GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

March 29, 2016

John Frossard
Superintendent
Beaumont Independent School District
3395 Harrison Avenue
Beaumont, Texas 77706

Dear Superintendent Frossard:

On February 17, 2016, the Comptroller issued written notice that ExxonMobil Oil Corporation (the applicant) submitted a completed application (Application #1119) for a limitation on appraised value under the provisions of Tax Code Chapter 313[1]. This application was originally submitted on December 15, 2015, to the Beaumont Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application 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)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1119.

Based on the information provided by the applicant, 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)

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. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

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 agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of February 17, 2016, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Korry Castillo, Director, Data Analysis & Transparency, by email at korry.castillo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,

Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of ExxonMobil Oil Corporation (the project) applying to Beaumont 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 ExxonMobil Oil Corporation.

Applicant	ExxonMobil Oil Corporation
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Beaumont ISD
2014-15 Enrollment in School District	17,623
County	Jefferson
Proposed Total Investment in District	$1,000,000,000
Proposed Qualified Investment	$1,000,000,000
Limitation Amount	$30,000,000
Number of new qualifying jobs committed to by applicant	25
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,285.18
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,285.18
Minimum annual wage committed to by applicant for qualified jobs	$66,829.40
Minimum weekly wage required for non-qualifying jobs	$1,039.50
Minimum annual wage required for non-qualifying jobs	$54,054.00
Investment per Qualifying Job	$40,000,000
Estimated M&O levy without any limit (15 years)	$90,368,496
Estimated M&O levy with Limitation (15 years)	$36,467,153
Estimated gross M&O tax benefit (15 years)	$53,901,343

Table 2 is the estimated statewide economic impact of ExxonMobil Oil Corporation (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	0	0	0	$0	$0	$0
2016	1200	1,716	2916.48	$117,187,200	$124,849,647	$242,036,847
2017	1400	2,121	3521	$136,718,400	$171,929,946	$308,648,346
2018	1503	2,333	3836	$146,684,487	$208,901,093	$355,585,580
2019	1207	1,943	3150	$117,655,003	$197,280,060	$314,935,063
2020	25	505	530	$1,670,725	$88,983,351	$90,654,076
2021	25	330	355	$1,670,725	$71,440,772	$73,111,497
2022	25	235	260	$1,670,725	$60,524,981	$62,195,706
2023	25	205	230	$1,670,725	$55,079,398	$56,750,123
2024	25	214	239	$1,670,725	$53,745,023	$55,415,748
2025	25	245	270	$1,670,725	$55,875,527	$57,546,252
2026	25	284	309	$1,670,725	$59,925,649	$61,596,374
2027	25	327	352	$1,670,725	$65,192,088	$66,862,813
2028	25	368	393	$1,670,725	$71,271,080	$72,941,805
2029	25	405	430	$1,670,725	$77,791,790	$79,462,515

Source: CPA, REMI, ExxonMobil Oil Corporation

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**		**Beaumont ISD I&S Tax Levy**	**Beaumont ISD M&O Tax Levy**	**Beaumont M&O and I&S Tax Levies**	**Jefferson Tax Levy**	**Sabine-Neches Nav District Tax Levy**			**Estimated Total Property Taxes**
			Tax Rate[1]	**0.2750**	**1.0400**		**0.3650**	**0.0916**	**0.0673**	**0.2251**	
2017	$100,245,000	$100,245,000		$275,674	$1,042,548	$1,318,222	$365,894	$91,865	$67,443	$225,638	$2,069,062
2018	$263,625,000	$263,625,000		$724,969	$2,741,700	$3,466,669	$962,231	$241,586	$177,362	$593,386	$5,441,233
2019	$300,750,000	$300,750,000		$827,063	$3,127,800	$3,954,863	$1,097,738	$275,607	$202,339	$676,949	$6,207,495
2020	$573,375,000	$573,375,000		$1,576,781	$5,963,100	$7,539,881	$2,092,819	$525,441	$385,755	$1,290,593	$11,834,489
2021	$567,648,750	$567,648,750		$1,561,034	$5,903,547	$7,464,581	$2,071,918	$520,193	$381,903	$1,277,704	$11,716,299
2022	$561,979,763	$561,979,763		$1,545,444	$5,844,590	$7,390,034	$2,051,226	$514,998	$378,089	$1,264,943	$11,599,290
2023	$556,367,465	$556,367,465		$1,530,011	$5,786,222	$7,316,232	$2,030,741	$509,855	$374,313	$1,252,311	$11,483,452
2024	$550,811,290	$550,811,290		$1,514,731	$5,728,437	$7,243,168	$2,010,461	$504,763	$370,575	$1,239,805	$11,368,773
2025	$545,310,677	$545,310,677		$1,499,604	$5,671,231	$7,170,835	$1,990,384	$499,723	$366,874	$1,227,423	$11,255,240
2026	$539,865,071	$539,865,071		$1,484,629	$5,614,597	$7,099,226	$1,970,508	$494,732	$363,210	$1,215,166	$11,142,842
2027	$534,473,920	$534,473,920		$1,469,803	$5,558,529	$7,028,332	$1,950,830	$489,792	$359,583	$1,203,031	$11,031,568
2028	$529,136,681	$529,136,681		$1,455,126	$5,503,021	$6,958,147	$1,931,349	$484,901	$355,993	$1,191,018	$10,921,408
2029	$523,852,814	$523,852,814		$1,440,595	$5,448,069	$6,888,665	$1,912,063	$480,059	$352,438	$1,179,125	$10,812,348
2030	$518,621,786	$518,621,786		$1,426,210	$5,393,667	$6,819,876	$1,892,970	$475,265	$348,918	$1,167,350	$10,704,380
2031	$513,443,068	$513,443,068		$1,411,968	$5,339,808	$6,751,776	$1,874,067	$470,519	$345,434	$1,155,694	$10,597,491
2032	$508,316,137	$508,316,137		$1,397,869	$5,286,488	$6,684,357	$1,855,354	$465,821	$341,985	$1,144,154	$10,491,670
2033	$503,240,476	$503,240,476		$1,383,911	$5,233,701	$6,617,612	$1,836,828	$461,170	$338,570	$1,132,729	$10,386,909
2034	$498,215,571	$498,215,571		$1,370,093	$5,181,442	$6,551,535	$1,818,487	$456,565	$335,189	$1,121,418	$10,283,194
			Total	**$23,895,516**	**$90,368,496**	**$114,264,012**	**$31,715,866**	**$7,962,855**	**$4,830,228**	**$16,160,135**	**$148,185,369**

