



## ECONOMIC DEVELOPMENT CORPORATION

**To:** Donna Dodgen, Mayor  
Seguin City Council

**CC:** Steve Parker, City Manager  
Mark Kennedy, City Attorney

**From:** Alora Wachholz  
Director of Economic Development | SEDC Executive Director

**Date:** 12-16-2025

**Subject:** Second Amendment to Tax Abatement Agreement Between the City of Seguin, Texas, and Maruichi Stainless Tube Texas Corporation

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### **Historical Background**

On October 18, 2022, the City of Seguin entered into a Tax Abatement Agreement (“Agreement”) with Maruichi Stainless Tube Texas Corporation (“Maruichi”) to support the construction and operation of a new stainless-steel tube manufacturing facility in Seguin. The Agreement established minimum job creation, payroll, and taxable value requirements that the Company must meet annually to qualify for abatement benefits.

Maruichi has fully satisfied its capital investment obligation, completing an approximately \$55 million project, which has been verified under the associated SEDC Performance Agreement. However, several key customers in the semiconductor industry, major end users of Maruichi’s products, have experienced significant delays in the construction of their own manufacturing facilities. These industry-wide delays have directly impacted Maruichi’s production ramp-up schedule and hiring timeline, circumstances that were outside of the Company’s reasonable control.

As a result, Maruichi has requested modifications to its job creation and payroll schedule to reflect a phased hiring approach consisting of:

- 20 full-time jobs by December 31, 2025
- 40 full-time jobs by December 31, 2026
- 80 full-time jobs by December 31, 2027, and 2028

The Company has committed to maintaining its required annual payroll obligations, meaning the amended structure results in higher average wages per job, which provides continued and substantial economic benefit to the community

This amendment also includes adjustments to the taxable value performance criteria. When the City executed the original Tax Abatement Agreement, this was the first time taxable value obligations were incorporated into a Seguin tax abatement. The taxable values originally projected were based on industry assumptions and early-stage estimates. As the project progressed and was fully appraised by the Guadalupe Appraisal District, it became clear that the original taxable value thresholds were higher than the actual values placed on the tax rolls, due to depreciation schedules, asset classification, and appraisal methodology.

The amended taxable value schedule is being updated to reflect realistic, appraisal-supported values based on actual assessment performance, consistent with Maruichi’s verified capital investment.

A proposed Second Amendment to the Agreement has been prepared to formalize these adjustments.

### **Action Requested**

Staff requests that the Seguin City Council consider and approve the Second Amendment to the Tax Abatement Agreement with Maruichi Stainless Tube Texas Corporation, which:

1. Revises the annual minimum job creation requirements to 20 (2025), 40 (2026), and 80 (2027–2028);
2. Establishes proportional payroll thresholds for 2025 and 2026, with the full \$4,770,000 payroll requirement maintained beginning in 2027;
3. Updates the taxable value performance obligations to:
  - 2024: N/A
  - 2025: \$30,000,000
  - 2026: \$25,000,000
  - 2027: \$20,000,000
  - 2028: \$20,000,000
4. Acknowledges that these revised thresholds are intended to be final and that no further reductions to job creation, payroll, or taxable value obligations are anticipated without express approval of the City Council.

### **Fiscal Impact**

The amendment does not change the percentage or duration of the tax abatement. It simply aligns the performance criteria with:

- Verified capital investment,
- Realistic taxable valuation based on appraisal district methodologies, and
- A phased hiring plan consistent with the Company's industry conditions.

There is no additional cost to the City as a result of this amendment.

Updating the taxable value thresholds ensures the City's compliance and auditing processes are tied to actual, supportable appraisal data, preventing unrealistic or unachievable performance criteria.

### **Staff Recommendation**

Staff recommends approval of the Second Amendment to the Tax Abatement Agreement with Maruichi Stainless Tube Texas Corporation. The amendment:

- Reflects accurate, appraisal-based taxable value expectations;
- Acknowledges verified capital investment of \$55 million;
- Establishes a realistic, phased hiring schedule aligned with documented industry delays;
- Maintains the overall payroll benefit to the community;
- Ensures continued transparency, accountability, and performance oversight; and
- Protects the City's fiscal and economic development interests.

### **Attachments**

1. Proposed Second Amendment to the Tax Abatement Agreement
2. Original Tax Abatement Agreement (October 18, 2022)
3. First Amendment to Tax Abatement Agreement (2024)

