

State adds \$2.8 million in incentives, as Austin approves package for eBay expansion

By [Barry Harrell](#)

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The Austin City Council on Tuesday approved \$1.2 million in incentives for eBay Inc. and its PayPal subsidiary in a deal that would see the Internet companies agree to add 1,000 high-paying jobs in Austin over the next 10 years.

In addition, Gov. Rick Perry's office said Tuesday that the state plans to award \$2.8 million to the companies. The money will come from the Texas Enterprise Fund.

Council members voted unanimously to approve the economic development contract, which would award eBay and PayPal \$250 for each local job created and retained, up to a maximum of \$1.2 million.

To qualify for the grants, eBay and PayPal must create at least 1,000 jobs in Austin in the next 10 years, make \$430,000 in leasehold improvements and purchase at least \$4.5 million in business personal property during that time.

PayPal already has about 250 employees at its Northwest Austin operations center, which it opened in 2007.

Terence Spielman, director of PayPal's Austin operations, said the company has already "enjoyed fantastic organic growth here in Austin."

"What the incentive does for us is really focus the entire enterprise — the eBay enterprise, which is really a family of businesses — on the Central Texas area as a high-talent growth area for us," Spielman said.

The companies are proposing to create at least 50 more jobs by the end of 2011, with an average salary of about \$107,000. That average salary would rise to about \$139,000 by 2020, according to the agreement.

The agreement "meets all our standard criteria, in that it is 'cash-positive' for our taxpayers and creates good jobs with good benefits for the people of this city," Mayor Lee Leffingwell said.

A city-issued analysis of the agreement projects that Austin would collect \$12.4 million in taxes and other revenue from eBay's expanded operations in Austin over 10 years, and would spend \$9.3 million on services and the incentive payments. The city estimates its net benefit from the company's growth in Austin over 10 years will be \$3.1 million.

PayPal handles most payment transactions for eBay and many other e-commerce companies. eBay, which describes itself as the world's largest online marketplace, currently has no major operations in Austin.

The companies are expected to expand at PayPal's existing office site, on the Freescale Semiconductor campus on West Parmer Lane. The office space would grow from 70,000 square feet to 220,000 square feet as the staff grows, according to the company's submissions to the city.

EBay's planned expansion would come on the heels of growth by other high-tech companies in Austin. Samsung Electronics Co., which is completing a massive expansion to its Northeast Austin chip factory, said in March that it was adding 300 jobs, bringing its local employment to about 2,000.

EBay reported a profit of \$1.8 billion on revenue of \$9.2 billion for 2010. The company, based in San Jose, Calif., and its subsidiaries have nearly 18,000 workers worldwide.

PayPal ended last year with more than 94 million active accounts that handled online transactions totaling nearly \$27 billion in the fourth quarter.

Courtesy of JB Goodwin