

STARR COUNTY STATE OF TEXAS TAX ABATEMENT GUIDELINES AND CRITERIA

The purpose of this document entitled STARR COUNTY TAX ABATEMENT GUIDELINES AND CRITERIA, is to establish guidelines, criteria, and adopt a uniform policy of tax abatement for owners or lessees of eligible facilities willing to execute and enter into tax abatement contracts designed to provide long-term significant positive economic impact to the community by among other matters utilizing local area contractors and workforce to the maximum extent feasible, and by promoting the development, redevelopment, and improvement of property. To the extent relevant and possible, and except as otherwise provided all contracts will be uniform.

As a preliminary matter, in order to be considered as eligible for designation as a reinvestment zone and be there after eligible to receive tax abatement benefits, the planned improvement:

1. Must be reasonably expected to have an increase in positive net economic benefit to Starr County of at least \$1,000,000.00 over the life of the abatement. Computed to include.(but is not limited to) new sustaining payroll and/or capital improvement. The creation of (number and type) of new jobs will also factor in the decision to grant an abatement; and
2. Must not be expected to solely or primarily have the effect of transferring employment from one part of Starr County to another without a super-majority vote of approval from the Commissioners' Court.

In addition to the criteria set forth above, the Starr County Commissioners' Court reserves the right to negotiate unique terms and conditions of any Tax Abatement Agreement in order to compete favorably with other communities and locations.

Only that increase in the fair market value of the property directly result from the development, redevelopment, and improvement specified in the body of the abatement agreement will be eligible for abatement benefits and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the applicant located within the jurisdiction creating the reinvestment zone.

This policy is effective as of October 14, 2025, and applicable to any abatement agreements entered into on or after this effective date and these guidelines and policies shall at all times be kept current with regard to the needs of Starr County. Moreover, these guidelines shall be revisited, reviewed and subject to amendments as the commissioners' court may deem, in the exercise of their sound discretion, and in the best interest of Starr County.

The adoption of these guidelines and criteria by the Starr County Commissioners' Court does not:

- (1) limit the discretion of the governing body to decide whether to enter into a specific tax abatement agreement with unique terms and conditions;
- (2) limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement; or
- (3) create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement.

DEFINITIONS-SECTION 1

- (a) "Abatement" means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated by Starr County for economic development purposes.
- (b) "Agreement" means a contractual agreement between a property owner and/or lessee and Starr County.
- (c) "Base year value" means the assessed value on the eligible property as of January 1, preceding the execution of the agreement.
- (d) "Deferred maintenance" means improvements necessary for continues operation which do not improve productivity or alter the process technology.
- (e) "Eligible Facilities" means new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which is reasonably likely as a result of granting abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of Starr County, but does not include Facilities which are intended to be primarily to provide goods or services to residents for existing businesses located in Starr County such as, but not limited to, restaurants and retail sales establishments.
- (f) "Expansion" means the addition of buildings, structures, machinery, equipment, or payroll for purposes of increasing production capacity.
- (g) " Facility" means property improvements completed or in the process of construction which together comprise an interregional whole.

(h) "Modernization" means a complete or partial demolition of Facilities and the complete or partial reconstruction or installation of a Facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment, or both.

(i) "New Facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with Expansion or Modernization.

(j) "Productive Life" means the number of years a property improvement is expected to be in service in a facility.

ABATEMENT AUTHORIZED- SECTION 2

(a) Eligible Facilities. Upon application, Eligible Facilities shall be considered for Tax Abatement as hereinafter provided.

(b) Creation of New Values. Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Starr County and the property owner or lessee, subject to such limitations as Starr County may require.

(c) New and Existing Facilities. Abatement may be granted for the additional and value of, to and for eligible property improvements made subsequent to and specified in an abatement agreement between Starr County and the property owner or lessee, subject to such limitations Starr County may require.

(d) Eligible Property. 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.

