TAX ABATEMENT GUIDELINES

ELLIS COUNTY, TEXAS

October 28th, 2025

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SECTION 1: GENERAL PROVISIONS

1.01 Purpose

This policy is designed to stimulate business and commercial activity that keep Ellis County competitive for desirable growth, while supporting the environment for expansion of existing businesses through the granting of tax abatements and other economic development incentives authorized by state law. The purpose of this policy is to establish uniform procedures and guidelines for the granting of economic development incentives while ensuring that all projects receiving County assistance provide substantial benefit to Ellis County residents and taxpayers.

1.02 Authority

Ellis County is authorized to offer economic development incentives under the following state statutes:

A. **Chapter 312, Texas Tax Code** - Property Tax Abatement in Reinvestment Zones.
This chapter authorizes counties to establish reinvestment zones and grant tax abatements on qualifying improvements within such zones.

B. **Chapter 311, Texas Tax Code** - Tax Increment Financing. This chapter authorizes counties to participate in tax increment reinvestment zones and contribute incremental tax revenue to fund public improvements and economic development projects.

1.03 Objectives

The objectives of this policy are to:

A. **Retain existing businesses** and prevent business relocations that would result in job losses and reduced economic activity

B. **Encourage development** in areas designated as reinvestment zones where public investment and private development can work together to achieve community objectives

C. **Promote sustainable economic growth** that provides long-term benefits to Ellis County residents while maintaining fiscal responsibility

D. **These guidelines do not** limit the Commissioner's Court discretion to modify the incentives in this prescribed in this policy if it is in the best interest of the County to do so.

1.04 Definitions

For purposes of this policy, the following terms shall have the meanings specified:

"Abatement" means the full or partial exemption from property taxes on improvements to real property for a specific period of time, as authorized by Chapter 312 of the Texas Tax Code.

"Applicant" means any person, firm, partnership, joint venture, corporation, association, municipal corporation, state agency, federal agency, or other entity that applies for tax abatement or other economic development incentives under this policy.

"Base year value" means the assessed value of eligible property on January 1 of the tax year in which the economic development agreement is executed, plus the agreed upon value of improvements made after that date but before the agreement execution.

"Commissioners Court" means the Commissioners Court of Ellis County, Texas.

"Economic development agreement" means a contractual agreement between Ellis County and an applicant for the purpose of tax abatement or other economic incentives, executed in accordance with applicable state law.

"Expansion" means the addition of buildings, structures, machinery, equipment, or other improvements to real property which increases the value of real property by at least twenty-five million dollars ($25,000,000.) and which expand the productive capacity or operational scope of an existing business.

"Facility" means property improvements including buildings, structures, machinery, equipment, and other improvements to real property that are used or useful in the operation of a business.

"**New facility**" means a facility not in existence or under construction as of the date of application for economic development incentives.

"**Personal property**" means movable property not affixed to or associated with land, including machinery, equipment, furniture, and inventory and expressly does not include mobile personal property, such as a motor vehicle, that is not fixed to property

"**Professional Services Agreement**" means an agreement entered into between the County and an applicant for the purpose of funding external costs to review, analyze and advise requests for incentives.

"**Qualified investment**" means the value of eligible improvements made to real property after the base year value is established, excluding personal property and inventory.

"**Real property**" means land and improvements permanently affixed to land, including buildings, structures, and other improvements.

"**Reinvestment zone**" means an area designated by Ellis County under Chapter 312 of the Texas Tax Code for the purpose of encouraging development and redevelopment within the zone.

"**Tax increment**" means the increase in property tax revenue resulting from increased property values within a designated zone above the base year value.

"**TIRZ**" means a Tax Increment Reinvestment Zone established under Chapter 311 of the Texas Tax Code.

SECTION 2: TYPES OF INCENTIVES AVAILABLE

2.01 Tax Abatement Programs

Ellis County may provide property tax abatements on the increase in assessed value of eligible property improvements within designated reinvestment zones. Tax abatements are authorized under Chapter 312 of the Texas Tax Code and may be granted for eligible new facilities, facility expansions, or modernization projects that meet the criteria established in this policy.
Tax abatements provide a reduction in property tax liability for a specified period of time on the increased value resulting from qualifying improvements to real property. The amount and duration of abatements are determined based on the type of project, level of investment, and economic benefit to Ellis County.

2.02 Tax Increment Reinvestment Zone (TIRZ) Participation

Ellis County may participate in Tax Increment Reinvestment Zones established by municipalities or other entities under Chapter 311 of the Texas Tax Code. Through TIRZ participation, the County may contribute a portion of the incremental tax revenue generated by increased property values within the zone to fund public improvements and development projects that support economic development objectives. TIRZ participation allows Ellis County to leverage public investment with private development to achieve comprehensive area development and redevelopment goals.

2.03 Payment in Lieu of Taxes (PILOT)

Ellis County, on a case-by-case basis, may request that the tax abatement agreement be structured by using a PILOT incentive. Any tax abatement agreement structured as PILOT shall follow all applicable guidelines as prescribed in this policy.

SECTION 3: REINVESTMENT ZONE DESIGNATION

3.01 Designation Requirements

Reinvestment zones may be designated by Ellis County for areas that meet the criteria established in Chapter 312 of the Texas Tax Code. Areas eligible for designation must be reasonably likely, as a result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the property and that would contribute to the economic development of Ellis County.

The Commissioners Court shall make findings that the designated area meets statutory requirements and that designation will serve the public purpose of economic development.

3.02 Geographic Limitations

A. **Total Area Limitation**: Reinvestment zones may not exceed twenty-five percent (25%) of the total land area within Ellis County, as calculated based on the most recent County survey or other reliable measurement.

B. **Non-Contiguous Areas**: Multiple non-contiguous areas may be included within a single reinvestment zone, provided that each area meets the requirements for designation and the total area does not exceed applicable limitations.