Source: CPA, ExxonMobil Oil Corporation

[1]Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Jefferson 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 abatements with the county, Sabine-Neches Navigation District, Port of Beaumont, and Jefferson County Drainage District.

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**		**Beaumont ISD I&S Tax Levy**	**Beaumont ISD M&O Tax Levy**	**Beaumont M&O and I&S Tax Levies**	**Jefferson Tax Levy**	**Sabine-Neches Nav District Tax Levy**	**Port of Beaumont Tax Levy**	**Jefferson Co Drainage No 6 Tax Levy**	**Estimated Total Property Taxes**
			Tax Rate[1]	**0.2750**	**1.0400**		**0.3650**	**0.0916**	**0.0673**	**0.2251**	
2017	$100,245,000	$100,245,000		$275,674	$1,042,548	$1,318,222	$365,894	$91,865	$67,443	$225,638	$1,775,981
2018	$263,625,000	$263,625,000		$724,969	$2,741,700	$3,466,669	$962,231	$241,586	$177,362	$593,386	$4,670,486
2019	$300,750,000	$300,750,000		$827,063	$3,127,800	$3,954,863	$1,097,738	$275,607	$202,339	$676,949	$5,328,207
2020	$573,375,000	$30,000,000		$1,576,781	$312,000	$1,888,781	$0	$0	$0	$0	$1,888,781
2021	$567,648,750	$30,000,000		$1,561,034	$312,000	$1,873,034	$0	$0	$0	$0	$1,873,034
2022	$561,979,763	$30,000,000		$1,545,444	$312,000	$1,857,444	$0	$0	$0	$0	$1,857,444
2023	$556,367,465	$30,000,000		$1,530,011	$312,000	$1,842,011	$0	$0	$0	$0	$1,842,011
2024	$550,811,290	$30,000,000		$1,514,731	$312,000	$1,826,731	$0	$0	$0	$0	$1,826,731
2025	$545,310,677	$30,000,000		$1,499,604	$312,000	$1,811,604	$0	$0	$0	$0	$1,811,604
2026	$539,865,071	$30,000,000		$1,484,629	$312,000	$1,796,629	$0	$0	$0	$0	$1,796,629
2027	$534,473,920	$30,000,000		$1,469,803	$312,000	$1,781,803	$0	$0	$0	$0	$1,781,803
2028	$529,136,681	$30,000,000		$1,455,126	$312,000	$1,767,126	$0	$0	$0	$0	$1,767,126
2029	$523,852,814	$30,000,000		$1,440,595	$312,000	$1,752,595	$0	$0	$0	$0	$1,752,595
2030	$518,621,786	$518,621,786		$1,426,210	$5,393,667	$6,819,876	$1,892,970	$475,265	$348,918	$1,167,350	$9,188,111
2031	$513,443,068	$513,443,068		$1,411,968	$5,339,808	$6,751,776	$1,874,067	$470,519	$345,434	$1,155,694	$9,096,363
2032	$508,316,137	$508,316,137		$1,397,869	$5,286,488	$6,684,357	$1,855,354	$465,821	$341,985	$1,144,154	$9,005,532
2033	$503,240,476	$503,240,476		$1,383,911	$5,233,701	$6,617,612	$1,836,828	$461,170	$338,570	$1,132,729	$8,915,610
2034	$498,215,571	$498,215,571		$1,370,093	$5,181,442	$6,551,535	$1,818,487	$456,565	$335,189	$1,121,418	$8,826,586
			Total	**$23,895,516**	**$36,467,153**	**$60,362,669**	**$11,703,568**	**$2,938,397**	**$2,157,240**	**$7,217,318**	**$75,004,634**
			Diff	**$0**	**$53,901,343**	**$53,901,343**	**$20,012,298**	**$5,024,458**	**$2,672,988**	**$8,942,817**	**$73,180,734**

