

**CHAPTER 381 ECONOMIC DEVELOPMENT PROGRAM POLICY  
CHAMBERS COUNTY, TEXAS**

**WHEREAS**, Chapter 381 of the Texas Local Government Code authorizes Chambers County to develop and administer projects for local economic development, and to encourage commercial activity in the County; and

**WHEREAS**, Chambers County desires to provide financial incentives to select private businesses that contribute to economic development; and

**WHEREAS**, Chambers County desires to provide such incentives to projects whose properties are subject to Chambers County *ad valorem* taxes; and

**WHEREAS**, Chapter 381 of the Texas Local Government Code authorizes counties to establish and administer one or more economic development programs to make loans and grants of public monies and provide property tax abatement to businesses that promote economic growth and create jobs; and

**WHEREAS**, Chapter 381 of the Texas Local Government Code authorizes the County to develop and administer a program for entering into a tax abatement agreement with an owner or lessee of a property interest subject to ad valorem taxation, provided the execution, duration, and other terms of the agreement are governed, to the extent practicable, by the provisions of Sections 312.204, 312.205, and 312.211 of Chapter 312 of the Texas Tax Code, as if the Commissioners Court were a governing body of a municipality; and

**WHEREAS**, Chapter 381 of the Texas Local Government Code can be used in conjunction with tax abatement provided for under Chapter 312 of the Texas Tax Code or separately as a Chapter 381 Economic Development Program Agreement; and

**WHEREAS**, Chapter 381 of the Texas Local Government Code authorizes the commissioners court of a county to administer or otherwise engage in community and economic development projects authorized under Title I of the Housing and Community Development Act of 1974 or under any other federal law creating community and economic development programs and incentives; and

**WHEREAS**, This policy shall not be construed to obligate Chambers County to provide an incentive under Chapter 381 to any applicant; and all applications, requests, proposals, and/or projects shall be considered on a case-by-case basis;

**NOW, THEREFORE BE IT ORDERED** that pursuant to Chapter 381 of the Texas Local Government Code, the Chambers County Commissioners Court does adopt this policy to define potential incentives and establish guidelines and criteria by which they will be afforded and implemented under the County's Chapter 381 Economic Development Program.

**PURPOSE**

The County's governing body, the Commissioners Court, seeks to implement and maintain an Economic Development Program to create opportunities for job creation, provide economic incentives for industries that will broaden, diversify, and benefit the businesses within the County, and encourage new industries to participate on community efforts.

## **GENERAL CRITERIA**

Chambers County may provide Chapter 381 Economic Development Program incentives for a business or commercial development project ("Project") if that Project:

1. Will enhance the economic vitality of Chambers County;
2. Will result in a net increase or retention of jobs in the County or add to the tax base or will otherwise improve or enhance the economic welfare of the residents or businesses of the County; or
3. Demonstrates the potential to generate revenues to the County which outweigh costs associated with incentives. In addition, the following criteria must be satisfied:

The Project MUST:

1. Show a clear demonstration of economic benefit through advancement of the County's economic development goals which include expanding the tax base; creating and/or retaining quality jobs; increasing private capital investment in the community; spurring development in targeted locations; or encouraging development of targeted businesses or clusters desirable to enhance the County's economy;
2. Provide evidence that demonstrates the business' financial stability and capacity to complete the project; and
3. Be in compliance with all local, state, and federal laws.

In order to receive any Chapter 381 Economic Development Program incentives from Chambers County, credible information must be made available by the applicant, including but not limited to capital investment and employment projections, to enable Chambers County to conduct an appropriate analysis of the proposed project at initiation and throughout the life cycle of the Chapter 381 Economic Development Program Agreement.

The decision to provide any Chapter 381 Economic Development Program incentives will be considered on a case-by case basis, in accordance with the criteria set forth in this policy, and at the discretion of the Chambers County Commissioners Court.

## **QUALIFICATION CRITERIA (NON-RESIDENTIAL PROJECTS)**

In order to be eligible for Chapter 381 Economic Development Program incentives, a Project must meet the following qualifying criteria:

1. Locate within the boundaries of Chambers County.
2. Create or retain a minimum of 10 jobs.
3. Project investment must meet or exceed \$1,000,000.
4. Must maintain ownership of all property for which an incentive is received through the duration of a Chapter 381 Economic Development Program agreement.
5. Must make demonstrable efforts to hire local employees, contractors and purchase items used in construction from vendors within Chambers County.

Projects qualifying under the General and Qualifying Criteria will be eligible for Chapter 381 Economic Development Program incentives, the percentages, and terms for which will be at the sole discretion of the Chambers County Commissioners Court.

### **QUALIFICATION CRITERIA (OPPORTUNITY ZONE RESIDENTIAL PROJECTS)**

The Opportunity Zones program was established by Congress in the Tax Cut and Jobs Act as an innovative approach to spurring long-term private sector investments in targeted urban and rural communities nationwide. The program is based on the bipartisan Investing in Opportunity Act. The program establishes a mechanism that enables investors with capital gains tax liabilities across the country to receive favorable tax treatment for investing in Opportunity Funds that are certified by the U.S. Treasury Department. The Opportunity Funds use the capital invested to make equity investments in businesses and real estate in Opportunity Zones designated by each state.

