



Legislation Text

File #: Res. 2015-94R, **Version:** 1

AGENDA CAPTION:

Consider approval of Resolution 2015-94R approving a Chapter 380 Economic Development Incentive Agreement with Amazon.com.kydc LLC, providing incentives in the form of annual refunds of 85 percent of ad valorem taxes generated from personal property and 40 percent of ad valorem taxes generated from real property over ten years, with a possible extension for an additional five years, and a portion of sales tax revenues over twenty years, to locate and operate a fulfillment center on McCarty Lane; authorizing the City Manager to execute said agreement; and declaring an effective date.

Meeting date: July 21, 2015

Department: City Manager

Funds Required:

Account Number:

Funds Available:

Account Name:

CITY COUNCIL GOAL: Economic Vitality and Responsible Finances

COMPREHENSIVE PLAN ELEMENT(s): Economic Development Goal 4: An enhanced and diverse local economic environment that is prosperous, efficient and provides improved opportunities to residents.

BACKGROUND: The City seeks to promote local economic development and to stimulate business and commercial activity in the City by, among other things, entering into Economic Development Incentives Agreements as provided under Chapter 380 of the Texas Local Government Code.

Amazon.com.kydc LLC is an electronics products and internet retail sales company with distribution and fulfillment centers in locations in the United States and other countries. The Company proposes to locate, operate and retain an approximately 855,000 square foot fulfillment center, with approximately 350 new jobs, a capital investment of approximately \$60 million in building improvements, and approximately \$131 million in personal property, furniture, fixtures, equipment and inventory at the project site in San Marcos.

The City wishes to induce the Company to establish its fulfillment center in the City, as doing so would benefit the City through the creation of new jobs and the generation of revenue from the Company's substantial investment in real and personal property.

The attached Chapter 380 Economic Development Incentive Agreement includes the following provisions:

- Amazon shall construct real property improvements, to be commenced on or before December 31, 2015 and to be completed on or before December 31, 2016.

- Amazon shall begin operation of the business in San Marcos on or before January 1, 2017 and shall continuously operate, maintain and manage the business for the duration of the term.
- Amazon shall employ a minimum of 350 permanent, full time positions for the term of the agreement.
- Amazon shall submit an annual “compliance certificate” to verify job creation.
- City shall rebate to Amazon payments equal to 40% of City ad valorem taxes paid on real property for ten years.
- City shall rebate to Amazon payments equal to 85% of City ad valorem taxes paid on personal property for ten years.
- City shall rebate to Amazon payments equal to sliding a percentage of sales taxes realized by the City for twenty years.
- Amazon may extend the term of the real and personal property tax rebate an additional five years, provided that Amazon creates and maintains a minimum of 1,000 permanent, full time positions for five of the first ten years of the term and maintains those jobs for the additional five years.
- City waives the required construction of the “North Road”, instead requiring only the dedication of public right-of-way.

Staff has determined that providing economic development incentives under this agreement will provide mutual benefit to the parties, and recommends City Council approval.