Court, and (iii) in compliance with these Guidelines.

- (e) The following variance standards are approved and adopted. A variance to a requirement of these Guidelines may be granted by the Commissioners Court when the evidence and attendant circumstances reasonably establish that:
  - (i) a special circumstance exists which, if these Guidelines are strictly enforced, will deprive the Applicant of a privilege or use enjoyed by similarly situated developers with similarly timed development of the same nature and scope;
  - (ii) the variance will be a minimum departure from these Guidelines and not be in violation of applicable federal, state, or other local law;
  - (iii) the variance will not create a special privilege or use for Applicant that is not enjoyed by similarly situated property or developers with similarly timed development of the same nature or scope;
  - (iv) the variance must be based on the general intent of these Guidelines and in the public interest;
  - (v) the variance must not prevent or impair the safe, healthy, or orderly development of other land in the county;
  - (vi) all required fees, if any are required, have been paid to the County, unless the Applicant is a unit of government and the fees are waived by a variance grant; and
  - (vii) a delinquent tax liability or unpaid claim of money or other funds is not owed by Applicant to the County or any other taxing entity in Callahan County, Texas.

## **V. Administration**

5.1 Regarding a tax abatement Agreement, the following administrative procedures are adopted:

- (a) The District's Chief Appraiser annually shall determine an assessment of the real and personal property comprising a Zone. Each year the Recipient shall furnish the Appraiser with such information as may be necessary or desired for the administration



of the Zone or Agreement. Once value has been established, the Chief Appraiser shall notify the Commissioners Court of the amount of the assessment as described below.

- (b) The District's Chief Appraiser annually shall determine a certified appraised value assessment, and tax abatement assessment, of all real and personal property in and regarding the approved Zone and Agreement, and the following additional requirements and procedures are adopted:
  - (i) On May 1st of each year of the Agreement, the Recipient shall certify to the following entities its compliance with the Agreement: (i) the County; (ii) the District; and (iii) each Affected Jurisdiction.
  - (ii) The County and District shall annually evaluate the Project and facility in the Zone or designated Project area to verify compliance by the Recipient with the Agreement. A formal report shall be made annually to the Commissioners Court regarding the evaluation.
  - (iii) Each year of the Agreement, the Recipient shall furnish the District with such information as may be necessary or advisable for the certified appraised value and abatement evaluation. Once those evaluations have been established, the Chief Appraiser shall notify the Commissioners Court and recipient of those evaluations.
  - (iv) The Zone, Eligible Property, and Ineligible Property of the Recipient will be appraised by the District at full market value for the purposes of property tax assessment for each year of the Agreement. This value may change during the term of the Agreement. The calculation of tax abatement and other components of the Agreement will make use of this appraised value determination, as determined for each tax year of the Agreement.
  - (v) The District annually shall determine on January 1<sup>st</sup> of each tax year of the Agreement the certified appraised value (excluding labor costs) of the: (1) land area of the Zone (with existing improvements, if any) at full value without tax abatement; (2) tangible personal property in said Zone at full value without tax abatement; (3) Eligible Property in

said Zone at full value without tax abatement; (4) Ineligible Property in said Zone at full value without tax abatement; and (5) taxable value of the immediately preceding items (1) through (4) pursuant to the terms of tax abatement described in the Agreement.

- (vi) The District will record its determination of the aforesaid certified appraised value, and abated taxable value (pursuant to the abatement described in the Agreement) in the District records. The Recipient may apply for all applicable tax exemptions authorized by law. The certified appraised value listed in the District records shall be used to compute the amount of abated taxes required to be recaptured and paid in the event of a termination or default of the Agreement.
- (vii) After approval and execution of the tax abatement Agreement, a designated representative of the County and the District shall, at least annually, inspect and evaluate the Project site, Zone, and the business records of the Recipient to verify compliance with the Agreement and ensure that the public purposes herein described are achieved or substantially accomplished. A formal report shall be made annually to the Commissioners Court regarding the evaluation.
- (viii) All periodic reporting to be performed by the Recipient regarding the designated Zone, Project site, and performance of the Agreement for the Project shall be completed in a timely and proper manner in accordance with these Guidelines and the Agreement.

