



# HARRIS COUNTY, TEXAS

## COMMISSIONERS COURT

Department of Economic Equity and Opportunity

1010 Lamar St., Suite 300 Houston, Texas 77002, (713) 274-1400

Lina Hidalgo  
*County Judge*

Rodney Ellis  
*Commissioner, Precinct 1*

Adrian Garcia  
*Commissioner, Precinct 2*

Tom S. Ramsey, P.E.  
*Commissioner, Precinct 3*

Lesley Briones  
*Commissioner Precinct 4*

## GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN A REINVESTMENT ZONE CREATED IN HARRIS COUNTY

**Whereas**, the creation and retention of job opportunities that bring new wealth is the highest civic priority; and

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

**Whereas**, the communities within Harris County must compete with other localities across the nation currently offering tax inducements to attract jobs and investments; and

**Whereas**, any tax incentives offered in Harris County would reduce needed tax revenue unless strictly limited in the application to those new and existing industries that bring effective and equitable stimulus and economic opportunities to the region; and

**Whereas**, any tax incentives should not have a substantial adverse effect on the competitive position of existing companies operating in Harris County; and

**Whereas**, tax incentives should not be used to attract those industries that have demonstrated a lack of commitment to protecting our environment, and the health of those living in close proximity to the facility, but should be used to encourage projects designed to protect both environmental and human health as well as reduce emissions and conserve water; and

**Whereas**, the abatement of property taxes, when offered to attract primary jobs in industries which bring investment from outside a community instead of merely recirculating dollars within a community, and that but for such an incentive would not be economically feasible, has been shown to be an effective method of enhancing and diversifying an area's economy; and

**Whereas**, Chapter 312 of the Texas Tax Code requires any eligible taxing jurisdiction to establish Guidelines and Criteria as to eligibility for tax abatements prior to granting any tax abatement, said Guidelines and Criteria to be unchanged for a two-year period unless amended by a three-quarters vote; and

**Whereas**, to assure a common, coordinated effort to promote our communities' economic development, any such Guidelines and Criteria should be adopted only through the cooperation of municipalities, taxing jurisdictions, and Harris County; and

**Whereas**, Harris County Commissioners Court has approved the circulation of Guidelines and Criteria to affected taxing jurisdictions for consideration as a common policy for all jurisdictions choosing to participate in tax abatement agreements; and

**Now**, therefore, be it resolved that Harris County does hereby adopt these Guidelines and Criteria for granting tax abatements within reinvestment zones created in Harris County.

## **SECTION 1 DEFINITIONS**

- a. **"Abatement"** means partial exemption from ad valorem taxes of certain real property (including fixed-in-place machinery and equipment) in a reinvestment zone designated for economic development purposes.
- b. **"Agreement"** means a contractual agreement between a property owner and/or lessee (the Owner) and an eligible jurisdiction for the purposes of tax abatement.
- c. **"Base Year Value"** means the appraised value in the reinvestment zone on January 1 preceding the effective date of the tax abatement agreement, plus the agreed upon value of eligible property improvements made after January 1 but before the effective date of the agreement, or the sales price if the property was conveyed subsequent to January 1, whichever is greater.
- d. **"Brownfield Facility"** means real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.
- e. **"Competitive Market Wage"** means the greatest of (a) the wage established through industry analysis, competitive markets and business financial evaluation, or prevailing wage rates; (b) the minimum hourly wage in effect at the time for workers on Harris County projects per the Harris County Minimum Wage Policy for Contract Workers; or (c) the minimum hourly wage in effect at the time for Harris County employees.
- f. **"Competitively-Sited Project"** means a project where the applicant has completed a written evaluation of competing locations for expansion, relocation, or new operations, including identification of specific sites in those locations.
- g. **"Convergence Technology Facility"** means companies engaged in research and development activities, computer and other electronic systems and hardware design or testing, software development, testing, or publishing, wireless communication, or related manufacturing.
- h. **"Detailed Investment Schedule"** means the capital investment proposed by the applicant for the proposed project. Such detailed investment schedule is subject to the Harris County Appraisal District's review and determination of eligible property for abatement calculation in accordance with the Texas Tax Code and these Guidelines and Criteria.

