



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

November 28, 2016

Graham Lloyd
Superintendent
La Porte Independent School District
1002 San Jacinto Street
La Porte, Texas 77571-6496

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes by and between La Porte Independent School
District and Praxair, Inc. Application 1157

Dear Superintendent Lloyd:

On October 26, 2016, the Comptroller issued written notice that Praxair, Inc. (applicant) submitted a completed application (Application 1157) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on September 13, 2016, to the La Porte Independent School District (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 B; 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 requested a waiver 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 1157.

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

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.

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 October 26, 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 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

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Praxair, Inc. (project) applying to La Porte 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 Praxair, Inc..

Applicant	Praxair, Inc.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	La Porte ISD
2014-2015 Average Daily Attendance	7,129
County	Harris
Proposed Total Investment in District	\$168,430,530
Proposed Qualified Investment	\$168,430,530
Limitation Amount	\$80,000,000
Qualifying Time Period (Full Years)	2019-2020
Number of new qualifying jobs committed to by applicant	18*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,163.15
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,163.15
Minimum annual wage committed to by applicant for qualified jobs	\$60,484
Minimum weekly wage required for non-qualifying jobs	\$1,337
Minimum annual wage required for non-qualifying jobs	\$69,524
Investment per Qualifying Job	\$9,357,251.67
Estimated M&O levy without any limit (15 years)	\$18,772,054
Estimated M&O levy with Limitation (15 years)	\$13,088,196
Estimated gross M&O tax benefit (15 years)	\$5,683,858
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	250	306	556	\$20,000,000	\$26,000,000	\$46,000,000
2019	500	625	1125	\$40,000,000	\$57,000,000	\$97,000,000
2020	18	125	143	\$1,088,712	\$16,911,288	\$18,000,000
2021	18	86	104	\$1,088,712	\$12,911,288	\$14,000,000
2022	18	57	75	\$1,088,712	\$10,911,288	\$12,000,000
2023	18	42	60	\$1,088,712	\$8,911,288	\$10,000,000
2024	18	37	55	\$1,088,712	\$7,911,288	\$9,000,000
2025	18	37	55	\$1,088,712	\$7,911,288	\$9,000,000
2026	18	40	58	\$1,088,712	\$7,911,288	\$9,000,000
2027	18	45	63	\$1,088,712	\$7,911,288	\$9,000,000
2028	18	50	68	\$1,088,712	\$8,911,288	\$10,000,000
2029	18	55	73	\$1,088,712	\$9,911,288	\$11,000,000
2030	18	60	78	\$1,088,712	\$10,911,288	\$12,000,000
2031	18	65	83	\$1,088,712	\$11,911,288	\$13,000,000
2032	18	69	87	\$1,088,712	\$11,911,288	\$13,000,000
2033	18	73	91	\$1,088,712	\$12,911,288	\$14,000,000

Source: CPA REMI, Praxair, Inc.

