



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 26, 2016

AMENDED CERTIFICATION

Maxie Morgan
Superintendent
Calvert Independent School District
P.O. Box 7
Calvert, Texas 77837

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Calvert Independent School District and NGC Industries, LLC, Application #1075

Dear Superintendent Morgan:

This application (Application #1075) was originally submitted on June 16, 2015, to the Calvert Independent School District (the school district) by NGC Industries, LLC (the applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313^[1]. On August 05, 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 November 03, 2015.

On August 23, 2016, the Comptroller received an amendment. This presents the Comptroller's review of that amendment 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.

^[1] 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 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 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.

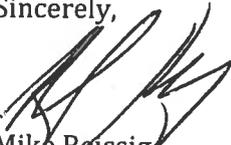
Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value for the amendment.

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 by December 31, 2016.

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

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure
cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of NGC Industries, LLC (the project) applying to Calvert 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 NGC Industries, LLC.

Applicant	NGC Industries, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Calvert ISD
2014-2015 Average Daily Attendance	152
County	Robertson
Proposed Total Investment in District	\$141,655,852
Proposed Qualified Investment	\$141,655,852
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2017-2018
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	35
Average weekly wage of qualifying jobs committed to by applicant	\$826.35
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$826.21
Minimum annual wage committed to by applicant for qualified jobs	\$42,970
Minimum weekly wage required for non-qualifying jobs	\$880
Minimum annual wage required for non-qualifying jobs	\$45,760
Investment per Qualifying Job	\$14,165,585
Estimated M&O levy without any limit (15 years)	\$18,420,058
Estimated M&O levy with Limitation (15 years)	\$7,358,263
Estimated gross M&O tax benefit (15 years)	\$11,061,795

Table 2 is the estimated statewide economic impact of NGC Industries, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2017	235	1,051	1286	\$15,275,000	\$92,725,000	\$108,000,000
2018	242	1,484	1726	\$15,685,940	\$132,314,060	\$148,000,000
2019	10	632	642	\$447,267	\$56,552,733	\$57,000,000
2020	10	308	318	\$451,400	\$34,548,600	\$35,000,000
2021	10	111	121	\$451,400	\$18,548,600	\$19,000,000
2022	10	(1)	9	\$451,400	\$8,548,600	\$9,000,000
2023	10	(58)	-48	\$451,400	\$1,548,600	\$2,000,000
2024	10	(84)	-74	\$451,400	-\$3,451,400	-\$3,000,000
2025	10	(89)	-79	\$451,400	-\$5,451,400	-\$5,000,000
2026	10	(83)	-73	\$451,400	-\$6,451,400	-\$6,000,000
2027	10	(73)	-63	\$451,400	-\$6,451,400	-\$6,000,000
2028	10	(60)	-50	\$451,400	-\$6,451,400	-\$6,000,000
2029	10	(49)	-39	\$451,400	-\$5,451,400	-\$5,000,000
2030	10	(39)	-29	\$451,400	-\$5,451,400	-\$5,000,000
2031	10	(30)	-20	\$451,400	-\$4,451,400	-\$4,000,000

