



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 14, 2017

Alexandro Flores
Superintendent
Palacios Independent School District
1209 12th Street
Palacios, Texas 77465

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes by and between Palacios Independent School
District and Formosa Plastics Corporation, Texas, Application 1191

Dear Superintendent Flores:

On July 12, 2017, the Comptroller issued written notice that Formosa Plastics Corporation, Texas (applicant) submitted a completed application (Application 1191) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on April 24, 2017, to the Palacios 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 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.

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

- 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 1191.

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.

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'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, 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 by December 31, 2017.

Note that any building or improvement existing as of the application review start date of July 12, 2017, 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,

A handwritten signature in black ink, appearing to read "Mike Reissig". The signature is stylized and somewhat cursive, with a large loop at the end.

Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Formosa Plastics Corporation, Texas (project) applying to Palacios 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 Formosa Plastics Corporation, Texas.

Applicant	Formosa Plastics Corporation, Texas
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Palacios ISD
2015-2016 Average Daily Attendance	1,234
County	Jackson
Proposed Total Investment in District	\$600,000,000
Proposed Qualified Investment	\$600,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2018-2019
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	110
Average weekly wage of qualifying jobs committed to by applicant	\$962
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$898
Minimum annual wage committed to by applicant for qualified jobs	\$50,000
Minimum weekly wage required for non-qualifying jobs	\$821
Minimum annual wage required for non-qualifying jobs	\$42,680
Investment per Qualifying Job	\$60,000,000
Estimated M&O levy without any limit (15 years)	\$70,146,907
Estimated M&O levy with Limitation (15 years)	\$25,621,428
Estimated gross M&O tax benefit (15 years)	\$44,525,479

* 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 Formosa Plastics Corporation, Texas (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2017	48	63	111	\$2,529,264	\$4,954,136	\$7,483,400
2018	474	719	1192.95	\$24,318,272	\$57,657,728	\$81,976,000
2019	168	505	673	\$7,724,064	\$43,744,836	\$51,468,900
2020	120	474	594	\$5,194,800	\$43,478,000	\$48,672,800
2021	120	453	573	\$5,194,800	\$44,503,700	\$49,698,500
2022	120	429	549	\$5,194,800	\$45,215,100	\$50,409,900
2023	120	411	531	\$5,194,800	\$45,924,000	\$51,118,800
2024	120	396	516	\$5,194,800	\$46,707,900	\$51,902,700
2025	120	388	508	\$5,194,800	\$47,878,200	\$53,073,000
2026	120	384	504	\$5,194,800	\$49,309,500	\$54,504,300
2027	120	383	503	\$5,194,800	\$51,167,000	\$56,361,800
2028	120	385	505	\$5,194,800	\$53,325,300	\$58,520,100
2029	120	390	510	\$5,194,800	\$55,901,000	\$61,095,800
2030	120	387	507	\$5,194,800	\$57,894,800	\$63,089,600
2031	120	391	511	\$5,194,800	\$60,582,800	\$65,777,600
2032	120	396	516	\$5,194,800	\$63,677,900	\$68,872,700
2033	120	402	522	\$5,194,800	\$66,991,700	\$72,186,500
2034	120	407	527	\$5,194,800	\$70,510,600	\$75,705,400

Source: CPA REMI, Formosa Plastics Corporation, Texas

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*	Palacios ISD I&S Tax Levy	Palacios ISD M&O Tax Levy	Palacios ISD M&O and I&S Tax Levies	Jackson County Tax Levy	Jackson County Hospital District Tax Levy	Jackson County Wide Drainage District Tax Levy	Jackson County Emergency District #2 Tax Levy
2017	\$689,720	\$689,720		\$655	\$7,173	\$7,828	\$3,289	\$1,448	\$69	\$310
2018	\$14,689,720	\$14,689,720		\$13,955	\$152,773	\$166,728	\$70,041	\$30,848	\$1,469	\$6,610
2019	\$600,689,720	\$600,689,720		\$570,655	\$6,247,173	\$6,817,828	\$2,864,089	\$1,261,448	\$60,069	\$270,310
2020	\$570,689,720	\$570,689,720		\$542,155	\$5,935,173	\$6,477,328	\$2,721,049	\$1,198,448	\$57,069	\$256,810
2021	\$542,189,720	\$542,189,720		\$515,080	\$5,638,773	\$6,153,853	\$2,585,161	\$1,138,598	\$54,219	\$243,985
2022	\$515,114,720	\$515,114,720		\$489,359	\$5,357,193	\$5,846,552	\$2,456,067	\$1,081,741	\$51,511	\$231,802
2023	\$489,393,470	\$489,393,470		\$464,924	\$5,089,692	\$5,554,616	\$2,333,428	\$1,027,726	\$48,939	\$220,227
2024	\$464,958,283	\$464,958,283		\$441,710	\$4,835,566	\$5,277,277	\$2,216,921	\$976,412	\$46,496	\$209,231
2025	\$441,744,854	\$441,744,854		\$419,658	\$4,594,146	\$5,013,804	\$2,106,239	\$927,664	\$44,174	\$198,785
2026	\$419,692,098	\$419,692,098		\$398,707	\$4,364,798	\$4,763,505	\$2,001,092	\$881,353	\$41,969	\$188,861
2027	\$398,741,979	\$398,741,979		\$378,805	\$4,146,917	\$4,525,721	\$1,901,202	\$837,358	\$39,874	\$179,434
2028	\$378,839,366	\$378,839,366		\$359,897	\$3,939,929	\$4,299,827	\$1,806,306	\$795,563	\$37,884	\$170,478
2029	\$359,931,884	\$359,931,884		\$341,935	\$3,743,292	\$4,085,227	\$1,716,155	\$755,857	\$35,993	\$161,969
2030	\$341,969,775	\$341,969,775		\$324,871	\$3,556,486	\$3,881,357	\$1,630,512	\$718,137	\$34,197	\$153,886
2031	\$324,905,773	\$324,905,773		\$308,660	\$3,379,020	\$3,687,681	\$1,549,151	\$682,302	\$32,491	\$146,208
2032	\$308,694,970	\$308,694,970		\$293,260	\$3,210,428	\$3,503,688	\$1,471,858	\$648,259	\$30,869	\$138,913
2033	\$293,294,707	\$293,294,707		\$278,630	\$3,050,265	\$3,328,895	\$1,398,429	\$615,919	\$29,329	\$131,983
2034	\$278,664,458	\$278,664,458		\$264,731	\$2,898,110	\$3,162,842	\$1,328,672	\$585,195	\$27,866	\$125,399
			Total	\$6,407,650	\$70,146,907	\$76,554,558	\$32,159,659	\$14,164,279	\$674,489	\$3,035,203

Source: CPA, Formosa Plastics Corporation, Texas

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Jackson 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 Jackson County, Jackson County Hospital District, Jackson County Wide Drainage District, and Jackson County Emergency District #2.