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		La Porte ISD I&S Tax Levy	La Porte ISD M&O Tax Levy	La Porte ISD M&O and I&S Tax Levies	Harris County Tax Levy	Harris County Hospital District Tax Levy	Port of Houston Tax Levy	Harris County Education Tax Levy	San Jacinto College Tax Levy	Harris County Flood Tax Levy	Estimated Total Property Taxes		
			Tax Rate ¹	0.4100	1.0400		0.4192	0.1700	0.0134	0.0054	0.1758	0.0273			
2020	\$161,180,530	\$161,180,530		\$660,840	\$1,676,278	\$2,337,118	\$675,717	\$274,007	\$21,630	\$8,736	\$283,323	\$44,051	\$3,600,531		
2021	\$160,065,800	\$160,065,800		\$656,270	\$1,664,684	\$2,320,954	\$671,044	\$272,112	\$21,481	\$8,676	\$281,364	\$43,746	\$3,575,630		
2022	\$152,117,000	\$152,117,000		\$623,680	\$1,582,017	\$2,205,697	\$637,720	\$258,599	\$20,414	\$8,245	\$267,391	\$41,574	\$3,398,066		
2023	\$144,564,500	\$144,564,500		\$592,714	\$1,503,471	\$2,096,185	\$606,058	\$245,760	\$19,401	\$7,835	\$254,115	\$39,509	\$3,229,354		
2024	\$137,388,400	\$137,388,400		\$563,292	\$1,428,839	\$1,992,132	\$575,973	\$233,560	\$18,438	\$7,446	\$241,501	\$37,548	\$3,069,051		
2025	\$130,569,600	\$130,569,600		\$535,335	\$1,357,924	\$1,893,259	\$547,387	\$221,968	\$17,522	\$7,077	\$229,515	\$35,685	\$2,916,729		
2026	\$124,091,000	\$124,091,000		\$508,773	\$1,290,546	\$1,799,320	\$520,227	\$210,955	\$16,653	\$6,726	\$218,127	\$33,914	\$2,772,007		
2027	\$117,934,700	\$117,934,700		\$483,532	\$1,226,521	\$1,710,053	\$494,418	\$200,489	\$15,827	\$6,392	\$207,306	\$32,232	\$2,634,484		
2028	\$112,085,600	\$112,085,600		\$459,551	\$1,165,690	\$1,625,241	\$469,896	\$190,546	\$15,042	\$6,075	\$197,024	\$30,633	\$2,503,824		
2029	\$106,527,700	\$106,527,700		\$436,764	\$1,107,888	\$1,544,652	\$446,596	\$181,097	\$14,296	\$5,774	\$187,254	\$29,114	\$2,379,669		
2030	\$101,245,900	\$101,245,900		\$415,108	\$1,052,957	\$1,468,066	\$424,453	\$172,118	\$13,587	\$5,488	\$177,970	\$27,671	\$2,261,682		
2031	\$96,227,200	\$96,227,200		\$394,532	\$1,000,763	\$1,395,294	\$403,413	\$163,586	\$12,914	\$5,216	\$169,148	\$26,299	\$2,149,571		
2032	\$91,458,600	\$91,458,600		\$374,980	\$951,169	\$1,326,150	\$383,422	\$155,480	\$12,274	\$4,957	\$160,766	\$24,996	\$2,043,048		
2033	\$86,927,100	\$86,927,100		\$356,401	\$904,042	\$1,260,443	\$364,424	\$147,776	\$11,666	\$4,711	\$152,800	\$23,757	\$1,941,821		
2034	\$82,621,600	\$82,621,600		\$338,749	\$859,265	\$1,198,013	\$346,375	\$140,457	\$11,088	\$4,478	\$145,232	\$22,580	\$1,845,643		
			Total	\$7,400,521	\$18,772,054	\$26,172,576	\$7,567,123	\$3,068,509	\$207,205	\$83,685	\$2,714,040	\$421,975	\$34,490,598		

Source: CPA, Praxair, Inc.

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Harris 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.

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 ¹	La Porte ISD I&S Tax Levy	La Porte ISD M&O Tax Levy	La Porte ISD M&O and I&S Tax Levies	Harris County Tax Levy	Harris County Hospital District Tax Levy	Port of Houston Tax Levy	Harris County Education Tax Levy	San Jacinto College Tax Levy	Harris County Flood Tax Levy	Estimated Total Property Taxes
				0.4100	1.0400		0.41923	0.17000	0.01342	0.00542	0.17578	0.02733	
2020	\$161,180,530	\$80,000,000		\$660,840	\$832,000	\$1,492,840	\$675,717	\$274,007	\$21,630	\$8,736	\$283,323	\$21,864	\$2,442,564
2021	\$160,065,800	\$80,000,000		\$656,270	\$832,000	\$1,488,270	\$671,044	\$272,112	\$21,481	\$8,676	\$281,364	\$21,864	\$2,431,425
2022	\$152,117,000	\$80,000,000		\$623,680	\$832,000	\$1,455,680	\$637,720	\$258,599	\$20,414	\$8,245	\$267,391	\$21,864	\$2,351,999
2023	\$144,564,500	\$80,000,000		\$592,714	\$832,000	\$1,424,714	\$606,058	\$245,760	\$19,401	\$7,835	\$254,115	\$21,864	\$2,276,532
2024	\$137,388,400	\$80,000,000		\$563,292	\$832,000	\$1,395,292	\$575,973	\$233,560	\$18,438	\$7,446	\$241,501	\$21,864	\$2,204,826
2025	\$130,569,600	\$80,000,000		\$535,335	\$832,000	\$1,367,335	\$547,387	\$221,968	\$17,522	\$7,077	\$229,515	\$21,864	\$2,136,691
2026	\$124,091,000	\$80,000,000		\$508,773	\$832,000	\$1,340,773	\$520,227	\$210,955	\$16,653	\$6,726	\$218,127	\$21,864	\$2,071,954
2027	\$117,934,700	\$80,000,000		\$483,532	\$832,000	\$1,315,532	\$494,418	\$200,489	\$15,827	\$6,392	\$207,306	\$21,864	\$2,010,439
2028	\$112,085,600	\$80,000,000		\$459,551	\$832,000	\$1,291,551	\$469,896	\$190,546	\$15,042	\$6,075	\$197,024	\$21,864	\$1,951,993
2029	\$106,527,700	\$80,000,000		\$436,764	\$832,000	\$1,268,764	\$446,596	\$181,097	\$14,296	\$5,774	\$187,254	\$21,864	\$1,896,457
2030	\$101,245,900	\$101,245,900		\$415,108	\$1,052,957	\$1,468,066	\$424,453	\$172,118	\$13,587	\$5,488	\$177,970	\$27,671	\$2,064,637
2031	\$96,227,200	\$96,227,200		\$394,532	\$1,000,763	\$1,395,294	\$403,413	\$163,586	\$12,914	\$5,216	\$169,148	\$26,299	\$1,962,294
2032	\$91,458,600	\$91,458,600		\$374,980	\$951,169	\$1,326,150	\$383,422	\$155,480	\$12,274	\$4,957	\$160,766	\$24,996	\$1,865,051
2033	\$86,927,100	\$86,927,100		\$356,401	\$904,042	\$1,260,443	\$364,424	\$147,776	\$11,666	\$4,711	\$152,800	\$23,757	\$1,772,644
2034	\$82,621,600	\$82,621,600		\$338,749	\$859,265	\$1,198,013	\$346,375	\$140,457	\$11,088	\$4,478	\$145,232	\$22,580	\$1,684,844
			Total	\$7,400,521	\$13,088,196	\$20,488,718	\$7,567,123	\$3,068,509	\$242,232	\$97,831	\$3,172,838	\$343,943	\$31,124,350
			Diff	\$0	\$5,683,858	\$5,683,858	\$0	\$0	-\$35,027	-\$14,147	-\$458,799	\$78,032	\$3,366,248

