



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 8, 2017

AMENDED CERTIFICATION

Dr. James Cowley
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 Novus International, Inc., Application 1113

Dear Superintendent Cowley:

This application (Application 1113) was originally submitted on November 16, 2015, to the Calhoun County Independent School District (school district) by Novus International, Inc. (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On January 22, 2016, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a certificate for a limitation on appraised value on April 20, 2016. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on August 29, 2016.

On November 17, 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.

¹ 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)

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.

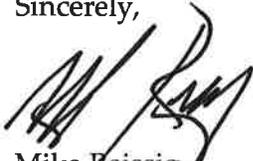
Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value for the amendment.

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 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 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.

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 Novus International, Inc. (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 Novus International, Inc.

	Original	Amendment No. 001
Applicant	Novus International, Inc.	Novus International, Inc.
Tax Code, 313.024 Eligibility Category	Manufacturing	Manufacturing
School District	Calhoun County ISD	Calhoun County ISD
2014-2015 Average Daily Attendance	3,848	3,848
County	Calhoun	Calhoun
Proposed Total Investment in District	\$400,000,000	\$400,000,000
Proposed Qualified Investment	\$400,000,000	\$400,000,000
Limitation Amount	\$30,000,000	\$30,000,000
Qualifying Time Period (Full Years)	2019-2020	2020-2021
Number of new qualifying jobs committed to by applicant	10	10
Number of new non-qualifying jobs estimated by applicant	20	20
Average weekly wage of qualifying jobs committed to by applicant	\$1,038	\$1,038
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$1,026	\$1,026
Minimum annual wage committed to by applicant for qualified jobs	\$54,000	\$54,000
Minimum weekly wage required for non-qualifying jobs	\$1,209	\$1,209
Minimum annual wage required for non-qualifying jobs	\$62,855	\$62,855
Investment per Qualifying Job	\$40,000,000	\$40,000,000
Estimated M&O levy without any limit (15 years)	\$37,806,232	\$34,492,353
Estimated M&O levy with Limitation (15 years)	\$13,368,668	\$10,038,917
Estimated gross M&O tax benefit (15 years)	\$24,437,564	\$24,453,435

Table 2 is the estimated statewide economic impact of Novus International, Inc. (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	35	49	84	\$2,755,375	\$3,696,125	\$6,451,500
2020	425	585	1010.33	\$34,294,950	\$46,327,750	\$80,622,700
2021	425	650	1075	\$35,152,175	\$57,102,825	\$92,255,000
2022	30	165	195	\$1,620,000	\$22,777,300	\$24,397,300
2023	30	87	117	\$1,620,000	\$16,186,800	\$17,806,800
2024	30	34	64	\$1,620,000	\$11,113,100	\$12,733,100
2025	30	7	37	\$1,620,000	\$7,998,000	\$9,618,000
2026	30	(1)	29	\$1,620,000	\$6,391,000	\$8,011,000
2027	30	1	31	\$1,620,000	\$5,932,600	\$7,552,600
2028	30	10	40	\$1,620,000	\$6,249,700	\$7,869,700
2029	30	20	50	\$1,620,000	\$7,033,200	\$8,653,200
2030	30	31	61	\$1,620,000	\$8,086,500	\$9,706,500
2031	30	40	70	\$1,620,000	\$9,198,600	\$10,818,600
2032	30	40	70	\$1,620,000	\$9,608,600	\$11,228,600
2033	30	43	73	\$1,620,000	\$10,284,400	\$11,904,400
2034	30	45	75	\$1,620,000	\$10,917,200	\$12,537,200

Source: CPA REMI, Novus International, Inc.

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 County ISD I&S Tax Levy	Calhoun County ISD M&O Tax Levy	Calhoun County ISD M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun County Groundwater District Tax Levy	Estimated Total Property Taxes
			0.2535	1.0401		0.4900	0.0100		
2020	\$430,000	\$430,000		\$1,090	\$4,472	\$5,562	\$2,107	\$43	\$7,712
2021	\$50,430,000	\$50,430,000		\$127,840	\$524,522	\$652,362	\$247,107	\$5,043	\$904,512
2022	\$314,030,000	\$314,030,000		\$796,066	\$3,266,226	\$4,062,292	\$1,538,747	\$31,403	\$5,632,442
2023	\$301,976,000	\$301,976,000		\$765,509	\$3,140,852	\$3,906,362	\$1,479,682	\$30,198	\$5,416,242
2024	\$290,396,800	\$290,396,800		\$736,156	\$3,020,417	\$3,756,573	\$1,422,944	\$29,040	\$5,208,557
2025	\$279,273,600	\$279,273,600		\$707,959	\$2,904,725	\$3,612,683	\$1,368,441	\$27,927	\$5,009,051
2026	\$268,588,100	\$268,588,100		\$680,871	\$2,793,585	\$3,474,456	\$1,316,082	\$26,859	\$4,817,396
2027	\$258,323,000	\$258,323,000		\$654,849	\$2,686,818	\$3,341,666	\$1,265,783	\$25,832	\$4,633,281
2028	\$248,461,600	\$248,461,600		\$629,850	\$2,584,249	\$3,214,099	\$1,217,462	\$24,846	\$4,456,407
2029	\$238,987,900	\$238,987,900		\$605,834	\$2,485,713	\$3,091,547	\$1,171,041	\$23,899	\$4,286,487
2030	\$229,886,400	\$229,886,400		\$582,762	\$2,391,048	\$2,973,810	\$1,126,443	\$22,989	\$4,123,242
2031	\$221,142,400	\$221,142,400		\$560,596	\$2,300,102	\$2,860,698	\$1,083,598	\$22,114	\$3,966,410
2032	\$212,741,600	\$212,741,600		\$539,300	\$2,212,725	\$2,752,025	\$1,042,434	\$21,274	\$3,815,733
2033	\$204,670,400	\$204,670,400		\$518,839	\$2,128,777	\$2,647,616	\$1,002,885	\$20,467	\$3,670,968
2034	\$196,915,700	\$196,915,700		\$499,181	\$2,048,120	\$2,547,301	\$964,887	\$19,692	\$3,531,880
			Total	\$8,406,703	\$34,492,353	\$42,899,055	\$16,249,642	\$331,625	\$59,480,323

Source: CPA, Novus International, Inc.