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*	Palacios ISD I&S Tax Levy	Palacios ISD M&O Tax Levy	Palacios ISD M&O and I&S Tax Levies	Jackson County Tax Levy	Jackson County Hospital District Tax Levy	Jackson County Wide Drainage District Tax Levy	Jackson County Emergency District #2 Tax Levy	Estimated Total Property Taxes
			0.0950	1.0400			0.4768	0.2100	0.0100	0.0450	
2017	\$689,720	\$689,720		\$655	\$7,173	\$7,828	\$0	\$0	\$0	\$0	\$7,828
2018	\$14,689,720	\$14,689,720		\$13,955	\$152,773	\$166,728	\$0	\$0	\$0	\$0	\$166,728
2019	\$600,689,720	\$600,689,720		\$570,655	\$6,247,173	\$6,817,828	\$0	\$0	\$0	\$0	\$6,817,828
2020	\$570,689,720	\$30,000,000		\$542,155	\$312,000	\$854,155	\$0	\$0	\$0	\$0	\$854,155
2021	\$542,189,720	\$30,000,000		\$515,080	\$312,000	\$827,080	\$0	\$0	\$0	\$0	\$827,080
2022	\$515,114,720	\$30,000,000		\$489,359	\$312,000	\$801,359	\$0	\$0	\$0	\$0	\$801,359
2023	\$489,393,470	\$30,000,000		\$464,924	\$312,000	\$776,924	\$0	\$0	\$0	\$0	\$776,924
2024	\$464,958,283	\$30,000,000		\$441,710	\$312,000	\$753,710	\$2,216,921	\$976,412	\$46,496	\$209,231	\$4,202,771
2025	\$441,744,854	\$30,000,000		\$419,658	\$312,000	\$731,658	\$2,106,239	\$927,664	\$44,174	\$198,785	\$4,008,521
2026	\$419,692,098	\$30,000,000		\$398,707	\$312,000	\$710,707	\$2,001,092	\$881,353	\$41,969	\$188,861	\$3,823,983
2027	\$398,741,979	\$30,000,000		\$378,805	\$312,000	\$690,805	\$1,901,202	\$837,358	\$39,874	\$179,434	\$3,648,673
2028	\$378,839,366	\$30,000,000		\$359,897	\$312,000	\$671,897	\$1,806,306	\$795,563	\$37,884	\$170,478	\$3,482,128
2029	\$359,931,884	\$30,000,000		\$341,935	\$312,000	\$653,935	\$1,716,155	\$755,857	\$35,993	\$161,969	\$3,323,910
2030	\$341,969,775	\$341,969,775		\$324,871	\$3,556,486	\$3,881,357	\$1,630,512	\$718,137	\$34,197	\$153,886	\$6,418,089
2031	\$324,905,773	\$324,905,773		\$308,660	\$3,379,020	\$3,687,681	\$1,549,151	\$682,302	\$32,491	\$146,208	\$6,097,832
2032	\$308,694,970	\$308,694,970		\$293,260	\$3,210,428	\$3,503,688	\$1,471,858	\$648,259	\$30,869	\$138,913	\$5,793,587
2033	\$293,294,707	\$293,294,707		\$278,630	\$3,050,265	\$3,328,895	\$1,398,429	\$615,919	\$29,329	\$131,983	\$5,504,555
2034	\$278,664,458	\$278,664,458		\$264,731	\$2,898,110	\$3,162,842	\$1,328,672	\$585,195	\$27,866	\$125,399	\$5,229,975
			Total	\$6,407,650	\$25,621,428	\$32,029,078	\$19,126,537	\$8,424,020	\$401,144	\$1,805,147	\$61,785,926
			Diff	\$0	\$44,525,479	\$44,525,479	\$13,033,122	\$5,740,259	\$273,346	\$1,230,056	\$64,802,262

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Formosa Plastics Corporation, Texas

*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 Formosa Plastics Corporation, Texas (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	\$7,173	\$7,173	\$0	\$0
	2018	\$152,773	\$159,946	\$0	\$0
	2019	\$6,247,173	\$6,407,119	\$0	\$0
Limitation Period (10 Years)	2020	\$312,000	\$6,719,119	\$5,623,173	\$5,623,173
	2021	\$312,000	\$7,031,119	\$5,326,773	\$10,949,946
	2022	\$312,000	\$7,343,119	\$5,045,193	\$15,995,139
	2023	\$312,000	\$7,655,119	\$4,777,692	\$20,772,831
	2024	\$312,000	\$7,967,119	\$4,523,566	\$25,296,397
	2025	\$312,000	\$8,279,119	\$4,282,146	\$29,578,544
	2026	\$312,000	\$8,591,119	\$4,052,798	\$33,631,342
	2027	\$312,000	\$8,903,119	\$3,834,917	\$37,466,258
	2028	\$312,000	\$9,215,119	\$3,627,929	\$41,094,188
	2029	\$312,000	\$9,527,119	\$3,431,292	\$44,525,479
Maintain Viable Presence (5 Years)	2030	\$3,556,486	\$13,083,605	\$0	\$44,525,479
	2031	\$3,379,020	\$16,462,625	\$0	\$44,525,479
	2032	\$3,210,428	\$19,673,053	\$0	\$44,525,479
	2033	\$3,050,265	\$22,723,318	\$0	\$44,525,479
	2034	\$2,898,110	\$25,621,428	\$0	\$44,525,479
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$2,753,564	\$28,374,991	\$0	\$44,525,479
	2036	\$2,616,244	\$30,991,235	\$0	\$44,525,479
	2037	\$2,485,790	\$33,477,026	\$0	\$44,525,479
	2038	\$2,361,860	\$35,838,885	\$0	\$44,525,479
	2039	\$2,244,125	\$38,083,011	\$0	\$44,525,479
	2040	\$2,132,278	\$40,215,288	\$0	\$44,525,479
	2041	\$2,026,022	\$42,241,311	\$0	\$44,525,479
	2042	\$1,925,080	\$44,166,391	\$0	\$44,525,479
	2043	\$1,829,185	\$45,995,575	\$0	\$44,525,479
	2044	\$1,738,084	\$47,733,659	\$0	\$44,525,479
		\$47,733,659	is greater than	\$44,525,479	

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, Formosa Plastics Corporation, Texas

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 the Formosa Plastics Corporation, Texas’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:

- This project was originally submitted to the Comptroller on October 21, 2015 and assigned application number 1106.
- June 9, 2016, the Comptroller’s office issued a certificate letter for application number 1106.
- May 22, 2017, the Comptroller’s office received a withdrawal letter request from Formosa Plastics Corporation, Texas to Palacios Independent School District stating, “the District and Formosa were unable to execute an agreement for limitation on appraised value prior to the December 31, 2016.”
- May 4, 2017, Palacios Independent School District submitted to the Comptroller’s office a new application for the property described in application number 1106, seeking an appraised value limitation for an HDPE (High Density Polyethylene) plant, and an onsite utilities plant on behalf of Formosa Plastics Corporation, Texas (assigned application number 1191).
- Per Formosa Plastics Corporation, Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “The applicant has received permits for activities on the proposed project site: HDPE-NSR Air permit, LDPE-NSR Air permit, and Utility-NSR Air permit. The NSR permits authorize construction of these units.”
 - B. “The applicant announced that Governor Bobby Jindal and Formosa Petrochemical Corp. Chairman Bao-Lang Chen announced the company is studying the feasibility of estimated

\$9.4 billion industrial complex of St James Parish, where they would build two project phases producing ethylene and a host of downstream, chemical products.”

