

Article 6: Qualifying Companies for Incentives Part 3 of 3

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If you have been reading the previous articles in this series (Article 6), you now have a good understanding of how much time and effort goes into qualifying a company for incentives. In this final article I will discuss the legislative statutes and local ordinances that play a role in regulating the abatement agreements.

Abatements are regulated by state statute and have a ten year maximum. Furthermore, only certain types of property may qualify. For example, all real property improvements will qualify, but only certain main line equipment used in the main business process qualify.

“Abatements are regulated by state statute and have a ten year maximum.”

This means that manufacturing equipment will qualify, while office furniture and such will not qualify. In addition, the land cannot be abated.

Also, we do not abate inventories.

This means that the

county will always collect some taxes right away, even with a “100%” abatement. This is discussed in detail in the next article series.

The overriding codes that regulate tax incentives in Texas are the local government code and the state tax code. While there are more, these provide the most direction to what local governments can do to provide incentives for economic development. Texas is a strong pro-business state and, as a result, many of the statutes provide some leeway for local implementation.

The local implementation for abatements are contained in the local government’s abatement and incentives policies. These policies set the type

of businesses that qualify for abatements and the general process and requirements to apply for and maintain the abatements. In our case, the county commissioners set incentive policies for the county. Cities will follow a slightly different approach, but usually they have a set of guiding policies as well.

So, concluding this series, remember that, while the local community has control over extending abatements, there are models in place to ensure that every effort is made to attract the best companies. This process has many levels of oversight and is ultimately guiding by state statute. And finally, EDOs and local government can’t stop companies from locating to the area. However, they can use the incentive process to attract and support those companies that fit the community well.

Stay tuned for the next part in this series on economic development. If you have any questions or feedback, please feel free to email me at vyokom@wallercounty.org.

About the Waller County Economic Development Partnership (WCEDP): The WCEDP is a Texas non-profit corporation with an IRS 501 (C) 6 tax designation. We are non-political and have a 24-member board, which includes representation from every community in Waller County that has an economic development program. To learn more, visit www.wallercounty.org.

Mission: The WCEDP is organized to operate a charitable service center to foster increased, environmentally balanced business commerce, positive growth, and overall cooperation and coordination for all communities throughout Waller County, Texas.