

# Applied Materials, Inc.

## Project Summary

### **Company Overview**

Applied Materials, Inc. (“Applied Materials”), headquartered in Santa Clara, California, manufactures, and distributes engineering solutions and equipment used to produce semiconductor chips, solar products, and advanced display used on computers, televisions, and smartphones. Applied Materials was founded in 1967 as a maker of chemical vapor deposition systems for fabricating semiconductors and has since grown its operations globally. Applied Materials has locations worldwide. It has two Austin, Texas facilities. The qualified business site where all the manufacturing is done is located at 9700 East Highway 290, Austin, Texas. There is an additional participating location in northwest Austin that is located at 10000 Spectrum Drive, Austin, Texas 78717. This location is a support facility for the manufacturing operations. It houses the IT and R&D divisions as well as a Data Center. Applied Materials employs 1,863 employees at its Austin facilities and another 122 employees statewide.

### **Project Description**

Over the next five (5) years, Applied Materials anticipates investing approximately \$27 million in its facility and IT infrastructure at the qualified business site. For the Facility portion of the investment, Applied Materials will upgrade its manufacturing capabilities and efficiencies through several onsite product output improvements. The investment will provide for more throughput in the factory as Applied Materials expects to increase production. The facility improvements will also include the construction of its onsite B30 Fit up Wellness and Health Clinic that will staff various doctors, chiropractors, and nurses to perform minor medical tests and procedures and allow for a much quicker access to health care for its employees. The project will also include an upgrade gym that will offer new workout rooms with yoga and other fitness instructed classes to help keep employees healthy and active. Applied Materials is putting a strong focus globally on the health of its employees. For the IT infrastructure, Applied Material will invest in new laptops for its employees as well as pursue an expansion of its large data mining programs used in various analytics projects. The IT investment also includes a major upgrade of Applied Materials Enterprise Resource System software for manufacturing operations in Austin.

### **Enterprise Zone Definition**

Any block group within the State of Texas that has a poverty rate of 20% or more, as determined by the U. S. Census Bureau during each decennial census is a state enterprise zone.

### **Requirements for Hiring Disadvantaged Workers**

Projects may be physically located in or outside of the Enterprise Zone. If located within a zone, the company commits that at least 25% of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. If located outside of the zone, the company commits that at least 35% of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. Since the site location is not within a zone, the company would be required to commit that at least **35%** of their new

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employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. However, no new hires are part of this project.

### Project Parameters

- Facility Location
  - 9700 East Highway 290
  - Austin, Texas 78724

### Capital Investment (Total New: Approx. \$27 mil)

- Facilities & Equipment Cost -\$14,519,000
- GIS (ERP, Servers and PCs) -\$14,526,459

### Timeline

- September 4, 2018 - September 5, 2023

### Job Categories/Employee Wages (When project has reached full employment)

- Total Number of Full-Time Jobs at the site. 1,863
- Total Number of Full-Time Jobs to be Retained for Program Benefit. **500**

Job Category	Number of Jobs (employed by company)	Number of Jobs (vendor or contract)	Average Annual Wages	Percent to be Locally Hired
Executive	5	0	727,516	N/A
Manager	322	0	\$191,228	N/A
Supervisor	0	0	N/A	N/A
Staff	1536	0	\$84,824	N/A
Entry Level	0	0	N/A	N/A
Total	1863	0	N/A	N/A

### Note:

1. The above chart provides wages per W-2 figures with bonuses included in the aggregate used for the average calculation.
2. Employee benefits received are as follows: Heath Insurance, Dental Insurance, Retirement Plan, 401(k), Paid Leave, Counseling, Life Insurance, Prescription Drug Plan, Vision, Flexible Spending Accounts, Tuition Reimbursement, Disability and Wellness/Behavior Health Benefits.

### Maximum Estimated State Sales & Use Tax Refund/ Computation

- \$1,250,000

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- The State of Texas computes its Maximum Potential Refund based upon a company's Capital Investment, Number of Jobs Created and/or Retained up to 500, and the Maximum Refund per Job Allocation (\$2,500 per job for a Single Enterprise Project Designation).

