

## Appendix B: Property Tax Abatement Programs of Nearby States



State	Description	Location in local law	Relevant Statute or Detailed Program Language
Alabama	<p>Tax abatement program for new projects or "Major Additions".</p> <p>Requires approval of "each taxing jurisdiction" to abate their own property taxes.</p> <p>School district taxes cannot be abated.</p>	CHAPTER 9B, TITLE 40, CODE OF ALABAMA (1975)	<p>The Tax Incentive Reform Act of 1992 (Chapter 9B, Title 40, Code of Alabama 1975) gives cities, counties, and public industrial authorities the ability to abate the following new and expanding qualifying projects:</p> <ul style="list-style-type: none"> <li>• State sales and use taxes;</li> <li>• Non-educational county and city sales and use taxes;</li> <li>• Non-educational state, county, and city property taxes - up to 20 years</li> </ul> <p>The appropriate city, county or public industrial authority has the ability to grant all the state sales tax and the city and county sales tax not earmarked for education, and the state, city and county noneducational property tax for up to 20 years. However, each taxing jurisdiction (city, county and state) shall abate their own non-educational property taxes for any period longer than 10 years (except data processing centers), not to exceed 20 years. For property tax abatements granted over 10 years:</p> <ul style="list-style-type: none"> <li>• Cities will abate city non-educational property taxes;</li> <li>• Counties will abated county non-educational property taxes; and</li> <li>• The Governor will abate state non-educational property taxes.</li> <li>• The governing body of a county and/or a city may separately authorize one or more public industrial authorities to provide by resolution for such consent on their behalf.</li> </ul> <p>CAPITAL INVESTMENT REQUIREMENT</p> <p>New Project</p> <p>There is no threshold or limiting investment amount for a new abatement project with the exception of projects owned by utilities producing electricity.</p> <ul style="list-style-type: none"> <li>• Projects owned by utilities which produce electricity from alternative energy resources must have capital costs of at least \$100,000,000;</li> <li>• Projects which produce electricity from hydropower production must have capital costs of at least \$5,000,000.</li> </ul> <p>Major Addition</p> <p>The additional capital investment by an industry that is expanding their current facilities in Alabama must be at least:</p> <ul style="list-style-type: none"> <li>• 30% of the original cost of the currently existing industrial property (sum total of the original facilities and equipment and any expansions and additions prior to the current addition), or</li> <li>• \$2,000,000.</li> </ul>

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Alabama	<p>Tax abatement program for capitalized replacement equipment.</p> <p>Requires approval of "each taxing jurisdiction" to abate their own property taxes.</p> <p>School district taxes cannot be abated.</p>	CHAPTER 9G, TITLE 40, CODE OF ALABAMA (1975)	<p>Gives cities, counties, and public industrial authorities the ability to abate all the state and non-educational county and city sales and use taxes on capitalized purchases of the tangible personal property that is incorporated into a qualifying project. Chapter 9G sales and use tax abatements are subject to and shall follow the same procedures, provisions, limitations, and definitions under Chapter 9B except that the following can be abated:</p> <ul style="list-style-type: none"> <li>• Capitalized replacement equipment or tangible personal property</li> <li>• Capitalized repairs, rebuilds, renovations and maintenance.</li> <li>• Regardless of the length of the abatement, the abatement may be granted as follows: <ul style="list-style-type: none"> <li>o City non-educational property taxes may be abated only with the consent by resolution of the governing body of the city;</li> <li>o County non-educational property taxes may be abated only with the consent by resolution of the governing body of the county;</li> <li>o State non-educational property taxes may be abated only with the consent of the Governor.</li> <li>o The governing body of a county and a municipality may separately authorize one or more public industrial authorities to provide by resolution for such consent on their behalf.</li> </ul> </li> </ul>
Arkansas	<p>PILOT program. Minimum payment must be at least 35% of would-be property taxes.</p> <p>Contracts take place between business and local governments (i.e. Requires approval of local government entities whose revenue would be foregone.)</p>	Arkansas Code (2014), Title 14, Chapter 164, 703	<p>Payment in Lieu of Property Taxes (PILOT)</p> <p>Real and personal property financed by revenue bonds and general obligation bonds may be exempt from property taxes during the lease-amortization period in which a local government retains title to a property. Payments by businesses to local governments in lieu of property taxes are generally encouraged and negotiated between the locality and the company.</p> <p>The negotiated PILOT shall not be less than 35% of the property taxes that would have been paid if the property were on the tax rolls, unless a lesser amount is approved by the Executive Director of the Arkansas Economic Development Commission and the Chief Fiscal Officer of the State of Arkansas.</p>

