



# BRAZOS COUNTY CHAPTER 312 TAX ABATEMENT GUIDELINES

---

Presented By: Kimberly Gonzalez – Economic Development Coordinator  
Workshop Session – Tuesday, January 27, 2026 – 9:00AM

# AGENDA:

- Discuss the State of Texas' tax abatement guidelines requirement for county governments
- Understand the function of 312 agreements
- Discuss Brazos County's current tax abatement guidelines
- Review other counties' guidelines
- Present staff recommendations
- Commissioners Court considerations
- Next Steps



# TAX ABATEMENT GUIDELINES REQUIREMENTS:

---

- A local taxing unit must create guidelines and criteria regarding how local tax abatement agreements (Also known as Chapter 312 agreements) will be decided for both new and existing facilities/structures.
- The governing body of a taxing unit must call a public hearing on the proposed guidelines (prior to adoption). The guidelines and criteria are in effect for **two years** after adoption and can be modified with a three-fourths vote of the governing body (3/4 = 4 of 5 present Commissioners OR 3 of 4 present Commissioners).
- The taxing unit must post the adopted guidelines and criteria on their website.
- Brazos County adopted its first set of tax abatement guidelines on March 12, 2024.
- These guidelines must be renewed by March 12, 2026, for the County to continue entering into chapter 312 agreements. The goal is to have the updated guidelines on the Commissioners Court agenda on Tuesday, February 24<sup>th</sup> for Court consideration.



# OVERVIEW OF 312 AGREEMENTS:

---

## Definition:

Also known as the “Property Tax Abatement Act.” Tax abatements are an economic development tool available to cities, counties, and special districts to attract new industries and to encourage the retention and development of existing businesses through property tax exemptions or reductions (Texas Comptroller of Public Accounts).

## Method:

312 agreements reduce the value on the property tax rolls by the agreed-on amount. Companies receive a reduction in their taxes from the exclusion of the increased valuation, and the percentage of appraised value that is reduced leads to a tax reduction.

## Statutes:

Guidelines for these agreements are found in chapter 312 of the Texas Tax Code.



# GUIDELINES COMPARISON:

---

- Brazos County (Est. 2025 Population = 249,624)
- Webb County (Est. 2025 Population = 272,823)
- McClennan County (Est. 2025 Population = 270,358)
- Jefferson County (Est. 2025 Population = 253,958)
- Smith County (Est. 2025 Population = 249,091)
- Montgomery County (Est. 2025 Population = 749,613)\*

Populations retrieved from the U.S. Census Bureau.

\*Extreme growth example.



# FOCUS ITEMS:

---

- Duration of agreement term authorized
- Amount/Percentage of abatement authorized
- Minimum capital investment requirements
- Job creation requirements
- Payroll requirements
- Industry type requirements
- Eligible improvements
- Ineligible improvements
- Application requirements
- Application Fee requirements



# BRAZOS COUNTY GUIDELINES:

---

Brazos County's tax economic development program is administered by the Brazos County Judge's Office.

- **Duration of agreement term** = 5 years (Max number of years allowed by Texas statute is 10 years)
- **Amount of abatement authorized** = 50% of the M&O portion of the tax rate (may exceed the 5 year at 50% standard abatement with a 4/5 vote of the Commissioners Court)
- **Minimum capital investment requirements** = \$10M
- **Job creation requirements** = The guidelines state that the project must create permanent full-time employment opportunities but doesn't specify an exact number of new jobs required.
- **Payroll requirements** = Not specified
- **Industry type requirements** = "Targeted" industries are distribution center facilities, manufacturing facilities, regional entertainment facilities, research facilities, regional service facilities, or any other basic industry.



# BRAZOS COUNTY GUIDELINES:

---

- **Eligible improvements** = Specific improvements not listed. However, the project must expand the local tax base, and the project must not otherwise be developed or would otherwise be substantially altered so that the economic returns or other associated public purpose secured by the County's incentive would be reduced for an incentive to be considered
- **Ineligible improvements** = Sexually-oriented businesses are ineligible for abatement. Requests for an abatement will not be considered for an applicant with which the County is currently involved in or has within the past thirty-six (36) months been involved in, litigation, a pending claim, or unsatisfactory contractual performance, nor to any applicant indebted to the County for ad valorem taxes or other obligations.
- **Application requirements** = Application required with a \$1,000 application fee



# WEBB COUNTY GUIDELINES:

---

Webb County's tax economic development program is administered by the Webb County Economic Development Department.