- C. “To secure the project, the State of Louisiana offered a competitive incentive package that would include a \$12 million performance-based grant to offset infrastructure costs, with the grant to be paid in four equal annual installments beginning in 2018, the first year of hiring for the project. Formosa also would receive the services of the nation’s No. 1 state workforce development program LED FastStart, and the company would expect to utilize Louisiana’s Quality Jobs and Industrial Tax Exemption program.”
- D. “The applicant also provided supporting documentation of property tax comparison between Texas and Louisiana. In the scenarios provided, property taxes would be less in the Louisiana than Texas.”
- E. “It is not required that these production units be located next to any existing property. The new HDPE and LDPE units will receive power solely through the new Utility unit. Without the power generated in the new Utility unit, the new production units cannot operate. The new Utility unit’s main purpose is to generate electricity for the new manufacturing units. It is not replacing any existing property. The new Utility unit is not to provide power or support to the current production or existing operational units located in Calhoun County.”
- F. “The new Utility unit is completely separate and distinguishable from existing property. The new Utility unit will connect to the existing AEP substation through a new power line that runs along FM 1593. The AEP substation is located, along FM1593, within the boundaries of Calhoun County. The new power line is expressly not included in this application.”
- According to *FuelFix* news release online dated September 02, 2014, “Regulators OK Formosa chemical expansion in Point Comfort.”
 - According to the *Victoria Advocate* news release date October 10, 2015, “Formosa talk about plant expansion.”
 - According to the *Victoria Advocate* news release dated November 12, 2015, “If built, the plant would be on 800 acres near Farm-to-Market Road 1593 at the Jackson County line with Calhoun County. It will feature: High density polyethylene unit, low density polyethylene resin unit, and power generation unit.”
 - According to the *Victoria Advocate*, news release dated November 18, 2015, related to a Jackson County tax abatement for the project, “Instead of taxes, Formosa agreed to pay \$2.3 million over six years. In return, the county expects the new plant to supply at least 140 people with jobs by 2019, according to the revised agreement.”
 - On the (Point Comfort, Texas) Formosa Plastics website : “We’ve begun our next major production capacity expansion, which will add a third olefins unit, a propane dehydrogenation (PDH) unit, a LDPE resin plant, another HDPE resin plant and an additional polypropylene (PP) line.”
 - According to a February 22, 2017, article in the *Greater Baton Rouge Business Report* titled, “Formosa reportedly moving forward with \$9.4B plan for new plants in Louisiana,”: “Formosa Petrochemical Corp. Executive Vice President Lin Keh-Yen says the company is waiting for Louisiana to authorize construction of the facilities. Formosa is also planning another \$5 billion investment to expand production line in Texas, another company executive says.”

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:

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (complete Section 13)
<input type="checkbox"/> Expansion of existing operation on the land (complete Section 13)	<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.

For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

Supporting Information

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

Formosa Plastics

Formosa Plastics Corporation, Texas
201 Formosa Drive• P.O. Box 700 Point
Comfort, TX 77978
Telephone: (361)-987-7000
Fax: (361)-987-2721

TAB 5

Section 8: Limitation as Determining Factor

5. Has the applicant received any local or state permits for activities on the proposed project site'

Yes: HDPE- NSR Air Permit LDPE- NSR Air Permit UTILITY- NSR Air Permit

The NSR permits authorize construction of these units.

Additional information about ability to relocate

It is not required that these production units be located next to any existing property. The new HDPE and LDPE units will receive power solely through the new Utility unit. Without the power generated in the new Utility unit, the new production units cannot operate. The new Utility unit's main purpose is to generate electricity for the new manufacturing units. It is not replacing any existing property. The new Utility unit is not to provide power or support to the current production or existing operational units located in Calhoun County.

The new Utility unit is completely separate and distinguishable from existing property. The new Utility unit will connect to the existing AEP substation through a new power line that runs along FM 1593. The AEP substation is located, along FM1593, within the boundaries of Calhoun County. The new power line is expressly not included in this application.

Section 8: Limitation as Determining Factor

5. Has the applicant received any local or state permits for activities on the proposed project site?

Yes: HDPE- NSR Air Permit
 LDPE- NSR Air Permit
 UTILITY- NSR Air Permit

The NSR permits authorize construction of these units.



State of Louisiana
RELEASE
Office of the Governor
2015
GOVERNOR BOBBY JINDAL
Cain

FOR IMMEDIATE

September 3,

Press Office: Doug

Contact: 225-342-8006, (c) 225-921-

4502

**GOVERNOR JINDAL AND FORMOSA PETROCHEMICAL
CORP. CHAIRMAN BAO-LANG CHEN ANNOUNCE
FEASIBILITY STUDY FOR \$9.4 BILLION COMPLEX IN
LOUISIANA**

In St. James Parish, ethane crackers and downstream plants in two phases would create up to 1,200 new direct jobs and result in thousands of new indirect jobs

ST. JAMES PARISH – Today, Governor Bobby Jindal and Formosa Petrochemical Corp. Chairman Bao-Lang Chen announced the company is studying the feasibility of an estimated \$9.4 billion industrial complex in St. James Parish, where the company would build two project phases producing ethylene and a host of downstream chemical products. A final investment decision expected by mid-2016 will determine the final capital investment figure for the project, in which Formosa would create 1,200 new direct jobs with an average annual salary of \$84,500, plus benefits. Louisiana Economic Development estimates the project also would result in 8,000 new indirect jobs, for a total of 9,200 new jobs in Louisiana.

Upon completion of both phases of the project, which would be built on the west bank of the Mississippi River near the Gramercy bridge, Taiwan-based Formosa would have developed one of the largest, single-site ethylene production complexes in the world. In January 2014, Governor Jindal visited Taiwan to meet with company officials and lay the foundation for the current project.

Governor Jindal said, "Formosa's desire to develop a new world-scale chemical complex in Louisiana excites us on a number of levels. This tremendous capital investment signals that the many reforms we have installed to improve Louisiana's business climate are succeeding – from

our tax structure to workforce development programs to school choice and governmental ethics. This project also is a testament to Louisiana's ability to deliver world-class infrastructure and logistics solutions that attract the world's most important and innovative companies. Most important for our state, this major petrochemical investment will provide high-paying jobs for Louisiana families for generations to come. We look forward to Formosa's final decision to embark on this game-changing project."

Formosa Petrochemical Corp., a member of the Formosa Group, would develop the project with an ethane cracker and downstream plants in an initial phase, followed by a doubling of those capacities in the second phase. The facility would convert ethane to ethylene and then produce polyethylene, with customized outputs of low- and high-density polyethylene, ethylene glycol, polypropylene and other derivatives. Formosa Group has operated in Louisiana since 1981, with three plastics manufacturing locations in East Baton Rouge and Pointe Coupee parishes. "Formosa Petrochemical Corp. has been dedicated to the petrochemical industry for decades," said company Chairman Bao-Lang Chen. "We believe strategic growth in petrochemicals in the future will be in the U.S., especially in Louisiana. It is the right and perfect location for our company's next development base. With our experience, we will not only focus on the industry itself to improve economics, but also take serious consideration of environmental issues."

