



ECONOMIC INCENTIVES

The City's Economic Development Team, working with local Realtors®, maintains a current list of commercial and industrial buildings and sites available. This list is available on our website at www.cityofburnet.com.



The Burnet Industrial Foundation owns a tract of land 1.2 miles south of the center of the City on US Highway 281 and directly across from Burnet's Municipal Airport. The rail line from Austin runs along the eastern boundary of the Industrial Park. Approximately eight acres of undeveloped land remain available at this location. Developed lots are also available from time to time.

Special features of the Industrial Park are:

- City utilities are in place
- City and County offer tax abatement to qualifying businesses
- City utility incentives are available for qualifying businesses
- Building permits are easily obtained
- Location within the City limits assures fast response time from Police, Fire, and E.M.S. services.
- Has a strong financial backing by local banks.

Economic Incentive Plan

Section A. Purpose:

The City of Burnet is committed to the promotion of quality development in all parts of the City and to improving the quality of life for its citizens. In order to help meet these goals, the City will consider providing tax abatement and other incentives within the Reinvestment Zone to stimulate economic development within the City. It is the policy of the City that such incentives will be provided in accordance with the procedures and criteria outlined in this document. However, nothing in this policy shall imply or suggest, by implication or otherwise that the City is under any obligation to provide any incentive to any applicant; and all such decisions and actions shall be at the sole discretion of the

City Council. All applicants for tax abatement and other economic development incentives will be considered on an individual basis.

It is the intent of the City to offer tax abatement and other economic development incentives on an individual basis so that the total package of incentives, if any, may be designed specifically for each project which is proposed. This approach will allow the City the flexibility necessary to satisfy the unique needs and concerns of each applicant and the needs and concerns of the City and its citizens.

Section B. Definitions:

Electric Utility Incentive – means a discount to that portion of the electric service charged to a customer and named City Distribution Charge as described in Chapter 110, Article IV of the current City of Burnet Code of Ordinances.

Eligible Facility - means a structure or building that is designed, constructed or remodeled for use solely as a commercial or industrial business purpose and that is located wholly within a Reinvestment Zone.

Eligible Business - means a new or existing business that locates or is currently located within the city limits of the City of Burnet.

Incentive Agreement – means a written agreement defining the terms and conditions of a tax abatement and/or economic development incentives.

New Employment – means an increase to the current number of full-time jobs.

New Value - means the net increase in the value of an Eligible Facility, including the real estate, improvements and fixtures, together with the machinery and equipment therein. New Value does not include inventory.

Reinvestment Zone - means that area of the City of Burnet identified as a Reinvestment Zone in a current ordinance; such designation being made by the City Council in the manner specified in SS 312.201 or 312.2011, Tax Code.

Section C. Minimum Requirements and Criteria:

The following are the minimum requirements that must be satisfied for any application for tax abatement or other incentives to be considered:

- (a) The following are the minimum requirements that must be satisfied for any application for tax abatement, Electric Utility Incentives or any other incentives to be considered:

- (1) Employment and Development
 - a. The minimum amount of New Employment will be provided as described in Sections D & E of this document and as follows:
 - i. At least 25% of the jobs provided will be made available to residents of the City of Burnet
 - ii. At least 50% of the jobs provided will either be made available to the residents of the County of Burnet or be composed of existing employees that relocate to the County of Burnet; and
 - iii. Compliance with the requirements of local hiring will remain in effect for the entire period that economic development incentives are being offered.
 - b. The applicant must be investing at least the minimum New Value as described in Sections D & E of this document; and
 - c. The proposed project must be in compliance with the city's master plan, zoning ordinances, building codes and all other applicable City ordinances.
 - (2) Offsets and Adjustments - The assessed value of any property that is demolished will be subtracted from the value of the property replacing it, for the purpose of calculating the portion eligible for incentives.
 - (3) A maximum two-year construction period from the date of execution of the Incentive Agreement shall apply.
- (b) Nothing herein shall imply or suggest that the City of Burnet is required to offer incentives to any person, organization, joint venture, partnership, association, or corporation.
- (c) The City reserves the right to review and change the qualifying schedules and incentive program at any time except that where an Incentive Agreement has been duly executed, the Incentive Agreement shall supersede.