Source: CPA, ExxonMobil Oil Corporation

[1]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 over 25 Years

This represents the Comptroller's determination that ExxonMobil Oil 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)
Limitation Pre-Years	2017	$1,042,548	$1,042,548	$0	$0
	2018	$2,741,700	$3,784,248	$0	$0
	2019	$3,127,800	$6,912,048	$0	$0
Limitation Period (10 Years)	2020	$312,000	$7,224,048	$5,651,100	$5,651,100
	2021	$312,000	$7,536,048	$5,591,547	$11,242,647
	2022	$312,000	$7,848,048	$5,532,590	$16,775,237
	2023	$312,000	$8,160,048	$5,474,222	$22,249,458
	2024	$312,000	$8,472,048	$5,416,437	$27,665,896
	2025	$312,000	$8,784,048	$5,359,231	$33,025,127
	2026	$312,000	$9,096,048	$5,302,597	$38,327,723
	2027	$312,000	$9,408,048	$5,246,529	$43,574,252
	2028	$312,000	$9,720,048	$5,191,021	$48,765,274
	2029	$312,000	$10,032,048	$5,136,069	$53,901,343
Maintain Viable Presence (5 Years)	2030	$5,393,667	$15,425,715	$0	$53,901,343
	2031	$5,339,808	$20,765,522	$0	$53,901,343
	2032	$5,286,488	$26,052,010	$0	$53,901,343
	2033	$5,233,701	$31,285,711	$0	$53,901,343
	2034	$5,181,442	$36,467,153	$0	$53,901,343
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	$5,129,706	$41,596,859	$0	$53,901,343
	2036	$5,078,486	$46,675,345	$0	$53,901,343
	2037	$5,027,780	$51,703,125	$0	$53,901,343
	2038	$4,977,580	$56,680,705	$0	$53,901,343
	2039	$4,927,882	$61,608,587	$0	$53,901,343
	2040	$4,878,681	$66,487,268	$0	$53,901,343
	2041	$4,829,972	$71,317,240	$0	$53,901,343
	2042	$4,781,751	$76,098,991	$0	$53,901,343
	2043	$4,734,011	$80,833,002	$0	$53,901,343
	2044	$4,686,749	$85,519,751	$0	$53,901,343
		$85,519,751	is greater than	**$53,901,343**	

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, Exxon Mobil Oil Corporation

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 C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines 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." This represents the basis for the Comptroller's determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in ExxonMobil Oil Corporation's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the Comptroller notes the following:

- As stated in the Tab 5 of the application, ExxonMobil Corporation "operates in more than 200 countries" and "has the ability to invest, locate and develop new projects, such as the one that is the subject of this application, in numerous locations throughout the world."
- Specific to North America, ExxonMobil Corporation states that "the proposed new facility could be constructed at any of our fully integrated refining manufacturing locations in Sarnia (Canada) and Baton Rouge (LA), or a non-integrated refining manufacturing location in Joliet (IL)."
- Per ExxonMobil Corporation, "Beaumont ISD's maintenance and operations (M&O) tax rate represents over 50% of the total property tax burden imposed on the taxable property at the Beaumont location. Consequently, a limitation on appraised value under Chapter 313 of the Texas Tax Code is a determining factor in the Applicant's decision to invest capital and construct the project in the State of Texas."
- In supplemental information provided February 8, 2016, the applicant stated that an existing "pipeline serves the two parcels of land on which the existing facilities are located and the project is proposed to be located. Upon completion of construction of the project, ethylene feedstock for the project will also be provided by this pipeline. The pipeline is not a part of the project qualified investment or qualified property."

- The applicant also included in supplemental information that the "existing facilities include finished product shipping facilities. Upon completion of construction of the project, the existing finished product shipping facilities will be used for shipping polyethylene produced at the product facilities. The existing finished product shipping facilities are not a part of the project qualified investment or qualified property."
- A June 26, 2015 *Reuters* article explained that ExxonMobil Corporation negotiated a longer (6 year) contract with the Beaumont United Steelworkers to accommodate a possible upcoming expansion of the Beaumont refinery.
- Attached map indicates the location of the project adjacent to crude oil, petroleum products, HGL and natural gas pipelines.
- Per information dated April 21, 2015 from *HIS Chemical Week*, ExxonMobil was "considering whether to build a new polyethylene (PE) line at its Beaumont, TX, facility."
- Attached ExxonMobil Baytown/Beaumont chemical pipeline and ethylene pipeline maps.

Supporting Information

a) Section 8 of the Application for a Limitation on Appraised Value
b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
c) Additional information provided by the Applicant or located by the Comptroller

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.

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☑ Yes ☐ No
2. The property will be used for one of the following activities:
   - (1) manufacturing ☑ Yes ☐ No
   - (2) research and development ☐ Yes ☑ No
   - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☑ No
   - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☑ No
   - (5) renewable energy electric generation ☐ Yes ☑ No
   - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☑ No
   - (7) nuclear electric power generation ☐ Yes ☑ No
   - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☑ No
   - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☑ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☑ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☑ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☑ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☑ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☑ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
   - ☑ Land has no existing improvements
   - ☐ Land has existing improvements *(complete Section 13)*
   - ☐ Expansion of existing operation on the land *(complete Section 13)*
   - ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☑ Yes ☐ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☑ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☐ Yes ☑ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☑ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☑ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☑ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☑ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☑ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☑ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☑ Yes ☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

TAB 5

Documentation that the Limitation on Appraised Value is a Determining Factor in the Decision to Invest Capital and Construct the Project in Texas

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

The Applicant is a wholly-owned subsidiary of Exxon Mobil Corporation, one of the largest integrated international oil and gas companies in the world with operations in more than 200 countries. As such, the Applicant competes with other members of the Exxon Mobil Corporation group for approval of a portion of the group's capital investment budget to fund the capital investment necessary to construct the Project. Moreover, the Exxon Mobil Corporation group has the ability to invest, locate and develop new projects, such as the one that is the subject of this application, in numerous locations throughout the world.

ExxonMobil takes a disciplined, long-term approach to investing, regardless of the economic cycle and the geographic location. We consistently seek new global investment opportunities that create value for our shareholders. Our business model is to conduct an extensive evaluation before we make any final investment decision. A project team is evaluating these opportunities with a focus on global logistic capabilities, efficiency, scale and site integration. With respect to potential locations in North America, the proposed new facility could be constructed at any of our fully integrated refining manufacturing locations in Sarnia (Canada) and Baton Rouge (LA), or a non-integrated Refining manufacturing location in Joliet (IL).

