

**INDUSTRIAL GUIDELINES AND CRITERIA GOVERNING TAX ABATEMENT
FOR PROJECTS IN DESIGNATED ENTERPRISE & REINVESTMENT ZONES
WITHIN LUBBOCK COUNTY, TEXAS**

SECTION I. General Purpose:

Lubbock County, Texas, is committed to the promotion of high-quality development in all parts of Lubbock County, Texas; and to an ongoing improvement in the quality of life for the citizens residing within Lubbock County. Lubbock County recognizes that these objectives are generally served by enhancement and expansion of the local economy. Lubbock County will, on a case-by-case basis, give consideration to providing tax abatement, as authorized by V.T.C.A., Tax Code, Chapter 312, as stimulation for economic development within Lubbock County. It is the policy of Lubbock County that said consideration will be provided in accordance with the guidelines and criteria herein set forth and in conformity with the Tax Code.

Nothing contained herein shall imply, suggest or be understood to mean that Lubbock County is under any obligation to provide tax abatement to any applicant and attention is called to V.T.C.A., Tax Code, Section 312.002(d). With the above rights reserved all applications for tax abatement will be considered on a case by case basis. All tax abatement agreements must ensure that the periods and terms of abatement are directly proportional to the capital expenditures for improvements and the number of permanent, full-time jobs retained or created.

SECTION II. Definitions:

As used within these guidelines and criteria, the following words or phrases shall have the following meaning:

1. **Abatement of Taxes:** To exempt from ad valorem taxation all or part of the value of certain Improvements placed on land located in a Reinvestment Zone designated for economic development purposes as of the date specified in the Tax Abatement Agreement for a period of time not to exceed ten (10) years.
2. **Affected Jurisdiction:** Lubbock County, Texas.
3. **Abatement Agreement:** (1) A contract between a property owner and Lubbock County for the abatement of taxes on qualified property located within a Reinvestment Zone; or, (2) a contract for the abatement of taxes between Lubbock County and a certified air carrier who owns or leases Real Property located within a reinvestment zone or Personal Property or both as authorized by V.T.C.A., Tax Code, Section 312.204(e).
4. **Advanced Technologies and Manufacturing:** Use of innovative technologies to create existing products and the creation of new products and can include production activities that depend on information, automation, computation, software, sensing, and networking. .
5. **Base Year Value:** The assessed value of property eligible for tax abatement as of January 1 preceding the execution of an Abatement Agreement as herein defined.
6. **Distribution Center Facility:** A building or structure including Tangible Personal Property used or to be used primarily to receive, store, service or distribute goods or materials.
7. **Expansion of Existing Facilities or Structures:** The addition of buildings, structures, machinery or equipment to a Facility.
8. **Existing Facility or Structure:** A facility as of the date of execution of the Tax Abatement Agreement, located in or on Real Property eligible for tax abatement.

9. **Facility:** The improvements made to Real Property eligible for tax abatement and including the building or structure erected on such Real Property and/or any Tangible Personal Property to be located in or on such property.
10. **Information and Data Center:** Facility used to house computer systems and associated components, such as telecommunications and storage systems. The main purpose of the facility is running applications that handle the core business and operational data of organizations, off-site backups and other informational operations.
11. **Improvements to Real Property or Improvements:** Shall mean the construction, addition to, structural upgrading of, replacement of, or completion of any facility located upon, or to be located upon, Real Property, as herein defined, or any Tangible Personal Property placed in or on said Real Property.
12. **Manufacturing Facility:** A Facility which is or will be used for the primary purpose of the production of goods or materials or the processing or change of goods or materials to a finished product.
13. **Medical Services:** Facilities such as hospitals, specialty hospitals and other like facilities that are classified under North American Industrial Classification System Code 622.
14. **Modernization/Renovation of Existing Facilities:** The replacement or upgrading of existing facilities.
15. **New Facility:** The construction of a Facility on previously undeveloped real property eligible for tax abatement.
16. **New Permanent Job:** A new employment position created by a business that has provided employment to an employee of at least 1,820 hours annually and intended to be an employment position that exists during the life of the abatement.
17. **Other Basic Industry:** A Facility other than a distribution center facility, a research facility, a regional service facility or a manufacturing facility which produces goods or services, or which creates new or expanded job opportunities and services a market of which 50% of revenues come from outside of Lubbock County, Texas.
18. **Owner:** The record title owner of Real Property or the legal owner of Tangible Personal Property. In the case of land leased from Lubbock County or buildings leased from a private party or tax-exempt property, the lessee shall be deemed the owner of such leased property together with all improvements and Tangible Personal Property located thereon.
19. **Productive Life:** The number of years a Facility is expected to be in service.
20. **Real Property:** Land on which Improvements are to be made or fixtures placed.
21. **Regional Services Facility:** A Facility, the primary purpose of which is to service or repair goods or materials, and which creates job opportunities within Lubbock County.
22. **Reinvestment Zone:** Real Property designated as a Reinvestment Zone under the provisions of V.T.C.A., Tax Code, Section 312.202.

