

Agenda Item Details

Meeting	Jul 09, 2024 - Bryan City Council Second Regular Meeting
Category	7. Regular Agenda - This agenda consists of items requiring individual consideration by Council.
Subject	A. Consideration of a Tax Abatement Agreement between the City of Bryan and America's Foundry Bryan, L.L.C., for an economic development project located on the Texas A&M University System RELLIS Campus
Type	Action
Preferred Date	Jul 09, 2024
Absolute Date	Jul 09, 2024
Fiscal Impact	Yes
Budgeted	No
Budget Source	Future Ad Valorem Tax Revenues from the Project
Goals	Economic Development

Summary:

In accordance with the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code, the City of Bryan adopted an Ordinance on May 14, 2024, establishing RELLIS Reinvestment Zone Number One (1). The City advertised Notice of Consideration of Approval of a Tax Abatement Agreement on June 8, 2024, in The Eagle.

Background

Following the Texas A&M University System's lead, the City has been engaged with America's Foundry Bryan, LLC to potentially establish high-technology manufacturing facilities located within RELLIS Reinvestment Zone No. 1. A general description of the nature of the improvements in the proposed Tax Abatement Agreement include the following: buildings housing one or more manufacturing plants, other buildings and ancillary facilities supporting operations of the plants, and additional related improvements, as well as tangible personal property (machinery and equipment) located at such improvements.

General Tax Abatement Agreement Terms

Term: 10 Years

Tax Abatement Authorized:

<u>Tax Year</u>	<u>Guaranteed Value</u>	<u>%Abatement</u>
1	\$ 100,000,000	80%
2	\$ 500,000,000	80%
3	\$ 1,000,000,000	80%
4	\$ 2,000,000,000	80%
5	\$ 5,000,000,000	80%
6	\$ 9,000,000,000	50%
7	\$10,000,000,000	50%
8	\$10,000,000,000	50%
9	\$10,000,000,000	50%
10	\$10,000,000,000	50%

The partial exemption from ad valorem taxation of property during each tax year covered by this Agreement shall be computed by taking a percentage of the increase in value of said Property on January 1st of each tax year over the value of Property from the Base Year Taxable Value. As an inducement for the City to enter into the Tax Abatement Agreement, during each year in which City taxes are abated, America's Foundry Bryan shall make certain payments in lieu of taxes (PILOT) to the City in an amount equal to five percent (5%) of the aggregate amount of that year's abated City taxes. Revenues collected through the PILOT will be used for the enhancement of the quality of life of

Bryan citizens. The PILOT amount shall be paid no later than January 31st of the year following the year for which the taxes were abated. PILOT payments may be made by America's Foundry Bryan or any affiliate. The quality of life purposes for which the PILOT payments may be utilized include but are not limited to infrastructure or programs for: parks, recreation and exercise; libraries; aesthetic enhancements to public spaces; public education; senior citizen services; youth services; and healthy lifestyles.

Employment and Job Creation:

<u>Year</u>	<u>Employment Count</u>
1	25
2	100
3	300
4	500
5	700
6	1,000
7	1,200
8	1,400
9	1,600
10	1,800

Staff Analysis and Recommendation:

America's Foundry Bryan, LLC represents an incredible economic development opportunity for the City of Bryan. Spearheaded by the Texas A&M University System and its vision of the RELIS Campus, America's Foundry Bryan, LLC will be the epicenter for the region's high-technology ecosystem bringing together the private sector with the research and development capabilities of the Texas A&M University System.

In terms of direct economic impact, the following is the City's projected new ad valorem tax revenue based upon the Guaranteed Value referenced in the proposed Agreement, after the annual abatement has been granted:

Tax Year	Guaranteed Value	City Revenue
1	\$ 100,000,000	\$ 124,800
2	\$ 500,000,000	\$ 624,000
3	\$ 1,000,000,000	\$ 1,248,000
4	\$ 2,000,000,000	\$ 2,496,000
5	\$ 5,000,000,000	\$ 6,240,000
6	\$ 9,000,000,000	\$28,080,000
7	\$10,000,000,000	\$31,200,000
8	\$10,000,000,000	\$31,200,000
9	\$10,000,000,000	\$31,200,000
10	\$10,000,000,000	\$31,200,000

To place this in perspective, Brazos Central Appraisal District's current 2024 estimate of net taxable value for the City to be certified on or before July 25, 2024, is \$9,906,149,032.

Staff recommends approval of the proposed Tax Abatement Agreement.

Options:

1. Approve the Tax Abatement Agreement
2. Do not approve the Tax Abatement Agreement

Attachments:

1. The proposed Tax Abatement Agreement is available for viewing in the City Secretary's Office