C. **Municipal Coordination**: Zones may include both incorporated and unincorporated areas with proper coordination with affected municipalities to ensure compatibility with municipal development plans and to avoid conflicts with municipal tax abatement programs.

D. **Boundary Clarity**: Zone boundaries must be clearly defined using legal descriptions, survey markers, or other precise methods to ensure accurate identification of eligible properties.

3.03 Public Hearing Requirements

A. **Hearing Requirement**: Ellis County shall hold a public hearing on the designation of each proposed reinvestment zone before final action by the Commissioners Court.

B. **Notice Requirements**: Notice of the public hearing shall be published in a newspaper of general circulation in Ellis County at least seven (7) days before the date of the hearing. The notice shall include a description of the proposed zone boundaries and the general purpose of the designation.

C. **Hearing Procedures**: Any interested person may speak for or against the designation at the public hearing. The presiding officer shall maintain order and may establish reasonable time limits for speakers.

D. **Public Input**: The Commissioners Court shall consider all public input received during the hearing in making its determination regarding zone designation.

3.04 Approval Process

A. **Ordinance Requirement**: Reinvestment zones shall be designated by ordinance of the Commissioners Court following completion of all required procedures.

B. **Required Findings**: The ordinance must contain findings that the area meets the requirements of Chapter 312 of the Texas Tax Code and that designation will serve the public purpose of economic development.

C. **Zone Map**: A map clearly delineating the boundaries of the zone must be attached to and made part of the designation ordinance.

D. **Effective Date**: The ordinance shall specify the effective date of the designation, which shall be January 1 of the tax year following adoption unless a different date is specified.

3.05 Duration and Renewal

A. **Initial Term**: Reinvestment zones shall expire twenty-five (25) years from the date of designation unless terminated earlier by action of the Commissioners Court.

B. **Renewal Authority**: Zones may be renewed for additional periods not to exceed twenty-five (25) years each, subject to the same procedures required for initial designation.

C. **Agreement Limitations**: Tax abatement agreements within zones may not extend beyond the termination date of the zone, and the County shall not enter into agreements that would extend beyond the zone termination date.

D. **Early Termination**: The Commissioners Court may terminate a reinvestment zone before its scheduled expiration date by ordinance, provided that such termination does not impair existing contractual obligations.

3.06 Multiple Zone Designations

Ellis County may designate multiple reinvestment zones throughout the County, provided that the total area of all zones does not exceed the limitations established in Section 3.02. Each zone may be designated for different purposes and may have different characteristics based on local conditions and development objectives.

3.07 Enterprise Zone Designation

Reinvestment zones may be designated to coincide with enterprise zones designated by the state or federal government to maximize available benefits for qualified projects and to coordinate County incentives with other economic development programs.

3.08 Uniform Terms Requirement

Tax abatements offered within each reinvestment zone must be on uniform terms, except that different terms may be established for different types or sizes of projects within the zone. Any differentiation in terms must be based on objective criteria related to economic impact, investment levels, or other factors that serve the public purpose of the zone designation.

SECTION 4: TAX ABATEMENT PROGRAM

4.01 Eligible Properties and Facilities

A. **Real Property Requirement**: Only real property located within a designated reinvestment zone is eligible for tax abatement under this policy.

B. **Improvements Only**: Tax abatement applies only to the increased assessed value resulting from qualifying improvements to the property made after the base year value is established.

C. **New Facilities**: Newly constructed buildings, structures, and improvements are eligible for tax abatement if they meet all applicable requirements.

D. **Existing Facility Expansion**: Qualifying expansions of existing facilities may be eligible for tax abatement as provided in Section 4.07.

E. **Excluded Property**: The following types of property are not eligible for tax abatement:

1. Property owned by governmental entities
2. Property that does not contribute to the economic development objectives of the reinvestment zone
3. Property improvements that are required by law or court order

4.02 Eligible Applicants

A. **Property Ownership**: Any person or entity that owns or will own real property within a designated reinvestment zone may apply for tax abatement.

B. **Financial Capability**: Applicants must demonstrate financial capability to complete proposed improvements within the timeframes specified in the economic development agreement.

C. **Lessee Applications**: Applications submitted by lessees or tenants must include written consent of the real property owner within the designated reinvestment zone, provided that the lease term extends throughout the proposed abatement period.

D. **Business License**: Applicants must obtain all required business licenses and permits for operation within Ellis County prior to abatement period.

4.03 Value of Abatement

A. **General Projects**: Tax abatement may be considered for all or a portion of the value of the real property, up to 50% of the increased assessed value of eligible improvements for up to seven years. Tangible personal property may be considered up to 50% of the value of the tangible personal property located on the real property for up to five years.

D. **Graduated Schedule**: The Commissioners Court may establish graduated abatement schedules that provide higher percentages in early years and lower percentages in later years, or vice versa, provided that the total benefit does not exceed the 50% limitations established in this section.

4.04 General Project Requirements and Guidelines

A. **Minimum Investment Requirements**:

1. **New Projects**: New facility projects must include qualified investment of at least fifty million dollars ($50,000,000) in real property improvements.
2. **Existing Business Expansions**: Existing business expansion projects must include qualified investment of at least twenty-five million dollars ($25,000,000.[00]) in additional real or personal property.

B. **Property Standards**: All improvements must meet or exceed applicable building codes, zoning requirements, and development standards. Properties must be maintained in good condition throughout the abatement period.

C. **Environmental Compliance**: Projects must comply with all applicable federal, state, and local environmental regulations and obtain all necessary environmental permits and approvals before construction begins.

D. **Construction Timeline**:

1. **Commencement**: Construction must commence within eighteen (18) months of economic development agreement execution unless extended by the Commissioners Court for good cause.
2. **Completion**: All improvements must be completed within four (4) years of agreement execution unless extended by the Commissioners Court.
3. **Progress Reports**: Applicants must provide quarterly progress reports during the construction period.

