

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: August 23, 2018

Item Number: 009

Economic Development Department

Approve a resolution to nominate Applied Materials, Inc. for designation by the Governor's Office of Economic Development and Tourism as a single Texas Enterprise Project in accordance with Chapter 2303 of the Texas Government Code.

Lead Department	Economic Development Department
Fiscal Note	This item has no fiscal impact.
Prior Council Action	October 18, 2007 - Council approved Ordinance No. 20071018-008 electing to participate in the Texas Enterprise Zone Program; November 4, 2010 - Council approved Ordinance No. 20101104-046 amending its program identifying additional local incentives for the Texas Enterprise Zone Program.
For More Information	Rebecca Giello, Interim Director-Economic Development Department, 512-974-3045; Dusty McCormick, Economic & Business Development Liaison-Economic Development Department, 512-974-6390; Cindy Crosby, Attorney-Law Department, 512-974-2113

Additional Backup Information:

This resolution will nominate Applied Materials, Inc. ("Applied Materials") as a single Enterprise Zone Project under the Texas Enterprise Zone Act. 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 Material has locations worldwide, including two Austin, Texas facilities. Over the next five (5) years, Applied Materials anticipates investing approximately \$27 million into its facility and IT infrastructure at the qualified business site. For the facility portion of the investment, Applied Material 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 test and procedures and allow for a much quicker access to health care for its employees. The project will also include an updated gym that will offer new workout rooms with yoga and other fitness instructed classes in an effort 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 Materials 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 ERP system software for manufacturing operations in Austin. Applied Materials employs 1,863 employees at its Austin Facilities of which 1,854 are full-time employees that qualify as retained jobs. Applied Materials will retain up to 500 jobs for benefit under the Enterprise Zone Program and they meet the definition of a “retained job” in accordance with Texas Government Code 2303.401 (2).

If designated as an Enterprise Zone Project, Applied Materials, Inc would be eligible for a refund of State sales and use tax based on the employment criteria and the amount of the capital spent at the qualified business site. The Texas Legislature currently authorizes 105 state designations each biennium. The City is eligible to receive up to nine (9) Enterprise Projects designations based on availability and competitiveness of the project every two (2) years.