

Samsung Austin Semiconductor, LLC

Project Summary

Company Overview

Samsung Austin Semiconductor, LLC (“Samsung”) is a limited liability company based in Austin, Texas. Samsung produces digital large-scale integration logic components for tablets, smart phones and other mobile devices. Since 1997, Samsung prides itself on delivering world class semiconductor technology and continues to be one of the most advanced semiconductor plants in the United States. Samsung currently employs 2,952 at its facility located at 12100 Samsung Blvd., in Austin, Texas and looks forward to being part of the expanding Austin and Travis County business community.

Project Description

Over the next five (5) years, Samsung anticipates investing \$291 million at its City of Austin FAB. The investment will allow Samsung to remodel and improve its various nanometer production lines by adding and replacing semiconductor main and auxiliary tools and systems to support FAB automation. Samsung will invest \$108 million in tools and equipment and \$183 million towards the facility. The new equipment renovation of Samsung’s Austin facility will enable Samsung to continue with its wide-ranging products.

Enterprise Zone Definition

Any block group within the State of Texas that has a poverty rate of 20% or more, as determined by the U.S. Census Bureau during each decennial census is a state enterprise zone.

Requirements for Hiring Disadvantage Workers

Projects may be physically located in or outside of the Enterprise Zone. If located within a zone, the company commits that at least 25% of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. If located outside of the zone, the company commits that at least 35% of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. The fact that the site location is outside of a zone, the company would be required to commit that at least **35%** of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. However, no new hires are initially part of this project. See Employee Wages notes 1 and 2 below.

Project Parameters

* Facility Location:
12100 Samsung Blvd.
Austin, Texas 78754

Capital Investment (Total New: \$500 Million)

* Tools & Equipment:	\$108,000,000
* Facility:	<u>\$183,000,000</u>
* Project Total:	\$291,000,000

Timeline

December 2018 – December 2023

City of Austin Council District

District 1 (Councilmember Ora Houston)

Employee Wages

*Total Number of Full-Time Jobs at the site:	2,952
*Total Number of Full-Time Jobs to be retained for Program Benefit:	<u>500</u>

Note: Samsung will be seeing benefits for 500 full-time positions, separate from the 500 positions certified under the prior designation.

Samsung Austin Semiconductor, LLC
Project Summary

Job Category	Number of Jobs (employed by company)	Number of Jobs (vendor or contract)	Average Annual Wages	Percent to be Locally Hired
Executive	6	0	\$327,203.50	N/A
Manager	15	0	\$229,339.67	N/A
Supervisor	78	0	\$122,912.56	N/A
Staff	2,152	0	\$89,719.63	N/A
Entry Level	752	0	\$47,230.04	N/A
Total	3,003	0	\$81,104.99	N/A

Note:

1. If Samsung retains all employees for 1820 hours per year per job, there is no requirement to hire from either disadvantaged group or enterprise zone residents. However, if any employees are terminated or leave, at least **35%** of their “new employees” will have to meet economically disadvantaged, enterprise zone residence or veteran requirements.
2. The wages seen in the diagram above are base wages only.
3. Employee benefits received are as follows: Health Insurance, Dental Insurance, Retirement Plan, 401(k), Paid Leave, Counseling, Life Insurance, Prescription Drug Plan, Vision, Flexible Spending Accounts, Tuition Reimbursements, Disability, and Comprehensive Employee Family Assistance Program.

Maximum Estimated State Sales & Use Tax Refund/Computation

*\$1,250,000

*The State of Texas computes its Maximum Potential Refund based upon a company’s Capital Investment, Number of Jobs Created, and/or Retained up to 500, and the Maximum Refund per Job Allocation (\$2,500 per for a Single Enterprise Project Designation).

Sales and Use Tax (State and Local)

The Texas state sales and use tax rate is 6.25%, but the local taxing jurisdictions (cities, counties, special purpose districts and transit authorities) may also impose sales and use tax up to 2% for a total maximum combined rate of 8.25%. For purposes of this program, it is the 6.25% portion of the tax that is used to provide a refund to corporations that apply for the Enterprise Zone program and are designated as a project. The 2.0% local tax is not affected, therefore there is no fiscal impact on the City of Austin.

