2026
ECONOMIC DEVELOPMENT HANDBOOK

TEXAS ASSOCIATION OF COUNTIES

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GENERAL NOTICE

The economic development tools that are discussed in this handbook are established by Texas statutes. Their requirements for compliance are straightforward, but a county should be aware of certain nuances that apply to the use of each tool. For example, many economic development tools require unique public notice procedures, public hearings, and standardized contractual terms. This handbook introduces general legal principles that apply to economic development to give the reader a solid idea of the processes involved. The contents of this handbook should not be taken to be legal advice or a set of recommendations that apply to every situation. We strongly encourage readers to consult with experienced financial and legal economic development professionals when considering the use of an economic development incentive program.

INTRODUCTION

The term "economic development", as it is used in this handbook, refers to a county's[*] use of incentives, primarily tax abatement, and grant payments, to support the retention or creation of jobs and to attract investment within the county. The types of economic development incentives discussed in this handbook can be used to encourage and support projects that could expand a county's tax base.

This handbook has three primary aims. First, it is intended to explain the features and legal requirements of frequently used economic development tools available to counties. These tools are Tax Abatements, Economic Development Agreements, Public Improvement Districts, and Hotel Occupancy Taxes.

The second purpose of this handbook is to give readers suggested frameworks for evaluating each project by taking into consideration many of the most relevant aspects of the projects, not just dollars and cents alone.

And third, this handbook introduces the "Purpose, Benefit, and Control Rule". This general rule applies to any use of county funds, but it is framed here with specific reference to economic development and is stated as:

> For a county to grant or otherwise give or pay an incentive to a private party in an economic development context: 1) the incentive must be given only to accomplish an economic development *purpose*; 2) the County must receive an economic development *benefit* that is proportionate to the incentive that is provided; and 3) the County must maintain *sufficient control* over the distribution of incentives to ensure that these first two requirements are met.

[*] For convenience, this handbook frequently uses the phrases "the county" and "a county" as shorthand for Texas counties generally.

The discretion that counties have in offering incentives and in deciding what counts as "economic development" is in some situations remarkably broad. The Purpose, Benefit, and Control Rule can serve as a guidepost for determining the appropriate limits of an incentives program.

As a final note for this introduction, economic development projects, especially those that are brought to a county by a large corporation, can involve potentially millions of dollars in tax revenue, both gained and foregone. A county's participation in an economic development project can have significant consequences on a county's long-term economic health. For that reason, counties are encouraged to enlist the support of qualified financial and legal economic development professionals when the consideration of a proposal advances to a detailed analysis of the project.[*]

[*] We wish to thank Katarina Bosquez for her formatting and editing work in the production of this handbook.

SECTION 1. SELECTING AN INCENTIVE PROGRAM

Texas law provides a range of specific types of programs that counties can use for accomplishing their economic development objectives. These include Tax Abatements, general economic development grant incentives under Chapter 381 of the Texas Local Government Code, Public Improvement Districts, and Hotel Occupancy Tax revenues. The following chart describes these economic development incentives by source of payment and primary purpose and gives a high-level outline of the structure of the incentive.

SOURCE OF FUNDING	PROGRAM	PURPOSE	BASIC STRUCTURE
Taxes attributable to a commercial project and its site	Tax Abatement (Chapter 312 Texas Tax Code)	Incentivize the construction or improvement of commercial facilities	Taxes are abated for specific commercial projects in exchange for investment, development, and possibly employment, or other milestones.
Various sources	Economic Development Agreement (Chapter 381 Texas Local Government Code)	To establish an incentive program which can stand alone or work in conjunction with one of the preceding programs to promote a range of economic development activities. incentive-based payments.	General authority for counties to "develop and administer a [economic development] program" including an incentive agreement.
Assessments (not taxes) on benefited property	Public Improvement District (Chapter 372 Texas Local Government Code)	Finance public improvements that benefit a distinct set of properties (e.g. subdivision, commercial properties, mixed-use)	Assessments are levied against property that is benefited by specific public improvements, used to finance the improvements by direct use of the assessments or by issuing bonds.
Hotel occupancy tax	Hotel Occupancy Tax (Texas Tax Code Chapter 352)	Promotion of the local hotel and convention industry of tourism from outside of the county.	Authorized counties collect occupancy tax on hotel stays and can use revenue for specific hotel, convention, and tourism activities as provided in the Tax Code for different county categories.

SECTION 2. TAX ABATEMENT

> *Tax abatements have proven to be a powerful incentive for economic development. An abatement, in general terms, is effectively a lowering of the project owner's county tax liability. The return to the county is the construction, expansion, or improvement of real property which is intended to lead to job creation, increased property values, and the attracting of significant investment in the county. To provide a tax abatement, a county must (1) adopt guidelines for the use of abatements, (2) create a reinvestment zone that includes the project property, and (3) enter into an agreement with the project owner that details the obligations of the county to provide the incentives and the obligations of the owner to meet specific the economic development criteria in exchange for the incentives. The three steps listed above are subject to statutory requirements including notice, hearings, and specific contractual terms. Economic development statutes and requirements are subject to change and the reader is strongly encouraged to visit the statutes cited herein to confirm that they are aware of the current state of requirements at the time that they consider any economic development project.*

Tax Abatement agreements are authorized under Chapter 312 of the Texas Tax Code ("Chapter 312"). The general principal behind the abatement tool is that the abatement, by incentivizing the construction, improvement, or rehabilitation of specific property, the county can effectuate the retention or expansion of employment or attract major investment.[*] That is to say that there are two pieces of the economic development benefit: 1) the improvements to real property **and** 2) the growth of employment and/or increased investment in the area. Because these benefits to a county are the sole purpose of an abatement, i.e., the foregoing of tax revenue, Chapter 312 provides for the recovery of foregone revenue by stating that:

1. The county-property owner agreement for abatements **must** provide for the recovery of lost revenue if the improvements to real property that are contracted for are not made according to the abatement agreement; and
2. The abatement agreement **may** provide for the county's recovery of lost revenue if the project owner does not meet its other economic development obligations as specified in the agreement. These obligations can pertain to matters such as job growth, increased property value, and to other performance criteria as well.

