NMTC Coalition
1155 15th Street, NW, Suite 400
Washington, DC 20005
(202) 393-5225
nmtccoalition.org

TEXAS

AAON LONGVIEW

Longview, TX (2020)

AAON Coil Products, a heating and cooling product manufacturing facility in Longview, Texas, sought to finance a 195,000 sq. ft. manufacturing and warehouse expansion that enabled the Company to create a new packaging geothermal heat pump product line. Located in a neighborhood with 18.9 percent unemployment and 36.6 percent poverty, the Longview expansion project faced several challenges. Primary among these was the ability to recruit and employ qualified workers in the low-income community. In 2018, AAON's profits dropped as a result of difficulties in finding qualified employees from the surrounding area. AAON also faced rising raw material costs from federal tariffs.

NMTC FINANCING BRINGS OVER 100 MANUFACTURING JOBS TO LONGVIEW, TEXAS

The AAON Longview expansion was financed by $23 million in NMTC financing from National New Markets Fund. AAON provided $38.4 million in equity to meet the $45.9 million development cost. NMTC financing enabled AAON to partner with local Workforce Development agencies to train low-income persons in skills helpful for both AAON and other area manufacturers. The financing gave AAON confidence to expand knowing it would be able to meet its labor demands from the surrounding area. NMTC financing helped mitigate increasing raw material good costs from federal tariffs.

The expansion project creates 125 jobs within 3-5 years of operations, 88 of which come from nearby low-income areas. Wages range from $14-$27 per hour, substantially above the current Gregg County living wage of $10.73. Employee benefits include health, dental and vision insurance for employees and children; up to 80 percent coverage of the cost of insurance for employees; 401(k) plan with 175 percent match on first 6 percent of annual wage contributed by each employee; tuition reimbursement of up to $5,250 annually; flexible paid time-off; paid holidays; short-term and long-term disability coverage; and average annual employee profit sharing of approximately $6,000.

Construction created 100 jobs and the project is projected to generate $62.2 million in tax revenue in its first 20 years, substantially repaying the taxpayer investment of $8.2 million.

FINANCING

NMTC Financing: National New Markets Fund: $23 million

Equity Investor: U.S. Bancorp Community Development Corporation

IMPACT

- 100 construction jobs
- 125 permanent jobs, 88 of which come from the surrounding low-income community
- $62.2 million in tax revenue over 20 years

COMMUNITY

- Unemployment rate: 18.9%
- Median income: 41.8% of the AMI
- Poverty rate: 36.6%

"The $23 million tax credit allocation from National New Markets Fund will enable us to create high-quality jobs and bring new opportunity to the citizens of Longview. This project is a great example of how NMTCs can facilitate positive change in a community hit hard by poverty."

Norm Asbjornson, AAON President and CEO