E. **Maintenance Requirements**: Abated property must be maintained in good condition throughout the abatement period and must continue to be used for the purposes specified in the economic development agreement.

F. **Insurance Requirements**: Properties must be adequately insured throughout the abatement period with coverage amounts specified in the economic development agreement.

G. **Large Load Energy Customers:** Projects that will be regulated as a large load customer as defined by Sect. 37.0561 of the Texas Utilities Code shall provide the County with a letter of commitment from ERCOT and evidence of site control.

4.05 Value Decline Adjustments

If the assessed value of abated property declines during the abatement period for reasons other than normal depreciation, the amount of abatement shall be adjusted proportionally to reflect the actual value increase attributable to the qualifying improvements. This adjustment ensures that tax abatements are provided only on actual increases in property value and protects the County's tax base from erosion due to declining property values. This adjustment applies to reduced property values resulting from protested valuations.

4.06 Existing Business Expansion

A. **Eligibility Requirements**: Existing businesses located within Ellis County may qualify for incentives for facility expansions that meet the following criteria:

1. **Investment Threshold**: Minimum qualified investment of twenty-five million dollars (\$25,000,000.^{00}) in additional real and/or personal tangible personal property improvements. Tangible personal property improvements may be incentivized for up to five years. Real property improvements may be abated for a maximum of ten years.
2. **Zone Location**: Expansion must be located within a designated reinvestment zone, either at the existing business location or at a new location within Ellis County.
3. **Substantial Expansion**: The expansion must represent a substantial increase in productive capacity, operational scope, or employment, and not merely replacement or maintenance of existing facilities.
4. **Business Continuity**: The existing business must have been in operation within Ellis County for at least two (2) years prior to application.

B. **Application Requirements**: Existing business expansion applications must include:

1. **Current Operations Documentation**: Detailed description of current business operations, employment levels, and property holdings within Ellis County.
2. **Expansion Plans**: Comprehensive plans for the proposed expansion including architectural drawings, equipment specifications, and operational changes.
3. **Economic Impact Analysis**: Analysis of the economic impact of the expansion on Ellis County including employment changes, supply chain effects, and community benefits.

C. **Incentive Structure**: Existing business expansions are eligible for the same abatement percentages and terms as new facilities under this policy, applied only to the increased assessed value resulting from the expansion improvements.

D. **Performance Requirements**: Expansion projects must maintain existing employment levels in addition to any new employment created by the expansion and must complete the expansion improvements within the timeframes specified in the economic development agreement.

SECTION 5: TAX INCREMENT REINVESTMENT ZONE PARTICIPATION

5.01 Participation Criteria

A. **Economic Development Compatibility**: Ellis County may participate in TIRZs established by municipalities or other eligible entities when such participation is compatible with County economic development objectives and provides demonstrable benefit to County residents and taxpayers.

B. **Financial Feasibility**: Projects must demonstrate financial feasibility and reasonable likelihood of success in achieving stated development objectives within proposed timeframes.

C. **Public Benefit**: County participation must result in substantial public benefit through job creation, increased tax base, infrastructure improvements, or other measurable economic development outcomes.

D. **Geographic Considerations**: Priority may be given to TIRZ projects located in areas of the County that align with comprehensive planning objectives or designated development priorities.

5.02 Required Documentation

TIRZ participation agreements shall include detailed documentation of the following elements:

A. **Project Scope and Timeline**: Comprehensive description of all proposed improvements, development phases, and completion schedules with specific milestones and deadlines.

B. **Public Improvements**: Detailed specifications of public improvements to be funded through tax increment financing, including infrastructure, utilities, transportation improvements, and community facilities.

C. **Economic Benefits Analysis**: Quantitative analysis of expected economic benefits including job creation, wage levels, property value increases, and long-term fiscal impacts.

D. **Financing Structure**: Complete description of project financing including County contribution amounts, payment schedules, funding sources, and financial safeguards.

E. **Performance Monitoring**: Specific metrics and procedures for monitoring project performance, compliance with agreement terms, and achievement of stated objectives.

5.03 County Representation and Oversight

A. **Board Representation**: Ellis County shall appoint representatives to TIRZ boards when entitled to representation under applicable law, and such representatives shall act in the best interests of Ellis County.

B. **Monitoring Responsibilities**: County representatives shall actively monitor project progress, compliance with agreement terms, and expenditure of tax increment funds to ensure accountability and performance.

C. **Reporting to Commissioners Court**: Regular reports shall be provided to the Commissioners Court on TIRZ activities, financial performance, and progress toward stated objectives.

D. **County Input**: Ellis County shall have meaningful input into major project decisions affecting County interests, including changes to project scope, financing, or development plans.

5.04 Notification Requirements

A. **Decision Notification**: Participating entities shall notify Ellis County of all significant TIRZ actions and decisions that may affect County interests or financial commitments.

B. **Annual Reporting**: Comprehensive annual reports shall be provided on project status, financial performance, compliance with agreement terms, and progress toward completion.

C. **Change Notification**: Any changes to project scope, financing arrangements, development plans, or other material aspects of the TIRZ must receive prior written notice to Ellis County.

D. **Default Notification**: Immediate notification must be provided of any defaults, financial difficulties, or other problems that may affect project completion or County interests.

5.05 Financial Protections

A. **Performance Guarantees**: County participation agreements shall include appropriate performance guarantees, completion bonds, or other financial safeguards to protect County investments.

B. **Recapture Provisions**: Agreements shall include recapture provisions allowing the County to recover contributed funds in cases of non-performance, project abandonment, or material breach of agreement terms.

C. **Termination Rights**: Ellis County may terminate participation for cause with appropriate notice, and agreements shall specify the procedures and consequences of termination.

D. **Audit Rights**: The County shall retain the right to audit project finances and performance to ensure compliance with agreement terms and proper use of public funds.

