

**CHAPTER 381 ECONOMIC DEVELOPMENT POLICY
CHAMBERS COUNTY, TEXAS**

WHEREAS, Chapter 381 of the Texas Local Government Code authorizes Chambers County to develop and administer projects for local economic development, and to encourage commercial activity in the County, and

WHEREAS, Chambers County desires to provide financial incentives to select private businesses that contribute to economic development, and

WHEREAS, Chambers County desires to provide such incentives to projects whose properties are subject to Chambers County *ad valorem* taxes, and

WHEREAS, Chapter 381 can be used in conjunction with tax abatement provided for under Chapter 312 of the Texas Local Government Code or separately as a Chapter 381 Economic Development Agreement, and

WHEREAS, this policy shall not be construed to obligate Chambers County to provide an incentive under Chapter 381 to any applicant; and all applications, requests and/or projects shall be considered on a case-by-case basis;

NOW, THEREFORE, Chambers County Commissioners' Court does adopt this policy to define the Chapter 381 incentives and establish guidelines and criteria by which they will be implemented.

GENERAL CRITERIA

Chambers County may provide Chapter 381 economic development incentives for a business or commercial development project ("Project") if that project:

1. Will enhance the economic vitality of Chambers County;
2. Will result in a net increase or retention of jobs in the County or add to the tax base or will otherwise improve or enhance the economic welfare of the residents or businesses of the County; or
3. Demonstrates the potential to generate revenues to the County which outweigh costs associated with incentives.

In addition, the following criteria must be satisfied:

The Project MUST:

1. Show a clear demonstration of economic benefit through advancement of the County's economic goals which include expanding the tax base, creating quality jobs, increasing private capital investment in the community, spurring development in targeted county locations; or encouraging development of targeted businesses or clusters desirable to enhance the county's economy;
2. Provide evidence that demonstrates the business' financial stability and capacity to complete the project; and
3. Be in compliance with all local, state and federal laws.

In order to receive any Chapter 381 incentives from Chambers County, credible information must be made available by the applicant, including but not limited to capital investment and employment projections, to enable Chambers County to conduct an appropriate analysis of the proposed project at initiation and throughout the life cycle of the Chapter 381 Agreement.

The decision to provide any Chapter 381 economic development incentives will be considered on a case-by-case basis, in accordance with the criteria set forth in this policy, and at the discretion of the Chambers County Commissioners Court.

QUALIFICATION CRITERIA (NON-RESIDENTIAL PROJECTS)

In order to be eligible for Chapter 381 incentives, a Project must meet the following qualifying criteria:

1. Locate within the boundaries of Chambers County.
2. Create or retain a minimum of 10 jobs
3. Project investment must meet or exceed \$1,000,000.
4. Must maintain ownership of all property for which an incentive is received through the duration of the agreement.
5. Must make sincere efforts to hire local employees, contractors and purchase items used in construction from vendors within Chambers County.

Projects qualifying under these General and Qualifying Criteria will be eligible for Chapter 381 economic development incentives, the percentages and terms for which will be at the sole discretion of the Chambers County Commissioners Court.

Opportunity Zone Residential and Targeted Development Projects

The Opportunity Zones program was established by Congress in the Tax Cut and Jobs Act as an innovative approach to spurring long-term private sector investments in targeted urban and rural communities nationwide. The program is based on the bipartisan Investing in Opportunity Act.

The program establishes a mechanism that enables investors with capital gains tax liabilities across the country to receive favorable tax treatment for investing in Opportunity Funds that are certified by the U.S. Treasury Department. The Opportunity Funds use the capital invested to make equity investments in businesses and real estate in Opportunity Zones designated by each state.

Three census tracts have been designated as Qualified Opportunity Zones (QOZ): 7103, 7104.01, and 7105. Consideration of Ch. 381 economic development proposals for residential developments and certain other targeted value-add projects will be limited to these designated QOZ census tracts. Residential developments in a QOZ are encouraged to include product options that qualify for financing under the USDA Rural Development Single Family Housing Guaranteed Loan Program. Additional information is available at:

<https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>
<https://www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program>

APPLICATION / PROPOSAL PROCESS

Applicants seeking a Chapter 381 Economic Development Agreement with Chambers County may do so by submitting a written proposal to the County Judge of Chambers County.

The written proposal shall consist of a project description, general improvements to be undertaken; a general descriptive list of the improvements for which an incentive is requested; a list of the kind, number and location of all proposed improvements of the property; a map and location of all proposed improvements of the property; a map and property description; and a time 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 proposal. The proposal may require such financial and other information as the participating municipality or County deems appropriate for evaluating the financial capacity and other factors related to the applicant.

Chambers County, not later than 90 days after receipt of the proposal, shall by Commissioners Court order either approve or deny the request at a regularly scheduled meeting.

CHAPTER 381 AGREEMENTS

A complete review of the Project and proposal will be conducted by Chambers County and/or its representatives. Depending on the nature of the Project, the form of incentive provided via Chapter 381 Agreement will be determined.

After approval, Chambers County shall formally pass a Commissioners court order and execute an agreement with the owner of the Project, which shall include the following:

- Project Description
- Percent of Value to Discount
- Community Impact Program Contribution
- Terms of Agreement
- Project Milestones and Deadlines
- Assignment Provisions
- Recapture Provisions
- Compliance Requirements

An agreement shall be effective on the January 1st valuation date immediately following the execution of the Chapter 381 Agreement or as stipulated and will be conditioned on the completion of specific improvements to real property, job creation and any other factors deemed appropriate by the County.

Approved and adopted this the 26th day of March, 2019.

Resolution and Order

On March 26, 2019, the Commissioners Court of Chambers County, Texas, met at the County Courthouse with the following members present:

Jimmy Sylvia	County Judge, Presiding,
Jimmy Gore	Commissioner, Precinct One
Mark Tice	Commissioner, Precinct Two
Gary R. Nelson	Commissioner, Precinct Three
Billy Combs	Commissioner, Precinct Four

when among other matters, came for consideration and action the following Resolution and Order:

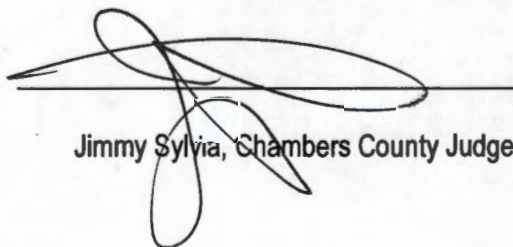
Whereas, the Commissioners Court of Chambers County, Texas, duly convened, and acting in its capacity as the governing body of Chambers County, ORDERED that the policy attached and appended hereto, entitled "**CHAPTER 381 ECONOMIC DEVELOPMENT POLICY, CHAMBERS COUNTY, TEXAS**" is made a part of this Order; and

Whereas, all officials and employees of Chambers County having duties under said policy are ordered and directed to perform such duties as required of them under said regulations.;

Therefore, be it Resolved, that Commissioners Court adopts the attached document as the "**CHAPTER 381 ECONOMIC DEVELOPMENT POLICY, CHAMBERS COUNTY, TEXAS**" and orders that it be in effect on and after this day; and

Further Resolved, that County Judge Jimmy Sylvia is authorized to sign this Resolution and Order as the act of Commissioners Court.

The Resolution and Order was moved by Commissioner Combs, seconded by Commissioner Gore, and adopted by the Commissioners Court on a vote of 4 members for and 0 opposed.



Jimmy Sylvia, Chambers County Judge