

# UNDERWOOD

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December 14, 2017

Desiree Caufield  
Economic Development and Analysis Division  
Texas Comptroller of Public Accounts  
111 E. 17th St.  
Austin, TX 78774

*Via Email and Federal Express*

Re: App 1200 La Porte ISD – Lyondell Chemical Company

Dear Desiree:

Enclosed please find a hard copy of the fully executed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes between the above-noted parties along with an abridged copy of the District's Findings of Fact. A CD containing these documents is also enclosed.

Please feel free to contact us if you require anything further.

Sincerely,



Fred A. Stormer

FAS/ph  
Encl.  
MDWVY7SS0DFZMB

**FINDINGS**  
**of the**  
***LA PORTE INDEPENDENT***  
***SCHOOL DISTRICT***  
***BOARD OF TRUSTEES***

**Under Chapter 313 of the**  
**Texas Tax Code**

**ON THE APPLICATION FOR**  
**APPRAISED VALUE LIMITATION**  
**ON QUALIFIED PROPERTY**

**SUBMITTED BY**

***LYONDELL CHEMICAL COMPANY***

***Comptroller Application Number 1200***

**December 12, 2017**

**BOARD RESOLUTION #2017 - 29**

**RESOLUTION AND FINDINGS OF FACT  
of the  
LA PORTE INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES  
UNDER CHAPTER 313 OF THE TEXAS TAX CODE  
ON THE APPLICATION FOR APPRAISED VALUE LIMITATION  
ON QUALIFIED PROPERTY  
SUBMITTED BY LYONDELL CHEMICAL COMPANY**

STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS       §

**PREAMBLE**

On the 12<sup>th</sup> day of December, 2017, a public meeting of the Board of Trustees of the La Porte Independent School District (the “Board”) was held to solicit input from interested parties on the application by Lyondell Chemical Company (“Lyondell” or “Applicant”) for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board considered the application by Lyondell for a Limitation on Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District’s administrative staff and the consultants retained by the District to advise the Board in this matter and reviewing the Comptroller’s Economic Impact Analysis under Texas Tax Code §313.026 and 34 T.A.C. §9.1054, the Board of Trustees of the La Porte Independent School District makes the following Findings regarding the Application:

On or about the 20<sup>th</sup> day of June, 2017, the Board of Trustees for the La Porte Independent School District received an Application for Appraised Value Limitation on Qualified Property from Lyondell, pursuant to Chapter 313 of the Texas Tax Code (the “Application”). The general nature of Applicant’s investment in qualified property set forth in the Application is for manufacturing, specifically a new methyl tertiary butyl ether (“MTBE”) plant to be located in Harris County, Texas, adjacent to its existing Bayport plant with an annual capacity of 1,235 metric tons of MTBE (the “Property”). *See* Application, Tab 4, attached hereto as Attachment A and Attachment D. The Board agreed to consider such Application, and the District’s Superintendent formally acknowledged receipt of the Application for consideration on behalf of the District, which was delivered to the Texas Comptroller of Public Accounts immediately upon a determination that the Application was complete. The Comptroller acknowledged receipt of the Application on or about June 30, 2017. On or about July 12, 2017, the District, on behalf of the Applicant, submitted an Supplement No. 1 (revised map), and the Comptroller issued its notice of completeness and determined the Application complete as of July 20, 2017, the Application Review Start Date. The Application and Supplement No. 1 are hereafter collectively referred to as the “Application.” A copy of the Application and Comptroller’s completeness letter of July 20, 2017 are collectively attached hereto as Attachment A.

The Texas Taxpayer Identification number for Lyondell Chemical Company is 19541605580. Lyondell is an entity subject to Chapter 171 of the Texas Tax Code and is active and has the right to transact business in Texas, as represented by the Texas Comptroller of Public Accounts and as required by Texas Tax Code §313.024(a). *See* Attachments A, B and C.

The Board acknowledged receipt of the Application and necessary application fee, which was reasonable and did not exceed the estimated cost to the District for processing and acting on the Application, as established by §313.025(a)(1) of the Texas Tax Code and Local District Policy.

The Application was delivered to the Texas Comptroller's Office for review pursuant to §313.025(b) of the Texas Tax Code.

A copy of the Application was delivered to the Harris County Appraisal District for review pursuant to 34 Texas Administrative Code §9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code §§313.025 and 313.026. After receipt of the Application, the Texas Comptroller's Office caused an Economic Impact Analysis to be conducted. The Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024(b) for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a Certificate for a Limitation on Appraised Value on August 18, 2017 that the Application be approved (the "Certificate Decision"). *See* Attachment C. The Board of Trustees has carefully considered such Evaluation and Certificate Decision. Copies of the Certificate Decision and Economic Impact Analysis are attached to these Findings as Attachments C and D, respectively.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of La Porte Independent School District. A copy of a report prepared by Moak, Casey & Associates and dated November 2017 is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property applicable to the Lyondell Application in the La Porte Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, falls within Category 2 of §313.022 of the Texas Tax Code at the time the Certificate Decision was issued. *See* "2016 Property Value Study Report," attached hereto as Attachment G; *see also* Attachment D.

After receipt of the completed Application, the District entered into negotiations with Lyondell regarding the specific language to be included in the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the "Agreement") pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The parties were able to agree upon language for inclusion into a draft agreement pursuant to Texas Tax Code §313.027. As required by the Comptroller's Office, the parties changed only the provisions of the template that the Comptroller permitted (2016 Form 50-826). The proposed Agreement is attached to these Findings as Attachment H, and that form of the Agreement (as defined by 34 Tex. Admin. Code §9.1015) was submitted to and approved by the Comptroller, as required by 34 Tex. Admin. Code §9.1015(e)(1). *See* copy of December 1, 2017 Agreement Review Letter from the Comptroller, attached to these Findings as Attachment I.