23. **Research Facility:** A Facility used or to be used primarily for research or experimentation to improve or develop new goods and/or services or to improve or develop the production process for such goods and/or services.

24. **Tangible Personal Property:** Any Personal Property, not otherwise defined herein and which is necessary for the proper operation of any type of Facility.

SECTION III. Intent of Criteria and Guidelines:

The Intent of the criteria and guidelines, as herein set forth, is to establish the minimum standards which an applicant for tax abatement must meet in order to be considered for such status by Lubbock County.

SECTION IV. Criteria and Guidelines for Tax Abatement:

Any type of Facility will be eligible for tax abatement consideration provided such Facility meets the following guidelines and criteria:

1. To qualify for Tax Abatement, the company must meet **both** of the following criteria:
 - a) The modernization or expansion of an existing facility of any type as herein defined **or** construction of a new facility of any type as herein defined and be a
 - b) Producer, manufacturer or distributor of goods and services of which 50 percent or more are distributed outside of Lubbock County.
2. In addition to the aforementioned, the taxing jurisdiction will consider abatement only if the company meets **one of the following criteria:**
 - a) One of the following target industries:
 - i) Advanced Technologies and Manufacturing;
 - ii) Value-added Agricultural Production including Food Processing and Machinery;
 - iii) Research and Development;
 - iv) Medical Services (as defined in Section II Definitions);
 - v) Warehouse/Distribution;
 - vi) Corporate Headquarters of a Regional/National Service Center;
 - vii) Information and Data Centers; or
 - b) The project is not included as a target industry, but has the potential of generating additional significant economic development opportunities to Lubbock County.
3. The company must meet one of the following criteria:

- a) The project will add at least \$10 million in real property improvements or new Tangible Personal Property, or combination of the two, **and** 25 new permanent jobs if the facility is a **company new to Lubbock County, Texas; or**
 - b) The project will add at least \$10, 000,000 in real property improvements or new Tangible Personal Property, or combination of the two, **and** 25 new permanent jobaa if the facility is an **existing company**.
4. New or existing facility of any type herein defined, located in a reinvestment zone or upon Real Property eligible for such status will be eligible for consideration for tax abatement status provided that all other criteria and guidelines are satisfied.
 5. Improvements to Real Property and on-site raw materials, wors in progress, supplies, and tools are eligible for tax abatement status.
 6. The following types of Property shall be ineligible for tax abatement status and shall be fully taxed.
 - a) Real Property;
 - b) finished goods;
 - c) furnishings and other forms of movable personal property;
 - d) vehicles;
 - e) aircraft;
 - f) housing (single family and multi-family);
 - g) boats;
 - h) hotel accommodations;
 - i) motel accommodations;
 - j) retail businesses;
 - k) property owned by the State of Texas or any State agency;
 - l) property owned or leased by a member of the governing body of Lubbock County that did not have an active tax abatement in place before becoming a member of the governing body; and
 - m) property owned at the time of execution of the Tax Abatement Agreement.
 7. In order for a Facility to qualify for abatement, the following conditions must apply:
 - a) The owner or leaseholder of real property must make eligible improvements to the real property; and,