- i. **"Economic Life"** means the number of years a property improvement is expected to be in service in a reinvestment zone.
- j. **"Eligible Jurisdiction"** means Harris County (the County) and any municipality or other taxing jurisdiction eligible to abate its taxes according to Texas law that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone.
- k. **"Employee"** means a person whose employment is both permanent and full-time, who works for and is an employee of the Owner or an employee of a contract provider to the Owner, who works a minimum of 1,750 compensated hours over a 12-month period (full-time equivalent) exclusively within the reinvestment zone, who receives industry-standard benefits, and whose employment is reflected in the Owner's (and/or contract provider's, as applicable) quarterly report filed with the Texas Workforce Commission (TWC); but **excluding** any direct contract (seasonal, part-time, and full-time equivalent).

For purposes of labor protections, including safety, wage, and anti-retaliation standards, "Employee" shall also include any individual performing work on the project, regardless of tenure or hours worked.

- l. **"Expansion"** means the addition of buildings, structures, or fixed-in-place machinery and equipment for purposes of increasing production capacity.
- m. **"Facility"** means property improvements completed or in the process of construction which together comprise an integral whole.
- n. **"Fair Chance Hiring"** means giving employment applicants the opportunity to demonstrate their qualifications for an available position without criminal history being the sole basis of denying such opportunity. By way of example only, the Harris County Fair Chance Policy is located at:

<https://hrrm.harriscountytexas.gov/Portals/hrrm/documents/Fair%20Chance%20Policy.pdf>

- o. **"Green Industries Facility"** defined as companies engaged primarily in clean energy and resource conservation. "Clean energy" includes research and development, headquarters, production, or manufacturing projects that involve any type of energy efficiency, clean energy storage, energy resource conservation, smart grid, renewable energy, clean mobility, or low- or no-emissions alternative fuel technology. "Resource conservation" includes companies involved in the research, development and manufacturing of products focused on improved efficiency, conservation, and availability of natural resources including clean air and water.
- p. **"Labor Protections"** include construction-worker safeguards, such as County-mandated safety procedures for contractors – including the Record Safety Policy and Worksite Safety Policy – along with wage standards and anti-retaliation protections for any individual performing work on the project, regardless of tenure or hours worked.
- q. **"Manufacturing Facility"** means buildings and structures, including fixed-in-place machinery and equipment, the primary purpose of which is or will be the manufacture of

tangible goods or materials or the processing of such goods or materials by physical or chemical change.

- r. **"MWBE"** means Minority/Women-owned Businesses and Enterprises.
- s. **"New Facility"** means a property, previously undeveloped, which is placed into service by means other than or in conjunction with expansion or modernization.
- t. **"Other Basic Industry Facility"** means buildings and structures including fixed-in-place machinery and equipment not elsewhere described, used or to be used for the production of products or services which primarily serve a market in the creation of new permanent employment and bring in new wealth.
- u. **"HUD Qualified Census Tract"** or HUD-QCT is a common, readily accessible, and geographically granular method of identifying communities with a large proportion of low-income residents. As provided by the U.S. Department of Housing and Urban Development (HUD), a Qualified Census Tract, refers to any population census tract in which either:
  - 1. The poverty rate for such tract is at least 20 percent; or
  - 2. At least 50 percent or more of the households within the tract have incomes below 60 percent of the Area Median Gross Income (AMGI).
- v. **"HUD Difficult Development Area"** or HUD-DDA is a common, readily accessible, and geographically granular method of identifying areas with high land, construction, and utility costs relative to the area's median income. As provided by HUD, Difficult Development Areas are those areas with the highest ratios of area housing costs to area median income that cumulatively comprise 20 percent of the 2020 area population, excluding the HUD-QCT. Thus, an area can be designated as a HUD-QCT or a HUD-DDA, but not both.
- w. **"Regional Distribution Center Facility"** means buildings and structures, including fixed-in-place machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the facility operator where a majority of the goods or services are distributed to points at least 100 miles from any part of the County boundaries.
- x. **"Regional Entertainment Facility"** means buildings and structures, including fixed-in-place machinery and equipment used or to be used to provide entertainment through the admission of the general public where the majority of users reside at least 100 miles from any part of the County boundaries.
- y. **"Regional Service Facility"** means buildings and structures, including fixed-in-place machinery and equipment used or to be used to service goods where a majority of the goods being serviced originate at least 100 miles from any part of the County boundaries.
- z. **"Research Facility"** means buildings and structures, including fixed-in-place machinery

and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.

- aa. **"Research and Development Facility"** means buildings and structures, including fixed-in-place machinery and equipment, used or to be used entirely for research or experimentation to improve or develop current technology in biomedicine, electronics, clean energy, or pre-commercial emerging industries.
- bb. **"Workforce Development"** means job training and/or skills building opportunities, programs, or policies.

