A RESOLUTION OF THE COMMISSIONERS COURT OF FREESTONE COUNTY, TEXAS ELECTING TO BECOME ELIGIBLE TO PARTICIPATE IN TAX ABATEMENT

WHEREAS, the Commissioners Court of Freestone County, Texas finds that participation in tax abatement will be in the best interest of the County and its citizens to attract economic development, to create jobs and to retain jobs;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF FREESTONE COUNTY, TEXAS AS FOLLOWS:

Section 1. Freestone County, Texas hereby elects to become eligible to participate in tax abatement under Chapter 312 of the Texas Tax Code; and

Section 2. Freestone County, Texas elects to use tax abatements as a means of encouraging economic development and redevelopment as authorized by Chapter 312 of the Texas Tax Code.

PASSED on this the 9th day of September, 2026.

FREESTONE COUNTY, TEXAS

Lloyd Lane, County Judge

ATTEST:

County Clerk

COMMISSIONERS COURT FREESTONE COUNTY, TEXAS

FILED FOR RECORD
At 10 ,o'clock A M
SEP 9 2026
RENEE GREGORY
Clerk County Court, Freestone County, Texas
By

ORDER OF THE COMMISSIONERS COURT OF FREESTONE COUNTY, TEXAS ADOPTING THE FREESTONE COUNTY TAX ABATEMENT GUIDELINES

WHEREAS, pursuant to Chapter 312, Subchapter C of the *Texas Property Tax Code,* Freestone County Commissioners Court is authorized to create county reinvestment zones for purposes of allowing for tax abatements to encourage the expansion and/or retention of primary employment, attract major investment to the zone, and contribute to the economic development of Freestone County;

WHEREAS, the Commissioners Court finds it beneficial to adopt guidelines, in compliance with Chapter 312, Subchapter C of the Texas Property Tax Code, to govern tax abatement agreements in the County going forward;

WHEREAS; a public hearing was held on the adoption of the Freestone County Tax Abatement Guidelines

NOW, THEREFORE, the Freestone County Commissioners Cornty hereby ORDER that: The Freestone County Tax Abatement Guidelines attached hereto are ADOPTED.

PASSED and APPROVED at a meeting of the Freestone County Commissioners Court noticed and held in accordance with Chapter 551 of the *Government Code* on the 9th day of September, 2026.

FREESTONE COUNTY, TEXAS

Lloyd Lane, County Judge

ATTEST:

Renee Gregory
County Clerk

COMMISSIONERS COURT FREESTONE COUNTY, TEXAS

FILED FOR RECORD
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Clerk County Court, Freestone County, Texas
By Renee Gregory

FREESTONE COUNTY
TAX ABATEMENT GUIDELINES

1. Purpose

These Tax Abatement Guidelines amend and replace the Freestone County Tax Abatement Guidelines previously adopted.

The purpose of these Guidelines is to comply with §312.002 of the Tax Code, and to adopt guidelines and criteria governing tax abatement agreements entered into or participated in by Freestone County. Tax abatement under these Guidelines will be considered for both new structures and facilities and the expansion and modernization of existing structures or facilities.

2. County Reinvestment Zones

2.1 In accordance with Chapter 312, Subchapter C of the Tax Code, Freestone County may create its own reinvestment zones in the unincorporated areas of the County, including within the ETJ of a municipality. The term "county reinvestment zone" includes an "enterprise zone" designated under Chapter 2303 of the Government Code.

2.2 A County Reinvestment Zone shall only be created in accordance with §312.401 of the Tax Code.

2.3 A tax abatement agreement entered into in a County Reinvestment Zone must comply with §312.402 of the Tax Code.

2.4 The duration of any tax abatement may not exceed a period of ten (10) years, or the period allowed by applicable law.

3.5 The County can provide tax abatement for the value of personal property, equipment or fixtures on Owned by the Lessee of the property upon which the personal property, equipment or fixtures are located. Abatement is not granted to the owner of the leased property.

3. Application for Tax Abatement

3.1 The property owner must generally file an application for tax abatement with the County Judge for a tax abatement to be considered by the Commissioners Court. Exceptions to this requirement are:

3.1.2 The Commissioners Court may consider as a tax abatement application a submittal which contains a description of the property, the proposed improvements and additions, any employment positions to be created or maintained, abatement terms, percentages

and conditions, and other information included therein based on negotiations by County officials and legal counsel with the business, in lieu of requiring an application.

