



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

July 25, 2018

AMENDED CERTIFICATION

Hector Mendez
Interim Superintendent of Schools
Pecos-Barstow-Toyah Independent School District
1302 South Park Street
Pecos, Texas 79772

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Pecos-Barstow-Toyah Independent School District and Brazos Delaware, LLC, Application 1127

Dear Superintendent Mendez:

This application (Application 1127) was originally submitted on March 9, 2016, to the Pecos-Barstow-Toyah Independent School District (school district) by Brazos Delaware, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On April 21, 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 May 26, 2016. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on November 15, 2016.

On May 8, 2018, Comptroller received an amendment to add Qualified Investment, Qualified Property and Qualified Jobs 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.

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)

Based on the amended information provided by the applicant, the Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem tax* revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller previously determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.

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

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the amendment to the agreement by December 31, 2018.

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,



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 Brazos Delaware, LLC (project) applying to Pecos-Barstow-Toyah 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 Brazos Delaware, LLC.

	Original	Amendment No. 1
Applicant	Brazos Delaware, LLC	Brazos Delaware, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing	Manufacturing
School District	Pecos-Barstow-Toyah ISD	Pecos-Barstow-Toyah ISD
2014-2015 Average Daily Attendance	2,228	2,228
County	Reeves	Reeves
Proposed Total Investment in District	\$150,000,000	\$235,000,000
Proposed Qualified Investment	\$150,000,000	\$235,000,000
Limitation Amount	\$30,000,000	\$30,000,000
Qualifying Time Period (Full Years)	2017-2018	2017-2018
Number of new qualifying jobs committed to by applicant	10	13
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,040.68	\$1,040.68
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,040.68	\$1,040.68
Minimum annual wage committed to by applicant for qualified jobs	\$54,115.60	\$54,115.60
Minimum weekly wage required for non-qualifying jobs	\$786.25	\$786.25
Minimum annual wage required for non-qualifying jobs	\$40,885	\$40,885
Investment per Qualifying Job	\$15,000,000	\$18,076,923.15
Estimated M&O levy without any limit (15 years)	\$15,013,440	\$23,381,280
Estimated M&O levy with Limitation (15 years)	\$6,620,640	\$6,620,640
Estimated gross M&O tax benefit (15 years)	\$8,392,800	\$16,760,640

Table 2 is the estimated statewide economic impact of Brazos Delaware, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	75	108	183	\$4,125,000	\$8,215,000	\$12,340,000
2017	130	202	332.09	\$7,145,578	\$16,454,422	\$23,600,000
2018	138	247	385	\$7,578,503	\$21,361,497	\$28,940,000
2019	13	83	96	\$703,503	\$9,216,497	\$9,920,000
2020	13	66	79	\$703,503	\$7,706,497	\$8,410,000
2021	13	51	64	\$703,503	\$6,486,497	\$7,190,000
2022	13	44	57	\$703,503	\$5,896,497	\$6,600,000
2023	13	43	56	\$703,503	\$5,726,497	\$6,430,000
2024	13	44	57	\$703,503	\$5,856,497	\$6,560,000
2025	13	48	61	\$703,503	\$6,256,497	\$6,960,000
2026	13	52	65	\$703,503	\$6,766,497	\$7,470,000
2027	13	55	68	\$703,503	\$7,316,497	\$8,020,000
2028	13	52	65	\$703,503	\$7,326,497	\$8,030,000
2029	13	53	66	\$703,503	\$7,616,497	\$8,320,000
2030	13	54	67	\$703,503	\$7,956,497	\$8,660,000

