



Recommendation for Action

File #: 23-1784, Agenda Item #: 4.

5/18/2023

Posting Language

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

Lead Department

Economic Development.

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.

November 14, 2019 - Council approved Ordinance No. 20191114-068 amending its program identifying additional local incentives for the Texas Enterprise Zone Program.

For More Information:

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Additional Backup Information:

Applied Materials, Inc. ("Applied Materials") requests the City of Austin's support for a Texas Enterprise Zone Single Designation. Applied Materials seeks to submit its Texas Enterprise Zone Application to the Office of the Texas Governor during the June 1, 2023 application round.

Applied Materials is a publicly held corporation headquartered in Santa Clara, California. Applied Materials manufactures, markets, and distributes engineering solutions and equipment used to produce semiconductor chips, solar products, and advanced displays used for computers, televisions, and smartphones.

The company owns and operates two facilities in Austin, where it has approximately 3,375 full-time employees. Applied Material's primary Austin manufacturing operation is located at 9700 East Highway 290. An additional location at 10000 Spectrum Drive is a support facility for the manufacturing operations, which also houses the IT and R&D divisions and a Data Center.

Over the next five years, Applied Materials anticipates investing a total of approximately \$15 million for construction upgrades at the two sites. The renovation and modernization of the facilities will allow for increased production capacity and centralization of raw materials and finished goods. Applied Materials expects to retain 490 and create 10 new full-time jobs for a total of 500 positions it will be seeking benefit for

under the Enterprise Zone Program.

If designated as an Enterprise Zone Project, Applied Materials 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 State allocates up to nine Enterprise Zone designations for the Austin area in each biennium. State approval is based on designation availability and competitiveness of a project. City Council previously approved two Enterprise Zone nominations for Applied Materials to the State ([Resolution No. 20180823-009](https://www.austintexas.gov/edims/document.cfm?id=304793) [<https://www.austintexas.gov/edims/document.cfm?id=304793>](https://www.austintexas.gov/edims/document.cfm?id=304793) and [Resolution No. 20210506-004](https://services.austintexas.gov/edims/document.cfm?id=360342) [<https://services.austintexas.gov/edims/document.cfm?id=360342>](https://services.austintexas.gov/edims/document.cfm?id=360342)). The Applied Material's Enterprise Zone application in 2018 nomination was approved by the State, but the State denied the company's 2021 application.