

Comparing BRAC's proposal for Baton Rouge to counties in Texas

Property tax abatement policies of Texas counties compared to the Baton Rouge Area Chamber's proposal put forth to EBR's ITEP committee

Source: Texas County Tax Abatement "Criteria and Guidelines," BRAC proposal presented to ITEP committee. Together Baton Rouge, March 9th, 2018

	Harris County (Houston)	Bexar County (San Antonio) -- 6-year area	Bexar County (San Antonio) -- 10-year area	Nueces County (Corpus Christi) - Level 1	Nueces County (Corpus Christi) - Level 2	Montgomery County (Level 1)	Montgomery County (Level 2)	Montgomery County (Level 3)	BRAC proposal
Maximum exemption % over 8 years	50% with cap per job Amount of investment eligible for exemption is capped at \$1 million per new job. E.g. \$100m investment creating 10 jobs would have \$10 million eligible at 50% exemption, or 5% exemption.	30% years 1 - 6: 40%, years 7 & 8: 0%	40%	31.25% years 1 - 5: 50%, years 6, 7 & 8: 0%	47% years 1 - 5: 75% on first \$10m, 50% on amount over \$10m. years 6, 7 & 8: 0%	31.25% year 1: 100%, year 2: 75%, year 3: 50%, year 4: 25%, years 5, 6, 7 & 8: 0%	37.5% year 1: 100%, year 2: 80%, year 3: 60%, year 4: 40%, year 5: 20%, years 6, 7, 8: 0%	50% years 1-2: 100%, year 3: 80%, year 4: 60%, year 5: 40%, year 6: 20%	93% year 1-5: 100%, years 6-8: 80%
Job creation requirement	25 jobs minimum. To get maximum exemption rate of 50%, investment of \$100m creating 100 jobs is required.	100 new full-time jobs	25 new full-time jobs	20 to 99 full-time jobs	100 to 199 full-time jobs	10 full-time jobs	20 full-time jobs	30 full-time jobs	0 new jobs required
Timing	"Property eligible for abatement includes only new improvements commencing after approval of an agreement with the County."	"Personal property acquired before Commissioners Court executes a tax abatement agreement is NOT eligible for an abatement."		"No tax abatement Agreement shall be approved if the application for the abatement was filed after the commencement of construction, alteration or installation of		"Property eligible for Abatement includes only the new improvements that occur after the execution of an Agreement with Montgomery County."			Allows approval of exemptions <u>after</u> project is underway or complete.
Fast-depreciating property / routine capital investments	"Property with an economic life of less than 15 years is ineligible." Amount eligible for abatement is limited to the net increase in value for entire facility (i.e. amt of investment eligible for exemption is reduced by the value of plant depreciation, disposal or other property value reductions at the facility.)	Amount eligible for abatement is limited to the net increase in value for entire facility (reducing the investment amount by the value of depreciation and disposal of existing property).		"Property with an economic life of less than 15 years is ineligible." Amount eligible for abatement is limited to the net increase in value for entire facility (reducing the investment amount by the value of depreciation and disposal of existing property).		"Property with an economic life of less than 15 years is ineligible." Amount eligible for abatement is limited to the net increase in value for entire facility (reducing the investment amount by the value of depreciation and disposal of existing property).			No policy. Relies on general LED provision against "maintenance capital," which has been ignored by LED and applicant companies for decades.
Taxpayer return on investment on a \$100 million project under each tax exemption policy									
Net property tax revenue after 10 years	\$7,831,287	\$5,772,143	\$3,167,785	\$5,387,173				\$1,777,761	(\$6,677,349)
Net property tax revenue after 15 years	\$10,757,928	\$8,698,784	\$6,094,426	\$8,313,814				\$4,704,402	(\$3,750,708)