

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



September 10, 2014

David Carr
Superintendent
Stanton Independent School District
200 N. College
Stanton, Texas 79782

Dear Superintendent Carr:

On Sept. 4, 2014, the Comptroller issued written notice that Atlas Pipeline Mid-Continent Westtex LLC (the applicant) submitted a completed application (Application #1019) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on July 21, 2014, to the Stanton School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

- | | |
|-------------------|--|
| Sec. 313.024(a) | Applicant is subject to tax imposed by Chapter 171. |
| Sec. 313.024(b) | Applicant is proposing to use the property for an eligible project. |
| Sec. 313.024(d) | Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located. |
| Sec. 313.024(d-2) | Not applicable to Application #1019. |

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

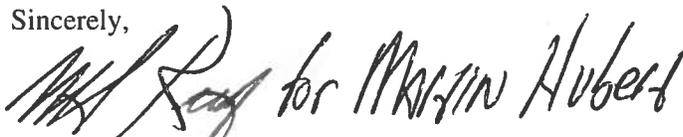
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of Sept. 4, 2014, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,

A handwritten signature in black ink that reads "for Martin Hubert". The signature is written in a cursive style and is positioned above the typed name.

Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller’s economic impact analysis of Atlas Pipeline Mid-Continent Westtex LLC(the project) applying to Stanton Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Atlas Pipeline Mid-Continent Westtex LLC.

Applicant	Atlas Pipeline Mid-Continent Westtex LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Stanton
2012-13 Enrollment in School District	836
County	Martin
Proposed Total Investment in District	\$90,000,000
Proposed Qualified Investment	\$90,000,000
Limitation Amount	\$30,000,000
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,007
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$1,007
Minimum annual wage committed to by applicant for qualified jobs	\$52,364
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$9,000,000
Estimated M&O levy without any limit (15 years)	\$8,160,330
Estimated M&O levy with Limitation (15 years)	\$4,661,032
Estimated gross M&O tax benefit (15 years)	\$3,499,298

Table 2 is the estimated statewide economic impact of Atlas Pipeline Mid-Continent Westtex LLC(modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	175	212	387	\$8,782,445	\$14,217,555	\$23,000,000
2016	10	54	64	\$523,644	\$5,476,356	\$6,000,000
2017	10	45	55	\$523,644	\$4,476,356	\$5,000,000
2018	10	43	53	\$523,644	\$4,476,356	\$5,000,000
2019	10	35	45	\$523,644	\$3,476,356	\$4,000,000
2020	10	33	43	\$523,644	\$3,476,356	\$4,000,000
2021	10	33	43	\$523,644	\$3,476,356	\$4,000,000
2022	10	33	43	\$523,644	\$4,476,356	\$5,000,000
2023	10	29	39	\$523,644	\$3,476,356	\$4,000,000
2024	10	29	39	\$523,644	\$3,476,356	\$4,000,000
2025	10	33	43	\$523,644	\$4,476,356	\$5,000,000
2026	10	31	41	\$523,644	\$5,476,356	\$6,000,000
2027	10	41	51	\$523,644	\$5,476,356	\$6,000,000
2028	10	45	55	\$523,644	\$6,476,356	\$7,000,000
2029	10	41	51	\$523,644	\$6,476,356	\$7,000,000
2030	10	43	53	\$523,644	\$6,476,356	\$7,000,000

