



DATE: September 10, 2018

**CITY OF COOLIDGE  
CITY COUNCIL ACTION FORM**

**SUBJECT: RES - Approving a Tax  
Incentive Economic Development  
Agreement**

**STAFF PRESENTER: Norma Ortiz, City  
Clerk**

**RECOMMENDATION**

It is recommended that the Mayor and City Council approve the Retail Tax Incentive Agreement, titled "Economic Development Agreement", with Nikola Corporation to develop its planned advanced manufacturing facility for the development of Hydrogen Fuel/ Battery vehicles in Coolidge and making certain findings with respect to the agreement which are supported by an independent economic analysis.

**DISCUSSION**

The City of Coolidge, Saint Holdings, Pinal County and the Arizona Commerce Authority have been working with Nikola Corporation to develop its planned manufacturing facility in Coolidge, Arizona. The approximately one million square foot manufacturing facility will be located on approximately four-hundred and thirty (430) acres of industrial zoned property located East of the Union Pacific Railroad, South of the Santa Rosa Canal, North of Houser Road and West of Vail Road in the City of Coolidge.

The incentives provided in the agreement are performance based which means that Nikola Corporation must satisfy agreed upon measures that include real and personal property investment, job creation, wage and benefit requirements to be eligible for the incentives.

The tax incentives offered by the City in the agreement include the following:

1) Reimbursement of 49% of the sales taxes received by the City for the construction of the manufacturing facility for a period of ten years from the date of certificate of occupancy; this reimbursement could provide approximately \$5.69 million to the company assuming a construction value of \$446,800,000.00.

2) City will support to designate the facility as a Foreign Trade Zone, under FTZ #75 (Phoenix, AZ FTZ). In addition to the benefits normally afforded to a Foreign Trade Zone, it also provides a change in the property tax assessment ratio from 18% to 5%, thus reducing the real and personal property tax rates by about 72.2%.



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- 3) The City will authorize a "local option exemption", per A.R.S. 42-5063(c) for the abatement of the City portion of the sales tax on electricity costs for the manufacturing facility, which combined with the State and County exemption, will save the company up to 10.2% on electricity costs.
  
- 4) The City will provide a sales tax reimbursement of 49% of the City portion of sales tax paid on direct sales made in Coolidge from the facility, or from a retail outlet that may locate in the City, for a period of ten years from the date of certificate of occupancy.
  
- 5) The City will provide an annual payment, indexed to a maximum of 49% of the City's portion of the property tax received from the facility, for up to ten years beginning at the date of issuance of a final certificate of occupancy of the facility for a commensurate amount of additional public benefits provided by the company. Public benefits are defined as those things normally provided by the City.

The City hired an independent third party economist, Elliott D. Pollack & Company, to conduct an economic analysis of the project to evaluate the economic impact of the facility to the region. The outcome of the study (attached to the Notice of Intent) clearly demonstrates that the economic benefit of the project far exceeds the value of the incentives being offered.

### **FISCAL IMPACT**

See Elliott Pollock Economic Analysis

### **ATTACHMENTS**

RES 18-21 Approving Economic Development Agreement with Nikola Corporation  
(00040716xEC0B8) (00040723xEC0B8) (DOC)

Economic Development Agreement - Nikola Corporation 08.28.2018 (00040031xEC0B8)  
(DOCX)

Exhibit A to Agreement - ACA\_Incentives Letter wACF\_Asteroid\_August 20 2018  
(00040026xEC0B8) (PDF)

Project 10 - Exhibit B Saint Holdings Letter (00040705xEC0B8) (PDF)

Exhibit C - Economic Development Agreement (00040706xEC0B8) (PDF)

Exhibit D- Resolutions\_08\_27\_2018 (00040434xEC0B8) (PDF)



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Exhibit Economic Development Agreement (00035840xEC0B8) (DOCX)

**REVIEW:**

Norma Ortiz Completed 09/04/2018 3:52 PM

City Attorney Completed 09/05/2018 8:35 AM

Gabe Garcia Completed 09/05/2018 8:39 AM

Rick Miller Completed 09/05/2018 3:38 PM

*Norma Ortiz*

Norma Ortiz, City Clerk

9/4/2018

*Ann Schrooten*

Ann Schrooten, Attorney

9/5/2018

*Gabe Garcia*

Gabe Garcia, Finance Director/CFO

9/5/2018

*Rick Miller*

Rick Miller, City Manager

9/5/2018