## SECTION 2 ABATEMENT AUTHORIZED

- a. **Authorized Facility.** A facility may be eligible for abatement if it is a: Convergence Technology Facility, Green Industries Facility, Manufacturing Facility, Brownfield Site, Research Facility, Regional Distribution Center Facility, Regional Service Facility, Regional Entertainment Facility, Research and Development Facility, or Other Basic Industry Facility.
- b. **Creation of New Value.** Abatement may only be granted for the additional value of eligible real property (including fixed-in-place machinery and equipment) listed in an agreement between the County and the property owner and/or lessee as applicable, subject to such limitations as Commissioners Court and the Texas Property Tax Code may require.
- c. **Eligible Property.** An abatement may be extended to the value of buildings, structures, fixed-in-place machinery and equipment, site improvements plus that office space and related fixed-in-place improvements necessary to the operation and administration of the facility or that contribute to mitigation of existing air, emissions, water, or soil pollution. The value of all property shall be the Certified Appraised Value for each year, as finally determined by the Harris Central Appraisal District (HCAD).
- d. **Ineligible Property.** The following types of property shall be fully taxable and ineligible for abatement: land; inventories; supplies; tools; furnishings, and other forms of movable personal property; vehicles; vessels; aircraft; housing; hotel accommodations; deferred maintenance investments; property to be rented or leased (except as provided in Leased Facilities below); property with an economic life of less than 15 years; property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas, or any property exempted by local, state or federal law. When such exempted property includes manufacturing machinery and equipment listed in the Investment Budget (as required in the Application), then the value of such property may not be included toward the achievement of investment or valuation thresholds set out in the Agreement.
- e. **Leased Facility.** If a leased facility is granted a tax abatement, then the Agreement shall be executed with both the lessor (property owner) and the lessee.
- f. **Value and Term of Abatement.** A tax abatement shall be granted in accordance with

the terms of a tax abatement agreement, as follows:

1. Projects are eligible for abatement of new value, subject to an abatement cap to be calculated as \$1 million per job created/retained times the number of such jobs as required in a tax abatement agreement. Such cap shall not exceed the increased value requirement as set out in the Agreement and will be adjusted annually. To determine the amount of the abatement each year, the Adjusted Cap shall be multiplied by up to 50%, up to a total of 10 years. Under no circumstance will any facility receive the benefit of a tax abatement for more than 10 years. The value of eligible property must remain greater than or equal to the contractually-defined minimum value requirement.
  2. No tax abatement shall be given in any year in which the facility fails to meet the contractually-defined minimum value requirement.
  3. No tax abatement shall be given in any year in which the facility fails to meet the contractually-defined employment creation and retention requirement.
  4. The Agreement shall set out in detail the exact method to be used in computing the tax abatement each year.
- g. **Basic Qualifications for Tax Abatement.** To be eligible for designation as a reinvestment zone and receive tax abatement the planned improvement:
1. must be shown to increase the appraised value of the property by at least \$1 million upon completion of the contractually-defined construction period;
  2. must be shown to directly create or prevent the loss of permanent full-time employment for at least 25 people within the reinvestment zone upon completion of the contractually-defined employment period;
  3. must provide salaries to all workers at the company's facilities related to the incentive Agreement, at a "Competitive Market Wage" with Workers' Compensation Insurance;
  4. must, regardless of project size, hire at least 50 percent of its new employees at the project location from residents of the County of Harris and subject to documentation evidencing compliance, as submitted by the company;
  5. must commit to making a good faith effort to increase opportunities for MWBE contractors and subcontractors in alignment with the Harris County policy and practices for the construction of the project including Harris County's aspirational goal for MWBE participation which equates to 30 percent of the total construction investment (hard costs and soft costs);
  6. must ensure that at least 15 percent of total construction labor hours, calculated in the aggregate across all trades, are performed by individuals enrolled in a U.S. Department of Labor (DOL)-registered apprenticeship program or equivalent bilingual craft training program. This requirement applies to all phases of construction, alteration, or repair occurring prior to the facility being placed in service.

Projects with total construction budgets \$10 million and under must achieve at least 10 percent apprenticeship labor hours. Projects exceeding \$10 million must achieve at least 15 percent.

