

## Legislation Text

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Presenter/Contact

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**SUBJECT:**

Approval of a resolution recommended by the New Braunfels Economic Development Corporation to amend the performance agreement between the EDC and HD Supply Facilities Maintenance, LTD.

**BACKGROUND / RATIONALE:**

The New Braunfels Economic Development Corporation sales tax is three-eighths percent (.375%). Since 2006, the EDC has rebated 50% of the .375% back to HD Supply Facilities Maintenance, LTD (the Company) as part of a performance agreement with the Company. This agreement was renewed for another 10-year period in 2015 and maintained the same principal terms of the agreement. This Amendment to the performance agreement, if approved, would increase the percentage rebate from the EDC sales tax to HD Supply Facilities Maintenance, LTD. from 50% to 100%.

Concurrently with this action, the City Council will consider amending the general fund's sales tax rebate from 50% to 33.3% for a two year period. Consequently, the EDC's increase allows it to assume a portion of the City's obligation to HD Supply under the original Chapter 380 Economic Development Agreement between the City and HD Supply. Taken together, these actions maintain the same overall 50% tax rebate to HD Supply, but allocates a larger share of the rebate from the EDC sales tax while the City's general fund obligation is reduced. The overall increase in general fund revenues for FY 2020 and 2021 are earmarked for pandemic response programs such as the Small Business Resource Grant. Most of the City's FY 2020 sales tax collections that would have been rebated to HD Supply under the current agreement are now earmarked for funding Chapter 380 agreements as part of the Small Business Recovery Grant Program during fiscal year 2020. A summary of the proposed amendment is provided below:

Entity	Sales Tax Rate	Current Rebate (50%)	Proposed Amendment
City of New Braunfels	1.125%	.5625%	.375%
NBEDC	.375%	.1875%	.375%
Totals	1.5%	.75%	.75%

**ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:**

<input checked="" type="checkbox"/>	Yes	<b>Strategic Priorities</b>	Maintain fiscal stability of City operations
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**FISCAL IMPACT:**

The amendment will reduce the percentage rebated from the General Fund to HD Supply and result in an increase of \$550,000-\$700,000 annually for the two-year period.

**COMMITTEE RECOMMENDATION:**

At its meeting on July 17, 2020, the NBEDC Board of Directors voted to approve this project expenditure.

**STAFF RECOMMENDATION:**

Staff recommends approval of the resolution.