[*] Tex. Tax Code 312.401

To illustrate in general terms:

> The county taxes imposed on a property are determined by applying the county's tax rate to the "***taxable value***" of the property. The "***taxable value***" is the value attributed to the property that can be subject to tax after deductions and exemptions, other than the "***abatement***", are applied. The ***abatement***, which is often expressed as a percentage, as noted, is *the reduction of the taxable value subject to taxation* by that percentage for the duration of the abatement period.
>
> For example, if for a given year a project's property has a taxable value of $1,000,000 and the abatement is at 50%, the value subject to taxation is $500,000, ($1,000,000 x .5) and that is the value from which the tax to be imposed is calculated.
>
> If in that same year the county's tax rate is $0.30/$100, the county's annual tax revenue from that property's taxable value without abatement (all things being equal) is $3,000 ($1,000,000 x .003). With the 50% abatement the revenue to the county is $1,500 ($500,000 x .003).
>
> Or put another way, with the 50% abatement, the county receives $1,500 less revenue than it would have received without the abatement, and the owner saves that same amount from tax liability for the applicable year.

Moreover, the abatement lessens the taxable value of the project's property, which in turn, lessens the amount of taxes imposed on the property, and therefore, collected by and for the county. In exchange for the foregone revenue, the county will receive specified improvement to real property in the county and retained or created jobs and/or other economic development benefits. If the improvements to real property do not occur as required under the abatement agreement, the county is entitled to a recovery of foregone revenues, as the abatement agreement must provide for such recovery.If the other economic development criteria that are contracted for are not met, the county can be entitled to recover foregone revenues if the contract provides for such recovery.

Section 2.1. Steps for Establishing Abatement

There are three general phases to establishing a tax abatement agreement. The county must: 1) adopt guidelines and criteria for tax abatements, 2) create a reinvestment zone, and 3) enter into an abatement agreement.

Guidelines and Criteria

A county must adopt criteria and guidelines for tax abatement agreements before designating a reinvestment zone and before entering into a tax abatement agreement.[*] The primary significance of the guidelines is that a county may not enter into a tax abatement agreement unless if finds that the agreement meets the applicable guidelines and criteria specified in the guidelines.[†]

The guidelines must be adopted after a hearing at which members of the public are given the opportunity to be heard.[‡] The statutes do not prescribe a form of notice or time period for the notice for the hearing. As such, it may be assumed that the regular rules for providing notice for a public hearing apply to the hearing.

The guidelines must provide for the abatement for new facilities as well as for the "expansion or modernization of existing facilities and structures."[§] Beyond this requirement, the statutes do not prescribe any other particular provisions the guidelines must have. The guidelines can require an application fee of up to $1,000 for each request for an abatement.[**] That said, the guidelines do not obligate the county to accept and review applications or requests for an incentive, or to enter into any particular abatement.[††]

The adopted guidelines are effective for two years and may be amended or repealed only by the vote of four members of the commissioners court. [‡‡] The guidelines must be posted on the county's website, if the county has one. [§§]

his handbook describes in other sections frameworks that a county might adopt for assessing possible criteria for guidelines.

Designating the Zone

For a project's property to be eligible for abatement incentives, the property, whether real or personal, must be located within a "Reinvestment Zone".[***] Before designating a Reinvestment Zone, the county must first hold a public hearing on the matter at which interested persons are entitled to speak.[†††] The commissioners court may create the zone only if it makes a finding that

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[*] Tex. Tax Code 312.002
[†] Tex. Tax Code 312.002 (b)
[‡] Tex. Tax Code 312.002(c-1)
[§] Tex. Tax Code 312.002(a)
[**] Tex. Tax Code 312.002 (e)
[††] Tex. Tax Code 312.002 (d)
[‡‡] Tex. Tax Code § 312.002 (c)
[§§] Tex. Tax Code § 312.002 (c-2)
[***] See, § 312.402(a)
[†††] See, § 312.401(b);

> ...the designation [of the Reinvestment Zone] would contribute to the retention or expansion of primary employment or would attract major investment in the zone that would be a benefit to the property to be included in the zone and would contribute to the economic development of the county".[*]

Notice of the hearing must be published in a newspaper of general circulation in the county and "be delivered in writing to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone."[†]

As a practical matter, Reinvestment Zones typically are created for the purpose of providing the abatement incentive to a single project and so they are generally drawn to be coterminous with the property lines of tracts sought to be developed.

A county is not obligated to grant an abatement to every property that is in a Reinvestment Zone (if the zone encompasses more land an area larger than a specific project). But if incentives are granted to more than one project within the zone, each project must receive the abatement incentive on equal terms. That is, the abatements granted in a zone apply uniformly across the zone. As referenced above, counties will avoid complications that could arise from this requirement by defining a zone to be coterminous with a specific project so that there is only one site in the zone that will be receiving an abatement.

The designation of a zone can last for up to five years and can be renewed for subsequent five-year periods.[‡] If the zone expires while there is a current abatement agreement, the expiration of the zone will not affect that agreement.[§]

The Agreement

The county may enter into an abatement agreement with the owner or lessee of real property on the condition that the owner or lessee makes specific improvements or repairs to the property (i.e. construct, improve, or expand a business operation).[**] The period of abatement may not last longer than 10 years.[††] Notice of the meeting at which the agreement will be approved must be given 30 days before the meeting and notice of the meeting.[‡‡] The public notice must include:

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[*] Tex. Tax Code Ann. § 312.401(b)
[†] See, Tex. Tax Code §§ 312.401(b); 312.201(d)(1) and (2)
[‡] Tex. Tax Code § 312,401(c)
[§] Tex. Tax Code § 312,401(c)
[**] Tex. Tax Code §§ 312,402(a-2); 312.204(a)
[††] Tex. Tax Code § 312.204(a)
[‡‡] Tex. Tax Code § 312.404; 312.207(d)

(1) the name of the property owner and the name of the applicant for the tax abatement agreement;
(2) the name and location of the reinvestment zone in which the property subject to the agreement is located;
(3) a general description of the nature of the improvements or repairs included in the agreement; and
(4) the estimated cost of the improvements or repairs.[*]

To authorize the execution of the agreement, the agreement must be approved by an affirmative vote of the majority of the commissioners court.[†] The county must provide a copy of the proposed agreement to each overlapping taxing jurisdiction at least seven days before the county enters into the agreement.[‡]

There are few minimum statutory requirements for each abatement agreement. That said, the controlling statute does require that each abatement agreement:

(1) list the kind, number, and location of all proposed improvements of the property;
(2) provide access to and authorize inspection of the property by county employees to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement;
(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;
(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;
(5) contain each term agreed to by the owner of the property;
(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
(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.