Applicants must submit certified payroll or equivalent documentation demonstrating compliance, disaggregated by trade. Recipients must notify the County-designated monitor within 15 business days of material project changes (construction schedule, labor needs, contractor substitutions) that affect apprenticeship utilization.

For mechanical, electrical, and plumbing (MEP) trades, the apprenticeship requirement applies to all MEP-related hours. For general construction trades – this includes but are not limited to: carpentry, masonry, painting, drywall, roofing, site preparation, and other non-MEP on-site work – the same requirement applies across contractors and subcontractors.

7. must not involve contractors that have (1) any judicial or administrative findings or judgments of, or settlements substantiating, wage theft, (2) any violations that result in contractors' bids being deemed nonresponsive under the Harris County Contractor Safety Record Policy, which can be located here: <https://deco.harriscountytexas.gov/About/Harris-County-Contractor-Safety-Policy>, (3) any final judicial or administrative findings or judgments of, or settlements substantiating, retaliation against workers who report safety issues, (3) any final judicial or administrative findings or judgments of, or settlements substantiating, retaliation against workers who report safety issues;
8. have a human resources benefits policy and contractor safety record policy: (1) meeting all applicable state and federal requirements, including provision of health benefits at a level which, as determined by the Commissioners Court, meet or exceed the requirements of the Patient Protections and Affordable Care Act in effect as of the date of the adoption of these Guidelines and Criteria; and (2) including the applicant's offering group coverage or contribution to health benefits in a dollar amount that provides meaningful opportunity for all workers to purchase coverage for all Employees and Employee family members ("all" Employees and Employee family members defined to include same sex/domestic partners); and (c) including the applicant's sustainable workforce development plan, scholarship opportunities for job training and skills development, certification, apprenticeship, and/or education programs; and (d) including prohibition of retaliation against employees who report safety issues on the site;
9. provide the County with a copy of the applicant's equal employment opportunity policy. An equal employment opportunity policy must account for Fair Chance Hiring opportunities. If the applicant does not have a written equal employment policy at the time of application, applicant must provide County with a written plan for adoption of such policy, to be completed and provided to the County prior to any Agreement being executed. If the law prohibits application of a specific policy (for example, a Fair Chance Hiring Policy with respect to a particular security position), then please submit an explanation of the relevant law and its application to the specific role is required.
10. must be **competitively-sited**;
11. must be shown not to solely or primarily have the effect of transferring employment from one part of the County to another;
12. must provide OSHA-10 training for construction workers and OSHA-30 training for

supervisors, as applicable, in a language the employees can understand at no cost to the employee; and

13. must prohibit any retaliation by Owner against workers who report safety issues on the site.
  14. must comply with all applicable laws and inspections during and after construction, and
  15. must comply with additional project-specific requests as deemed necessary by the Commissioners Court.
- h. **Taxability.** From execution to expiration of Agreement, taxes shall be payable as follows:
1. value of ineligible property in the reinvestment zone shall be fully taxable;
  2. non-abatable real property in the reinvestment zone shall be fully taxable each year;
  3. additional value of new eligible property shall be taxable in the manner described in Value and Term of Abatement;
  4. if Base Year Value decreases during the term of a tax abatement or if an additional exemption is granted by the state or federal government, then the maximum amount of abatable value to be used in abatement calculation (the Cap) will be reduced each year at the same rate; and
  5. each year the exemption will be computed by HCAD in the following manner:
    - (a) Current Property Value will be the current appraised value of all Eligible property and existing property within the reinvestment zone for the year in which the Abatement Agreement is executed.
    - (b) Base Year Value will be subtracted from the Current Property Value, the result to be called "Current Amount Eligible for Abatement," provided the result is greater than or equal to the value of Eligible property. In no case may this amount exceed the lower of the Cap (see h. 4.) or the Adjusted Cap (see f. 1.).
    - (c) Current Amount Eligible for Abatement is multiplied by up to 50 percent to determine the amount of exemption in each year, after adjustment is made to the Cap, if applicable.
- i. **Environmental and Worker Safety Qualification.** In determining whether to grant a tax abatement, consideration will be given to compliance with all state and federal laws designed to protect human health, welfare and the environment (environmental laws) that are applicable to all facilities in the State of Texas owned or operated by the owner of the facility or lessee, its parent, subsidiaries and every member of the joint venture or partnership, as applicable (applicants). Consideration will also be given to compliance with environmental and worker safety laws by applicants at other facilities within the United States.
- j. **Leadership in Energy and Environmental Design (LEED®) Tax Abatement.** If the owner of a new commercial construction project has registered with the U.S. Green Building Council (USGBC) seeking LEED Certification, or other Green Building Certification, Inc. (GBCI) certifications related to new commercial construction projects, then the County Department of Economic Equity and Opportunity (DEEO) may

recommend approval of a partial tax abatement for the incremental investment associated with obtaining such certification. The Agreement shall be effective for up to 10 years, at a percentage based upon the level of certification actually obtained after completion of construction:

