

Proposed Tax Abatement Agreement with Siemens

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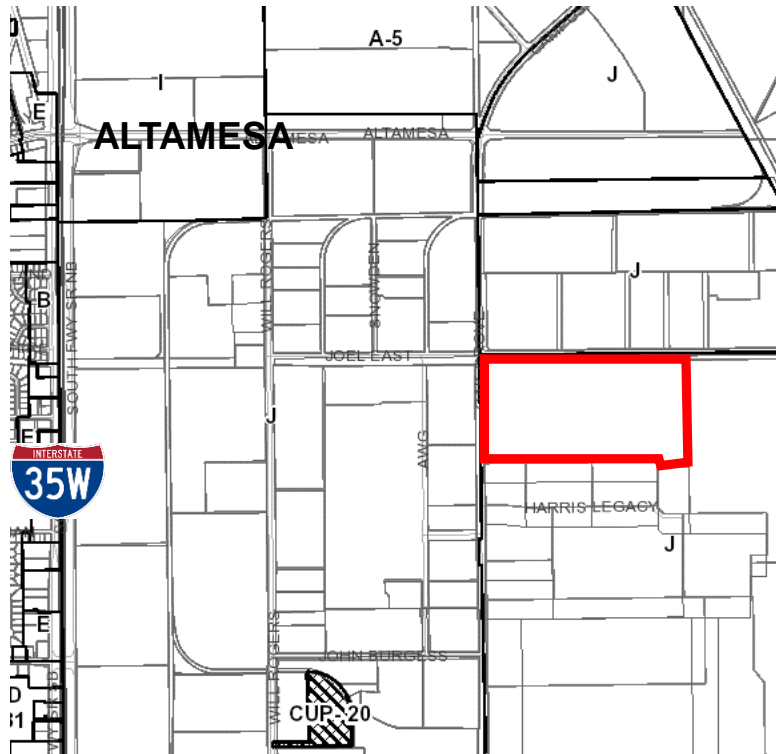
Economic Development Department

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Company Overview

- **Siemens AG** – a German multinational corporation that is the largest industrial manufacturing company in Europe, with operations in more than 190 countries worldwide
- Annual revenue \$78B; number of employees over 300,000
- Siemens Industry Inc., a subsidiary of Siemens AG, provides products, systems and services for industrial automation, drives, motors and energy management systems
- Siemens Industry Inc., has a presence today in Grand Prairie TX, a low-voltage circuit breaker manufacturing hub, and is looking to expand in the region with a second facility
 - The current global demand for low voltage switchgear has skyrocketed, in part due to increased construction, expansion of manufacturing operations, and growing use of sustainable energy

Location at:
7200 Harris Legacy Dr



Project Overview

- Siemens Industry, Inc. to establish an advanced manufacturing plant at 7200 Harris Legacy Drive (Carter Park East) for the production of low voltage switchgear and switch boards
- Proposed Capital Investment **\$133.0 Million**
 - \$70.0 Million in real property improvements by Dec 31, 2024
 - \$63.0 Million in business personal property by Jan 1, 2025
- 167 Full-Time jobs by Dec 31, 2024 ramping up to 715 jobs by Dec 31, 2026
- Average Annual Salary for all jobs > \$63,000
- 15% of construction costs to BEF companies

Development Commitments

- **Capital Investment**

- Min. **\$133.0 Million** in overall capital investment
- Min. \$70.0 Million in real property improvements by December 31, 2024
- Min. \$63.0 Million in taxable BPP by January 1, 2025
- 15% of hard and soft construction costs required to go to certified BEF firms
 - *Failure to meet this requirement will result in a reduction of the grant by 10 percent*

- **Job Creation**

- Create 167 Full-Time jobs by Dec 31, 2024 ramping up to **715 jobs** by Dec 31, 2026
- All FTEs must have a minimum average annual salary of \$63,000

Proposed Incentive Terms

10-year Tax Abatement up to 70% of incremental Real & Business Personal Property

- Forfeiture of annual abatement for failure to meet min. \$63,000 average salary requirement

TABLE III-I Maximum Potential Abatement with Corresponding Commitments

Property Owner or Company Commitment	Potential Abatement
Base Commitment: Real and Business Personal Property	40%
BEF Commitments (15% of Total Construction Costs)	10%
Annual Commitments:	
Average Annual Salary > \$63,000	10%
Overall Employment >= 167 for years 2024-2025 and 715 for years 2026-2033 (as applicable)	10%
TOTAL	70%

Development Summary

Private Investment

- Min. \$133.0 Million capital investment
- Min. \$70.0 Million in Real Property Improvements by 12/31/2024
- Min. BPP of \$63.0 Million

Employment

- Create 167 new FTEs by 12/31/2024
- Create 715 new FTEs by 12/31/2026
- Average Annual Wages: \$63,000

10-year incentive proposal

- Up to 70% of the incremental increase in value of real and business personal property estimated at \$6.0 Million

Private/Public Ratio

Est. Benefit	\$6.0 Million
NPV Benefit	\$4.3 Million
City Participation	4.3%
Est. Ratio	22:1

CFW Tax Revenue (10 yr. projection)

Net New Taxes (gross)	\$2.6 Million
Net New Taxes (NPV)	\$2.1 Million

Payback

6.41 years

Recommendation

- Enter into a 10 year tax abatement agreement on up to 70% of the incremental value of real and business personal property taxes
- Public Hearing to create Reinvestment Zone: September 12th
- M&C for City Council consideration: September 12th

Thank you