Competitive abatement programs for the proposed new facility exist in alternative locations. The impact of the property tax burden on the economic return of the proposed new facility is a critical factor in the Applicant's site selection evaluation and decision, as well as in obtaining approval for the Project internally within the Exxon Mobil Corporation group. For the tax year 2015, Beaumont ISD's maintenance and operations (M&O) tax rate represents over 50% of the total property tax burden imposed on taxable property located at the Beaumont location. Consequently, a limitation on appraised value under Chapter 313 of the Texas Tax Code is a determining factor in the Applicant's decision to invest capital and construct the Project in the State of Texas.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

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February 8, 2016

Via e-mail to: *desiree.caufield@cpa.texas.gov*

Ms. Desiree Caufield
Research Analyst
Economic Development & Local Government
Data Analysis & Transparency Division
Texas Comptroller of Public Accounts
111 East 17th Street, Room 311
Austin, Texas 78774

Re: Chapter 313 Applicant: ExxonMobil Oil Corporation
Beaumont Independent School District Chapter 313 Application No. 1119 (the "Application")

Dear Ms. Caufield:

We are writing in response to the following requests for additional information contained in your e-mail of January 27, 2016.

1. **Tab 9. Description of land.** Please clearly identify the described parcels of land on the map included in Tab 9. Please identify graphically the portion of parcel 132990 on which the project will be located.

   Please see the attached revised Tab 9 and revised map included in Tab 9. The portion of the parcels of land identified by Jefferson County Appraisal District Property ID Nos. 132990 and 133074 on which the project will be located is identified by the yellow line on the revised map included in the attached revised Tab 9.

2. **Tab 11. Map Clarifications.** Please clearly indicate project boundaries. (All qualified property must be inside project boundaries.)

   Please see the attached revised Tab 11 and maps included in Tab 11. The portion of the parcels of land identified by Jefferson County Appraisal District Property ID Nos. 132990 and 133074 on which the project will be located is identified by the yellow line

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on the second revised map included in the attached revised Tab 11. All qualified property will be located inside the project boundaries identified by the yellow line.

3. **Tab 4. Description of Proposed Project**. If applicable, please describe all interactions with adjacent facilities.

A pipeline serves the two parcels of land on which the existing facilities are located and the project is proposed to be located. Feedstock for the existing facilities is currently provided by this pipeline. Upon completion of construction of the project, ethylene feedstock for the project will also be provided by this pipeline. The pipeline is not a part of the project qualified investment or qualified property.

Utilities (primarily electricity) serve the two parcels of land on which the existing facilities are located and the project is proposed to be located. The project will connect to these utilities.

The existing facilities include finished product shipping facilities. Upon completion of construction of the project, the existing finished product shipping facilities will be used for shipping polyethylene produced at the project facilities. The existing finished product shipping facilities are not a part of the project qualified investment or qualified property.

4. **Page 6, Section 12, Question 3.** Is the land upon which the new buildings or new improvements will be built part of the qualified property described by 313.021(2)(A) is marked "No". However, Tab 14 Schedule B -- indicating the estimated value of qualified property -- has $750,000 included under "Estimated Market Value of Land". Please provide clarification.

The answer to Question 2 in Section 12, Page 6, of the Application was inadvertently checked "No" and should have been checked "Yes." Please see the attached revised Page 6 of the Application on which Question 2 in Section 12 is checked "Yes."

5. **Tab 13 and Page 7, Section 14 Question 7.** There is a new quarter (3rd Qtr 2015) available from Texas Workforce Commission. Please recalculate the wages for the most recent four quarters.

Please see:

- the attached revised Page 7 of the Application on which the information in Question 7, a. and b., of Section 14 has been revised to reflect the wage information for the third quarter of 2015 recently available from the Texas Workforce Commission; and
- the attached revised Tab 13 of the Application reflecting the current four most recent quarters of data for each of the three wage calculations, including documentation from the Texas Workforce Commission website.

NORTON ROSE FULBRIGHT

* * * * * * * * * * * * * * * *

Please do not hesitate to contact me if you have any questions or need any additional information.

Thank you for your consideration.

Very truly yours,

Stephen A. Kuntz

Attachments

cc: Ms. Stephanie Jones, Texas Comptroller of Public Accounts (w/attachments)
Via e-mail to: ***stephanie.jones@cpa.state.tx.us***

Mr. Gary Price, Texas Comptroller of Public Accounts (w/attachments)
Via e-mail to: ***Gary.Price@cpa.texas.gov***

Mr. Kevin T. O'Hanlon, O'Hanlon, McCollom & Demerath (w/attachments)
Via e-mail to: ***kohanlon@808west.com***

Mr. William F. Rogers, ExxonMobil Oil Corporation (w/attachments)
Via e-mail to: ***william.f.rogers@exxonmobil.com***

Mr. Craig E. Mann, ExxonMobil Oil Corporation (w/attachments)
Via e-mail to: ***craig.e.mann@exxonmobil.com***

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Markets | Fri Jun 26, 2015 5:50pm EDT

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UPDATE 1-Exxon Beaumont, Texas, refinery workers approve 6-year labor pact

(Adds Exxon comment)

Union workers at Exxon Mobil Corp's Beaumont, Texas, refinery agreed to an unusually long six-year contract on Thursday night, which sources say the company pushed to assure no work stoppages during a contemplated multibillion-dollar expansion.

Members of United Steelworkers union (USW) Local 13-243 voted by secret ballot on the contract offer, which is two years longer than the national agreement reached by the USW and U.S. refinery owners in March.

