



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

March 1, 2019

AMENDED CERTIFICATION

Victor White  
Superintendent  
Deer Park Independent School District  
2800 Texas Ave.  
Deer Park, Texas 77536

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Deer Park Independent School District and The Lubrizol Corporation, Application 1084

Dear Superintendent White:

This application (Application 1084) was originally submitted on July 13, 2015, to the Deer Park Independent School District (school district) by The Lubrizol Corporation (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> On July 17, 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 28, 2015. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on September 29, 2015.

On January 4, 2019, Comptroller received an amendment to the agreement to decrease the number of new qualifying jobs, delay hiring of jobs by one year and request a job waiver from the school board. 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 B; 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 B.

<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 by December 31, 2019.

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,



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 The Lubrizol Corporation (project) applying to Deer Park 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 The Lubrizol Corporation.

	<b>Original</b>	<b>Amendment No. 1</b>
Applicant	The Lubrizol Corporation	The Lubrizol Corporation
Tax Code, 313.024 Eligibility Category	Manufacturing	Manufacturing
School District	Deer Park ISD	Deer Park ISD
2013-2014 Average Daily Attendance	12,968	12,968
County	Harris	Harris
Proposed Total Investment in District	\$300,000,000	\$300,000,000
Proposed Qualified Investment	\$300,000,000	\$300,000,000
Limitation Amount	\$80,000,000	\$80,000,000
Qualifying Time Period (Full Years)	2018-2019	2018-2019
Number of new qualifying jobs committed to by applicant	25	16*
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,250	\$1,250
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,150	\$1,150
Minimum annual wage committed to by applicant for qualified jobs	\$65,000	\$65,000
Minimum weekly wage required for non-qualifying jobs	\$1,342	\$1,342
Minimum annual wage required for non-qualifying jobs	\$69,798	\$69,798
Investment per Qualifying Job	\$12,000,000	\$18,750,000
Estimated M&O levy without any limit (15 years)	\$40,961,584	\$40,961,584
Estimated M&O levy with Limitation (15 years)	\$21,563,951	\$21,563,950
Estimated gross M&O tax benefit (15 years)	\$19,397,633	\$19,397,634

\* 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 The Lubrizol Corporation (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	115	202	317	\$10,810,000	\$13,788,930	\$24,598,930
2017	231	424	655,407	\$21,714,000	\$30,976,798	\$52,690,798
2018	115	258	373	\$10,810,000	\$22,138,807	\$32,948,807
2019	16	101	117	\$1,040,000	\$11,602,862	\$12,642,862
2020	16	60	76	\$1,040,000	\$8,587,509	\$9,627,509
2021	16	35	51	\$1,040,000	\$6,499,279	\$7,539,279
2022	16	25	41	\$1,040,000	\$5,407,651	\$6,447,651
2023	16	24	40	\$1,040,000	\$5,013,719	\$6,053,719
2024	16	28	44	\$1,040,000	\$5,128,377	\$6,168,377
2025	16	35	51	\$1,040,000	\$5,647,355	\$6,687,355
2026	16	43	59	\$1,040,000	\$6,342,948	\$7,382,948
2027	16	50	66	\$1,040,000	\$7,131,576	\$8,171,576
2028	16	56	72	\$1,040,000	\$7,924,471	\$8,964,471
2029	16	57	73	\$1,040,000	\$8,281,430	\$9,321,430
2030	16	59	75	\$1,040,000	\$8,809,208	\$9,849,208
2031	16	60	76	\$1,040,000	\$9,312,533	\$10,352,533
2032	16	61	77	\$1,040,000	\$9,804,541	\$10,844,541
2033	16	62	78	\$1,040,000	\$10,259,503	\$11,299,503