Three census tracts have been designated as Qualified Opportunity Zones (QOZ): **7103, 7104.01, and 7105**. Consideration of Chapter 381 Economic Development Program proposals for residential developments and other targeted value-add projects will be limited to these designated QOZ census tracts. Residential developments in a QOZ are encouraged to include options that qualify for financing under the USDA Rural Development Single Family Housing Guaranteed Loan Program. Additional information is available at:

<https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>

<https://www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program>

### **INFLATION REDUCTION ACT, CHIPS ACT, AND TEXAS CHIPS ACT PROJECTS**

Chambers County encourages business, commercial, manufacturing, and industrial concerns to locate, remain, and expand in the County. Consistent with this sentiment, recent concurrent efforts by the federal and state government have resulted in several programs focused on addressing severe supply chain constraints, broadening and diversifying energy sources, and reshoring or co-shoring manufacturing, all of which enhance the County's ability to meet its stated goals.

To that end, proposals for projects that promote the expansion, retention, and diversification of the County's economic base and qualify for certain incentives under the following state and federal programs will be considered by the Court:

- **Inflation Reduction Act**  
<https://www.irs.gov/credits-and-deductions-under-the-inflation-reduction-act-of-2022>
- **CHIPS Act**  
<https://www.congress.gov/bill/117th-congress/house-bill/4346>
- **Texas Semiconductor Innovation Fund**  
<https://gov.texas.gov/business/page/tsif>

## **APPLICATION / PROPOSAL PROCESS**

Applicants seeking a Chapter 381 Economic Development Program Agreement with Chambers County may do so by submitting a written proposal to the County Judge of Chambers County.

The written proposal shall consist of a project description and general improvements to be undertaken; a general descriptive list of the improvements for which an incentive is requested; a list of the kind, number and location of all proposed improvements of the property; a map and location of all proposed improvements of the property; a map and property description; and a time schedule for undertaking and completing the proposed improvements.

In the case of modernization, a statement of the assessed value of the facility separately stated for real and personal property shall be given for the tax year immediately preceding the proposal. The proposal may require such financial and other information as the County deems appropriate for evaluating the financial capacity and other factors related to the applicant.

Chambers County, not later than 90 days after receipt of the proposal, shall by Commissioners Court action either approve or deny the request at a regularly scheduled meeting.

## **CHAPTER 381 ECONOMIC DEVELOPMENT PROGRAM AGREEMENTS**

A complete review of the Project and proposal will be conducted by the County and/or its representatives. Depending on the nature of the Project, the form of incentive provided via a Chapter 381 Economic Development Program Agreement will be determined.

After approval, the County shall formally pass a Commissioners court order and execute an agreement with the owner of the Project, which shall include the following:

- Project Description
- Percent of Value to Discount
- Community Impact Program Contribution (CIPC)
- Terms of Agreement
- Project Milestones and Deadlines
- Assignment Provisions
- Recapture Provisions
- Compliance Requirements

The Community Impact Program is intended to foster public-private investment in infrastructure, comprehensive literacy programs, promotion of the arts, public health, and an array of targeted civic elements which supports economic and community development. The Community Impact Program Contribution ("CIPC") is an amount equal to 5% of the derived tax savings for each tax year over the term of an Economic Development Program Agreement. This contribution is provided for in Sections 381.004(b) and 381.004(c) of the Texas Local Government Code.

An agreement shall be effective on the January 1<sup>st</sup> valuation date immediately following the execution of the Chapter 381 Economic Development Program Agreement or as stipulated and will be conditioned on the completion of specific improvements to real property, job creation and any other factors deemed appropriate by the County.

Approved and adopted this the 23<sup>rd</sup> day of April, 2024.

### Resolution and Order

On April 23, 2024, the Commissioners Court of Chambers County, Texas, met at the County Courthouse with the following members present:

Jimmy Sylvia	County Judge, Presiding,
Jimmy Gore	Commissioner, Precinct One
Mark Tice	Commissioner, Precinct Two
Tommy Hammond	Commissioner, Precinct Three
Ryan Dagley	Commissioner, Precinct Four

When among other matters, came for consideration and action the following Resolution and Order:

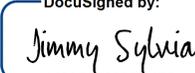
**Whereas**, the Commissioners Court of Chambers County, Texas, duly convened, and acting in its capacity as the governing body of Chambers County, ORDERED that the policy attached and appended hereto, entitled “**CHAPTER 381 ECONOMIC DEVELOPMENT PROGRAM POLICY, CHAMBERS COUNTY, TEXAS**” is made a part of this Order; and

**Whereas**, all officials, employees, and representatives of Chambers County having duties under said policy are ordered and directed to perform such duties as required of them under said regulations.;

**Therefore, be it Resolved**, that Commissioners Court of Chambers County adopts the attached document as the “**CHAPTER 381 ECONOMIC DEVELOPMENT PROGRAM POLICY, CHAMBERS COUNTY, TEXAS**” and **orders** that it be in effect on and after this day; and

**Further Resolved**, that County Judge Jimmy Sylvia is authorized to sign this Resolution and Order as the act of Commissioners Court.

The Resolution and Order was moved by Commissioner <sup>Hammond</sup> \_\_\_\_\_, seconded by Commissioner <sub>Tice</sub> \_\_\_\_\_, and adopted by the Commissioners Court on a vote of \_\_\_\_\_ members for and \_\_\_\_\_ opposed.

DocuSigned by:  
  
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Jimmy Sylvia, Chambers County Judge