The 800 Exxon employees represented by Local 13-243 have been working on a rolling 24-hour extension of the contract that expired on Jan. 31.

In addition to a one-time bonus and annual wage increases, the agreement guarantees no strikes or lockouts during its six-year duration

"The members did an outstanding job of standing strong with the leadership," Darrell Kyle, president of Local 13-243, said.

An Exxon spokesman praised the agreement.

"This agreement provides additional continuity and enables the site to potentially enhance its competitive position," spokesman Todd Spitler said. "We believe the new collective bargaining agreement benefits our employees and operations."

Exxon campaigned for the longer contract to accommodate a possible expansion of the 344,600-barrel-per-day (bpd) refinery to a capacity as large as 850,000 bpd, according to sources who have spoken to Reuters. The addition of a third crude distillation unit to bring about the expansion is expected to take at least five years to complete.

Also under the agreement, the union may only call a strike with 75 days notice after the pact expires.

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Workers will each receive a $5,000 bonus. They will receive a 2.5 percent pay increase in the first year of the contract, 3 percent in the second and third years and 3.5 percent in the fourth year - the same increases as USW members will receive under the four-year national agreement.

In the fifth and sixth years, the Exxon Beaumont workers will receive the increases agreed to by the union and refinery owners in contract talks scheduled for 2019.

(Reporting by Erwin Seba; Editing by Jeffrey Benkoe and Leslie Adler)

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TYPE	TODAY	1 MO
30-Year Fixed	3.67%	3.72%
15-Year Fixed	2.82%	2.87%
10-Year Fixed	2.81%	2.83%
5/1-Year ARM	3.17%	2.95%
30-Year Fixed Refi	3.65%	3.72%
15-Year Fixed Refi	2.79%	2.87%
5/1 ARM Refi	3.02%	2.95%
30-Year Fixed Jumbo	4.13%	4.17%

Rates may include points.

