Chapter 313 Property Value Limitation Financial Impact of the Proposed Dow Chemical Company Project in the Brazosport Independent School District (Project # 1112)

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Executive Summary

Dow Chemical Company (Company) has requested that the Brazosport Independent School District (BISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application initially submitted to BISD on July 16, 2015, the Company plans to invest $955.3 million to construct a ethylene glycol manufacturing facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The Dow project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

Under the provisions of Chapter 313, BISD may offer a minimum value limitation of $30 million. This value limitation, under the proposed application, will begin in the 2018-19 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA's initial school finance analysis is detailed in this report, incorporating the major legislative changes adopted last May. The overall conclusions are as follows, but please read all of the subsquent details in the report below for more information.

Total Revenue Loss Payment owed to BISD	$9.6 Million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	$66.1 Million

Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. The Comptroller delivered a Completeness Letter to the company and the school district on December 28, 2015.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of the project and provide its certificate for a limitation on appraised value. After the certificate is received, the district has until the 150th day from the receipt of the Completeness Letter or until December 31, whichever is earlier, to adopt an agreement. The Certification Letter for the project was issued by the Comptroller's Office on February 10, 2016.

Each value limitation agreement is unique and to ensure the proper revenue-loss protection and maximum supplemental benefits are in place, an understanding of the school district's finances and a thorough knowledge of the Ch. 313 statute are required. MCA and O'Hanlon, McCollom & Demerath will ensure the best interests of BISD are secured. The Value Limitation Agreement addresses the hold-harmless provisions and supplemental benefit payments, along with provisions on how the Agreement is to be administered. A final version of the agreement must be submitted to the Comptroller for review 30 days prior to final adoption by the school district's board of trustees.

At the final board meeting, the school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law. In some instances, the school board may also be required to adopt a job waiver or create a reinvestment zone during this meeting, although neither will be required in the board's consideration of the Dow application. Prior to this meeting, O'Hanlon, McCollom & Demerath will provide the district with the necessary agenda language and any additional action items.

How the 313 Agreement Interacts with Texas School Finance

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of three components: Tier I, Tier II and additional state aid for tax reduction (ASATR), although ASATR is currently scheduled to be eliminated by the 2017-18 school year. (For more detailed information on the school finance funding system, please review the Texas Education Agency's School Finance 101: Funding of Texas Public Schools.)

Tier I provides state funding based on ADA and special student populations, as well as transportation. The local funds for Tier I are M&O taxes raised at the compressed tax rate—$1.00 per $100 of taxable value for most school districts (less any recapture payments owed to the state from high property-wealth school districts).

Tier II guarantees a specific amount of funding per student in weighted average daily attendance for each penny of a school district's tax effort above a specified level. There are two levels of Tier II funding—funding under the six so-called golden pennies and the eleven so-called copper pennies. Voter approval is required in most cases to access the last two golden pennies and the eleven copper pennies.

Additional State Aid for Tax Reduction (ASATR) guarantees a school district a set amount of state and local M&O funds per student in weighted average daily attendance to compensate for the mandatory reduction in, or compression of, the local M&O tax rate that was adopted in 2005 or 2006. ASATR funding is expected to be eliminated by the 2017-18 school year under current law and is not a factor in the calculations presented below.

For a school district that approves a Chapter 313 value limitation, the first year is often problematic financially. The implementation of the value limitation often results in an M&O revenue loss to the school district in the first year of the limitation that would not be reimbursed by the state, but require some type of compensation from the Company under the revenue protection provisions of the agreement. This is because the school finance formula system calculates state aid entitlements using the property value for the preceding year as certified by the Comptroller.

In most instances, smaller revenue losses would be anticipated in years 2-10 of the limitation when the state M&O property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study. **If the full value of the project increases significantly during the value limitation period, the revenue losses may be greater than originally estimated.**

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

Future legislative action on school funding could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

Underlying School District Data Assumptions

A key element in any analysis of the school finance implications of a Chapter 313 agreement is the provision for revenue protection in the agreement between the school district and the applicant. The agreement calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue-protection language in the agreement. This approach also reduces guesswork as to future changes in school finance and property tax laws.

The general approach used here to analyze the future revenue stream of the school district under a value limitation is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. Student enrollment counts are held constant at 11,531 students in average daily attendance (ADA) in analyzing the effects of the project on the finances of BISD. The District's local tax base reached $7.9 billion for the 2015 tax year (the most recent year available) and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of $1.04 per $100 is used throughout this analysis. The impact of any previously approved Chapter 313 projects is factored into the M&O tax bases used for both models presented below.

