



## City of Baytown

# REVITALIZATION INCENTIVE ZONE (RIZ)

## Program 2 Fact Sheet

### Tax Refund Incentive Program

How can this program help me?

**1. Refund of municipal ad valorem:** A refund may be issued effective with validation date specified in the tax refund agreement. Refunds will be processed based upon the following schedule:

Year 1	100%
Year 2	100%
Year 3	80%
Year 4	60%
Year 5	50%
Year 6	0%

and based only upon the incremental value increase of the improvement as determined by the Harris County Appraisal District (HCAD). Property owned by a tax-exempt organization is not eligible for Program 2 tax refund incentives.

**Note:** If a modernization project includes facility replacement, the abated value will be equal to the value of the new unit(s) less the value of the old unit(s).

### How will my refund be processed?

You will submit documentation for a refund during the year following your improvements. To be entitled to your refund, you must pay all ad valorem taxes due to the City prior to the delinquency date, and show proof thereof with your request. If eligible, your refund will be calculated as follows:

$$\begin{aligned} & (\text{HCAD Improvement Value for Current Year} - \text{HCAD Improvement Value for Base Year}) \\ & \quad \times \\ & \quad \text{Applicable Abatement Percentage} \\ & \quad \quad \times \\ & \quad \quad \text{City Tax Rate}/\$100 \text{ valuation} \end{aligned}$$

Note: Late refund requests will not be considered.

### Is My Proposed Improvement Eligible?

Be sure your property falls within the Reinvestment Incentive Zone, as identified in the maps found on the Planning and Development Services web page. Additionally, your improvements must meet all standards in the City Code of Ordinances found on [www.municide.com](http://www.municide.com). Next, determine which category your improvement falls under:

1. **Improvements on an existing structure:** Residential and commercial improvements are eligible, if the construction cost of the improvement is at least 20% of the appraised value of the existing property. However, further qualifications include:
  - a) Residential Improvements – The project must increase the appraised value of the property by at least \$20,000 within the first two tax years after completion.
  - b) Commercial Improvements - The project must increase the appraised value of the property by at least \$75,000 within the first two tax years after completion.
2. **New Construction:** New construction is eligible, with the following qualifications:
  - a) Residential Improvements – You must invest at least \$65,000 *and* the project must increase the appraised value of the property by at least \$65,000 within the first two tax years after completion.
  - b) Commercial Improvements – You must invest at least \$100,000 *and* the project must increase the appraised value of the property by at least \$100,000 within the first two tax years after completion.
  - c) The construction must comply with the masonry standards listed in Exhibit A of the Program Guidelines, as well as the applicable provisions of Chapter 111 of the Code.
3. **Ineligible projects:** Your project will not be approved if any of the following apply:
  - You owe a debt to the City;
  - You have received assistance through the Owner-Occupied Housing Rehabilitation Program within the last 5 years;
  - Your improvement is subject to a 380 Economic Development Agreement; or
  - Your improvement is subject to a Tax Abatement Agreement with the City.

### **Still Have More Questions?**

Please contact the Community Development Division at 281-420-6558.