



Policy: Kalahari Resort and Convention Center Incentive Period Extension  
Date: February 8, 2021

Position: The Round Rock Chamber of Commerce supports legislation to extend the timeline of the economic development program provided under Section 351 of the Texas Tax Code in order to allow Kalahari Resort and Convention Center to fully benefit from the advantages it provides.

The state established provisions under Section 351 of the Texas Tax Code to make Texas more competitive than other states when recruiting these companies, and designated Round Rock as an eligible city in 2015. The benefits provided under Section 351 were part of the consideration Kalahari made in determining to locate this facility in Texas, and specifically, in Round Rock.

Kalahari Resort and Convention Center has made a major investment in the community of Round Rock. This project has led to the establishment of a 975 room hotel, combined with a 200,000 square foot water park and 150,000 square foot Convention Center. The facility also added 20 eating and dining establishments in the community. In total, the development added over one million square feet of property in Round Rock, adding \$550 million to the city's tax base and creating 1000 new jobs.

Agreements of this nature typically include limitations on the time period that companies can benefit from such programs. This is done to both establish reasonable limits on the amount of total project support provided and to ensure the business makes a good faith effort to begin construction, complete construction and hire employees as soon as possible.

Kalahari completed this project in the middle of unforeseeable and unprecedented circumstances. In the view of the Chamber, Kalahari has fulfilled plans for this project established at the outset. The new facility was completed on schedule in November 2020, in spite of temporary work stoppages and other necessary COVID-19 mitigation efforts.

For safety purposes the state has limited the number of patrons allowed to stay in the hotel, the number of patrons allowed in Kalahari restaurants, and the number of patrons allowed in the waterpark and entertainment center. Kalahari has complied with these operating restrictions.

Kalahari and the state are now operating in circumstances neither could have anticipated when the project was announced more than three years ago. The operating restrictions in place at this time make it difficult to fully benefit from the advantages of the 351 program. Kalahari is likely unique in Texas given that this project was approved for, and began construction, well before restrictions were necessary – and began operations during the height of coronavirus restrictions.

Kalahari is open and operating, and it is now the pandemic-related limitations that prevent Kalahari from fully benefiting from the advantages of the 351 program. For that reason, it has been proposed that the period of the Kalahari 351 program be extended to allow the company to fully benefit from it. The Round Rock Chamber supports this extension.