Source: CPA, REMI, Atlas Pipeline Mid-Continent Westtex LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Stanton ISD I&S Levy	Stanton ISD M&O Levy	Stanton ISD M&O and I&S Tax Levies	Martin County Tax Levy	City of Stanton Tax Levy	Martin County Hospital District Tax Levy	Permian Basin Underground Water District Tax Levy	Estimated Total Property Taxes
2016	\$85,077,920	\$85,077,920		\$0.0411	\$0.9733	\$863,030	\$196,275	\$1,170	\$1,299	\$5,710	\$2,170,943
2017	\$80,827,920	\$80,827,920		\$33,220	\$786,698	\$819,918	\$186,470	\$945,687	\$104,995	\$5,425	\$2,062,496
2018	\$76,577,920	\$76,577,920		\$31,474	\$745,333	\$776,806	\$176,665	\$895,962	\$99,475	\$5,140	\$1,954,048
2019	\$72,327,920	\$72,327,920		\$29,727	\$703,968	\$733,694	\$166,861	\$846,237	\$93,954	\$4,855	\$1,845,600
2020	\$68,077,920	\$68,077,920		\$27,980	\$662,602	\$690,582	\$157,056	\$796,512	\$88,433	\$4,569	\$1,737,152
2021	\$63,827,920	\$63,827,920		\$26,233	\$621,237	\$647,470	\$147,251	\$746,787	\$82,912	\$4,284	\$1,628,705
2022	\$59,577,920	\$59,577,920		\$24,487	\$579,872	\$604,358	\$137,446	\$697,062	\$77,392	\$3,999	\$1,520,257
2023	\$55,327,920	\$55,327,920		\$22,740	\$538,507	\$561,246	\$127,642	\$647,337	\$71,871	\$3,714	\$1,411,809
2024	\$51,077,920	\$51,077,920		\$20,993	\$497,141	\$518,134	\$117,837	\$597,612	\$66,350	\$3,428	\$1,303,361
2025	\$46,827,920	\$46,827,920		\$19,246	\$455,776	\$475,022	\$108,032	\$547,887	\$60,829	\$3,143	\$1,194,914
2026	\$42,577,920	\$42,577,920		\$17,500	\$414,411	\$431,910	\$98,227	\$498,162	\$55,309	\$2,858	\$1,086,466
2027	\$38,327,920	\$38,327,920		\$15,753	\$373,046	\$388,798	\$88,423	\$448,437	\$49,788	\$2,573	\$978,018
2030	\$34,077,920	\$34,077,920		\$14,006	\$331,680	\$345,686	\$78,618	\$398,712	\$44,267	\$2,287	\$869,570
2031	\$29,827,920	\$29,827,920		\$12,259	\$290,315	\$302,574	\$68,813	\$348,987	\$38,746	\$2,002	\$761,123
2030	\$34,077,920	\$34,077,920		\$14,006	\$331,680	\$345,686	\$78,618	\$398,712	\$44,267	\$2,287	\$869,570
			Total	\$344,590	\$8,160,330	\$8,504,920	\$1,934,232	\$9,809,500	\$1,089,106	\$56,275	\$21,394,033

Source: CPA, Atlas Pipeline Mid-Continent Westtex LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Martin County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county. The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Stanton ISD I&S Levy	Stanton ISD M&O Levy	Stanton ISD M&O and I&S Tax Levies	Martin County Tax Levy	City of Stanton Tax Levy	Martin County Hospital District Tax Levy	Permian Basin Underground Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.0411	0.9733		0.230700	1.1700	0.129900	0.006712	
2016	\$85,077,920	\$30,000,000		\$34,967	\$291,990	\$326,957	\$98,137	\$995,412	\$110,516	\$5,710	\$1,536,733
2017	\$80,827,920	\$30,000,000		\$33,220	\$291,990	\$325,210	\$93,235	\$945,687	\$104,995	\$5,425	\$1,474,553
2018	\$76,577,920	\$30,000,000		\$31,474	\$291,990	\$323,464	\$88,333	\$895,962	\$99,475	\$5,140	\$1,412,372
2019	\$72,327,920	\$30,000,000		\$29,727	\$291,990	\$321,717	\$83,430	\$846,237	\$93,954	\$4,855	\$1,350,192
2020	\$68,077,920	\$30,000,000		\$27,980	\$291,990	\$319,970	\$78,528	\$796,512	\$88,433	\$4,569	\$1,288,012
2021	\$63,827,920	\$30,000,000		\$26,233	\$291,990	\$318,223	\$147,251	\$746,787	\$82,912	\$4,284	\$1,299,458
2022	\$59,577,920	\$30,000,000		\$24,487	\$291,990	\$316,477	\$137,446	\$697,062	\$77,392	\$3,999	\$1,232,375
2023	\$55,327,920	\$30,000,000		\$22,740	\$291,990	\$314,730	\$127,642	\$647,337	\$71,871	\$3,714	\$1,165,293
2024	\$51,077,920	\$30,000,000		\$20,993	\$291,990	\$312,983	\$117,837	\$597,612	\$66,350	\$3,428	\$1,098,210
2025	\$46,827,920	\$30,000,000		\$19,246	\$291,990	\$311,236	\$108,032	\$547,887	\$60,829	\$3,143	\$1,031,128
2026	\$42,577,920	\$42,577,920		\$17,500	\$414,411	\$431,910	\$98,227	\$498,162	\$55,309	\$2,858	\$1,086,466
2027	\$38,327,920	\$38,327,920		\$15,753	\$373,046	\$388,798	\$88,423	\$448,437	\$49,788	\$2,573	\$978,018
2030	\$34,077,920	\$34,077,920		\$14,006	\$331,680	\$345,686	\$78,618	\$398,712	\$44,267	\$2,287	\$869,570
2031	\$29,827,920	\$29,827,920		\$12,259	\$290,315	\$302,574	\$68,813	\$348,987	\$38,746	\$2,002	\$761,123
2030	\$34,077,920	\$34,077,920		\$14,006	\$331,680	\$345,686	\$78,618	\$398,712	\$44,267	\$2,287	\$869,570
			Total	\$344,590	\$4,661,032	\$5,005,623	\$1,492,569	\$9,809,500	\$1,089,106	\$56,275	\$17,453,072
			Diff	\$0	\$3,499,298	\$3,499,298	\$441,663	\$0	\$0	\$0	\$3,940,961

