

Texas Business Taxes

Texas does not have a state income tax on individuals and corporations.

Funding for the state is from sales tax and other major funding for local communities is from sales tax and property tax. The per capita tax in Texas is lower than most other states. Independent School District in Marshall levy a property tax and there are no special taxing districts in the City.

State Sales Tax 6.25%

Local Sales Tax 2.0%

- Equipment purchased for manufacturing purposes is not subject to a sales tax.
- There is no sales tax on water and sewer services, pollution control equipment, and manufacturing raw materials
- Electricity and natural gas sales tax is exempt if 50% or more of the utility is used in the production process
- A gross receipts tax does not apply to manufacturing companies. A gross receipts tax is collected on utility companies and mixed beverages.
- Although Harrison County does not tax inventory under Freeport Exemption, Hallsville Independent School District (located in Harrison County) does tax inventory.
- Texas does not impose a corporate income tax

For more information on the City of Marshall taxes and Harrison County taxes please call: 903-935-1991 or check out Harrison County Appraisal Office website: www.harrisoncad.org

Resolution No. B-96-16

RESOLUTION OF THE CITY COMMISSION OF MARSHALL , TEXAS ADOPTING GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN A REINVESTMENT ZONE CREATED IN MARSHALL, TEXAS

WHEREAS, the creation and retention of job opportunities in Marshall, Texas are of the highest priority to the City of Marshall, Texas; and

WHEREAS, new jobs and investment will benefit the area economy, provide needed opportunities, strengthen the real estate market and generate tax revenue to support local services; and

WHEREAS, the City of Marshall must compete with other cities and localities across the nation currently offering tax inducements to attract new industrial and business prospects and modernization projects; and

WHEREAS, any tax abatement inducements should not adversely affect the competitive position of existing companies operating in Marshall, Texas; and

WHEREAS, Section 312.002 (a) of the Texas Tax Code requires an eligible taxing jurisdiction to establish Guidelines and Criteria as to eligibility for tax abatement agreements prior to granting of any future tax abatement, said Guidelines and Criteria to be unchanged for

a two-year period unless amended by a three-quarters vote of the participating governing body; and

WHEREAS, these Guidelines and Criteria shall not be construed as implying or suggesting that the participating governing body is under an obligation to provide tax abatement or other incentive to any applicant and all applicants and all applicants shall be considered on a case by case basis.

NOW, THEREFORE, BE IT RESOLVED that the City Commission of the City of Marshall, Texas, hereby adopts the following Guidelines and Criteria for granting tax abatement and establishing reinvestment zones in Marshall, Texas effective the 22nd day of August, 1996.

COUNTY OF HARRISON

POLICY-STATEMENT CRITERIA AND GUIDELINES FOR TAX ABATEMENT

I. General Purpose and Objectives.

The County of Harrison is committed to enhancing the competitiveness and the expansion potential of the County's (The County) manufacturing industry; to attracting and encouraging new manufacturing industry and investment; to improving the County and its infrastructure which attracts and supports development; and to expanding the tax base, employment opportunities, and the overall quality of life for its citizens. Therefore, the County of Harrison will give consideration, on a case-by-case basis, to providing tax abatement according to state law to the owners of real property for projects, which stimulate economic growth and diversification in Harrison, Texas. Tax abatement benefits may be made available to industrial, manufacturing, distribution, retail (only if located in a designated Enterprise Zone), and service facilities currently in the County or locating the County. New facilities and structures as well as the expansion and modernization of existing facilities and structures, will be considered. Evaluation of a tax abatement request will be based on the information provided in the tax abatement application. However, the County is under no obligation to provide tax abatement to any applicant.

II. Guidelines.

A. Tax abatement may only be granted for the additional value of eligible property improvements

made subsequent to and specified in an abatement between the County and the property owner or lessee subject to such limitations as the County may require. The additional value must exceed any reduction in the fair market value of other property of the owner already on the tax role within the jurisdiction of the County. Change in appraised value does not qualify for abatement except in the instance where a previously vacant facility is utilized. Value added to the tax rolls must come from actual capital expenditures.

B. Eligible property for which abatement may be granted includes nonresidential real property and/or tangible personal property located on the real property at any time before the abatement agreement becomes effective. Excluded from eligible person property is inventory or supplies. Real property tax abatement may be granted only to the extent that its value for each year of the agreement exceeds its value for the year in which the agreement is executed.

- C. To initiate the tax abatement process, a tax abatement applicant shall submit an application to the County Judge of the County. The form of the application, and the information required therein, shall be determined by the County.
- D. For any area within the jurisdiction of the County to be eligible for the tax abatement it must meet the criteria for designation as a tax abatement reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, Texas Tax Code Chapter 312. The County may adopt an order designating a tax abatement reinvestment zone only after a public hearing has been held, notice of the public hearing has been published at least seven (7) days before the date of the hearing, and all other procedural requirements of Chapter 312 have been satisfied. Incident to approval of any ordinance designating a reinvestment zone, the County shall find that the improvements sought are feasible and practical and would be a benefit to the land to be included in the zone and to the County after the expiration of the agreement. Any designated tax abatement reinvestment zone shall expire five (5) years from date of designation and may be renewed for periods not to exceed five (5) years. The tax expiration of the designation does not affect an existing tax abatement agreement made in accordance with this policy.
- E. No tax abatement agreement shall exceed a term of (10) years from the date of execution.
- F. In determining where and how tax abatements will be utilized, the County will examine the potential return on the public's investment. Return on public investment will be measured in the terms of net jobs created, jobs retained, broadening of the tax base, and expansion of the economic base.
- G. Individual taxing units governing a reinvestment zone may choose to grant tax abatement to an owner or lessee, but according to state law, the terms of the agreements must be identical to the agreement already executed by the County.
- H. At any time before the expiration, any tax abatement agreement may be terminated by mutual consent of all parties involved in the same manner that the agreement was executed.

