

# MEMO

DATE: March 25, 2024  
TO: Mayor & City Council  
FROM: Mercy L. Rushing, City Administrator & Executive Director, MEDC  
SUBJECT: Tax Abatement Guidelines and Criteria Adoption Update



Tax Abatement is part of the City's Investment tool to encourage new property redevelopment and development along with creation of new jobs for our community. For the city to continue to offer Tax Abatement to commercial/industrial businesses and affordable housing projects we would need to pass the following:

1. Resolution to approve Guidelines and Criteria for Tax Abatement – Under section 312.002 (c), this resolution is only good for two years from date adopted. Guidelines and Criteria once passed may only be amended or repealed by a vote of three-fourths of the governing body. Cities must review and may make any changes necessary prior to adopting their Guidelines and Criteria for Tax Abatement every two (2) years. Next renewal period for City of Mineola will be March 2026

**Changes to our Current Guidelines and Criteria from the past two years consist of the following under Attachment EXHIBIT A (Tax Abatement Schedule):**

**Current Tax Abatement Schedules**

For New Capital Investment

**Propose Tax Abatement Schedules Changes**

For New Capital Investment

**Schedule I - 10 Million & or 25 full time jobs**

**Schedule 1 - 5 Million -10+ Million & or 25 full time Jobs (Minimum of 5 Million)**

Schedule I - Year 1-7 – 80% Abated  
Year 8-10 – 50% Abated

Schedule I- Year 1-6 - 80% Abated  
Year 7-10 – 50% Abated

**Schedule II – 2 Million & or more 15 full time jobs**

**Schedule II – 1 Million – 4 Million 10-15 full-time jobs (Minimum of 1 Million)**

Schedule II – Year 1-3 – 80 % Abated  
Year 4-6 - 50% Abated  
Year 7 - 25% Abated

Schedule II – Year 1-3 – 80% Abated  
Year 4-6 - 50% Abated  
Year 7 - 25% Abated

Schedule III – \$800K and or 10 full time Jobs  
(Minimum of \$800,000.00)

Schedule III – Year 1 - 80% Abated  
Year 2&3 - 50% Abated  
Year 4&5 - 25% Abated

Schedule III – \$900K and or 6 – 10 jobs  
(Minimum of \$900,000.00)

Schedule III – Year 1 - 80% Abated  
Year 2&3 - 50% Abated  
Year 4&5 - 25% Abated

Schedule IV – \$100K and 2 full time Jobs  
(Minimum of \$100,000.00)

Schedule IV – Year 1 – 80% Abated  
Year 2 - 50% Abated  
Year 3 - 25% Abated

Schedule IV – \$150K and 3 – 5 Jobs  
(Minimum of \$150,000.00)

Schedule IV – Year 1 – 80% Abated  
Year 2 - 50% Abated  
Year 3 - 25% Abated

**Recommendation:** It is my recommendation that Mayor & Council consider the updated Guidelines & Criteria Incentive Tax Abatement Schedule presented under Exhibit “A”.



**CITY OF MINEOLA**

**GUIDELINES AND CRITERIA**

**FOR**

**PROPERTY TAX REBATE**

**MAYOR**

Jayne Lankford

**CITY COUNCIL MEMBERS**

Mitchell Tuck  
Sue Jones  
Cassandra Sampson  
Jack Newman  
Terry Eaton  
Eric Carrington

## POLICY

It is the policy of the City of Mineola to use tax abatement as an effective tool for economic development. Tax abatement will be used to exempt primary employers owning property within the reinvestment zone from paying taxes on improvements on that property according to the schedule outline in Exhibit A.

Under special circumstances, where major capital investment and/or jobs created will have an extraordinary impact on the local economy, the City Council may negotiate an abatement with special terms and conditions.

## ELIGIBILITY PROCEDURES AND GUIDELINES

### Abatements

Tax abatements are granted to the owner of real property to the extent its value for that year exceeds its value for the year in which the Tax Abatement Agreement is executed.

The real property must be located in a reinvestment zone defined below.