5.2 Regarding an Agreement not involving the grant of tax abatement, the following administrative procedures are adopted:

- (a) On May 1st of each year of the Agreement, the Recipient shall certify to the following entities its compliance with the Agreement: (i) the County; (ii) the District; and (iii) each Affected Jurisdiction.
- (b) After approval and execution of said Agreement, a designated representative of the County shall, at least annually, inspect and evaluate each Project site and the business records of the Recipient to verify compliance with the Agreement and ensure that the public

purposes herein described are achieved or substantially accomplished. A formal report shall be made annually to the Commissioners Court regarding the evaluation.

- (c) All periodic reporting required to be performed by the Recipient regarding the designated Project area and performance of the Agreement for the Project shall be completed in a timely and proper manner in accordance with these Guidelines and the Agreement.

5.3 All proprietary information acquired by the County or District for purposes of monitoring compliance with the Agreement shall be considered confidential unless otherwise required by law, including Chapter 552 of the Texas Government Code, the Texas Public Information Act.

## **VI. Assignment**

6.1 An Agreement may not be assigned without the written consent and approval of the County. The County's decision to approve or not approve an assignment shall be based upon: (a) the exercise of the lawful authority, discretion, and best business judgment of the Commissioners Court; (b) the financial capacity of the proposed assignee to perform the Agreement; (c) whether the proposed assignor or assignee allowed taxes owed to any taxing entity to become delinquent and unpaid; and (d) the interests of the public.

6.2 A permitted assignment of an Agreement shall: (a) require that all rights, duties, obligations and liabilities of the Agreement are assigned from the assignor to the assignee; (b) require the assignee to irrevocably and unconditionally assume all duties and obligations of the assignor stated the Agreement; (c) require the assignment to be subject to requirements of Chapters 381 and 312; (d) not exceed the termination date of the initial Agreement; (e) not violate the provisions of the Agreement, these Guidelines, or any applicable statute or local regulation; and (f) be in a form and scope acceptable to the County.

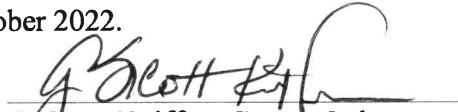
**[End of Guidelines]**

**CERTIFICATION OF ADOPTION REGARDING:  
CALLAHAN COUNTY, TEXAS GUIDELINES AND CRITERIA FOR TAX  
ABATEMENT AND OTHER ECONOMIC DEVELOPMENT**

**APPROVED AND ADOPTED BY:** Commissioners Court of Callahan County, Texas  
Effective Date: October 24, 2022.

I, G. Scott Kniffen, the undersigned, being the County Judge of Callahan County, Texas and the Presiding Officer of the Commissioners Court of Callahan County, Texas (“Commissioners Court”), do hereby certify that: (1) the above and foregoing instrument is the **Callahan County, Texas Guidelines and Criteria for Tax Abatement and Other Economic Development** (“Guidelines”); (2) the Guidelines were duly considered, approved, and adopted by the Commissioners Court at a public meeting duly convened and conducted on this date; and (3) copies of the Guidelines may be obtained from the official minutes of the Commissioners Court filed with and maintained by the County Clerk of Callahan County, Texas, and from the internet website maintained by Callahan County, Texas at [www.callahancounty.org](http://www.callahancounty.org).

**SIGNED** on this 24<sup>th</sup> the day of October 2022.

  
G. Scott Kniffen, County Judge  
Callahan County, Texas

**ATTEST:**

\_\_\_\_\_  
County Clerk, Callahan County, Texas

or

  
\_\_\_\_\_  
Deputy County Clerk, Callahan County, Texas

