

**Menard County
State of Texas**

Tax Abatement Guidelines and Criteria

The following Tax Abatement Guidelines and Criteria (the “*Guidelines*”) have been adopted by the Menard County Commissioners Court to establish a uniform policy of considering tax abatements for owners or lessees of Eligible Facilities who are willing, in return for an Abatement, to provide long-term significant positive economic impact to Menard County (the “*County*”) and who are willing to commit to utilizing the County’s contractors and work force in the construction, operation, maintenance, repair, and removal of the Eligible Facilities. These Guidelines and Criteria are effective as of the date adopted.

The adoption of these Guidelines by the Menard County Commissioners Court does not:

1. Limit the discretion of the County to decide whether or not to enter into a specific tax abatement agreement;
2. Limit the discretion of the County to delegate to its employees the authority to determine whether or not the County should consider a particular application or request for tax abatement;
3. Create any property, contract, or other legal right in any person to have the County consider or grant a specific application or request for tax abatement; nor
4. Limit the discretion of the County to execute tax abatements inconsistent with the terms of these Guidelines if the Menard County Commissioners Court decides such abatement, notwithstanding such inconsistency, would benefit the County.

**Section 1
Definitions**

The following terms and/or phrases shall have the meaning outlined in this Section 1. All other capitalized terms and/or phrases used in these Guidelines, but not defined in this Section 1, shall have the meanings assigned to those terms and/or phrases in the applicable portion of these Guidelines.

A. “*Abatement*” means the full or partial exemption from ad valorem taxes of certain Eligible Facilities located, after the effective date of an Agreement, in a reinvestment zone designated by the County, the City of Menard, or any other incorporated municipality, currently existing or later incorporated, located in the County.

B. “*Agreement*” means a contractual agreement for an Abatement between the owner and/or lessee of Eligible Facilities and the County.

C. “*Base Year Value*” means the assessed value of the Eligible Facilities as of January 1 preceding the execution of the Agreement.

D. “*Deferred Maintenance*” means improvements necessary for continued operation that do not improve productivity or alter the process technology.

E. “*Eligible Facilities or Eligible Facility*” means new, expanded, or modernized buildings, structures, improvements, infrastructure, machinery, and equipment, including, without limitation, renewable energy facilities, energy storage facilities, data centers, manufacturing facilities, agricultural facilities, hotels, office buildings, regional entertainment/tourism facilities, research facilities, historic buildings, or any other facilities, improvements, or infrastructure deemed eligible by the Menard County Commissioners Court. Eligible Facilities shall be reasonably likely, as a result of granting an Agreement, to contribute to the retention or expansion of primary employment, to attract major investment in the reinvestment zone, or contribute to the economic development of the County. Eligible Facilities do not include any facilities prohibited by Texas law from receiving Abatement, nor do they include facilities intended primarily to provide goods or services to residents for existing businesses located in the County, such as, but not limited to, restaurants and retail sales establishments.

F. “*Expansion*” means the addition of building structures, machinery, equipment, or payroll for purposes of increasing production capacity.

G. “*Facility*” means property improvements completed or in the process of construction that together comprise an interregional whole.

H. “*Modernization*” means a complete or partial demolition of a facility and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment, or both.

I. “*New Facility*” means a property previously undeveloped that is placed into service by means other than or in conjunction with Expansion or Modernization.

J. “*Productive Life*” means the number of years an Eligible Facility is expected to be in service.

K. “*Net Benefit*” means the total projected ad valorem tax revenue payable to the County during the term of the Agreement and thereafter, less any costs incurred by the County to provide services attributable to the Eligible Facility. Net Benefit shall be calculated in nominal dollars unless otherwise specified in the Agreement.

Section 2

Abatement Authorized

A. Eligible Facilities. Upon application, Eligible Facilities shall be considered for Abatement as hereinafter provided.

B. Creation of New Values. Abatement may be granted only for the additional value of Eligible Facilities made after and specified in the Agreement, subject to such limitations as the County may require.

C. Eligible Property. Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements, and related fixed improvements necessary to the operation and administration of the Eligible Facilities.