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Florida	<p>Creates option for local governing authorities to create a locally-driven tax abatement, incentive program. Creation of program requires referendum of voters of jurisdiction considering tax abatement.</p> <p>Requires local approval of governmental jurisdictions offering their subsidies, and, indeed, is driven by those entities. Detailed reporting and selection criteria to guide ROI evaluation.</p>	Title IX, Chapter 196.1995	<p>(1) The board of county commissioners of any county or the governing authority of any municipality shall call a referendum within its total jurisdiction to determine whether its respective jurisdiction may grant economic development ad valorem tax exemptions under s. 3, Art. VII of the State Constitution if:</p> <p>(a) The board of county commissioners of the county or the governing authority of the municipality votes to hold such referendum;</p> <p>(b) The board of county commissioners of the county or the governing authority of the municipality receives a petition signed by 10 percent of the registered electors of its respective jurisdiction, which petition calls for the holding of such referendum; or</p> <p>(c) The board of county commissioners of a charter county receives a petition or initiative signed by the required percentage of registered electors in accordance with the procedures established in the county's charter for the enactment of ordinances or for approval of amendments of the charter, if less than 10 percent, which petition or initiative calls for the holding of such referendum.</p> <p>(5) Upon a majority vote in favor of such authority, the board of county commissioners or the governing authority of the municipality, at its discretion, by ordinance may exempt from ad valorem taxation up to 100 percent of the assessed value of all improvements to real property made by or for the use of a new business and of all tangible personal property of such new business, or up to 100 percent of the assessed value of all added improvements to real property made to facilitate the expansion of an existing business and of the net increase in all tangible personal property acquired to facilitate such expansion of an existing business. To qualify for this exemption, the improvements to real property must be made or the tangible personal property must be added or increased after approval by motion or resolution of the local governing body, subject to ordinance adoption on or after the day the ordinance is adopted.</p> <p>The exemption applies only to taxes levied by the respective unit of government granting the exemption. The exemption does not apply, however, to taxes levied for the payment of bonds or to taxes authorized by a vote of the electors pursuant to s. 9(b) or s. 12, Art. VII of the State Constitution.</p> <p>(7) The authority to grant exemptions under this section expires 10 years after the date such authority was approved in an election, but such authority may be renewed for subsequent 10-year periods if each 10-year renewal is approved in a referendum called and held pursuant to this section.</p> <p>(8) Any person, firm, or corporation which desires an economic development ad valorem tax exemption shall, in the year the exemption is desired to take effect, file a written application on a form prescribed by the department with the board of county commissioners or the governing authority of the municipality, or both. The application shall request the adoption of an ordinance granting the applicant an exemption pursuant to this section and shall include the following information:</p> <p>(a) The name and location of the new business or the expansion of an existing business;</p> <p>(b) A description of the improvements to real property for which an exemption is requested and the date of commencement of construction of such improvements;</p>

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Florida (cont)		<a href="http://www.leg.state.fl.us/statutes/index.cfm?mode=View%20Statutes&amp;SubMenu=1&amp;App_mode=Display_Statute&amp;Search_String=196.1995&amp;URL=0100-0199/0196/Sections/0196.1995.html">http://www.leg.state.fl.us/statutes/index.cfm?mode=View%20Statutes&amp;SubMenu=1&amp;App_mode=Display_Statute&amp;Search_String=196.1995&amp;URL=0100-0199/0196/Sections/0196.1995.html</a>	<p>(c) A description of the tangible personal property for which an exemption is requested and the dates when such property was or is to be purchased;</p> <p>(d) Proof, to the satisfaction of the board of county commissioners or the governing authority of the municipality, that the applicant is a new business or an expansion of an existing business, as defined in s. 196.012;</p> <p>(e) The number of jobs the applicant expects to create along with the average wage of the jobs and whether the jobs are full-time or part-time;</p> <p>(f) The expected time schedule for job creation; and</p> <p>(g) Other information deemed necessary or appropriate by the department, county, or municipality.</p> <p>(9) Before it takes action on the application, the board of county commissioners or the governing authority of the municipality shall deliver a copy of the application to the property appraiser of the county. After careful consideration, the property appraiser shall report the following information to the board of county commissioners or the governing authority of the municipality:</p> <p>(a) The total revenue available to the county or municipality for the current fiscal year from ad valorem tax sources, or an estimate of such revenue if the actual total revenue available cannot be determined;</p> <p>(b) Any revenue lost to the county or municipality for the current fiscal year by virtue of exemptions previously granted under this section, or an estimate of such revenue if the actual revenue lost cannot be determined;</p> <p>(c) An estimate of the revenue which would be lost to the county or municipality during the current fiscal year if the exemption applied for were granted had the property for which the exemption is requested otherwise been subject to taxation; and (d) A determination as to whether the property for which an exemption is requested is to be incorporated into a new business or the expansion of an existing business, as defined in s. 196.012, or into neither, which determination the property appraiser shall also affix to the face of the application. Upon the request of the property appraiser, the department shall provide to him or her such information as it may have available to assist in making such determination.</p> <p>(10) In considering any application for an exemption under this section, the board of county commissioners or the governing authority of the municipality must take into account the following:</p> <p>(a) The total number of net new jobs to be created by the applicant;</p> <p>(b) The average wage of the new jobs;</p> <p>(c) The capital investment to be made by the applicant;</p> <p>(d) The type of business or operation and whether it qualifies as a targeted industry as may be identified from time to time by the board of county commissioners or the governing authority of the municipality;</p> <p>(e) The environmental impact of the proposed business or operation;</p> <p>(f) The extent to which the applicant intends to source its supplies and materials within the applicable jurisdiction; and (g) Any other economic-related characteristics or criteria deemed necessary by the board of county commissioners or the governing authority of the municipality.</p>