- b) In the case of lessees, the leaseholder must have a lease commitment of the greater of five (5) years or the length of the tax abatement.
8. In Reinvestment Zones, the amount and term of abatement shall be determined on a case by case basis, however, in no event shall taxes be abated for a term in excess of ten (10) years. The amount of the taxable value of Improvements to be abated and the term of the abatement shall be determined by the municipality in all cases where the property for which tax abatement is applied for is within the city limits of a municipality or by the County of Lubbock in all cases where the property for which tax abatement is applied for is outside of the city limits of a municipality, but within the County of Lubbock. A Reinvestment Zone that is a State Enterprise Zone is designated for the same period as a State Enterprise Zone as provided by Chapter 2303, Government Code. The authority of all other taxing units shall be as set forth in V.T.C.A., Tax Code, Section 312.206.

In Enterprise Zones, the governing body of each taxing jurisdiction may execute a written agreement with the owner of the property. The agreement may, but is not required to, contain terms that are identical to those contained in the agreement with the municipality, county, or both, whichever applies, and the only terms for the agreement that may vary are the portion of the property that is to be exempt from taxation under the agreement and the duration of the agreement.

9. No property shall be eligible for tax abatement unless such property is located in a Reinvestment Zone in accordance with V.T.C.A., Tax Code, Section 312.202 or a designated Enterprise Zone as provided by V.T.C.A. Gov. Code Chapter 2303, and the tax abatement application is filed with the taxing jurisdiction before construction begins.
10. Notwithstanding any of the requirements set forth in Section IV Subsection 3, the Lubbock County Commissioners' Court upon the affirmative vote of a majority of its members may vary any of the above requirements when it is demonstrated by the applicant for Tax Abatement that variation is in the best interest of Lubbock County to do so and will enhance the economic development of Lubbock County. By way of example only and not by limitation the Lubbock County Commissioners' Court may consider the following or similar terms in determining whether a variance shall be granted:
- a) That the increase in productivity of the Facility will be substantial and hence directly benefit the economy.
 - b) That the increase of goods or services produced by the Facility will be substantial and directly benefit the economy.
 - c) That the employment maintained at the Facility will be increased.
 - d) That the waiver of the requirement will contribute and provide for the retention of existing jobs within Lubbock County.
 - e) Any other evidence tending to show a direct economic benefit to Lubbock County.

11. Taxability:

- a) The portion of the value of Improvements to be abated shall be abated in accordance with the terms and provisions of a Tax Abatement Agreement executed between Lubbock County and the owner of the Real Property and/or Tangible Personal Property, (which agreement shall be) in accord with the provisions of V.T.C.A., Tax Code, Section 312.205.
 - b) All ineligible property, if otherwise taxable as herein described, shall be fully taxed.
12. The Lubbock County Commissioners' Court shall have total discretion as to whether tax abatement is to be granted. Such discretion, as herein retained, shall be exercised on a case by case basis. The adoption of these guidelines and criteria by the Lubbock County Commissioners' Court does not:
- a) Limit the discretion of the Lubbock County Commissioners Court to decide whether to enter into a specific Tax Abatement Agreement;
 - b) Limit the discretion of the Lubbock County Commissioners' Court to delegate to its employees the authority to determine whether or not the Lubbock County Commissioners Court should consider a particular application or request for tax abatement; or,
 - c) Create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement.
13. The burden to demonstrate that an application for tax abatement should be granted shall be upon the applicant. Lubbock County shall have full authority to request any additional information from the applicant that Lubbock County deems necessary to assist it in considering such application.

