

**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date: 11/13/2019

District B

Item Creation Date: 10/31/2019

MYR - United Airlines Enterprise Project

Agenda Item#: 59.

Background:

SUBJECT: A resolution to nominate United Airlines Holdings Inc and Subsidiaries located at 2800 N Terminal Road, Houston 77032 as an Enterprise Project.

RECOMMENDATION(Summary): Council approves a resolution to nominate United Airlines Holdings Inc and Subsidiaries located at 2800 N Terminal Road, Houston 77032 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

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.

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 October 17th, 2019. The City is nominating United Airlines Holdings Inc and Subsidiaries as a TEZ project with a planned capital investment of \$325 million over the next five years and creation of 150 jobs and retention of 350 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 not located within a Texas Enterprise Zone and therefore 35% of new jobs must be filled by residents of an enterprise zone or individuals who are economically disadvantaged.

United Airlines, Inc is a publicly traded airline holding company headquartered in the Willis Tower in Chicago and registered in Texas. The company provides air transportation services for people and cargos. The company is planning new capital investments of approximately \$325M at the George Bush Intercontinental Airport ("IAH") to install a new baggage handling system ("BHS"). The goal of the project is to provide IAH with a completely redesigned, industry-leading BHS that will improve reliability, decrease mishandled bags, allow for resourcing efficiencies, and enable significant growth.

DocuSigned by:

Andrew F. Jickel, Chief Development Officer

Prior Council Action:

Ord 2015 – 0515, June 3, 2015

Amount of Funding:

No city funding required

Contact Information:

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ATTACHMENTS:**Description**[PCA 2015-515](#)**Type**

Backup Material