



3050 Bowers Avenue | P.O. Box 58039
Santa Clara, California 95054, U.S.A.
Telephone: 408 727 5555
www.appliedmaterials.com

July 21, 2025

City Manager Sereniah Breland
City of Pflugerville
PO Box 589
Pflugerville, TX 78691

Re: Applied Materials – Foreign Trade Zone Designation

Dear Sereniah Breland,

Applied Materials (“Applied”) is an industry leader that supplies engineering solutions, including equipment, services, and software for the manufacture of semiconductor chips, displays, and other related products. Applied’s equipment is used to build virtually every new microchip, providing solutions that optimize fab performance through the company’s services, spare parts, and automation software.

Applied has requested foreign trade zone (FTZ) sponsorship from the Grantee of Foreign Trade Zone 183 (Foreign Trade Zone of Central Texas Inc.) for a site located in your district. See Attachment A. Applied views FTZ designation at this site as an important component of the continued success of its US operations, as well as for the retention and future growth of capital investment and employment. Applied currently employs over 5,500 people in the area and our operations support countless other businesses and their employees.

FTZ procedures will provide Applied with several customs-related benefits, including importing products into the US, deferring the payment of customs duties until the product leaves the FTZ facility, and eliminating duties when products are exported. With a significant portion of its products exported, the FTZ program offers significant customs benefits for Applied. It should be noted that Applied is seeking FTZ designation for several sites in Travis and Williamson counties, as it has inventory moving between these locations, and FTZ savings may only be achieved if each site has FTZ status.

As you know, FTZ status can have an impact on local taxation. Inventory that has been imported into an FTZ, or is held in an FTZ for export, is considered to be in international commerce and is not subject to state or local property taxation. This *federal exemption* is based on the FTZ Act, 19 USC 81(o)(e).



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The FTZ exemption does not affect taxes on real property or on non-inventory personal property such as equipment. The City of Pflugerville has already adopted a Freeport Exemption, under which nearly 97% of Applied's taxable inventory is exempt. However, there would be some incremental FTZ tax impact beyond the Freeport Exemption. See Attachment B for a breakdown of the estimated FTZ impact by site.

Applied is deeply embedded in the Central Texas community, supporting a wide range of local initiatives:

- **FY25 Donations:** Over \$1,000,000 contributed to nonprofits including Habitat for Humanity, Manor Schoolhouse Foundation, Zilker Theatre Productions, and Meals on Wheels (Applied Materials Internal Report, 2025).
- **Fight Against Hunger 2024:** Over \$500,000 raised for the Central Texas Food Bank through employee donations and matching funds (Applied Materials Internal Report, 2024).
- **Environmental Campaign 2025:** Employees participated in trail cleanups with Keep Austin Beautiful, lake cleanups, and tree plantings with Tree Folks (Applied Materials Internal Report, 2025).
- **Ongoing Volunteerism:** Employees regularly support organizations like Meals on Wheels and Central Texas Food Bank.
- **STEAM Education:** Participated in the 2025 TechKermés Festival hosted by Latinitas, engaging Hispanic youth in STEAM fields. Applied hosted interactive booths to inspire future innovators.
- Housing & Homelessness:** Continued support for Austin Habitat for Humanity, including the Women Build initiative and construction of 12 new homes in 2023. Also supported Caritas of Austin and Foundation Communities for transitional housing and wraparound services.
- **Food Security:** Funded El Buen Samaritano to distribute food to over 20,000 Central Texans and supported Meals on Wheels and More, Inc. to help homebound adults age in place.
- **Equity & Legal Access:** Contributions to Volunteer Legal Services of Central Texas for pro bono civil legal aid and funding for Center for Child Protection to deliver anti-racism training.

Against this background of our deep commitment to this community, Applied views FTZ designation at its Pflugerville site as a crucial element for the continued success



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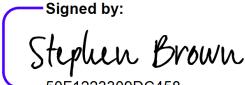
of its U.S. operations, as well as for the retention and future growth of capital investment and employment. Applied is proud to have its operations in the U.S. and to support the local market through employment and capital investment. We would greatly appreciate your support for this project.

We have provided a sample non-objection letter for your consideration. See Attachment C.

We would be happy to discuss or meet with you or other members of your staff to provide any additional details. We appreciate your timely consideration and support.

Very truly yours,

Applied Materials

Signed by:
By: 
50E1223309DC458

Attachment

Copy: Jordan Robinson, President, Foreign Trade Zone of Central Texas, Inc.
Ben Ramirez, FTZ Administrator, Foreign Trade Zone of Central Texas, Inc.
Nesia Warner, Senior Manager, EY



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Attachment A

Site 2: Pecan Park

- 3212 East Pecan Street, Pflugerville, TX 78660 (Lots 3 and 4)

Attachment B

City of Pflugerville Sites	2025 Tax Year Assessed Inventory Value	Freeport Exemption	Net Taxable Inventory	Freeport exemption %	Estimated % of net taxable inventory that would be subject to FTZ Exemption (domestic inventory that will be exported or imported inventory that is in the activated FTZ)	2024 Tax Rate	Estimated Freeport Tax Exemption	Estimated impact to the district from FTZ designation
Site 2: Pecan Park (B44) - 3212 East Pecan Street, Pflugerville, TX 78660 (Lot 3 and 4)								
City of Pflugerville	\$86,567,868.00	(\$84,143,102.00)	\$2,424,766.00	97%	3%	0.5428%	(\$456,728.76)	\$13,161.63

Attachment C

To be reprinted on Taxing Jurisdiction letterhead
Sample Concurrence Letter

[Date]

Elizabeth Whiteman
Executive Secretary
Foreign-Trade Zones Board
U.S. Department of Commerce
1401 Constitution Ave., NW., Room 21013
Washington, DC 20230

RE: Application for FTZ Designation of Applied Materials, Inc.

Dear Ms. Whiteman,

I am writing regarding the Foreign Trade Zone of Central Texas, Inc.'s sponsorship of Applied Materials, Inc.'s foreign trade zone application to designate the site located at 3212 East Pecan Street Lot 3, Pflugerville, TX 78660 (Lots 3 and 4), which is within the City of Pflugerville.

We understand that imported inventory and inventory held for export at the site will be exempt from ad valorem tax, and we have no objection to foreign trade zone designation at the aforementioned site.

Sincerely,