SECTION 6: APPLICATION REQUIREMENTS

6.01 General Application Process

A. **Application Form**: Applications for economic development incentives must be submitted on the official form prescribed by Ellis County (Exhibit A) and must be signed by an authorized representative of the applicant.

B. **Pre-Application Checklist:** Applications for economic development incentives must be accompanied by The Pre-Application Checklist prescribed by Ellis County (Exhibit B) and signed by an authorized representative of the applicant.

C. **Pre-Application Conference**: Applicants are strongly encouraged to meet with County staff prior to formal application submission to discuss project details, applicable requirements, and available incentives.

D. **Application Completeness**: Applications will not be processed until all required documentation is received and deemed complete by County staff. Incomplete applications will be returned with a specification of missing items.

E. **Processing Timeline**: Complete applications will be reviewed and processed within ninety (90) days of receipt unless extended by mutual agreement between the applicant and Ellis County.

F. **Multiple Applications**: Separate applications must be submitted for each distinct project or property, although related projects may be coordinated for simultaneous review.

6.02 Application Fee

A. **Fee Requirement**: All applications for economic development incentives shall be accompanied by a non-refundable application fee of One Thousand Dollars **($1,000.00)** received by the County before the application will be reviewed.

B. **Fee Payment**: The application fee must be paid by cashier's check, certified check, or money order made payable to Ellis County at the time of application submission.

C. **Fee Waiver Authority**: The Commissioners Court may waive the application fee upon finding that the waiver serves the public interest and supports the County economic development objectives.

D. **Waiver Procedure**: Applications for fee waivers must be submitted in writing with supporting documentation and will be considered by the Commissioners’ Court on a case-by-case basis.

6.03 Municipal Coordination Requirements

The project must be supported by the applicable municipality, particularly in the form of local economic incentive offers or an economic development agreement.

6.04 Confidentiality Provisions

A. **Trade Secret Protection**: Ellis County will protect proprietary business information and trade secrets to the maximum extent permitted by law, including financial information, operational details, and competitive business strategies.

B. **Public Information Compliance**: Applicants must clearly identify information claimed to be confidential and provide legal justification for confidentiality claims in accordance with the Texas Public Information Act.

C. **Disclosure Requirements**: Applicants acknowledge that certain information may be subject to mandatory disclosure under state public information laws, and the County cannot guarantee confidentiality of all submitted information.

D. **Protective Measures**: The County will implement reasonable measures to protect confidential information during the application review process and will notify applicants of any requests for information that may affect confidential materials.

SECTION 7: REVIEW AND APPROVAL PROCESS

7.01 Application Review Procedures

A. **Initial Review**: County staff will conduct an initial completeness review within fifteen (15) days of application submission and will notify the applicant of any missing or inadequate documentation required for a complete application.

B. **Technical Review**: Complete applications will undergo comprehensive technical review including:

1. **Legal Compliance Review**: Verification of compliance with all applicable state and local legal requirements
2. **Financial Analysis**: Evaluation of project financial feasibility and fiscal impacts on Ellis County
3. **Economic Impact Assessment**: Analysis of projected economic benefits and costs
4. **Site Evaluation**: Review of site plans, engineering specifications, and development feasibility

C. **Site Inspection**: County representatives may conduct site inspections of proposed project locations to verify information provided in applications and assess development feasibility.

D. **Consultant Review**: Ellis County may retain independent consultants, attorneys, economists, or other experts to assist with application review and analysis, with costs charged to the applicant.

E. **Intergovernmental Coordination**: Staff will coordinate with affected municipalities, school districts, and other relevant entities during the review process to identify potential impacts and coordination opportunities.

F. **Professional Services Agreement:** Ellis County reserves the right to require applicants for economic development incentives to enter into a Professional Services Agreement (the "Agreement") with the County to fund the cost of professional services necessary to review and analyze the incentive application. Such professional services may include, but are not limited to, planning, engineering, financial analysis, and legal services (collectively, "Professional Services").

Upon written notification from the County, the applicant shall deposit Ten Thousand Dollars ($10,000.00) with the County within fifteen (15) business days of written notification by the

County. This deposit shall be held in a segregated escrow account and used exclusively to pay for Professional Services related to the review of the applicant's specific incentive request. Should the expenses exceed the initial deposit, the County shall provide written notice to the applicant, who shall remit an additional Five Thousand Dollars ($5,000.00) within ten (10) business days of such notice. This process shall continue until all incurred Professional Services costs are fully paid.

All deposits made under this section are non-refundable. However, any funds remaining in the escrow account after all Professional Services costs have been paid shall be credited toward other applicable County fees associated with the applicant's project, if any.

Failure to remit required deposits within the specified timeframes may result in suspension or termination of the application review process.

7.02 Public Hearing Requirements

A. **Hearing Requirement**: A public hearing shall be held before the Commissioners Court on all applications for economic development incentives prior to final action on the application.

B. **Notice Requirements**: Public notice of the hearing shall be published in a newspaper of general circulation in Ellis County at least seven (7) days prior to the scheduled hearing date. The notice shall include:

1. Date, time, and location of the public hearing
2. General description of the proposed project and requested incentives
3. Location of the proposed project
4. Information regarding how interested persons may obtain additional details

C. **Hearing Procedures**:

1. **Presentation**: The applicant or representative may present the project and respond to questions from the Commissioners Court
2. **Public Input**: Any interested person may speak for or against the application during the designated public input period
3. **Time Limits**: The presiding officer may establish reasonable time limits for presentations and public comments to ensure orderly proceedings
4. **Written Comments**: Written comments may be submitted prior to or during the hearing and will be made part of the official record

D. **Record Keeping**: A complete record of the public hearing shall be maintained including all testimony, exhibits, and written comments received.