Source: CPA, Atlas Pipeline Mid-Continent Westtexas LLC

¹Tax Rate per \$100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue over 25 Years

This represents the Comptroller’s determination that Atlas Pipeline Mid-Continent Westtexas LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years		\$0	\$0	\$0	\$0
	2014	\$758	\$758	\$0	\$0
	2015	\$758	\$1,517	\$0	\$0
Limitation Period (10 Years)	2016	\$291,990	\$293,507	\$536,073	\$536,073
	2017	\$291,990	\$585,497	\$494,708	\$1,030,782
	2018	\$291,990	\$877,487	\$453,343	\$1,484,124
	2019	\$291,990	\$1,169,477	\$411,978	\$1,896,102
	2020	\$291,990	\$1,461,467	\$370,612	\$2,266,714
	2021	\$291,990	\$1,753,457	\$329,247	\$2,595,962
	2022	\$291,990	\$2,045,447	\$287,882	\$2,883,844
	2023	\$291,990	\$2,337,437	\$246,517	\$3,130,360
	2024	\$291,990	\$2,629,427	\$205,151	\$3,335,512
	2025	\$291,990	\$2,921,417	\$163,786	\$3,499,298
Maintain Viable Presence (5 Years)	2026	\$414,411	\$3,335,828	\$0	\$3,499,298
	2027	\$373,046	\$3,708,873	\$0	\$3,499,298
	2030	\$331,680	\$4,040,554	\$0	\$3,499,298
	2031	\$290,315	\$4,330,869	\$0	\$3,499,298
	2030	\$331,680	\$4,662,549	\$0	\$3,499,298
Additional Years as Required by 313.026(c)(1) (10 Years)	2031	\$290,315	\$4,952,864	\$0	\$3,499,298
	2032	\$207,585	\$5,160,449	\$0	\$3,499,298
	2033	\$207,585	\$5,368,034	\$0	\$3,499,298
	2034	\$207,585	\$5,575,618	\$0	\$3,499,298
	2035	\$207,585	\$5,783,203	\$0	\$3,499,298
	2036	\$207,585	\$5,990,788	\$0	\$3,499,298
	2037	\$207,585	\$6,198,372	\$0	\$3,499,298
	2038	\$207,585	\$6,405,957	\$0	\$3,499,298
	2039	\$207,585	\$6,613,542	\$0	\$3,499,298
	2040	\$207,585	\$6,821,126	\$0	\$3,499,298
		\$6,821,126	is greater than	\$3,499,298	

Analysis Summary	
Is the project reasonably likely to generate M&O tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

Source: CPA, Atlas Pipeline Mid-Continent Westtexas LLC

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant’s decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in the Atlas Pipeline Mid-Continent Westtex LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicant, it has operations and assets in multiple states.
- Per the applicant, the applicant has made no investment to date on the project site, and thus the applicant is not geographically predisposed to the project site.
- Per the applicant, no construction has commenced at the project site.
- The applicant appears to have a clear ability to build in other locations.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? Yes No
2. Has the applicant entered into any agreements or contracts for work to be performed related to the proposed project? Yes No
3. Does the applicant have current business activities at the location where the proposed project will occur? Yes No
4. Has the applicant made public statements in SEC filings or other official documents regarding its intentions regarding the proposed project location? Yes No
5. Has the applicant received any local or state permits for activities on the proposed project site? Yes No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
7. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No
8. Has the applicant considered or is the applicant considering other locations not in Texas for the proposed project? Yes No
9. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
10. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No

If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

Supporting Information

**Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value**

Ability to locate or relocate:

Atlas Pipeline Mid-Continent Westtex LLC (or “the Company”) currently has operations and assets in Colorado, Kansas, New Mexico, Oklahoma, Pennsylvania, Tennessee, and Texas. Atlas is expanding with hundreds of miles of gathering lines in multiple counties. They allocate capital investment to projects and locations that create the best economic return. The existence of a limitation on tax value is a significant factor in calculating the economic return and allocation of reserves to the project. However, Atlas Pipeline Mid-Continent Westtex LLC could redirect its expenditures to build the plant in the following States or Texas Counties mentioned below:

Midland County – Texas
Andrews County – Texas
New Mexico
Oklahoma