BISD has estimated state property wealth per weighted ADA or WADA in the forecasts provided below that exceed the current equalized wealth level. As a result, BISD is considered a Chapter 41 or recapture district under the school finance system. Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

Recent legislative changes are incorporated into these estimates. The basic allotment was raised from $5,040 to $5,140 per WADA, which is used throughout the state aid calculations. The Tier II guaranteed yield level for up to six cents of tax effort was increased from $61.86 in 2014-15 to $74.28 and $77.53, respectively, for the 2015-16 and 2016-17 school years.

In addition, BISD is eligible for a "fractional" funding adjustment, since it imposed less than $1.50 M&O tax rate for the 2006 tax year. Given the analysis shown below, it appears that BISD would benefit from shifting tax effort to take advantage of the fractional funding fix approved by legislators and that change is incorporated in these estimates.

The mandated school district homestead exemption increase from $15,000 to $25,000 has been incorporated into the analysis. Given that the models below focus exclusively on the Dow Chemical Company project values, however, the homestead exemption change does not have a significant impact on this analysis.

The M&O tax rate for 2015 is maintained at $1.0400 per $100. Although the impact of the Chapter 313 project value returning to the total tax roll for M&O funding purposes could result in a lower M&O tax rate that analysis is beyond the scope of this revenue report.

Table 1 – Base District Information with Dow Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
QTP0	2016-17	11,530.94	15,052.04	$1.0400	$0.2153	$8,729,830,557	$8,729,830,557	$7,904,068,615	$7,904,068,615	$525,116	$525,116
QTP1	2017-18	11,530.94	15,052.04	$1.0400	$0.2153	$9,614,098,091	$9,614,098,091	$8,727,554,224	$8,727,554,224	$579,825	$579,825
QTP2/VL1	2018-19	11,530.94	15,052.04	$1.0400	$0.2153	$13,213,968,724	$12,943,691,804	$9,611,821,758	$9,611,821,758	$638,573	$638,573
VL2	2019-20	11,530.94	15,052.04	$1.0400	$0.2153	$12,526,729,776	$11,601,452,856	$13,211,692,391	$12,941,415,471	$877,734	$859,778
VL3	2020-21	11,530.94	15,052.04	$1.0400	$0.2153	$8,471,502,495	$7,586,225,575	$12,524,453,443	$11,599,176,523	$832,077	$770,605
VL4	2021-22	11,530.94	15,052.04	$1.0400	$0.2153	$8,430,079,701	$7,583,202,781	$8,469,226,162	$7,583,949,242	$562,663	$503,849
VL5	2022-23	11,530.94	15,052.04	$1.0400	$0.2153	$8,390,245,329	$7,580,232,409	$8,427,803,368	$7,580,926,448	$559,911	$503,648
VL6	2023-24	11,530.94	15,052.04	$1.0400	$0.2153	$8,483,652,047	$7,709,028,567	$8,387,968,996	$7,577,956,076	$557,265	$503,450
VL7	2024-25	11,530.94	15,052.04	$1.0400	$0.2153	$8,908,497,977	$8,167,848,359	$8,481,375,714	$7,706,752,234	$563,470	$512,007
VL8	2025-26	11,530.94	15,052.04	$1.0400	$0.2153	$8,840,007,333	$8,131,972,623	$8,906,221,644	$8,165,572,026	$591,695	$542,489
VL9	2026-27	11,530.94	15,052.04	$1.0400	$0.2153	$11,661,122,183	$10,984,397,785	$8,837,731,000	$8,129,696,290	$587,145	$540,106
VL10	2027-28	11,530.94	15,052.04	$1.0400	$0.2153	$14,052,022,403	$13,405,355,904	$11,658,845,850	$10,982,121,452	$774,569	$729,610
VP1	2028-29	11,530.94	15,052.04	$1.0400	$0.2153	$17,693,324,275	$17,693,324,275	$14,049,746,070	$13,403,079,571	$933,411	$890,449
VP2	2029-30	11,530.94	15,052.04	$1.0400	$0.2153	$17,286,795,749	$17,286,795,749	$17,691,047,942	$17,691,047,942	$1,175,326	$1,175,326
VP3	2030-31	11,530.94	15,052.04	$1.0400	$0.2153	$16,896,215,042	$16,896,215,042	$17,284,519,416	$17,284,519,416	$1,148,317	$1,148,317
VP4	2031-32	11,530.94	15,052.04	$1.0400	$0.2153	$16,525,267,277	$16,525,267,277	$16,893,938,709	$16,893,938,709	$1,122,369	$1,122,369
VP5	2032-33	11,530.94	15,052.04	$1.0400	$0.2153	$16,172,738,064	$16,172,738,064	$16,522,990,944	$16,522,990,944	$1,097,724	$1,097,724

