

**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 9, 2020

AMENDED CERTIFICATION

Larry Nichols  
Superintendent  
Calhoun County Independent School District  
525 north Commerce Street.  
Port Lavaca, Texas 77979

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Calhoun County Independent School District and Formosa Plastics Corporation, Texas, Application 1048

Dear Superintendent Nichols:

This application (Application 1048) was originally submitted on March 4, 2015, to the Calhoun County Independent School District (school district) by Formosa Plastics Corporation, Texas (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> On April 7, 2015, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a certificate for a limitation on appraised value on July 6, 2015. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on November 9, 2015.

On September 17, 2020, the Comptroller received an amendment to the agreement to remove the PDH Unit portion of the project. This presents the Comptroller's review of that amendment per Section 10.2 of the agreement 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)**

The information provided by the applicant related to eligibility has not changed and therefore, 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.

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<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

**Certificate decision required by 313.025(d)**

Determination required by 313.026(c)(1)

Based on the amended information provided by the applicant, 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's maintenance and operations *ad valorem 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 previously 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.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value for the amendment.

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 50-826) 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 amendment to the agreement within a year from the date of this letter.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at [will.counihan@cpa.texas.gov](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

DocuSigned by:  
  
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Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

### Amended Attachment A - Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Formosa Plastics Corporation, Texas (project) applying to Calhoun County Independent School District (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 Formosa Plastics Corporation, Texas.

	<b>Original</b>	<b>Amendment No. 1</b>
Applicant	Formosa Plastics Corporation, Texas	Formosa Plastics Corporation, Texas
Tax Code, 313.024 Eligibility Category	Manufacturing	Manufacturing
School District	Calhoun County ISD	Calhoun County ISD
2011-2012 Average Daily Attendance	4,278	1,234
County	Calhoun	Calhoun
Proposed Total Investment in District	\$1,600,000,000	\$476,000,000
Proposed Qualified Investment	\$1,135,000,000	\$321,000,000
Limitation Amount	\$30,000,000	\$30,000,000
Qualifying Time Period (Full Years)	2016-2017	2016-2017
Number of new qualifying jobs committed to by applicant	10	10
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	\$978	\$978
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$978	\$978
Minimum annual wage committed to by applicant for qualified jobs	\$50,866	\$50,866
Investment per Qualifying Job	\$160,000,000	\$47,600,000
Estimated M&O levy without any limit (15 years)	\$60,963,777	\$39,866,317
Estimated M&O levy with Limitation (15 years)	\$16,454,144	\$10,008,441
Estimated gross M&O tax benefit (15 years)	\$44,509,633	\$29,857,877

\* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).

**Table 2** is the estimated statewide economic impact of Formosa Plastics Corporation, Texas (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	0	0	0	\$0	\$0	\$0
2015	78	75	153	\$4,382,784	\$4,617,216	\$9,000,000
2016	335	770	1105	\$18,815,671	\$53,184,329	\$72,000,000
2017	335	840	1175	\$18,815,671	\$65,184,329	\$84,000,000
2018	335	865	1200	\$8,446,970	\$81,553,030	\$90,000,000
2019	138	619	757	\$8,446,970	\$56,553,030	\$65,000,000
2020	138	574	712	\$8,446,970	\$55,553,030	\$64,000,000
2021	138	530	668	\$8,446,970	\$53,553,030	\$62,000,000
2022	138	501	639	\$8,446,970	\$53,553,030	\$62,000,000
2023	138	486	624	\$8,446,970	\$54,553,030	\$63,000,000
2024	138	480	618	\$8,446,970	\$55,553,030	\$64,000,000
2025	138	484	622	\$8,446,970	\$58,553,030	\$67,000,000
2026	138	491	629	\$8,446,970	\$61,553,030	\$70,000,000
2027	138	500	638	\$8,446,970	\$64,553,030	\$73,000,000
2028	138	503	641	\$8,446,970	\$67,553,030	\$76,000,000
2029	138	511	649	\$8,446,970	\$70,553,030	\$79,000,000