Source: Bankrate.com

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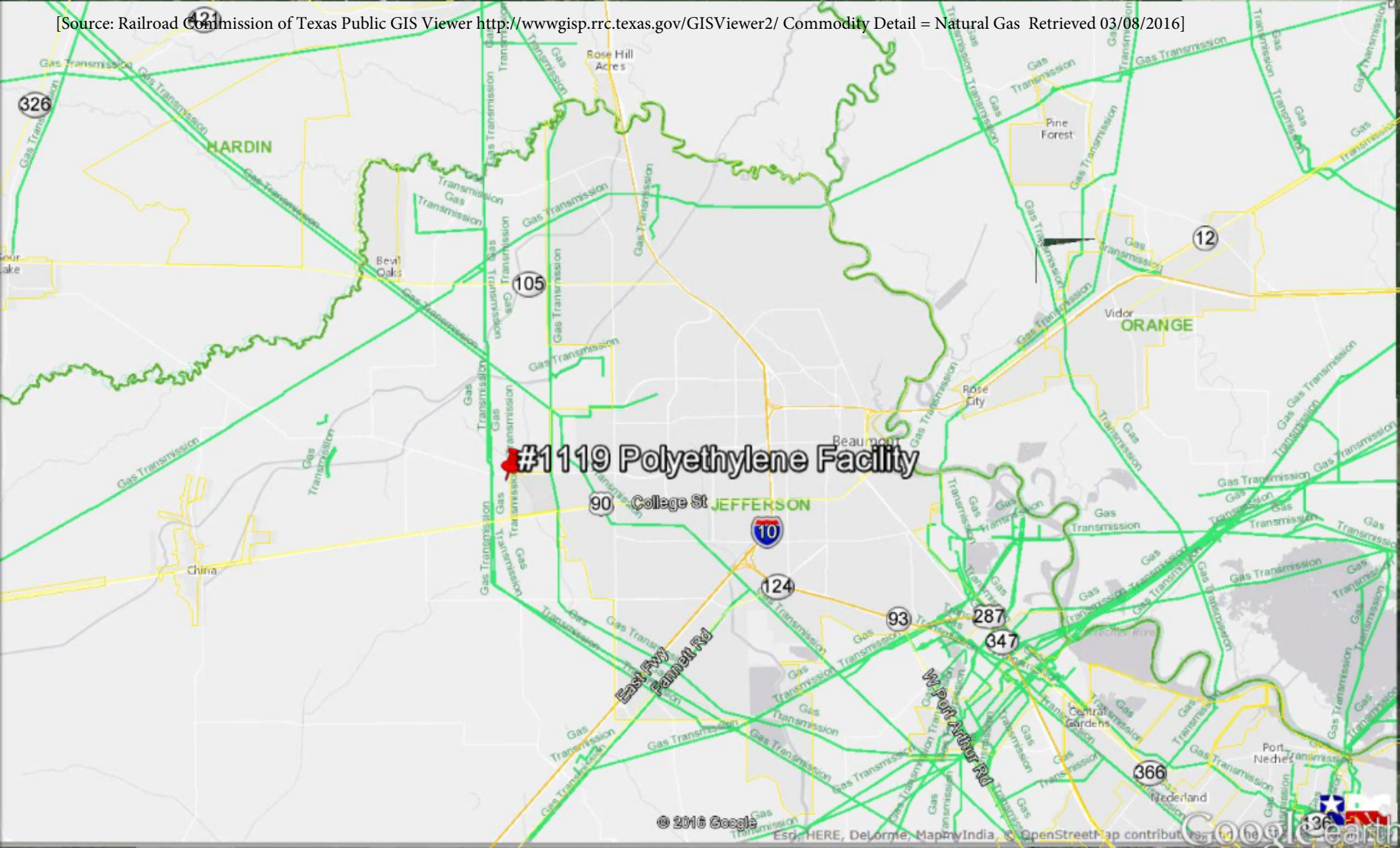
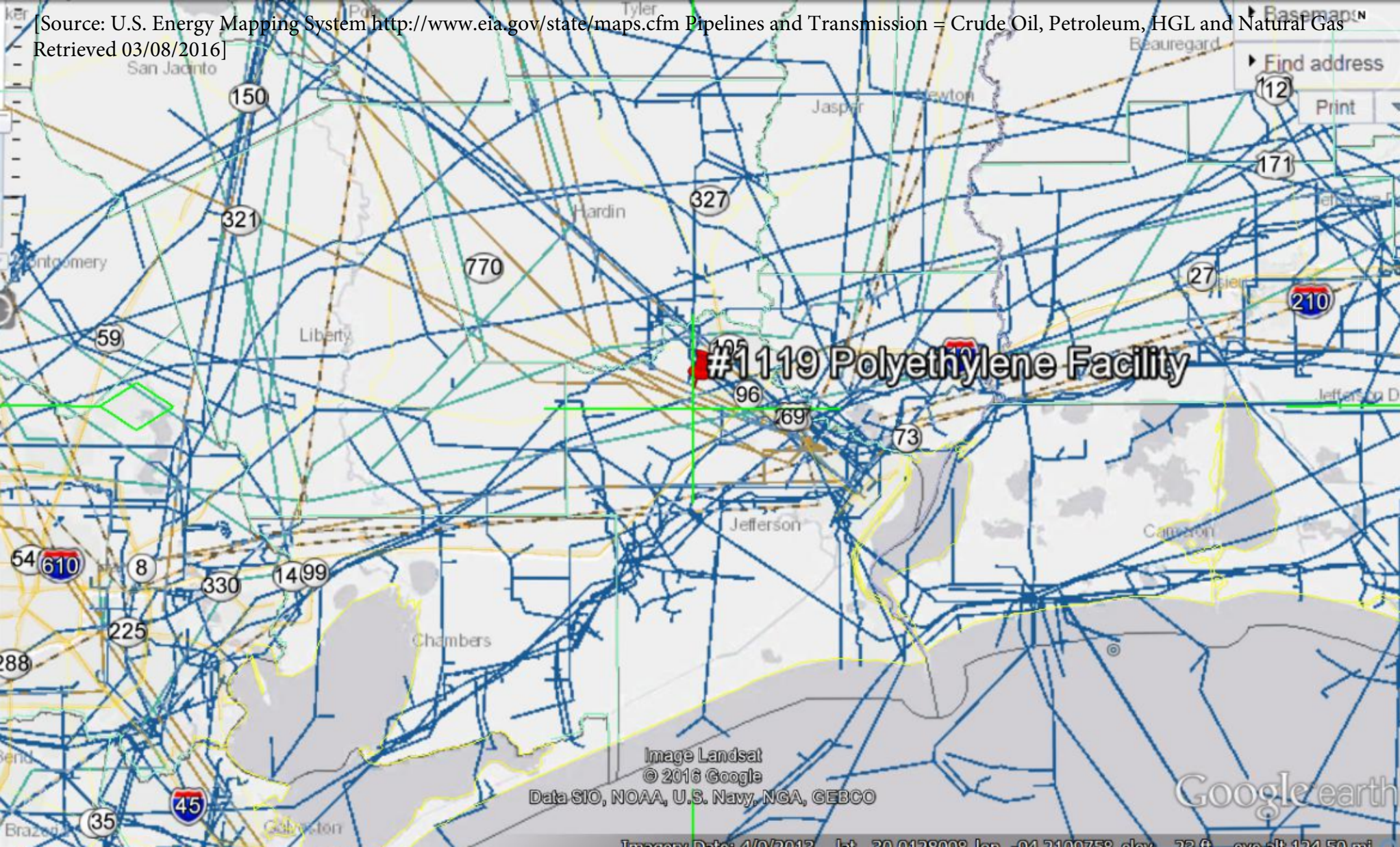
[Source: Railroad Commission of Texas Public GIS Viewer http://wwwgisp.rrc.texas.gov/GISViewer2/ Commodity Detail = Natural Gas Retrieved 03/08/2016]



[Source: U.S. Energy Mapping System http://www.eia.gov/state/maps.cfm Pipelines and Transmission = Crude Oil, Petroleum, HGL and Natural Gas Retrieved 03/08/2016]



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ExxonMobil considering PE project at Beaumont, TX

10:06 AM MDT | April 21, 2015 | Clay Boswell

ExxonMobil Chemical says it is considering whether to build a new polyethylene (PE) line at its Beaumont, TX, facility. The project would be additional to two 650,000-m.t./year PE lines now under construction at Mont Belvieu, TX. “We’ll conduct an extensive evaluation before making any final investment decision,” says a company spokesperson.

The Texas Commission on Environmental Quality (TCEQ) issued a preliminary decision to approve the Beaumont project on 16 April.

“In general, the proposed investment reflects ExxonMobil’s continued confidence in the revitalization of the US chemical industry resulting from increased natural gas development, which provides low, competitively priced energy and feedstock,” ExxonMobil says.

ExxonMobil produces PE at three sites in the region: Beaumont, with 960,000 m.t./year of capacity; Mont Belvieu, with 1.2 million m.t./year of capacity; and Baton Rouge, LA, with 1.5 million m.t/year of capacity. The company also has 800,000 m.t./year of feedstock ethylene capacity at Beaumont, 2.2 million m.t./year at Baytown, and 1 million m.t./year at Baton Rouge. The company is currently building a 1.5 million m.t./year ethane cracker at Baytown that is expected to start up in 2017.