After review of the Comptroller’s Certificate Decision and Economic Impact Analysis, and in consideration of its own analysis of Lyondell’s Application and all other related documentation attached hereto, the Board makes the following additional Findings as follows:

**Board Finding Number 1.**

*Based on the Applicant’s statement in Tab 4 of the Application that the proposed project consists of a new methyl tertiary butyl ether (“MTBE”) plant to be located in Harris County, Texas, and the Comptroller’s Certificate Decision, the Property meets the requirements of Texas Tax Code §313.024 for eligibility for a limitation on appraised value under Texas Tax Code §313.024(b)(1) as a manufacturing project.*

In support of Finding Number 1, the Comptroller’s Certificate Decision states:

**Determination required by 313.025(h)**

\* \* \*

Sec. 313.024(b)      Applicant is proposing to use the property for an eligible project.

\* \* \*

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 B.

See Attachment C. See also Attachment A (§6.2(5) and Tab 4) and Attachment D.

**Board Finding Number 2.**

*The project proposed by Applicant is reasonably likely to generate sufficient tax revenue to offset the District’s maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25<sup>th</sup> anniversary of the beginning of the limitation period.*

In support of Finding Number 2, the Certificate Decision states:

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 C.

Also in support of Finding Number 2, the Comptroller’s Economic Impact Analysis states:

**Attachment B - Tax Revenue over 25 Years**

This [table] represents the Comptroller’s determination that Lyondell 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)
<b>Limitation Pre-Years</b>	2018	\$16,300	\$16,300	\$0	\$0
	2019	\$352,875	\$369,176	\$0	\$0
	2020	\$857,723	\$1,226,898	\$0	\$0
<b>Limitation Period (10 Years)</b>	2021	\$832,000	\$2,058,898	\$1,451,729	\$1,451,729
	2022	\$832,000	\$2,890,898	\$2,381,728	\$3,833,457
	2023	\$832,000	\$3,722,898	\$2,285,799	\$6,119,256
	2024	\$832,000	\$4,554,898	\$2,192,760	\$8,312,016
	2025	\$832,000	\$5,386,898	\$2,102,519	\$10,414,536
	2026	\$832,000	\$6,218,898	\$2,014,962	\$12,429,498
	2027	\$832,000	\$7,050,898	\$1,930,046	\$14,359,543
	2028	\$832,000	\$7,882,898	\$1,847,678	\$16,207,221
	2029	\$832,000	\$8,714,898	\$1,767,764	\$17,974,985
	2030	\$832,000	\$9,546,898	\$1,690,263	\$19,665,249
<b>Maintain Viable Presence (5 Years)</b>	2031	\$2,447,082	\$11,993,980	\$0	\$19,665,249
	2032	\$2,374,157	\$14,368,137	\$0	\$19,665,249
	2033	\$2,303,427	\$16,671,564	\$0	\$19,665,249
	2034	\$2,234,807	\$18,906,371	\$0	\$19,665,249
	2035	\$2,168,247	\$21,074,619	\$0	\$19,665,249
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2036	\$2,103,684	\$23,178,303	\$0	\$19,665,249
	2037	\$2,041,055	\$25,219,359	\$0	\$19,665,249
	2038	\$1,980,319	\$27,199,678	\$0	\$19,665,249
	2039	\$1,921,403	\$29,121,081	\$0	\$19,665,249
	2040	\$1,864,245	\$30,985,326	\$0	\$19,665,249
	2041	\$1,808,813	\$32,794,140	\$0	\$19,665,249
	2042	\$1,755,045	\$34,549,185	\$0	\$19,665,249
	2043	\$1,702,879	\$36,252,063	\$0	\$19,665,249
	2044	\$1,652,283	\$37,904,346	\$0	\$19,665,249
	2045	\$1,603,205	\$39,507,551	\$0	\$19,665,249
		<b>\$39,507,551</b>	is greater than	<b>\$19,665,249</b>	
<b>Analysis Summary</b>					
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, Lyondell Chemical Company					

See Attachment D.

### **Board Finding Number 3.**

*The Applicant will create twenty-five (25) new qualifying jobs, which Applicant affirms will meet all of the requirements set out in Texas Tax Code §313.021(3), including: (1) at least 1,600 hours of work per year; (2) provision of group health benefit plan with at least 80% of the premium paid by Applicant; (3) an annual wage of \$65,000 (\$1,163.14 per week), an amount equal to at least 110% of the County average weekly wage for manufacturing jobs as defined under §313.021(5)(B); (4) are not created to replace a previous employee; and (5) are not transferred from another area of Texas to the project described the Application.*

See Attachments A, D and J.

### **Board Finding Number 4.**

*The Applicant does not intend to create any non-qualifying jobs.*

In its application, Applicant indicates that it does not intend to create any non-qualifying jobs. But, for any non-qualifying job which the Applicant may create, the Applicant will be required to pay at least \$1,326.25 per week, the county average wage for all jobs in the County, in accordance with the provisions of Texas Tax Code §313.024(d). See Attachments A and D.

See Attachments A and D.

### **Board Finding Number 5.**

*The ability of the Applicant to locate the proposed manufacturing facility in another state or another region of this state is significant because of the highly competitive marketplace for petrochemicals and economic development. Therefore, the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in Texas and La Porte ISD.*

See Attachment C.

In support of Finding Number 5, the Comptroller's Certificate states, "[t]he 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. The Economic Impact Analysis states:

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Lyondell Chemical Company'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 Lyondell Chemical Company in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “Lyondell Chemical Company previously submitted a Chapter 313 Application for Limitation on Appraised Value for this project with La Porte ISD, under Application No. 1060.”
  - B. “The original project never progressed to the point that it was presented to the LyondellBasell Supervisory Board of Directors for final approval (a necessary internal governance step). Applicant did not commence any construction on the site as originally planned (see aerial photos of the proposed site attached hereto as Item A to Tab 5)”
  - C. The “Applicant is now re-evaluating the economics of this project and re-considering whether to continue.”
  - D. “This project will be reviewed with the Supervisory Board later this year for determination of whether to proceed. Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis for investment in Texas. The petrochemicals market is very competitive. Without the Chapter 313 value limitation, siting the project at La Porte ISD is less attractive.”
  - E. The “Applicant has made public statements regarding its intentions regarding the proposed project location. As described in the original application, on August 25, 2014, LyondellBasell announced publicly that it planned to build a world-scale propylene oxide/tertiary butyl alcohol (“POTBA”) plant on the U.S. Gulf Coast. Subsequent press releases merely mention plans for a possible POTBA plant. As noted above, a final investment decision has not been made for this project. As is typical for large construction projects in the chemical industry, front-end engineering and design must first be completed in order to evaluate the technical viability and cost effectiveness of the project. Copies of the relevant press releases are attached hereto as Item B to Tab 5.”

