



MEMORANDUM

To: Economic Opportunity Committee

Through: Dr. Eric A. Johnson, Assistant City Manager

From: Anthony Segura, Deputy Director, Austin Economic Development

Date: March 20, 2026

Subject: **Return on Investment of Economic Development Incentives**

The purpose of this memorandum is to summarize the performance of the City's active and completed Chapter 380 agreements to date, and highlight the principal fiscal, economic, and community outcomes associated with those agreements.

Background

Chapter 380 of the Texas Local Government Code authorizes municipalities to establish programs that offer loans and grants of public money to promote local economic development. The City Council first authorized the use of Chapter 380 through [Resolution No. 20030612-015](#), which established the City's Economic Development Policy and Program and adopted a Firm-Based Incentive Matrix to guide eligibility for firms seeking economic incentives. That matrix was later amended through [Resolution No. 20041028-003](#) and, following the creation of the Special Committee on Economic Incentives through [Resolution No. 20120524-092](#), again through [Resolution No. 20131024-056](#) to align with evolving policy priorities and economic development goals. In 2017, the City Council directed staff to develop a more comprehensive strategy for economic development incentives through [Resolution No. 20170302-034](#), which ultimately led to the adoption of [Ordinance No. 20180830-056](#) establishing formal Chapter 380 [Guiding Principles, Policy](#), and Program Guidelines for the [Business Expansion Program](#). In 2024, staff advanced the next phase of that work through updates to the Business Expansion Program under [Ordinance No. 20240926-013](#) and the creation of the [Place-Based Enhancement Program](#) under [Ordinance No. 20240926-012](#).

State law requires local governments to report Chapter 380 agreements to the Texas Comptroller within 14 days of execution, amendment, or renewal, and to maintain a public website link to those agreements. Austin supplements these requirements through its [Approved Incentive Projects](#) webpage and related open-data resources, including the [Basic Information Dataset, Payments and Compliance Reports](#), and [Executed Agreements and Ordinances](#). Austin Economic Development has tracked Chapter 380 agreements dating back to 2003, with compliance reporting beginning in 2005.

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Since the City began formally tracking Chapter 380 agreements in 2003, a total of 25 agreements have been approved. This memorandum is focused on the City’s current active and completed agreements, where measurable performance data is available to support a more reliable analysis of outcomes and return on investment.

Active Agreements

The City’s six current active and completed Chapter 380 portfolio reflects a mix of incentive structures, with two job-based agreements, three property tax-based agreements, and one agreement that includes both property and sales tax components. This mix highlights the City’s use of multiple incentive models to advance different economic development objectives based on project type, anticipated public benefit, and the nature of the proposed investment. A broader review of the full Chapter 380 portfolio is currently underway and will be provided to the Committee on a later date.

Active and Completed Agreements	
Job-Based	2
Property Tax-Based	3
Property/Sales Tax-Based	1

Summary of Return on Investment

The six active and completed Chapter 380 agreements have generated substantial measurable outcomes since 2005, including approximately \$5.1 billion in reported capital investment, 8,932 full-time jobs created, and 4,671 full-time jobs retained, for a combined total of 13,603 full-time jobs. Across these agreements, the City provided \$160.5 million in incentive payments and also secured \$614,375 in contributions to support affordable housing objectives. Performance outcomes are summarized in the table below. See Attachment A for project-level detail about agreements that are active or have completed their term and, where data is available, summarizes associated outcomes related to property tax generation, employment, capital investment, and other measurable commitments.

Performance Outcomes	Results to Date
Capital Investment Reported ¹	\$5.1 billion
Jobs Created	8,932 FTEs
Jobs Retained	4,671 FTEs
Total Incentive awards since 2005 (6 Contracts)	\$160.5 million
Total Jobs Created/Retained	13,603 FTEs
Total Property Tax Collected ²	\$341.5 million
Net Property Tax Return on Investment	\$187.3 million
Sales Tax Collected ³	\$30,718,748
Net Sales Tax Return on Investment	\$12,199,252
Contributions to Affordable Housing ⁴	\$614,375

¹ Capital investment on five of the six projects is available

² Property tax on four of the six projects is available

³ Sales tax collected is only available from one project and is only reflective of sales tax collected during the years when annual incentive payments have been made.

