

Agenda Item Details

Meeting	Nov 12, 2024 - Bryan City Council Second Regular Meeting
Category	7. Regular Agenda - This agenda consists of items requiring individual consideration by Council.
Subject	B. Consideration of a Tax Abatement Agreement between the City of Bryan and Honeywell International Inc. for expansion of manufacturing facilities at 6200 Mumford Road in Bryan, Brazos County, Texas
Type	Action
Preferred Date	Nov 12, 2024
Absolute Date	Nov 12, 2024
Fiscal Impact	Yes
Budgeted	No
Budget Source	Future Ad Valorem Tax Revenues from the Project
Goals	Infrastructure 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 August 13, 2024, establishing Honeywell Reinvestment Zone No. 33, pursuant to Texas Tax Code Chapter 312, for a 25-acre parcel of land in the W.S. Martin Survey, A-35, and Moses Baine League, A-5, in Bryan, Brazos County, Texas. The City advertised Notice of Consideration of Approval of a Tax Abatement Agreement on October 10, 2024, in The Eagle.

Honeywell International Inc. ("Honeywell") is a long-standing corporate citizen of the City of Bryan. Honeywell's facilities in Bryan manufacture specialty chemicals for the semiconductor industry. The City is focused on this industry sector, following the lead of the Texas A&M University System. Honeywell is planning a major expansion. A general description of the nature of the improvements in the proposed Tax Abatement Agreement include the following: a UHPHF manufacturing plant, including installation of state-of-the-art distillation columns, a continuous reactor, and other ancillary infrastructure.

General Tax Abatement Agreement Terms

Term: 5 Years

Tax Abatement Authorized:

<u>Tax Year</u>	<u>Incremental Taxable Value</u>	<u>Guaranteed Value</u>	<u>% Abatement</u>
Year 1	\$45,900,000	\$45,900,000	50%
Year 2	\$74,100,000	\$120,000,000	50%
Year 3	\$0	\$120,000,000	50%
Year 4	\$0	\$120,000,000	50%
Year 5	\$0	\$120,000,000	50%

Employment:

Per the Agreement, Honeywell agrees its annual total Payroll (excluding benefits) for FTEs added after the Effective Date will be as follows:

<u>Year</u>	<u>Total Payroll (excluding benefits)</u>
2025	0
2026	\$369,000
2027	\$909,000
2028	\$909,000
2029	\$909,000

Staff Analysis and Recommendation:

As referenced above, Honeywell is a long-standing corporate citizen in a targeted industry sector. Honeywell's planned state-of-the-art expansion will allow them to continue to serve as a critical supplier to advanced chips makers in the United States of America, protecting our national security.

In terms of economic impact and based upon the tax abatement scheduled cited above, the City can expect new ad valorem tax revenue of approximately \$1.6M during the term of the Agreement. Upon completion of the 5-year term, the City will receive 100% of the new ad valorem tax revenue totaling an estimated \$748,000 annually.

Staff recommends approval of the proposed Tax Abatement Agreement.

Options:

1. Approve the Tax Abatement Agreement
2. Do not approve the Tax Abatement Agreement and provide staff direction

Attachments:

1. Tax Abatement Agreement between the City of Bryan and Honeywell International, Inc.

[Tax Abatement City of Bryan.pdf \(1,443 KB\)](#)