SECTION V. Criteria and Guidelines for Creation of Reinvestment Zone:

1. No Property shall be eligible for tax abatement unless such property is located in an Enterprise Zone, as designated under Chapter 2303 of the Government Code, or is located in a Reinvestment Zone designated as such in accordance with V.T.C.A., Tax Code, Section 312.201, and 312.401. To be designated as a Reinvestment Zone an area must meet one of the following:
 - a) Substantially arrest or impair the sound growth of the county creating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:
 1. a substantial number of substandard, slum, deteriorated, or deteriorating structures;
 2. the predominance of defective or inadequate sidewalks or streets;
 3. faulty size, adequacy, accessibility or usefulness of lots;
 4. unsanitary or unsafe conditions;
 5. the deterioration of site or other improvements;

6. tax or special assessment delinquency exceeding the fair value of the land;
 7. defective or unusual conditions of title;
 8. conditions that endanger life or property by fire or other cause; or,
 9. any combination of these factors:
 - a) Be predominantly open and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of a municipality or county;
 - b) Be in a federally assisted new community located in a home rule municipality or in an area immediately adjacent to a federally assisted new community located in a home rule municipality;
 - c) Be located entirely in an area that meets the requirements for federal assistance under Section 119 of the Housing and Community Development Act of 1974 (42 U.S.C. Section 5318);
 - d) Encompass signs, billboards, or other outdoor advertising structures designated by the Lubbock County Commissioners Court for relocation, reconstruction, or removal for the purpose of enhancing the physical environment of the County, which the legislature declares to be a public purpose; or,
 - e) 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 the County.
2. For purposes of this Section, federally assisted new community is a federally assisted area:
 - a) That has received or will receive assistance in the form of loan guarantees under Title X of the National Housing Act (12 U.S.C., Section 1749aa et seq); and,
 - b) A portion of which has received grants under Section 107(a)(1) of the Housing and Community Development Act of 1974, as amended.
 3. The Lubbock County Commissioners Court, as required by V.T.C.A., Tax Code, Section 312.401, shall hold a public hearing on the designation of an area within its jurisdiction as a Reinvestment Zone. The burden shall be on the owner of the property sought to be included in the zone or applicant for the creation of the Reinvestment Zone to establish the following:
 - a) That the requirements of Subsection 1 of this Section have been met.
 - b) That the improvements sought are feasible and practical.
 4. No later than the seventh day before the date set for the above public hearing notice of such hearing shall be:
 - a) Published in a newspaper having general circulation in Lubbock County.

- b) Delivered in writing to the presiding officer of the governing body of each taxing unit that includes in its boundaries Real Property that is to be included in the reinvestment zone.
5. At the public hearing above described in Subsection 3 above, any interested person is entitled to speak and present evidence for or against the designation of such reinvestment zone.
6. At the conclusion of the hearing described in Subparagraph 3 above, the Lubbock County Commissioners Court shall enter its findings as follows:
 - a) That the applicant or owner has or has not met his burden as hereinabove set forth, and/or,
 - b) That the improvements sought are or are not feasible and practical.
 - c) That the proposed improvements sought will or will not be a benefit to the land to be included in the Reinvestment Zone and to Lubbock County after the expiration of an agreement entered into under V.T.C.A., Tax Code, Section 312.401.
7. An application for the creation of a Reinvestment Zone shall not be granted unless Lubbock County enters affirmative findings to Subparagraphs a, b, and c of Subsection 6 above set forth.
8. At the conclusion of the public hearing herein required and upon the affirmative finding of Lubbock County as required by Subsection 7 above set forth, Lubbock County may designate a reinvestment zone in accordance with the provisions of V.T.C.A., Tax Code, Section 312.401.
9. The designation of a Reinvestment Zone expires five years after the date of the designation and may be renewed for periods not to exceed five years, except that a Reinvestment Zone that is a State Enterprise Zone is designated for the same period as a State Enterprise Zone as provided by Chapter 2303, Government Code. The expiration of the designation does not affect an existing Tax Abatement Agreement made in accordance with V.T.C.A., Tax Code, Section 312.401.
10. Designation of an area as an Enterprise Zone under the Texas Enterprise Zone Act, Chapter 2303, Subchapter C, Texas Government Code, constitutes designation of the area as a Reinvestment Zone under Subchapter C of the Property Redevelopment and Tax Abatement Act without further hearing or other procedural requirements other than those provided by the Texas Enterprise Zone Act, Chapter 2303, Subchapter C, Texas Government Code.