***Basic Allotment: $5,140; AISD Yield: $77.53; Equalized Wealth: $514,000 per WADA**

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

M&O Impact of the Dow project on BISD

School finance models were prepared for BISD under these assumptions through the 2032-33 school year. Under the proposed agreement, a model is established to make a calculation of the "Baseline Revenue Model" by adding the total value of the project to the model, but without assuming that a value limitation is approved. These model results are detailed in Table 2.

Table 2– "Baseline Revenue Model" --Project Value Added with No Value Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2016-17	$83,775,296	$5,262,531	$0	-$1,684,761	$5,129,100	$2,443,989	$0	$77,615	$247,294	$95,251,064
QTP1	2017-18	$92,267,802	$2,956,342	$0	-$9,951,073	$5,649,049	$1,903,662	$0	$85,538	$245,190	$93,156,510
QTP2/VL1	2018-19	$126,893,933	$3,878,818	$0	-$23,516,739	$7,769,016	$1,662,883	$0	$117,629	$236,294	$117,041,834
VL2	2019-20	$120,422,071	$3,878,818	$0	-$48,397,876	$7,372,780	$0	$0	$136,631	$236,168	$83,648,593
VL3	2020-21	$81,467,828	$3,878,818	$0	-$29,637,389	$4,987,826	$0	$0	$92,434	$243,163	$61,032,679
VL4	2021-22	$81,062,477	$3,878,818	$0	-$6,660,309	$4,963,009	$1,875,563	$0	$75,113	$243,453	$85,438,124
VL5	2022-23	$80,672,682	$3,878,818	$0	-$6,284,179	$4,939,144	$1,899,837	$0	$74,759	$243,729	$85,424,791
VL6	2023-24	$81,562,824	$3,878,818	$0	-$6,015,717	$4,993,642	$1,952,716	$0	$75,628	$243,768	$86,691,679
VL7	2024-25	$85,636,385	$3,878,818	$0	-$7,142,575	$5,243,044	$1,970,475	$0	$79,379	$243,202	$89,908,728
VL8	2025-26	$84,972,209	$3,878,818	$0	-$10,599,794	$5,202,380	$1,613,957	$0	$78,756	$243,521	$85,389,846
VL9	2026-27	$112,060,059	$3,878,818	$0	-$13,262,160	$6,860,820	$2,197,721	$0	$103,885	$238,618	$112,077,761
VL10	2027-28	$135,016,373	$3,878,818	$0	-$43,915,023	$8,266,309	$7,799	$0	$153,190	$234,476	$103,641,943
VP1	2028-29	$169,860,690	$3,878,818	$0	-$74,818,610	$10,399,634	$0	$0	$192,725	$228,073	$109,741,330
VP2	2029-30	$165,956,390	$3,878,818	$0	-$91,874,209	$10,160,595	$0	$0	$188,295	$228,958	$88,538,847
VP3	2030-31	$162,205,253	$3,878,818	$0	-$88,095,128	$9,930,934	$0	$0	$184,039	$229,808	$88,333,724
VP4	2031-32	$158,642,670	$3,878,818	$0	-$84,485,470	$9,712,817	$0	$0	$179,997	$230,616	$88,159,448
VP5	2032-33	$155,256,980	$3,878,818	$0	-$81,054,034	$9,505,529	$0	$0	$176,155	$231,384	$87,994,832

QTP=	Qualifying Time Period
VL=	Value Limitation
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Additionally, a separate model is established to make a calculation of the "Value Limitation Revenue Model" by adding the project's limited value of $30 million to the model. These results are shown in Table 3.

Table 4 displays the results of the comparison between the Baseline Revenue Model and the Value Limitation Revenue Model (Tables 2 and 3). The difference between the two models indicates there will be a total revenue loss of $9.6 million over the course of the Agreement, with nearly all of this loss reflected in the first three limitation years, starting in 2018-19. Nearly all of the reduction in M&O taxes under the limitation agreement is offset through a reduction in recapture costs owed to the state under current law.