Seventeen PE lines, totaling 7 million m.t./year, are currently under construction in North America, according to data from IHS Chemical.

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Louisiana Chemicals

The following pipeline systems are divided up by product type:

Propane system

12-inch line from Baton Rouge Chemical Plant, Baton Rouge Refinery and Anchorage Chemical Terminal to Dixie Pipeline with connections to / from Sorrento. Sorrento then provides connections to Shell, Enterprise and Chevron.

Ethane system

6-inch and 8-inch lines connecting Choctaw to Baton Rouge Chemical Plant and Baton Rouge Refinery.

Ethylene system

Two 12-inch and one 6-inch ethylene line from Baton Rouge Polyolefins Plant and Baton Rouge Plastics Plant to Baton Rouge Chemical Plant and Baton Rouge Refinery.

One 8-inch ethylene line connecting Copolymer, Dow and Choctaw to Baton Rouge Refinery.

One 8-inch ethylene line connecting Georgia Gulf, Shintech and Shell / UCAR at Napoleonville to Choctaw.

CG Propylene system

One 8-inch line connecting Baton Rouge Polyolefins Plant, Baton Rouge Chemical Plant, ACT and Choctaw to Bayou Sorrell. From Bayou Sorrell, connections available to Texas, Sorrento and third-party connections.

RG Propylene system

One 4-inch and 8-inch line from Baton Rouge Polyolefins Plant to ACT.

One line from Baton Rouge Chemical Plant and Baton Rouge Refinery to / from Sorrento.

BRRF streams

LPG / Butylene lines from Baton Rouge Refinery to / from Sorrento, with spur connection to Cross, Texas.

Other systems

Resin Line from Ergon to Baton Rouge Chemical Plant and Baton Rouge Refinery

Baton Rouge Fractionator Plant to Baton Rouge Chemical Plant and Baton Rouge Refinery lines:

- 4-inch Benzene
- 4-inch Diluent
- 4-inch E-1000 Resins
- 6-inch E-5000 Resins
- 8-inch Raw Make line from Garden City to Baton Rouge Fractionator
- 4-inch Crude Butadiene from Baton Rouge Chemical Plant and Baton Rouge Refinery to ACT and Dow.
- 6-inch Raw Make line from Baton Rouge Gas Plant to Baton Rouge Fractionator.
- 12-inch Raw Make from Baton Rouge Fractionator to / from Sorrento

Texas Chemicals

The following pipeline systems are divided up by product type:

NGL systems

12-inch NGL system connecting East Texas, Mont Belvieu, Hull and South Texas to Beaumont Refinery

Ethane

Line from Baytown to Mont Belvieu

Dilute propylene

System connecting Corpus Christi to Texas City, Baytown Refinery, Mont Belvieu and Beaumont

Butane / LPD system

Line from King Ranch Gas Plant to Corpus Christi

CG propylene

Line from Baytown and Mont Belvieu

Other chemical lines

System connecting Corpus Christi, King Ranch Gas Plant, Barbours Cut, Baytown Refinery, Mont Belvieu, Hull, Beaumont Refinery, Port Arthur and Orange

