

Applied Materials, Inc.

Project Summary

Company Overview

Applied Materials, Inc. (“Applied Materials”), headquartered in Santa Clara, California, manufactures, markets, and distributes engineering solutions and equipment used to produce semiconductor chips, solar products, and advanced displays used for computers, televisions, and smartphones. Applied Materials was founded in 1967 as a maker of chemical vapor deposition systems for fabricating semiconductors and has since grown its operations globally. Applied Materials exports products to Korea, Taiwan, China, Japan, Southeastern and Pacific Asian Countries, and European Countries and has locations worldwide. There are two facilities located in Austin, Texas. The qualified business site (“QBS”) where all the manufacturing is fulfilled, located at 9700 East Highway 290, Austin, Texas, and an additional participating location, located at 10000 Spectrum Drive, Austin, Texas 78717. This location is a support facility for the manufacturing operations; this site also houses the IT and R&D divisions and a Data Center. Applied Materials employs approximately 2,400 employees at its Austin facilities and 158 more across Dallas, Plano, Richardson, and working remotely throughout Texas.

Project Description

Over the next five (5) years, Applied Materials anticipates investing approximately \$150 million with \$100 million in a new 724,000 square foot warehouse facility at the qualified business site. This warehouse will help facilitate increased production capacity and throughput through the centralization of their raw materials and finished goods. The warehouse will include sophisticated racking systems and automated handling systems, in addition to housing IT infrastructure including, servers and support equipment for a total of \$50 million. Construction commenced in Q1 2021 with an estimated completion date of Q2 2022.

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 Disadvantaged 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. Since the site location is not within 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.

Project Parameters

- Facility Location
 - 9700 East Highway 290, Austin, Texas 78724
 - 1000 Spectrum Drive, Austin, Texas 78717

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Capital Investment (Total New: Approx. \$150 mil)

• Building Expansion Cost	\$100,000,000
• Equipment & IT Infrastructure	<u>50,000,000</u>
• Total Cost	\$150,000,000

Timeline

- June 1, 2021 – June 1, 2026

Job Categories/Employee Wages (When project has reached full employment)

• Total Number of Full-Time Jobs at the site.	2,400
• Total Number of Full-Time Jobs to be Retained for <u>Program Benefit</u> .	<u>490</u>
• Total Number of Full-Time Jobs to be Created for <u>Program Benefit</u> .	<u>10</u>

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	\$727,516	N/A
Manager	415	0	\$191,228	N/A
Supervisor	0	0	N/A	N/A
Staff	1,979	0	\$84,824	N/A
Entry Level	0	0	N/A	N/A
Total	2,400	0	N/A	N/A

Note:

1. 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 Reimbursement, Disability and Wellness/Behavior Health Benefits.

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 job 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 and 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. The 2.0 % local tax is not affected, therefore no fiscal impact on the city.

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Tax Structure

Overall Tax	=	<u>8.25%</u>
State Portion	=	6.25%
Local Portion	=	2.0 %*

Prior Council Action

- Chapter 380 Agreement

The City of Austin has never entered into a Chapter 380 Agreement with Applied Materials, Inc.

- Enterprise Zone Application

The City of Austin nominated Applied Materials, Inc. to the State of Texas as a Texas Enterprise Zone project on August 23, 2018.

Enterprise Zone Designation Period

- 5 Years

Enterprise Zone Designations Remain

- Four

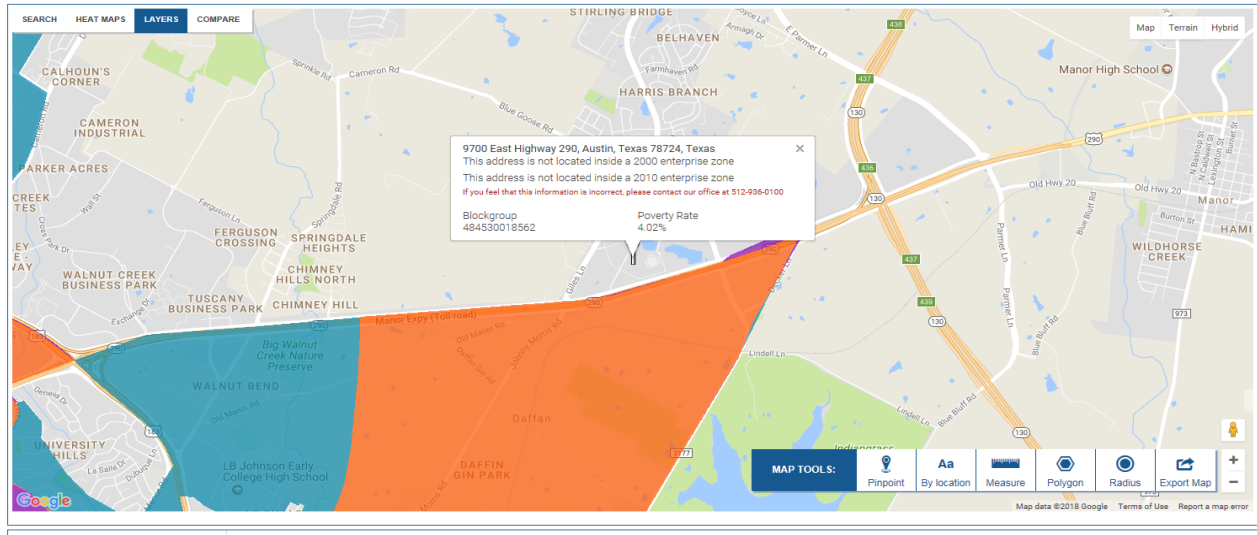
The Public Benefit (if approved)

1. The City of Austin would join our corporate partners in battling poverty, and in this case, this would assist the disadvantaged in or near a zone suffering from 4.02% 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 residence 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 major capital investment at the qualified business site which is within our city limits.
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.

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Site Map



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Project Summary

Transit Map