The statute goes on to provide for certain terms that may be included at the county's discretion. Although these are discretionary, they are commonly used, if not expected standard provisions. (The following is paraphrased to fit county, rather than municipal, requirements).[§]

(1) improvements or repairs by the county to streets, sidewalks, and utility services or facilities associated with the property, except that the agreement may not provide for

[*] Tex. Tax Code Ann. § 312.207(c)
[†] Tex. Tax Code Ann. § 312.207(a)
[‡] Tex. Tax Code §§ 312.2041(a)
[§]This list is paraphrased from Section 312.205 of the Texas Tax Code.

lower charges or rates than are made for other services or properties of a similar character;

(2) an economic feasibility study, including a detailed list of estimated improvement costs, a description of the methods of financing all estimated costs, and the time when related costs or monetary obligations are to be incurred;

(3) a map showing existing uses and conditions of real property in the reinvestment zone;

(4) a map showing proposed improvements and uses in the reinvestment zone; and

(5) the recapture of all or a portion of property tax revenue lost as a result of the agreement if the owner of the property fails to create all or a portion of the number of new jobs provided by the agreement, if the appraised value of the property subject to the agreement does not attain a value specified in the agreement, or if the owner fails to meet any other performance criteria provided by the agreement, and payment of a penalty or interest, or both, on that recaptured property tax revenue.

Moreover, the above optional provisions are today understood to be reasonably useful, if not necessary, terms that support the county in protecting the public's interest in the abatement project.

Section 2.2. Remedies for Owner Non-Compliance

As something that bears repeating, Chapter 312 requires that each tax abatement agreement includes provisions that:

> 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...[*]

And further, a county may include provisions for

> the recapture of all or a portion of property tax revenue lost as a result of the agreement if the owner of the property fails to create all or a portion of the number of new jobs provided by the agreement, if the appraised value of the property subject to the agreement does not attain a value specified in the agreement, or if the owner fails to meet any other performance criteria provided by the agreement, and payment of a penalty or interest, or both, on that recaptured property tax revenue.[†]

Taken together, these statements mean that a county granting an abatement 1) ***must*** include provisions in the agreement for the recovery of lost revenue if the improvements to real property specified in the agreement are not completed per the terms of the agreement and 2) ***may*** include provisions in the agreement to recover revenue if the other economic development related criteria that are specified in the abatement agreement are not met.

[*] Tex. Tax Code . § 312.205

[†] Tex. Tax Code Ann. § 312.205

For these contractual provisions to be effective, the agreement must clearly define the owner's deliverables under the agreement. Moreover, it will be difficult for a county to recover lost revenue if the terms of performance are not set out with clarity. This applies to the specific improvements that must be made to the project property, the number of jobs to be created, the increase in property value, any other economic development performance criteria that are essential to the agreement, the timelines for these items, and the methods for reporting and monitoring the owner's compliance.

In drafting an abatement agreement, the county should take a comprehensive view of what its objectives are in terms of job creation, property values, and investment, and also in terms of things that it wants to retain that could be impacted by the development, like roads, county improvements and structures, even fences or drainage features. All of these important items can be addressed as performance criteria that must be satisfied by the project owner at the risk of being subject to damages in the form of the county's lost revenue.

Moreover, it is important that the parties be precise in setting out the criteria for the provision of the incentive because the project owner does not have full appreciation of the county's perspective on the project. Items that are important to a county, like, for example, the protection of a particular retention pond, may not seem significant to the project owner. As such, an owner may request that the county leave any mention of the protection of the detention pond out of the abatement agreement and instead, address that in a side agreement because, from the owner's standpoint, a detention pond is a very minor item that should not impact a multi-million-dollar project. And that is the point… some items are important to the county but insignificant to a project owner, the recipient of the abatement. By specifying the protection of the retention pond (or similar significant item) as a performance measure in the contract, one for which a default on the contract potentially could occur, the county can ensure that what is important to the county remains important for both parties.

SECTION 3. CHAPTER 381 AGREEMENTS AND THE PURPOSE, BENEFIT, AND CONTROL RULE

> *Chapter 381 of the Texas Local Government Code authorizes counties to establish economic development programs to support economic development within the county. A typical agreement under Chapter 381 will base a county's economic development incentives on the project owner's accomplishment of specific economic development goals. Incentive payments often are offset by the revenue generated from the economic development project. The agreements have proven effective in attracting industry to counties.*

Section 3.1. Chapter 381

Counties have, under Chapter 381 of the Texas Local Government Code ("Chapter 381"), broad authority and flexibility to create economic development programs and to enter into economic development agreements for the purpose of "stimulat[ing], encourag[ing], and develop[ing] business location and commercial activity in the county."[*]

Section 381.004 of the Texas Local Government Code specifically authorizes the commissioners court of a county to:

> ...develop and administer a program:
>
> (1) for state or local economic development;
> (2) for small or disadvantaged business development;[†]
> (3) to stimulate, encourage, and develop business location and commercial activity in the county;
> (4) to promote or advertise the county and its vicinity or conduct a solicitation program to attract conventions, visitors, and businesses;
> (5) to improve the extent to which women and minority businesses are awarded county contracts;[‡]

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[*] Tex. Loc. Gov't Code Ann. § 381.004(b).

[†] The Texas Governor has issued an executive order (*Tex. Exec. Order No. GA-55* (Jan. 31, 2025)) prohibiting the use of race in state government contracts and the Texas Attorney General has issued an opinion (*Op. Tex. Att'y Gen. No. KP-0505* (Jan. 19, 2026)) in which he opines that race-based considerations in governmental contracting are invalid as unconstitutional. As of the time of the publication of this handbook, there have been no opinions issued by a court of last resort prohibiting a local government from encouraging the development of small or disadvantaged businesses.

[‡] See previous footnote. As of the time of the publication of this handbook, there have been no opinions issued by a court of last resort prohibiting a local government from encouraging the development of small or disadvantaged businesses.

> (6) to support comprehensive literacy programs for the benefit of county residents; or
> (7) for the encouragement, promotion, improvement, and application of the arts.