1. LEED (or equivalent GBCI certification) Certification Level and Imputed LEED-Related Value Increment:

(a) Certified (Basic) Level	1%
(b) Silver Level	2.5%
(c) Gold Level	5%
(d) Platinum Level	10%
  2. The minimum value increase requirement derived from the Imputed LEED-Related Value Increment to meet the eligibility test is \$100,000.
  3. This type of tax abatement may be sought by an applicant of the County's standard economic development tax abatement or as a stand-alone tax abatement. When an applicant seeks only a LEED Certification Tax Abatement, no job creation target or competitive siting will be required in order to qualify. The investment requirement will be at least \$1 million for a commercial structure with Platinum LEED Certification, and at least \$10 million for a commercial with the Basic Certification (assumes percentages from preceding table and minimum value increase of \$100,000).
  4. Applicant must be registered with USGBC seeking LEED Certification (or equivalent GBCI certification), prior to submitting its Application to the County.
  5. The Application for a LEED Certification Tax Abatement must be submitted to the County prior to commencing construction of the applicable new development. A non-refundable application fee of \$1,000 specifically for a LEED Certification Tax Abatement, made payable to Harris County, must be provided to the County with an Application.
  6. The Agreement shall become effective in the year the application is approved by Commissioners Court and effective up to 10 years. However, the tax abatement benefit (i.e., partial exemption of value from ad valorem taxes) shall not commence until construction of the project is completed and LEED Certification is obtained by the applicant. The value of the tax abatement shall be calculated on the appraised value after LEED Certification is obtained.
  7. The value of the tax abatement may be increased by up to \$1,000 in the final year of the Agreement at the County's discretion.
- k. **Additional Incentive to Locate New Project in HUD-QCT in the County.** Construction of a new eligible facility in a HUD-Qualified Census Tract within the County, as determined on the application date, may enable DEEO to recommend that Commissioners Court approve an additional tax abatement up to 10 percent.
1. A qualifying project must nevertheless meet the basic requirements for an economic development tax abatement specified in Section 2(g).
  2. A specific HUD-QCT Project Site Incentive provision must be contained in the Agreement approved by Commissioners Court and cannot be added at a later date.
- l. **Additional Incentive to Create Full-Time Permanent Jobs for Residents of HUD-QCT in the County with Competitive Market Wage.** Construction of a new eligible

facility resulting in creation of jobs for residents of HUD-QCT within the County, as determined on the application date, may enable DEEO to recommend that Commissioners Court approve an additional tax abatement, per the following table:

10 jobs (up to 24)	2% increase in tax abatement
25 jobs (up to 49)	5% increase in tax abatement
50 jobs (up to 99)	10% increase in tax abatement
100 jobs (or more)	20% increase in tax abatement

1. A qualifying project must nevertheless meet the basic requirements for an economic development tax abatement specified in Section 2(g).
2. Compliance shall be monitored annually based on W-2s and other pertinent employee-specific data to be required/requested from employer as needed. A specific HUD-QCT Employment Incentive provision must be contained in the Agreement approved by Commissioners Court and cannot be added at a later date.

m. **Additional Incentive to Locate New Project in HUD-DDA in the County.** Construction of a new eligible facility in a HUD-DDA within the County, as determined on the application date, may enable DEEO to recommend that Commissioners Court approve an additional tax abatement of up to 10 percent.