Table 3– "Value Limitation Revenue Model" --Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2016-17	$83,775,296	$5,262,531	$0	-$1,684,761	$5,129,100	$2,443,989	$0	$77,615	$247,294	$95,251,064
QTP1	2017-18	$92,267,802	$2,956,342	$0	-$9,951,073	$5,649,049	$1,903,662	$0	$85,538	$245,190	$93,156,510
QTP2/VL1	2018-19	$124,245,220	$3,878,818	$0	-$23,025,864	$7,606,850	$1,627,897	$0	$115,197	$236,781	$114,684,899
VL2	2019-20	$111,354,357	$3,878,818	$0	-$43,278,336	$6,817,614	$0	$0	$126,343	$237,837	$79,136,633
VL3	2020-21	$72,792,114	$3,878,818	$0	-$23,027,205	$4,456,660	$27,137	$0	$127,447	$244,760	$58,499,731
VL4	2021-22	$72,763,083	$6,772,042	$0	$0	$4,454,883	$2,398,422	$0	$0	$244,980	$86,633,410
VL5	2022-23	$72,734,556	$6,801,666	$0	$0	$4,453,136	$2,400,196	$0	$0	$245,191	$86,634,745
VL6	2023-24	$73,971,514	$6,830,775	$0	$0	$4,528,868	$2,446,950	$0	$0	$245,166	$88,023,273
VL7	2024-25	$78,378,019	$5,568,573	$0	$0	$4,798,654	$2,469,007	$0	$0	$244,538	$91,458,791
VL8	2025-26	$78,033,469	$3,878,818	$0	-$3,893,113	$4,777,559	$2,050,000	$0	$72,318	$244,798	$85,163,850
VL9	2026-27	$105,428,160	$3,878,818	$0	-$4,841,069	$6,454,785	$2,810,879	$0	$97,685	$239,839	$114,069,098
VL10	2027-28	$128,679,042	$3,878,818	$0	-$36,521,287	$7,878,309	$493,098	$0	$77	$235,642	$104,643,699
VP1	2028-29	$169,860,690	$3,878,818	$0	-$70,305,679	$10,399,634	$0	$0	$192,725	$228,073	$114,254,260
VP2	2029-30	$165,956,390	$3,878,818	$0	-$91,874,209	$10,160,595	$0	$0	$188,295	$228,958	$88,538,847
VP3	2030-31	$162,205,253	$3,878,818	$0	-$88,095,128	$9,930,934	$0	$0	$184,039	$229,808	$88,333,724
VP4	2031-32	$158,642,670	$3,878,818	$0	-$84,485,470	$9,712,817	$0	$0	$179,997	$230,616	$88,159,448
VP5	2032-33	$155,256,980	$3,878,818	$0	-$81,054,034	$9,505,529	$0	$0	$176,155	$231,384	$87,994,832

QTP= Qualifying Time Period
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Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2016-17	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
QTP1	2017-18	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
QTP2/VL1	2018-19	-$2,648,713	$0	$0	$490,875	-$162,166	-$34,986	$0	-$2,432	$487	-$2,356,934
VL2	2019-20	-$9,067,714	$0	$0	$5,119,540	-$555,166	$0	$0	-$10,288	$1,669	-$4,511,959
VL3	2020-21	-$8,675,714	$0	$0	$6,610,184	-$531,166	$27,137	$0	$35,013	$1,597	-$2,532,949
VL4	2021-22	-$8,299,394	$2,893,224	$0	$6,660,309	-$508,126	$522,859	$0	-$75,113	$1,527	$1,195,286
VL5	2022-23	-$7,938,126	$2,922,848	$0	$6,284,179	-$486,008	$500,359	$0	-$74,759	$1,462	$1,209,954
VL6	2023-24	-$7,591,310	$2,951,957	$0	$6,015,717	-$464,774	$494,234	$0	-$75,628	$1,398	$1,331,594
VL7	2024-25	-$7,258,366	$1,689,755	$0	$7,142,575	-$444,390	$498,532	$0	-$79,379	$1,336	$1,550,063
VL8	2025-26	-$6,938,740	$0	$0	$6,706,682	-$424,821	$436,043	$0	-$6,437	$1,277	-$225,996
VL9	2026-27	-$6,631,899	$0	$0	$8,421,091	-$406,035	$613,158	$0	-$6,200	$1,221	$1,991,337
VL10	2027-28	-$6,337,331	$0	$0	$7,393,736	-$388,000	$485,299	$0	-$153,113	$1,166	$1,001,756
VP1	2028-29	$0	$0	$0	$4,512,930	$0	$0	$0	$0	$0	$4,512,930
VP2	2029-30	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
VP3	2030-31	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
VP4	2031-32	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
VP5	2032-33	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