Source: CPA REMI, Formosa Plastics Corporation, Texas

**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	Calhoun ISD I&S Tax Levy	Calhoun ISD M&O Tax Levy	Calhoun ISD M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun County Navigation District Tax Levy	Estimated Total Property Taxes
				<b>0.07500</b>	<b>1.0401</b>		<b>0.4900</b>	<b>0.0031</b>	
2015	\$ 496,200	\$496,200		\$372	\$5,161	\$5,533	\$2,431	\$15	\$7,980
2016	\$ 28,454,050	\$28,454,050		\$21,341	\$295,951	\$317,291	\$139,425	\$882	\$457,598
2017	\$ 112,078,520	\$112,078,520		\$84,059	\$1,165,729	\$1,249,788	\$549,185	\$3,474	\$1,802,447
2018	\$ 219,000,000	\$219,000,000		\$164,250	\$2,277,819	\$2,442,069	\$1,073,100	\$6,789	\$3,521,958
2019	\$ 384,000,000	\$384,000,000		\$288,000	\$3,993,984	\$4,281,984	\$1,881,600	\$11,904	\$6,175,488
2020	\$ 368,640,000	\$368,640,000		\$276,480	\$3,834,225	\$4,110,705	\$1,806,336	\$11,428	\$5,928,468
2021	\$ 353,894,400	\$353,894,400		\$265,421	\$3,680,856	\$3,946,276	\$1,734,083	\$10,971	\$5,691,330
2022	\$ 339,738,624	\$339,738,624		\$254,804	\$3,533,621	\$3,788,425	\$1,664,719	\$10,532	\$5,463,677
2023	\$ 326,149,079	\$326,149,079		\$244,612	\$3,392,277	\$3,636,888	\$1,598,130	\$10,111	\$5,245,129
2024	\$ 313,103,116	\$313,103,116		\$234,827	\$3,256,586	\$3,491,413	\$1,534,205	\$9,706	\$5,035,324
2025	\$ 300,578,991	\$300,578,991		\$225,434	\$3,126,322	\$3,351,756	\$1,472,837	\$9,318	\$4,833,911
2026	\$ 288,555,832	\$288,555,832		\$216,417	\$3,001,269	\$3,217,686	\$1,413,924	\$8,945	\$4,640,555
2027	\$ 277,013,598	\$277,013,598		\$207,760	\$2,881,218	\$3,088,979	\$1,357,367	\$8,587	\$4,454,933
2028	\$ 265,933,054	\$265,933,054		\$199,450	\$2,765,970	\$2,965,419	\$1,303,072	\$8,244	\$4,276,735
2029	\$ 255,295,732	\$255,295,732		\$191,472	\$2,655,331	\$2,846,803	\$1,250,949	\$7,914	\$4,105,666
				<b>Total</b>	<b>\$39,866,317</b>	<b>\$42,741,016</b>	<b>\$18,781,363</b>	<b>\$118,821</b>	<b>\$61,641,200</b>