1. A qualifying project must nevertheless meet the basic requirements for an economic development tax abatement specified in Section 2(g).
2. A specific HUD-DDA Project Site Incentive provision must be contained in the Agreement approved by the Commissioners Court and cannot be added at a later date.

n. **Additional Incentive to Create Full-Time Permanent Jobs for Residents of HUD-DDA in the County with Competitive Market Wage.** Construction of a new facility resulting in creation of jobs for residents of HUD-DDA within the County, as determined on the application date, may enable DEEO to recommend that Commissioners Court approve an additional tax abatement, per the following table:

10 jobs (up to 24)	2% increase in tax abatement
25 jobs (up to 49)	5% increase in tax abatement
50 jobs (up to 99)	10% increase in tax abatement
100 jobs (or more)	20% increase in tax abatement

o. **Limitation on Additional Incentives:** Additional incentives for HUD-QCT and HUD-DDA cannot be combined. A project may receive an additional incentive for locating or creating jobs in the HUD-QCT OR in the HUD-DDA, but not both.

p. **Variance Requests.** The Commissioners Court may consider a variance to these guidelines. Any requests for a variance to these guidelines must be made in written form and submitted with the application for tax abatement, provided, however, that the total duration of any tax abatement granted shall in no instance exceed ten years. Such requests must include a complete description of the circumstances explaining why the applicant should be granted a variance to these

guidelines. The County may request additional documentation for its consideration of the request for a variance. Any request for a variance to these guidelines must be approved by a vote of at least three-fourths of the Commissioners Court.

### SECTION 3 APPLICATION

- a. Timely application. Any current or potential owner or lessee of taxable property in the County may request a tax abatement by filing a completed Application with DEEO prior to any public expression of a siting decision or any commitment (legal or financial) to the proposed project.
- b. **A complete application package** for consideration of a tax abatement shall consist of:
  1. a completed County Application form;
  2. a non-refundable check in the amount of \$1,000 payable to Harris County;
  3. a completed narrative prepared in accordance with the template provided with the County Application and its instructions;
  4. an Investment Budget detailing components and costs of the real property improvements and fixed-in-place machinery and equipment improvements for which tax abatement is requested, including type, number, economic life, and eligibility for a tax exemption granted by the Texas Commission on Environmental Quality (TCEQ), if known;
  5. a map and legal description of the property;
  6. a time schedule for undertaking and completing the proposed improvements;
  7. a 10-year environmental and worker safety compliance history for all facilities located within the State of Texas and owned in whole or in part by applicants, as defined in the Environmental and Worker Safety Qualification;
  8. A copy of a passed inspection report issued by Harris County Pollution Control Services, including non-compliance issues identified;
  9. a copy of the evaluation of competing locations;
  10. information pertaining to the reasons that the requested tax abatement is necessary to ensure that the proposed project is built in the County (i.e., documentation supporting assertion that “but for” a tax abatement, the stated project could not be constructed in the County);
  11. copies of the immediately preceding four quarterly reports filed with TWC, documenting the current number of permanent full-time employees, and full-time contract provider’s employees, as applicable, at the time the Application is submitted;
  12. financial and other information, as the County deems appropriate for evaluating the financial capacity and other factors of the applicant;

13. certification prepared by County Tax Assessor-Collector stating that all tax accounts within the County are paid on a current basis;
  14. for a leased facility, the applicant shall provide, with the Application, the name and address of the lessor and a draft copy of the proposed lease, or option contract. In the event a lease or option contract has already been executed with the owner of the site, the document must include a provision whereby abatement applicant may terminate such contract without penalty or loss of earnest money, in the event that the County does not grant a tax abatement;
  15. a copy of the applicant's equal employment opportunity policy. If the applicant does not have a written equal employment policy at the time of application, applicant must provide County with a written plan for adoption of such policy, to be completed and provided to the County prior to any Agreement being executed. NO Agreement will be entered into until the copy of the policy is provided to County and a statement relating to the Owner's business operations security needs is provided to the County;
  16. a copy of the applicant's human resource benefits policy including family leave and paid sick leave policies;
  17. a copy of the applicant's MWBE utilization policy or commitment, if available; and
  18. a copy of the applicant's Fair Chance Hiring and Workforce Development policy, if available.
- c. Upon receipt of a completed Application, DEEO shall determine whether a project qualifies for a tax abatement under these guidelines and criteria. If DEEO determines that it qualifies, then the department shall submit a request to Commissioners Court to schedule a public hearing, request creation of a reinvestment zone, and request approval of a tax abatement agreement in accordance with the Texas Property Tax Code.
  - d. The Commissioners Court may request additional project-specific information and as deemed necessary to achieve additional community benefits.
  - e. The County shall not establish a reinvestment zone or enter into a tax abatement agreement if it finds that an Application was received after a project commenced construction or installation of improvements. Property eligible for abatement includes only new improvements commencing after approval of an agreement with the County.