To secure the project, the State of Louisiana offered a competitive incentive package that would include a \$12 million performance-based grant to offset infrastructure costs, with the grant to be paid in four equal annual installments beginning in 2018, the first year of hiring for the project. Formosa also would receive the services of the nation's No. 1 state workforce development program, LED FastStart®, and the company would expect to utilize Louisiana's Quality Jobs and Industrial Tax Exemption programs.

Should the company make a final investment decision to proceed with the project, Formosa would move forward with construction and development of the initial phase beginning in 2016, with plant hiring starting in 2018. The second-phase ethane cracker and downstream chemical plants would begin construction in 2022, following completion of the first phase.

"Louisiana's industrial renaissance has brought us this potential major investment by Formosa Petrochemical Corporation," said St. James Parish President Timmy Roussel. "This large industrial complex will add value and become part of our economic family in St. James Parish. I, as parish president, want to see them become successful in St. James while helping improve life situations for more of our residents through well-paying jobs."

"This announcement marks the first step in creating a world-class facility right here in Southeast Louisiana," said President and CEO Michael Hecht of Greater New Orleans Inc. "The Formosa Petrochemical Corporation is part of a family of companies based in Taiwan, with operations around the globe, and is another example of the world discovering greater New Orleans."

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Jindal holds meetings in Taiwan



MICHELLE MILLHOLLON
mmillhollon@theadvocate.com
Feb. 20, 2014

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Jindal and Ma discussed economics. According to Jindal's office, Taiwan imports agricultural, energy and chemical products from Louisiana.

The **Central News Agency in Taipei** reported that Jindal pledged friendship and sharing. The governor stressed that Taiwan was an important trading partner for Louisiana and in the U.S. Taiwanese news coverage also noted that Jindal's first visit on his first trip abroad as governor was to Taiwan, which calls itself the Republic of China.

Ma apparently used the meeting to highlight Taiwan's efforts to join the Trans-Pacific Partnership. The U.S., Japan, Mexico, Singapore and other world powers are negotiating TPP as a massive trade agreement. Taiwan expressed interest last year but has not been invited to participate in the talks.

Jindal tweeted a picture of himself posing with Ma. The photograph shows that Jindal's wife, Supriya, accompanied the governor on the trip.

While in Taiwan, the governor also met with Formosa officials. Formosa Plastics, an offshoot of the Taiwan-based Formosa Plastics Group, operates a chemical manufacturing **subsidiary in north Baton Rouge**. The site produces feedstock materials, electricity and steam.

Jindal met with Susan Wang, vice chairman of the Formosa Plastics Group executive board, and C.T. Lee, chairman of the Formosa Plastics Corporation. They reportedly discussed business growth opportunities in Louisiana.

Jindal characterized his three-country visit to Asia as a job-creation mission. He said he is looking for business opportunities on Louisiana's behalf. From Taiwan, he heads to Seoul, South Korea, Tuesday before going to Japan. He returns to the U.S. on Saturday.

The total cost of the trip is unclear. Jindal's campaign paid for his plane ticket, but taxpayers appear to be picking up the bulk of the tab.

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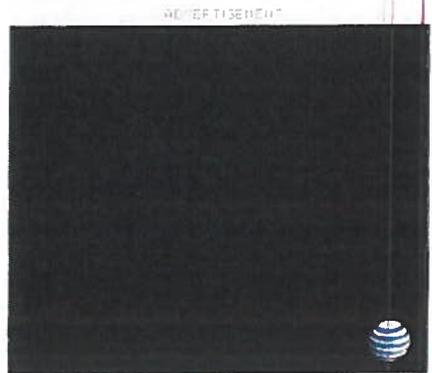
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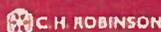


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Formosa Plastics plans to build ethylene plant in Louisiana

By IHS Chemical Staff | August 14, 2014 | Formosa Plastics

Formosa Plastics is planning to invest in a new ethylene plant in Louisiana using shale gas feedstock, according to local reports citing Formosa Plastics' chairman Lee Chinsuen. Lee was speaking to Formosa employees in Kaohsiung, Taiwan, on Tuesday at the company's end-of-year party. Lee made the statement a day after the governor of Louisiana, Bobby Jindal, visited the company at Taipei.

Formosa Plastics is already developing a 1.2-million m.t./year ethylene plant at Point Comfort, TX. "The governor called on us to invest not only in Texas but also in Louisiana, because the tax rate in the state is the same as in Texas, while gas prices in Louisiana are actually lower," Lee says, according to local reports. Formosa does not as yet have estimates of how much the Louisiana project would cost because the company needs to make further studies to evaluate the project, the chairman says.

Formosa's Texas facility is expected to cost \$3 billion. The facility will include units producing 1.2 million m.t./year of ethylene, 600,000 m.t./year of propylene, and 400,000 m.t./year of high-density polyethylene and will come onstream in the first quarter of 2017, Lee says. "The costs of making ethylene with shale gas are one-third of the costs of making it using other raw materials," Lee says.

Global production of ethylene will rise by 5.8 million m.t. this year, which is relatively low, he says. The Mideast, which accounts for 17% of global ethylene production, is unlikely to grow above 20% of the global total in the future because there is not a lot of cheap gas there, Lee says. Formosa plans to spend \$13.2 billion on new plants in the United States, China, and Vietnam, he says.

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Jack Wu/FTADSF

From: Patrick Tarlton <PatrickTarlton@txchemcouncil.org>
Sent: Monday, September 29, 2014 3:31 PM
To: Patrick Tarlton
Subject: Texas Chapter 313 Agreements and Analysis
Attachments: Texas Chapter 313 Analysis.docx; ATT00001.htm

Tax Committec:

The Texas Chemical Council testified last week at the House Select Committee on Economic Development Incentives public hearing in Houston. We were specifically asked to testify on the importance of Chapter 313 Agreements and the competition for industry investment between Texas and Louisiana. TCC President, Hector Rivero, provided testimony - including the attached analysis of incentives for a theoretical investment comparing Texas and Louisiana. The handout illustrates how the state incentives compare for a \$1 billion investment project.

Testimony concluded the following questions and comments from members present:

Jim Murphy: Chairman Murphy acknowledged the work of the industry to reform Chapter 313 agreements and thanked the chemical industry for its many contributions to Texas. As inquiry, he asked Hector to expand on the Louisiana 10 year abatement - specifically tax rate and dollars being delayed over the ten year abatement. According to our research, Louisiana's tax incentives account for about 2.1% of the total investment.

Drew Springer: Rep. Springer mentioned previous discussions on job waivers. He acknowledged that our projects meet the need for job creation in the state, as well as meeting the criteria outlined by the Economic Development Act.

If you have any questions, please feel free to contact me. Always happy to help.