7.03 Commissioners Court Consideration

A. **Final Authority**: The Commissioners Court has final authority to approve, deny, or approve with modifications all economic development incentive applications considering the following factors:

1. **Policy Compliance**: Compliance with all requirements of this policy and applicable state and local laws
2. **Economic Benefit**: Magnitude and quality of economic benefits to Ellis County including job creation, capital investment, and tax base enhancement
3. **Financial Feasibility**: Likelihood of successful project completion and ongoing viability based on applicant financial capacity and market conditions
4. **Community Impact**: Overall impact on the community including compatibility with development plans, infrastructure requirements, and quality of life effects
5. **Fiscal Impact**: Cost-benefit analysis of requested incentives compared to projected economic and fiscal benefits
6. **Public Interest**: Overall determination of whether the project serves the public interest and provides appropriate return on public investment

B. **Decision Timeline**: The Commissioners Court will take final action on applications within sixty (60) days following completion of the public hearing unless additional time is needed for complex applications or additional information is required.

7.04 Economic Development Agreement Requirements

All approved applications shall result in preparation of a comprehensive economic development agreement containing the following elements:

A. **Project Description**: Detailed description of approved improvements, construction specifications, equipment installation, and operational requirements with specific performance standards and completion deadlines.

B. **Performance Standards**: Specific, measurable performance standards including:

1. **Investment Requirements**: Minimum qualified investment amounts and completion timelines
2. **Employment Commitments**: Job creation or retention commitments with wage and benefit standards, if any
3. **Operational Standards**: Requirements for ongoing business operations and facility maintenance
4. **Compliance Measures**: Specific metrics and procedures for measuring performance and compliance

C. **Incentive Terms**: Complete specification of approved incentives including:

1. **Abatement Details**: Percentage and duration of tax abatement with specific calculation methods
2. **Other Incentives**: Description of any other financial assistance or benefits provided
3. **Payment Schedules**: Timeline for incentive delivery and any performance-based payment triggers

D. **Monitoring and Reporting**: Comprehensive monitoring and reporting requirements including:

1. **Annual Reports**: Required annual compliance reports with specific data and certification requirements
2. **Inspection Rights**: County rights to inspect facilities and review records to verify compliance
3. **Performance Reviews**: Procedures for periodic performance reviews and assessment of goal achievement

E. **Default and Remedies**: Clear specification of default conditions and remedial measures including:

1. **Default Definition**: Specific conditions constituting default or non-compliance
2. **Cure Periods**: Reasonable cure periods for addressing non-compliance issues
3. **Recapture Provisions**: Detailed recapture provisions specifying calculation methods and collection procedures
4. **Enforcement Rights**: County enforcement rights and legal remedies for material breaches

F. **General Provisions**: Standard contractual provisions including assignment restrictions, modification procedures, dispute resolution methods, and termination conditions.

7.05 Assignment Restrictions

A. **Assignment Prohibition**: Economic development agreements may not be assigned or transferred without prior written approval of the Commissioners Court.

B. **Approval Criteria**: Requests for assignment approval will be evaluated based on:

1. **Assignee Qualifications**: Financial capacity and business qualifications of the proposed assignee
2. **Project Continuity**: Likelihood that the assignee will continue the project and meet all performance requirements

3. **Public Interest**: Whether the assignment serves the public interest and maintains the economic development benefits

C. **Assignment Conditions**: Assignment approvals may be conditioned upon:

1. **Assumption of Obligations**: Assignee's written agreement to assume all obligations of the original agreement
2. **Performance Guarantees**: Additional performance guarantees or security to ensure compliance
3. **Modified Terms**: Modifications to agreement terms to address changed circumstances

D. **Assignment Documentation**: All approved assignments must be documented by written assignment agreement executed by all parties and recorded in County records.

SECTION 8: COMPLIANCE AND MONITORING

8.01 Annual Certification Requirements

A. **Annual Report Deadline**: Recipients of economic development incentives must submit comprehensive annual compliance reports by March 31 of each year throughout the incentive period.

B. **Report Contents**: Annual reports must include the following information:

1. **Employment Certification**: Current employment levels by job category, including new hires, terminations, and net employment changes during the reporting year
2. **Payroll Information**: Total payroll, average wages by job category, and employee benefit information demonstrating compliance with any wage or benefit commitments
3. **Investment Status**: Progress on capital investment commitments including completed improvements, expenditures to date, and remaining investment obligations
4. **Operational Certification**: Certification that the facility is being operated for the purposes specified in the economic development agreement and is in compliance with all operational requirements
5. **Property Maintenance**: Certification that the property is being maintained in good condition and meets all applicable codes and standards
6. **Ownership Changes**: Disclosure of any changes in ownership, corporate structure, or control that may affect the economic development agreement

C. **Verification Requirements**: Ellis County may require independent verification of reported information through third-party audits, site inspections, or review of business records.

D. **Consequences of Non-Reporting**: Failure to submit required annual reports may constitute default under the economic development agreement and may result in suspension of incentives or initiation of recapture proceedings.

E. **Inspection costs:** The Commissioners Court may charge a fee for onsite inspections if necessary, under the terms of any incentive agreement. The fee will be posted in the County schedule of fees and is subject to annual review by the Commissioners Court

8.02 Compliance Reviews and Audits

A. **Review Authority**: Ellis County reserves the right to conduct periodic compliance reviews and comprehensive audits of incentive recipients to verify compliance with all agreement terms and conditions.

B. **Site Inspection Rights**: County representatives may conduct site inspections of abated properties during reasonable business hours with appropriate notice to verify:

1. **Property Condition**: Maintenance and condition of facilities and improvements
2. **Operational Compliance**: Compliance with operational requirements and intended use provisions
3. **Investment Verification**: Verification of completed improvements and ongoing capital investment
4. **Employment Verification**: Confirmation of employment levels and working conditions

C. **Records Access**: Recipients must provide Ellis County with reasonable access to relevant business records and documentation necessary to verify compliance including:

1. **Employment Records**: Payroll records, employment reports, and other documentation of job creation and retention
2. **Financial Records**: Financial statements, tax returns, and other financial documentation relevant to project performance
3. **Investment Documentation**: Receipts, contracts, and other documentation of capital investment and improvements
4. **Operational Records**: Business licenses, permits, and other documentation of ongoing operations

D. **Independent Audits**: Ellis County may retain independent auditors, accountants, or other qualified professionals to conduct compliance audits, with reasonable costs charged to the recipient.