#### **SECTION 4**

### **PUBLIC HEARING AND APPROVAL**

- a. The Commissioners Court may not approve an order designating a reinvestment zone for the purpose of considering approval of a tax abatement Agreement until it has held a public hearing at which interested persons are entitled to speak and present evidence for, on, or against the designation. Notice of the hearing shall be clearly identified on the Commissioners Court agenda at least 13 days prior to the public hearing.
- b. At the public hearing, interested persons shall be entitled to speak and present written materials for, on, or against the approval of the proposed project or Agreement.

- c. Any variance to these guidelines must be approved by a vote of at least three-fourths of the Commissioners Court.
- d. In order to enter into a tax abatement agreement, Commissioners Court must find that the terms of the proposed agreement conform to these Guidelines and Criteria and that:
  - 1. there will be no substantial adverse effect on the provision of the jurisdictions' service or tax base; and
  - 2. the planned use of the property will not constitute a hazard to public safety, health or morals.

## **SECTION 5 AGREEMENT**

After approval the County shall formally pass an order and execute an Agreement with the owner of the facility (and/or lessee, where applicable) as required which shall include:

- a. estimated value to be abated;
- b. percent of value to be abated each year as provided in Abatement Authorized;
- c. the commencement date and the termination date of abatement;
- d. the proposed use of the facility, nature of construction, time schedule, survey, property description, and improvement list;
- e. contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in Abatement Authorized, Recapture, Administration, and Assignment, or other provisions that may be required for uniformity or by state law;
- f. amount of investment, increase in appraised value, and number of jobs involved, as provided in Abatement Authorized;
- g. a requirement that the applicant annually submit to HCAD and DEEO, a January employee count for the abated facility which corresponds to employee counts reported in the facility Employer's Quarterly Report to TWC for the quarter most recently ended at calendar year-end; a separate notarized letter certifying the number of jobs created or retained as a direct result of the abated improvements; the number of employees in other facilities located within the County; compliance with good faith efforts to increase opportunities for MWBE contractors and subcontractors for the construction of the project in alignment with the Harris County's MWBE policy which includes an aspirational goal of 30 percent MWBE participation with respect to the project's total construction costs (hard costs and soft costs); and compliance with the environmental and worker safety requirements in the Agreement for the preceding calendar year, as of January 1. Submission shall be used to determine abatement eligibility and shall be subject to audit if requested by the governing body. Failure to submit will result in the ineligibility to receive an abatement;
- h. a requirement that the applicant submit required compliance documentation before construction commences and during construction, evidencing Labor Protections and apprenticeship requirements during the construction of the facility; compliance

documentation includes but is not limited to a construction contract or similar document with the construction company, certified payrolls or equivalent documentation demonstrating wage and apprenticeship compliance. The construction contract or similar document must be submitted to DEEO at a minimum, one month before commencement of construction; certified payrolls of equivalent documents must be submitted to DEEO weekly during construction. Failure to submit and comply with Labor Protections and apprenticeship requirements will result in the eligibility to receive an abatement; and

- i. a requirement that the Owner will:
  - 1. obtain and maintain all required permits and other authorizations from the United States Environmental Protection Agency and the TCEQ for the construction and operation of its facility and for the storage, transport and disposal of solid waste; and
  - 2. seek a permit from the TCEQ for all grandfathered units on the site of the abated facility by filing with the TCEQ, within three years of receiving the abatement, a technically complete application for such a permit.
  - 3. Comply with all applicable laws and inspections during and after construction of the improvement.
- j. A requirement that the Owner will comply with additional project-specific requirements requested by the Commissioners Court deemed necessary to achieve additional community benefits.

Such Agreement normally shall be executed within 60 days after the applicant has forwarded all necessary information and documentation to the County.

## **SECTION 6 RECAPTURE**

- a. If the facility is completed and begins producing product or service, but subsequently discontinues producing product or service for any reason for a period of 180 days while the Agreement is active, or one year in the event of a natural disaster, then the Agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the facility no longer produces. The taxes otherwise abated for that calendar year shall be paid to the County within 60 days from the date of termination. The Owner shall notify the County in writing at the address stated in the Agreement within 10 days from any discontinuation, stating the reason for the discontinuation and the projected length of the discontinuation. If the County determines that such requirement has not been complied with, the Agreement may be terminated immediately and all taxes previously abated by virtue of the Agreement may be recaptured and paid within 60 days of the termination.
- b. If the Owner is in default according to the terms and conditions of its Agreement, the Owner shall notify the County in writing at the address stated in the Agreement within 10 days from the default, and cure such default within 60 days from the date of the default (Cure Period). If the County determines that such requirement has not been complied with, the Agreement may be terminated immediately and all taxes previously abated by virtue of the Agreement may be recaptured, together with interest at 10 percent per annum calculated from the effective date of the Agreement and paid within 60 days of the termination. If the County does not receive full payment within said 60 days, a penalty may be added, equal

to 100 percent of the total amount abated.