Patrick

Patrick R. Tarlton
Director of Government Affairs
Texas Chemical Council
Office: [512.646.6407](tel:512.646.6407)
Cell: [512.217.0456](tel:512.217.0456)
Tarlton@texaschemistry.org

Texas Chapter 313 Analysis
Theoretical Texas Investment Opportunity

Texas Capital Investment Project with \$1 Billion Investment
Without Ch. 313 Agreement

School Tax*	\$ 120,000,000
City Tax**	\$ 10,000,000
<u>County Tax**</u>	<u>\$ 10,000,000</u>
Total	\$ 140,000,000

Texas – Louisiana Economic Incentive Comparison
10 Year Tax Profile

	Texas	Louisiana
	With <u>Chapt. 313***</u>	With <u>10 yr. Abatement</u>
School Tax*	\$ 21,000,000	0
City Tax**	\$ 10,000,000	0
<u>County/Parish Tax**</u>	<u>\$ 10,000,000</u>	<u>0</u>
Total	\$ 41,000,000	\$0

* Assumes 1.10% M&O rate, and 0.10% I&S rate.

** Assumes 75% abatement by Texas locals, and 0.4% tax rate for each of city and county.

*** Assumes a \$100 million school M&O tax limitation.

Texas Chapter 313 Analysis
Theoretical Texas Investment Opportunity

Texas Capital Investment Project with \$1 Billion Investment
Without Ch. 313 Agreement

School Tax*	\$ 120,000,000
City Tax**	\$ 10,000,000
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Texas – Louisiana Economic Incentive Comparison
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School Tax*	\$ 21,000,000	0
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Total	\$ 41,000,000	\$0

* Assumes 1.10% M&O rate, and 0.10% I&S rate.

** Assumes 75% abatement by Texas locals, and 0.4% tax rate for each of city and county.

*** Assumes a \$100 million school M&O tax limitation.

From: Jerry Lai/TXTF
Sent: Tuesday, January 14, 2014 5:29 PM
To: Jack Wu/FTADSF
Subject: FW: Texas and Louisiana Property Tax Comparison

fyi

Jerry lai
Formosa Plastics Corporation, TX
Tel: 361-987-7720

From: George Johnson [<mailto:geojohnson@prodigy.net>]
Sent: Tuesday, January 14, 2014 5:15 PM
To: David Lin / FPC Chief Financial Officer
Cc: Jerry Lai/TXTF
Subject: Texas and Louisiana Property Tax Comparison

David,

In order to demonstrate the property tax differences between Texas and Louisiana please see the attached Analysis for a capitol investment scenario of \$100,000,000 for M&E and \$10,000,000 monthly inventory balance. The Texas calculations used the latest exemptions percentages obtained for our SPVC and CFB plants as the basis for determining the total property tax impact for the first 7 years, 10 years of the exemptions and the 11th year where no exemptions would be in effect. For Louisiana, I used the 5 year exemption and the 5 year extension that Louisiana allows.

At the bottom highlighted in gray you will see the estimated property taxes for both Texas and Louisiana. In every case the property taxes would be less in Louisiana as indicated by the Difference totals for 7 yrs., 10 yrs and the 11th year where all exemptions have expired.

Should you need clarification on any part feel free to call me at 281-257-2168.

Best regards,

George

TX and LA Property Tax Comparison

Item	Subject	TX	LA	Remarks
1	Appraisal Date	January 1st every year	Same	
2	Taxable item	Real Property, Personal Property and Inventory	Same	
3	Appraisal Method			
	a. Real Property	RCN(Replacement Cost New) * Depreciation Rate * Service Factor = Taxable Value	Net Cost (Original Cost - Exemption) * Depreciation Rate * 15% = Taxable Value	L.A. can apply Manufacturing Property 100% Exemption for 5 years, and apply for extension another 5 years.
	b. Personal Property, mostly Administration and Office related, L.A Specify Computer and Electronic property	RCN(Replacement Cost New) * Depreciation Rate * Service Factor = Taxable Value	Net Cost (Original Cost - Exemption) * Depreciation Rate * 15% = Taxable Value	L.A. can apply Manufacturing Property 100% Exemption for 5 years, and apply for extension another 5 years.
	c. Inventory - Product or Material	Render the actual cost or Market Value and refer to profitable situation	Render the actual cost with annual 12 month average * 15% = Taxable Value	
4	Tax Rate	2013 County Tax 0.49% School Tax 1.1151% Navigation Tax 0.0031% Total 1.6082% *City Tax 0.5299% if within City	2013 Rate 9.25%	
5	Tax Paid - Taxable Value * Rate	2013 Paid \$21M (0.347% against Value)	2013 Paid \$1.9M (0.298% against Acquired Value)	
6	Exemption	Pollution Control Property by application	First 5 year by application, and can apply extension 5 more years, on 100% of new construction.	
7	Other Legislation	Abatement to County and Navigation Tax at 0.4931% by application, normally due in 7 years. The first 2 years 100% exempt, and the rest years 85% exempt.		

Example
 Impls Investment Inventory Monthly Avg.
 100,000,000 10,000,000

TX and LA Property Tax Comparison

Item	Subject	TX	LA	Remarks
		<p>HB1200 Tax Credit bill helped the new construction in first 2 years to pay School Tax based on 100% Actual Expenditure, and starting 3rd year, first \$30M be 100% taxable, and the amount excess \$30M will pay only 50%. The Exemption need to apply and get local government approval. Currently CFB and SPVC approved to be effective 2008 and end 2017.</p>		
				<p>Impts investment</p>
				<p>Example Inventory Monthly Avg.</p>



Business Development/Communications

Date: 06/04/10
To: David Lin
From: Jack Wu
Subject: Property Tax

Property Tax – Tx vs. La

- 1) Tax = Taxable value x Tax Rate
- 2) Taxable Value

TX	LA
Fair Market Value 100%	Fair Market Value *Percentage
With Exemption i.e.: Ag Land Pollution Control Equipment	i.e.: Land 10% Machine, Real Improvement 15%

- 3) Tax Rate is Based on the Location
i.e.: Within City Limit additional tax entity such as Hospital, College, Fire

TX	LA
Point Comfort Complex	Baton Rouge
1. County 0.4900%	9.35%
School 1.1201%	
Navigation Dst. 0.0039%	
Total 1.6140%	
2. County 0.4900%	
School 1.1201%	
Navigation Dst. 0.0039%	
City/Pt Comfort 0.7200%	
Total 2.3340%	

In Texas: 1) The School Tax Reform bill passed in 2006 reduced the tax rate by 30%.
2) Statewide, the Robin Hood Tax is still in effect. It penalizes the Taxable Value Rich School District.



Business Development/Communications

4) Property Value Exemption

TX	LA
1. Pollution Control 2. Agriculture Use Land 3. Tax Abatement 7 yr. is commonly used Typical, but not 100% each year i.e: 100% First 2 yr. and reduce 10-15% each year after that	5 yr. Exemption on all assets Capitalized, then deduct this Exemption from Fair Market Value. Then apply 15% rule to get the Taxable value. Can extend another 5 Yrs.