Source: CPA REMI, Brazos Delaware, LLC

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	Pecos-Barstow-Toyah ISD I&S Tax Levy	Pecos-Barstow-Toyah ISD M&O Tax Levy	Pecos-Barstow-Toyah M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves County Hospital Tax Levy	Reeves County WCID #2 Tax Levy	Estimated Total Property Taxes
2017	\$45,000,000	\$45,000,000		\$24,750	\$468,000	\$492,750	\$224,784	\$96,458	\$55,350	\$869,342
2018	\$135,000,000	\$135,000,000		\$74,250	\$1,404,000	\$1,478,250	\$674,352	\$289,373	\$166,050	\$2,608,025
2019	\$235,000,000	\$235,000,000		\$129,250	\$2,444,000	\$2,573,250	\$1,173,872	\$503,723	\$289,050	\$4,539,895
2020	\$225,600,000	\$225,600,000		\$124,080	\$2,346,240	\$2,470,320	\$1,126,917	\$483,574	\$277,488	\$4,358,299
2021	\$216,200,000	\$216,200,000		\$118,910	\$2,248,480	\$2,367,390	\$1,079,962	\$463,425	\$265,926	\$4,176,703
2022	\$206,800,000	\$206,800,000		\$113,740	\$2,150,720	\$2,264,460	\$1,033,007	\$443,276	\$254,364	\$3,995,107
2023	\$197,400,000	\$197,400,000		\$108,570	\$2,052,960	\$2,161,530	\$986,052	\$423,127	\$242,802	\$3,813,511
2024	\$188,000,000	\$188,000,000		\$103,400	\$1,955,200	\$2,058,600	\$939,098	\$402,978	\$231,240	\$3,631,916
2025	\$178,600,000	\$178,600,000		\$98,230	\$1,857,440	\$1,955,670	\$892,143	\$382,829	\$219,678	\$3,450,320
2026	\$169,200,000	\$169,200,000		\$93,060	\$1,759,680	\$1,852,740	\$845,188	\$362,680	\$208,116	\$3,268,724
2027	\$159,800,000	\$159,800,000		\$87,890	\$1,661,920	\$1,749,810	\$798,233	\$342,531	\$196,554	\$3,087,128
2028	\$81,000,000	\$81,000,000		\$44,550	\$842,400	\$886,950	\$404,611	\$173,624	\$99,630	\$1,564,815
2029	\$75,600,000	\$75,600,000		\$41,580	\$786,240	\$827,820	\$377,637	\$162,049	\$92,988	\$1,460,494
2030	\$70,200,000	\$70,200,000		\$38,610	\$730,080	\$768,690	\$350,663	\$150,474	\$86,346	\$1,356,173
2031	\$64,800,000	\$64,800,000		\$35,640	\$673,920	\$709,560	\$323,689	\$138,899	\$79,704	\$1,251,852
			Total	\$1,236,510	\$23,381,280	\$24,617,790	\$11,230,209	\$4,819,017	\$2,765,286	\$43,432,301

