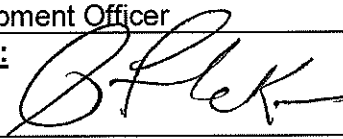


REQUEST FOR COUNCIL ACTION

TO: Mayor via City Secretary		RCA #	
SUBJECT: A resolution to nominate Lyondell Chemical Company, located at 2502 Sheldon Road, Channelview, 77530, as an Enterprise Project.	Category #	Page 1 of 1	Agenda Item#
FROM: (Department or other point of origin): Andrew Icken Chief Development Officer	Origination Date		Agenda Date
SIGNATURE: 	Council Districts affected:		
For additional information contact: Gwendolyn Tillotson Phone: 832-393-0937		Date and identification of prior authorizing Council Action: Ord 2015 – 0515, June 3, 2015	
RECOMMENDATION: (Summary): Council approves a resolution to nominate Lyondell Chemical Company, located at 2502 Sheldon Road, Channelview, 77530, as an Enterprise Project.			
Amount of Funding: No City funding required		Finance Budget:	
SOURCE OF FUNDING: <input type="checkbox"/> General Fund <input type="checkbox"/> Grant Fund <input type="checkbox"/> Enterprise Fund <input checked="" type="checkbox"/> Other (Specify) State-funded incentive			
SPECIFIC EXPLANATION: <p>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.</p> <p>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).</p> <p>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. Depending on the investment amount, there is a refund to the company of \$2,500 and up to \$7,500 per job.</p> <p>City Council adopted an ordinance authorizing the City to nominate projects for this state-funded incentive. This project is scheduled to be presented to the Economic Development committee on February 8, 2018. The City is nominating Lyondell Chemical Company as a TEZ project with a planned capital investment of \$1.4 billion over the next five years, the creation of 120 new jobs, and the retention of 380 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 or individuals who are economically disadvantaged.</p> <p>Lyondell Chemical Company is one of the world's largest plastics, chemical and refining companies, and anticipates constructing a new, state of the art propylene oxide (PO) tertiary butyl alcohol (TBA) plant. Though the project is located in the City of Houston's ETJ, the company has signed an Industrial District Agreement with the city whereby it makes a payment-in-lieu-of-taxes (PILOT) to the city.</p> <p>The company is active in the community and contributes to several community-focused programs, including: donations to Energy Institute High School, Junior Achievement (JA) Finance Park, and JA Inspire (middle school career fair), as well as paid co-op opportunities at HISD schools, and paid internships for HCC, Lone Star, and San Jacinto Community Colleges.</p>			
cc: Marta Crinejo, Agenda Director Anna Russell, City Secretary Ronald Lewis, City Attorney Kim Mickelson, Senior Assistant City Attorney			
REQUIRED AUTHORIZATION			
Other Authorization:	Other Authorization:	Other Authorization:	