

Mrs. Diana Blank-Torres (Kyle Economic
Development Director of Economic Development)
Web Site: www.kyleed.com
Email: Kyle-ED@cityofkyle.com
Phone Number: (512) 262-3926

Triple Freeport status to bring commercial businesses to Kyle

By Lesly De Leon | On April 12, 2017

With the approval of the Freeport exemption by the Hays CISD board of trustees last month, economic development officials in Buda and Kyle now eye the potential for development to arrive.

In order to attract more commercial businesses, the Hays CISD board approved the exemption, which would give tax relief to goods in the state for a short period of time.

In 1989, Texas voters passed a constitutional amendment adopting Freeport tax exemption to give tax relief to goods shipped into and out of the state within 175 days.

However, as taxes are collected by cities, counties and school districts, the state permitted local entities to deny the exemption.

Nearly 30 years ago, Hays CISD denied the freeport tax exemption and continued collecting taxes, even after Hays County and the City of Kyle approved the exemption.

Along with instituting the Freeport exemption, the board nullified the existing ordinance denying the Freeport.

"I believe it's the most significant vote for economic development for Kyle in the last 30 years." TRAVIS MITCHELL, DISTRICT 1 CITY COUNCILMEMBER

Commercial businesses seeking to import and export goods for manufacturing and distribution will be exempt from paying the additional freeport tax on inventory in the state for less than 175 days.

Areas in which the city, county and school district have all approved the exemption are known as triple freeport exemption areas.

Many Central Texas areas are triple freeport exempt, including San Marcos, Dripping Springs, Lockhart and New Braunfels.

In the Austin/Hays County metro area, Hays CISD was one of only three school districts that did not offer the Freeport exemption.

While Kyle adopted the exemption more than a decade ago, and Hays County adopted it last year, the lack of triple Freeport exemption meant businesses chose to locate elsewhere.

"It was becoming more and more apparent that we were losing potentially great opportunities for creating jobs and a tax base in our school district by not having the exemption," said Diana Blank-Torres, director of economic development.

By repealing the denial of the tax exemptions, Hays CISD made it more likely for commercial businesses to locate in Kyle, Buda and the surrounding areas.

"It's going to level the playing field for us," said Mayor Todd Webster. "We had a competitive disadvantage when we were trying to compete in areas like manufacturing and distribution."

Webster said he learned on March 27, before the Hays CISD meeting, that a business considering locating in Kyle decided to locate elsewhere partly because the triple Freeport tax exemption was not a guarantee.

The triple Freeport exemption means commercial businesses interested in locating between Austin and San Antonio will consider Kyle like they consider San Marcos and other areas.

?The Freeport vote was a clear message to the industrial community that Kyle and Buda are open for business,? Mitchell said.

A couple of projects have already demonstrated interest in locating in Kyle, seeking to benefit from the tax exemption, Blank-Torres said.

?We have a couple of investments in the community that are ready to go, but they would not pull the trigger until the exemption was passed,? Blank-Torres said. ?We definitely have already seen the impact of it.? Who is Hays CISD working with for Freeport agreements?

When the Hays CISD board approved the Freeport exemption, it also allowed Superintendent Michael McKie to execute five-year ?Hold-Harmless? agreements with the following eight local companies. With the agreements, the companies will pay 100 percent of property taxes the first year. Over the next four years, the amount paid by the companies will be reduced by 25 percent.

Companies with Freeport agreements

- ? CFAN Co.
- ? Goodrich, Utc Corp
- ? Rsi Inc
- ? Henderson Controls Inc
- ? Southwestern Pneumatic
- ? Cabela?s Retail Tx Lp
- ? Ampersand Art Supply
- ? Fat Quarter Shop