D. Ineligible Property. The following types of property shall be fully taxable and ineligible for Abatement: land, supplies, tools, furnishings, animals, inventories, vehicles, vessels, aircraft, and other forms of movable personal property, housing, deferred maintenance, property to be rented or leased except as provided in Section 2(E), and property or facilities which will have a Productive Life of less than ten (10) years.

E. Leased Facilities. If an Eligible Facility is leased and an Abatement is granted, the Agreement shall be executed with the lessor and the lessee. For the avoidance of doubt, if the Eligible Facility is placed on leased real property, this Section 2(E) does not require the Agreement to be executed by the Owner of said real property.

F. Economic Qualifications. To be eligible for designation as a reinvestment zone and to receive Abatement, the planned improvements:

1. Must be reasonably expected to have an increase in positive Net Benefit (as defined above) to the County of at least \$1,000,000.00 calculated based on projected ad valorem tax revenue and associated service costs; and

2. Must not be expected to solely or primarily have the effect of transferring employment from one part of the County to another.

G. Standards for Tax Abatement. The following factors, among others, shall be considered in determining whether to grant an Abatement:

1. Value of existing improvements, if any;
2. Type and value of proposed improvements;
3. Productive Life of proposed improvements;
4. Number of existing jobs to be retained by proposed improvements;
5. Number and type of new jobs to be created by proposed improvements;
6. Amount of local payroll to be created;

7. Whether the new jobs to be created will be filled by persons residing or projected to reside within the County;

8. The amount that the property tax base valuation will be increased during the term of the Agreement and after the Agreement, which shall include a definitive commitment that such total taxable value of the Eligible Facility, including Base Year Value and new value, shall not, during the term of the Agreement, be less than \$1,000,000.00 unless otherwise approved by the Menard County Commissioners Court;

9. The costs to be incurred by the County to provide services directly resulting from the new improvements;

10. The amount of ad valorem taxes to be paid to the County during the abatement period, considering: (a) the existing values; (b) the percentage of new value abated; (c) the abatement period; and (d) the value after expiration of the abatement period.

11. The population growth of the County that occurs directly as a result of new improvements;

12. The types and values of public improvements, if any, to be made by the applicant seeking Abatement;

13. Whether the proposed improvements compete with existing businesses to the detriment of the local economy;

14. The impact on the business opportunities of existing businesses;

15. The attraction of other new businesses to the area;

Each Eligible Facility shall be reviewed on its merits utilizing the factors provided above. After such review, Abatement may be denied entirely or granted to the extent deemed appropriate after a full evaluation.

H. Denial of Abatement. Neither a reinvestment zone nor an Abatement shall be authorized if it is determined that:

1. The applicant has insufficient financial capacity; or
2. Any other reason deemed appropriate by the County.

I. Taxability. From the execution of the Agreement to the end of the abatement period, taxes shall be payable as follows:

1. The value of Ineligible Property as provided in Section 2(E) shall be fully taxable; and

2. The base year value of existing eligible property, as determined each year, shall be fully taxable.

The additional value of new eligible property shall be fully taxable at the end of the abatement period.

Section 3 Application

A. Any present or potential owner of taxable property in the County may request the creation of a reinvestment zone and the granting of an Abatement by filing a written application with the County Judge.

B. The application shall consist of a general description of improvements for which an Abatement is requested; a descriptive list of the kind and number of improvements for which an Abatement is requested; a map of the reinvestment zone; property descriptions for the real property located in the reinvestment zone; and an estimated schedule for undertaking and completing the proposed improvements. In the case of Modernization, a statement of the assessed value of the Facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The County may require such financial and other information as deemed appropriate for evaluating the applicant's financial capacity and other factors to be attached to the application. The completed application must be accompanied by a non-refundable application fee to cover the administrative costs associated with processing the tax Abatement request. All checks in payment of the administrative fee shall be made payable to Menard County. The fee shall be one thousand and no/100 dollars (\$1,000.00), accompanied by the agreement that the applicant shall pay costs of publishing the statutorily required notices and reasonable attorney and consulting fees as may be incurred by Menard County in the examination of the application, as well as the preparation and negotiation of the Agreement. The application shall also include the estimated taxable value of the improvements (and the basis for making such estimate); any depreciation (and the basis for making such estimate); an estimate of the taxes the County would recover without the Abatement; and a list of all other taxing entities located within the proposed reinvestment zone. The application shall be in the form attached hereto as Exhibit A or in another form provided by the County.

