

Tax Phase-In Explained

Definition:

- Tax Phase-In means the partial, temporary exemption from property taxes, with the purpose of stimulating economic development.
- Only ad valorem property taxes are eligible, and only on certain qualifying property. Brenham Independent School District and Blinn College taxes are to be paid in full at all times.

Guidelines and Criteria:

- In order to be eligible for tax phase-in, the planned improvement must be an authorized facility, such as a(n):
 - *Agriculture/Aquaculture facility
 - *Distribution Center
 - *Manufacturing facility
 - *Research facility
- The project must add new value to the tax roll of eligible property.
- Within the first year and throughout the phase-in period, the applicant must maintain or create a minimum of ten (10) jobs at an average base salary of \$30,000/year, or higher, including any benefits.
- **PLEASE NOTE**: A facility is eligible for tax phase-in if it has applied for the incentive before construction begins, and it meets the complete guidelines and criteria under the Tax Phase-In Policy.
- Tax Phase-In may be granted for new or existing facilities.
- Eligible property for tax phase-in may include the value of buildings, structure, fixed machinery and equipment.

Tax Phase-In Explained

- Property that is not eligible for the tax phase-in incentives include:
 - *land
 - *animals
 - *inventories
 - *supplies
 - *tools
 - *furnishings and other forms of moveable personal property
 - *vehicles
 - *vessels
 - *aircraft
 - *housing or residential property (except for property owners in a Downtown Zone)
 - *hotels/motels
 - *fauna
 - *flora
 - *retail facilities (except for property owners in a Downtown Zone)
 - *deferred maintenance investments
 - *improvements by the generation or transmission of electrical energy not wholly consumer by a new facility or expansion
 - *any improvements including those to produce, store or distribute natural gas or fluids that are integral to the operation of the facility
 - *property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas.

Application:

- Any present or potential owner of taxable property in the City of Brenham and/or Washington County may request the creation of a Reinvestment Zone and Tax Phase-In Incentive by filing a written request with the Brenham City Manager and/or Washington County Judge.
- After the receipt of the application, the county will make a decision within 90 days. The decision-making process may involve an economic impact study, plus city council and county commissioner's court meetings.
- If accepted, the business receiving tax phase-in will be required to provide a sworn statement and documents, verifying compliance each year. Failure to provide the required documents shall result in termination of the Tax Phase-In agreement.

For further details and confidential assistance, contact the Economic Development Foundation of Brenham.