- **Duration of agreement term authorized:** Maximum of 10 years
- **Amount of abatement authorized:** Not specified
- **Minimum capital investment requirements:** \$10M
- **Job creation requirements:** Job creation will be reviewed in the consideration, but no specific requirement is listed. However, the project must not be expected to solely or primarily have the effect of merely transferring employment from one area of Webb County to another area of the County.
- **Payroll requirements:** The guidelines state that payroll will be considered in the consideration, but no specific requirement is listed.
- **Industry type requirements:** Not specified



# WEBB COUNTY GUIDELINES:

---

- **Eligible improvements:** Creation of new value is required. Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements, and related fixed improvements necessary to the operation and administration of the facility.
- **Ineligible improvements:** Land, animals, inventories, supplies, tools, furnishings, vehicles, vessels, aircraft, housing or residential property, flora, fauna, and other forms of movable personal property, housing , deferred maintenance; or any other property for which abatement is not allowed by state law
- **Application requirements:** Application required with a \$1,000 application fee



# MCCLENNAN COUNTY GUIDELINES:

---

McLennan County's economic program is administered by the Greater Waco Chamber and the McLennan County Judge's Office.

- **Duration of agreement term** = Maximum of 10 years
- **Amount of abatement authorized** = For tax abatement in a municipal reinvestment zone, the term and percentages of the abatement are the same as those provided for in the municipal tax abatement agreement. If the Commissioners Court does not agree with the term or percentages contained in the municipal agreement, it can choose not to participate in the abatement or negotiate a different deal with the company.



# MCLENNAN COUNTY GUIDELINES:

---

- **Minimum capital investment requirements** = Not specified
- **Job creation requirements** = Not specified
- **Payroll requirements** = Not specified
- **Industry type requirements** = Not specified
- **Eligible improvements** = Tax abatement will only be granted for increases in the taxable value of the property over the Base Year Value as defined in these Guidelines, and only for increases in value caused by improvements/additions identified in the applicable tax abatement agreement. The term improvements/additions includes both new structures and facilities and the expansion and modernization of existing structures or facilities.
- **Ineligible improvements** = Not specified
- **Application requirements** = Application required; no fee required per tax abatement guidelines



# JEFFERSON COUNTY GUIDELINES:

---

Jefferson County's economic development program is administered by the Jefferson County Judge's Office.

- **Duration of agreement term** = Maximum of 10 years
- **Amount of abatement authorized** = Not specified
- **Minimum capital investment requirements** = Not specified
- **Job creation requirements** = Must prevent the loss of payroll or retain, increase, or create payroll (full-time employment) on a permanent basis in the County & must not have the effect of displacing workers or transferring employment from one part of the County to another
- **Payroll requirements** = Not specified



# JEFFERSON COUNTY GUIDELINES:

---

- **Industry type requirements** = Not specified
- **Eligible improvements** = New, expanded or modernized buildings and structures, including fixed machinery and equipment. Does not include facilities which are intended primarily to provide goods or services to residents or existing businesses located in the County such as, but not limited to, restaurants and retail sales establishments. Eligible facilities may include, but shall not be limited to, industrial buildings and warehouses. Eligible facilities may also include facilities designed to serve a regional population greater than the County for medical, scientific, recreational or other purposes.
- **Ineligible improvements** = Land, supplies, inventory, vehicles, vessels, housing, improvements for the generation or transmission of electrical energy not wholly consumed by a new facility or expansion; any improvements, including those to produce, store or distribute natural gas, fluids or gases, which are not integral to the operation of the facility; deferred maintenance, property to be rented or leased (If a leased facility is granted abatement, both the owner/lessor and the lessee shall be parties to the abatement contract with the County), or property which has a productive life of less than ten years.



# JEFFERSON COUNTY GUIDELINES:

---

- **Application requirements** = Application required with \$1,000 application fee
- **Transfer Fee** = Abatement may be transferred, assumed and assigned in whole or in part by the holder to a new owner or lessee of the same facility upon the approval by resolution of the Commissioners' Court; subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee are liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably withheld. As a condition of transfer, an assignment fee of \$10,000.00 may be required, with the maximum fee being \$10,000.00.



# SMITH COUNTY GUIDELINES:

---

Smith County's economic development program is administered by the Tyler Economic Development Council and the Smith County Judge's Office.

- **Duration of agreement term** = Maximum of 10 years, but typically last 5 years per the Tyler Economic Development Council
- **Amount of abatement authorized** = Not specified
- **Minimum capital investment requirements & Job creation & payroll requirements** = At least \$1M capital investment OR annual payroll increase of four hundred thousand dollars OR the creation of twenty-five new permanent full-time jobs
- **Industry type requirements** = Not explicitly required but examples of supported industries listed in the guidelines are: manufacturing, distribution facilities, corporate offices, research parks, and major tourism attractions



# SMITH COUNTY GUIDELINES:

---

- **Eligible improvements** = Tax abatement may be granted for all or a portion of the value of the real property, all or a portion of the value of the tangible personal property located on the real property, or all or a portion of the value of both, up to the maximum percent of abatement as approved in the tax abatement agreement between the parties. Tangible personal property expressly does not include mobile personal property, such as a motor vehicle, that is not fixed to property located within a municipal Reinvestment Zone.
- **Ineligible improvements** = Not specified
- **Application requirements** = Application required, but no application fee noted in the guidelines



# MONTGOMERY COUNTY GUIDELINES:

---

Montgomery County's economic development program is administered by the Montgomery County Tax Office, Montgomery County Commissioners Court, and the County Attorney.

