COURT ORDER
2016-1427

Tax Abatement Request for Amazon

On a motion made by Commissioner John Wiley Price, District 3, and seconded by Commissioner Dr. Theresa M. Daniel, District 1, the following order was passed and adopted by the Commissioners Court of Dallas County, State of Texas:

BRIEFING DATE: 11/15/2016

Be it resolved and ordered that the Dallas County Commissioners Court hereby approves the provision of a 40%-45% ten-year tax abatement on business personal property to Amazon for the location of a new fulfillment center/distribution facility in Coppell (2601 W. Bethel), subject to the terms and conditions of the attached abatement agreement, and authorizes the County Judge to sign said agreement.

Done in open court November 15, 2016, by the following vote:

IN FAVOR:	Honorable Clay Lewis Jenkins, County Judge Commissioner Dr. Theresa M. Daniel, District 1 Commissioner John Wiley Price, District 3 Commissioner Dr. Elba Garcia, District 4
OPPOSED:	None
ABSTAINED:	None
ABSENT:	Commissioner Mike Cantrell, District 2

Recommended by: Rick Loessberg
Originating Department: Planning and Development

COMMISSIONERS COURT BRIEFING

DATE: 11/15/2016

SUBMITTING DEPARTMENT: Planning and Development

SUBJECT: Tax Abatement Request for Amazon

BACKGROUND:
Amazon is considering locating a new fulfillment center/distribution facility in Coppell and has requested an abatement on business personal property to help facilitate the selection of this site. So that this request can be considered by the Commissioners Court, the following information has been prepared.

DESCRIPTION OF PROJECT:
This project represents the third facility that Amazon would undertake in Coppell (the most recent was announced earlier this year) and the fourth in the County (the other non-Coppell facility is located in the inland port). It will involve the construction of a new 800,000+ square-foot facility at 2601 W. Bethel Road and the employment of 1000 people. The total expected value of the facility, along with its equipment and business personal property, is expected to be at least $100 million, and depending upon how the facility is utilized, the total value could be $150 million. Such characteristics make this the largest Amazon project yet undertaken in the County (previous projects have employed between 400-700 people and increased the County's tax base by $50 million-$100 million).

It has been estimated that the average salary of the jobs associated with this project will be about $27,000. Such an amount is about 10%-15% lower than the average salaries for the firm's earlier Dallas County projects.

It is anticipated that this new facility will become operational near the end of 2017/early 2018.

OPERATIONAL IMPACT:
This project is considered to be an economically significant project under the County's tax abatement policy. Such projects are eligible for consideration of an abatement of up to 90% if they, within three years, can either increase the County's tax base by at least $100 million or create at least 1000 new full-time jobs. As the project is expected to meet either requirement, the project is eligible for consideration.

The abatements previously provided for Amazon's other Dallas County projects have ranged from 30% if 400 jobs and a tax base increase of $50 million were generated to 50% if a $100 million tax base increase was created. For this project, it is proposed that an abatement of 40% on business personal property be provided if the tax base increase is $100 million or 45% if the tax base increase is $150 million. Staff believes that such a structure takes into account the

RECOMMENDED BY:	Planning and Development	**PREPARED BY:**	Rick Loessberg
		APPROVED BY DEPT HEAD:	Rick Loessberg

size of the project while simultaneously taking into consideration a number of other important factors (such as the recognition that Amazon's presence in Coppell is now firmly established, that the project's salaries are relatively low, and that most of the new employees will probably not live in the County).

FINANCIAL IMPACT:
The proposed incentive would go into effect no later than January 1, 2019.

Depending upon the actual scope of the project and the level of the abatement the project qualifies under, the project could result in the County annually foregoing about $97,200-$164,100 in business personal property tax revenue that does not presently exist while simultaneously collecting about $145,900-$200,600 in new revenue.

The project would also increase the estimated total amount of property that the County will abate in 2019 from approximately $306 million to at least $346 million. In so doing, the projected total amount of the County's tax base that will be abated will slightly increase from 0.14% to 0.15%.

M/WBE PARTICIPATION:
This information has previously been provided under separate cover.

ADMINISTRATIVE PLAN COMPLIANCE:
The County's administrative plan recommends that the County become the destination of choice for businesses and residents and that it strive to ensure that its services are being efficiently and effectively delivered. Providing an incentive that is tied to actual performance and that will help create at least 1000 new jobs is thus consistent with this plan.

RECOMMENDATION:
It is recommended that the County provide Amazon with a ten-year tax abatement on business personal property of either 40% or 45%, depending upon the amount by which the County's tax base is increased, for a project involving the construction and operation of a fulfillment center/distribution facility in Coppell.