SECTION VI. Tax Abatement Agreement:

1. After the creation of a Reinvestment Zone as hereinabove authorized a Tax Abatement Agreement may be executed between the owner and Lubbock County. A Tax Abatement Agreement shall:
 - a) Establish and set forth the Base Year assessed value of the property for which tax abatement is sought.
 - b) Provide that the taxes paid on the base year assessed value shall not be abated as a result of the execution of said Tax Abatement Agreement.

- c) Provide that ineligible property as subscribed in Section IV, Subsection 6, hereinabove shall be fully taxed.
- d) Provide for the exemption of Improvements in each year covered by the Agreement only to the extent the value of such Improvements for each such year exceeds the value for the year in which the Agreement is executed.
- e) Fully describe and list the kind, number and location of all of the Improvements to be made in or on the Real Property.
- f) Set forth the estimated value of all Improvements to be made in or on the Real Property.
- g) Clearly provide that tax abatement shall be granted only to the extent:
 - 1. The Improvements to Real Property increase the value of the Real Property for the year in which the Tax Abatement Agreement is executed; and,
 - 2. That the Tangible Personal Property improvements to Real Property were not located on the Real Property prior to the execution of the Tax Abatement Agreement.
- h) Provide for the portion of the value of the Improvements to Real Property of Improvements to be abated. This determination is to be made consistent with the provisions of Section IV, Subsection 6, of these guidelines and criteria as hereinabove set forth.
- i) Provide for the commencement date and the termination date. In no event shall the commencement date occur prior to 90 percent completion of the project (both Real and Tangible Personal Property). In no event shall said dates exceed a period of ten years from the commencement date.
- j) Describe the type and proposed use of the Improvements to Real Property or Improvements including:
 - 1. The type of facility.
 - 2. Whether the Improvements are for a new facility, modernization of a facility, or expansion of a facility.
 - 3. The nature of the construction, proposed timetable of completion, a map or drawings of the Improvements above mentioned.
 - 4. The amount of investment and the commitment for the creation of new jobs.
 - 5. A list containing the kind, number and location of all proposed Improvements.
 - 6. Any other information required by Lubbock County.
- k) Provide a legal description of the Real Property upon which Improvements are to be made.
- l) Provide access to and authorize inspection of the Real Property or Improvements by employees of Lubbock County to insure Improvements are made according to the specifications and conditions of the Tax Abatement Agreement.

- m) Provide for the limitation of the uses of the Real Property or Improvements consistent with the general purpose of encouraging development or redevelopment of the zone during the period covered by the Tax Abatement Agreement.
 - n) Provide the contractual obligations in the event of default by owner, violation of the terms or conditions by owner, recapturing property tax revenue in the event owner defaults or otherwise fails to make Improvements as provided in said Tax Abatement Agreement, and any other provision as may be required or authorized by State Law.
 - o) Contain each term agreed to by the owner of the property.
 - p) Require the owner of the property to certify annually to the Lubbock County Commissioners Court that the owner is in compliance with each applicable term of the Agreement.
 - q) Provide that the Lubbock County Commissioners' Court may cancel or modify the Agreement if the property owner fails to comply with the Agreement.
 - r) Provide that it is the responsibility of the owner to notify Lubbock County within ten (10) days of any significant changes in the Real Property or Improvements, including any relocation.
2. Not later than the seventh day before Lubbock County(as required by V.T.C.A., Tax Code, Section 312.402) enters into an agreement for tax abatement under V.T.C.A., Tax Code, Sections 312.204 and 312.402, the Lubbock County Commissioners' Court or a designated officer or employee thereof shall deliver to the presiding officer of the governing body of each of the taxing units in which the property to be subject to the agreement is located, a written notice that Lubbock County, intends to enter into the agreement. The notice must include a copy of the proposed Tax Abatement Agreement.
 3. A notice, as above described in Subparagraph 2, is presumed delivered when placed in the mail, postage paid and properly addressed to the appropriate presiding officer. A notice properly addressed and sent by registered or certified mail for which a return receipt is received by the sender is considered to have been delivered to the addressee.
 4. Failure to deliver the notice does not affect the validity of the Agreement.

