



**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

Date: 07-07-2026

Subject: Resolution authorizing the City Manager to execute a Chapter 380 Economic Incentive Agreement between the City of Seguin and KTH Texas, Inc.

Overview

KTH Texas, Inc. is a Tier-1 automotive supplier for underbody structural parts, headquartered in St. Paris, Ohio. Since 1985, KTH has provided a full in-house, design-to-production manufacturing model for the metal stamped and welded undercarriages for vehicles; supplying for various brands across the globe. The company has four KTH locations in North America and, under their parent company H-One out of Saitama, Japan, another 18 facilities across the globe.

The proposed project in Seguin, Texas, will encompass just over 40 acres in the Light Industrial portion of NewQuest’s project off IH-10 and FM 78, will represent an approximately \$127M investment in the community and will result in an anticipated 173 new full-time jobs. Additionally, approximately \$1.5M in annual taxable sales is anticipated at this facility at full production.

Because this project is located in the City’s approved Tax Increment Reinvestment Zone Number 3, only the portion of tax value not already committed to the TIRZ fund is eligible for incentivization and is reflected in the rebated percentages outlined, below. The proposed Chapter 380 economic incentive agreement includes the following terms and conditions:

City agrees to the following:

- City agrees to a 10-year annual rebate of ad valorem property taxes generated by the Project at the following rates (percentages reflect only the portion of property tax NOT already captured in the TIRZ #3 fund (50%)):

Year 1	90% (45% actual value)	Year 6	80% (40% actual value)
Year 2	90% (45% actual value)	Year 7	80% (40% actual value)
Year 3	90% (45% actual value)	Year 8	80% (40% actual value)
Year 4	90% (45% actual value)	Year 9	80% (40% actual value)
Year 5	90% (45% actual value)	Year 10	80% (40% actual value)

- City agrees to a 10-year annual rebate of sales taxes generated at the Facility at the following rates (percentages reflect only the portion of sales tax NOT already captured in the TIRZ #3 fund (50%)):

Year 1	90% (45% actual value)	Year 6	80% (40% actual value)
Year 2	90% (45% actual value)	Year 7	80% (40% actual value)
Year 3	90% (45% actual value)	Year 8	80% (40% actual value)
Year 4	90% (45% actual value)	Year 9	80% (40% actual value)
Year 5	90% (45% actual value)	Year 10	80% (40% actual value)

- City agrees to nominate Company for Texas Enterprise Zone Program

Company agrees to the following performance terms:

- Company shall make a minimum new Capital Investment of \$100,000,000 by December 31, 2028

- Construction of Facility shall commence no later than March 31, 2027
- Business operations shall commence no later than December 31, 2028
- Company must create a minimum of 125 Full Time Jobs no later than December 31, 2030
- Company must remain operational throughout the term of the agreement
- Provide annual report to City verifying employment information at Facility
- Provide annual property and sales tax reports to the City with proof of all taxes being paid

This Chapter 380 economic incentive agreement represents part of an overall incentive package between the City of Seguin, the SEDC, and the Company, that results in a robust and varied benefit result to the City, while also assisting to answer the Company's financial gap needs which would otherwise prevent the project from coming to fruition. Because this project is located in the City's approved Tax Increment Reinvestment Zone Number 3, certain benefits resulting from the combined incentive package will be retained within that TIRZ fund, while other portions will be returned directly to the City's General Fund.

The estimated 10-year Cost-Benefit Analysis for this project follows:

10-Year Cost	
- Property Tax Rebate (Part of Chapter 380)	\$3,584,332.19
- Sales Tax Rebate (Part of Chapter 380)	\$35,472.83
- SEDC Jobs Payments (Part of Performance Agreement)	\$519,000.00
Total Cost Value Estimated:	\$4,138,805.02

10-Year Benefit Minus Cost	
- City Fees	\$388,972.85
- City Property Tax Revenue	\$658,732.51
- City Sales Tax Revenue	\$6,570.86
- SEDC Sales Tax Revenue	\$8,408.74
- TIRZ No. 3 Investment (City)	\$4,394,421.98
- TIRZ No. 3 Investment (County)	\$2,759,801.47
Total Benefit Value Estimated Less Cost:	\$8,216,910.41

Additional Benefits	
- New Full-Time Primary Jobs created	125 – 173+
- Average Annual Wages	+Guadalupe County Average Wages per SOC Code
- Developed Ag Exempt acreage	+40 acres
- Catalyst for future Light Industrial development at NewQuest	
- Building FDI engagement	
- Addition to automotive supplier cluster in Seguin	

Fiscal Impact

An estimated \$3,584,332.19 and \$35,472.83 in rebated property and sales taxes, respectively, is anticipated in return to the Company through this Chapter 380 Agreement; however, this is rebated new value currently not in existence, so this incentive does not anticipate having any existing fiscal impact to the City's budget.

Staff Recommendation

Staff recommends approval of a Resolution authorizing the City Manager to execute a Chapter 380 Economic Incentive Agreement between the City of Seguin and KTH Texas, Inc.

Attachments

1. Resolution authorizing the City Manager to execute a Chapter 380 Economic Incentive Agreement between the City of Seguin and KTH Texas, Inc.

- a. **Exhibit A:** Draft Chapter 380 Economic Incentive Agreement between the City of Seguin and KTH Texas, Inc.
2. Chapter 380 Economic Incentive Agreement between the City of Seguin and KTH Texas, Inc.