3.1.3 An Application for Tax Abatement must include the following:

a. a legal description and common description of the real property for which tax abatement is sought;

b. a description of any personal property for which tax abatement is sought;

c. the proposed capital improvements to the property and any proposed additions of personal property thereon over and above what exists on the property at the date of the Application and any proposed increases in employment or retention of jobs which the Applicant is proposing as incentive for the grant of the tax abatement. This shall include the number of jobs, average wage of jobs, employment benefits to be provided, and a commitment to retain the jobs throughout the abatement period;

d. Plans and Specifications for the proposed improvements and additions, and a proposed schedule for such to be completed;

e. the name, address, and telephone number of the applicant;

f. if the applicant is other than a natural person, identification of the form of the entity and a copy of the articles of incorporation, partnership agreement, or other document establishing the entity must be provided. Where the applicant is other than a natural person, a certificate of good standing from the State Comptroller shall be provided, and a verification of the entity's status from the State Secretary of State shall be provided where applicable;

g. the applicant must provide a current tax certificate showing that all property taxes due on the property have been paid;

h. the applicant must provide a statement of the taxable value of the property and personal property thereon as shown on the assessment for the year of the application, and must state the estimated increase in the taxable value;

i. the Application must disclose any discharges of pollutants which are expected to accompany the Applicant's operations on the property; and

j. the applicant shall provide a map showing the property, and the location of proposed improvements.

3.2. Except as otherwise provided herein, before Freestone County enters into a tax abatement agreement for a property located within a reinvestment or enterprise zone, the following requirements must be shown to have been met:

3.2.1 The reinvestment zone or enterprise zone must have been created in compliance with the requirements of the Tax Code.

3.2.2 The term of the proposed abatement cannot exceed 10 years, or the period allowed by applicable law.

3.2.3 The application requirements of these Guidelines have been complied with by the property owner, unless exempted as set forth above.

3.2.4 The terms and conditions of the proposed abatement are found acceptable to the County and its legal counsel.

3.2.5 Sufficient public benefit in the form of improvements/additions to the property, and, if applicable, creation/retention of jobs in the County, is to be generated by the property for which tax abatement is granted.

3.2.6 The terms of the proposed tax abatement agreement must specify the obligations of the property owner to meet certain capital investment and, if applicable, employment standards, and must provide methods to audit compliance of the property owner, and to recover abated taxes, and/or penalties, interest, and/or attorney's fees from the property owner if the property owner fails to meet the obligations.

3.2.7 The property owner must not be currently delinquent on any County taxes.

4. Tax Abatement Agreements

4.1 Tax Abatement Agreements must, by statute, contain the following terms and conditions:

(a) list the kind, number, and location of all proposed improvements of the property;

(b) provide access to and authorize inspection of the property by County employees to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement;

(c) limit the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;

(d) provide for recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided by the agreement;

(e) contain each term agreed to by the owner of the property;

(f) 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; and

(g) provide that the governing body of the County may cancel or modify the agreement if the property owner fails to comply with the agreement.

See §§312.205 and 312.206, Tax Code. *See Also* §312.402, Tax Code.

An Owner must stay current on the unabated portions of property taxes on the property. Failure to do so may result in termination of the Tax Abatement Agreement.

4.2 The Tax Abatement Agreement may contain other provisions as required by the County or its legal counsel.

4.3 The duration of a tax abatement shall not exceed ten (10) years.

4.4 The Base Year Value of the property, the percentage of abatement, and the length of abatement shall be clearly set forth in the Agreement.

4.5 The "Base Year Value" is the taxable value of the property for the tax year in which the Agreement is executed.

4.6 The abatement provided by a Tax Abatement Agreement is only for the increase of the taxable value over the Base Year Value caused by the improvements and additions made by the property owner to the property which are specifically set forth in the Agreement. The abatement shall not be applied to improvements or personal property located on the property before the Tax Abatement Agreement is executed, or which are not included in the improvements or additions expressly described in the Tax Abatement Agreement. The abatement provided by the Tax Abatement Agreement shall not apply to inventory or supplies.

4.7 A Tax Abatement Agreement will generally take effect on January 1 of the next year after the improvements and/or additions are completed. A certificate of completion must be provided to the County Judge upon (or the entity administering compliance) completion of the improvements/additions. "Completion" is subject to independent verification of completion by the County (and the municipality if in a municipal reinvestment zone).

4.8 The Abatement Period may be started during construction if the parties so agree in the Tax Abatement Agreement.

4.9 The start of the Abatement Period may be deferred to a later year if the parties agree to such in the Tax Abatement Agreement.

4.10 The Commissioners Court may enter into a Payment in Lieu of Taxes (PILOT) Tax Abatement Agreement if it determines such to be beneficial to the County, which will be implied by approval of such a tax abatement agreement. The PILOT tax abatement must provide the same protections for the County and obligations of the owner as a standard tax abatement agreement would in the same circumstances, and the abatement by PILOT must not be substantially different than the estimated abatement under a standard tax abatement agreement. These Tax Abatement Guidelines shall apply to a PILOT tax abatement agreement.

5. Guidelines of General Application

5.1 No member of the County Commissioners Court may have an interest in property to be included in a reinvestment zone, or property for which a tax abatement is granted by the County.

5.2 No tax abatement agreement is effective until formally approved by the Commissioners Court and fully executed by all parties. NO TAX ABATEMENT CAN BE GRANTED FOR PROPERTY THAT IS NOT LOCATED WITHIN A PROPERLY ESTABLISHED REINVESTMENT ZONE.

