

Sally Beauty Incentive Request

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Background

- ▶ Sally Beauty
 - ▶ Moved corporate headquarters to Denton in 1982
 - ▶ Specialty retailer and distributor of professional beauty supplies
 - ▶ \$3.8 billion in annual revenues
 - ▶ 5,000 company stores and 10 distribution centers worldwide
 - ▶ ~1,000 full-time employees in Denton; 27,000 employees worldwide
 - ▶ Community involvement with American Heart Association's Go Red for Women event, Giving HOPE, Inc., Denton Community Food Center, UNT, Denton Chamber of Commerce

Prior Incentive

- ▶ In 2003, Sally Beauty received a 10-year, 40% rebate of property taxes for its new international headquarters facility at 3001 Colorado Blvd.
 - ▶ Total rebate of \$662,730
 - ▶ ROI to the City was 198%
 - ▶ 450 jobs retained/created

Current Request



- ▶ Incentive for a remodel at 3900 Morse Street
- ▶ Currently has offices and warehouse/distribution space; 120 employees

Current Request

- ▶ Project is a complete remodel of the interior office portion of the building
 - ▶ ~200 employees will transfer to the Morse St. facility from the Colorado Blvd. facility
 - ▶ ~80 new positions will be hired and housed at the Morse St. facility
- ▶ \$7.5 million total investment
- ▶ EDB Board recommends a 3-year, 50% rebate totaling \$72,714

Policy

- ▶ City of Denton's 2016 Policy for Tax Abatement and Incentives
 - ▶ “retain existing businesses which propose to improve or redevelop property within the City limits”
 - ▶ “the expansion/redevelopment of existing businesses that create new or additional professional jobs”

Fiscal Impact

- ▶ \$7.5 million investment by Sally Beauty = \$48,476 eligible annual tax revenue to the City of Denton
- ▶ 3-year, 50% rebate to Sally Beauty = \$72,714 (\$24,238/year)

Economic Impact

- ▶ Labor impact:
 - ▶ 80 direct jobs
 - ▶ 4 indirect jobs
 - ▶ 21 induced jobs
- ▶ Sales tax impact:
 - ▶ \$22,230/year
 - ▶ \$66,690 over 3-year term of incentive

Proposed Agreement

- ▶ 3-year, 50% rebate grant of City ad valorem tax revenue attributable to the improvements at 3900 Morse Street resulting in an increase of assessed value
- ▶ Includes the condition that the combined assessed value of both Sally Beauty's Denton facilities is at least \$22 million
- ▶ Sally Beauty will submit an annual Certificate of Compliance prior to receiving payment

Key Points

- ▶ Sally Beauty is one of Denton's top 10 private employers
- ▶ \$7.5 million project; ~80 new jobs
- ▶ Request is for a 3-year, 50% rebate on new City ad valorem tax revenue attributable to project improvements



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