

**Article 7: The Basics About Abatements:  
A Case Study in the Effectiveness of Abatements  
(Part 3 of 3)**

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Now, let's take a look at an actual project. In 2013 a local company was planning for a new warehouse expansion locally or in a location outside of Waller County. They eventually decided to put the new warehouse distribution center in Waller County.

They purchased about 32 acres out of a larger tract of land. The parcel was under ag-valuation at the time of the purchase. When reviewing this with the appraisal district, we estimated the annual portion of county taxes collected on this parcel at about \$21.21 per year. Rounding, this yields about \$106.00 over a five-year period.

***“The estimated roll-back taxes to be collected after the 32 acre land purchase was about \$21,023.”***

100% on qualifying property, not on all property included in the project. Land and inventory are not included.

The estimated roll-back taxes to be collected after the 32 acre land purchase was about \$21,023. Adding in the \$1,000.00 application fee for the tax abatement application yields an immediate cash intake by the county of \$22,023. Furthermore, the estimated value of the land at full market is about \$604,000. This increases the taxes collected from \$21.00 to about \$4,200 annually. You can see from this case study that just moving the land out of ag valuation into a full market valuation makes the abatement risk-free. And, keep in mind, this is only on the land value. It doesn't include the inventory and non-qualifying property.

The company was granted a five year abatement with the first three years at 100% and the subsequent two years at 75%, for a total of a five-year term. Remember, that 100% is only

When we add inventory into the equation, the results are even more impressive. I can't disclose that information as it is deemed proprietary, but it is significant.

Here is the bottom line. The estimated amount of taxes abated is \$375,000 over five years. During the abatement period the county will still collect about \$80,000. Without the abatement, they would collect only \$106 for the same five years. Over the next ten years, the county will collect an estimated \$1,120,076 on this project. This is a direct return of about 198% (\$375K against \$1.1M) over the ten-year period, and a 753% return comparing the \$80K collected in five years against the \$106 previously collected under ag for five years.

As you can see from this case study, abatements work. Abatements are risk free to the county. Without them, the county would not attract or retain businesses that provide a long-term benefit to the community.

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](mailto:vyokom@wallercounty.org).

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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](http://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.