



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 8, 2017

AMENDED CERTIFICATION

Danny Massey  
Superintendent  
Brazosport Independent School District  
P.O. Drawer Z  
Freeport, Texas 77542

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Brazosport Independent School District and The Dow Chemical Company, Application 1112

Dear Superintendent Massey:

This application (Application 1112) was originally submitted on September 24, 2015, to the Brazosport Independent School District (school district) by The Dow Chemical Company (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> On December 28 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 February 10, 2016. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on March 15, 2016.

On November 20, 2017, the Comptroller received an amendment to the agreement. 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.

**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.

**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)**

Comptroller has still 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, 2017.

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,

A handwritten signature in black ink, appearing to read "Mike Reissig". The signature is stylized and written over the printed name and title.

Mike Reissig  
Deputy Comptroller

Enclosure

cc: Will Counihan

## Amended Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of The Dow Chemical Company (project) applying to Brazosport 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 Dow Chemical Company.

	<b>Original</b>	<b>Amendment No. 1</b>
Applicant	The Dow Chemical Company	The Dow Chemical Company
Tax Code, 313.024 Eligibility Category	Manufacturing	Manufacturing
School District	Brazosport ISD	Brazosport ISD
2011-2012 Average Daily Attendance	11,480	11,480
County	Brazoria	Brazoria
Proposed Total Investment in District	\$1,000,000,000	\$1,000,000,000
Proposed Qualified Investment	\$1,000,000,000	\$1,000,000,000
Limitation Amount	\$30,000,000	\$30,000,000
Qualifying Time Period (Full Years)	2018-2019	2018-2019
Number of new qualifying jobs committed to by applicant	35	35
Number of new non-qualifying jobs estimated by applicant	17	17
Average weekly wage of qualifying jobs committed to by applicant	\$1,154	\$1,154
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,153	\$1,153
Minimum annual wage committed to by applicant for qualified jobs	\$60,000	\$60,000
Minimum weekly wage required for non-qualifying jobs	\$1,071	\$1,071
Minimum annual wage required for non-qualifying jobs	\$55,667	\$55,667
Investment per Qualifying Job	\$28,571,428	\$28,571,429
Estimated M&O levy without any limit (15 years)	\$109,799,018	\$109,796,138
Estimated M&O levy with Limitation (15 years)	\$34,041,059	\$34,038,178
Estimated gross M&O tax benefit (15 years)	\$75,757,960	\$75,757,961

**Table 2** is the estimated statewide economic impact of The Dow Chemical Company (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2017	150	208	358	\$9,000,000	\$15,935,430	\$24,935,430
2018	1400	1,912	3312.45	\$84,000,000	\$154,300,860	\$238,300,860
2019	435	915	1350	\$26,050,112	\$86,523,748	\$112,573,860
2020	35	338	373	\$2,050,112	\$42,401,378	\$44,451,490
2021	35	174	209	\$2,050,112	\$29,351,698	\$31,401,810
2022	35	77	112	\$2,050,112	\$20,404,348	\$22,454,460
2023	35	33	68	\$2,050,112	\$15,111,008	\$17,161,120
2024	35	25	60	\$2,050,112	\$12,667,208	\$14,717,320
2025	35	39	74	\$2,050,112	\$12,580,298	\$14,630,410
2026	35	63	98	\$2,050,112	\$13,846,278	\$15,896,390
2027	35	89	124	\$2,050,112	\$15,936,008	\$17,986,120
2028	35	115	150	\$2,050,112	\$18,376,118	\$20,426,230
2029	35	118	153	\$2,050,112	\$19,136,168	\$21,186,280
2030	35	129	164	\$2,050,112	\$20,755,428	\$22,805,540
2031	35	137	172	\$2,050,112	\$22,321,948	\$24,372,060
2032	35	144	179	\$2,050,112	\$23,844,168	\$25,894,280
2033	35	148	183	\$2,050,112	\$25,223,048	\$27,273,160