Source: CPA, Brazos Delaware, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Reeves 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*	Pecos-Barstow-Toyah ISD I&S Tax Levy	Pecos-Barstow-Toyah ISD M&O Tax Levy	Pecos-Barstow-Toyah M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves County Hospital Tax Levy	Reeves County WCID #2 Tax Levy	Estimated Total Property Taxes
				0.0550	1.0400		0.49952	0.21435	0.1230	
2017	\$45,000,000	\$45,000,000		\$24,750	\$468,000	\$492,750	\$224,784	\$96,458	\$55,350	\$813,992
2018	\$135,000,000	\$30,000,000		\$74,250	\$312,000	\$386,250	\$337,176	\$289,373	\$166,050	\$1,012,799
2019	\$235,000,000	\$30,000,000		\$129,250	\$312,000	\$441,250	\$586,936	\$503,723	\$289,050	\$1,531,909
2020	\$225,600,000	\$30,000,000		\$124,080	\$312,000	\$436,080	\$563,459	\$483,574	\$277,488	\$1,483,112
2021	\$216,200,000	\$30,000,000		\$118,910	\$312,000	\$430,910	\$539,981	\$463,425	\$265,926	\$1,434,316
2022	\$206,800,000	\$30,000,000		\$113,740	\$312,000	\$425,740	\$516,504	\$443,276	\$254,364	\$1,385,519
2023	\$197,400,000	\$30,000,000		\$108,570	\$312,000	\$420,570	\$986,052	\$423,127	\$242,802	\$1,829,749
2024	\$188,000,000	\$30,000,000		\$103,400	\$312,000	\$415,400	\$939,098	\$402,978	\$231,240	\$1,757,476
2025	\$178,600,000	\$30,000,000		\$98,230	\$312,000	\$410,230	\$892,143	\$382,829	\$219,678	\$1,685,202
2026	\$169,200,000	\$30,000,000		\$93,060	\$312,000	\$405,060	\$845,188	\$362,680	\$208,116	\$1,612,928
2027	\$159,800,000	\$30,000,000		\$87,890	\$312,000	\$399,890	\$798,233	\$342,531	\$196,554	\$1,540,654
2028	\$81,000,000	\$81,000,000		\$44,550	\$842,400	\$886,950	\$404,611	\$173,624	\$99,630	\$1,465,185
2029	\$75,600,000	\$75,600,000		\$41,580	\$786,240	\$827,820	\$377,637	\$162,049	\$92,988	\$1,367,506
2030	\$70,200,000	\$70,200,000		\$38,610	\$730,080	\$768,690	\$350,663	\$150,474	\$86,346	\$1,269,827
2031	\$64,800,000	\$64,800,000		\$35,640	\$673,920	\$709,560	\$323,689	\$138,899	\$79,704	\$1,172,148
			Total	\$1,236,510	\$6,620,640	\$7,857,150	\$8,686,153	\$4,819,017	\$2,765,286	\$21,362,320
			Diff	\$0	\$16,760,640	\$16,760,640	\$2,544,055	\$0	\$0	\$22,069,981

Source: CPA, Brazos Delaware, LLC

*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 Brazos Delaware, LLC (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	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2018	\$312,000	\$312,000	\$1,092,000	\$1,092,000
	2019	\$312,000	\$624,000	\$2,132,000	\$3,224,000
	2020	\$312,000	\$936,000	\$2,034,240	\$5,258,240
	2021	\$312,000	\$1,248,000	\$1,936,480	\$7,194,720
	2022	\$312,000	\$1,560,000	\$1,838,720	\$9,033,440
	2023	\$312,000	\$1,872,000	\$1,740,960	\$10,774,400
	2024	\$312,000	\$2,184,000	\$1,643,200	\$12,417,600
	2025	\$312,000	\$2,496,000	\$1,545,440	\$13,963,040
	2026	\$312,000	\$2,808,000	\$1,447,680	\$15,410,720
	2027	\$312,000	\$3,120,000	\$1,349,920	\$16,760,640
Maintain Viable Presence (5 Years)	2028	\$1,564,160	\$4,684,160	\$0	\$16,760,640
	2029	\$1,466,400	\$6,150,560	\$0	\$16,760,640
	2030	\$1,368,640	\$7,519,200	\$0	\$16,760,640
	2031	\$1,270,880	\$8,790,080	\$0	\$16,760,640
	2032	\$1,173,120	\$9,963,200	\$0	\$16,760,640
Additional Years as Required by 313.026(c)(1) (10 Years)	2033	\$1,075,360	\$11,038,560	\$0	\$16,760,640
	2034	\$977,600	\$12,016,160	\$0	\$16,760,640
	2035	\$879,840	\$12,896,000	\$0	\$16,760,640
	2036	\$782,080	\$13,678,080	\$0	\$16,760,640
	2037	\$611,000	\$14,289,080	\$0	\$16,760,640
	2038	\$611,000	\$14,900,080	\$0	\$16,760,640
	2039	\$611,000	\$15,511,080	\$0	\$16,760,640
	2040	\$611,000	\$16,122,080	\$0	\$16,760,640
	2041	\$611,000	\$16,733,080	\$0	\$16,760,640
	2042	\$611,000	\$17,344,080	\$0	\$16,760,640

\$17,344,080

is greater than

\$16,760,640

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, Brazos Delaware, LLC

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.