The statute further provides that:

> ...The commissioners court may:
>
> > (1) contract with another entity for the administration of the program;
> > (2) authorize the program to be administered on the basis of county commissioner precincts;
> > (3) use county employees or funds for the program; and
> > (4) accept contributions, gifts, or other resources to develop and administer the program.

And that:

> A program established under this section may be designed to reasonably increase participation by minority and women-owned businesses in public contract awards by the county by establishing a contract percentage goal for those businesses.[*]

The phrase "stimulate, encourage, and develop business location and commercial activity" is decidedly broad and appears to provide substantial flexibility in the development of incentive programs. Agreements made under Chapter 381 ("381 Agreements") can be used to consolidate and coordinate multiple incentives, such as abatement agreements, being provided to a single business.

Often used in conjunction with Chapter 312 tax abatements, 381 Agreements have proven to be useful in retaining and attracting significant commercial and industrial projects. A common structure along these lines involves having an abatement agreement that is effective for years one through ten of a project and then the 381 Agreement incentives becoming effect in year 11 and beyond. Although they can be used to accomplish many of the same outcomes such increasing the tax base and local employment, a Chapter 381 Agreement differs from a 312 tax abatement in several ways. The primary difference is that a Chapter 381 Agreement cannot be used to lessen the project owner's tax liabilities and for that reason, is not treated under law as an abatement of taxes. Also, a Chapter 381 Agreement is not required to have particular statutorily prescribed language as with a 312 tax abatement agreement. Moreover, the parameters for a Chapter 381 Agreement are

[*] See previous two footnotes.

those established by the "Purpose, Benefit, and Control Rule" discussed in the following section. Payments made by a county under a 381 agreement are sometimes referred to as "economic development grant payments" or something similar.*

Section 3.2. The Purpose, Benefit, and Control Rule

As has been noted, Chapter 381, for all of its brevity, provides counties with considerable flexibility and discretion in creating an incentive program. The key limit to this flexibility is what we define here as the "Purpose, Benefit, and Control Rule". This general rule applies to all applications of public funds and is summarized here, for the purposes of economic development, as: When a county gives an economic development incentive, the county 1) may only provide incentives to accomplish an economic development *purpose*; 2) must receive an economic development *benefit* that is proportionate to, or greater than, the incentive that is provided; and 3) must maintain *sufficient control* over the distribution of incentives to ensure that these first two requirements are met.†

As a brief explanation of this rule, a county's authority to establish an economic development program starts with Article III of the Texas Constitution. The first part of Section 52 of Article III states that the legislature may not authorize local governments, including counties, to use their public funds to benefit private parties.‡ This limitation is somewhat seemingly qualified by the following Section 52-a which states that the legislature may authorize local governments to make loans and grants of money for the "*development and diversification of the economy of the state, the elimination of unemployment or underemployment in the state, the stimulation of agricultural innovation, the fostering of the growth of enterprises based on agriculture, or the development or expansion of transportation or commerce in the state*", § that is, for economic development purposes.

The distinction between the prohibition against using funds to benefit private parties (Section 52) and using funds for economic development purposes, such as incentives to private parties to encourage development (Section 52-a) is that economic development is deemed under the Constitution to be a public purpose. Moreover, it is the accomplishment of a public purpose (economic development) that distinguishes a valid expenditure of public funds from a gratuitous, impermissible gift of public funds to a private party.

In addition to ensuring that a payment, loan, or other transfer of value, to a private party is for an economic development purpose, the county must also show that the benefit will be

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† *See*, Tex. Mun. League Intergovernmental Risk Pool v. Tex. Workers' Comp. Comm'n, 74 S.W.3d 377, 384 (Tex. 2002).

‡ Tex. Const. art. III, § 52.

§ Tex. Const. art. III, § 52-a.

approximate to the value transferred and that it has sufficient controls in place to make sure that the purpose is met. [*]

SECTION 4. PUBLIC IMPROVEMENT DISTRICTS

Counties are authorized to establish Public Improvement Districts (each a "PID" or "District") under Chapter 372 of the Texas Local Government Code. A PID is a collection of properties that benefit from certain public improvements. An assessment is levied against the properties in the District to finance those public improvements. The assessment is used to reimburse the developer of the District for the costs of the public improvements with either annual payments of the collected assessments, or with the proceeds of bonds issued by the county ("PID Bonds") which are paid for from the assessments.

To illustrate the use of this tool in general terms, suppose that there is a residential development that is made up of 100 single family homes. In building the development, the developer constructs $10,000,000 of public improvements that consists of roads, drainage facilities, and parks (the "Authorized Improvements"). Each property in the district benefits equally from the Authorized Improvements. The county has agreed to reimburse the developer for $2,000,000 of the costs of the authorized improvements with assessments levied against the 100 single family homes. An assessment of $20,000 is levied against each home property ($2,000,000 / 100). The total assessment is paid in installments over 20 years. The county issues PID bonds in the amount of $2,000,000 and uses the proceeds to reimburse the developer. The annual installments of the assessments are used to make the yearly debt service payments on PID Bonds.

Each assessment includes an interest component. As a matter of law, property owners are entitled to prepay the assessment at any time and therefore avoid the interest components. The PID Bonds issued to finance the Authorized Improvements are issued in the name of the county. However, the bonds can only be repaid with the levied assessments and are not general obligations of the county. Instead, they are considered special obligations and are not backed with the county's faith and credit.

The PID financing process (which is separate and apart from the development and permitting processes) consists, in general terms, of the developer's submission of a petition for creation, a publicly noticed hearing for creation of the district, acceptance of a proposed assessment, and adoption of the proposed assessment roll after a duly noticed public hearing.

The county most likely will want to engage a consultant known as a PID Administrator to help the county meet its statutory obligations in identifying the public improvements that will be

[*] *See*, Tex. Mun. League Intergovernmental Risk Pool , 74 S.W.3d at 384.

financed with the assessments and in the apportionment of assessments to each property in the District. A PID Administrator can also help the county prepare annual updates to the assessments and to meet the county's statutory planning obligations.

Should the county intend to issue bonds to finance the public improvements, it will need to engage bond counsel and also select an underwriter. Bond counsel represents the county in preparing for the issuance of bonds, confirms that the creation of the district and financing plan are consistent with state law, and obtains the approval of the bonds from the Attorney General. The underwriter purchases and resells the bonds once issued. The underwriter does not work for the county but can provide the county with valuable insight as to how the bond market would consider the project, and ideas as to structure the financing plan to potentially obtain the lowest interest costs. The bonds are secured by the assessment revenue generated within the district and are not special obligations of the county, even though the bonds are issued in the county's name.