Source: CPA REMI, NGC Industries, LLC

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

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Calvert ISD I&S Tax Levy	Calvert ISD M&O Tax Levy	M&O and I&S Tax Levies	Roberston County Tax Levy	Robertson County ESD Tax Levy	City of Calvert (per application 0.2% of Project in City 0.47374 rate * 0.2%)	Estimated Total Property Taxes	
			0.0000		1.1700		0.4750	0.0750	0.0009		
2017	\$758,277	\$758,277	\$0	\$0	\$8,872	\$8,872	\$3,602	\$569	\$7	\$13,042	
2018	\$27,482,889	\$27,482,889	\$0	\$0	\$321,550	\$321,550	\$130,544	\$20,612	\$260	\$472,706	
2019	\$141,414,129	\$141,414,129	\$0	\$0	\$1,654,545	\$1,654,545	\$671,717	\$106,061	\$1,340	\$2,432,323	
2020	\$135,443,268	\$135,443,268	\$0	\$0	\$1,584,686	\$1,584,686	\$643,356	\$101,582	\$1,283	\$2,329,624	
2021	\$129,472,407	\$129,472,407	\$0	\$0	\$1,514,827	\$1,514,827	\$614,994	\$97,104	\$1,227	\$2,226,925	
2022	\$123,501,546	\$123,501,546	\$0	\$0	\$1,444,968	\$1,444,968	\$586,632	\$92,626	\$1,170	\$2,124,227	
2023	\$117,530,685	\$117,530,685	\$0	\$0	\$1,375,109	\$1,375,109	\$558,271	\$88,148	\$1,114	\$2,021,528	
2024	\$111,559,824	\$111,559,824	\$0	\$0	\$1,305,250	\$1,305,250	\$529,909	\$83,670	\$1,057	\$1,918,829	
2025	\$105,588,963	\$105,588,963	\$0	\$0	\$1,235,391	\$1,235,391	\$501,548	\$79,192	\$1,000	\$1,816,130	
2026	\$99,618,103	\$99,618,103	\$0	\$0	\$1,165,532	\$1,165,532	\$473,186	\$74,714	\$944	\$1,713,431	
2027	\$93,647,242	\$93,647,242	\$0	\$0	\$1,095,673	\$1,095,673	\$444,824	\$70,235	\$887	\$1,610,733	
2028	\$87,676,381	\$87,676,381	\$0	\$0	\$1,025,814	\$1,025,814	\$416,463	\$65,757	\$831	\$1,508,034	
2029	\$81,705,520	\$81,705,520	\$0	\$0	\$955,955	\$955,955	\$388,101	\$61,279	\$774	\$1,405,335	
2030	\$75,734,659	\$75,734,659	\$0	\$0	\$886,096	\$886,096	\$359,740	\$56,801	\$718	\$1,302,636	
2031	\$69,763,798	\$69,763,798	\$0	\$0	\$816,236	\$816,236	\$331,378	\$52,323	\$661	\$1,199,937	
2032	\$63,792,937	\$63,792,937	\$0	\$0	\$746,377	\$746,377	\$303,016	\$47,845	\$604	\$1,097,239	
2033	\$57,822,076	\$57,822,076	\$0	\$0	\$676,518	\$676,518	\$274,655	\$43,367	\$548	\$994,540	
2034	\$51,851,215	\$51,851,215	\$0	\$0	\$606,659	\$606,659	\$246,293	\$38,888	\$491	\$891,841	
				Total	\$0	\$18,420,058	\$18,420,058	\$7,478,229	\$1,180,773	\$14,917	\$24,095,440