See Attachment D.

**Board Finding Number 6.**

*The proposed limitation on appraised value for the qualified property is \$80,000,000.*

The Comptroller’s Minimum School District Limitation Values Report, effective January 1, 2017 (in place at the time the application was submitted), provides that the District is a Subchapter B, Category 2 District under Texas Tax Code §313.022, with a minimum limitation of \$80,000,000. See Attachments A and D.

### **Board Finding Number 7.**

*The revenue gains that will be realized by the school district if the Application is approved will be significant in the long term, with special reference to revenues used for supporting school district debt.*

In support of this Finding, the analysis prepared by Moak, Casey & Associates projects that the project would add \$309,012,332 to the tax base for debt service purposes at the peak investment level for the 2022-23 school year. See Table 5, Attachment E. The project remains fully taxable for debt services taxes, with the District currently levying a \$0.34000 per \$100 I&S rate. See Attachment E, p. 7. As a result, local taxpayers should benefit from the addition of the project to the local I&S tax roll. See Attachment E, p. 7. In addition, the potential revenue gains from Supplemental Payments as provided for in the proposed Agreement, are equal to on half of Applicant's net tax benefit. See Attachments E (last page dated 11/29/17) and H (Article VI).

### **Board Finding Number 8.**

*The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property for each year of the Agreement if the property does receive a limitation on appraised value, based on the further depreciations of investment provided by Applicant, is shown in Table 5 of Attachment E (column labeled "Taxes after Value Limit").*

See also Attachment D, p. 1 and Table 4.

### **Board Finding Number 9.**

*The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property for each year of the Agreement if the property does not receive a limitation on appraised value, based on the further depreciations of investment provided by Applicant, is shown in Table 5 of Attachment E (column labeled "Taxes before Value Limit").*

See also Attachment D, p. 1 and Table 3.

### **Board Finding Number 10.**

*The effect of the Applicant's proposal, if approved, is not expected to increase the District's instructional facility needs. La Porte ISD can easily accommodate the projected student growth anticipated from Applicant's project with its existing facilities.*

See Attachment E, page 7; see also TEA's Facilities Impact Review Letter at Attachment F.

### **Board Finding Number 11.**

***Based upon the Applicant's certification that the Application is true and correct, the Comptroller's Economic Impact Analysis, the Comptroller's Certificate Decision, and the consultants' review of these and other documents, the Board has determined that the information provided by the Applicant in its Application is true and correct when submitted.***

Upon acceptance of the Application, the District requested the Comptroller to undertake an economic impact evaluation and retained certain consultants to help the Board determine: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning the economic incentives available are a determining factor; and, (5) the proposed project meets eligibility requirements for an Agreement under Tax Code Chapter 313.

As a part of its review process, the Board notes that the Application was submitted by Applicant under oath. Chapter 313 applications are governmental records under Tex. Penal Code §37.01(2)(A), and all representations contained therein are statements of fact within the meaning of Tex. Penal Code §37.01(3). Since Board action upon the adoption of these Findings and the approval of the Agreement (Attachment H) is an "official proceeding," a false statement in the Application would constitute perjury under Tex. Penal Code §37.03.

The Board finds that sworn statements are routinely relied upon by fact finders in official governmental proceedings. The Board further finds that reliance upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified, is reasonable and within the intent of Chapter 313, Texas Tax Code. See Attachments A, B, C and D.

### **Board Finding Number 12.**

***The Applicant (Taxpayer Id. 19541605580) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on the Comptroller's acknowledgment that Lyondell's right to transact business in Texas is active as a franchise-tax paying entity.***

See Attachments A, B and C.

### **Board Finding Number 13.**

***The project will be located within an area that is currently designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code. Should it be required, the District will cooperate with the Applicant's efforts to ensure that the***

*area remains designated as a reinvestment zone through the Final Termination Date of the Agreement.*

See Attachment A (Tabs 11 and 16).

**Board Finding Number 14.**

*The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, meets all the requirements set out in Texas Tax Code §313.027, including adequate and appropriate revenue protection provisions for the District.*

In support of this Finding and based on the information provided and verified by Applicant in its Application, the District's Financial Impact Analysis demonstrates that the District will incur an estimated revenue loss of \$1,418,681 during tax years 2021 (SY 2021-22) and 2022 (SY 2022-23). See Table 5 in Attachment E. However, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District as set out in the Agreement. See proposed Agreement, Article IV, at Attachment H.

**Board Finding Number 15.**

*The Board finds that there are no conflicts of interest at the time of its consideration of the Agreement.*

In support of this Finding, the Board finds that it has taken appropriate action to ensure that all District Trustees and the Superintendent have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code.

The Board further finds that it has taken appropriate action to ensure that all District employees and/or consultants have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code.

The Board further finds that it is unaware that a conflict of interest exists as to the Application for which these Findings are being made, as of the time of action on these Findings.

**Board Finding Number 16.**

*Considering the purpose and effect of the law and the terms of the Agreement, it is in the best interest of the District and the State to approve Lyondell's Application and enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.*

**Board Finding Number 17.**

*The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, is in the form of the template Texas Economic Development Act Agreement adopted by the Comptroller, as of January 24, 2016, and the Comptroller has verified that the Agreement complies with the provisions of Chapter 313 of the Texas Tax Code and 34 T.A.C. Chapter 9, Subchapter F.*

*See also* Attachment I.

IT IS THEREFORE ORDERED, that all of the Findings above, including the recitals and statements set out in the Preamble herein, are adopted and approved as the Findings of the La Porte Independent School District Board of Trustees, and the Board of Trustees has made the above factual Findings in accordance with the Texas Tax Code § 313.025(e) and Texas Administrative Code 34, Chapter 9, subchapter F; and,

IT IS FURTHER ORDERED that the Application attached hereto as Attachment A is hereby APPROVED; and,

IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment H is APPROVED contemporaneously with these Findings and is hereby authorized to be executed and delivered by the Trustees whose signatures appear below on behalf of the La Porte Independent School District, along with a copy of these Findings, which shall be binding upon the parties upon receipt of an executed original of the Agreement from Applicant; and,

IT IS FURTHER ORDERED that these Findings and the Attachments referenced herein be made a part of the official minutes of this meeting, and maintained in the permanent records of the La Porte Independent School District Board of Trustees.

