

**Exhibit "A"**  
**City of Longview**  
**Policy Statement**

**Amended and Restated Criteria and Guidelines for Tax Abatement**

**February 24, 2022**

**I. General Purpose and Objectives.**

The City of Longview is committed to enhancing the competitiveness and the expansion potential of Longview's manufacturing and industrial industry; to attracting and encouraging new manufacturing and industrial investment; to improving the City 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 City of Longview 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 Longview, 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 Longview or locating in Longview. 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 City of Longview 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 or increased in the year of or subsequent to the year in which the abatement agreement is entered into and as specified in an abatement agreement between the City and the property owner or lessee subject to such limitations as the City may require. The additional value must exceed any reduction in the fair market value of other property of the owner already on the tax roll within the jurisdiction of the City. 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 other than that personal property that was located on the real property at any time before the abatement agreement becomes effective. Excluded from eligible personal property are inventory and supplies unless specifically allowed by the City for eligible Industrial, Manufacturing, Distribution and Service Businesses as provided in Section III.B.1. 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. Rolling stock may receive a maximum abatement of (50%). In order to receive any tax abatement, rolling stock must be (i) otherwise eligible for tax abatement under this policy statement; and (ii) rendered for ad valorem property taxation within the City of Longview on the real property for which a tax abatement is granted; and (iii) used directly in the business being conducted on or from the real property for which a tax abatement is granted. For purposes of this policy statement, "rolling stock" shall mean tangible personal property that (i) is removed from the real property for which the tax abatement was granted at any time during the period in which the abatement agreement is effective and (ii) is so removed for any purpose other than maintenance, repair, replacement, or disposal.

- C. To initiate the tax abatement process, a tax abatement applicant shall submit an application to the City Manager of the City of Longview, with a copy of said application to be forwarded by the applicant to the President/CEO of the Longview Economic Development Corporation. The form of the application, and the information required therein, shall be as determined by the City and the Longview Economic Development Corporation. Following receipt of an application, a committee composed of one (1) member each from the City of Longview; the affected county: Gregg or Harrison; and any other taxing unit that wishes to consider granting a tax abatement to the applicant, shall be formed to recommend the adoption or rejection of all applications. The Longview Economic Development Corporation shall serve as staff to the committee. In addition, no tax abatement application shall be considered for further processing by the City of Longview unless first approved by the governing board of the Longview Economic Development Corporation.
  
- D. For any area within the jurisdiction of the City of Longview 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 City Council may adopt an ordinance 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 City Council 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 City after the expiration of the agreement. Any designated tax abatement reinvestment zone shall expire five (5) years from the date of designation and may be renewed for periods not to exceed five (5) years. The expiration of the designation does not affect an existing tax abatement agreement made in accordance with this policy.

- E. No tax abatement shall exceed a term of ten (10) years.
- F. The negotiation of tax abatement contracts will be conducted by the Longview Economic Development Corporation, in conjunction with the City Manager or the City Manager's designee. In determining where and how tax abatement will be utilized, the committee 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 City (unless the property is in an enterprise zone).
- H. At any time before 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, as a minimum:
  - 1. list the kind, number, and location of all proposed improvements to the property and the dollar value of all proposed improvements to the property;
  - 2. provide for City employees to have access and authority to conduct inspections of the eligible property to ensure 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 reinvestment zone during the term of the tax abatement agreement;
  - 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;
  - 5. contain each term agreed to by the owner or lessee of the property;
  - 6. require the owner of the property to certify annually to the governing body of each taxing unit that the owner is in compliance with each applicable term of the agreement;

7. provide that the City Council of the City of Longview may cancel or modify the agreement if the property owner fails to comply with 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 Longview's city limits or extra territorial jurisdiction (ETJ) 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 ten (10) new full-time jobs to the Longview labor force.

Capital Investment	and/or Minimum Annual Payroll	and/or Jobs Created	Possible Abatement
\$100,000.00 – 200,000.00	125,000	10-25	20%
200,000.01 – 300,000.00	325,000	26-50	30%
300,000.01 – 400,000.00	635,000	51-75	40%
400,000.01 – 500,000.00	945,000	76-100	50%
500,000.01 – 600,000.00	1,260,000	101-125	60%
600,000.01 – 700,000.00	1,570,000	126-150	70%
700,000.01 – 800,000.00	1,880,000	151-175	80%
800,000.01 – 900,000.00	2,190,000	176-200	90%
900,000.01 – 1,000,000.00	2,500,000	201-225	100%

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 year four (4) and each subsequent year until the 100% property evaluation is added to the tax rolls.

c. Notwithstanding the foregoing provisions to the contrary, 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 (and in such case, the possible abatement is 100%, with up to a 10-year duration).

- 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%.
- e. Inventory and/or supplies are eligible as tangible personal property for abatement purposes for industrial, manufacturing, distribution, and service businesses. However, any such abatement for inventory or supplies will be considered by the City on a case-by-case basis. The percentage of such an abatement shall be as approved by the City on a case-by-case basis.

2. Retail/Commercial Businesses

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

- a. A minimum capital expenditure of \$100,000.00 is made on eligible property improvements;
- 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 is met, tax abatement will be as follows:

Capital Investment	and/or Minimum Annual Payroll	and/or Jobs Created	Possible Abatement
\$ 100,000.00 – 250,000.00	620,000	50-75	20%
250,000.01 – 500,000.00	945,000	76-150	30%
500,000.01 – 1,000,000.00	1,880,000	151-300	40%
1,000,000.01 – 1,500,000.00	3,750,000	301-450	50%
1,500,000.01 – 2,000,000.00	5,615,000	451-600	60%
2,000,000.01 – 2,500,000.00	7,480,000	601-750	70%
2,500,000.01 – 3,000,000.00	9,350,000	751-900	80%
3,000,000.01 – 3,500,000.00	11,220,000	901-1,050	90%
3,500,000.01 – 4,000,000.00	13,000,000	1,051 & over	100%

- c. When an abatement percentage has been agreed upon, it shall be granted for years one (1) through three (3), with a 25% reduction in the original amount abated beginning with year four (4) and each subsequent year until the 100% property evaluation is added to the tax rolls.
- d. Notwithstanding the foregoing provisions to the contrary, 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 full-time permanent jobs will be individually negotiated (and in such case, the possible abatement is 100%, with up to a 10-year duration).

- e. Inventory and supplies of retail/commercial businesses are not eligible as tangible personal property for abatement purposes.

#### **IV. Administration, Contract Review and Monitoring, and Reporting.**

- A. The City of Longview's Department of Financial Services shall be primarily responsible for the administration, review, and monitoring of tax abatement agreements authorized by the City of Longview 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 Department of Financial Services shall expeditiously advise the City Manager in writing of any instances of contract non-compliance by tax abatement participants. In addition, the Department of Financial Services shall, on an annual basis, conduct a performance review of the activities of each tax abatement participant and report the findings of such review to the City Council.
- C. The business receiving a tax abatement must provide agents or representatives of the City of Longview with access to and authorize inspection of any and all records of said business, including without limitation federal and state unemployment reports, payroll reports, Employer's Quarterly Report to the Texas Workforce Commission, and federal income tax forms such as W-2 forms, in order to allow said agents or representatives to determine whether said business is in compliance with the tax abatement agreement, including without limitation, the employment requirements of the agreement. At a minimum, said business must provide such access during its normal business hours.
- D. The City of Longview 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 City Council of the City of Longview. 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 only become effective upon a vote by three-fourths of the members of the City Council.