Tax abatements are only granted in connection with the creation, and maintenance of jobs as well as creation of new capital investment as set forth in the Tax Abatement Agreement.

### Procedures

Prior to beginning any demolition, rehabilitation, reconstruction or construction, of any improvement to be included in a tax abatement agreement, the owner and/or developer shall first submit to the City, in writing, a request for tax abatement. The City will then determine the eligibility of the business and the proposed improvements and upon determination of eligibility, the City shall respond to such in writing. As outlined in the Tax Abatement Agreement (discussed in detail later in this document), the business is required to meet all codes and ordinances and acquire all permits required prior to any construction. Contact should be made early in the project with the City's Building Inspector. No work shall begin prior to receiving approval of tax abatement by the city.

CITY OF MINEOLA  
GUIDELINES AND CRITERIA  
FOR  
PROPERTY TAX REBATE

INTRODUCTION

The City is willing to provide property tax rebates to qualifying eligible real property owners who will execute and the 380 economic development agreement with the City of Mineola. Property tax rebates will be available for both new facilities and structures and for the expansion or modernization of exiting facilities and structures. The priority for tax abatement will be “primary employers”. The City defines these employers as those that expand the economic base of the community by generating a majority of their sales outside of Wood County, and preferably outside the State of Texas.

The goal of tax abatement is to provide long term significant positive impact on the community and to utilize area contractors and work force to the maximum extent feasible by developing, redeveloping and improving real property.

Tax Abatement will be negotiated with the property owner within a reinvestment zone. Tax Abatement is available to property owners according to the schedule outline in Exhibit A. The agreement between the City and the business will exempt from taxation all or part of the increase in value of the real property over its value in the year in which the agreement is executed.

It is the intent of the Guidelines and Criteria to outline the policy of the City toward tax abatement to determine the eligibility criteria of the industry and to outline the process for designating a reinvestment zone. These Guidelines and Criteria further outline the terms of the Tax Abatement Agreement with the business and the process for consideration of Tax Abatement Agreements between all other participating taxing entities.

These general Guidelines and Criteria are not intended to be restrictive in any way, and are designed to be used as a guide to any business, industry or individual interested in Tax Abatement. The Guidelines and Criteria have been approved by the City Council as evidenced by the adoption of a Resolution which is attached to this document as Exhibit B.

## Guidelines

The following general guidelines will apply in these categories:

### New Construction

Any new building should be of quality design and construction. New construction should complement and blend with existing structures. Proper landscaping and lighting is encouraged in order to enhance the overall quality of life for the City. New construction should follow current City of Mineola building codes, zoning ordinances and procedures.

### General Redevelopment

Any redevelopment activity should take full advantage of the unique architectural characteristics of the area. Redevelopment should be of high quality in order to create an image needed to further attract development. As a minimum, the value of any redevelopment or rehabilitation must equal \$150,000.00 (See Tax Abatement Schedule, Exhibit A). The buildings to be rehabilitated must meet all City codes as a minimum standard. Normal maintenance costs alone should not be considered eligible for tax abatement.

### Historical Districts

Any construction in a Reinvestment Zone located in a historical district should be accomplished in a manner that will preserve, where possible, the original character and architectural integrity. Each building should have, where possible, the original wood, brick, metal or stone exteriors should be retained. When refinishing the exterior walls, new exterior finishes should use colors and textures which will blend with the original. Consideration should be given to the removal of artificial facades constructed of contemporary materials in an effort to expose the original building. Signs should be subdued and of a scale and character which will blend with and complement the surrounding environment. Signs should follow current city codes and work closely with building inspector.

### Exterior Building Repairs

In a reconstruction project, the business should make every effort to remove all miscellaneous and/or abandoned electrical, plumbing, drainage and other mechanical equipment from the building exterior. New mechanical systems and utility services should be installed in such a way that it will not detract from the building appearance. The contractor should leave all openings intact, where possible, and avoid cement blocking or boarding up of windows or doors. Lighting and landscaping of signage should be carefully used to create a pleasant and secure environment throughout the area. Work with building inspector to follow current city codes.