Source: CPA, Formosa Plastics Corporation, Texas

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Calhoun 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 and Calhoun County Navigation District.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate	Calhoun ISD I&S Tax Levy	Calhoun ISD M&O Tax Levy	Calhoun ISD M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun County Navigation District Tax Levy	Estimated Total Property Taxes
				<b>0.07500</b>	<b>1.0401</b>		<b>0.4900</b>	<b>0.0031</b>	
2015	\$ 496,200	\$496,200		\$372	\$5,161	\$5,533	\$2,431	\$15	\$7,980
2016	\$ 28,454,050	\$28,454,050		\$21,341	\$295,951	\$317,291	\$0	\$0	\$317,291
2017	\$ 112,078,520	\$112,078,520		\$84,059	\$1,165,729	\$1,249,788	\$0	\$0	\$1,249,788
2018	\$ 219,000,000	\$30,000,000		\$164,250	\$312,030	\$476,280	\$0	\$0	\$476,280
2019	\$ 384,000,000	\$30,000,000		\$288,000	\$312,030	\$600,030	\$0	\$0	\$600,030
2020	\$ 368,640,000	\$30,000,000		\$276,480	\$312,030	\$588,510	\$0	\$0	\$588,510
2021	\$ 353,894,400	\$30,000,000		\$265,421	\$312,030	\$577,451	\$0	\$0	\$577,451
2022	\$ 339,738,624	\$30,000,000		\$254,804	\$312,030	\$566,834	\$0	\$0	\$566,834
2023	\$ 326,149,079	\$30,000,000		\$244,612	\$312,030	\$556,642	\$0	\$0	\$556,642
2024	\$ 313,103,116	\$30,000,000		\$234,827	\$312,030	\$546,857	\$0	\$0	\$546,857
2025	\$ 300,578,991	\$30,000,000		\$225,434	\$312,030	\$537,464	\$0	\$0	\$537,464
2026	\$ 288,555,832	\$30,000,000		\$216,417	\$312,030	\$528,447	\$1,413,924	\$8,945	\$1,951,316
2027	\$ 277,013,598	\$30,000,000		\$207,760	\$312,030	\$519,790	\$1,357,367	\$8,587	\$1,885,744
2028	\$ 265,933,054	\$265,933,054		\$199,450	\$2,765,970	\$2,965,419	\$1,303,072	\$8,244	\$4,276,735
2029	\$ 255,295,732	\$255,295,732		\$191,472	\$2,655,331	\$2,846,803	\$1,250,949	\$7,914	\$4,105,666
				<b>Total</b>	<b>\$10,008,441</b>	<b>\$12,883,139</b>	<b>\$5,327,743</b>	<b>\$33,706</b>	<b>\$18,244,588</b>
				<b>Diff</b>	<b>\$29,857,877</b>	<b>\$29,857,877</b>	<b>\$13,453,620</b>	<b>\$85,115</b>	<b>\$43,396,611</b>
Assumes School Value Limitation and Tax Abatements with the County and Calhoun County Navigation District									

Source: CPA, Formosa Plastics Corporation, Texas

\*Tax 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 FORMOSA PLASTICS CORPORATION TEXAS (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)
<b>Limitation Pre-Years</b>	2015	\$5,161	\$5,161	\$0	\$0
	2016	\$295,951	\$301,112	\$0	\$0
	2017	\$1,165,729	\$1,466,840	\$0	\$0
<b>Limitation Period (10 Years)</b>	2018	\$312,030	\$1,778,870	\$1,965,789	\$1,965,789
	2019	\$312,030	\$2,090,900	\$3,681,954	\$5,647,743
	2020	\$312,030	\$2,402,930	\$3,522,195	\$9,169,938
	2021	\$312,030	\$2,714,960	\$3,368,826	\$12,538,763
	2022	\$312,030	\$3,026,990	\$3,221,591	\$15,760,355
	2023	\$312,030	\$3,339,020	\$3,080,247	\$18,840,601
	2024	\$312,030	\$3,651,050	\$2,944,556	\$21,785,157
	2025	\$312,030	\$3,963,080	\$2,814,292	\$24,599,449
	2026	\$312,030	\$4,275,110	\$2,689,239	\$27,288,688
	2027	\$312,030	\$4,587,140	\$2,569,188	\$29,857,877
<b>Maintain Viable Presence (5 Years)</b>	2028	\$2,765,970	\$7,353,110	\$0	\$29,857,877
	2029	\$2,655,331	\$10,008,441	\$0	\$29,857,877
	2030	\$2,549,118	\$12,557,559	\$0	\$29,857,877
	2031	\$2,447,153	\$15,004,711	\$0	\$29,857,877
	2032	\$2,349,267	\$17,353,978	\$0	\$29,857,877
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2033	\$2,255,296	\$19,609,275	\$0	\$29,857,877
	2034	\$2,165,084	\$21,774,359	\$0	\$29,857,877
	2035	\$2,078,481	\$23,852,840	\$0	\$29,857,877
	2036	\$1,995,342	\$25,848,182	\$0	\$29,857,877
	2037	\$1,915,528	\$27,763,710	\$0	\$29,857,877
	2038	\$1,838,907	\$29,602,616	\$0	\$29,857,877
	2039	\$1,765,351	\$31,367,967	\$0	\$29,857,877
	2040	\$1,694,737	\$33,062,704	\$0	\$29,857,877
	2041	\$1,626,947	\$34,689,651	\$0	\$29,857,877
	2042	\$1,561,869	\$36,251,520	\$0	\$29,857,877
		<b>\$36,251,520</b>	is greater than	<b>\$29,857,877</b>	
<b>Analysis Summary</b>					
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?					Yes

Source: CPA, FORMOSA PLASTICS CORPORATION TEXAS

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