E. **Audit Cooperation**: Recipients must cooperate fully with compliance reviews and audits including providing requested information, allowing site access, and responding to audit findings within specified timeframes.

8.03 Non-Compliance Remedies

A. **Notice and Cure Procedures**: Recipients who fail to comply with economic development agreement terms will receive written notice of the specific non-compliance issues and will be provided reasonable opportunity to cure deficiencies within timeframes specified in the agreement.

B. **Cure Period Extensions**: Ellis County may grant reasonable extensions of cure periods upon demonstration of good faith efforts to achieve compliance and circumstances beyond the recipient's reasonable control.

C. **Recapture Authority**: Non-compliance that is not cured within specified timeframes may result in recapture of abated taxes or other incentives provided, calculated according to the methodology specified in the economic development agreement.

D. **Recapture Calculation**: Recapture amounts will typically include:

1. **Abated Taxes**: The amount of property taxes that would have been owed without the abatement
2. **Interest**: Interest calculated from the date taxes would have been due at rates specified in the agreement
3. **Penalties**: Additional penalties as specified in the agreement for material breaches or willful non-compliance

E. **Collection Procedures**: Recaptured amounts constitute debts to Ellis County and may be collected through:

1. **Property Tax Liens**: Liens against the abated property with the same priority as property tax liens
2. **Legal Action**: Civil lawsuits to recover recaptured amounts, attorney fees, and court costs
3. **Other Remedies**: Other legal and equitable remedies available under law or the economic development agreement

F. **Agreement Termination**: Economic development agreements may be terminated by Ellis County for material breach, repeated non-compliance, or other circumstances specified in the agreement.

G. **Enforcement Discretion**: Ellis County retains discretion in enforcement actions and may consider factors such as good faith efforts at compliance, economic circumstances, and overall project performance in determining appropriate remedial measures.

SECTION 9: SPECIAL PROCEDURES FOR MUNICIPAL REINVESTMENT ZONES

9.01 Modified Application Procedures

For projects located within reinvestment zones established by municipalities, Ellis County may establish modified application procedures that streamline the review process while protecting County interests.

9.02 Reliance on Municipal Reviews

A. **Technical Reviews**: Ellis County may accept municipal technical reviews including engineering analyses, environmental assessments, and site plan reviews that meet County standards and adequately address County concerns.

C. **Due Diligence**: Ellis County may rely on municipal due diligence regarding applicant qualifications, project feasibility, and financial capacity when such reviews meet County standards.

9.03 Retained County Rights

Notwithstanding any reliance on municipal processes or coordination with municipal entities, Ellis County retains full authority over:

A. **County Decisions**: Final authority over County tax abatement decisions, terms and conditions of County incentives, and all matters affecting County fiscal interests.

B. **Agreement Terms**: Authority to establish terms and conditions of County economic development agreements including performance standards, monitoring requirements, and enforcement provisions.

C. **Compliance Monitoring**: Independent authority to monitor compliance with County agreement terms and to enforce County rights and remedies.

D. **Recapture Determinations**: Exclusive authority to make determinations regarding default, non-compliance, and recapture of County incentives.

9.04 Certification Requirements

Recipients of incentives in municipal reinvestment zones must provide annual certifications to both Ellis County and the applicable municipality regarding:

A. **Compliance Status**: Certification of compliance with all applicable County and municipal requirements and agreement terms.

B. **Performance Metrics**: Reporting on all performance metrics specified in both County and municipal agreements.

C. **Operational Status**: Certification regarding ongoing operations, employment levels, and facility maintenance standards.

D. **Coordination Issues**: Notification of any conflicts or coordination issues between County and municipal requirements that may affect project performance.

SECTION 10: REPORTING AND NOTIFICATIONS

10.01 State Reporting Requirements

A. **Comptroller Reporting**: Ellis County will comply with all state reporting requirements regarding economic development incentives, including submission of required annual reports to the Texas Comptroller of Public Accounts as specified in applicable state law.

B. **Report Contents**: State reports will include information regarding:

1. **Active Agreements**: All active tax abatement agreements and other economic development incentives
2. **Performance Data**: Employment, investment, and other performance data for incentive recipients
3. **Fiscal Impact**: Tax revenue impacts and cost-benefit analysis of County incentive programs
4. **Program Effectiveness**: Assessment of program effectiveness and achievement of economic development objectives

C. **Data Accuracy**: Ellis County will ensure accuracy and completeness of state reporting data through verification of recipient reports and independent monitoring activities.

10.02 Inter-Governmental Notifications

A. **Municipal Coordination**: Ellis County will provide timely notice to affected municipalities regarding:

1. **Application Receipt**: Notice of economic development applications for projects in municipal ETJ or affecting municipal interests
2. **Decision Notification**: Notification of County decisions on applications affecting municipal areas
3. **Performance Issues**: Notification of significant performance or compliance issues affecting projects of mutual interest

B. **School District Notification**: Affected school districts will receive notice of:

1. **Tax Abatement Decisions**: All County tax abatement approvals that may impact school district revenues
2. **Performance Updates**: Annual updates on abatement recipient performance and compliance
3. **Agreement Modifications**: Notification of any modifications to agreements affecting school district interests

C. **Other Taxing Units**: Other affected taxing will receive appropriate notification regarding County economic development decisions that may affect their tax revenues.

D. **State Agencies**: Ellis County will provide required notifications to state agencies regarding economic development activities as specified in applicable state law and regulations.

SECTION 11: GENERAL PROVISIONS

11.01 Conflicts of Interest

A. **Elected Official Restrictions**: No member of the Commissioners Court may have a direct or indirect financial interest in any economic development project receiving County incentives, except as permitted by applicable state law.