*HB 1200. Value Limitation Bill also can reduce the School Tax on New Project.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller



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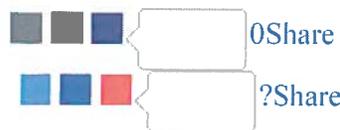
Texas & Louisiana Construction News

Texas-Louisiana

Formosa Plastics Plans \$1.7B Expansion at Point Comfort Site

March 1, 2012

Reprints



No Comments

A \$1.7-billion expansion of Formosa Plastics' Point Comfort, Texas, site could create an estimated 1,800 construction jobs, according to the company. The Chinese petrochemical company announced the project this week, noting that the expansion would enable it to "take advantage of the increasingly reliable and low-cost domestic

natural gas."

The investment consists of a new 800,000 MT/Y olefins cracker, an associated 600,000 MT/Y propane dehydrogenation (PDH) unit and a new 300,000 MT/Y low density polyethylene (LDPE) resin plant. It will create an estimated 1800 construction jobs and, once completed, an additional 225 long-term operating and maintenance jobs, according to the company.

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Contractors

“We anticipate construction completion and start-up in 2016,” said Randy Smith, site vice president/general manager. “This is a tremendous vote of confidence in the U.S. economy, the State of Texas and the Gulf Coast region’s workforce.”

The project marks the third major expansion of the Point Comfort site. The 1,600 acre petrochemical complex has thirteen production units and a variety of support facilities. The first plant went online in 1983. An additional investment of \$1.5 billion was made in 1994, followed by a \$900-million expansion in 1998.

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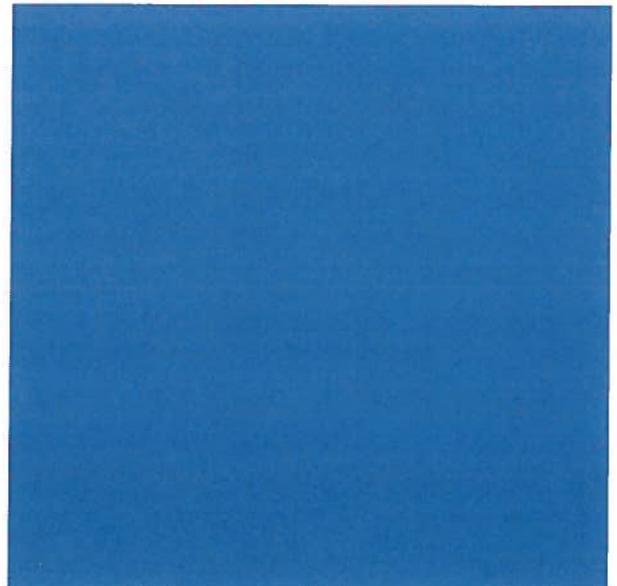
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Jackson County close to agreement with Formosa Plastics



By [Sky Chadde](#)

Nov. 12, 2015 at 10:51 p.m.

Updated Nov. 13, 2015 at 6 a.m.

([] \ [] [] z

If built

- The plant would be on 800 acres near Farm-to-Market Road 1593 at the Jackson County line with Calhoun County.

It will feature:

- High density polyethylene project
- Low density polyethylene resin unit
- Power generation unit

EDNA - Jackson County

commissioners were set to approve a plant expansion deal with Formosa Plastics Thursday - until residents voiced their disapproval with the swift decision.

At a special meeting, several residents said that, although they supported adding county jobs, they wanted an opportunity to review the tax abatement agreement before commissioners signed it.

"I'm not opposed to the abatement, but I don't know what it says in the abatement," said businessman

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Texas House approves bathroom restrictions for transgender students

David Rose, echoing others in the small room. "Give us time to digest this thing."

For about the past four months, Jackson County and Formosa Plastics officials have negotiated a deal to let the plastics manufacturing company expand its Calhoun County operations, Jackson County Judge Dennis Simons said.

An abatement, or a tax break, had been a sticking point on the deal, he said.

But the agreement commissioners allowed residents to see - normally, such deals aren't public record until signed - gives Formosa a six-year abatement.

Between 2016 and 2021, instead of taxes, Formosa would pay the county \$2.3 million, according to the abatement agreement.

The yearly amount would gradually increase. In 2016, Formosa would donate \$50,000, the next year \$100,000 and the year after \$200,000. The company would pay \$650,000 each of the last three years.

After the six years, Formosa would pay county taxes on the plant.

A few residents who could make the 1:30 p.m. meeting voiced support for the deal, but the majority favored caution. And commissioners took note.

"The people who want to seek more information outweighs the people who said I'm in favor," Precinct 3 Commissioner Johnny Belicek said during the

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meeting. "I don't want anyone to think I'm hiding anything about this."

The three other commissioners, Dennis Karl, Wayne Bubela and Wayne Hunt, then said they wanted to give the public a chance to review the agreement and offer comments. Commissioners even agreed to waive the copying fees for the residents present.

Commissioners didn't set a date for another public hearing Thursday. But they did approve setting aside about 800 acres of land near Formosa's Calhoun County plant for the proposed expansion.

Jack Wu, Formosa's vice president for business development, also attended the special meeting.

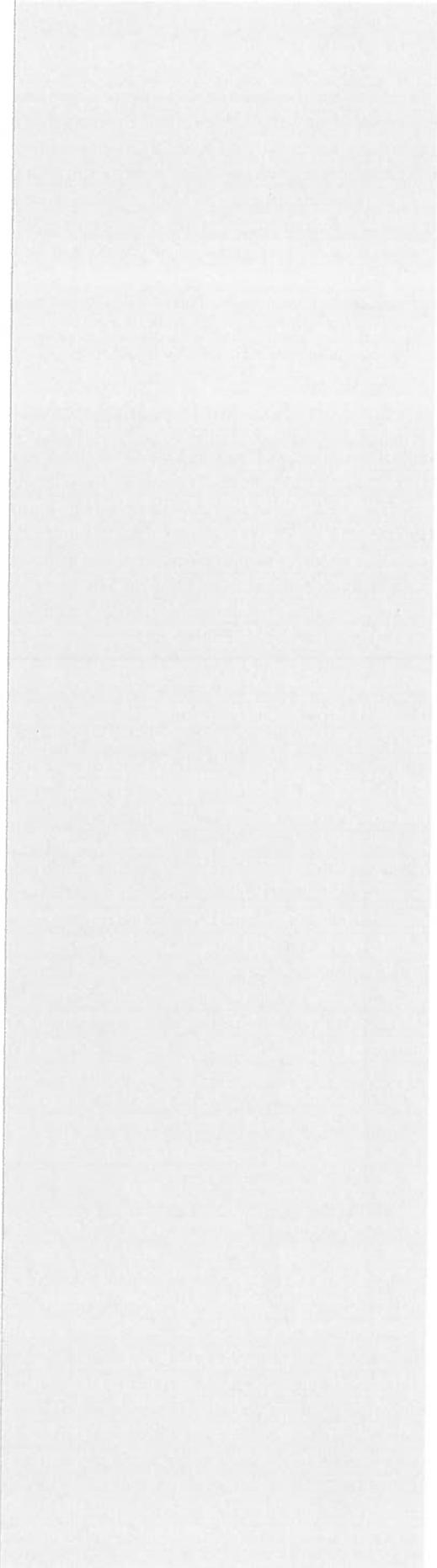
Addressing the gathering, he said he thought the deal was sound, though he wanted it signed sooner rather than later.