Dated this 12<sup>th</sup> day of December, 2017.

La Porte Independent School District

By Dee Anne Thomson  
*Signature*

Dee Anne Thomson, President  
*Printed Name and Title*

Attest:

By Lois Rogerson  
*Signature*

Lois Rogerson Secretary  
*Printed Name and Title*

## LIST OF ATTACHMENTS

<i>Attachment</i>	<i>Description</i>
A	Application and Comptroller's Completeness Letter
B	Franchise Tax Certificate of Account Status
C	Comptroller's Certificate Letter
D	Comptroller Economic Impact Analysis
E	District's Finance Impact Study
F	TEA's Facilities Impact Letter
G	Comptroller's 2016 Property Value Study Report
H	Proposed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes
I	Comptroller's December 1, 2017 Agreement Review Letter



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

July 20, 2017

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

Re: Application for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between La Porte Independent School District and Lyondell Chemical Company, Application 1200

Dear Superintendent Graham:

On June 30, 2017, the Comptroller's office received Lyondell Chemical Company's (applicant) application for a limitation on appraised value (Application 1200) from La Porte Independent School District (school district).

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on July 24, 2017.

Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the Comptroller's decision to not issue a certificate no later than the 90<sup>th</sup> day after receiving the completed application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the school district and the applicant.

This letter does not constitute a review of the application under Section 313.025(h) to determine if the project meets the requirements of Section 313.024 for eligibility for a limitation on appraised value. Likewise, this letter does not address the determinations required under Section 313.026(c).

Should you have any questions, please contact Desiree Caufield with our office. She can be reached by email at [desiree.caufield@cpa.texas.gov](mailto:desiree.caufield@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-8597 or at 512-936-8597.

Sincerely,

A handwritten signature in black ink that reads "Will Counihan".

Will Counihan  
Director  
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.  
Alfred C. Wong, Lynodell Chemical Company  
Angela Gonzalez, Lynodell Chemical Company  
Greg Maxim, Cummings Westlake, LLC

See Application documents  
(Comptroller No. 1200)  
posted on Comptroller Website:  
Application (posted 7/14/17)  
And Supplement No. 1 (posted 8/2/17)



## Franchise Tax Account Status

As of : 11/29/2017 15:13:38

This Page is Not Sufficient for Filings with the Secretary of State

LYONDELL CHEMICAL COMPANY	
<b>Texas Taxpayer Number</b>	19541605580
<b>Mailing Address</b>	1221 MCKINNEY ST STE 700 HOUSTON, TX 77010-2045
<b>Right to Transact Business in Texas</b>	ACTIVE
<b>State of Formation</b>	DE
<b>Effective SOS Registration Date</b>	12/05/1985
<b>Texas SOS File Number</b>	0006763606
<b>Registered Agent Name</b>	C T CORPORATION SYSTEM
<b>Registered Office Street Address</b>	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

See Certification Packet  
(Comptroller No. 1200)  
posted on Comptroller Website

See Certification Packet  
(Comptroller No. 1200)  
posted on Comptroller Website

**CHAPTER 313 PROPERTY VALUE LIMITATION  
FINANCIAL IMPACT OF THE PROPOSED LYONDELL  
CHEMICAL COMPANY PROJECT IN THE LA PORTE  
INDEPENDENT SCHOOL DISTRICT  
(PROJECT # 1200)**

**PREPARED BY**



**NOVEMBER 2017**

## Executive Summary

Lyondell Chemical Company (Company) has requested that the La Porte Independent School District (LPISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to LPISD on June 19, 2017 the Company plans to invest \$309 million to construct a manufacturing facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The Lyondell project is consistent with the state’s goal to “encourage large scale capital investments in this state.” When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

Under the provisions of Chapter 313, LPISD may offer a minimum value limitation of \$80 million. This value limitation, under the proposed application, will begin in 2021-22 and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA’s initial school finance analysis is detailed in this report, incorporating the major legislative changes adopted in May. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

Total Revenue Loss Payment owed to LPISD	\$1,418,681
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$18,246,568

## Application Process

After the school district has submitted an application to the Comptroller’s Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. At the time the application is determined complete—typically 4-6 weeks after receipt—the Comptroller will deliver a Completeness Letter to the company and the school district.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of the project and provide its certificate for a limitation on appraised value. After the certificate

is received, the district has until the 150<sup>th</sup> day from the receipt of the Completeness Letter or until December 31<sup>st</sup>, whichever is earlier, to adopt an agreement.

After the Comptroller's certificate is received, the consultants will contact the school district to discuss the value limitation agreement and begin negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review 30 days prior to final adoption by the school district's board of trustees.

Prior to final board meeting, the consultants will provide the district with the necessary agenda language and any additional action items. The school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law.

## How the 313 Agreement Interacts with Texas School Finance

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). (For more detailed information on the school finance funding system, please review the Texas Education Agency's [School Finance 101: Funding of Texas Public Schools.](#))

Because the general school finance formula system calculates state aid entitlements using the Comptroller's certified property value for the preceding year, the first year is often problematic financially. The implementation of the value limitation often results in an M&O revenue loss to the school district in the first year of the limitation that would not be reimbursed by the state, but require some type of compensation from the Company under the revenue protection provisions of the agreement. **If the full value of the project increases significantly during the value limitation period, the revenue losses may be greater than originally estimated.**

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

Future legislative action on school funding could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

## Underlying School District Data Assumptions

The agreement between the school district and the applicant calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. The Basic Allotment remained at \$5,140 and the Tier II Austin yield increased to \$99.41 for 2017-18 and \$106.28 for 2018-19, which is maintained for future years.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously-approved Chapter 313 projects are also factored into the M&O tax bases used. The impact of the Chapter 313 project value returning to the total tax roll for M&O funding purposes is beyond the scope of this revenue report.