(e) Ineligible Property. The following types of property shall be fully assessed, taxable and ineligible for Tax Abatement: land; supplies; tools; furnishings; and other forms of movable personal property; housing; Deferred Maintenance; property to be rented or leased except as provided in Section 2(f); property which has a productive life of less than 10 years.

(f) Owned/Leased Facilities. If a leased Facility is granted abatement, the agreement shall be executed with the lessor and the lessee.

(g) Economic Qualification. In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:

- (1) Must be reasonably expected to have an increase in positive net economic benefit to Starr County of at least \$1,000,000.00 over the life of the abatement, computed to include (but is not limited to) new sustaining payroll and/or capital

improvement. The creation of (number and type) of new jobs will also factor into the decision to grant an abatement: and

(2) Must not be expected to solely or primarily have the effect of transferring employment from one part of Starr County to another without a super-majority vote of approval from the Commissioners' Court.

(h) Standards for Tax Abatement. The following factors or combinations thereof, among others, shall be considered in determining whether to grant Tax Abatement:

- (1) Value of existing improvements, if any;
- (2) Type and value of proposed improvements;
- (3) Productive Life of proposed improvements;
- (4) Number of Existing jobs to be retained by proposed improvements.
- (5) Number and type of new jobs to be created by proposed improvements.
- (6) Amount of local payroll to be created;
- (7) Whether the new jobs to be created will be filled by persons residing or projected to reside within affected taxing jurisdictions;
- (8) Amount of local sales taxes to be generated directly;
- (9) Amount which property tax base valuation will be increased during term of Abatement and after Abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than \$1,000,000.00.
- (10) The costs to be incurred by Starr County provide facilities or services directly resulting from the new improvements;
- (11) The amount of ad valorem taxes to be paid to Starr County during the Abatement period Considering (a) the existing values, (b) the percentage of new value abated, (c) the Abatement period, and (d) the value after expiration of the Abatement period;
- (12) The population growth of Starr County that occurs directly as a result of new improvements.
- (13) The types and values of public improvements, if any to be made by applicant seeking Abatement;
- (14) Whether the proposed improvements compete with existing businesses to the detriment of the local economy

- (15) The impact on the business opportunities of existing business;
- (16) The attraction of other new businesses to the area;
- (17) The overall compatibility with the zoning ordinances and comprehensive plan for the area;
- (18) Whether the project obtains all necessary permits from the applicable environmental agencies
- (19) In accordance with state law, in no case will the term of the tax abatement extend for more than ten (10) years.

Each Eligible Facility shall be reviewed on its merits utilizing the factors provided herein. After such review, Abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

(I) Denial of Abatement Neither a reinvestment zone nor Abatement Agreement shall be authorized if it is determined, in the exercise of sound discretion and opinion of Starr County Commissioners' Court, that:

- (1) There would be substantial adverse effect on the provision of government services or tax base;
- (2) The applicant has demonstrated insufficient financial capacity.
- (3) Planned or potential use of the property would constitute a hazard to public safety, health, or morals;
- (4) Violation of other codes or laws; or
- (5) the property is in an improvement project financed by tax increment bonds; or
- (6) Any other reason deemed appropriate by Starr County;

(J) Taxability. From the execution of the Abatement to the end of the Agreement period, taxes shall be payable as follow:

- (1) The value of ineligible property as provided in Section 2(e) shall be fully assessed and taxable;
- (2) The base year value of existing eligible property as determined each year shall be fully assessed and taxable.

The additional value of new eligible property shall be fully assessed and taxable at the end of the Abatement period.

APPLICATION- SECTION 3

(a) Any present or potential owner of taxable property in Starr County may request the creation of a reinvestment zone and tax abatement by filing a written application and explanation, supporting documents with the County Judge. If additional documents are necessary for evaluation and review by county from applicant, then county shall request the additional information and applicant shall promptly comply. If necessary and the parties mutually agree that existing circumstances are justified and reasonable the county may be request to execute a confidentiality agreement concerning propriety and sensitive documentary information from applicant.

