

AGENDA

**Recommendation for Council Action****AUSTIN CITY COUNCIL****Regular Meeting: November 15, 2018**Item Number: **010****Economic Development Department**

Approve a resolution to nominate Samsung Austin Semiconductor, LLC for designation by the Governor's Office of Economic Development and Tourism as a single Texas Enterprise Project in accordance with Chapter 2303 of the Texas Government Code.

District(s) Affected: District 1

Lead Department	Economic Development.
Fiscal Note	This item has no fiscal impact. A fiscal note is not required.
Prior Council Action	October 18, 2007 - Council approved Ordinance No. 20071018-008 electing to participate in the Texas Enterprise Zone Program; November 4, 2010 - Council approved Ordinance No. 20101104-046 amending its program identifying additional local incentives for the Texas Enterprise Zone Program.
For More Information	Rebecca Giello, Interim Director / Economic Development, 512-974-3205; Dusty McCormick, Economic & Business Development Liaison / Economic Development, 512-974-6390

Additional Backup Information:

This resolution will nominate Samsung Austin Semiconductor, LLC ("Samsung") as a single

Enterprise Zone Project under the Texas Enterprise Zone Act. Samsung is a limited liability company headquartered in Austin, Texas.

Samsung produces digital LSI logic components for tablets, smart phones, and other mobile devices. Samsung continues to be one of the most advanced semiconductor plants in the United States. 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 renovations of Samsung's Austin facility will enable Samsung to continue with its wide-ranging products. Samsung employs 2,952 qualified full-time employees at the City of Austin FAB. Samsung expects to retain its full-time jobs for benefit under the Enterprise Zone Program. Samsung will be seeing benefits for 500 full-time positions, separate from the 500 positions certified under the prior designation. These jobs meet the definition of a "retained job" in Texas Government Code because they currently exist, provide and will continue to provide at least 1,820 hours of employment annually.

If designated as an Enterprise Zone Project, Samsung would be eligible for a refund of State sales and use tax based on the employment criteria and the amount of the capital spent at the qualified business site. The Texas Legislature currently authorizes 105 state designations each biennium. The City is eligible to receive up to nine (9) Enterprise Projects designations based on availability and competitiveness of the project every two (2) years.