5.3 Tax abatement will only be granted for increases in the taxable value of the property over the Base Year Value as defined in these Guidelines, and only for increases in value caused by improvements/additions identified in the applicable tax abatement agreement. The term improvements/additions includes both new structures and facilities and the expansion and modernization of existing structures or facilities. In some situations, involving leases—the applicable Base Year value may be zero, or may be the value of the leasehold, if any. According to Section 312.402 (a-3) of the Tax Code the value of fixtures and personal property placed on the leased property is what is considered for abatement.

5.4 There can be no implied promise to grant tax abatement, and tax abatement may only be granted by the Commissioners Court by formal action, taken by the Commissioners Court as a body, which approves the same.

5.5 Meetings at which at a tax abatement is considered by the Commissioners Court must be posted and held in accordance with the Open Meetings Act (Chapter 551 of the Government Code).

5.6 The conflict of interest provisions of Chapter 171 of the Local Government Code apply to actions taken by the Commissioners Court on any tax abatement.

5.7 For County Reinvestment Zones, rational review of the proposed length and percentages of tax abatement shall be applied. The proposed term/percentages should primarily be a function of the level of improvements/additions and job creation/retention. Proposals which include job creation/retention shall generally have priority over those which involve only improvements/additions to property. Another factor shall be the quality of the jobs proposed. Generally, a proposed abatement involving creation of near minimum wage jobs should be accorded less favorable abatement than one involving provision of jobs having more attractive wages and benefits. Greater consideration may be given to an applicant that commits to use contractors, vendors and suppliers located in Freestone County for a substantial portion of its construction expenditures and annual supplies and service needs, and presents the County with a plan to do so as part of its application. Greater consideration may be given to an applicant that commits to fill at least 2/3rds of the new employment positions created with persons who reside in Freestone County, and presents the County with a plan to do so as part of its application. In addition, businesses having a regional or national impact will be given greater consideration. These are businesses that ship most of their production outside of the County. Other businesses

may be given greater consideration because they draw consumers into the County to make purchases.

When a project provides for little job creation but significant capital investment, care must be taken to properly analyze the possible impacts to the tax valuation in the future from factors such as depreciation, market changes, regulatory changes, appraisal methodologies, tax exemptions, and other relevant matters. The percentage and length of tax abatement must be carefully considered in view of the diminishing or fluctuating future value of the project. Rapid depreciation and unpredictable future valuations are factors that will be considered in setting abatement percentages and length on such projects.

5.8 In accordance with § 312.002(d) of the Tax Code, Freestone County's adoption of these Guidelines does not:

(1) limit the discretion of the governing body to decide whether to enter into a specific tax abatement agreement;

(2) limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement; or

(3) create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement.

5.9 Sale, Lease or Allocation to Tax Exempt Entity. If a sale, lease, or allocation of a project or its output is made to an entity exempt from property taxation, and such results in a portion of a project becoming exempt from property taxation, the County may terminate the Tax Abatement Agreement. If this occurs, the project owner must either:

(a) Repay the County any taxes abated related to the portion of the project that has become exempt from year 1 to when the portion of the project became tax exempt. Payment will be made no less than 30 days after the sale, lease or allocation occurs.

(b) Choose to keep the tax abatement agreement in place for the rest of the property by paying in a lump sum the present value of taxes that will be lost to the County with regard to the exempt portion of the property over the 20 year period after the portion of the project becomes exempt using a calculation agreed to by the parties in writing, but if unable to be agreed to, resolved by mediation to take place in Freestone County, Texas before a mediator selected by the County .

5.10 In the event of conflict between these Guidelines and a provision of Chapter 312 of the Tax Code, Chapter 312 of the Tax Code shall control.

5.11 Meetings at which a tax abatement is considered by the Commissioners Court must be posted and held in accordance with the Open Meetings Act (Chapter 551 of the Government Code). (added by H.B. 3143, 2019) The Commissioners Court must give the public

notice of the meeting at which the Commissioners Court will consider approval of a Tax Abatement Agreement. The notice is posted for the meeting in the manner required by the Texas Open Meetings Act (Ch. 551, Texas Government Code) at least 30 days before the time of the meeting scheduled to consider the Tax Abatement Agreement. The Notice must contain:

1) The name of the property owner and the name of the applicant for the Tax Abatement Agreement;
2) The name and location of the Reinvestment Zone where the subject property is located;
3) A general description of the improvements or repairs required to be made under the Tax Abatement Agreement; and

4) The estimated cost of the improvements or repairs.

5.12 These Guidelines must be re-evaluated and re-approved every two years.

Amendment or other Action (added by H.B. 3143, 2019)

5.13 An adoption, re-adoption, amendment, repeal, or reauthorization of these Guidelines must only occur after a public hearing is held at which members of the public have the opportunity to be heard.

Approved and adopted by the Freestone County Commissioners Court on this the 9th day of September, 2026.

Lloyd Lane, Freestone County Judge

Attest:

Renee Gregory
County Clerk

COMMISSIONERS COURT FREESTONE COUNTY, TEXAS

FILED FOR RECORD
At 10 ,o'clock A M

SEP 9 2026

RENEE GREGORY
Clerk County Court, Freestone County, Texas
By Renee Gregory