
City Tax Incentives

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Tax abatement for the **City of Nacogdoches** will not be ordinarily considered for projects, which would develop without such incentives, unless it can be demonstrated higher development standards, aesthetic improvements will be added, and/or other development and community goals will be achieved through the use of abatement. Tax abatements are granted to owners of improvements on real property. If an applicant leases a facility to which an application for tax abatement will relate, the Agreement shall be executed with owner of the property on which the facility is located, as well as the lessee/applicant.

Within the context of these goals, the city will, on a case-by-case basis, give consideration to providing incentives as a stimulus for economic development in Nacogdoches. It is the policy of the city that said consideration will be provided in accordance with procedures and criteria outlined in this document. Nothing herein shall imply or suggest the city is under obligation to provide an incentive and/or any extension of any incentive given to any applicant.

Sec. 94-278. Criteria for tax abatement.

Any request for tax abatement shall be reviewed by the city and the proposed project must conform to the general guidelines specified below:

1. Any request must involve a development project that will add at least five new full-time jobs or retain at least five existing full time jobs or increase the ad valorem value by at least \$250,000 in new construction, or \$50,000 in rehabilitation of an existing structure.
2. Project shall make a substantial contribution to development efforts in the city by enhancing either additional improvements or furthering redevelopment and preservation activities within special planning areas.
3. Project shall comply with all current environmental standards.
4. No construction shall have begun until application is approved.
5. Competition within the city should not be increased by the project.

Applications for tax abatement incentives should provide a written narrative detailing how project relates to above criteria. Architect's drawings, elevations, renderings may be required to show how some standards will be met. These drawings, elevation and renderings shall be accurate in color, façade changes and landscape plans.

The subjective criteria outlined in section 94-278 will be used to determine if it is in the best interest of the city to provide tax abatement to a particular applicant. To determine amount abated on any increment in value added to the current ad valorem value of property the following objective criteria must be met:

1. New industry or commercial establishment.

Project Cost or Jobs
(whichever is greater)

Percent Taxes Abated by Year

Project Cost

Jobs

1st

2nd

3rd

4th

5th

\$250,000

-

\$400,000

or

5+

100%

80%

60%

40%

20%

Any project with costs greater than \$400,000 or which create more than 6 new jobs will be individually negotiated.

2. Rehabilitation of existing industry or commercial establishment.

Project Cost or Jobs
(whichever is greater)

Percent Taxes Abated by Year

Project Cost

Jobs

1st

2nd

3rd

4th

5th

\$50,000

-

\$250,000

or

5+

100%

80%

60%

40%

20%

Any project with costs greater than \$200,000 or creating more than 5 new jobs will be individually negotiated.

Tax Increment Financing. Tax increment financing is a tool that local governments can use to publicly finance needed structural improvements and enhanced infrastructure within a defined area. The cost of improvements to the area is repaid by the contribution of future tax revenues by each taxing unit that levies taxes against the property. Tax increment financing may be initiated only by a city.