ADA: 7,242  
 Local Tax Base: \$8.3 billion  
 M&O Tax Rate: \$1.0400  
 I&S Tax Rate: \$0.3400  
 Wealth per WADA: \$922,917

Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

**Table 1 – Base District Information with Lyondell Project Value and Limitation Values**

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
QTP 0	2019-20	7,242.00	9,226.25	\$1.0400	\$0.3400	\$8,415,372,057	\$8,415,372,057	\$7,599,588,150	\$7,599,588,150	\$823,692	\$823,692
QTP 1	2020-21	7,242.00	9,226.25	\$1.0400	\$0.3400	\$8,548,469,657	\$8,548,469,657	\$7,708,963,882	\$7,708,963,882	\$835,547	\$835,547
QTP 2	2021-22	7,242.00	9,226.25	\$1.0400	\$0.3400	\$8,730,145,257	\$8,590,555,925	\$7,842,061,482	\$7,842,061,482	\$849,973	\$849,973
VL 1	2022-23	7,242.00	9,226.25	\$1.0400	\$0.3400	\$8,826,038,462	\$8,597,026,130	\$8,023,737,082	\$7,884,147,750	\$869,664	\$854,534
VL2	2023-24	7,242.00	9,226.25	\$1.0400	\$0.3400	\$8,842,711,619	\$8,622,923,287	\$8,119,630,287	\$7,890,617,955	\$880,057	\$855,236
VL3	2024-25	7,242.00	9,226.25	\$1.0400	\$0.3400	\$9,579,769,235	\$9,368,926,903	\$8,136,303,444	\$7,916,515,112	\$881,865	\$858,043
VL4	2025-26	7,242.00	9,226.25	\$1.0400	\$0.3400	\$9,552,041,218	\$9,349,875,886	\$8,873,361,060	\$8,662,518,728	\$961,752	\$938,899
VL5	2026-27	7,242.00	9,226.25	\$1.0400	\$0.3400	\$9,476,164,356	\$9,282,418,024	\$8,845,633,043	\$8,643,467,711	\$958,746	\$936,834
VL6	2027-28	7,242.00	9,226.25	\$1.0400	\$0.3400	\$9,389,682,674	\$9,204,101,342	\$8,769,756,181	\$8,576,009,849	\$950,522	\$929,523
VL7	2028-29	7,242.00	9,226.25	\$1.0400	\$0.3400	\$9,332,772,666	\$9,155,111,334	\$8,683,274,499	\$8,497,693,167	\$941,149	\$921,034
VL8	2029-30	7,242.00	9,226.25	\$1.0400	\$0.3400	\$9,391,790,466	\$9,221,813,134	\$8,626,364,491	\$8,448,703,159	\$934,981	\$915,724
VL9	2030-31	7,242.00	9,226.25	\$1.0400	\$0.3400	\$9,361,043,432	\$9,198,518,100	\$8,685,382,291	\$8,515,404,959	\$941,377	\$922,954
VL10	2031-32	7,242.00	9,226.25	\$1.0400	\$0.3400	\$9,306,543,677	\$9,306,543,677	\$8,654,635,257	\$8,492,109,925	\$938,045	\$920,429
VP1	2032-33	7,242.00	9,226.25	\$1.0400	\$0.3400	\$9,254,561,582	\$9,254,561,582	\$8,600,135,502	\$8,600,135,502	\$932,138	\$932,138
VP2	2033-34	7,242.00	9,226.25	\$1.0400	\$0.3400	\$9,204,949,760	\$9,204,949,760	\$8,548,153,407	\$8,548,153,407	\$926,504	\$926,504
VP3	2034-35	7,242.00	9,226.25	\$1.0400	\$0.3400	\$9,157,585,803	\$9,157,585,803	\$8,498,541,585	\$8,498,541,585	\$921,126	\$921,126
VP4	2035-36	7,242.00	9,226.25	\$1.0400	\$0.3400	\$9,112,358,030	\$9,112,358,030	\$8,451,177,628	\$8,451,177,628	\$915,993	\$915,993

\*Basic Allotment: \$5,140; AISD Yield: \$106.28; Equalized Wealth: \$514,000 per WADA

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

## M&O Impact of the Lyondell project on LPISD

A model is established to make a calculation of the “Baseline Revenue Model” (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the “Value Limitation Revenue Model” (Table 3) by adding the project’s limited value of \$80 million to the model. The difference between the two models (Table 4) indicates there will be a total revenue loss of \$1,418,681 over the course of the Agreement, with nearly all the loss reflected in the first limitation year (2021-22). Nearly all reduction in M&O taxes under the limitation agreement is offset through a reduction in recapture costs owed to the state under current law.

**Table 2-- “Baseline Revenue Model”-- Project Value Added with No Value Limitation**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP 0	2019-20	\$83,604,013	\$1,834,969	\$0	-\$29,361,373	\$3,344,161	\$970,671	\$0	\$0	\$196,460	\$60,588,901
QTP 1	2020-21	\$84,908,369	\$3,110,149	\$0	-\$30,618,849	\$3,396,335	\$924,642	\$0	\$0	\$195,504	\$61,916,150
QTP 2	2021-22	\$86,716,708	\$1,834,969	\$0	-\$32,235,390	\$3,468,668	\$867,910	\$0	\$0	\$194,591	\$60,847,456
VL 1	2022-23	\$87,674,346	\$3,110,149	\$0	-\$33,853,202	\$3,506,974	\$778,700	\$0	\$0	\$194,162	\$61,411,129
VL2	2023-24	\$87,835,898	\$1,834,969	\$0	-\$34,556,055	\$3,513,436	\$730,050	\$0	\$0	\$194,213	\$59,552,511
VL3	2024-25	\$95,057,274	\$3,110,149	\$0	-\$37,591,413	\$3,802,291	\$779,589	\$0	\$0	\$191,081	\$65,348,971
VL4	2025-26	\$94,783,804	\$1,834,969	\$0	-\$42,251,905	\$3,791,352	\$398,091	\$0	\$0	\$191,311	\$58,747,622
VL5	2026-27	\$94,038,526	\$3,110,149	\$0	-\$41,748,893	\$3,761,541	\$408,011	\$0	\$0	\$191,773	\$59,761,107
VL6	2027-28	\$93,189,373	\$1,834,969	\$0	-\$40,914,772	\$3,727,575	\$440,259	\$0	\$0	\$192,296	\$58,469,700
VL7	2028-29	\$92,630,071	\$3,110,149	\$0	-\$40,145,523	\$3,705,203	\$479,258	\$0	\$0	\$192,645	\$59,971,803
VL8	2029-30	\$93,206,909	\$1,834,969	\$0	-\$40,052,358	\$3,728,276	\$509,455	\$0	\$0	\$192,473	\$59,419,724
VL9	2030-31	\$92,904,097	\$3,110,149	\$0	-\$40,279,806	\$3,716,164	\$479,478	\$0	\$0	\$192,691	\$60,122,773
VL10	2031-32	\$92,337,495	\$1,834,969	\$0	-\$39,842,440	\$3,693,500	\$491,487	\$0	\$0	\$193,010	\$58,708,021
VP1	2032-33	\$91,828,070	\$3,110,149	\$0	-\$39,286,212	\$3,673,123	\$514,758	\$0	\$0	\$193,313	\$60,033,201
VP2	2033-34	\$91,341,874	\$1,834,969	\$0	-\$38,754,981	\$3,653,675	\$536,954	\$0	\$0	\$193,603	\$58,806,094
VP3	2034-35	\$90,877,707	\$3,110,149	\$0	-\$38,247,388	\$3,635,108	\$559,446	\$0	\$0	\$193,880	\$60,128,902
VP4	2035-36	\$90,434,475	\$1,834,969	\$0	-\$37,762,267	\$3,617,379	\$579,718	\$0	\$0	\$194,144	\$58,898,418

