



**ECONOMIC
DEVELOPMENT
CORPORATION
MEMORANDUM**

To: Mayor Don Keil
Seguin City Council

Cc: Steve Parker, City Manager

From: Joshua Schneuker, Director of Economic Development

Date: January 24, 2020

Subject: Texas Enterprise Zone Program Nominating Resolution for United Alloy Texas, LLC.

Texas Enterprise Zone Program (TEZP) Overview

The Texas Enterprise Zone Program is a State sales and use tax refund program designed to encourage private investment and job creation in economically distressed areas of the state. Texas communities must nominate companies in their jurisdiction to receive an Enterprise Zone designation and thus be eligible to receive state sales and use tax refunds on qualified expenditures by submitting an application on the company's behalf. Companies must contribute information to the application packet where required. Companies must meet minimum capital investment thresholds and create and/or retain jobs that employ a certain percentage of economically disadvantaged individuals, enterprise zone residents, or veterans. State sales and use tax refund, with the maximum allowable refund—both total and per-job—determined for each company which has been awarded a designation based on the company's planned capital investment and job creation and/or retention at the qualified business site. Companies approved for Enterprise Zone designations are eligible to apply for refunds of the state sales and use tax they have paid during the designation period on qualified expenditures, up to their maximum allowable refund. The Texas Comptroller's Office administers all refunds. TEZP designations are effective beginning 90 days prior to the deadline for the applicable application round and extend for a period of not less than 1 year and not more than 5 years from the date on which the designation is made.

United Alloy Texas. Project Details

Staff has been working with United Alloy and their consultant team on preparing a nomination as an Enterprise Project. The resolution presented to City Council authorizes the nomination of United Alloy Texas to the Office of the Governor Economic Development and Tourism through the Economic Development Bank as a Texas State Enterprise Project. On February 27, 2018, the City of Seguin adopted Ordinance Number 2018-010, which authorized the City to participate in the Texas Enterprise Zone Program.

United Alloy is seeking a Texas Enterprise Zone Program nomination for new jobs they will be creating in Seguin. United Alloy has committed to creating 100 new jobs and will be investing at least \$35 Million in their future

Seguin facility which will be built on a 27-acre tract of land along 8th Street. This site is located within a designated Enterprise Zone.

The City of Seguin's participation in the program pursuant to the Texas Enterprise Zone Act, Chapter 2303; designates the Director of Economic Development as the City's liaison to communicate and negotiate with the Governor's Office, Economic Development and Tourism (EDT) through the Economic Development Bank and enterprise project(s) and to oversee zone activities and communications with qualified businesses and other entities in an enterprise zone or affected by an enterprise project.

United Alloy meets the criteria as an enterprise project under Chapter 2303, Subchapter F of the Texas Enterprise Zone Act. Under these grounds, United Alloy is a "qualified business" since it will be engaged in the active conduct of a trade or business at a qualified business site within the City of Seguin's jurisdiction, located inside of an enterprise zone and at least twenty-five (25%) percent of United Alloy's new employees will be residents of an enterprise zone, enterprise zone residents, or veterans. The jobs created and counted for the benefit must have an average weekly wage which meets or exceeds the average weekly wage in Guadalupe County. The 2018 Guadalupe County Average Weekly Wage – All Industries is \$855. Upon approval of the designation, United Alloy can be eligible for a maximum potential refund of \$250,000.

Staff is recommending approval of the resolution approving and authorizing the nomination of United Alloy Texas to the Office of the Governor Economic Development and Tourism through the Economic Development Bank as a Texas State Enterprise Project.