### Land Use

The land use in a business district should promote and encourage uses which generate large numbers of people, create a stimulating atmosphere and provide a sense of security. It should encourage quality office development which will provide daytime customers for support service, such as, retail shops and restaurants and encourage development which would generate outdoor activities such as sidewalk cafes, street vendors, sidewalk art sales, concerts, etc.

## REINVESTMENT ZONE

### General

There are two types of zones that may be created for tax abatement. They are Multi-family (affordable housing) Residential Reinvestment Zones and Commercial/Industrial Reinvestment Zones. Each zone must have one of these designations. (see Exhibit "C")

There are seven criteria under which either of these reinvestment zones may be designated. An area may meet any one of these seven in order to qualify. They are as follows:

### Criteria for Designation

An area must (as provided in Chapter 312.202 of the Texas Tax Code):

- (1) substantially impair or arrest the sound growth of a city or town, retard the provision of multi-family (affordable 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, by reason of the presence of a substantial number of substandard, slum, deteriorated, or deteriorating structures; predominance of defective or inadequate sidewalk or street layout; faulty lot layout in relation to size, accessibility, or usefulness; unsanitary or unsafe conditions; deterioration of site or other improvements; tax or special assessment delinquency exceeding the fair value of the land; defective or unusual conditions of title; the existence of conditions that endanger life or property by fire or other cause; or any combination of these factors or conditions; or
- (2) be predominately open and, because of obsolete platting or deterioration of structures of site improvements, or other factors, substantially impair or arrest the sound growth of the City; or
- (3) be in a federally assisted new community located within a home-rule city or in an area immediately adjacent to the federally assisted new community; or

- (4) be located wholly within an area which meets the requirements for federal assistance under Section 199 of the Housing and Community Development Act of 1974; or
- (5) encompass signs billboards, and other outdoor advertising structures designated by the City Council for relocation, reconstruction, or removal for the purpose of enhancing the physical environment of the City, which the Legislature hereby declares to be a public purpose; or
- (6) be designated a local or state-federal enterprise zone under the Texas Enterprise Zone Act; or
- (7) be reasonable likely, as the result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would b a benefit to the property and contribute to the economic development of the City.

#### Process for Designation

A public hearing must be held prior to the adoption of the ordinance/resolution. A notice of public hearing must be published in the newspaper not less than seven days before the date of the hearing. Following the public hearing, the ordinance creating the reinvestment zone may be adopted.

A reinvestment zone must be created by ordinance/resolution. The ordinance/resolution must describe the boundaries of the zone and describe the designation of the zone as multi-family residential or commercial/industrial; such description to be provided by the applicant prior to the designation of the zone.

A reinvestment zone designation expires after five years and may be renewed for an additional five years. However, the term of an existing Tax Abatement Agreement within the zone is not affected. There is no limit as to the size or number of reinvestment zones the City of Mineola my have. All zones, must however, conform to the comprehensive zoning ordinance of the City.



Page 5  
**TAX ABATEMENT AGREEMENT**

**General**

The Tax Abatement Agreement, between the City and the business, is entered into after the creation of a reinvestment zone. Wood County may enter into an agreement with the business after the agreement with the City is signed and according to the provisions in Chapter 312.206 of the Texas Tax Code.

**Provisions of Agreement**

An agreement must include the following provisions (as provided in Chapter 312.205 (a) of the Texas Tax Code). Provisions must:

- (1) list the kind, number and location of all proposed improvements to the property;
- (2) provide for access to and authorize inspection of property by municipal employees to ensure that the improvements or repairs are made according to the specifications or conditions of the Agreement;
- (3) limit the uses of the property consistent with the general purposes of encouraging development or redevelopment of the zone during the period that the property tax exemptions are in effect;
- (4) provide for recapturing property tax revenue lost as a result of the Agreement if the owner or the property fails to make the improvements or repairs as provided by the Agreement.