Tax Structure

Overall Tax = 8.25%
State Portion = 6.25%
Local Portion = 2.0%

Enterprise Zone Designation Period

5 Years

Prior Council Actions

*Chapter 380 Agreement:

The City of Austin has a Chapter 380 Agreement with Samsung Austin Semiconductor, LLC. Samsung has complied Years 1 (2007) – 11 (2017) of 20.

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*Enterprise Zone Application

The City of Austin successfully nominated Samsung Austin Semiconductor, LLC for an Enterprise Zone project designation in 2010. Project designation period is complete.

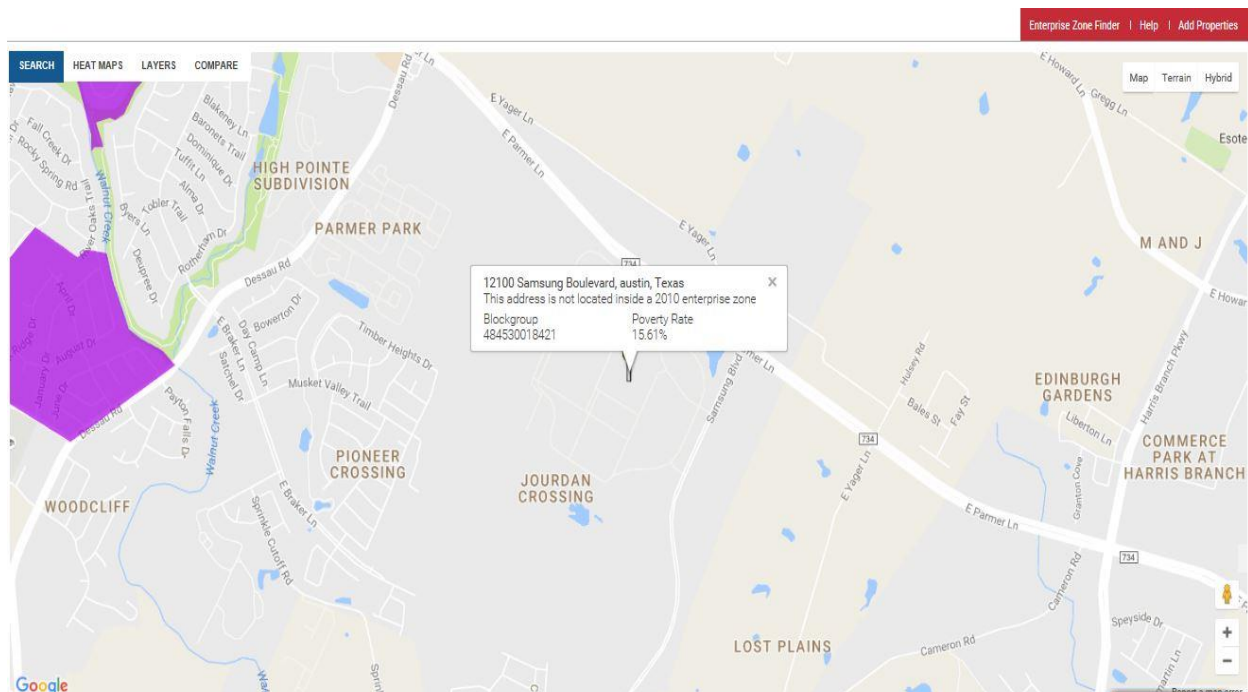
The Public Good (if approved)

1. The City of Austin would join our corporate partners in battling poverty, and in this case approving would assist the disadvantaged near a zone suffering with 15.61% poverty according to the state's data of the last decennial census.
2. The City of Austin would send a signal that we appreciate all corporate partners who take advantage of this program to help our citizens who meet economically disadvantaged, enterprise zone or veteran requirements.
3. The City of Austin would support a program that requires no fiscal impact to the city.
4. The City of Austin would support capital investment within the Desired Development Zone rather than the Drinking Water Protection Zone.
5. The City of Austin would maximize our local effort to return state sales and use tax to our city, rather than allow those dollars to be sent to other cities in support of their corporations and/or local economies.

Project Location to Enterprise Zone

*12100 Samsung Blvd., Austin, Texas 78754 (*Outside of nearest Enterprise Zone)

Samsung Austin Semiconductor, LLC Site Map



Legend: Purple shaded areas represents nearest Enterprise Zone

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Capital Metro Transit Map