Section D. Tax Abatements:

The portion of the property for which a business may qualify for tax abatement will be determined on the basis of the level of New Value or New Employment added within the Reinvestment Zone. For example, if New Value is added having an aggregate value of at least the amount specified in the following qualifying schedule, or if New Employment adds at least the number of jobs specified in such schedule, then the abatement schedule for which the business qualifies shall be the greater of the two.

TAX ABATEMENT QUALIFYING SCHEDULE

<i>NEW VALUE AT LEAST</i>	<i>NEW EMPLOYMENT AT LEAST</i>	<i>USE SCHEDULE NUMBER</i>
\$500,000	5	1
\$ 1,000,000	10	2
\$ 5,000,000	20	3
\$ 10,000,000	30	4
\$ 30,000,000	Negotiable*	Negotiable*

Depending on the schedule for which the business qualifies, a percentage of the tax may be abated on an Eligible Facility as follows:

<i>YEAR</i>	<i>#1</i>	<i>#2</i>	<i>#3</i>	<i>#4</i>
1	25%	50%	75%	100%
2	25%	50%	75%	100%
3	-	25%	50%	75%
4	-	25%	50%	50%
5	-	-	25%	25%

*Where tax abatement qualifying schedules are negotiated, in no case shall the abatement period exceed ten (10) years.

Section E. Utility Incentives:

Electric Utility Incentives may be offered to businesses that qualify as determined by the City's economic development incentives. The amount of discount to be offered will be determined using the following tables for New Value and New Employment created within the Reinvestment Zone. For example, if New Value is added having aggregate value of \$3,000,000 and the New Employment is anticipated to be 30 jobs, then the schedule that would apply is the larger one, or schedule 4.

Electric Utility Incentives apply only to the City Distribution Charge as denoted in Chapter 110, Article IV of the current City of Burnet Code of Ordinances.

ELECTRIC UTILITY INCENTIVE QUALIFYING SCHEDULE

<i>NEW VALUE AT LEAST</i>	<i>NEW EMPLOYMENT AT LEAST</i>	<i>USE SCHEDULE NUMBER</i>
\$500,000	5	1
\$ 1,000,000	10	2
\$ 5,000,000	20	3
\$ 10,000,000	30	4
\$ 30,000,000	Negotiable	Negotiable

Depending on the schedule for which the business qualifies, a percentage of the electric utilities may be discounted on an Eligible Facility as follows:

<i>YEAR</i>	<i>#1</i>	<i>#2</i>	<i>#3</i>	<i>#4</i>
1	15%	20%	25%	30%
2	15%	20%	25%	30%
3	-	15%	15%	25%
4	-	-	15%	20%
5	-	-	-	15%



Section F. Other Incentives:

- (a) Upon approval by the City Council, projects that meet the minimum tax abatement and/or Electric Utility Incentive criteria, and that have a minimum New Value of \$10,000,000, may also be eligible for the following economic development incentives:
 - (1) Reduction of plan review fees, building permit fees, inspection fees, sign permits and construction meter loops.
 - (2) Reduction of certain costs related to infrastructure improvements as defined by the Incentive Agreement.
- (b) Impact fees and utility taps are not waived or discounted.

Section G. Business Retention Program:

Any existing Eligible Business currently in business in the City of Burnet shall be eligible for the economic incentive program subject to the following requirements:

- (a) Tax abatements will only be considered for the increase in valuation above the existing valuation.
- (b) All New Value and/or New Employment criteria as defined in Sections D & E shall apply.
- (c) Except as applicable in (f) of this section, businesses not located in the Reinvestment Zone, shall relocate to the Reinvestment Zone.