SECTION VII. Application:

1. Any present owner of taxable property located within Lubbock County may apply for tax abatement by filing an application with Lubbock County, when the Real Property or Tangible Personal Property for which abatement is sought is located within Lubbock County.
2. The application shall consist of a completed application form accompanied by:
 - a) A general description of the Improvements to be undertaken.
 - b) A descriptive list of the Improvements for which tax abatement is requested.

- c) A list of the kind, number and location of all proposed Improvements of the Real Property Facility or Existing Facility.
- d) A map indicating the approximate location of Improvements on the Real Property Facility or Existing Facility together with the location of any or all Existing Facilities located on the Real Property or Facility.
- e) A list of any and all Tangible Personal Property presently existing on the Real Property or located in an Existing Facility.
- f) A legal description of the property.
- g) Address of the property.
- h) A proposed time schedule for undertaking and completing the proposed Improvements.
- i) A general description stating whether the proposed Improvements are in connection with:
 - 1. the modernization of a facility (of any type herein defined); or,
 - 2. construction of a new facility (of any type herein defined); or,
 - 3. expansion of a facility (of any type herein defined); or,
 - 4. any combination of the above.
- j) A statement of the additional value to the Real Property or Facility as a result of the proposed Improvements.
- k) A statement of the assessed value of the Real Property, Facility or Existing Facility for the Base Year.
- l) Information concerning the number of new jobs that will be created or information concerning the number of existing jobs to be retained as result of the Improvements undertaken.
- m) Any other information which Lubbock County deems appropriate for evaluating the financial capacity of the applicant and compatibility of the proposed Improvements with these guidelines and criteria.
- n) Information that is provided to Lubbock County in connection with an application or request for tax abatement and which describes the specific processes or business activity to be conducted or the equipment or other property to be located on the property for which tax abatement is sought is confidential and not subject to public disclosure until the Tax Abatement Agreement is executed. Information in the custody of Lubbock County after the Agreement is executed is not confidential. (V.T.C.A., Tax Code, Section 312.003).
- o) Lubbock County shall determine if the property described in said application is within a designated Reinvestment Zone. If Lubbock County determines that the property described is not within a current Reinvestment Zone, then they shall so notify the applicant and said application shall then be considered both as an application for the creation of a Reinvestment Zone and a request for tax abatement to be effective after the zone is created.

- p) A statement certifying that the business or a branch, division, or department of the business, does not and will not knowingly employ an undocumented worker.

SECTION VIII. Investments/Job Documentation

1. The investment commitment in the Tax Abatement Agreement will be verified as follows:
 - a) Lubbock County will request the value of the Real and Personal Property from the Lubbock Central Appraisal District, and if the value minus the base year meets the agreement commitment, it will serve as verification that the investment met the requirement of the agreement;
 - b) If the Lubbock Central Appraisal District value, minus the base year value, does not meet the investment commitment in the agreement, the Company will provide invoices documenting the actual investment to verify the investment met the investment commitment in the agreement.
2. Confirmation of the job creation requirement will be verified as follows:
 - a) The company will provide Lubbock County with a copy of the State Employment report filed with the State of Texas for the quarter ending after the date in the contract that the jobs are required to be created.
 - b) Job creation will be audited annually to ensure retention of jobs. Each year during the County audit of Tax Abatement Agreements, the company will provide the County with the 4th quarter employment report filed with the State of Texas to confirm job retention. If the employment in the 4th quarter report does not meet the requirement for retention of the jobs created, Lubbock County may request the quarterly reports for the 1st, 2nd, and 3rd quarters of that audit year to determine compliance.
3. Lubbock County may request and the company shall promptly provide any additional information that Lubbock County deems necessary to confirm that the company is in compliance with the terms of the Tax Abatement Agreement.