B. **Employee Restrictions**: County employees involved in economic development decisions may not have financial interests in projects under consideration and must disclose any potential conflicts of interest.

C. **Disclosure Requirements**: All potential conflicts of interest must be disclosed in writing and addressed in accordance with applicable state law and County policies.

D. **Recusal Procedures**: Commissioners Court members and County employees must recuse themselves from participation in decisions involving conflicts of interest and such recusal must be documented in official records.

11.02 Superseding Effect

A. **Policy Replacement**: This policy supersedes and replaces all previous Ellis County economic development policies, tax abatement guidelines, and related procedures.

B. **Existing Agreements**: Existing economic development agreements entered into under previous policies shall remain in effect according to their specific terms and conditions until expiration or termination.

C. **Transition Provisions**: Applications pending under previous policies at the time this policy becomes effective may be processed under either the previous or current policy at the discretion of the Commissioners Court.

11.03 Severability

If any provision of this policy is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect, and the invalid provision shall be deemed severed from this policy.

EXHIBIT A

ELLIS COUNTY ECONOMIC DEVELOPMENT PRE-APPLICATION CHECKLIST

Administrative Review - Verify ALL items before forwarding to Professional Reviewer

Applicant: ______________________ Reviewer: ______________________ Date: ______________________

1. APPLICATION FEE & COVER LETTER

Item	Yes	No
$1,000 fee submitted (check/money order to "Ellis County") OR fee waiver request with justification	☐	☐
Cover letter to County Judge summarizing request and attachments	☐	☐

2. APPLICANT INFORMATION

Legal name, DBA, Federal Tax ID, business structure, parent company (if applicable)	☐	☐
Complete contact info: address, phone, email, primary contact name & title	☐	☐
Articles of incorporation/organization, good standing in Texas, no outstanding liens/judgments	☐	☐

3. PROJECT INFORMATION

Project type checked: New/Expansion/Target Industry/Data Center	☐	☐
Incentive type: Tax Abatement/TIRZ/Chapter 381/Other	☐	☐
Property address, legal description, acreage, current owner identified	☐	☐
Location status: city limits/ETJ/unincorporated (municipality named if applicable)	☐	☐
Annexation status disclosed (will/will not seek) with municipality & timeline if applicable	☐	☐
Construction start, completion, operations commencement dates provided	☐	☐

4. INVESTMENT (Minimum: $50M General / $25M Data Center)

Total investment stated and meets minimum threshold for project type	☐	☐
Breakdown provided: land, site prep, construction, equipment, infrastructure (totals match)	☐	☐
Financing sources identified with amounts (equity, bank, SBA, bonds, other)	☐	☐
Financial statements (3 years), feasibility study, cost estimates attached	☐	☐

5. UTILITY WILL-SERVE LETTERS (All dated within 90 days)

Water utility letter confirms capacity & commitment to serve	☐	☐
Sewer/wastewater utility letter confirms capacity & commitment to serve	☐	☐
Electric utility letter confirms capacity & commitment to serve	☐	☐
Natural gas utility letter (if applicable to project)	☐	☐

6. REQUIRED ATTACHMENTS

Current survey showing property boundaries, improvements, easements, jurisdictional lines	☐	☐
Site plan/architectural renderings	☐	☐
Business plan/detailed project description	☐	☐
Phase I Environmental Site Assessment (if required)	☐	☐
Municipal coordination documentation (if in city limits/ETJ)	☐	☐

7. DATA CENTER ONLY (If Applicable)

Electric service requirements & estimated annual consumption (MWh) detailed	☐	☐
Municipal sales tax on electricity analyzed with revenue estimates	☐	☐
Backup power systems described (generators, battery storage, capacity, autonomy)	☐	☐

8. SIGNATURE & CERTIFICATION

Original signature by authorized representative with printed name, title, and date	☐	☐
Certification statement completed affirming accuracy of information	☐	☐

DEFICIENCIES/NOTES:

☐ APPROVED - Forward to Professional Reviewer | ☐ INCOMPLETE - Return to Applicant

Administrative Reviewer Signature: ______________________ Date: ______________________

EXHIBIT B

ELLIS COUNTY ECONOMIC DEVELOPMENT INCENTIVE APPLICATION

SECTION A: APPLICANT INFORMATION

Legal Name of Applicant: ____

Type of Organization: ☐ Corporation ☐ Partnership ☐ LLC ☐ Sole Proprietorship
☐ Other: _______________

State of Incorporation/Organization: _____________________ **Date:** ___________________

Federal Tax Identification Number: _________________________________

Principal Business Address:
Street:____
City: _________________________ State: _______ ZIP: ___________________

Local Contact Person: ____
Title: ____
Phone: ________________________ Email: _______________________________

Project Manager/Representative:

Name: ____
Title: ____
Company: ____
Phone: ________________________ Email: _______________________________

SECTION B: PROJECT INFORMATION

Project Name: ____

Project Type: (Check all that apply) ☐ New Facility Construction ☐ Existing Business Expansion
☐ Data Center ☐ Target Industry (specify):

____
☐ Other: ____

Brief Project Description:

Project Timeline: Construction Start Date: ___________________
Construction Completion Date: ___________ Operations Commencement Date: _____________

SECTION C: PROJECT LOCATION

Project Address: ____
City: _________________________ State: _______ ZIP: ___________________

Legal Description: (attach additional sheets if necessary)

Tax Parcel ID Number(s): ____

Current Property Owner: ____

Jurisdictional Status: (Check one):

☐ Within city limits of: ____
☐ Within extraterritorial jurisdiction (ETJ) of: __________________________
☐ Unincorporated Ellis County

Planned Annexation Request: ☐ Yes ☐ No

If yes, which municipality: ____
Anticipated timeline for annexation request: ____________________________