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Georgia	<p>Bond-Lease Program. Workaround to the fact that in Georgia, direct property tax incentives are deemed unconstitutional.</p> <p>All aspects require approval and are driven by local entities offering the abatement.</p>		<p>An absolute waiver of ad valorem taxes would be illegal under the Georgia Constitution as well as under basic principles of uniformity of taxation and equal protection of the laws. Ga. Const. of 1983, art. 7, sect. 1, para. 3; See also, e.g., Sheet Metal Workers' Intern. Ass'n v. Lynn, 488 U.S. 347, 109 S.Ct. 639, 102 L.E.2d 700 (1989) (holding that the systematic undervaluation by state officials of other taxable property in the same class "contravenes the constitutional right of one taxed upon the full value of his property"); Hillsborough v. Cromwell, 326 U.S. 620, 623, 66 S.Ct. 445, 448, 90 L.E.2d 358 (1946) (stating that the "equal protection clause . . . protects the individual from state action which selects him out for discriminatory treatment by subjecting him to taxes not imposed on others of the same class"). However, if a development authority owns the property and leases it to a private business, the property is in a different class and can be taxed advantageously.</p> <p>To create a property tax incentive through a bond-lease transaction, a development authority issues tax-exempt or taxable bonds to acquire a facility that it will lease to a private company. (For more information on tax-exempt bonds, request our "Overview of Private Activity Bonds and Incentives," or on taxable bonds, our memorandum "Taxable Versus Tax-Exempt Bonds.") The lease payments amortize the bonds, and the company typically will own the facility at the end of the lease. The types of facilities that can enjoy this treatment are described in the particular statute or constitutional amendment governing the locality's development authority.</p>
Mississippi	<p>Standard Property Tax Abatement Program. Fee in lieu of property taxes.</p> <p>School taxes must be excluded from abatement.</p> <p>Fee must be at least 1/3rd of total property tax levy (including school levy). Requires approval and is driven by local governing authorities whose revenue would be foregone.</p>	Chapter 4, Title 35.vi.1.04 (2013)	<p>Local governing authorities may grant a property tax exemption for up to 10 years on real and tangible personal property being used in the state. The exemption may be granted for all local property taxes except school district taxes on any property, with the exception of finished goods or rolling stock. The exemption usually applies to property taxes on land, buildings, machinery, equipment, furniture, fixtures, raw materials and work in process.</p> <p>In addition, for eligible new businesses or expansion projects in the state that have a private capital investment of more than \$100 million, local governmental authorities may negotiate a fee that will be paid in place of the calculated property tax typically due on the property. This negotiated fee may be awarded for up to 10 years but cannot be less than one third of the property tax levy, including the property taxes assessed for school districts.</p> <p>This fee-in-lieu of property tax is provided to encourage development within local communities and must be agreed to by the local board of supervisors and/or municipal authorities. All negotiated fees must be given final approval by the Mississippi Development Authority.</p>

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Mississippi	"GAP Program": Targetted to specifically designated "economically challenged" counties or areas of counties.	Chapter 80, Title 57.9 (2013)	<p>The Growth and Prosperity (GAP) Program designates specific counties as GAP counties and provides income, franchise, sales and property tax incentives to companies that locate or expand in these areas of Mississippi. The program is designed to encourage development in economically challenged areas of the state.</p> <p>To be designated as a GAP county, a county must have an unemployment rate that is 200 percent of the state's annual unemployment rate or must have 30 percent or more of its population below the federal poverty rate.</p> <p><b>PROGRAM FACTS</b></p> <p>The following enterprises that create 10 or more jobs are eligible to participate under the GAP Program:</p> <ul style="list-style-type: none"> <li>☑ Manufacturers, processors and companies that assemble, store, warehouse, service, distribute or sell any product or good, including agricultural products;</li> <li>☑ Research and development enterprises, including, but not limited to, scientific laboratories; or</li> <li>☑ Other businesses or industries that will further the public purposes of the GAP Act as determined on a case-by-case basis by MDA and that create a minimum of 10 jobs.</li> </ul> <p>Retail or gaming businesses or electrical generation facilities are not eligible to participate in the GAP Program.</p> <p>Eligible entities that locate or expand in a GAP area receive a series of tax incentives for a period of up to 10 years:</p> <p>A property tax exemption on taxes levied on land, building, equipment and certain inventory at an approved facility in an approved GAP-designated area. This exemption does not include school taxes and that portion of the property tax utilized to pay for fire and police protection. If the company is eligible for a Free Port Warehouse exemption, it must be applied for separately.</p> <p><b>GAP-ELIGIBLE COUNTIES</b></p> <p>Adams, Bolivar, Claiborne, Coahoma, Holmes, Humphreys, Issaquena, Jefferson, Leflore, Noxubee, Oktibbeha, Quitman, Sharkey, Sunflower, Tallahatchie, Tunica, Washington and Yazoo</p> <p><b>COUNTIES WITH GAP-ELIGIBLE DISTRICTS</b></p> <p>Adams – District 4, Amite – Districts 2 and 3, Attala – District 4, Franklin – Districts 1 and 2 and Lowndes – District 4</p>