SECTION 5. FUNDING OF TOURISM (HOTEL OCCUPANCY TAX)

Some, but not all, Texas counties (those described in Section 352.002 of the Texas Tax Code) are expressly authorized to impose a hotel occupancy tax (HOT) on the people who pay to stay in hotels.[*] The tax revenue generated from hotel stays can be used to promote an eligible county's convention and hotel industry and to attract tourism from outside of the county.

While there may be differences in the authorized uses of taxes for certain counties, the purpose of the HOT tax revenue, as it applies to all eligible counties, is to promote each county's hotel and convention industry and to attract tourism from outside of the county. The general list of authorized uses of funds is found at Section 351.101 of the Texas Tax Code. (That section nominally applies to municipalities, but it is incorporated by reference into the county section of the statute.) These uses include: the acquisition and construction, improvement, enlargement, and modernization of "convention center facilities or visitor information centers, or both", historical and preservation projects, promotion of the arts, and sporting events and facilities.[†] This is a general list of items that can be funded with the hotel occupancy tax. Each county should review the relevant statute, Chapter 352 of the Texas Tax Code, to determine which of these projects it can fund with its hotel occupancy tax revenues. And it should be noted that some counties can pledge their tax to the repayment of bonds, that option is not available for all counties. It should be emphasized that HOT revenue can be used for authorized purposes, but not for general fund purposes.

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[*] For the purpose of the tax, a "hotel" is a "a building in which members of the public obtain sleeping accommodations for consideration." This includes "a hotel, motel, tourist home, tourist house, tourist court, lodging house, inn, rooming house, or bed and breakfast". Tex. Tax Code § 156.001.

[†] Tex. Tax Code § 352.1031, referencing § 351.101.

The tax is collected in the first place by the owner or operator of the hotel, who then delivers the collected tax, along with a report, directly to the county. The reporting and payment cycle are set by the order adopting the tax, and for the purposes of efficiency can be monthly to track with the reporting and payment period for the state HOT tax.[*] If the hotel's owner fails to make a timely reporting or to make timely payment of the tax to the county, they must pay a penalty of 5% of the amount due. Additionally, if the owner does not provide the report or make the payment within 31 days after the original due date, they will be charged an additional 5% penalty on the amount of the tax that is due. A county may bring suit against an owner to collect delinquent taxes and may also seek to enjoin the owner from operating its hotel.[†]

A county that imposes the tax is authorized to review the books and records of a hotel to determine how much tax is owed, provided the county provides reasonable notice to the hotel of its intent to do so.[‡]

Counties that collect the tax are required to submit by no later than March 1 of each year a report to the Comptroller of Texas that states information relating to the tax rate charged, amounts collected, and the use of the tax revenue.

SECTION 6. EVALUATING PROJECT PROPOSALS

Section 6.1. The Evaluation

Whether a county should offer incentives for a potential economic development project, most directly stated, comes down to: "How much of an economic development benefit is the county going to receive from the project, how much is it going to cost the county, and is the cost worth it?".

An answer to these types of questions depends largely on financial aspects of the project, such as:

- How much tax revenue will the project bring to the county over the full term of any incentive agreement, and beyond?
- How many jobs will the project create?
- How much additional investment will be brought into the county because of the project?

[*] See, Tex. Tax Code §156.151
[†] Tex. Tax. Code § 352.004.
[‡] Tex. Tax Code § 352.006.

- What are the county's plans and projections for growth and what are the assumptions that underly those plans and projections?
- What is the anticipated additional burden on county infrastructure and public safety that will be caused by the proposed project, and how much of that will be paid for by the project owner?

Much of the information that is needed to analyze these questions can be found in budgetary, financial, tax, and demographic information that already is in the county's possession. Other fundamental information can be taken from information provided through the project owner's application for incentives (discussed below).

A county might already have access to modeling software that will help the county place the factors that go into a cost-benefit analysis into a useful context . It should also be noted that there are economic development professionals that can help a county understand the economics of a project in the context of anticipated local and regional growth trends and a county's revenue position.

The dollars-and-cents of a proposed project do not make sense in a vacuum though. A new economic development project, such as an industrial or commercial operation, can change the trajectory of a county's growth, and it can have long-term impacts on the county's financial position and quality of life of its residents. Whether or not a project is "worth it" from a county's perspective depends not only on the economics of the project, but also on the county's view of its future.

The following discussion introduces three planning tools that can help with a county's evaluation of a proposed project in a way that addresses both the economics of a project and some of the quality-of-life considerations. These tools are the *County Growth Plan, Project Evaluation Criteria,* and the *Application for Incentives*. As discussed above, a county must have adopted guidelines for its abatement agreements.[*] The tools discussed below are suggestions to help counties think about evaluating proposed projects and might help a county formulate its tax abatement guidelines. They are not mandatory and can be customized to fit each county's preferences and particular situation.

The Growth Plan

Organizations such as the Government Finance Officers Association suggest that governmental entities can benefit from creating a growth plan or policy to guide financial decision making. The plan, essentially, is an inventory of a county's strengths and

[*] *See* Section 2 of this handbook.

opportunities for growth, ideas for what type of development or growth it would like to encourage, and possible actions to take to facilitate that growth.[*]

The development of a growth plan is akin in some ways to designing and constructing a roadway. To design a county road, the engineer must understand where the road should start and where it should end, the topography and hydrology of the land, and the budgetary constraints, and the types of materials that will be used. The growth plan is similar in that it is an assessment of what type of economy the county would like to have both in the near and long term, its present resources to cultivate that economy, special circumstances that may hinder desired development or reaching the end goal, and actionable steps to accomplish the desired growth.

A county that has an understanding of these aspects of its potential for growth can be well positioned to know and ask for the specific economic development benefits it would like to obtain for its residents in exchange for the county's grant of incentives to a business.

Here is a brief outline of what the structure and contents of a growth plan might include:

<u>Desired Features of Economic Development</u>

- Higher rates of stable employment for count residents
- Increased tax base
- Productive use of land that has proven to be hard to have developed
- Increased roadway connectivity throughout all areas of the county

<u>Attractive Features for Potential Economic Development</u>

- Proximity to active highway systems;
- Affordable land or other real property;
- Sizable available workforce; and
- Proximity to water and power utility connections.