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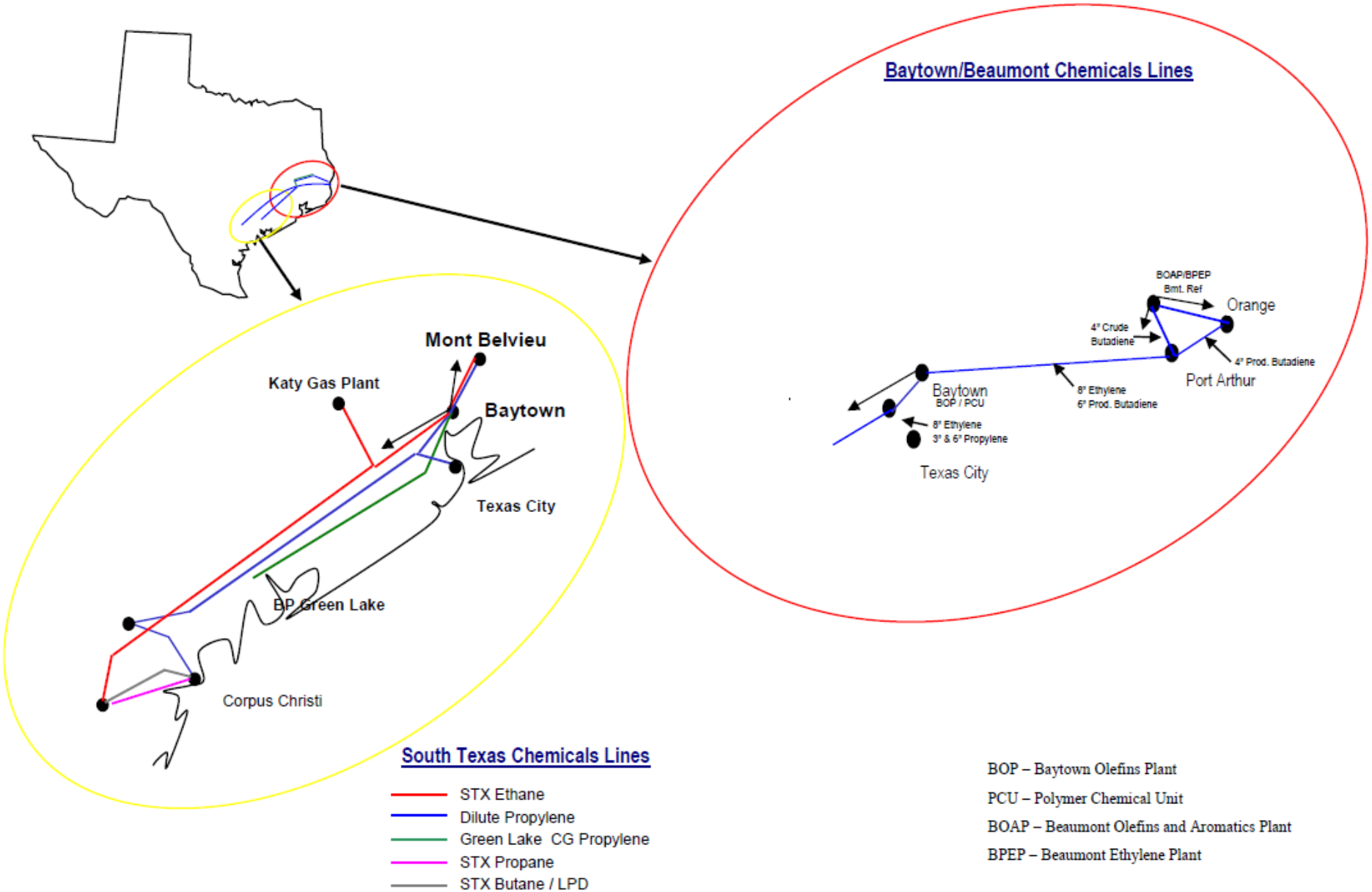
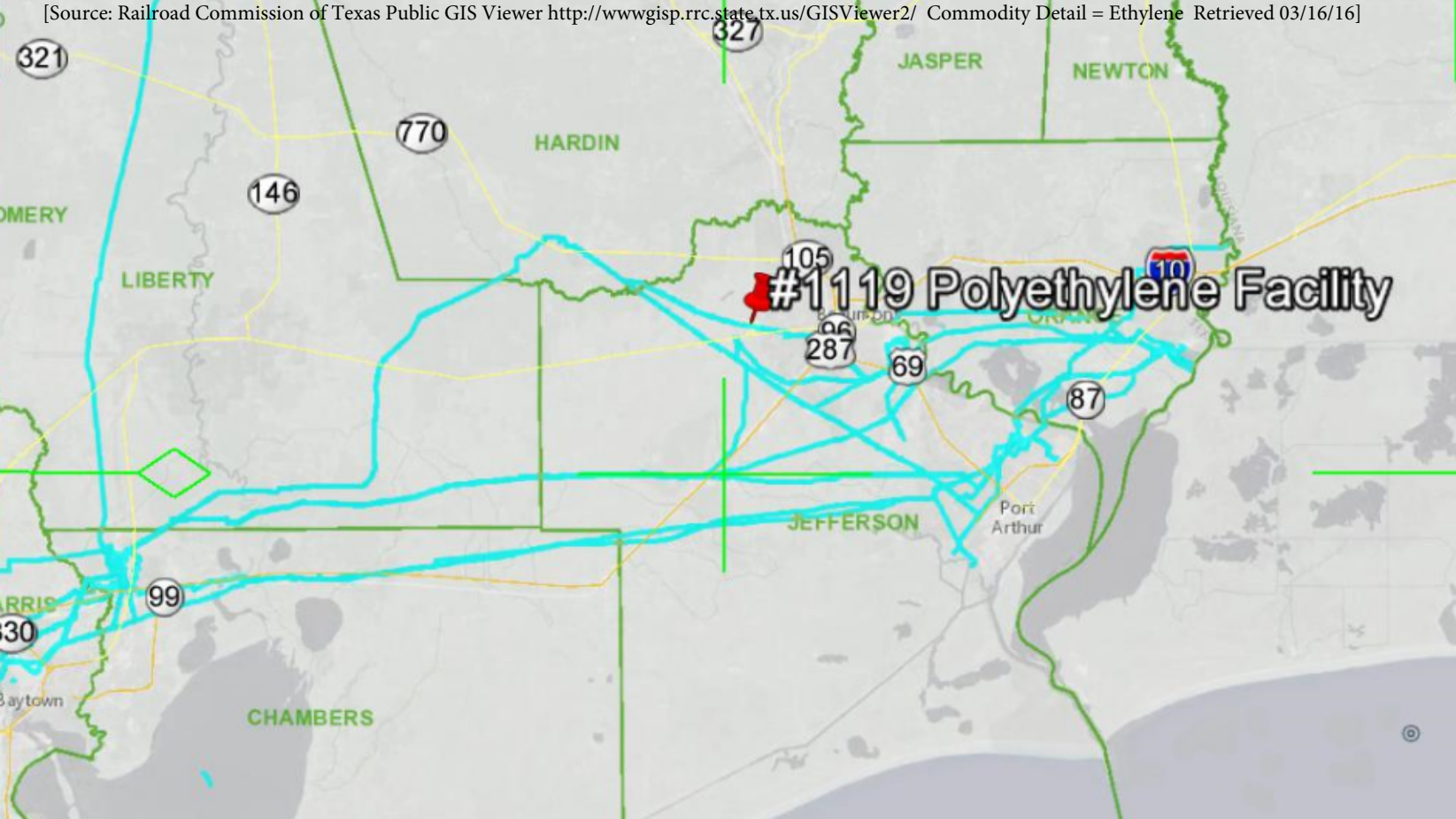
ExxonMobil Pipeline



BOP – Baytown Olefins Plant

PCU – Polymer Chemical Unit

BOAP – Beaumont Olefins and Aromatics Plant

BPEP – Beaumont Ethylene Plant

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