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

**Table 3- "Value Limitation Revenue Model"-- Project Value Added with Value Limit**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP 0	2019-20	\$83,604,013	\$1,834,969	\$0	-\$29,361,373	\$3,344,161	\$970,671	\$0	\$0	\$196,460	\$60,588,901
QTP 1	2020-21	\$84,908,369	\$3,110,149	\$0	-\$30,618,849	\$3,396,335	\$924,642	\$0	\$0	\$195,504	\$61,916,150
QTP 2	2021-22	\$85,320,815	\$1,834,969	\$0	-\$31,701,640	\$3,412,833	\$854,164	\$0	\$0	\$195,205	\$59,916,346
VL 1	2022-23	\$85,384,223	\$3,110,149	\$0	-\$32,013,367	\$3,415,369	\$832,014	\$0	\$0	\$195,170	\$60,923,558
VL2	2023-24	\$85,638,015	\$1,834,969	\$0	-\$32,155,314	\$3,425,521	\$831,128	\$0	\$0	\$195,181	\$59,769,500
VL3	2024-25	\$92,948,850	\$3,110,149	\$0	-\$35,169,706	\$3,717,954	\$887,897	\$0	\$0	\$192,010	\$65,687,154
VL4	2025-26	\$92,762,150	\$1,834,969	\$0	-\$40,077,976	\$3,710,486	\$489,264	\$0	\$0	\$192,201	\$58,911,094
VL5	2026-27	\$92,101,063	\$3,110,149	\$0	-\$39,670,314	\$3,684,043	\$495,094	\$0	\$0	\$192,626	\$59,912,661
VL6	2027-28	\$91,333,560	\$1,834,969	\$0	-\$38,922,437	\$3,653,342	\$523,831	\$0	\$0	\$193,113	\$58,616,378
VL7	2028-29	\$90,853,458	\$3,110,149	\$0	-\$38,231,674	\$3,634,138	\$559,809	\$0	\$0	\$193,427	\$60,119,307
VL8	2029-30	\$91,507,135	\$1,834,969	\$0	-\$38,205,476	\$3,660,285	\$587,562	\$0	\$0	\$193,222	\$59,577,697
VL9	2030-31	\$91,278,844	\$3,110,149	\$0	-\$38,525,154	\$3,651,154	\$553,518	\$0	\$0	\$193,406	\$60,261,917
VL10	2031-32	\$92,337,495	\$1,834,969	\$0	-\$38,836,011	\$3,693,500	\$571,393	\$0	\$0	\$193,010	\$59,794,356
VP1	2032-33	\$91,828,070	\$3,110,149	\$0	-\$39,286,212	\$3,673,123	\$514,758	\$0	\$0	\$193,313	\$60,033,201
VP2	2033-34	\$91,341,874	\$1,834,969	\$0	-\$38,754,981	\$3,653,675	\$536,954	\$0	\$0	\$193,603	\$58,806,094
VP3	2034-35	\$90,877,707	\$3,110,149	\$0	-\$38,247,388	\$3,635,108	\$559,446	\$0	\$0	\$193,880	\$60,128,902
VP4	2035-36	\$90,434,475	\$1,834,969	\$0	-\$37,762,267	\$3,617,379	\$579,718	\$0	\$0	\$194,144	\$58,898,418

QTP= Qualifying Time Period  
 VL= Value Limitation  
 VP= Viable Presence

**Table 4 - Value Limit less Project Value with No Limit**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP 0	2019-20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP 1	2020-21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP 2	2021-22	-\$1,395,893	\$0	\$0	\$533,750	-\$55,835	-\$13,746	\$0	\$0	\$614	-\$931,110
VL 1	2022-23	-\$2,290,123	\$0	\$0	\$1,839,835	-\$91,605	\$53,314	\$0	\$0	\$1,008	-\$487,571
VL2	2023-24	-\$2,197,883	\$0	\$0	\$2,400,742	-\$87,915	\$101,078	\$0	\$0	\$968	\$216,990
VL3	2024-25	-\$2,108,424	\$0	\$0	\$2,421,707	-\$84,337	\$108,308	\$0	\$0	\$929	\$338,183
VL4	2025-26	-\$2,021,654	\$0	\$0	\$2,173,930	-\$80,866	\$91,173	\$0	\$0	\$890	\$163,473
VL5	2026-27	-\$1,937,463	\$0	\$0	\$2,078,579	-\$77,498	\$87,083	\$0	\$0	\$853	\$151,554
VL6	2027-28	-\$1,855,813	\$0	\$0	\$1,992,335	-\$74,233	\$83,572	\$0	\$0	\$817	\$146,678
VL7	2028-29	-\$1,776,613	\$0	\$0	\$1,913,850	-\$71,065	\$80,551	\$0	\$0	\$782	\$147,505
VL8	2029-30	-\$1,699,774	\$0	\$0	\$1,846,882	-\$67,991	\$78,107	\$0	\$0	\$749	\$157,973
VL9	2030-31	-\$1,625,253	\$0	\$0	\$1,754,652	-\$65,010	\$74,040	\$0	\$0	\$715	\$139,144
VL10	2031-32	\$0	\$0	\$0	\$1,006,430	\$0	\$79,906	\$0	\$0	\$0	\$1,086,336
VP1	2032-33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP2	2033-34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2034-35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	2035-36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