An agreement with the business may also include, at the option of the City, the following provisions (as provided in Chapter 312.205 (b) of the Texas Tax Code):

- (1) Improvements or repairs by the City to streets, sidewalks and utility services or facilities associated with the property, except that the Agreement may not provide for lower charges or rates than are made for other services or properties of similar character;
- (2) An Economic Development Feasibility Study including a detailed list of estimated improvement costs, a description of the methods of financing all estimated costs and the time when the related costs or monetary obligations are to be incurred;
- (3) A map showing existing uses and conditions of real property in the reinvestment zone in relation to property description as used by the Wood County Appraisal District;

- (4) A map showing proposed improvements and uses in the reinvestment zone in relation to property descriptions as used by the Wood County Appraisal District;
- (5) Proposed changes of the zoning ordinance, map, building codes and city ordinances;
- (6) The creation and maintenance of jobs, if the abatement is granted for a Commercial/Industrial Reinvestment Zone;
- (7) The payment of all taxes and fees to the City and other tax authorities.

#### Process for the Adoption of the Agreement

Prior to entering into the proposed Agreement, the City must publish notice of consideration of intent to enter into a tax abatement agreement no later than seven days prior to entering into the agreement, and a copy of the notice must be delivered, either by registered or certified mail, or in person, to the appropriate county and school official prior to the meeting at which the agreement is discussed. The City must also deliver a copy of the proposed Agreement to the presiding officer of Wood County, Mineola Independent School District and Upper Sabine Valley Solid Waste Management District, along with the written notice that the City intends to enter into the Agreement. This proposed Agreement must be delivered, either by registered or certified mail, or in person, seven days prior to the date the City intends to enter into the Agreement.

The City Council may then adopt a Resolution authorizing the Tax Abatement Agreement.

The Agreement may be modified or terminated by mutual consent of the parties only after following the same procedures by which the original Agreement was approved and executed. However, it may not be amended to extend beyond seven years from the date of the original Agreement.

#### CONCLUSION

The City of Mineola has developed and adopted these Guidelines and Criteria in order to allow any business interested in tax abatement an opportunity to understand the requirements and processes.

These guidelines are subject to and governed by Chapter 312 of the Texas Tax Code and the statutes, rules and regulations of the State of Texas and the United States of America. In case of any conflict between the guidelines and any statute, the statute shall control.

These Guidelines and Criteria are effective for a two year period and may be renewed or amended after that date using the same procedure for adoption as was followed for this adoption. However, any amendment, alteration or repeal of these Guidelines and Criteria can only become effective upon vote of three-fourths of the members of the City Council.

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**EXHIBIT A**

**TAX ABATEMENT SCHEDULE**

The tax abatement policy of the City of Mineola reflects a balance between the revenue needs of local government and the desire to provide incentives for the expansion and relocation of industry.

The City agrees to abate ad valorem taxes on real property improvements of qualified businesses in Multi-family (affordable housing) Residential Reinvestment Zones and Commercial/Industrial Reinvestment Zones as follows:

Schedule I

Tax abatement on improvements to real property will be granted to qualified businesses creating 25 or more full-time jobs and/or investing a minimum of \$5,000,000.00 in capital improvements according to the following sliding scale:

| YEAR<br>VALUE | % OF ADDED<br>TO BE ABATED |
|---------------|----------------------------|
| 1             | 80%                        |
| 2             | 80%                        |
| 3             | 80%                        |
| 4             | 80%                        |
| 5             | 80%                        |
| 6             | 80%                        |
| 7             | 50%                        |
| 8             | 50%                        |
| 9             | 50%                        |
| 10            | 50%                        |

Page 1  
Schedule II

Tax abatement on improvements to real property will be granted to qualified businesses creating 15 or more full-time jobs and/or investing a minimum of \$1,000,000.00 and up in capital improvements according to the following sliding scale:

| YEAR<br>VALUE | % OF ADDED<br>TO BE ABATED |
|---------------|----------------------------|
| 1             | 80%                        |
| 2             | 80%                        |
| 3             | 80%                        |
| 4             | 50%                        |
| 5             | 50%                        |
| 6             | 50%                        |
| 7             | 25%                        |

