



# City of Killeen

## Legislation Text

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**File #:** RS-24-012, **Version:** 1

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Consider a memorandum/resolution approving a Chapter 311 tax increment reimbursement agreement with MGC Pure Chemicals America, Inc. for the reimbursement of certain infrastructure costs associated with the expansion of its operations in an amount not to exceed \$600,000.

**DATE:** January 9, 2024

**TO:** Kent Cagle, City Manager

**FROM:** Edwin Revell, Executive Director of Development Services

**SUBJECT:** Chapter 311 Agreement with MGC Pure Chemicals America, Inc.

### **BACKGROUND AND FINDINGS:**

The City of Killeen has in place a Chapter 311 Tax Increment Reimbursement Zone (TIRZ #2) designed to promote local economic development and stimulate business and commercial activity in the City.

MGC Pure Chemicals America, Inc. is located in both the TIRZ #2 boundary as well as a targeted investment area defined in the Killeen Economic Development Policy.

MGC Pure Chemicals America, Inc. intends to expand its current operations and add approximately Eighty-Nine Million, Two Hundred Thirteen Thousand, Three Hundred Eighty-Eight Dollars (\$89,213,388) in the real property ad valorem tax value and Forty Million, Six Hundred Eighty Thousand, Five Hundred Eleven Dollars (\$40,680,511) in personal property ad valorem tax value upon Commencement of Operations anticipated in May of 2025.

Promoting the expansion of such operations within the City will promote economic development, stimulate commercial activity, create employment opportunities, and enhance the property tax base and economic vitality of the City.

MGC Pure Chemicals America, Inc. has requested a Chapter 311 real property tax increment reimbursement from the TIRZ #2 in an amount not to exceed \$600,000 for the installation of a rail spur.

### **THE ALTERNATIVES CONSIDERED:**

1. Disapprove the Chapter 311 Tax Increment Reimbursement Agreement;
2. Amend the Chapter 311 Tax Increment Reimbursement Agreement;
3. Approve the Chapter 311 Tax Increment Reimbursement Agreement

**Which alternative is recommended? Why?**

Staff recommends considering approval of the 311 Tax Increment Reimbursement Agreement because the expansion of MGC Pure Chemicals America, Inc. business operations will advance the City's interests by creating jobs and increasing tax revenue.

**CONFORMITY TO CITY POLICY:**

Yes

**FINANCIAL IMPACT:**

**What is the amount of the expenditure in the current fiscal year? For future years?**

No expenditure is anticipated in the current fiscal year. Expenditures in future years will be based on the approved budget for that year and the amount of real property tax payments paid by MGC Pure Chemicals America, Inc.

**Is this a one-time or recurring expenditure?**

One-time in an amount not to exceed \$600,000

**Is this expenditure budgeted?**

This expenditure will be included in the TIRZ #2 proposed budget for future years and will be appropriated upon the TIRZ #2 Board and City Council's approval of the budget for those years.

**If not, where will the money come from?**

N/A

**Is there a sufficient amount in the budgeted line-item for this expenditure?**

Upon City Council approval of proposed budget for future years

**RECOMMENDATION:**

That the City Council approve the Chapter 311 agreement with MGC Pure Chemicals America, Inc. and authorize the City Manager or designee to execute same as well as any and all amendments and actions allowed per federal, state, or local law.

**DEPARTMENTAL CLEARANCES:**

Finance  
Legal

**ATTACHED SUPPORTING DOCUMENTS:**

Agreement

Design Concept  
Presentation