Source: CPA REMI, The Lubrizol Corporation

**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*	Deer ParkISD I&S Tax Levy	Deer ParkISD M&O Tax Levy	Deer ParkISD M&O and I&S Tax Levies	Harris County Tax Levy	Harris County Hospital District Tax Levy	City of Deer Park Tax Levy	Estimated Total Property Taxes
2019	\$270,000,000	\$270,000,000	0.3200	\$864,000	\$3,339,090	\$4,203,090	\$1,119,285	\$459,000	\$1,944,000	\$7,725,375
2020	\$262,035,000	\$262,035,000	0.3200	\$838,512	\$3,240,587	\$4,079,099	\$1,086,266	\$445,460	\$1,886,652	\$7,497,476
2021	\$254,306,250	\$254,306,250	0.3200	\$813,780	\$3,145,005	\$3,958,785	\$1,054,227	\$432,321	\$1,831,005	\$7,276,338
2022	\$246,806,717	\$246,806,717	0.3200	\$789,781	\$3,052,259	\$3,842,040	\$1,023,137	\$419,571	\$1,777,008	\$7,061,757
2023	\$239,529,576	\$239,529,576	0.3200	\$766,495	\$2,962,262	\$3,728,757	\$992,970	\$407,200	\$1,724,613	\$6,853,540
2024	\$232,468,208	\$232,468,208	0.3200	\$743,898	\$2,874,934	\$3,618,833	\$963,697	\$395,196	\$1,673,771	\$6,651,497
2025	\$225,616,191	\$225,616,191	0.3200	\$721,972	\$2,790,195	\$3,512,167	\$935,292	\$383,548	\$1,624,437	\$6,455,443
2026	\$218,967,294	\$218,967,294	0.3200	\$700,695	\$2,707,969	\$3,408,664	\$907,729	\$372,244	\$1,576,565	\$6,265,202
2027	\$212,515,473	\$212,515,473	0.3200	\$680,050	\$2,628,179	\$3,308,228	\$880,983	\$361,276	\$1,530,111	\$6,080,599
2028	\$206,254,861	\$206,254,861	0.3200	\$660,016	\$2,550,754	\$3,210,769	\$855,030	\$350,633	\$1,485,035	\$5,901,467
2029	\$200,179,771	\$200,179,771	0.3200	\$640,575	\$2,475,623	\$3,116,199	\$829,845	\$340,306	\$1,441,294	\$5,727,644
2030	\$194,284,683	\$194,284,683	0.3200	\$621,711	\$2,402,719	\$3,024,430	\$805,407	\$330,284	\$1,398,850	\$5,558,970
2031	\$188,564,241	\$188,564,241	0.3200	\$603,406	\$2,331,974	\$2,935,380	\$781,693	\$320,559	\$1,357,663	\$5,395,294
2032	\$183,013,251	\$183,013,251	0.3200	\$585,642	\$2,263,325	\$2,848,967	\$758,681	\$311,123	\$1,317,695	\$5,236,467
2033	\$177,626,671	\$177,626,671	0.3200	\$568,405	\$2,196,709	\$2,765,114	\$736,351	\$301,965	\$1,278,912	\$5,082,343
			<b>Total</b>	<b>\$10,598,938</b>	<b>\$40,961,584</b>	<b>\$51,560,522</b>	<b>\$13,730,593</b>	<b>\$5,630,686</b>	<b>\$23,847,611</b>	<b>\$94,769,412</b>

Source: CPA, The Lubrizol Corporation

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district, Harris County, Harris County Hospital District and City of Deer Park, with all property tax incentives sought using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code.