Schedule III

Tax abatement on improvements to real property will be granted to qualified businesses creating 6 or more full-time jobs and/or investing a minimum of \$900,000.00 in capital improvements according to the following sliding scale:

| YEAR<br>VALUE | % OF ADDED<br>TO BE ABATED |
|---------------|----------------------------|
| 1             | 80%                        |
| 2             | 50%                        |
| 3             | 50%                        |
| 4             | 25%                        |
| 5             | 25%                        |

Schedule IV

Tax abatement on improvements to real property will be granted to qualified small businesses creating 3 or more full-time jobs and/or investing a minimum of \$100,000.00 in capital improvements according to the following sliding scale: (Historic District)

| YEAR<br>VALUE | % OF ADDED<br>TO BE ABATED |
|---------------|----------------------------|
| 1             | 80%                        |
| 2             | 50%                        |
| 3             | 25%                        |

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**EXHIBIT B**

**RESOLUTION**

**A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF MINEOLA, TEXAS,  
ADOPTING GUIDELINES AND CRITERIA FOR TAX ABATEMENT.**

**WHEREAS**, the City Council of the City of Mineola desires to promote the development/redevelopment of certain contiguous geographic areas within its corporate limits; and

**WHEREAS**, the City of Mineola is authorized to enter into Tax Abatement Agreements for commercial-industrial, multi-family (affordable housing) purposes as authorized in Chapter 312 of the Texas Tax Code, "Property Redevelopment and Tax Abatement Act" (The Act); and

**WHEREAS**, the Act requires the City of Mineola to establish guidelines and create criteria for the designation of reinvestment zones and the entering into of Tax Abatement Agreements.

**NOW, THEREFORE, BE IT RESOLVED** that the City of Mineola declares it is eligible for and intends to participate in a Tax Abatement Program.

**BE IT FURTHER RESOLVED** that the City of Mineola hereby adopts the attached Guidelines and Criteria for Tax Abatement for use in all Tax Abatement Programs.

**PASSED, APPROVED and ADOPTED the 26th day of March 25, 2024.**

**CITY OF MINEOLA, TEXAS**

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**Mayor Jayne Lankford, Mayor**

**ATTEST:**

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**Cindy Karch, City Secretary**














**Exhibit C**

**Zoning map to be attached.**

# ATTACHMENT "C"

## Legend

-  City Limit Line
-  Rivers, Creeks & Streams
-  Lakes, Tanks, and Ponds
-  Railroad Right of Way and Track
-  Street Right of Way

-  AG - Agricultural
-  SF12 - Single Family Detached (Low Density)
-  SF7 - Single Family Detached (Medium Density)
-  MD - Single Family Detached (Medium Density)
-  MH - Single Family Manufactured Home
-  MF18 - Multifamily
-  MF24 - Multifamily
-  MU - Mixed Use
-  C1 - Local Business
-  C2 - General Business
-  I - Industrial
-  HOD - Heritage Overlay District
-  MH0 - Manufactured Home Overlay District

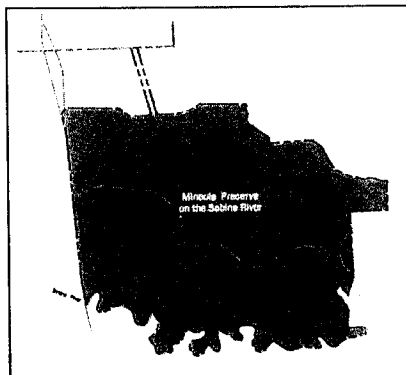
# ZONING MAP

## City of Mineola

Ordinance No. 06-03-27 Adopted March 27,  
2006 Updated April 25, 2012

✓ Zoning used for all - ZONE 1 for  
Tax Abatement Reinvestment

(For zoning in preserve  
see inset)



**MPRG inc.**  
Municipal Planning Resources Group, Inc.