Source: CPA, Praxair, Inc.

¹Tax 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 Praxair, 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	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2020	\$832,000	\$832,000	\$844,278	\$844,278
	2021	\$832,000	\$1,664,000	\$832,684	\$1,676,962
	2022	\$832,000	\$2,496,000	\$750,017	\$2,426,979
	2023	\$832,000	\$3,328,000	\$671,471	\$3,098,449
	2024	\$832,000	\$4,160,000	\$596,839	\$3,695,289
	2025	\$832,000	\$4,992,000	\$525,924	\$4,221,213
	2026	\$832,000	\$5,824,000	\$458,546	\$4,679,759
	2027	\$832,000	\$6,656,000	\$394,521	\$5,074,280
	2028	\$832,000	\$7,488,000	\$333,690	\$5,407,970
	2029	\$832,000	\$8,320,000	\$275,888	\$5,683,858
Maintain Viable Presence (5 Years)	2030	\$1,052,957	\$9,372,957	\$0	\$5,683,858
	2031	\$1,000,763	\$10,373,720	\$0	\$5,683,858
	2032	\$951,169	\$11,324,890	\$0	\$5,683,858
	2033	\$904,042	\$12,228,932	\$0	\$5,683,858
	2034	\$859,265	\$13,088,196	\$0	\$5,683,858
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$816,713	\$13,904,909	\$0	\$5,683,858
	2036	\$776,273	\$14,681,182	\$0	\$5,683,858
	2037	\$737,850	\$15,419,032	\$0	\$5,683,858
	2038	\$701,340	\$16,120,371	\$0	\$5,683,858
	2039	\$666,648	\$16,787,020	\$0	\$5,683,858
	2040	\$633,682	\$17,420,702	\$0	\$5,683,858
	2041	\$602,348	\$18,023,050	\$0	\$5,683,858
	2042	\$572,572	\$18,595,622	\$0	\$5,683,858
	2043	\$544,282	\$19,139,904	\$0	\$5,683,858
	2044	\$539,244	\$19,679,148	\$0	\$5,683,858
		\$19,679,148	is greater than	\$5,683,858	
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, Praxair, Inc.

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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 the Praxair, Inc.’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:

- Per Praxair, Inc. in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “We are evaluating Louisiana and Texas for our current pipeline network investment options.”
 - B. “The applicant requires this appraised value limitation in order to move forward with the development of the project.”
 - C. “Without this appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the project to compete for global customers against similar projects operated by competitors of Praxair in the U.S. and around the world.”
 - D. “Praxair has signed a supply agreement with Celanese which will require additional investment to be added somewhere in Praxair pipeline network. Without this appraised value limitation Praxair would have to strongly consider making this investment at another site and renegotiating with Celanese.”
- According to the Praxair Inc. news release dated February 19, 2015, “Praxair is investing more than \$400 million to add hydrogen and nitrogen production capacity and extending its Gulf Coast pipeline systems approximately 46 miles from Texas City to the Freeport area.”
- Attached Railroad Commission of Texas Public GIS Viewer map depicting Natural Gas pipelines.

