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**POLICY FOR COUNTY PARTICIPATION IN TAX INCREMENT REINVESTMENT ZONES (TIRZ)  
CREATED IN COLLIN COUNTY**

**PURPOSE:**

This policy shall be used to inform a prospective Applicant of the criteria that the Commissioners Court shall require in order for the Commissioners Court to evaluate Collin County's participation in a development or re-development of an area using tax increment financing. Chapter 311 of the Texas Tax Code, as well as any amendment, repeal, or substitution thereto ("The Tax Increment Financing Act"), shall govern in instances where this policy is silent or in instances where a provision of this policy is subordinate to the Tax Increment Financing Act through the Supremacy Clause of the Texas Constitution or any provision of the Constitution of the United States of America.

**DEFINITIONS:**

All words not specifically defined in Chapter 311 of the Texas Tax Code or in these Guidelines shall be given their plain and ordinary meaning. Any definition or description of a word or phrase within Chapter 311 of the Texas Tax Code shall apply.

1. **"Applicant"** means an individual representing him or herself in an individual capacity or an individual representing a legally recognized business entity under state or federal law who seeks to develop or re-develop an area through a TIRZ.
2. **"Cap"** means a maximum amount beyond which the County will not contribute.
3. **"Zone"** means a reinvestment zone created in accordance with Tex. Tax Code Ann. § 311.005(a)(5).
4. **"Project Plan"** means the project plan for the development or redevelopment of a reinvestment zone approved under § 311.011, including all amendments of the plan approved by Commissioners Court.
5. **"Project Specific Participation"** means participation in which the County selects certain elements of a Project Plan to which it will contribute portions of its increment contribution.
6. **"Reinvestment Zone Financing Plan"** means the financing plan for a reinvestment zone as described in § 311.011.

**PARTICIPATION REQUIREMENTS:**

1. **County Audits.** The County will have the right to audit the books and records of every Zone (and Redevelopment Authority) in which it participates. Such audits will take place any time convenient to the County.
2. **Eligible Zone.** In order for a reinvestment zone to be eligible for County participation, it must:
  - a. Must meet the eligibility requirements contained in Chapter 311 of the Texas Tax Code and these guidelines;
  - b. Cost/Benefit Analysis must show a net financial benefit will accrue to the County during the terms of its participation.
3. **Eligible Project.** In order to be eligible for County participation, a project must have clear public purpose.
4. **Terms of Participation.**

- a. The County's participation percentage may not exceed the City's participation percentage when all City tax revenues (property & sales taxes excluding Community Development Corporation and Economic Development Corporation rebates) are calculated within the TIRZ. As an example, if the City projects sales and property tax revenues of \$100 million for the life of the proposed TIRZ and agrees to refund \$40 million to the TIRZ, the County's participation may not be more than 40%.
- b. All County participation must be "Project Specific."
- c. County participation must be capped at the total amount of its contribution to the specific projects.
- d. The term of County participation will not extend beyond its payment of the Capped amount or the zone's receipt of the total amount from all jurisdictions, as set out in its project plan, whichever occurs first.
- e. The County must have the ability to designate those projects in which it will participate, and for which it will administer the construction. In these instances, the TIRZ will pay to the County, in advance, all funds necessary to cover the cost of completion of the project.
- f. No more than 10% of any increment contributed by the County may be utilized by the TIRZ for the payment of administrative, legal, consulting or other professional expenses, except engineering and architectural fees directly related to the specific projects in which the County will participate. No portion of the increment contributed to the TIRZ by the County may be paid to the City for administrative fees.
- g. There shall be no penalty or interest due from the County for delayed increment payments.
- h. County participation may not exceed 50%.

**APPLICATION & APPROVAL PROCESS**

- 1. Collin County will consider participation in a Tax Increment Reinvestment Zone on a case-by-case basis. Requests for County participation are to be made to the County Administrator (Collin County Commissioners Court, 2300 Bloomdale Rd. Suite 4192, McKinney, TX 75071). The written request must be accompanied by the information outlined below:
  - a. An explanation of why the TIRZ is needed;
  - b. The estimated lifespan of the TIRZ;
  - c. A description of the proposed private sector development, its investment level and its implementation schedule;
  - d. A financial forecast of what growth will occur in the proposed TIRZ if the TIRZ is not created or does not become operational;
  - e. The assessed valuations of the proposed TIRZ for each of the past five years;
  - f. A detailed description of what Public Improvements will be undertaken, how they will be funded, and how these improvements relate to the area's growth;
  - g. A description of the level and duration of the Reinvestment Zone Financing Plan that is being requested for each taxing entity;
  - h. A detailed description of anticipated annual TIF Project revenues, costs, increments, and debt service requirements;
  - i. An explanation of and basis for the TIF Project's financial and economic growth assumptions;
  - j. A detailed description of the TIF Project's impact on the local economy and the County's property tax base and , if applicable, a description of the number/types of new permanent jobs to be created and the projected payroll/or the number/types of housing units to be created and the projected sales/rental prices of each type of housing or business;
  - k. The results of present value analysis which show in what year the additional tax revenue benefits to the County will equal or exceed the incremental revenues that the County will forego;
  - l. A copy of any existing marketing and feasibility study;
  - m. A description of the Applicant's background, its record at undertaking similar projects, the background of its major principals, its relocation/expansion history over the past fifteen years, its financial condition over the past five years, and its source of financing for the TIF Projects;
  - n. An explanation, if applicable, of how the TIF Projects will revitalize economically distressed areas and/or provide employment for the chronically unemployed;
  - o. A discussion of how the TIF Projects avoid, address, and /or alleviates displacement and environmental concerns;

- p. The name, address, and telephone number of the contact person;
  - q. All projected revenue information provided to the City Council prior to their adoption of the TIRZ;
  - r. Any hard deadlines proposed and/or adopted by the City Council must be included in the presentation to Commissioners Court and in the County agreement; and
  - s. Any other information that may be requested that reasonably relates to the development or re-development of an area intended to be used for a TIF Project.
2. If TIRZ is in an incorporated area, a TIRZ agreement with the City must be approved prior to adoption by the County. A copy of the city ordinance and all documentation must be submitted to the County Administrator 45 days prior to the first public hearing.
  3. Prior to approving an order of participation in a TIRZ, the Commissioners Court will hold a public hearing at which interested persons shall be entitled to speak and present written materials for or against the approval of the County's participation as required in the Texas Tax Code section 311.003.
  4. In order to approve participation in a TIRZ, the Commissioners Court must find that the terms of the proposed participation will meet these Guidelines and that:
    - a. there will be no substantial adverse effect on the provision of the jurisdiction's service or tax base; and
    - b. participation will not substantially adversely affect the County's ability to carry out its long range development plans.
  5. The County has the right to terminate or reconsider the County's participation of the TIRZ in the event the requirements of Tax Code 311.013(d) have not been met:

*(d) If the reinvestment zone is created on or after August 29, 1983, a taxing unit is not required to pay a tax increment into the tax increment fund of the zone after three years from the date the zone is created unless the following conditions exist or have been met within the three-year period:*

- (1) bonds have been issued for the zone under Section 311.015;*
- (2) the municipality or county that created the zone has acquired property in the zone pursuant to the project plan; or*
- (3) construction of improvements pursuant to the project plan has begun in the zone.*