Source: CPA, NGC Industries, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Robertson 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 a 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	Tax Rate ¹	Calvert ISD I&S Tax Levy	Calvert ISD M&O Tax Levy	M&O and I&S Tax Levies	Roberston County Tax Levy	Robertson County ESD Tax Levy	City of Calvert (per application 0.2% of Project in City 0.47374 rate * 0.2%)	Estimated Total Property Taxes
2017	\$758,277	\$758,277		\$0	\$8,872	\$8,872	\$3,602	\$569	\$7	\$13,042
2018	\$27,482,889	\$27,482,889		\$0	\$321,550	\$321,550	\$130,544	\$20,612	\$260	\$472,706
2019	\$141,414,129	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$106,061	\$1,340	\$340,061
2020	\$135,443,268	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$101,582	\$1,283	\$335,582
2021	\$129,472,407	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$97,104	\$1,227	\$331,104
2022	\$123,501,546	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$92,626	\$1,170	\$326,626
2023	\$117,530,685	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$88,148	\$1,114	\$322,148
2024	\$111,559,824	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$83,670	\$1,057	\$317,670
2025	\$105,588,963	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$79,192	\$1,000	\$313,192
2026	\$99,618,103	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$74,714	\$944	\$308,714
2027	\$93,647,242	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$70,235	\$887	\$304,235
2028	\$87,676,381	\$20,000,000		\$0	\$234,000	\$234,000	\$0	\$65,757	\$831	\$299,757
2029	\$81,705,520	\$81,705,520		\$0	\$955,955	\$955,955	\$388,101	\$61,279	\$774	\$1,405,335
2030	\$75,734,659	\$75,734,659		\$0	\$886,096	\$886,096	\$359,740	\$56,801	\$718	\$1,302,636
2031	\$69,763,798	\$69,763,798		\$0	\$816,236	\$816,236	\$331,378	\$52,323	\$661	\$1,199,937
2032	\$63,792,937	\$63,792,937		\$0	\$746,377	\$746,377	\$303,016	\$47,845	\$604	\$1,097,239
2033	\$57,822,076	\$57,822,076		\$0	\$676,518	\$676,518	\$274,655	\$43,367	\$548	\$994,540
2034	\$51,851,215	\$51,851,215		\$0	\$606,659	\$606,659	\$246,293	\$38,888	\$491	\$891,841
			Total	\$0	\$7,358,263	\$7,358,263	\$2,037,329	\$1,180,773	\$14,917	\$10,576,365
			Diff	\$0	\$11,061,795	\$11,061,795	\$5,440,900	\$0	\$0	\$13,519,075

Source: CPA, NGC Industries
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 before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that NGC Industries, 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	2014	\$0	\$0	\$0	\$0
	2015	\$8,872	\$8,872	\$0	\$0
	2016	\$321,550	\$330,422	\$0	\$0
Limitation Period (10 Years)	2017	\$234,000	\$564,422	\$1,420,545	\$1,420,545
	2018	\$234,000	\$798,422	\$1,350,686	\$2,771,232
	2019	\$234,000	\$1,032,422	\$1,280,827	\$4,052,059
	2020	\$234,000	\$1,266,422	\$1,210,968	\$5,263,027
	2021	\$234,000	\$1,500,422	\$1,141,109	\$6,404,136
	2022	\$234,000	\$1,734,422	\$1,071,250	\$7,475,386
	2023	\$234,000	\$1,968,422	\$1,001,391	\$8,476,777
	2024	\$234,000	\$2,202,422	\$931,532	\$9,408,308
	2025	\$234,000	\$2,436,422	\$861,673	\$10,269,981
	2026	\$234,000	\$2,670,422	\$791,814	\$11,061,795
Maintain Viable Presence (5 Years)	2027	\$955,955	\$3,626,376	\$0	\$11,061,795
	2028	\$886,096	\$4,512,472	\$0	\$11,061,795
	2029	\$816,236	\$5,328,708	\$0	\$11,061,795
	2030	\$746,377	\$6,075,086	\$0	\$11,061,795
	2031	\$676,518	\$6,751,604	\$0	\$11,061,795
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$606,659	\$7,358,263	\$0	\$11,061,795
	2033	\$536,800	\$7,895,063	\$0	\$11,061,795
	2034	\$518,163	\$8,413,226	\$0	\$11,061,795
	2035	\$499,526	\$8,912,753	\$0	\$11,061,795
	2036	\$480,889	\$9,393,642	\$0	\$11,061,795
	2037	\$462,253	\$9,855,895	\$0	\$11,061,795
	2038	\$443,616	\$10,299,510	\$0	\$11,061,795
	2039	\$424,979	\$10,724,489	\$0	\$11,061,795
	2040	\$406,342	\$11,130,831	\$0	\$11,061,795
	2041	\$387,705	\$11,518,536	\$0	\$11,061,795

\$11,518,536

is greater than

\$11,061,795

Analysis Summary

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, NGC Industries, 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.