QTP= Qualifying Time Period  
 VL= Value Limitation  
 VP= Viable Presence

### M&O Impact on the Taxpayer

Under the assumptions used here, the potential tax savings from the value limitation total \$19.7 million over the life of the agreement. The LPISD revenue losses are expected to total approximately \$1,418,681 over the course of the agreement. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to total \$18,246,568 million, prior to any negotiations with Lyondell on supplemental payments.

**Table 5 - Estimated Financial Impact of the Lyondell Project Property Value Limitation Request Submitted to LPISD at \$1.0400 M&O Tax Rate**

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits
QTP 0	2018-19	\$1,567,332	\$1,567,332	\$0	\$1.040	\$16,300	\$0	\$0	\$0	\$0
QTP 1	2019-20	\$29,375,732	\$29,375,732	\$0	\$1.040	\$305,508	\$305,508	\$0	\$0	\$0
QTP 2	2020-21	\$82,473,332	\$82,473,332	\$0	\$1.040	\$857,723	\$857,723	\$0	\$0	\$0
<b>VL 1</b>	2021-22	\$219,589,332	\$80,000,000	\$139,589,332	\$1.040	\$2,283,729	\$832,000	\$1,451,729	-\$931,110	\$520,619
<b>VL2</b>	2022-23	\$309,012,332	\$80,000,000	\$229,012,332	\$1.040	\$3,213,728	\$832,000	\$2,381,728	-\$487,571	\$1,894,157
<b>VL3</b>	2023-24	\$299,788,332	\$80,000,000	\$219,788,332	\$1.040	\$3,117,799	\$832,000	\$2,285,799	\$0	\$2,285,799
<b>VL4</b>	2024-25	\$290,842,332	\$80,000,000	\$210,842,332	\$1.040	\$3,024,760	\$832,000	\$2,192,760	\$0	\$2,192,760
<b>VL5</b>	2025-26	\$282,165,332	\$80,000,000	\$202,165,332	\$1.040	\$2,934,519	\$832,000	\$2,102,519	\$0	\$2,102,519
<b>VL6</b>	2026-27	\$273,746,332	\$80,000,000	\$193,746,332	\$1.040	\$2,846,962	\$832,000	\$2,014,962	\$0	\$2,014,962
<b>VL7</b>	2027-28	\$265,581,332	\$80,000,000	\$185,581,332	\$1.040	\$2,762,046	\$832,000	\$1,930,046	\$0	\$1,930,046
<b>VL8</b>	2028-29	\$257,661,332	\$80,000,000	\$177,661,332	\$1.040	\$2,679,678	\$832,000	\$1,847,678	\$0	\$1,847,678
<b>VL9</b>	2029-30	\$249,977,332	\$80,000,000	\$169,977,332	\$1.040	\$2,599,764	\$832,000	\$1,767,764	\$0	\$1,767,764
<b>VL10</b>	2030-31	\$242,525,332	\$80,000,000	\$162,525,332	\$1.040	\$2,522,263	\$832,000	\$1,690,263	\$0	\$1,690,263
VP1	2031-32	\$235,296,332	\$235,296,332	\$0	\$1.040	\$2,447,082	\$2,447,082	\$0	\$0	\$0
VP2	2032-33	\$228,284,332	\$228,284,332	\$0	\$1.040	\$2,374,157	\$2,374,157	\$0	\$0	\$0
VP3	2033-34	\$221,483,332	\$221,483,332	\$0	\$1.040	\$2,303,427	\$2,303,427	\$0	\$0	\$0
VP4	2034-35	\$214,885,332	\$214,885,332	\$0	\$1.040	\$2,234,807	\$2,234,807	\$0	\$0	\$0
						<b>\$40,676,200</b>	<b>\$21,010,951</b>	<b>\$19,665,249</b>	<b>-\$1,418,681</b>	<b>\$18,246,568</b>

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

**Note: School district revenue-loss estimates are subject to change based on numerous factors, including:**

- Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations.
- Legislative changes addressing property value appraisals and exemptions.
- Year-to-year appraisals of project values and district taxable values.
- Changes in school district tax rates and student enrollment.

### **I&S Funding Impact on School District**

The project remains fully taxable for debt services taxes, with LPISD currently levying a \$0.3400 I&S rate. The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. Local taxpayers should benefit from the addition of the Lyondell project to the local I&S tax roll. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.



## Estimated Financial Impact of the #1200 - Lyondell Chemical Company Chapter 313 Property Value Limitation Request Submitted to La Porte ISD