Source: CPA REMI, The Dow Chemical Company

**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*	Brazsport ISD I&S Tax Levy	Brazsport ISD M&O Tax Levy	Brazsport ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazsport College Tax Levy	Port Freeport Tax Levy	Velasco Drainage District Tax Levy	Estimated Total Property Taxes
			0.2153	1.0400		0.49850	0.28088	0.04500	0.98018		
2019	\$300,276,920	\$300,276,920		\$646,496	\$3,122,880	\$3,769,376	\$1,496,880	\$843,412	\$135,125	\$2,943,254	\$9,188,047
2020	\$955,276,920	\$955,276,920		\$2,056,711	\$9,934,880	\$11,991,591	\$4,762,055	\$2,683,163	\$429,875	\$9,363,433	\$29,230,117
2021	\$915,276,920	\$915,276,920		\$1,970,591	\$9,518,880	\$11,489,471	\$4,562,655	\$2,570,812	\$411,875	\$8,971,361	\$28,006,174
2022	\$876,876,920	\$876,876,920		\$1,887,916	\$9,119,520	\$11,007,436	\$4,371,231	\$2,462,954	\$394,595	\$8,594,972	\$26,831,189
2023	\$840,012,920	\$840,012,920		\$1,808,548	\$8,736,134	\$10,544,682	\$4,187,464	\$2,359,411	\$378,006	\$8,233,639	\$25,703,203
2024	\$804,623,480	\$804,623,480		\$1,732,354	\$8,368,084	\$10,100,439	\$4,011,048	\$2,260,010	\$362,081	\$7,886,758	\$24,620,336
2025	\$770,649,618	\$770,649,618		\$1,659,209	\$8,014,756	\$9,673,965	\$3,841,688	\$2,164,585	\$346,792	\$7,553,753	\$23,580,784
2026	\$738,034,710	\$738,034,710		\$1,588,989	\$7,675,561	\$9,264,550	\$3,679,103	\$2,072,977	\$332,116	\$7,234,069	\$22,582,814
2027	\$706,724,398	\$706,724,398		\$1,521,578	\$7,349,934	\$8,871,511	\$3,523,021	\$1,985,033	\$318,026	\$6,927,171	\$21,624,763
2028	\$676,666,499	\$676,666,499		\$1,456,863	\$7,037,332	\$8,494,195	\$3,373,182	\$1,900,607	\$304,500	\$6,632,550	\$20,705,034
2029	\$647,810,916	\$647,810,916		\$1,394,737	\$6,737,234	\$8,131,970	\$3,229,337	\$1,819,558	\$291,515	\$6,349,713	\$19,822,094
2030	\$620,109,556	\$620,109,556		\$1,335,096	\$6,449,139	\$7,784,235	\$3,091,246	\$1,741,751	\$279,049	\$6,078,190	\$18,974,472
2031	\$593,516,251	\$593,516,251		\$1,277,840	\$6,172,569	\$7,450,409	\$2,958,679	\$1,667,057	\$267,082	\$5,817,528	\$18,160,754
2032	\$567,986,677	\$567,986,677		\$1,222,875	\$5,907,061	\$7,129,937	\$2,831,414	\$1,595,350	\$255,594	\$5,567,292	\$17,379,586
2033	\$543,478,287	\$543,478,287		\$1,170,109	\$5,652,174	\$6,822,283	\$2,709,239	\$1,526,511	\$244,565	\$5,327,065	\$16,629,664
			<b>Total</b>	<b>\$22,729,912</b>	<b>\$109,796,138</b>	<b>\$132,526,050</b>	<b>\$52,628,245</b>	<b>\$29,653,192</b>	<b>\$4,750,794</b>	<b>\$103,480,749</b>	<b>\$323,039,031</b>

Source: CPA, The Dow Chemical Company

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district, Brazoria County, Brazosport College, Port Freeport and Velasco Drainage District, 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 and tax abatements with the county, college, port and drainage district.

