

**Article 7: The Basics About Abatements:
The Economic Impact Analysis in Detail
(Part 2 of 3)**

By: Vince Yokom, Director

Waller County Economic Development Partnership

In this article, I want to dig a little deeper into how a project works through the analysis process. As mentioned in previous articles, the first step for any company seeking an abatement starts with each company going through an economic impact analysis.

The model we use is one of the most respected and widely used models in Texas. It is developed by Impact DataSource in Austin, TX. You can learn more at <http://www.impactdatasource.com/services/impact-models/>.

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At this stage, the applicant submits operational, investment, and employee information. The model then determines to what extent a business has an impact on the community and calculates a return

on “investment.” Even though the county doesn’t actually invest any capital with the abatement, the future abated taxable values are used as the basis for calculating a return. Had the county actually invested capital, that would be calculated as well.

The model examines the impact of the company on any taxing jurisdiction in which the project is located. So, it calculates the potential increase in revenue for special taxing districts, like the ESD, impact on the schools for employees relocating to the area, and the county’s direct return on future abated taxable value.

The model looks at the ten-year impact and is aligned with the ten-year statutory limit on abatements. So,

even though a company may receive an abatement for five years, the model considers the long-term impact over a ten-year period. Using a ten-year term gives us a lot of information to help determine the overall return to the county and impact on the community.

Once the model returns the results, we then know the county’s position in negotiating terms of an agreement. The better the return, the better the company is for the county. Anything above a 10% return with a payback period equal to or less than 10 years, and (or) as close to the abatement term as possible, is considered a good return.

If the analysis is positive for the county, then the applicant is encouraged to proceed with the abatement application. At this point, they must complete an application and file a \$1,000.00 application fee. The application fee covers the county’s cost for public notice, administrative review, and legal review.

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.