[*] This handbook uses the term "plan" to emphasize the point that a county can, provided it is able to afford the time and resources, take a proactive approach to promoting development. However, this type of planning tool is also commonly referred to as a "policy" . One of the standard guidelines for creating a plan or policy is provided by the Government Finance Officers Association (for example, https://www.gfoa.org/materials/establishing-an-economic-development-incentive-policy,). While not drafted for counties, specific ideas can be taken from the requirements for federal Economic Development Agency grants found at 13 CFR Section 303.7, which includes reference to the SWOT (Strengths, Weaknesses, Opportunities, and Threats assessment) type planning tool.

Possible Methods for Attracting Economic Development Projects[*]

- Work with landowners to show available sites on a website for commercial interests looking for land
- Use networking tools such as Linked In to promote the county as a good place to do business
- Use resources such as the Texas Economic Development Corporation to obtain regional demographic information related to economic development.
- Participate in training and networking opportunities through entities such as the Texas Economic Development Council.

There is no formula for how to develop a growth plan, for how many meetings or community forums are required to develop the plan, or for how detailed the plan must be. Each county's process can differ based on community interest, experience of county employees and representatives, and the physical and economic aspects of the county.

Project Evaluation Criteria

The growth plan discussed above focuses on identifying desired development, strengths that may make the county a good place for investment and steps a county might take to attract it. Project evaluation criteria, on the other hand, help a county assess whether and what level of incentives a county might offer to attract a potential project once a business indicates that it is considering coming into the county.

Evaluation criteria in some ways grow out of county's identification of desired economic development outcomes. That is, a county might analyze potential projects in terms a potential project "checks the boxes" of the county's preferred development features. For example, a county might want to assess how many and what types of jobs a project can create, or the anticipated increase in tax values in the county. Do the anticipated number of jobs and increases in tax value get the county substantially closer to its goals for economic growth, and what level of incentives would be justified for achieving those outcomes?

If a county does adopt evaluation criteria, factors that may be considered in assessing a proposed project might include aspects such as the following:

- How much taxable value is anticipated to be added for each year of the incentive program?
- How soon will the project generate additional tax?

[*] References to Linked In, Texas Economic Development Corporation, and the Texas Economic Development Council are intended as suggestions to illustrate some of the available potential resources for economic development and are not intended to promote or endorse these entities.

- How many jobs will be created and at what salaries?
- What demand will the project place on the county's emergency services and other resources?
- Does this type of enterprise fit with the county's long-term vision for economic growth?
- Is the incentive appropriate for the level of benefit that is anticipated to be received?
- Has the public expressed support or disapproval for the use of incentives for the project?

When a county receives a proposal from a business requesting some form of economic development incentive, the county can use its growth plan and the evaluation criteria to help determine if it would benefit the county and community to enter into negotiations with the business entity. At the very least, the growth plan and evaluation criteria can serve as reference points to guide productive discussions on the merits of any proposal or incentive package that presents itself to the county.

The Application

Providing incentives for economic development can be one of the most consequential actions that a county can take. It is recommended that a county does substantial due diligence as part of its evaluation of potential projects. Much of the due diligence can be based on information that the project owner provides in the application process. Project owners have ready access to much of this information and the most experienced ones will expect to be asked for it. Some categories of information that can be identified in an application are:

What is the scope of the project?

a. Type of facility and the structure of ownership.
b. A map showing the location and size of the facility.
c. Estimates of costs for buildout and tangible personal property, as well as timelines for the expenditures.
d. Estimated job creation, average salaries, positions, and timelines for hiring.

Entitlements

a. Demonstration of full ownership of the property.
b. Explanation of permitting requirements and the status of any pending or completed applications.
c. If applicable, proof that applicant can meet its Public Utility Commission (PUC) and Electric Reliability Council of Texas (ERCOT) obligations as regards any application or permitting fees.

d. Verification that there is no threatened or pending litigation concerning the project.

Utilities and Related

a. How much power and water will the project use?
b. What are the anticipated effects of power usage on the grid and water and wastewater systems, and on utility costs for residents?
c. What are the plans for water usage, including quantities?
d. What are the plans for the discharge of water including amounts, timeframes, and water quality?
e. What are the anticipated effects on the quality of county roads, bridges, and drainage?

Financial

a. Budget for the project showing costs per year, anticipated revenue, and highlighting the time at which the project will become profitable
b . Applicant's estimates of value of incentives and benefits, on an annual basis, to the county.
c. Explanation of sources of funding for the project including what has been secured and what is contingent.
d. Demonstration of the need for the requested economic development incentives.
e. Past-relevant experience.

6.2. Structuring The Incentive Package

Once the county has determined its intention to offer an incentive package, it will need to undertake a thorough analysis of the project and its potential economic costs and benefits.[*] Given the financial and legal considerations involved in analyzing, negotiating, and offering an incentive package, counties typically will enlist the support of economic development consultants and legal counsel for guidance throughout the process.

[*] This analysis will require time and money for the county to undertake. Some counties will require the applicant to finance an escrow fund under a Professional Services Agreement (which may go by other names as well). In this scenario, the fund established under the agreement is available for the county to draw on to pay its reasonable costs in analyzing and negotiating the incentive package. For example, the county may require an initial deposit of $15,000 into a designated account. Once the fund is drawn down to a balance of $5,000, it will be replenished at a level of $7,500. The county would draw on the account to pay for staffing costs, administrative expenses, and consultants, which may include financial analysts and legal counsel. There is no express statutory provision for this type of agreement but is used by some counties on the assumption that Chapter 381 grants broad authority to define their own discretionary programs.

The key components of an incentive package include:

3. The performance requirements that the project owner must meet to earn the incentive, and the schedules for the delivery or accomplishment of those objectives. And,

4. The form and amounts of the incentive and schedules for delivering payment of the incentives.

These components of the incentive program are incorporated into one or more contracts.