C. The County shall give written notice as provided by the Texas Tax Code Chapter 312, to the presiding officer of the governing body of each taxing unit in which the property to be subject of the Agreement is located not later than the seventh day before the public hearing, and publication in a newspaper of general circulation within such taxing jurisdiction not later than the seventh day before the public hearing on the establishment of a reinvestment zone. Before acting upon the application, the County shall, through a public hearing, afford the applicant and the designated representative of any governing body referenced hereinabove the opportunity to show cause why the Abatement should or should not be granted.

D. If a city within the County designates a reinvestment zone within its corporate limits and enters into or proposes to enter into an Agreement with a present or potential owner of a taxable property, such present or potential owner of taxable property may request tax abatement by the County by following the same application process described in Section 3(A) hereof. No

of the Eligible Facilities, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured and/or reengineered, and (ii) the retention of not fewer than three (3) permanent full-time jobs, each of which performs a substantial portion of their work duties within the County, unless a different minimum employment level is established in the Agreement.

6. On May 1st of each year that the Agreement is in effect, an officer of the recipient of the Abatement shall certify to the County Judge of Menard County, and to the governing body of each taxing unit, compliance with each applicable term set forth above.

Section 5 Recapture

A. If the recipient of the Abatement or its assignee:

1. Allows its ad valorem taxes owed to the County or any other taxing unit located in the County to become delinquent, and fails to timely and properly follow the legal procedures for their protest and/or contest; or

2. Violates any of the terms and conditions of the Agreement and fails to cure during the Cure Period, then the Agreement may be terminated, and all taxes previously abated by virtue of the Agreement may be recaptured. All taxes previously abated shall be recaptured and paid, together with interest and penalties, within thirty (30) calendar days of the termination.

B. Should the County determine that the applicant or its assignee is in default according to the terms and conditions of the Agreement, the County shall notify the company or individual in writing at the address stated in the Agreement, and if such is not cured within the time outlined in the Agreement ("*Cure Period*"), then the Agreement may be terminated.

Section 6 Administration

A. The Chief Appraiser of the Menard County Appraisal District will annually determine the assessed value of the real and personal property comprising the reinvestment zone in accordance with Texas law. Each year, the company or individual receiving Abatement shall furnish the Chief Appraiser with such information as may be necessary to create such assessment. Once the value has been established, the Chief Appraiser will notify the Menard County Commissioners Court of the assessment amount.

B. The County may enter into a contract with any other jurisdiction(s) to inspect the Facility and determine whether the terms and conditions of the Agreement are being met. 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 Agreement to inspect the Facility and determine whether the terms and conditions of the Agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours' prior notice and will only be conducted

in such a manner as not to unreasonably interfere with the construction and/or operation of the Facility.

**Section 7
Assignment**

A. The Agreement may not be transferred or assigned unless the County's proper written approval is obtained by resolution of the Menard County Commissioners Court . No assignment or transfer shall be approved if the parties to the existing Agreement, the new owner, or the new lessee are liable to any jurisdiction for outstanding taxes or other obligations.

**Section 8
Severability and Limitations**

A. If any section, clause, sentence, paragraph, or any part of these Guidelines is, for any reason, adjudged by any court of competent jurisdiction to be invalid, such invalidity shall not affect, impair, or invalidate the remainder of the Guidelines.

B. If these Guidelines have omitted any mandatory requirement of the applicable laws of the State of Texas, then such requirement is hereby incorporated as a part of these Guidelines by this reference.


**Section 9
Sunset Provision**

A. These Guidelines are effective upon adoption and will remain in force for two (2) years unless amended, modified, renewed, or eliminated by a majority vote of the Menard County Commissioners Court. If these Guidelines lapse, or are otherwise not renewed, then notwithstanding such lapse and/or non-renewal, any reinvestment zone or Agreement previously created or entered into while the Guidelines were effective shall nonetheless remain effective pursuant to the terms of the Agreement or the resolution establishing the reinvestment zone.