⁴ Affordable Housing Contributions apply to one project

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Based on available project data, these agreements have generated approximately \$341.5 million in property tax revenue. This figure reflects total property tax collections associated with the applicable projects over the evaluated period, prior to accounting for any incentive payments made by the City. After subtracting the value of incentive payments, the agreements produced an estimated net property tax return of \$187.3 million.

The portfolio also generated approximately \$30.7 million in sales tax revenue, based on the single agreement for which sales tax generation data was reported. This amount represents City sales tax receipts attributable to taxable activity associated with the project during the evaluation period. After accounting for the related incentive payments, the project yielded an estimated net sales tax return of \$12.2 million, demonstrating that sales tax generation can also serve as a meaningful component of overall fiscal return where the agreement structure and available data allow for that analysis.

In addition to direct fiscal returns, one agreement included transfers to the Affordable Housing Trust totaling \$614,375. This contribution reflected the unique structure and community-benefit considerations of that particular mixed-use development and was not a standard component of Chapter 380 agreements more broadly. Since that time, Council approved the creation of a Childcare Assistance Reserve Fund in 2024, establishing a framework for future agreements to allocate a portion of generated tax revenues to support childcare assistance. While this set-aside approach represents an important policy step, it does not yet provide a consistent or comprehensive mechanism for addressing community benefits such as affordable housing or childcare. Staff are evaluating additional strategies to better align future project contributions with critical community needs directly associated with development impacts.

Program Administration and Data Limitations

Historic Chapter 380 agreements should be interpreted with appropriate caution, as agreement structures, underwriting practices, reporting expectations, and recordkeeping standards have evolved significantly over time. As Austin Economic Development continues to advance policy and administrative improvements, the City anticipates being able to evaluate incentive performance with greater consistency and through a broader set of fiscal, workforce, and community-impact measures. These enhancements improve the City's capacity to document commitments, monitor compliance, and assess outcomes in a manner that is better aligned with current policy priorities and accountability expectations. Together, these tools and improvements support a more transparent, standardized, and durable approach to program administration, performance tracking, and long-term evaluation.

Community Benefits

Community benefits are one of the clearest areas where the City's approach has matured over time. Most legacy agreements predate the current Chapter 380 policy framework and therefore do not lend themselves to direct comparison against today's standards; however, earlier agreements still included meaningful participation with the Small and Minority Business Resources Department, targeted wage commitments, and other negotiated performance conditions. More recent agreements have moved toward a clearer community-benefits structure, although the newest agreements have not yet accumulated enough performance history for a full year-over-year evaluation. Moving forward, a more uniform community-benefits framework shall be examined.

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Potential Policy Direction

Taken together, the portfolio points to the following policy directions:

- Future agreements should continue to be structured around measurable, performance-based milestones so that public funds are only disbursed after results are demonstrated.
- The City should continue strengthening underwriting, documentation, and compliance practices so that projects can be evaluated more consistently across agreement types and over time.
- Future program updates should place greater emphasis on clarity and a clearly defined community benefits framework to serve as a foundational strategy that allow the City to respond with clarity on potential opportunities.

Collectively, these steps would preserve Chapter 380 as a targeted economic development tool while improving transparency, accountability, and alignment with Austin’s broader policy priorities.

Conclusion

Overall, the Chapter 380 portfolio demonstrates that Austin can realize meaningful fiscal and economic returns when projects perform, while also reinforcing the need for disciplined program design, consistent oversight, and modernized policy standards. The City’s experience over the past two decades supports the continued use of Chapter 380 as a selective, performance-based economic development tool, provided that future agreements are supported by stronger underwriting, clearer community-benefit expectations, and more standardized compliance, reporting, and evaluation practices.

The Chapter 380 Incentive Policy is being revisited as part of the City’s broader Economic Roadmap effort. As that process moves forward, staff anticipates connecting with the City Council to begin discussions on the existing policy framework and potential revisions.

Should you have any questions or concerns, please contact Matthew Schmidt at matthew.schmidt@austintexas.gov or 512-974-6415.

cc: Mayor and Council
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Attachment: Active and Completed Projects (Detail)