1. The benefits to the county and the terms of the incentive must be stated with sufficient clarity for anyone to be able to read the agreement and understand exactly how the benefits and incentive payments are to be determined and applied.
2. The points of contact for the county and the project owner must be identified.
3. Remedies for non-compliance or failure to perform must be stated with specificity:
    a. Terms must provide for the county's ability to recover lost revenue if the specified property construction or property improvements are not completed as stated in the contract(s).
    b. Terms may provide for the county's ability to recover lost revenue if other criteria are not satisfied.
4. The terms for the county's monitoring of performance must be sufficiently stated. This includes specifying what documentation demonstrating must be provided, when it will be provided, and who will review it.

6.3. Ongoing Monitoring and Evaluation of Projects

There are several important reasons for a county to monitor a business's performance under an economic development agreement. Such reasons include that monitoring provides a basis for transparency to the public on the implementation of an agreement, for evaluating the efficiency of county operations, and for tracking the benefits that actually accrue to the county as compared to the original expectations.

Monitoring is essential because without it, a county cannot know if the requirements of the Purpose, Benefit, and Control Rule (the "Rule") are being met. And as discussed above, if the requirements of the Rule are not being satisfied, the related economic development incentive is invalid as an impermissible gratuity of public funds.

The terms by which a county can conduct its monitoring activities are established in the economic development agreement. The essential contractual terms for this purpose should specify in precise and practical language what information is to be provided to the county by

the business, how frequently in, and what format that information is to be provided, and the county's remedies for the business's non-compliance with the provisions of the agreement.

SECTION 7. USING TAX ABATEMENTS AND CHAPTER 381 AGREEMENTS TOGETHER

This handbook has discussed several types of economic development tools, methods of evaluating proposed projects, and guidelines for monitoring and enforcing contract provisions. These tools are all used in a variety of ways to promote economic growth within counties, including sometimes in combination with each other. For example, counties will sometimes structure an incentive package that starts with a tax abatement agreement that covers an initial period of 10 years, which is the maximum term of an abatement, and then with a Chapter 381 agreement that provides incentives in a different form for subsequent years. Moreover, these tools are sometimes used in combination to provide an incentive package that continues for a period of longer than 10 years.

This section of the handbook is intended to serve as an illustration of how two of the economic development tools that have been discussed above, tax abatement and Chapter 381 economic development agreements, can be used together to incentivize economic development. This approach to using both tools is not uncommon and a discussion of them here will hopefully prove to be a practical and useful demonstration of the key principals discussed so far.

Example- Industrial Manufacturing Facility

The following is a fictional industrial manufacturing facility project intended to show how a Chapter 312 tax abatement and 381 Agreement might be used together to attract investment in a county. The amounts and percentages used in this fictional example are used to illustrate a typical incentive structure but are not taken to be representative of any particular development. Each economic development project is different, and the amounts and timing vary depending on the interests and needs of the county and the owner or lessee of the development. It must be noted that a county can request benefits that are not included in this example.

This fictional project is named the "Facility". The Facility will be constructed and owned by the "Developer". The Developer has submitted an application for incentives to Lone Star County (the "County") for the support of the Facility.

Key aspects of the development and operation of the Facility

- The Facility will be built in phases with an initial investment of $500m and a total $1 bn investment and by the time it is fully built out
- 40% of the investment will be for improvements to real property and 60% will be for personal equipment (servers, etc.)
- The owner will also replace the servers and other tangible personal property on site as it depreciates and so will be responsible for new taxable value (when not fully abated) for personal property taxes throughout the life of the project.
- The initial phase of development will be complete and operational within 24 months after the start of construction and the final phase will be operational within 11 years of initial start of construction.
- The facility will create initially 25 full-time positions with an average salary of $85,000/year and by year 6 will have created 50 full-time jobs with the total average salary of $90,000/ year by the time of final build-out.
- During construction the project will require about 150-200 construction workers.
- The development and use of the facility will require the widening of one mile of a two-lane highway meet the needs of the facility. The road work will cost $6,000,000 and NDP will contribute $3,000,000 for those costs.
- The Developer has constructed, owned, and operated three other similar facilities throughout the United States, with the first one becoming operation in 1995, and will self-fund the project.

The Requested Incentive

In its application to the county for incentives, the Developer proposed a 20-year incentive project on the following terms:

- The Developer will:

    - Create 25 full-time employment positions in the first year of the incentive program, with the number of full-time positions created increasing each year up to the end of the 10th year of the project.
    - Contribute $3,000,000 to the expansion and improvement of County Road 1.
    - Increase the county's tax base by at least 15% over a ten-year period

- In exchange, the Developer wants:
    - A real property tax abatement of 80% in years 1-5 of the project, 50% for years 6-8, and 25% for years 9-10.
    - A personal property tax abatement at a rate of 100% for years 1-5, 80% for years 6-8, and 60% for years 9-10.
    - In year 11 of the project, after the abatement period has expired, the Developer pays full taxes (as required by law) and the county provides an annual Chapter 381 economic development grant in an amount equal to 25% of the taxes due for the project's real property and 60% for the personal property for a period up to the final payment at the end of year 20.

The County's Program Criteria

The County, which has been anticipating significant economic growth, established criteria for evaluating potential economic development projects. Their evaluation tool is intended to score proposals, and the resulting scores are used to determine parameters for the size of any abatement or Chapter 381 incentives. The County, in the resolution adopting the criteria, expressly stated that the criteria are non-binding guidelines and that all incentive programs are subject to the discretion of the Commissioners Court.

The criteria, well as the scoring for the Facility proposal are as shown in the following table. Each criteria is graded on a point-system and those scores are added together to indicate a possible size of incentive package that might be offered by the County.