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

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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:

<input type="checkbox"/> Land has no existing improvements	<input checked="" type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> 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 to assist in determining if limitation is a determining factor.

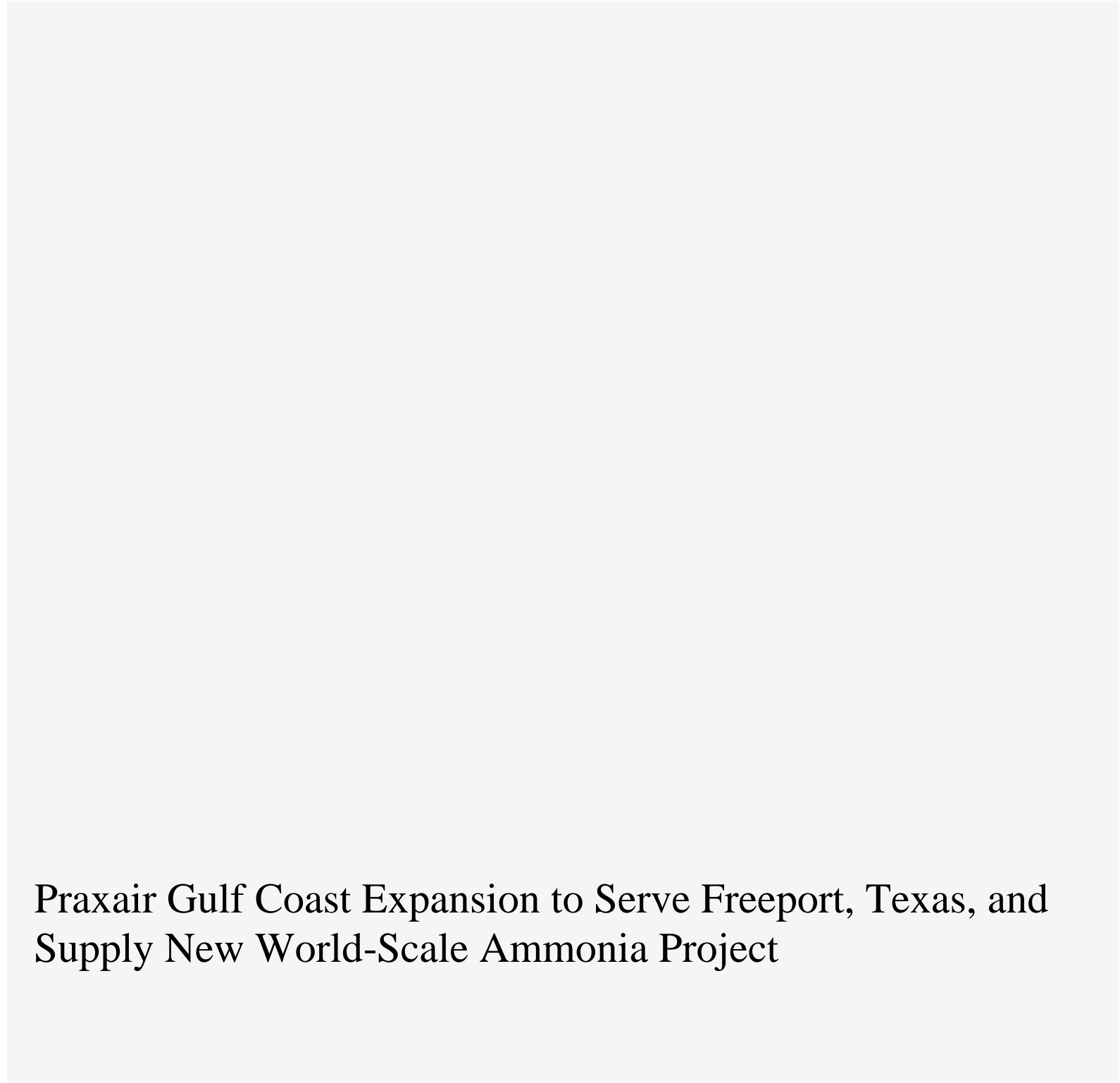
Praxair is a Fortune 500 company headquartered in Danbury, Connecticut. The company employs over 27,000 people worldwide and has key locations in Connecticut, Illinois, Indiana, New York, Texas, Georgia, Iowa, and California. It is a leading industrial gas producer in the Americas. Praxair products include atmospheric, process and specialty gases and related services and technologies. Having diverse sources of industrial gases helps attract other businesses that rely on such products; supply of industrial gases is a critical utility for many businesses. Praxair will use its industrial gases pipeline network to import and export gases from the proposed complex to serve the other petrochemical facilities along the Gulf Coast. Today, Praxair serves approximately 25 industries as diverse as healthcare and petroleum refining; computer-chip manufacturing and beverage carbonation; fiber-optics and steel making; aerospace, chemicals and water treatment