(b) The application shall consist of at least the following: a general description of the new improvements to be undertaken; a descriptive list of the improvements for which an abatement is requested; a list of the nature, type, number and location of all proposed improvements of the property; a map and property description; a time schedule for undertaking and completing the proposed improvements. In the case of modernization, a statement of the tax year immediately preceding the application. The County may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the applicant, to be attached to the application. The completed application must be accompanied by a non-refundable fee of ONE THOUSAND AND 00/100 DOLLARS (\$1,000.00). Applicant understand that such fee is to partially offset the County's expense in reviewing the application.

(c) Starr County shall give sufficient notice as provided by the Property Tax Code, i.e., written notice to the presiding officer of the governing body of each taxing unit in which the property, to be subject to, the agreement is located

- i. not later than the seven days before the public hearing and,
- ii. publication in a newspaper of the general circulation within such taxing jurisdiction not later than the seventh day before the public hearing.
- iii. Before acting upon the application, Starr County shall through public hearing, afford the applicant and the designated representative of any governing body referenced herein above, opportunity to show cause why the Abatement should or should not be granted.

(d) If a municipality or other taxing entity within Starr County designates a reinvestment zone within its corporate limits and enters into or proposes to enter into an Abatement Agreement with a present or potential owner of a taxable property, such present or potential owner of taxable property may request Tax Abatement by Starr County by following the same application process described in Section 3 (a) hereof. No other notice or hearing shall be required except compliance with the Open Meetings Act, unless the Commissioners' Court deems them necessary in a particular case.

(e) If a city within Starr County designates a reinvestment zone within its corporate limits and enters into or proposes to enter into an Abatement Agreement with a present or potential owner of a taxable property, such present or potential owner of taxable property may request Tax Abatement by Starr County by following the same application process described in Section 3 (a) hereof. No other notice or hearing shall be required except compliance with the Open Meetings Act, unless the Commissioners' Court in exercise of its sound discretion deems them necessary in a particular case.

AGREEMENT- SECTION 4

{a} After approval, the Commissioners' Court of Starr County shall formally pass a resolution and execute an Agreement with the owner of the Facility and lessee as required which shall, at a minimum, include the following:

- (1) Include a list of the kind, number, and location of all proposed improvements to the property;
- (2) Provide access to and authorize inspection of the property by the taxing unit or its designated representatives to ensure compliance with the agreement;
- (3) Limit the use of the property consistent with the taxing unit's development goals;
- (4) Provide for recapturing property tax revenues that are lost if the owner fails to make the improvements as provided by the agreement;
- (5) Include each term that was agreed upon with the property owner and require the owner to annually certify compliance with the terms of the agreement to each taxing unit; and
- (6) Allow the taxing unit to cancel or modify the agreement at any time if the property owner fails to comply with the terms of the agreement.

(b) Such agreement shall normally be executed within sixty (60) days after the applicant has forwarded all necessary information and documentation to the Commissioners' Court.

RECAPTURE-SECTION 5

(a) In the event that the company or individual (1) allows its obligation part or portion of its assessed ad valorem taxes owed Starr County to become delinquent and fails to

timely and properly initiate and follow the legal procedures for their protest and/or contest; or (2) violates any of the terms and conditions of the Abatement Agreement and fails to cure the violation within sixty (60) days from the date of notice of the violation ("Cure Period") then this agreement may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and shall be due and payable and paid within sixty (60) days of the termination declaration by County.

(b) Should Starr County determine that the company or individual is in default according to the terms and conditions of its Agreement, Starr County shall notify the company or individual in writing at the address stated in the Agreement, and if such is not cured within a reasonable Cure Period, then the Agreement may be declared terminated with remedies following as may be provided and allowed by law.

ADMINISTRATION- SECTION 6

(a) The Chief Appraiser of the Starr County Appraisal District will annually determine an assessment of the real, personal and improvements property comprising and existing on and in the reinvestment zone. Each year, the company or individual receiving the abatement discount shall furnish the Appraiser with such information as may be necessary for the abatement determination. Once value has been established, the Chief Appraiser will notify the Commissioners' Court of Starr County of the amount of the assessment.