- c. If the Owner allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for its protest and/or contest, the Agreement may be terminated, and all taxes previously abated by virtue of the Agreement may be recaptured and paid within 60 days of the termination, and penalties and interest may be assessed as set out in herein.
- d. If the County determines that the Owner is in default or noncompliant with the terms and conditions of the Agreement, the County shall notify Owner in writing at the address stated in the Agreement within 10 days from the default or noncompliance. A cure period of 10 days applies for severe labor violations (wage theft, retaliation, safety hazards). Otherwise, the Owner must cure of such default or noncompliance within 60 days from the default (cure period). If the County determines that such requirement has not been complied with, the Agreement may terminate immediately, and all taxes previously abated by virtue of the Agreement may be recaptured together with interest at 10 percent per annum calculated from the effective date of the Agreement and paid within 60 days of the termination. If the County does not receive full payment within said 60 days, a penalty may be added, equal to 100 percent of the total amount abated.

## SECTION 7 ADMINISTRATION

- a. HCAD annually shall determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the Owner receiving a tax abatement shall furnish HCAD and DEEO with such information as may be necessary for the abatement. After value has been established, HCAD shall notify the affected taxing jurisdictions of the certified appraised value.
- b. The Agreement shall stipulate that employees and/or designated representatives of the County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the Agreement are being met. During the construction phase, inspections, and labor apprenticeship compliance monitoring will follow Harris County's established process and be conducted in such a manner as not to unreasonably interfere with the construction and safety requirements of the improvement. Post construction phase, inspections will be made only after giving 24 hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the Owner and in accordance with the facility's safety standards.
- c. Upon completion of construction, DEEO annually shall evaluate each facility receiving an abatement to ensure compliance with its Agreement and report violations to the County Attorney, Commissioners Court, and affected taxing jurisdictions.
- d. The County will serve as a monitor with the authority to:
  - Conduct periodic site visits with at least 24-hour notice, consistent with facility safety standards

- Review aggregate workforce data, including hours worked by apprentices and overall compliance with abatement terms.
- Interview employees confidentially regarding working conditions, retaliation concerns, or labor violations.
- Investigate if credible concerns arise regarding unsafe conditions, retaliation, or labor violations.
- Provide annual compliance summaries, formally transmitted to Commissioners Court, detailing key findings, violations identified, enforcement actions taken, and any policy-relevant recommendations.

All violations and enforcement outcomes shall be reported publicly. Repeat offenders may be deemed ineligible for future abatements for up to five years.

## **SECTION 8 ASSIGNMENT**

A tax abatement Agreement may be assigned to a new owner or lessee of a facility with the written consent of the Commissioners Court, which consent shall not be unreasonably withheld. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in the Agreement. Any assignment shall be to an owner that continues the same improvements or repairs to the property except to the extent such improvements or repairs have been completed, and continues the same use of the facility as stated in the original Agreement with the Owner. No assignment shall be approved if the assignor or the assignee is indebted to the County for past due ad valorem taxes or other obligations.

## **SECTION 9 NON-COMPETE AGREEMENTS**

A tax abatement shall not be granted for projects whose competitive siting consists **only** of counties that have agreed with the County to forego the use of tax incentives to compete for such projects.

## **SECTION 10 SUNSET PROVISION**

- a. The adoption of these Guidelines and Criteria by the County does not:
  1. Limit the discretion of the County to decide whether to enter into a specific agreement;
  2. Limit the discretion of the County to differ from the Guidelines and Criteria on a project-specific basis.

- b. These Guidelines and Criteria shall be implemented consistent with applicable law and subject to the availability of appropriations.
- c. These Guidelines and Criteria are not intended to, and do not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the County or its departments, agencies, entities, officers, employees, agents, or any other person.
- d. These Guidelines and Criteria are effective February 12, 2026, and will remain in effect until February 11, 2028, at which time all tax abatement contracts created pursuant to these provisions will be reviewed by the County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed, or eliminated.

**Re-Adopted by Harris County Commissioners Court February 12, 2026.**