*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.

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 County ISD I&S Tax Levy	Calhoun County ISD M&O Tax Levy	Calhoun County ISD M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun County Groundwater District Tax Levy	Estimated Total Property Taxes
				0.2535	1.0401		0.4900	0.0100	
2020	\$430,000	\$430,000		\$1,090	\$4,472	\$5,562	\$2,107	\$43	\$7,712
2021	\$50,430,000	\$50,430,000		\$127,840	\$524,522	\$652,362	\$0	\$5,043	\$657,405
2022	\$314,030,000	\$30,000,000		\$796,066	\$312,030	\$1,108,096	\$0	\$31,403	\$1,139,499
2023	\$301,976,000	\$30,000,000		\$765,509	\$312,030	\$1,077,539	\$0	\$30,198	\$1,107,737
2024	\$290,396,800	\$30,000,000		\$736,156	\$312,030	\$1,048,186	\$0	\$29,040	\$1,077,226
2025	\$279,273,600	\$30,000,000		\$707,959	\$312,030	\$1,019,989	\$0	\$27,927	\$1,047,916
2026	\$268,588,100	\$30,000,000		\$680,871	\$312,030	\$992,901	\$0	\$26,859	\$1,019,760
2027	\$258,323,000	\$30,000,000		\$654,849	\$312,030	\$966,879	\$0	\$25,832	\$992,711
2028	\$248,461,600	\$30,000,000		\$629,850	\$312,030	\$941,880	\$0	\$24,846	\$966,726
2029	\$238,987,900	\$30,000,000		\$605,834	\$312,030	\$917,864	\$0	\$23,899	\$941,763
2030	\$229,886,400	\$30,000,000		\$582,762	\$312,030	\$894,792	\$0	\$22,989	\$917,781
2031	\$221,142,400	\$30,000,000		\$560,596	\$312,030	\$872,626	\$1,083,598	\$22,114	\$1,978,338
2032	\$212,741,600	\$212,741,600		\$539,300	\$2,212,725	\$2,752,025	\$1,042,434	\$21,274	\$3,815,733
2033	\$204,670,400	\$204,670,400		\$518,839	\$2,128,777	\$2,647,616	\$1,002,885	\$20,467	\$3,670,968
2034	\$196,915,700	\$196,915,700		\$499,181	\$2,048,120	\$2,547,301	\$964,887	\$19,692	\$3,531,880
			Total	\$8,406,703	\$10,038,917	\$18,445,620	\$4,095,910	\$331,625	\$22,873,156
			Diff	\$0	\$24,453,435	\$24,453,435	\$12,153,732	\$0	\$36,607,167
Assumes School Value Limitation and Tax Abatements with the County.									

Source: CPA, Novus International, Inc.

*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 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that Novus International, Inc. (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	2019	\$0	\$0	\$0	\$0
	2020	\$4,472	\$4,472	\$0	\$0
	2021	\$524,522	\$528,995	\$0	\$0
Limitation Period (10 Years)	2022	\$312,030	\$841,025	\$2,954,196	\$2,954,196
	2023	\$312,030	\$1,153,055	\$2,828,822	\$5,783,018
	2024	\$312,030	\$1,465,085	\$2,708,387	\$8,491,406
	2025	\$312,030	\$1,777,115	\$2,592,695	\$11,084,100
	2026	\$312,030	\$2,089,145	\$2,481,555	\$13,565,655
	2027	\$312,030	\$2,401,175	\$2,374,788	\$15,940,443
	2028	\$312,030	\$2,713,205	\$2,272,219	\$18,212,662
	2029	\$312,030	\$3,025,235	\$2,173,683	\$20,386,345
	2030	\$312,030	\$3,337,265	\$2,079,018	\$22,465,363
	2031	\$312,030	\$3,649,295	\$1,988,072	\$24,453,435
Maintain Viable Presence (5 Years)	2032	\$2,212,725	\$5,862,020	\$0	\$24,453,435
	2033	\$2,128,777	\$7,990,797	\$0	\$24,453,435
	2034	\$2,048,120	\$10,038,917	\$0	\$24,453,435
	2035	\$1,970,625	\$12,009,543	\$0	\$24,453,435
	2036	\$1,896,166	\$13,905,708	\$0	\$24,453,435
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$1,824,622	\$15,730,331	\$0	\$24,453,435
	2038	\$1,755,879	\$17,486,210	\$0	\$24,453,435
	2039	\$1,689,826	\$19,176,036	\$0	\$24,453,435
	2040	\$1,626,353	\$20,802,389	\$0	\$24,453,435
	2041	\$1,565,361	\$22,367,750	\$0	\$24,453,435
	2042	\$1,506,750	\$23,874,500	\$0	\$24,453,435
	2043	\$1,450,426	\$25,324,926	\$0	\$24,453,435
	2044	\$1,396,299	\$26,721,225	\$0	\$24,453,435
	2045	\$1,344,281	\$28,065,506	\$0	\$24,453,435
	2046	\$1,294,289	\$29,359,795	\$0	\$24,453,435

\$29,359,795
 is greater than **\$24,453,435**

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

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, Novus International, Inc.

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.