(b) Starr County may execute a contract with any other jurisdiction(s) to inspect the Facility site to determine if the terms and conditions of the Abatement Agreement are being met. The Abatement Agreement shall stipulate that employee and/or designated representatives of Starr County will have reasonable access to the reinvestment zone during the term of the Abatement to inspect the Facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards.

(c) Upon completion of construction, the designated representative of or by Starr County shall, not less than once annually evaluate each Facility, site and improvement location that is receiving Abatement credit to ensure compliance with the agreement, a formal written report of compliance, progress and status shall be prepared and presented to the Commissioners' Court not less than once every year, for each and every existing and in-force and active abatement agreement.

ASSIGNMENT- SECTION 7

Abatement Agreements may be transferred and assigned by the holder (originally the applicant for abatement) to a new or successor owner or successor lessee pertaining to the same site and facility upon the approval by resolution of the Commissioners' Court of Starr County subject to confirmation of, among other matters, the financial capacity and ability of the assignee. Furthermore, all conditions and obligations in the existing abatement agreement shall be entirely accepted and expressly consented to by the assignee/successor of any interest in the abatement agreement by the execution of either a new similar contractual agreement or the execution of a binding codicil/exhibit, which codicil or exhibit shall be completely incorporated and made a part of the abatement agreement. No assignment of transfer shall be approved if the parties to the existing abatement agreement, the proposed new owner or proposed new lessee (proposed assignees) are liable to any jurisdiction within Starr County for outstanding taxes or other relevant obligations. Approval of assignment shall not be unreasonably delayed or withheld by any party to this agreement.

SUNSET PROVISION- SECTION 8

The Guidelines and Criteria are effective upon the date of their adoption, supersede any prior editions and will remain in force for two (2) years, unless amended by three-quarters vote of the Commissioners' Court of Starr County, at which time all reinvestment zones and Tax Abatement Agreement created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed, or eliminated as deemed appropriate and in the best interest of Starr County.

SEVERABILITY - SECTION 9

If any provision, section, subsection, sentence, clause, or phrase of these Guidelines and Criteria, of the amendments duly adopted hereto, or the application of the same to any person, entity, or set of circumstances, is for any reason held to be unconstitutional, void, voidable, invalid, or contrary to any existing or prospectively enacted law or statute, the validity and enforceability of the remaining part of these Guidelines and Criteria and amendments thereto will not be affected thereby.

Adopted
October 14, 2025
Starr County Commissioners' Court

A Resolution and Order Renewing the Starr County Texas Tax Abatement Guidelines and Criteria

The Commissioners Court of Starr County, Texas, meeting in regular session on October 23, 2023, considered the following resolution:

WHEREAS, Starr County, Texas considered the renewing of the Starr County State of Texas Tax Abatement Guidelines and Criteria

WHEREAS, the County has determined that the renewal will contribute to the economic development of the County:

BE IT ORDERED BY THE COMMISSIONER'S COURT OF STARR COUNTY, TEXAS AS FOLLOWS:

That the Starr County State of Texas Tax Abatement Guidelines and Criteria attached hereto are hereby renewed and will remain in force for two years from the date hereof, unless amended by a three-quarters vote of the Commissioners Court.

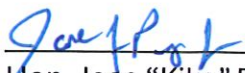
PASSED AND APPROVED at this public hearing of Starr County Commissioner' Court, at which a quorum was present, on the 14th day of October 2025.



Hon. Eloy Vera
County Judge

10-14-25

Date



Hon. Jose "Kiko" Perez
Commissioner Precinct 1

10-14-25

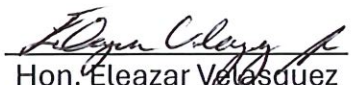
Date



Hon. Raul Pena III
Commissioner Precinct 2

10-14-25

Date


Hon. Eleazar Velasquez
Commissioner Precinct 3

10-14-25
Date


Hon. Hernan Garza
Commissioner Precinct 4

10-14-25
Date


ATTESTED
Humberto Gonzalez Jr.
County Clerk

10-14-25
Date