

TAX ABATEMENTS

INVESTING TODAY FOR A STRONGER TOMORROW

JOB | ECONOMIC GROWTH | OPPORTUNITY | STRONGER COMMUNITIES

*Good
Investments
Build Stronger
Communities.*

WHAT IS A TAX ABATEMENT?



A tax abatement is a temporary incentive that reduces or delays property taxes on the **new value created** by a major business investment, for a limited time (up to 10 years in Texas).

It's not a check from the government, and it doesn't eliminate the taxes a company already pays on its existing property.

WHY COMMUNITIES USE THEM



Attract and retain quality jobs



Encourage major investment



Grow the local economy



Expand the long-term tax base



Keep our community competitive for new projects

HOW IT WORKS (EXAMPLE)

A company with \$100 million in existing property builds a \$500 million expansion.

BEFORE INVESTMENT

Existing property



\$100 million
(taxable value)

Taxes are paid on the existing \$100 million.

DURING ABATEMENT

(Years 1–10)



\$100 million
(existing property, fully taxable)
+
\$500 million
(new investment, partially abated)

The company continues to pay taxes on the existing property and may pay taxes on a portion of the new value. Another portion is temporarily abated.

AFTER ABATEMENT

(Year 11 and beyond)



\$600 million
(full value taxable)

When the abatement ends, the full property value is on the tax rolls, potentially generating significantly more revenue for our community.



MYTH:

"If a company gets a tax abatement, my property taxes will go up."



FACT:

A tax abatement does not shift the company's taxes to homeowners. The company still pays the taxes they paid before the abatement, and they will have to pay on the added value when the abatement is complete.



THE BOTTOM LINE

Tax abatements help bring jobs, economic growth and long-term opportunity to our community — without shifting the company's tax bill to individual residents.

**STRONG
BUSINESSES.
STRONGER
NEIGHBORS.**



A THRIVING TODAY. A BRIGHTER TOMORROW.