PROJECT PROPOSAL EVALUATION SCORING

Criteria	**Score (1-5)**	**Facility Project Score**
Jobs Created		
10-20	1	
20-40	2	
40-80	3	**3** (50 jobs after full buildout)
80-100	4	
More than 100	5	
Amount of Developer Investment		
$10mm-$50mm	1	
$50mm to $100mm	2	
$100mm-$300mm	3	
$300mm-$500mm	4	
More than $500mm	5	**5** ($500mm initial up to $1bn)
Time From Start of Program to County Receiving Benefits		
More Than 36 Months	0	
24-36	1	
18-24	2	**2** (Initial phase completed after 24 months
12-18	3	
6-12	4	
1-6	5	
Developer Experience and Financial Capability	1-5	**5** (Three other factories, self-funded development)
Contributions to County Projects	1-5	**5** ($3mm for County Road 1)
Total	Maximum-25	**20**

GUIDELINE FOR INCENTIVES BASED ON SCORING*

***The combined incentive is a percentage of taxable value averaged over the duration of the project.**

Evaluation Score	Combined Incentive	Maximum Duration
15-19	**35%** of real property **70%** of personal property	10 years
20-25	**35%** of real property **25%** of personal property	25 years

The Analysis

Based on the evaluation matrix, it can be seen that Lone Star County considers the following factors as important in considering economic development proposals: Job Creation, Amount of Investment, the Timeframe for Receiving a Public Benefit, the Developer's Experience and Capabilities, and the Developer's Contributions to County Projects. Each of these factors is weighed equally because the County views each of these elements as contributing in similar degrees to the potential success of a project, as regards the County's economic development. While the first three elements of evaluation can be scored by reference to established numbers (for example, number of jobs, amount of investment, etc), two of them, Developer Experience, and Contributions to County Projects, are open for interpretation. Moreover, the County is open to considering that experience and financial capacity may be evaluated in a more case-by-case manner, and that the value of a contribution to a County project can vary based on timing and specific County needs.

As seen in the example, the proposed Facility project scored a total of 20 out of a possible 25 points on the evaluation matrix. This is just enough for it to be placed in the category of highest possible incentives: Average of 35% taxable value of real property and 25% of personal property over a maximum of 25 years.

The Developer's proposed incentive package included an abatement and incentive payments equivalent to a combined average of 36.25% of the taxable value of real property and 58.5% of the taxable value of personal property.* Moreover, the requested package would require a slightly higher incentive on taxable real property values and more than double the incentive on taxable personal property values.

The difference between the County's Guidelines for Incentives and the requested proposal can be considered and possibly addressed in several ways. For example, as noted, the evaluation factor for "Contributions to County Projects" is scored as a more or less open factor. That is, unlike the job creation or investment criteria, it is not tied in the evaluation matrix to specific amounts of investment or specific projects. In light of that, the County might consider an investment of $3,000,000 in County Road 1, and the timing of the investment as significant enough to offset some of the difference between the guidelines and the Developer's proposal. Other mitigating elements of the project could include a commitment by the developer to attempt to hire first from residents of the County and to offer certain level of job training to residents where appropriate. Moreover, the County may consider using the Evaluation Matrix and Guidelines for Incentives as a meaningful tool and starting point which forms the basis for assessing the overall project and for negotiating with the Developer for a project that is mutually beneficial.

The evaluation and guidelines form the basis for understanding a proposed project and determining whether it would be worthwhile for the County to take the time to fully assess the merits of the project and to develop appropriate incentives. When the County believes that it should engage in serious discussions with the Developer about the project, it would be a good idea to engage with knowledgeable financial and legal professionals to help the County fully understand the impact of the Facility and incentives on the County's finances and growth plans though. These professionals can work with the County as it considers the following matters, which are essential to its consideration of any economic development project:

1. Its existing and projected tax base,
2. Current and projected budgetary needs
3. The expected impact of the Facility on the county's economic growth in terms of attracting new development, long term infrastructure needs, and
4. The impact of the project and the incentives on these considerations.

Moreover, the evaluation and guidelines allow the County to have a firm understanding of the scope and potential benefits of the project, as well as what the County is willing to consider in terms of incentives for the project. The support of financial and legal

* It is not uncommon for personal property-related incentives (abatement or incentive payments) to be separated into ""replacement property", i.e., property purchased to replace property previously purchased and "new property", i.e., personal property purchased after a certain time that is not purchased to replace other property.

professionals can help the County understand the details of the Developer's proposal to the degree that is required to successfully negotiate an incentives package in a manner that best supports the project and its delivery of benefits to the residents of the County.

SUMMARY AND CONCLUSION

Texas counties that are actively seeking to grow their tax base have several tools that they might try. The ones discussed in this handbook that involve providing incentives to private parties to encourage development are the Tax Abatement, Chapter 381 incentives, and Public Improvement Districts. Tax Abatement requires a county to forgo the collection of taxes for a period of time and Chapter 381 incentives typically involve direct payments to a developer at rates that are related to the taxes paid. Public Improvement Districts ("PIDs") are a form of incentive to developers that is used to finance public improvements within a specific development with assessments levied against the properties that benefit from the improvements. The assessments are used to directly pay for the developer's costs for the improvements, or to pay debt on bonds issued for the improvements.

Counties can be proactive in planning for economic development by adopting policies for the granting of incentives. These policies can include overall goals, criteria and methods for evaluating potential projects against those goals, and requirements for applications to a county for incentives for specific projects. A county's economic development goals, together with it's evaluation of projects can help a county to understand a potential project and determine an approximate idea of the type of incentive package it might be willing to offer a project developer.

If a county determines that a potential project may merit an incentive package, it is recommended that the county engage financial and legal professionals to help it assess the potential project at a more detailed level than an evaluation matrix can provide, and to support the county as it negotiates the incentive package. Some of the details that are relevant to a potential incentive package are: current and projected tax base, estimated impact of the project on the tax base, the short and long term expected growth trends of the county, CIP needs, considerations of future budgetary needs and growth, and how a proposed incentive package fits within the existing legal framework.

The statutes that establish the authority of a county to enter into economic development agreements provide for a high degree of flexibility in terms of shaping the incentive package. For this reason, while many agreements share certain essential terms, some of which are legally required, the details of each are highly dependent on the specific project, the county's financial position, and the willingness of the parties to reach a mutually beneficial arrangement.

Although incentive packages and economic development projects are varied and unique to each situation, there are two elements to consider that may help a county as it prepares and negotiates and economic development project. First, the Texas Comptroller maintains a

database that is open to the public of local government economic development agreements.[*] A county can search this database to find examples of agreements for projects that may be similar to a proposed project to get a sense of common contractual provisions as well as the scope of incentive packages that are offered for projects. And second, a county would be well served, when evaluating and negotiating the terms of potential economic development projects, the Purpose, Benefit, and Control Rule discussed in this handbook. Moreover, each economic development incentive program must be for the public purpose of economic development rather than a disproportionate enrichment of private parties. For each economic development agreement, a county must jealously guard, and be ready to enforce its rights to ensure that the public purpose is met. It must also be able and ready to recover its costs and revenues if the public purpose is not met.

[*] https://comptroller.texas.gov/economy/development/search-tools/sb1340/search.php