### **Sales and Use Tax (State and Local)**

The Texas state sales and use tax rate is 6.25%, but the local taxing jurisdictions (cities, counties and special purpose districts, and transit authorities) may also impose sales and use tax up to 2% for a total maximum combined rate of 8.25%. For purposes of this program, it is the 6.25% portion of the tax that is used to provide a refund to corporations that apply for the Enterprise Zone program. The 2.0 % local tax is not affected, therefore no fiscal impact on the city.

### **Tax Structure**

Overall Tax	=	<u>8.25%</u>
State Portion	=	6.25%
Local Portion	=	2.0 %*

### **Prior Council Action**

- Chapter 380 Agreement

The City of Austin has never entered into a Chapter 380 Agreement with Applied Materials, Inc.

- Enterprise Zone Application

The City of Austin has never nominated Applied Materials, Inc. to the State of Texas as a Texas Enterprise Zone project.

### **Enterprise Zone Designation Period**

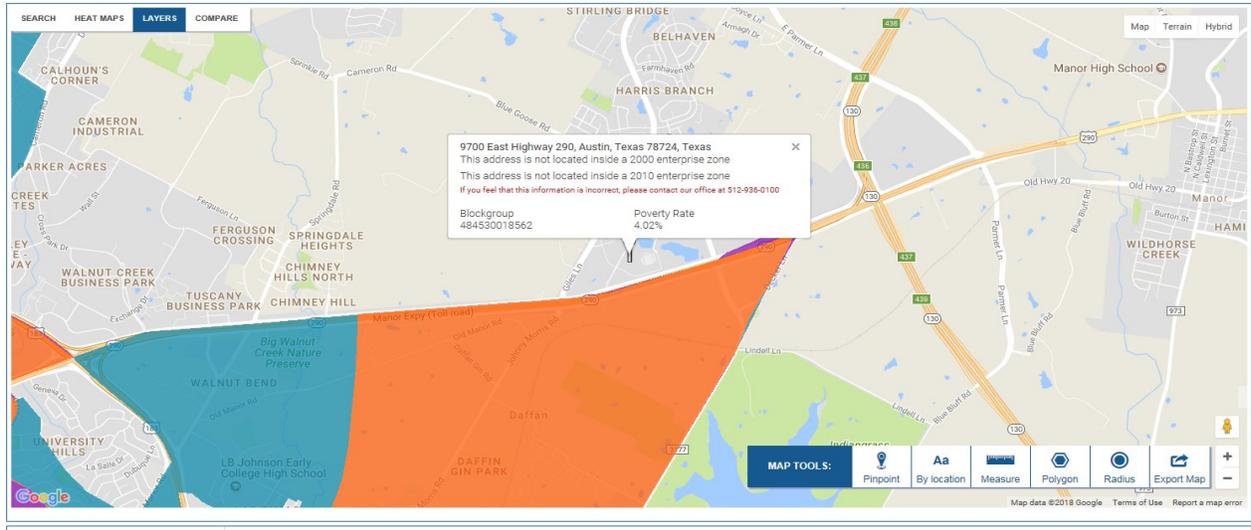
- 5 Years

### **The Public Good (if approved)**

1. The City of Austin would join our corporate partners in battling poverty, and in this case, this would assist the disadvantaged in or near a zone suffering from 4.02% poverty according to the state's data of the last decennial census.
2. The City of Austin would send a signal that we appreciate all corporate partners who take advantage of this program to help our citizens who meet economically disadvantaged, enterprise zone residence or veteran requirements.
3. The City of Austin would support a program that requires no fiscal impact to the city.
4. The City of Austin would support major capital investment at the qualified business site which is within our city limits.
5. The City of Austin would maximize our local effort to return state sales and use tax to our city, rather than allow those dollars to be sent to other cities in support of their corporations and/or local economies.

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## Site Map



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## Project Summary

### Transit Map