Praxair's pipeline complex allows it to have options for our investments. A variety of factors are considered in selecting site location, including the local pool of available skilled workers, costs for natural gas and ease of doing business as it relates to permitting and incentives to reduce risk in investments. We are evaluating Louisiana and Texas for our current pipeline network investment options.

The applicant requires this appraised value limitation in order to move forward with the development of the project. Without this appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the project to compete for global customers against similar projects operated by competitors of Praxair in the U.S. and around the world. Praxair has signed a supply agreement with Celanese which will require additional investment to be added somewhere in Praxair pipeline network. Without this appraised value limitation Praxair would have to strongly consider making this investment at another site and renegotiating with Celanese. Approval of this Value limitation application allows us to extend our relationships in Texas and be a contributor to the state's economic growth story.


Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller



Praxair Gulf Coast Expansion to Serve Freeport, Texas, and Supply New World-Scale Ammonia Project

PRAXAIR GULF COAST EXPANSION TO SERVE FREEPORT, TEXAS, AND SUPPLY NEW WORLD-SCALE AMMONIA PROJECT

 Share

February 19, 2015

DANBURY, Conn., February 19, 2015 — Praxair, Inc. (NYSE: PX) has signed a 20-year agreement to supply approximately 170 million standard cubic feet per day of hydrogen and 2,000 tons per day of nitrogen to a new 750,000 metric tons per year ammonia

complex being built by a new entity formed by Yara and BASF.

To help fulfill the raw material requirements of this world-scale ammonia project located in Freeport, Texas, Praxair is investing more than \$400 million to add hydrogen and nitrogen production capacity and extending its Gulf Coast pipeline systems approximately 46 miles from Texas City to the Freeport area. Praxair's pipeline systems are supported by multiple hydrogen and air separation plants and product storage capabilities including Praxair's innovative 2.5 billion standard cubic foot high-purity hydrogen storage cavern. The pipeline extensions are scheduled to be in operation in 2016 and the supply to the complex is expected to start in late 2017.

"This is an opportunity for Praxair to build out its presence in Freeport, Texas, one of the largest chemical complexes in the western hemisphere," said Eduardo Menezes, executive vice president, Praxair. "Praxair's ability to capture and process by-product hydrogen generated by multiple crackers that are being installed in the Gulf Coast and add this product to the hydrogen produced by our on-purpose steam methane reformer facilities to reliably deliver high-purity hydrogen was critical for this award. We are excited to be a part of this project and to be working alongside Yara and BASF."

Speaking on behalf of the newly-formed entity, Yara International President and Chief Executive Officer Torgeir Kvidal said, "Praxair has been working closely with us to ensure this project becomes a reality. There have been several advantages to working with Praxair including their long history of providing supply reliability along with the infrastructure and industrial gas innovations we need to run a world-class ammonia plant with a low-carbon footprint."

Praxair operates over 50 hydrogen production facilities and seven hydrogen pipeline systems worldwide. Refinery and chemical customers globally benefit from Praxair's complete portfolio of large-volume industrial gases, cylinder gases and specialized technologies and services.

About Praxair

Praxair, Inc., a Fortune 250 company with 2014 sales of \$12.3 billion, is the largest industrial gases company in North and South America and one of the largest [worldwide](#). The company produces, sells and distributes atmospheric, process and specialty [gases](#), and high-performance surface coatings. Praxair products, [services](#) and technologies are making our planet more productive by bringing efficiency and environmental benefits to a wide variety of industries, including [aerospace](#), [chemicals](#), [food and beverage](#), [electronics](#), [energy](#), [healthcare](#), manufacturing, primary metals and many others. More information about Praxair, Inc. is available at www.praxair.com.

 [Download this news release \(165.26 KB\)](#)

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