

Legislation Details (With Text)

File #: 2898 **Version:** 1 **Name:** Lennox Enterprise Zone Nomination
Type: Resolution **Status:** Passed
File created: 10/11/2016 **In control:** City Council
On agenda: 10/18/2016 **Final action:** 10/18/2016
Title: Consider A Resolution Nominating Lennox Industries, Inc. To The Governor's Office Of Economic Development And Tourism Through The Economic Development Bank For Designation As An Enterprise Project.

Sponsors:**Indexes:****Code sections:****Attachments:** 1. Resolution-Lennox TxEZ

Date	Ver.	Action By	Action	Result
10/18/2016	1	City Council	approved	Pass

CC MEETING: October 18, 2016**DATE:** October 11, 2016**TO:** Leonard Martin, City Manager**FROM:** Andrea Roy, Economic Development Manager

Consider A **Resolution Nominating Lennox Industries, Inc. To The Governor's Office Of Economic Development And Tourism Through The Economic Development Bank For Designation As An Enterprise Project.**

BACKGROUND:

Lennox Industries is a global leader in the residential and commercial heating, air conditioning, and refrigeration industry. It currently operates its research and development facility at 1600 Metrocrest Drive in Carrollton, employing about 300 people. The existing 150,000 square foot facility is owned by Lennox and has been in operation since 1977. Lennox's research and development team provides continuous innovation in the heating/cooling market through development of cutting edge technology that increases energy efficiency, ease of use, and consumer cost reduction. The company has been in business since 1895 and is currently headquartered in Richardson.

In order to accommodate Lennox's growing operations and remain competitive in the market, the company proposes to invest approximately \$25 million to \$40 million in new structural improvements, machinery and equipment. The expansion is estimated to create an additional 30 jobs over the next two years.

This agenda item relates only to the company's application for Texas Enterprise Zone Project Program assistance. In order for a company to seek benefits through the Texas Enterprise Zone Project Program, the city in which it is located must pass a resolution nominating the project to the Governor's Office. Passage of the

resolution will formally nominate Lennox Industries, Inc. as an Enterprise Zone Project, which, if approved by the State, would provide a state sales and use tax refund for taxes paid on machinery and equipment, building materials, labor for the rehabilitation of existing buildings, electricity and natural gas purchased.

The level and amount of refund is related to the capital investment and jobs retained (300) and/or created (30) at the site. Lennox's capital investment is \$25 million to \$40 million, providing a maximum potential refund of \$1.25 million. In exchange for the refund, the company must commit that at least 35% of their new employees will meet economically disadvantaged or enterprise zone residency requirements. Retained jobs may also be eligible for benefit under certain circumstances outlined in the Texas Enterprise Zone Act.

Level of Capital Investment	Maximum number of jobs allocated	Maximum potential refund	Maximum refund per job allocated
\$40,000 to \$399,999	10	\$25,000	\$2,500
\$400,000 to \$999,999	25	\$62,500	\$2,500
\$1,000,000 to \$4,999,999	125	\$312,500	\$2,500
\$5,000,000 to \$149,999,999	500	\$1,250,000	\$2,500
Double Jumbo Project \$150,000,000 to \$249,999,999	500	\$2,500,000	\$5,000
Triple Jumbo Project \$250,000,000 or more	500*	\$3,750,000	\$7,500

Because the City has previously nominated a project (Thomson Reuters) for designation as an enterprise project, the City is not required to adopt a new ordinance, but may by resolution make reference to the previously adopted ordinance.

FINANCIAL IMPLICATIONS:

There are no financial implications related to this request.

The company's request for local incentives will be considered separately, as the company has requested a 5-year, 50% business personal property tax rebate.

IMPACT ON COMMUNITY SUSTAINABILITY:

In accordance with the City of Carrollton's goal of enhancing and preserving the tax base through retention of quality employers, this project meets all criteria.

STAFF RECOMMENDATION/ACTION DESIRED:

Staff recommends that City Council approve a resolution authorizing the City to nominate Lennox Industries, Inc. to the Office of the Governor's Economic Development Bank for designation as an enterprise project.