



City of Killeen

Legislation Text

File #: RS-24-014, **Version:** 1

Consider a memorandum/resolution approving a Chapter 380 economic development incentive agreement with MGC Pure Chemicals America, Inc. for the reimbursement of certain costs associated with the expansion of its operations in an amount not to exceed \$1,262,723.

DATE: January 9, 2024

TO: Kent Cagle, City Manager

FROM: Edwin Revell, Executive Director of Development Services

SUBJECT: Chapter 380 Economic Development Incentive Agreement with MGC Pure Chemicals America, Inc.

BACKGROUND AND FINDINGS:

The City of Killeen has in place a Chapter 380 Economic Development Program designed to promote local economic development and stimulate business and commercial activity in the City.

MGC Pure Chemicals America, Inc. (MPCA) currently operates a productions plant that is located in both the TIRZ #2 boundary as well as a targeted investment area defined in the Killeen Economic Development Policy.

MPCA intends to 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.

MPCA has requested that the City reimburse 50% of its actual personal property taxes paid over the next ten years, pursuant to a Chapter 380 Agreement, in an amount not to exceed \$1,262,723.

THE ALTERNATIVES CONSIDERED:

1. Disapprove the Chapter 380 Economic Development Incentive Agreement;
2. Amend the Chapter 380 Economic Development Incentive Agreement
3. Approve the Chapter 380 Economic Development Incentive Agreement.

Which alternative is recommended? Why?

Staff recommends approval of the 380 Economic Development Incentive Agreement because the expansion of MPCA's 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 personal property tax payments paid by MGC Pure Chemical America, Inc.

Is this a one-time or recurring expenditure?

Recurring in a total amount not to exceed \$1,262,723

Is this expenditure budgeted?

This expenditure will be included in the Proposed Budget for future years and will be appropriated upon the 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?

N/A

RECOMMENDATION:

That the City Council approve the 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:

Purchasing
Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Agreement
Presentation