Current Zoning Classification: ____

Required Zoning Changes: ☐ Yes ☐ No **If yes, describe:**

____

____

SECTION D: INVESTMENT INFORMATION

Total Project Investment: $____

Land Acquisition Cost: $____

Building/Construction Costs: $____

Equipment/Machinery Costs: $____

Infrastructure/Site Preparation: $_____________________________________

Other Costs (specify): $____

Qualified Investment (real property improvements): $____________________

Estimated Property Value After Completion: $__________________________

SECTION E: EMPLOYMENT INFORMATION

Current Employment at this Location: _____ full-time _____ part-time

Construction Jobs: Estimated peak construction employment: __________
Duration: _________ months Average construction wage: $_______ per hour

Permanent Employment: New full-time jobs to be created: ____________________________
New part-time jobs to be created: ____
Existing jobs to be retained: ____

Job Categories and Wages:

Average Annual Wage (all permanent positions): $__________________________

Employee Benefits: (Check all that apply)
☐ Health Insurance (Company contribution: ___________%) ☐ Dental Insurance

☐ Retirement Plan (☐ 401k ☐ Pension ☐ Other: ________________) ☐ Paid Time Off
☐ Other benefits: ____

SECTION F: UTILITY REQUIREMENTS

Required Utilities: (Check all that apply and attach will-serve letters)
☐ Water - Provider: _____________________________ ☐ Will-serve letter attached
☐ Sewer - Provider: _____________________________ ☐ Will-serve letter attached
☐ Electric - Provider: ____________________________ ☐ Will-serve letter attached
☐ Natural Gas - Provider: _________________________ ☐ Will-serve letter attached

Estimated Utility Requirements: Water: _______ gallons/day Sewer: _______ gallons/day
Electric: _____ kW demand Gas: _______ cubic feet/day

Required Utility Infrastructure Improvements:

Estimated Utility Connection/Impact Fees: $_______________________________

SECTION G: DATA CENTER SPECIFIC INFORMATION (Complete only if applicable)

Type of Data Center: ☐ Colocation ☐ Enterprise ☐ Hyperscale ☐ Edge ☐ Other: _________

Primary Services: (Check all that apply) ☐ Data Storage ☐ Cloud Computing
☐ Content Delivery ☐ Disaster Recovery ☐ Other: _______

Electrical Infrastructure: Will electrical service construction be required? ☐ Yes ☐ No

If yes, describe requirements:

Estimated Annual Electricity Consumption: _______ MWh

Municipal Sales Tax on Electricity: Will electricity consumption be subject to municipal sales tax? ☐ Yes ☐ No

If yes, estimated annual municipal sales tax revenue: $____________________

Backup Power Systems: ☐ Diesel Generators ☐ Battery Storage ☐ Other: __________

Capacity: __________ Autonomy: __________ Hours: __________

SECTION H: ENVIRONMENTAL INFORMATION

Environmental Site Assessment: ☐ Completed ☐ Planned ☐ Not Required ☐ Phase I ESA attached

Required Environmental Permits: (List all applicable)

Environmental Impact Mitigation Measures:

SECTION I: REQUESTED INCENTIVES

Tax Abatement: ☐ Yes ☐ No **Requested percentage:** ______% **Duration:** ______ years

Tax Increment Reinvestment Zone (TIRZ) Participation: ☐ Yes ☐ No
Details: ____

Chapter 381 Economic Development Agreement: ☐ Yes ☐ No
Type of assistance requested: ____

Other Incentives or Assistance:

SECTION J: FINANCING INFORMATION

Project Financing Sources: (Check all that apply) ☐ Cash/Owner Equity: $_______________

☐ Bank Financing: $__________________ ☐ SBA Loan: $________________________

☐ Bond Financing: $__________________ ☐ Other: $__________________________

(specify): _________________________

Primary Lender/Financial Institution:
Name: ____
Contact: ____

SECTION K: ATTACHMENTS CHECKLIST

Required Attachments: (Check all that are attached)

☐ Application Fee ($1,000.^{00} - cashier's check, certified check, or money order)

☐ Site Plan/Survey ☐ Architectural Plans/Renderings

☐ Financial Statements (last 3 years) ☐ Business Plan/Project Description

☐ Utility Will-Serve Letters (all applicable utilities)

☐ Phase I Environmental Site Assessment (if applicable) ☐ Market/Feasibility Study

☐ Construction Cost Estimates ☐ Articles of Incorporation/Organization Documents

☐ Financial References ☐ Other: ____

Additional Documentation: (if submitted)

SECTION L: CERTIFICATION AND SIGNATURE

I hereby certify that:

1. The information provided in this application and all attached documents is true, complete, and accurate to the best of my knowledge.
2. I understand that any false statements, omissions, or misrepresentations may result in denial of this application or recapture of any incentives granted.
3. I acknowledge that this application and supporting documents may be subject to disclosure under the Texas Public Information Act, except for information that qualifies as confidential under applicable law.
4. I agree to comply with all terms and conditions of any economic development agreement executed as a result of this application.
5. I understand that submission of this application does not guarantee approval of requested incentives.

Applicant Signature:

Signature Date: __________________

Print Name

Title

Notarization:

Acknowledgement

State of __________________ §

§

County of ________________ §

On this _____ day of _______**, 20___**, before me personally appeared _____________________, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

____

NOTARY PUBLIC

State of __________________________

Commission expires:________________

FOR OFFICE USE ONLY

Application Received: ______________________ **By:** ______________________________

Application Number: ____

Fee Received: ☐ Yes ☐ No ☐ Waived **Amount:** $____________________

Completeness Review: ☐ Complete ☐ Incomplete

Missing Items: ____

Staff Reviewer: ______________________ **Date:** ____________________

Public Hearing Date: ______________________

Commissioners Court Action: ☐ Approved ☐ Denied ☐ Approved with Modifications

Date of Action: ______________________ **Resolution/Ordinance No.:** ______________