

# Overview of the Tax Phase-In Incentive

Based on Policies in the City of Brenham and Washington County, Texas

## Definition:

- Tax Phase-In means the partial, temporary exemption from property taxes, with the purpose of stimulating economic development.
- Only ad valorem property taxes are eligible, and only on certain qualifying property. Brenham Independent School District and Blinn College taxes are to be paid in full at all times.

## Guidelines and Criteria:

- In order to be eligible for tax phase-in, the planned improvement must be an authorized facility, such as a(n):
  - \*Agriculture/Aquaculture facility
  - \*Distribution Center
  - \*Manufacturing facility
  - \*Research facility
- The project must add new value to the tax roll of eligible property.
- Within the first year and throughout the phase-in period, the applicant must maintain or create a minimum of ten (10) jobs at an average base salary of \$33,000/year, or higher, including any benefits.
- **PLEASE NOTE:** A facility is eligible for tax phase-in if it has applied for the incentive before construction begins, and it meets the complete guidelines and criteria under the Tax Phase-In Policy.
- Tax Phase-In may be granted for new or existing facilities.
- Eligible property for tax phase-in may include the value of buildings, structure, fixed machinery and equipment.

- Property that is not eligible for the tax phase-in incentives include:
  - \*land
  - \*animals
  - \*inventories
  - \*supplies
  - \*tools
  - \*furnishings and other forms of moveable personal property
  - \*vehicles
  - \*vessels
  - \*aircraft
  - \*housing or residential property (except for property owners in a Downtown Zone)
  - \*hotels/motels
  - \*fauna
  - \*flora
  - \*retail facilities (except for property owners in a Downtown Zone)
  - \*deferred maintenance investments
  - \*improvements by the generation or transmission of electrical energy not wholly consumer by a new facility or expansion
  - \*any improvements including those to produce, store or distribute natural gas or fluids that are integral to the operation of the facility
  - \*property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas.

Application:

- Any present or potential owner of taxable property in the City of Brenham and/or Washington County may request the creation of a Reinvestment Zone and Tax Phase-In Incentive by filing a written request with the Brenham City Manager and/or Washington County Judge.
- After the receipt of the application, the county will make a decision within 90 days. The decision-making process may involve an economic impact study, plus city council and county commissioner's court meetings.
- If accepted, the business receiving tax phase-in will be required to provide a sworn statement and documents, verifying compliance each year. Failure to provide the required documents shall result in termination of the Tax Phase-In agreement.

For further details and confidential assistance, contact:

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**EXHIBIT "A"**  
**TAX PHASE-IN INCENTIVE SCHEDULES**

Applicants may receive property Tax Phase-In incentive according to the schedules in Tables 1 and 2, depending on their combination of property value creation and job creation/retention.

**TABLE 1** (earns 50% of incentive)

**1A - Property Improvements by an Existing Local Business**

Level	Amount of Valuation of Eligible Improvements as determined by the Tax Appraisal District:		Percent of property tax to be abated each year									
	From	To	1	2	3	4	5	6	7	8	9	10
1	\$ 150,000	\$1,000,000	45	40	30	20	0	0	0	0	0	0
2	\$1,000,001	\$2,500,000	45	45	40	30	20	0	0	0	0	0
3	\$2,500,001	\$4,000,000	45	45	45	40	30	20	0	0	0	0
4	\$4,000,001	\$5,500,000	45	45	45	45	40	30	20	0	0	0
5	More than	\$5,500,000	45	45	45	45	45	40	30	20	0	0

**1B - Property Improvements by a New Business**

Level	Amount of Valuation of Eligible Improvements as determined by the Tax Appraisal District:		Percent of property tax to be abated each year									
	From	To	1	2	3	4	5	6	7	8	9	10
1	\$ 300,000	\$1,000,000	45	40	30	20	0	0	0	0	0	0
2	\$1,000,001	\$2,500,000	45	45	40	30	20	0	0	0	0	0
3	\$2,500,001	\$4,000,000	45	45	45	40	30	20	0	0	0	0
4	\$4,000,001	\$5,500,000	45	45	45	45	40	30	20	0	0	0
5	More than	\$5,500,000	45	45	45	45	45	40	30	20	0	0

**TABLE 2** (earns 50% of incentive)

**2 - Jobs Created & Retained - by Existing Businesses or New/Relocating Businesses**

Level	The number of new and/or retained full-time employees with an average salary level of \$33,000+/year including benefits averaged during the twelve calendar months prior to the tax assessment date of January 1:		Percent of property tax to be abated each year									
	From	To	1	2	3	4	5	6	7	8	9	10
1	10	19	45	40	30	20	0	0	0	0	0	0
2	20	29	45	45	40	30	20	0	0	0	0	0
3	30	39	45	45	45	40	30	20	0	0	0	0
4	40	49	45	45	45	45	40	30	20	0	0	0
5	50 and more		45	45	45	45	45	40	30	20	0	0

**TABLE 3** Downtown Zone

Amount of valuation of  
downtown reinvestment  
determined by tax appraisal:

Percent of property tax to be abated each year

Valuation	1	2	3	4	5	6	7	8
\$ 50,000 to \$150,000	90	90	90	60	40	20	0	0
\$150,001 to \$250,000	90	90	90	90	60	40	20	0
\$250,001 and beyond	90	90	90	90	90	60	40	20

**EXHIBIT B**  
**MAP OF DOWNTOWN ZONE**