- **Duration of agreement term** = Up to 10 years, dependent on total capital investment
- **Amount of abatement authorized** = Abatement schedule
- **Minimum capital investment requirements** = \$10M
- **Job creation requirements** = 10 minimum full-time jobs
- **Payroll requirements** = Not specified
- **Industry type requirements** = Not specified
- **Eligible improvements** = Aviation Facility, Consolidating Facility, Manufacturing Facility, New Facility, Regional Distribution Center, Research Facility, and Office Buildings



# MONTGOMERY COUNTY GUIDELINES:

---

- **Ineligible improvements** = Land; inventories; supplies, tools, furnishings, and other forms of movable personal property; vehicles; vessels; housing; hotel accommodations; Deferred Maintenance investments; property which has an Economic Life of less than 15 years (save and except Fixed Personal Property); any property not using a 100% market value for ad valorem tax calculations; and any property (held by owner/lessee) using any other form of exemption/reduction that causes the taxable value to be less than the appraised full market value with regard to the taxes to be payable to County. Population-driven retail enterprises that reasonably can be expected to locate or stay in a community without Abatement are usually ineligible for Abatement. This includes the following in most cases: retail businesses, hotels and motels, conference centers, restaurants, hospitals, banks, and other financial institutions.
- **Application requirements** = Application required; \$1,000 application fee required
- **Note** = By a 4/5 vote of the Commissioners Court, variances from the guidelines - as allowed by State Law - may be granted



# MONTGOMERY COUNTY GUIDELINES:

**SCHEDULE "A" to  
Guidelines and Criteria for Tax Abatement by Montgomery County, Texas  
(effective January 24, 2023)**

Total Added Tax Value and Minimum	Number of Full Time Jobs	Recommended Abatement Schedule
<i>Category A: Expansion to existing business and/or new business</i>		
\$10,000,000 to \$50,000,000	10	Year 1: 100% (construction) Year 2: not to exceed 100% Year 3: not to exceed 80% Year 4: not to exceed 60% Year 5: not to exceed 40%
<i>Category B: Expansion to existing business and/or new business</i>		
\$50,000,000 to \$100,000,000	10	Year 1: 100% (construction) Year 2: not to exceed 100% Year 3: not to exceed 100% Year 4: not to exceed 100% Year 5: not to exceed 80% Year 6: not to exceed 60% Year 7: not to exceed 40%
<i>Category C: Expansion to existing business and/or new business</i>		
Over \$100,000,000	10	Maximum 10 Years: % of abatement each year to be determined



*This schedule was re-approved by the Montgomery County Commissioners Court on February 25, 2025, for continued use by Montgomery County.*

# COMPARISON:

County:	Duration of Agreement:	Abatement Percentage:	Minimal Capital Investment:	Job Creation requirements (Minimum # of Jobs):	Application Required:	Application Fee:
<b>Brazos</b>	5 years standard; ten years max	50%	\$10M	Not specified	Yes	\$1,000
<b>Webb</b>	10 years max	Not specified	\$10M	Not specified	Yes	\$1,000
<b>McClennan</b>	10 years max	City consideration	Not specified	Not specified	Yes	No
<b>Jefferson</b>	10 years max	Not specified	Not specified	Not specified	Yes	\$1,000
<b>Smith</b>	5 years standard; 10 years max	Not specified	\$1M*	25 FTE's*	Yes	No
<b>Montgomery</b>	Varies from 5-10 years	Varies based on investment	\$10M	10 FTE's	Yes	\$1,000

*\*For Smith County, at least \$1M capital investment OR annual payroll increase of four hundred thousand dollars OR the creation of twenty-five new permanent full-time jobs.*

# STAFF RECOMMENDATIONS:

---

1. Tighten up our “eligible improvements” definition.
2. Include a clause in the guidelines that one year from the receipt of application, the application expires. A new application must be completed at that time and a new \$1,000 application fee be submitted to Brazos County.
3. Note in the guidelines that projects that transfer employment from one part of the County to another will be considered on a case-by-case basis. (i.e.: Project must not be expected to solely or primarily have the effect of merely transferring employment from one area of Webb County to another).
4. Include a stipulation in the guidelines stating that the economic life of the facility or improvements must exceed the life of the abatement agreement.



# COMMISSIONERS COURT CONSIDERATIONS:

---

- What, if any, changes does the Commissioners Court wish to implement regarding the County's Economic Development Guidelines?
- Are there any further questions the Court has regarding the guidelines or any further clarification needed?



# NEXT STEPS:

---

- Staff will make requested changes to the Chapter 312 Economic Development Guidelines
- Staff will provide any further clarification requested by the Court in the coming days
- Updated guidelines will be on the Commissioners Court agenda on Tuesday, February 24<sup>th</sup> for Commissioners Court consideration





THANK YOU