M&O Impact on the Taxpayer

Table 5 summarizes the impact of the property value limitation in terms of the potential tax savings to the taxpayer under the property value limitation agreement. The focus of this table is on the M&O tax rate only. A $1.04 per $100 M&O tax rate is assumed in 2015-16 (the most recent year available) and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total $75.8 million over the life of the agreement. The BISD revenue losses are expected to total approximately $9.6 million in the first three limitation years of the Agreement. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to reach $66.1 million, prior to any negotiations with Dow on supplemental payments.

Table 5 - Estimated Financial Impact of the Dow Project Property Value Limitation Request Submitted to BISD at $1.0400 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits
QTP0	2016-17	$0	$0	$0	$1.040	$0	$0	$0	$0	$0
QTP1	2017-18	$276,920	$276,920	$0	$1.040	$2,880	$2,880	$0	$0	$0
QTP2/VL1	2018-19	$300,276,920	$30,000,000	$270,276,920	$1.040	$3,122,880	$312,000	$2,810,880	-$2,356,934	$453,946
VL2	2019-20	$955,276,920	$30,000,000	$925,276,920	$1.040	$9,934,880	$312,000	$9,622,880	-$4,511,959	$5,110,920
VL3	2020-21	$915,276,920	$30,000,000	$885,276,920	$1.040	$9,518,880	$312,000	$9,206,880	-$2,532,949	$6,673,931
VL4	2021-22	$876,876,920	$30,000,000	$846,876,920	$1.040	$9,119,520	$312,000	$8,807,520	$0	$8,807,520
VL5	2022-23	$840,012,920	$30,000,000	$810,012,920	$1.040	$8,736,134	$312,000	$8,424,134	$0	$8,424,134
VL6	2023-24	$804,623,480	$30,000,000	$774,623,480	$1.040	$8,368,084	$312,000	$8,056,084	$0	$8,056,084
VL7	2024-25	$770,649,618	$30,000,000	$740,649,618	$1.040	$8,014,756	$312,000	$7,702,756	$0	$7,702,756
VL8	2025-26	$738,034,710	$30,000,000	$708,034,710	$1.040	$7,675,561	$312,000	$7,363,561	-$225,996	$7,137,565
VL9	2026-27	$706,724,398	$30,000,000	$676,724,398	$1.040	$7,349,934	$312,000	$7,037,934	$0	$7,037,934
VL10	2027-28	$676,666,499	$30,000,000	$646,666,499	$1.040	$7,037,332	$312,000	$6,725,332	$0	$6,725,332
VP1	2028-29	$647,810,916	$647,810,916	$0	$1.040	$6,737,234	$6,737,234	$0	$0	$0
VP2	2029-30	$620,109,556	$620,109,556	$0	$1.040	$6,449,139	$6,449,139	$0	$0	$0
VP3	2030-31	$593,516,251	$593,516,251	$0	$1.040	$6,172,569	$6,172,569	$0	$0	$0
VP4	2031-32	$567,986,677	$567,986,677	$0	$1.040	$5,907,061	$5,907,061	$0	$0	$0
VP5	2032-33	$543,478,287	$543,478,287	$0	$1.040	$5,652,174	$5,652,174	$0	$0	$0
						$109,799,018	**$34,041,058**	**$75,757,961**	**-$9,627,839**	**$66,130,122**

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with BISD currently levying a $0.2153 per $100 I&S rate. While the value of the Dow project is expected to depreciate over the life of the agreement and beyond, local taxpayers should benefit from the addition of the Dow project to the local I&S tax roll.

The project is not expected to affect BISD in terms of enrollment. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Note: School district revenue-loss estimates are subject to change based on numerous factors, including:

- **Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations.**
- **Legislative changes addressing property value appraisals and exemptions.**
- **Year-to-year appraisals of project values and district taxable values.**
- **Changes in school district tax rates and student enrollment.**