



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 5/11/2021

District B

Item Creation Date: 4/26/2021

MYR- RCA - Anheuser Busch

Agenda Item#: 1.

Background:

SUBJECT: A resolution to nominate Anheuser-Busch, LLC at 775 Gellhorn, Houston, TX 77029

RECOMMENDATION: Council approves resolution to nominate Anheuser-Busch, LLC at 775 Gellhorn, Houston, TX 77029 as an enterprise project

SPECIFIC EXPLANATION:

The Texas Enterprise Zone Program is an economic development tool for local communities to partner with the State of Texas to promote job creation and capital investment. A State Enterprise Zone is any census tract block group that has a 20% or higher poverty rate, as determined by the U.S. Census Bureau during each decennial census.

State law requires a municipality or county to nominate a project of a qualified business for designation as an enterprise project to participate in the Enterprise Zone program. Legislation limits allocations to the state and local communities per biennium; the City is limited to a maximum of 9 project designations. Chapter 2303 of the Texas Government Code grants municipalities the authority to nominate projects located within their extraterritorial jurisdiction (ETJ).

Enterprise projects are eligible to apply for state sales and use tax refunds on qualified expenditures. The level and amount of a refund is based on the capital investment and jobs created or retained at the qualified business site. Based upon the investment amount, there is a refund to the company from \$2,500 up to \$7,500 per job.

City Council adopted an ordinance authorizing the City to nominate projects for this state-funded incentive. This project was presented to the Economic Development committee on April 21, 2021. The City is nominating Anheuser-Busch, LLC as its eighth TEZ project in the FY20 – FY21 biennium with a planned capital investment of \$15 million, retention of 490 jobs, and creation of 10 jobs. The amount of the investment for this project will produce a maximum reimbursement of \$2,500 for up to 500 jobs or \$1,250,000 over a five-year term, at an annual rate not to exceed \$250,000. The project site is located within a Texas Enterprise Zone and therefore 25% of new jobs must be filled by residents of an enterprise zone, individuals who are economically disadvantaged or individuals who meet veteran requirements.

Anheuser-Busch is a Belgium-based company engaged in the brewing industry. The Company owns a portfolio of over 400 beer brands. The Company's brand portfolio includes global brands, such as Budweiser, Corona and Stella Artois; international brands, including Beck's, Leffe and Hoegaarden, and local champions, such as Bud Light, Skol, Brahma, Antarctica, Quilmes, and Victoria. The Company's soft drinks business consists of both owned production and agreements with PepsiCo related to bottling and distribution arrangements between its various subsidiaries and PepsiCo.

Anheuser-Busch plans to invest \$15-\$20M in capital expenditures. Of the total investment, about \$7.5 - \$10M will be invested into new processing equipment to produce new products at the brewery and improved packaging capabilities and capacity, \$1.5 - \$2M will be invested into building construction and renovations to accommodate the new production equipment/lines, and \$6-\$8 will be invested into labor to construct and install the new machinery and equipment

Prior Council Action:

PCA.Ord 2015 – 0515, June 3, 2015

Amount of Funding:

No funding required

Contact Information:

DocuSigned by:

F405371A27C1498

Andrew F. Icken, Chief Development Officer

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Guendolyn Tillman

Phone: (937) 203-0027

ATTACHMENTS:

Description

MYR- RCA - Anheuser Busch

Type

Signed Cover sheet