"For me," Wu said, "it's just better to get it over with."

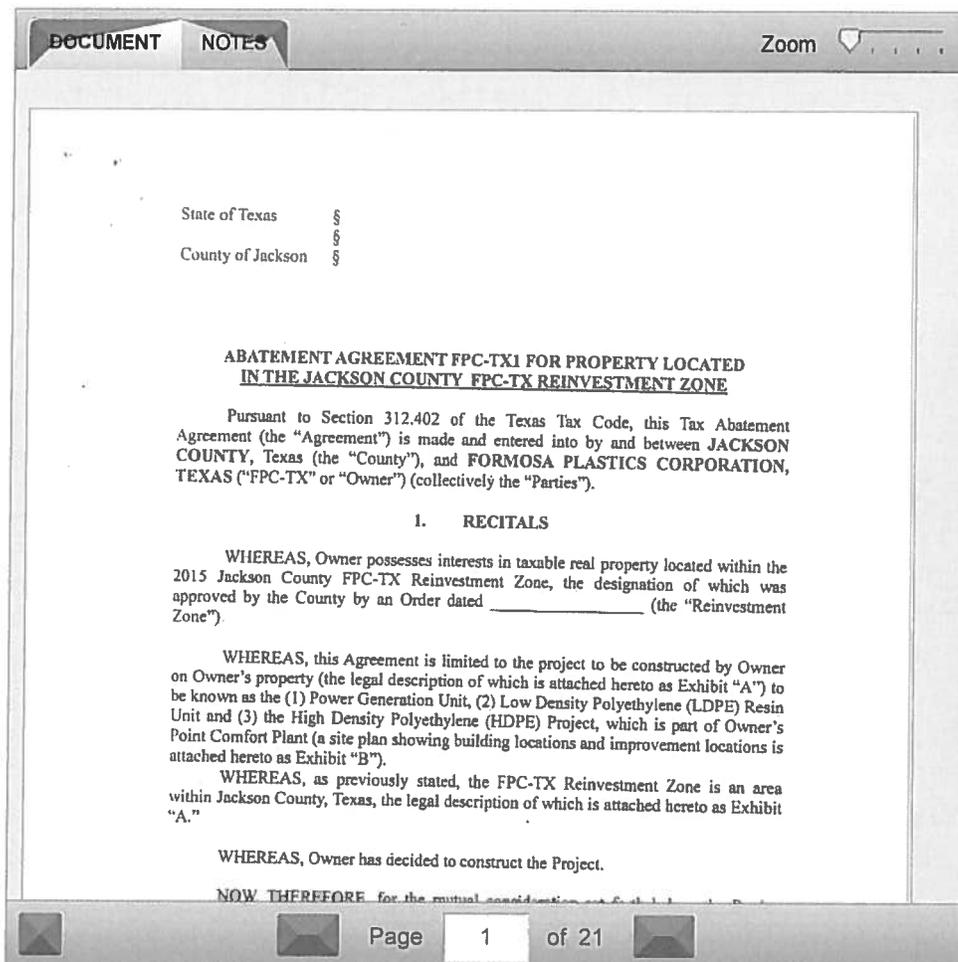
After residents voiced their concerns and commissioners agreed to allow the deal to become public, Belicek addressed Wu.

"I hope you didn't get the misunderstanding that the court doesn't want Formosa or that the public doesn't want Formosa," he said, adding he thought making the agreement public was a good gesture. "Let the public trust you, along with trusting the court."

Simons agreed.



"We're not trying to hide anything," he said. "I think we've come up with a good agreement."



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Jackson County, Formosa ink tax abatement deal



By [Sky Chadde](#)

Nov. 18, 2015 at 11:03 p.m.

Updated Nov. 19, 2015 at 6 a.m.

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Six-year tax abatement

Instead of taxes, Formosa Plastics will donate the following amount to Jackson County each year.

TAX YEAR

PAYMENT

2016

\$50,000

2017

\$100,000

2018

\$200,000

2019

\$650,000

2020

\$650,000

2021

\$650,000

EDNA - Jackson County

commissioners unanimously approved a slightly revised tax abatement agreement with Formosa

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Plastics on Wednesday.

The company plans to expand its Calhoun County plant into neighboring Jackson County.

Instead of taxes, Formosa agreed to pay \$2.3 million over six years.

In return, the county expects the new plant to supply at least 140 people with jobs by 2019, according to the revised agreement.

Jackson County Judge Dennis Simons reiterated that he thought the deal was solid. Formosa and the county need to be good partners, he said.

"Our success is going to depend on their success with this project," Simons said.

Jack Wu, Formosa's vice president of business development, said the agreement showed the county was committed to the company's expansion. Both sides benefited, he said.

"It's a win-win," Wu said.

Last week, several residents spurred commissioners to publicly release the agreement before it was signed. Commissioners then rescheduled the meeting to approve it.

On Wednesday, commissioners and Wu met in executive session for about 40 minutes.

When they returned, Simons announced they had

causes
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agreed on primarily technical changes. The abatement's length, dollar amount and number of expected jobs remained.

The meeting had no public comment portion.

For the revised agreement, the sides came to an agreement to change the year Formosa was expected to have the full complement of jobs from 2017 to 2019.

The a

<https://www.documentcloud.org/documents/2512838-jackson-county-formosa-abatement-agreement-2015.html> target="_blank">original, unsigned agreement

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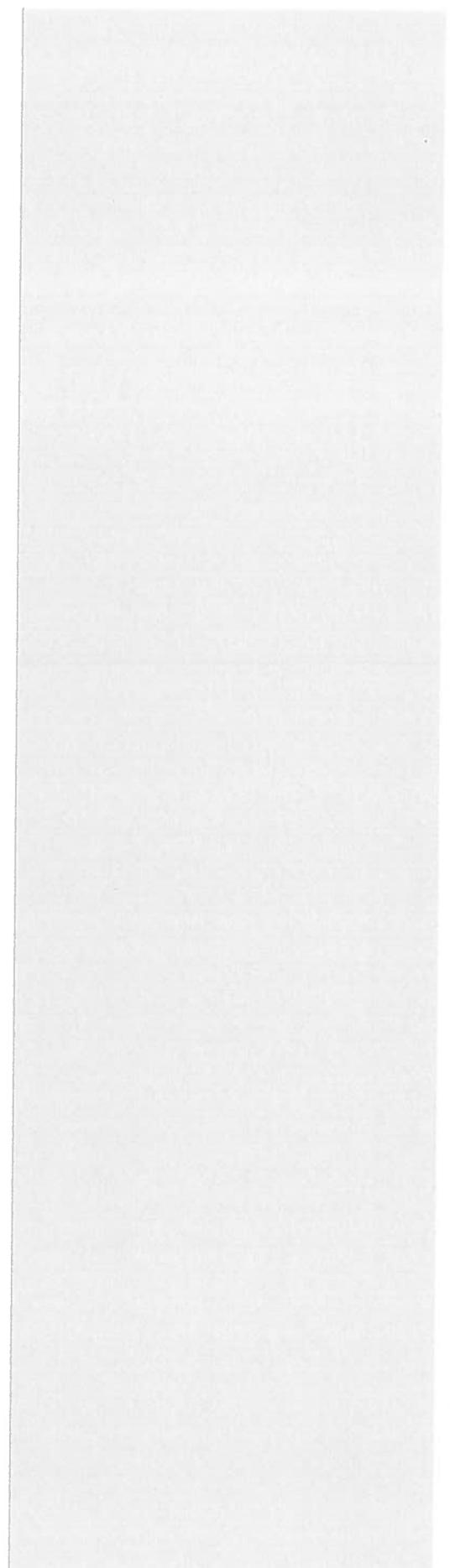
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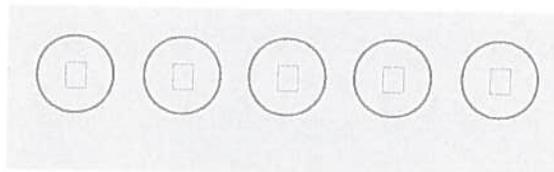
contract for Texas expansion