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		Deer ParkISD I&S Tax Levy	Deer ParkISD M&O Tax Levy	Deer ParkISD M&O and I&S Tax Levies	Harris County Tax Levy	Harris County Hospital District Tax Levy	City of Deer Park Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3200	1.2367		0.4146	0.1700	0.7200	
2019	\$270,000,000	\$80,000,000		\$864,000	\$989,360	\$1,853,360	\$1,119,285	\$459,000	\$1,944,000	\$5,375,645
2020	\$262,035,000	\$80,000,000		\$838,512	\$989,360	\$1,827,872	\$1,086,266	\$445,460	\$1,886,652	\$5,246,250
2021	\$254,306,250	\$80,000,000		\$813,780	\$989,360	\$1,803,140	\$1,054,227	\$432,321	\$1,831,005	\$5,120,692
2022	\$246,806,717	\$80,000,000		\$789,781	\$989,360	\$1,779,141	\$1,023,137	\$419,571	\$1,777,008	\$4,998,859
2023	\$239,529,576	\$80,000,000		\$766,495	\$989,360	\$1,755,855	\$992,970	\$407,200	\$1,724,613	\$4,880,638
2024	\$232,468,208	\$80,000,000		\$743,898	\$989,360	\$1,733,258	\$963,697	\$395,196	\$1,673,771	\$4,765,922
2025	\$225,616,191	\$80,000,000		\$721,972	\$989,360	\$1,711,332	\$935,292	\$383,548	\$1,624,437	\$4,654,608
2026	\$218,967,294	\$80,000,000		\$700,695	\$989,360	\$1,690,055	\$907,729	\$372,244	\$1,576,565	\$4,546,593
2027	\$212,515,473	\$80,000,000		\$680,050	\$989,360	\$1,669,410	\$880,983	\$361,276	\$1,530,111	\$4,441,780
2028	\$206,254,861	\$80,000,000		\$660,016	\$989,360	\$1,649,376	\$855,030	\$350,633	\$1,485,035	\$4,340,073
2029	\$200,179,771	\$200,179,771		\$640,575	\$2,475,623	\$3,116,199	\$829,845	\$340,306	\$1,441,294	\$5,727,644
2030	\$194,284,683	\$194,284,683		\$621,711	\$2,402,719	\$3,024,430	\$805,407	\$330,284	\$1,398,850	\$5,558,970
2031	\$188,564,241	\$188,564,241		\$603,406	\$2,331,974	\$2,935,380	\$781,693	\$320,559	\$1,357,663	\$5,395,294
2032	\$183,013,251	\$183,013,251		\$585,642	\$2,263,325	\$2,848,967	\$758,681	\$311,123	\$1,317,695	\$5,236,467
2033	\$177,626,671	\$177,626,671		\$568,405	\$2,196,709	\$2,765,114	\$736,351	\$301,965	\$1,278,912	\$5,082,343
			<b>Total</b>	<b>\$10,598,938</b>	<b>\$21,563,950</b>	<b>\$32,162,888</b>	<b>\$13,730,593</b>	<b>\$5,630,686</b>	<b>\$23,847,611</b>	<b>\$75,371,778</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$19,397,634</b>	<b>\$19,397,634</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$19,397,634</b>
Assumes School Value Limitation.										

Source: CPA, The Lubrizol Corporation

\*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 before 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that The Lubrizol Corporation (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>	2016	\$0	\$0	\$0	\$0
	2017	\$408,111	\$408,111	\$0	\$0
	2018	\$1,236,700	\$1,644,811	\$0	\$0
<b>Limitation Period (10 Years)</b>	2019	\$989,360	\$2,634,171	\$2,349,730	\$2,349,730
	2020	\$989,360	\$3,623,531	\$2,251,227	\$4,600,957
	2021	\$989,360	\$4,612,891	\$2,155,645	\$6,756,602
	2022	\$989,360	\$5,602,251	\$2,062,899	\$8,819,501
	2023	\$989,360	\$6,591,611	\$1,972,902	\$10,792,403
	2024	\$989,360	\$7,580,971	\$1,885,574	\$12,677,977
	2025	\$989,360	\$8,570,331	\$1,800,835	\$14,478,813
	2026	\$989,360	\$9,559,691	\$1,718,609	\$16,197,421
	2027	\$989,360	\$10,549,051	\$1,638,819	\$17,836,240
	2028	\$989,360	\$11,538,411	\$1,561,394	\$19,397,634
<b>Maintain Viable Presence (5 Years)</b>	2029	\$2,475,623	\$14,014,034	\$0	\$19,397,634
	2030	\$2,402,719	\$16,416,753	\$0	\$19,397,634
	2031	\$2,331,974	\$18,748,727	\$0	\$19,397,634
	2032	\$2,263,325	\$21,012,052	\$0	\$19,397,634
	2033	\$2,196,709	\$23,208,761	\$0	\$19,397,634
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2034	\$2,132,066	\$25,340,827	\$0	\$19,397,634
	2035	\$2,069,337	\$27,410,164	\$0	\$19,397,634
	2036	\$2,008,465	\$29,418,629	\$0	\$19,397,634
	2037	\$1,949,396	\$31,368,025	\$0	\$19,397,634
	2038	\$1,892,074	\$33,260,099	\$0	\$19,397,634
	2039	\$1,836,449	\$35,096,549	\$0	\$19,397,634
	2040	\$1,782,471	\$36,879,020	\$0	\$19,397,634
	2041	\$1,730,089	\$38,609,108	\$0	\$19,397,634
	2042	\$1,679,257	\$40,288,365	\$0	\$19,397,634
	2043	\$1,629,928	\$41,918,293	\$0	\$19,397,634

**\$41,918,293**

is greater than

**\$19,397,634**

<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

NOTE: The analysis above only takes into account this project’s estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, The Lubrizol Corporation

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