- (d) For business relocation from a non-investment zone location into the Reinvestment Zone, eligibility for incentives will be determined using the increased New Value at the new location over the value at the previous location and/or increased New Employment over the employment at the previous location, whichever is greater.
- (e) Expansion or modernization of existing facilities in the Reinvestment Zone shall be eligible for Economic Incentives using the New Value and/or New Employment criteria as defined in Sections D and/or E once per five year period. However, upon finding that an expansion or modernization project will make a unique or unequalled contribution to the ad valorem tax base, economy, development, redevelopment, or employment opportunities in the City of Burnet, the City Council shall have the authority, to waive the five year minimum, the terms of which will be determined on a case by case basis.
- (f) Existing businesses located in a newly designated Reinvestment Zone may apply for incentives relative to this section providing the business expansion meets the New Value and/or New Employment above their existing values and employment at the time of the designation.

Section H. Retail, Hospitality and Tourism:

Retail, hospitality and tourism businesses are not routinely eligible for the incentive program, however, upon finding that a project will make a unique or unequalled contribution to the ad valorem tax base, sales tax base, economy, development, redevelopment, tourism or employment opportunities in the City of Burnet, the City Council shall have the authority, subject to state law, to offer incentives appropriate to the type and scope of the business, the amount and terms of which will be determined on a case by case basis, regardless of location. The minimum New Value for retail, hospitality and tourism businesses shall be \$1,000,000 and the minimum New Employment shall be 10 new jobs. Both minimum criteria shall be met.

Section I. Application Process:

- (a) Any person, organization, joint venture, partnership, association, or corporation desiring that the City consider providing tax abatement and other economic development incentives shall be required to comply with the following procedures:
 - (1) Applicants shall make written application to the City;
 - (2) A complete legal description of the property along with a plat showing the precise location of the project shall be submitted.

- (3) A brief description of the proposed improvements or expansion must be provided along with the project's estimated cost, the type of business operation proposed, the number and type of jobs created, the expected source of labor to fill such jobs, the projected date of the beginning operation and the type and the value of the tax abatement and other economic development incentives which are requested;
 - (4) Applicants shall submit either a current financial statement, if currently in business, or a prospective financial statement, if a startup business; and
 - (5) Applicants shall provide other information as required by the City.
- (b) All applications will be reviewed by the City Manager-Authorized Representative for completeness and accuracy, and comments will be received from the appropriate City departments. Once this information is compiled, the application and review comments will be forwarded to the members of the City Council and to other taxing entities which may be involved in offering tax abatement. After the review by the City Council and other taxing entities, additional information may be requested of the applicant.
 - (c) All requirements of the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code, shall be followed.

Section J. Incentive Agreement:

- (a) If the City Council determines in its sole discretion that it is in the best interest of the City to grant incentives to a particular applicant, a resolution shall be adopted approving the terms and conditions of the Incentive Agreement with the applicant. The Incentive Agreement will enumerate the types of incentives to be provided and the conditions applicable to such incentives.
- (b) All such Incentive Agreements must, at minimum, be in writing and include:
 - (1) A description of each of the types of incentives to be provided;
 - (2) The commencement date of the incentives and the duration of the incentives;
 - (3) A legal description of the property indicating its location;
 - (4) Detailed information regarding the type, number, location and cost of planned improvements;

(5) A plan providing access to and inspection of the property and the proposed improvements by City inspectors and officials to ensure that the improvements are made according the requirements and conditions of the agreement;

(6) A provision limiting the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that tax abatement and other economic development incentives are in effect; and

(7) A method by which the business receiving incentives will certify in writing to the City that the business is in compliance with the Incentive Agreement and provide the City with documentation to substantiate the level of value, including but not necessarily limited to, annual company financial reports, state and/or federal employment reports, and Burnet County tax appraisal statements.

(8) A method for the City to recover property tax revenues and all waived fees and costs which are lost as a result of the agreement if the applicants fails to perform its obligations under the agreement.

(d) The Incentive Agreement shall be non-transferable. Businesses entering into an Incentive Agreement shall be required to disclose to the City, in writing, any transfer of ownership.

CONTACT INFORMATION:

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