



**ROUND ROCK** TEXAS

# E.1 Economic Development Agreements Annual Compliance Review

Council Packet Briefing

January 23, 2024

Susan Morgan, CFO



# Overview

- 26 approved agreements
  - Includes chapters 380 and 501 agreements
  - In past three years – 11 approved agreements
- Incentives offered with a return expected
  - Taxable value or other fiscal returns
  - High quality jobs in target sectors



**TOPPAN**  
TOPPAN PHOTOMASKS  
ROUND ROCK, INC.



AMETRINE



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# Overview (continued)

- Cash Performance Incentives
  - Property Tax abatements/incentives
  - Sales tax incentives
  - HOT tax incentives
  - Economic incentive payments
- Performance Requirements
  - Capital investment (taxable property value)
  - New employees within agreed upon salary minimums
  - Other project specific requirements
  - Reporting requirements
  - Clawback provisions in event of non-compliance



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# Compliance Monitoring

- Close coordination among City Manager's office, Chamber, Finance, and City Attorney during the agreement development process
- Regular internal review of all existing and pending agreements
- Monitor for one-time thresholds, e.g., issuance of CO
- Annually verify taxable value, employees or other items
  - Generally, in January – March timeframe
- Report to the City Manager each April/May on compliance status
- As of 9/30/23 – 2 agreements did not meet 1<sup>st</sup> year targets
  - No first-year incentives paid
  - Both agreements are expected to become compliant in FY24



# Economic Development Summary as of 9/30/23

- Net direct impact to City tax revenue only
  - No indirect or induced benefits included in calculation
  - Fee waivers not included in incentives paid
- Report includes
  - All approved agreements in effect
  - Major agreements since 2005
  - Plus, Dell

Company Name	Term	Type	Summary	# of EEs Req.	Actual # of EEs Added	Total Paid or Abated to Date <sup>1</sup>	2022 Taxable Value	Net Property Tax Paid to City Since Contract Inception	Net Sales Tax Paid to City Since Contract Inception
<b>APPROVED &amp; ACTIVE AGREEMENTS</b>									
Ametrine, Inc.	2021-2030	501	Lease and occupy Facility at 900 E Old Settlers Blvd., Bldg 3, Suite #100 for at least 10 years. Invest \$3.35 million for Real Property Improvements and purchase new/relocate existing equipment with appraisal value of \$5.3 million for Business Personal Property. Relocate/Create at least 140 jobs with average salary of \$75,000 plus benefits. EIP of \$345,000 over 5 years.	24	25	138,000	4,330,000	14,809	N/A
Bass Pro Outdoor World, LLC	2013-2023	380	Build 100,000 sq. ft. bldg.; Reimb. \$500,000 for improvements & 100% of 1 cent sales tax.	N/A	N/A	500,000	22,880,895	555,557	confidential
BGE, Inc.	2019-2026	380	Lease facility at 101 W. Louis Henna Blvd.; invest at least \$975,000 in real property improvements and \$950,000 in business personal property; employ at least 80 FTE's with average salary of at least \$80,000; EIP's of \$100,000 according to schedule.	68	99	100,000	512,933	5,957	N/A
Cargill Meat Solutions Corp.	2015-2023	380	Distribution & warehouse facility; min. \$13,000,000 in improvements; 400 jobs by 2021; \$400,000 in EIP's over 3 yrs.; 50% Property Tax rebate for 2017-2023.	400	572	506,207	25,767,418	541,912	confidential
Chatsworth Products	2018-2025	380	Lease facility for 7 years; invest at least \$1,200,000 to construct and/or install improvements; employ 40 FTE's; EIP of \$50,000 over 2 years.	40	53	50,000	7,639,088	18,200	N/A
EastGroup Properties Phase 1	2017-2024	380	Construct 2 buildings, invest minimum of \$7,000,000. EIP's of \$91,000 according to schedule.	N/A	N/A	76,000	45,941,495	301,656	N/A
EastGroup Properties Phase 2	2019-2026	380	Construct 2 buildings (Bldg 3 & 4). Expend at least \$9 million in Real Property improvements. EIP of \$96,000 according to schedule.	N/A	N/A	48,000	892,806	3,940	N/A
Boardwalk Technology LLC (East/West Manufacturing)	2020-2026	501	Construct facility approximately 43,000 sq ft. Expend at least \$5 million in Real Property improvements and \$650,000 in Business Personal property. Retain 30 primary jobs and create 30 new primary jobs according to schedule. EIP of \$250,000 according to schedule.	36	54	175,000	729,376	2,494	confidential
Fisher-Rosemount (Emerson)	2022-2023	380	Spend at least \$9 million to complete & install improvements. Add 50 to 60 new employees. EIP of \$250,000 when permit is issued and EIP of \$250,000 when CO is issued.	11	11	250,000	93,887,450	323,400	confidential

\*Reminder: Most sales tax data is confidential

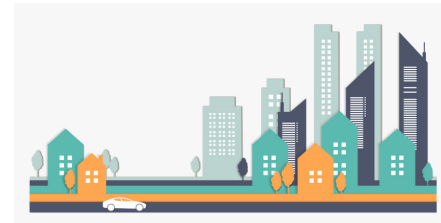


# Summary as of 9/30/23, cont.

- Total Employees
  - Excluding Dell → Minimum – 3,108  
Actual – 6,881



- Total Taxable Property Value
  - Excluding Dell - \$1.322 billion
  - TOTAL - \$1.921 billion





# Summary as of 9/30/23, cont.

- 7 agreements approved but pending
  - Not at incentive payment phase at FYE
    - Still under construction or awaiting construction to start
    - Awaiting agreed upon milestones
  - Includes one potential addition to top ten City taxable value entities
    - The District





# Net Return on City Taxes

	All Other	Total with Dell
Total Taxes	\$147,639,904	\$806,091,125
Less Incentives	(40,613,658)	(255,245,411)
Net Taxes	\$107,026,246	\$550,845,714
% Return	264%	216%

\*Indirect, induced or other economic benefits *not* included in calculation

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# ED Agreement Annual Compliance Review

## Questions/Comments



[www.roundrocktexas.gov/transparency](http://www.roundrocktexas.gov/transparency)

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