SECTION X. Default Options

1. In the event that the applicant, owner or lessee has entered into a Tax Abatement Agreement to make Improvements as defined in Section IV.2 above, but fails to undertake or complete such Improvements; fails to create all or a portion of the new jobs provided by the Tax Abatement Agreement; or is in default of any of the terms or conditions contained in the Tax Abatement Agreement; then in such event Lubbock County shall give the applicant, owner or lessee sixty (60) days notice of such failure. The applicant, owner or lessee shall demonstrate to the satisfaction of Lubbock County that the applicant, owner or lessee has commenced to cure such failure within the sixty (60) days above mentioned. In the event the applicant, owner or lessee fails to demonstrate affirmative action to cure the failure, Lubbock County shall have three options:

- (a) Lubbock County may renegotiate the Agreement with the applicant, owner or lessee, in which case the then current Industrial Guidelines and Criteria Governing Tax Abatement within Lubbock County shall apply to the new Agreement; or
 - (b) Lubbock County may determine that good cause exists to cancel the Agreement and all abatement of taxes shall terminate immediately; or
 - (c) Lubbock County may terminate the Agreement and recapture taxes abated under Section X. Recapture.
2. In any of the three options in subparagraph 1 above, Lubbock County shall determine whether default has occurred by the applicant, owner or lessee in the terms and conditions of the Tax Abatement Agreement and shall so notify any other jurisdictions known to Lubbock County to have entered into a Tax Abatement Agreement with the applicant, owner or lessee.

SECTION X. Recapture

1. In the event that any type of facility, (as defined in Section II, Subparagraphs 4, 6, 7, 8, 9, 10, 12, 13, 14, 15, 17, 21, 23) is completed and begins producing goods or services, but subsequently discontinues producing goods or services for any reason, excepting fire, explosion or other casualty or accident or natural disaster or other event beyond the reasonable control of applicant, owner or lessee for a period of 180 days during the term of a Tax Abatement Agreement, then in such even the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to Lubbock County on or before June 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to Lubbock County within sixty (60) days of the date of termination. The burden shall be upon the applicant, owner or lessee to prove to the satisfaction of Lubbock County that the discontinuance of producing goods or services was as a result of fire, explosion, or other casualty or accident or natural disaster or other event beyond reasonable the control of applicant, owner or lessee. In the event that applicant, owner or lessee meets this burden and Lubbock County is satisfied that the discontinuance of the production of goods or services was the result of events beyond the control of the applicant, owner or lessee, then such applicant, owner or lessee shall have a period of one year in which to resume the production of goods and services. In the event that the applicant, owner or lessee fails to resume the production of goods or services within one year, then the Tax Abatement Agreement shall terminate and the abatement of all taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to Lubbock County on or before June 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to Lubbock County within sixty (60) days of the date of termination. The one-year time period, hereinabove mentioned, shall commence upon written notification from Lubbock County to the applicant, owner or lessee.
2. In the event that the applicant, owner or lessee has entered into a Tax Abatement Agreement to make Improvements to a facility of any type described in Section 1 above, but fails to undertake or complete such Improvements or fails to create all or a portion of the number of new jobs required by the Tax Abatement Agreement, then in such event Lubbock County shall give the applicant, owner or lessee sixty (60) days notice of such failure. The applicant, owner or lessee shall demonstrate to the satisfaction of Lubbock County, that the applicant, owner or lessee has commenced to cure such failure within the sixty (60) days above mentioned. In the event that the applicant, owner or lessee fails to demonstrate affirmative action to cure the failure, then in

such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to Lubbock County on or before June 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to Lubbock County within sixty (60) days of the date of termination.