[End of Guidelines]

ADOPTED the 9th day of March, 2026.

MENARD COUNTY COMMISSIONERS' COURT



COMM. FRANK DAVIS

Recused

COMM. TYLER WRIGHT



COMM. JAY CUNNINGHAM



COMM. ED KEITH



JUDGE BRANDON CORBIN

EXHIBIT "A"

**Menard County, Texas
APPLICATION FOR TAX ABATEMENT**

Name of Applicant: _____

Address: _____

Email: _____

Phone _____

Name of Representative: _____

Address: _____

Email: _____

Phone _____

Proposed Name for Reinvestment Zone: _____

1. State the approximate current ad valorem tax value of the real property within the proposed reinvestment zone, as well as each taxing entity.
2. Attach a map of the proposed Reinvestment Zone in JPEG format, with sufficient detail to locate the reinvestment zone in relation to highways or County roads that will access the zone, with enough contrast to make publication in a newspaper generally legible at a scale of not more than one quarter page, and contain an "inset" map locating the proposed reinvestment zone within the County.
3. Provide a list of the properties that will be located within the proposed reinvestment zone, by Parcel Identification numbers utilized by the County Appraisal District, the current registered owner of each such parcel, the acreage of each parcel, the appraised value of each parcel, and, if applicable, the appraised value less any Agriculture Exemption.

4. Provide a general description of the nature of the proposed project, the types of infrastructure that will be constructed or installed within the proposed reinvestment zone, and a statement as to what Improvements will be subject to the abatement and any exclusions from abatement the Applicant expects to construct or install within the proposed reinvestment zone. Please state the Applicant's best estimate of the taxable value of all such Improvements.

5. State the number and duration of temporary jobs that will be generated by the proposed project, together with the anticipated temporary payroll for the duration of the construction phase of the project.

6. State the number of Permanent Jobs that will be created. In relation to job creation, please state the anticipated annual payroll for Permanent Jobs.

Permanent Jobs: _____

Anticipated Annual Payroll: _____

7. Identify any incentives the Applicant will make available to attract and retain permanent residential employees to construct, maintain, or operate the resulting facilities within the proposed reinvestment zone, such as housing allowances for the location of permanent jobs in Menard County, scholarships, etc.

8. State whether the Applicant intends to seek a reduction in the initial ad valorem tax basis by deducting any federal tax credits from the cost basis or value of the proposed Improvements. If so, the resulting cost basis or value of the Improvements for purposes of County ad valorem taxation in the first year, such Improvements will be taxable by the County.

9. State the estimated tax revenues the County can expect to receive during each year of any requested abatement, and the method by which this revenue is calculated.

10. State the remaining useful life of the proposed project at the conclusion of the abatement period. Please attach a spreadsheet to your application that includes this calculation, showing the formula used. This spreadsheet should show expected revenues to the County during the requested abatement period and for each subsequent year after the expiration of the abatement period, for the duration of the expected useful life of the facilities constructed or installed within the proposed reinvestment zone.

11. Provide a comparison between any proposed abatement of taxes based upon a percentage of abatement and the resulting PILOT (Payment in Lieu of Taxes) that might result from the County approving the requested abatement.

12. Provide a time schedule for undertaking and completing the planned Improvements. This timeline should include the anticipated commencement of construction, the commercial operations commencement date, and the date of the first payment of any PILOT or ad valorem tax.

• **Commencement of Construction:** _____

- **Commercial Operations:** _____
- **Commencement of Abatement:** _____

13. A description of actions to be taken by Applicant to lessen any negative impact on Menard County infrastructure facilities and/or adjacent property owners.

14. Provide certification from the County Appraisal District that any proposed reinvestment zone/parcels of real property are current in ad valorem tax obligations.

15. Attach a non-refundable application fee of \$1,000.00 to the completed application.

Date: _____

Authorized Representative or Agent