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OGJ RESOURCES

By OGJ editors

Formosa Plastics Corp. (FPC) has let a contract to Germany's ThyssenKrupp Industrial Solutions AG to provide process technology for a propane dehydrogenation plant (PDH) to be built as part of the third major expansion of its **petrochemical complex** in Point Comfort, Tex. (OGJ Online, June 3, 2013).



ThyssenKrupp will deliver its proprietary Steam Active Reforming (STAR) process technology for dehydrogenation of light hydrocarbons for the plant, the service provider said.

The contract includes licensing, basic engineering, detail engineering for the key equipment, delivery of STAR catalyst, and technical support during the entire project execution, according to ThyssenKrupp.

The PDH plant in Point Comfort will have a propylene production capacity of 545,000 tonnes/year (tpy), ThyssenKrupp said.

Neither a value of the contract nor a timeframe for the PDH project was disclosed.

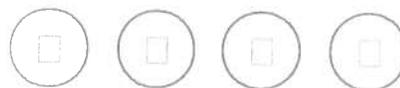
The US Environmental Protection Agency recently issued three final **greenhouse gas** prevention of significant deterioration construction permits for the Point Comfort complex expansion, which FPC first announced in February 2012 (OGJ Online, Aug. 6, 2014).

According to EPA documents, the \$2 billion planned expansion will include:

- A low-density polyethylene plant with a production capacity of 625,500 tpy.
- An olefins production unit at the complex as well as a PDH unit consisting of 14 cracking furnaces, four PDH reactors, four steam boilers, and other associated equipment.
- Two GE 7EA, 80-Mw natural gas-fired, combined-cycle turbines to the plant's existing six GE 7EA combined-cycle gas turbines.

The Olefins 3 and associated PDH units will increase the plant's production capacity of high-purity ethylene by about 1.75 million short tons/year (about 1.59 million tpy), according to the final EPA permit.

FPC previously said the Point Comfort expansion was designed to take advantage of increasingly reliable and low-cost North American natural gas feedstock supplies, as well increase the security, flexibility, and breadth of material supplies and products at the complex.



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Regulators OK Formosa chemical expansion in Point Comfort

Posted by [Rhiannon Meyers](#) Date: September 02, 2014

Federal and state regulators have cleared the way for Formosa Plastics Corp. to begin construction on a \$2 billion expansion of its petrochemical complex in Point Comfort.

The approvals come two years after the privately owned affiliate of the Taiwan-based industrial company announced plans to build new units and expand its capacity on 372 acres within its existing 1,600-acre site 120 miles southwest of Houston near Port Lavaca. It's the fourth expansion since the Point Comfort plant went online in 1983.

The Environmental Protection Agency issued final greenhouse gas permits and the Texas Commission on Environmental Quality greenlighted the environmental permits for the major Formosa Plastics projects, including a propane dehydrogenation unit, which converts propane into propylene, company spokesman Steve Rice said.

The project is part of a surge of new construction, primarily on the Texas Gulf Coast, aimed at filling a growing global demand for more propylene, a key chemical building block essential for making films, packaging and synthetic fibers.

Propylene was long manufactured in the United States as a byproduct of the petrochemical and refining process, but an industry shift to lighter and cheaper feedstock reduced the propylene production, at times creating shortages.

Related: [Growing global propylene demand leads to new projects](#)

Only one propane dehydrogenation unit exists in the United States — a Flint Hills Resources plant on the Houston Ship Channel — but plans have been announced for six more to be built by 2018. Formosa's unit will have the

capacity to produce 725,000 tons per year of propylene, according to the EPA.

Formosa's expansion also includes the construction of an ethane cracker, a low-density polyethylene plant and two more natural gas-fired turbines in addition the company's six existing turbines.

The expansion is expected to generate 1,800 construction jobs and 225 permanent operations jobs, according to the company.

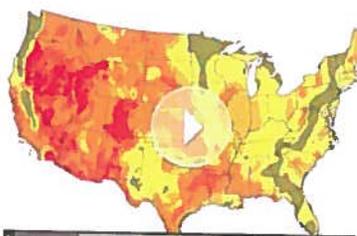
Formosa Plastics needed approval from the EPA because the projects were expected to emit more than 75,000 tons per year in greenhouse gas.

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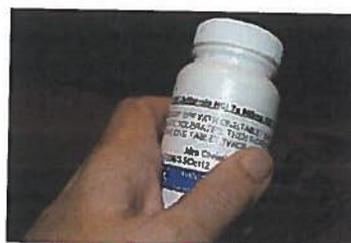
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Formosa reportedly moving forward with \$9.4B plan for new plants in Louisiana

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FEBRUARY 22, 2017



Taiwan-based Formosa Plastics Group is seeking permits for \$9.4 billion worth of new petrochemical facilities in St. James Parish, Bloomberg reports.

Formosa Petrochemical Corp. Executive Vice President Lin Keh-Yen says the company is waiting for Louisiana to authorize construction of the facilities. Formosa is also planning another \$5 billion investment to expand production lines in Texas, another company executive says.

Louisiana officials announced in September 2015 that Formosa was studying the feasibility of building a \$9.4 billion industrial complex in St. James Parish to produce ethylene and other chemical products. At that time, officials said a final investment decision was expected in mid-2016, and Louisiana Economic Development estimated the project would create 1,200 new direct jobs in southwest Louisiana. The state also said at that time that it was offering Formosa an incentive package that includes a \$12 million performance-based grant to offset infrastructure costs.

In early 2016, *Business Facilities* magazine named the deal one of the nation's top three of 2015.

“Seeking a permit solidifies that Formosa wants to do the project,” says Tony Potter, a vice president at IHS in Singapore. “Ethane prices will remain relatively low. Because of the lower cost, you have a situation where the U.S. ethane based production will be able to deliver polymer products into places like China cheaper than they can be made from naphtha in China and the surrounding countries like Taiwan, Japan, Korea, Thailand, Singapore.”

Bloomberg reports the company is joining other Asian companies in boosting investments in the U.S. amid President