3. In the event that Lubbock County determines that the applicant, owner or lessee is in default of any of the terms or conditions contained in the Tax Abatement Agreement, then in such event Lubbock County, shall give the applicant, owner or lessee sixty (60) days written notice to cure such default. In the event such default is not cured to the satisfaction of Lubbock County within the sixty (60) days notice period, then the Tax Abatement Agreement shall terminate, and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to Lubbock County on or before June 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to Lubbock County within sixty (60) days of the date of termination.
4. In the event that the applicant, owner or lessee allows ad valorem taxes on property ineligible for tax abatement owed to Lubbock County to become delinquent and fails to timely and properly follow the legal procedures for their protest or contest, then in such even the Tax Abatement Agreement shall terminate, and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination, under this subparagraph, takes place shall be payable to Lubbock County on or before June 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to Lubbock County within sixty (60) days of the date of termination.
5. In the event that the applicant, owner or lessee, who has executed a Tax Abatement Agreement with Lubbock County, relocates the business for which tax abatement has been granted, to a location outside of the designated reinvestment zone, then in such event, the Tax Abatement Agreement shall terminate after sixty (60) days written notice by Lubbock County to the applicant, owner or lessee. Taxes abated during the calendar year in which termination, under this subparagraph takes place shall be payable to Lubbock County on or before June 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to Lubbock County within sixty (60) days of the date of termination.
6. The date of termination as that term is used in this Subsection IX shall, in every instance, be the 60th day after the day Lubbock County sends notice of default, in the mail to the address shown in the Tax Abatement Agreement to the applicant, owner or lessee. If the applicant, owner or lessee cures the default within the sixty (60) day notice period, the applicant, owner or lessee must notify Lubbock County and obtain a written release from the notice of default. Failure to follow these requirements results in the abatement remaining terminated and all abated taxes must be paid.
7. In every case of termination set forth in Subparagraphs 1, 2, 3, 4 and 5 above, Lubbock County shall determine whether default has occurred by applicant, owner or lessee in the terms and conditions of the Tax Abatement Agreement and shall so notify any other jurisdictions known to Lubbock County to have entered into a Tax Abatement Agreement with the applicant, owner or lessee.
8. In the event that a Tax Abatement Agreement is terminated for any reason whatsoever and taxes are not paid within the time period herein specified, then in such event, the provisions of V.T.C.A., Tax Code, Section 33.01 will apply.

SECTION X. Miscellaneous:

1. Any notice required to be given by these criteria or guidelines shall be given in the following manner:
 - a) To the applicant, owner or lessee: written notice shall be sent to the address appearing on the Tax Abatement Agreement.
 - b) To Lubbock County: written notice shall be sent to the address appearing on the Tax Abatement Agreement.
2. The Chief Appraiser of the Lubbock Central Appraisal District shall annually assess the Real and Personal Property comprising the reinvestment zone. Each year, the applicant, owner or lessee receiving tax abatement shall furnish the chief Appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify Lubbock County.
3. Upon the completion of Improvements made to any type of Facility as set forth in Section IX, Subparagraph 1 of these criteria and guidelines a designated employee or employees of Lubbock County shall have access to the Facility to ensure compliance with the Tax Abatement Agreement.
4. A Tax Abatement Agreement may be assigned to a new owner but only after written consent has been obtained from Lubbock County.
5. These guidelines and criteria are effective upon the date of their adoption by Lubbock County and shall remain in force for two years. At the end of the two-year period these guidelines and criteria may be readopted, modified, amended or rewritten as the conditions may warrant.
6. In the event of a conflict between these guidelines and criteria and V.T.C.A., Tax Code, Chapter 312, the Tax Code shall prevail and these guidelines and criteria interpreted accordingly.
7. The guidelines and criteria once adopted by Lubbock County may be amended or repealed by a majority vote of the Lubbock County Commissioners' Court during the two-year term in which these guidelines and criteria are effective.

Adopted this the _____ day of _____ 2026.

Curtis Parrish
Lubbock County Judge

Mike Dalby, Commissioner, Pct. 1

Cary W. Shaw, Commissioner, Pct. 3

Jason Corley, Commissioner, Pct. 2

Jordan Rackler, Commissioner, Pct. 4

ATTEST:

APPROVED AS TO FORM:

Kelly Pinion
Lubbock County Clerk

R. Neal Burt, Chief
Lubbock County CDA-Civil Division

