

2019-2020 BUDGET QUESTION
Response to Request for Information

DEPARTMENT(S): Economic Development

REQUEST NO.: 2

REQUESTED BY: Tovo

DATE REQUESTED: 8/05/2020

DATE POSTED:

REQUEST: Please provide the following information related to Chapter 380 agreements:

- How much money is included in the FY 2019-20 Proposed Budget for these agreements, including a breakdown of the components of this Proposed Budget;
- What portion of this amount is already committed to ongoing agreements;
- A description for all active Chapter 380 agreements, including all of the following information:
 - The remaining duration;
 - The value of incentives to date;
 - The projected value of incentives left;
- How many lower- and middle-earning jobs (below \$70,000) could be impacted should the Chapter 380 agreement be ended prematurely.

RESPONSE:

Total requirements for Chapter 380 agreements in FY 20 are \$12,805,063 million. A total of \$10,910,820 is obligated for ongoing, active incentive agreements with Apple, the Domain, Hanger, HID Global, Samsung, and Visa, and debt service to the Mueller Local Development Corporation.

A total of \$1,894,243 is unobligated and is designated for small businesses and the creative sector to apply for incentives which aim to create and sustain jobs that lead to economic mobility for Austinites who are historically underrepresented. Although not committed, EDD has plans to expend the balance of the funds for projects that provide community benefits, including for the creation of grants at for creative spaces and capacity building, and various small business lending programs for gap financing.

Chapter 380 Agreements

Project	Date Approved	Term (Performance Year 1 - Final Performance Year)	Incentive Basis	Total Estimated Incentive at Council Approval	Total Payments Issued	Estimated Incentives Remaining**
Visa Global IT Center	12/6/2012	2013-2022	\$250 per job per	1,560,000.00	446,500.00	1,113,500.00
HID Global Manufacturing and Distribution Center	9/27/2012	2014-2023	60% property tax rebate	920,576.00	351,734.61	

Apple Americas Operations Center	3/22/2012	2016-2025	100% property tax rebate	8,600,000.00	3,207,247.02	
Hanger Headquarters	1/28/2010	2010-2019	\$50,000 per year	500,000.00	400,000.00	100,000.00
Samsung 300 mm Fabrication Plant*	8/18/2005	2007-2026	100% property tax rebate Years 1-10, 75%	62,875,194.00	83,215,557.83	
Domain Mixed-Use Development	5/15/2003	2007-2027***	25% property tax rebate; 80% sales tax rebate Years 1-5,	37,545,000.00	14,764,648.36	
Mueller Debt Service on \$12 million bond	4/27/2006	2009 - 2026	Scheduled debt service on \$12 million bond	23,000,000	10,795,643.75	12,204,356.25

* Samsung Total Estimated Incentive=Estimation before expansion

** The City does not have sufficient information to calculate future reimbursements of property taxes paid for any company's improvements.

*** Domain sales tax incentives were triggered in 2007; Property tax incentives were triggered in 2008

Number of lower- and middle-earning jobs under Chapter 380 agreements:

Economic Development does not collect the number of lower- and middle-earning jobs under \$70,000 since these are not required under the City's Chapter 380 policy. As of December 31, 2018, over 12,000 jobs have been created and retained from active Chapter 380 agreements. However, the department does not have data showing how many of those are lower- and middle-earning jobs. All 12,000 jobs, which may include the lower- and middle-earning jobs, could be impacted should the incentive agreements end prematurely.

Additional detail of the active Chapter 380 agreements is provided below.

Agreement	Performance Year	Number of Jobs 2018
Apple*	3 / 10	6,089
Hanger	9 / 10	346
HID Global	5 / 10	436
Samsung	12 / 20	3,837
Visa	6 / 10	1,325
Total Jobs**		12,033

* While all of the companies are over-performing in terms of job creation, Apple is the only company that has not reached its total job creation and retention obligation of 6,735 full-time jobs.

** Third-party confirmation under review to be completed by October 2019.