III. Criteria.

- A. A tax abatement agreement must, at a minimum:
 - 1. list the location, the type of improvements, and the dollar value of all proposed improvements to the property;
 - 2. provide for County employees or agents of the County to have access and and authority to conduct inspections of the eligible property to insure that the improvements or repairs are made in accordance with the agreement;
 - 3. limit the uses of the eligible property to remain consistent with encouraging development or redevelopment of the tax abatement zone during the term of the tax abatement agreement; and
 - 4. provide for recapturing of property tax revenue lost as a result of the agreement if the owner or lessee of the eligible property fails to make the improvements or repairs as provided by the agreement.
- B. The owner or lessee of eligible property requesting tax abatement within a tax abatement reinvestment zone shall, prior to the commencement of eligible property improvements,

agree

to expend a designated sum of money and provide a certain number of jobs or annual payroll as further defined below.

1. Industrial, Manufacturing, Distribution and Service Businesses

Tax abatement may be made available to industrial, manufacturing, distribution and service businesses located anywhere within Harrison's County limits based on the following:

- a. To be eligible for any tax abatement there must be a minimum capital investment of \$100,000.00 and at least (10) new full time jobs to the County labor force.
- b. When an abatement percentage has been agreed upon it shall be granted for years one (1) through three (3), there will be a 25% reduction in the original amount abated beginning with a year four (4) and each subsequent year until 100% of the property evaluation is added to the tax rolls.

CAPITAL INVESTMENT	MINIMUM and/or ANNUAL PAYROLL	JOBS CREATED	POSSIBLE ABATEMENT
\$100,000- 200,000	125,000	10-25	20%
201,000- 300,000	325,000	26-50	30%
301,000- 400,000	635,000	51-75	40%
401,000- 500,000	945,000	76-100	50%
501,000- 600,000	1,260,000	101-125	60%
601,000- 700,000	1,570,000	126-150	70%
701,000- 800,000	1,880,000	151-175	80%
801,000- 900,000	2,190,000	176-200	90%
901,000-1,000,000	2,500,000	201-225	100%

- c. Any project with a capital investment of more than one million dollars (\$1,000,000.00), or an annual payroll of two and one-half million dollars (2,500,000.00), or creating more than 225 new full-time jobs will be individually negotiated.
- d. If a business is located or will locate within an Enterprise Zone, an additional 10-20% abatement may be available as individually negotiated, with total abatement not to exceed 100%.

2. Retail/Commercial Businesses

Tax abatement may be made available only to those retail/commercial business which are located within an Enterprise Zone if:

- a. A minimum capital expenditure of \$100,000.00 is made on eligible property improvements; and
- b. At least 50 full-time permanent jobs are created during the time period as negotiated in the tax abatement agreement.

If the above criteria are met, tax abatement will be as follows:

CAPITAL INVESTMENT	MINIMUM and/or ANNUAL PAYROLL	JOBS CREATED	POSSIBLE ABATEMENT
\$ 100,000-250,000	620,000	50-75	20%
251,000-500,000	945,000	76-150	30%
501,000-1,000,000	1,880,000	151-300	40%
1,000,001-1,500,000	3,750,000	301-450	50%
1,500,001-2,000,000	5,615,000	451-600	60%
2,000,001-2,500,000	7,480,000	601-750	70%
2,500,001-3,000,000	9,350,000	751-900	80%
3,000,001-3,500,000	11,220,000	901-1,050	90%
3,500,001-4,000,000	13,000,000	1,050 & Over	100%

- c. When an abatement percentage has been agreed upon it shall be granted for years one (1) through three (3), there will be a 25% reduction in the original amount abated beginning with year four (4) and each subsequent year until 100% property evaluation is added to the tax rolls.
- d. Any project with a capital investment of more than four million dollars (\$4,000,000.00), or an annual payroll of thirteen million dollars (\$13,000,000.00), or creating more than 1,051 new full-time jobs will be individually negotiated.
- e. Inventory or supplies are not eligible as personal property for abatement purposes.

IV. Administration, Contract Review and Monitoring, and Reporting

- A. The Harrison Central Appraisal District shall be primarily responsible for the administration, review, and monitoring of tax abatement agreements authorized by the County of Harrison under these guidelines. These responsibilities shall include verifying that participants in tax abatement agreements are in full compliance with the terms of the agreement.
- B. The Harrison Central Appraisal District shall expeditiously advise the County in writing of any instances of contract non-compliance by tax abatement participants. In addition, the Harrison Central Appraisal District shall, on an annual basis, perform a performance review of the activities of each tax abatement participant and report the findings of such review to the County.
- C. The County of Harrison shall retain the right to independently review and audit the activities of tax abatement participants.
- D. The County of Harrison shall be responsible for enforcement of the terms of any tax abatement agreement authorized hereunder.

V. Conclusion

These guidelines and criteria are effective for a two year period from the effective date of adoption by a resolution of the County of Harrison. This policy may be renewed after that date using the same procedure for adoption as was followed for this adoption. Any amendment, alteration, or repeal of these guidelines and criteria can become effective upon a majority vote by of the members of the County Commissioners Court.

For a tax abatement application of additional information contact:

Harrison County Commissioners Court
Courthouse, Room 315
Marshall, Texas 75670
phone 903-935-4805
fax 903-935-4813