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

<b>Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought</b>												
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Brazosport ISD I&S Tax Levy	Brazosport ISD M&O Tax Levy	Brazosport ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazosport College Tax Levy	Port Freeport Tax Levy	Velasco Drainage District Tax Levy	Estimated Total Property Taxes	
2019	\$300,276,920	\$30,000,000		0.2153	1.0400		0.49850	0.28088	0.04500	0.98018		
				\$646,496	\$312,000	\$958,496	\$374,220	\$210,853	\$33,781	\$735,814	\$2,313,164	
2020	\$955,276,920	\$30,000,000		\$2,056,711	\$312,000	\$2,368,711	\$1,190,514	\$670,791	\$107,469	\$2,340,858	\$6,678,343	
2021	\$915,276,920	\$30,000,000		\$1,970,591	\$312,000	\$2,282,591	\$1,140,664	\$642,703	\$102,969	\$2,242,840	\$6,411,767	
2022	\$876,876,920	\$30,000,000		\$1,887,916	\$312,000	\$2,199,916	\$1,092,808	\$615,739	\$98,649	\$2,148,743	\$6,155,854	
2023	\$840,012,920	\$30,000,000		\$1,808,548	\$312,000	\$2,120,548	\$1,046,866	\$589,853	\$94,501	\$2,058,410	\$5,910,178	
2024	\$804,623,480	\$30,000,000		\$1,732,354	\$312,000	\$2,044,354	\$1,002,762	\$565,003	\$90,520	\$1,971,690	\$5,674,329	
2025	\$770,649,618	\$30,000,000		\$1,659,209	\$312,000	\$1,971,209	\$960,422	\$541,146	\$86,698	\$1,888,438	\$5,447,913	
2026	\$738,034,710	\$30,000,000		\$1,588,989	\$312,000	\$1,900,989	\$919,776	\$518,244	\$83,029	\$1,808,517	\$5,230,555	
2027	\$706,724,398	\$30,000,000		\$1,521,578	\$312,000	\$1,833,578	\$880,755	\$496,258	\$79,506	\$1,731,793	\$5,021,891	
2028	\$676,666,499	\$30,000,000		\$1,456,863	\$312,000	\$1,768,863	\$843,296	\$475,152	\$76,125	\$1,658,137	\$4,821,573	
2029	\$647,810,916	\$647,810,916		\$1,394,737	\$6,737,234	\$8,131,970	\$3,229,337	\$1,819,558	\$291,515	\$6,349,713	\$19,822,094	
2030	\$620,109,556	\$620,109,556		\$1,335,096	\$6,449,139	\$7,784,235	\$3,091,246	\$1,741,751	\$279,049	\$6,078,190	\$18,974,472	
2031	\$593,516,251	\$593,516,251		\$1,277,840	\$6,172,569	\$7,450,409	\$2,958,679	\$1,667,057	\$267,082	\$5,817,528	\$18,160,754	
2032	\$567,986,677	\$567,986,677		\$1,222,875	\$5,907,061	\$7,129,937	\$2,831,414	\$1,595,350	\$255,594	\$5,567,292	\$17,379,586	
2033	\$543,478,287	\$543,478,287		\$1,170,109	\$5,652,174	\$6,822,283	\$2,709,239	\$1,526,511	\$244,565	\$5,327,065	\$16,629,664	
				<b>Total</b>	<b>\$22,729,912</b>	<b>\$34,038,178</b>	<b>\$56,768,090</b>	<b>\$24,271,997</b>	<b>\$13,675,968</b>	<b>\$2,191,053</b>	<b>\$47,725,028</b>	<b>\$144,632,136</b>
				<b>Diff</b>	<b>\$0</b>	<b>\$75,757,961</b>	<b>\$75,757,961</b>	<b>\$28,356,248</b>	<b>\$15,977,224</b>	<b>\$2,559,742</b>	<b>\$55,755,721</b>	<b>\$178,406,895</b>

Assumes School Value Limitation and Tax Abatements with the County, College, Port and Drainage District

Source: CPA, The Dow Chemical Company

\*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 Dow Chemical Company (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	\$2,880	\$2,880	\$0	\$0
	2018	\$522,880	\$525,760	\$0	\$0
<b>Limitation Period (10 Years)</b>	2019	\$312,000	\$837,760	\$2,810,880	\$2,810,880
	2020	\$312,000	\$1,149,760	\$9,622,880	\$12,433,760
	2021	\$312,000	\$1,461,760	\$9,206,880	\$21,640,640
	2022	\$312,000	\$1,773,760	\$8,807,520	\$30,448,160
	2023	\$312,000	\$2,085,760	\$8,424,134	\$38,872,294
	2024	\$312,000	\$2,397,760	\$8,056,084	\$46,928,378
	2025	\$312,000	\$2,709,760	\$7,702,756	\$54,631,134
	2026	\$312,000	\$3,021,760	\$7,363,561	\$61,994,695
	2027	\$312,000	\$3,333,760	\$7,037,934	\$69,032,629
	2028	\$312,000	\$3,645,760	\$6,725,332	\$75,757,961
<b>Maintain Viable Presence (5 Years)</b>	2029	\$6,737,234	\$10,382,993	\$0	\$75,757,961
	2030	\$6,449,139	\$16,832,133	\$0	\$75,757,961
	2031	\$6,172,569	\$23,004,702	\$0	\$75,757,961
	2032	\$5,907,061	\$28,911,763	\$0	\$75,757,961
	2033	\$5,652,174	\$34,563,937	\$0	\$75,757,961
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2034	\$5,407,482	\$39,971,420	\$0	\$75,757,961
	2035	\$5,172,578	\$45,143,998	\$0	\$75,757,961
	2036	\$4,947,070	\$50,091,069	\$0	\$75,757,961
	2037	\$4,730,583	\$54,821,651	\$0	\$75,757,961
	2038	\$4,522,755	\$59,344,406	\$0	\$75,757,961
	2039	\$4,323,240	\$63,667,646	\$0	\$75,757,961
	2040	\$4,131,705	\$67,799,351	\$0	\$75,757,961
	2041	\$3,947,832	\$71,747,183	\$0	\$75,757,961
	2042	\$3,771,314	\$75,518,497	\$0	\$75,757,961
	2043	\$3,601,857	\$79,120,354	\$0	\$75,757,961

**\$79,120,354**

is greater than

**\$75,757,961**

<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 Dow Chemical Company

**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.