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Texas	<p>Creates option for local taxing units to create tax abatements.</p> <p>All aspects of contract driven by and requiring approval of local governmental jurisdiction abating its tax revenue.</p> <p>School district taxes may not be abated.</p>	Title 3, Chapter 312	<p>Sec. 312.002. ELIGIBILITY OF TAXING UNIT TO PARTICIPATE IN TAX ABATEMENT. (a) A taxing unit may not enter into a tax abatement agreement under this chapter and the governing body of a municipality or county may not designate an area as a reinvestment zone unless the governing body has established guidelines and criteria governing tax abatement agreements by the taxing unit and a resolution stating that the taxing unit elects to become eligible to participate in tax abatement. The guidelines applicable to property other than property described by Section 312.211(a) must provide for the availability of tax abatement for both new facilities and structures and for the expansion or modernization of existing facilities and structures.</p> <p>(b) The governing body of a taxing unit may not enter into a tax abatement agreement under this chapter unless it finds that the terms of the agreement and the property subject to the agreement meet the applicable guidelines and criteria adopted by the governing body under this section.</p> <p>(f) On or after September 1, 2001, a school district may not enter into a tax abatement agreement under this chapter.</p> <p>Sec. 312.004. TAXING UNIT WITH TAX RATE SET BY COMMISSIONERS COURT. (a) The commissioners court of a county that enters into a tax abatement agreement for the county may enter into a tax abatement agreement applicable to the same property on behalf of a taxing unit other than the county if by statute the ad valorem tax rate of the other taxing unit is approved by the commissioners court or the commissioners court is expressly required by statute to levy the ad valorem taxes of the other taxing unit. The tax abatement agreement entered into on behalf of the other taxing unit is not required to contain the same terms as the tax abatement agreement entered into on behalf of the county.</p> <p>(b) This section does not apply to a taxing unit because the county tax assessor-collector is required by law to assess or collect the taxing unit's ad valorem taxes.</p>

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Texas (cont)		<a href="http://www.statutes.legis.state.tx.us/Docs/TX/htm/TX.312.htm">http://www.statutes.legis.state.tx.us/Docs/TX/htm/TX.312.htm</a> #312	<p>Sec. 312.002. ELIGIBILITY OF TAXING UNIT TO PARTICIPATE IN TAX ABATEMENT. (a) A taxing unit may not enter into a tax abatement agreement under this chapter and the governing body of a municipality or county may not designate an area as a reinvestment zone unless the governing body has established guidelines and criteria governing tax abatement agreeme</p> <p>Sec. 312.205. SPECIFIC TERMS OF TAX ABATEMENT AGREEMENT. (a) An agreement made under Section 312.204 or 312.211 must:</p> <ol style="list-style-type: none"> <li>(1) list the kind, number, and location of all proposed improvements of the property;</li> <li>(2) provide access to and authorize inspection of the property by municipal employees to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement;</li> <li>(3) limit the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;</li> <li>(4) provide for recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided by the agreement;</li> <li>(5) contain each term agreed to by the owner of the property;</li> <li>(6) require the owner of the property to certify annually to the governing body of each taxing unit that the owner is in compliance with each applicable term of the agreement; and</li> <li>(7) provide that the governing body of the municipality may cancel or modify the agreement if the property owner fails to comply with the agreement.</li> </ol> <p>Sec. 312.207. APPROVAL BY GOVERNING BODY. (a) To be effective, an agreement made under this subchapter must be approved by the affirmative vote of a majority of the members of the governing body of the municipality or other taxing unit at a regularly scheduled meeting of the governing body.</p> <p>(b) On approval by the governing body, an agreement may be executed in the same manner as other contracts made by the municipality or other taxing unit.</p>