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits	School District Tax Benefit Lesser of \$100 per ADA or 50%	Company Tax Benefit
QTP 0	2018-19	\$1,567,332	\$1,567,332	\$0	\$1.040	\$16,300	\$16,300	\$0	\$0	\$0	\$0	\$0
QTP 1	2019-20	\$33,930,332	\$33,930,332	\$0	\$1.040	\$352,875	\$352,875	\$0	\$0	\$0	\$0	\$0
QTP 2	2020-21	\$82,473,332	\$82,473,332	\$0	\$1.040	\$857,723	\$857,723	\$0	\$0	\$0	\$0	\$0
<b>VL 1</b>	2021-22	\$219,589,332	\$80,000,000	\$139,589,332	\$1.040	\$2,283,729	\$832,000	\$1,451,729	-\$931,110	\$520,619	\$260,310	\$260,310
<b>VL2</b>	2022-23	\$309,012,332	\$80,000,000	\$229,012,332	\$1.040	\$3,213,728	\$832,000	\$2,381,728	-\$487,571	\$1,894,157	\$947,079	\$947,079
<b>VL3</b>	2023-24	\$299,788,332	\$80,000,000	\$219,788,332	\$1.040	\$3,117,799	\$832,000	\$2,285,799	\$0	\$2,285,799	\$1,142,899	\$1,142,899
<b>VL4</b>	2024-25	\$290,842,332	\$80,000,000	\$210,842,332	\$1.040	\$3,024,760	\$832,000	\$2,192,760	\$0	\$2,192,760	\$1,096,380	\$1,096,380
<b>VL5</b>	2025-26	\$282,165,332	\$80,000,000	\$202,165,332	\$1.040	\$2,934,519	\$832,000	\$2,102,519	\$0	\$2,102,519	\$1,051,260	\$1,051,260
<b>VL6</b>	2026-27	\$273,746,332	\$80,000,000	\$193,746,332	\$1.040	\$2,846,962	\$832,000	\$2,014,962	\$0	\$2,014,962	\$1,007,481	\$1,007,481
<b>VL7</b>	2027-28	\$265,581,332	\$80,000,000	\$185,581,332	\$1.040	\$2,762,046	\$832,000	\$1,930,046	\$0	\$1,930,046	\$870,489	\$1,059,557
<b>VL8</b>	2028-29	\$257,661,332	\$80,000,000	\$177,661,332	\$1.040	\$2,679,678	\$832,000	\$1,847,678	\$0	\$1,847,678	\$708,433	\$1,139,245
<b>VL9</b>	2029-30	\$249,977,332	\$80,000,000	\$169,977,332	\$1.040	\$2,599,764	\$832,000	\$1,767,764	\$0	\$1,767,764	\$708,433	\$1,059,331
<b>VL10</b>	2030-31	\$242,525,332	\$80,000,000	\$162,525,332	\$1.040	\$2,522,263	\$832,000	\$1,690,263	\$0	\$1,690,263	\$708,433	\$981,830
VP1	2031-32	\$235,296,332	\$235,296,332	\$0	\$1.040	\$2,447,082	\$2,447,082	\$0	\$0	\$0	\$622,088	-\$622,088
VP2	2032-33	\$228,284,332	\$228,284,332	\$0	\$1.040	\$2,374,157	\$2,374,157	\$0	\$0	\$0	\$0	\$0
VP3	2033-34	\$221,483,332	\$221,483,332	\$0	\$1.040	\$2,303,427	\$2,303,427	\$0	\$0	\$0	\$0	\$0
VP4	2034-35	\$214,885,332	\$214,885,332	\$0	\$1.040	\$2,234,807	\$2,234,807	\$0	\$0	\$0	\$0	\$0
VP5	2035-36	\$208,485,332	\$208,485,332	\$0	\$1.040	\$2,168,247	\$2,168,247	\$0	\$0	\$0	\$0	\$0
						\$40,723,567	\$21,058,319	\$19,665,249	-\$1,418,681	\$18,246,568	\$9,123,284	\$9,123,284

QTP= Qualifying Time Period  
 VL= Value Limitation  
 VP= Viable Presence

Future legislative action on school funding could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this table.

**IMPORTANT: Please keep this letter with your district's records. It must be accessible to the law firm working on the value limitation agreement.**

July 25, 2017

Dee Anne Thomson, President  
Board of Trustees  
La Porte Independent School District  
1002 San Jacinto Street  
La Porte, TX 77571-6496

Dear Ms. Thomson:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Lyondell Chemical Company project #1200 on the number and size of school facilities in La Porte Independent School District (LPISD). Based on an examination of LPISD enrollment and the number of potential new jobs, the TEA has determined that the Lyondell Chemical Company project should not have a significant impact on the number or size of school facilities in LPISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you have any questions.

Sincerely,



Al McKenzie  
Director of State Funding

AM/rk  
Cc: Lloyd W. Graham


**Taxes**

Property Tax Assistance

**2016 ISD Summary Worksheet****036/Chambers****101-916/La Porte ISD**

Category	Local Tax Roll Value	2016 WTD Mean Ratio	2016 PTAD Value Estimate	2016 Value Assigned
A. Single-Family Residences	0	N/A	0	0
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	0	N/A	0	0
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	0	N/A	0	0
D2. Real Prop Farm & Ranch	0	N/A	0	0
E. Real Prop NonQu al Acres	0	N/A	0	0
F1. Commercial Real	659,140	N/A	659,140	659,140
F2. Industrial Real	0	N/A	0	0
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	0	N/A	0	0
L1. Commercial Personal	0	N/A	0	0

L2. Industrial Personal	0	N/A	0	0
M. Other Personal	0	N/A	0	0
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	659,140		659,140	659,140
Less Total Deductions	0		0	0
Total Taxable Value	659,140		659,140	659,140 T2

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

**Value Taxable For M&O Purposes**

T1	T2	T3	T4
659,140	659,140	659,140	659,140

<b>Loss To the Additional \$10,000 Homestead Exemption</b>	<b>50% of the loss to the Local Optional Percentage Homestead Exemption</b>
0	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

### Value Taxable For I&S Purposes

T7	T8	T9	T10
659,140	659,140	659,140	659,140

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified

### 101/Harris

### 101-916/La Porte ISD

Category	Local Tax Roll Value	2016 WTD Mean Ratio	2016 PTAD Value Estimate	2016 Value Assigned
A. Single-Family Residences	2,145,437,759	N/A	2,145,437,759	2,145,437,759
B. Multi-Family Residences	101,595,134	N/A	101,595,134	101,595,134
C1. Vacant Lots	169,505,708	N/A	169,505,708	169,505,708

C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	176,975	N/A	176,975	176,975
D2. Real Prop Farm & Ranch	1,994,174	N/A	1,994,174	1,994,174
E. Real Prop NonQual Acres	90,557,241	N/A	90,557,241	90,557,241
F1. Commercial Real	1,396,056,110	N/A	1,396,056,110	1,396,056,110
F2. Industrial Real	4,809,048,884	N/A	4,809,048,884	4,809,048,884
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	144,522,507	N/A	144,522,507	144,522,507
L1. Commercial Personal	658,017,905	N/A	658,017,905	658,017,905
L2. Industrial Personal	2,187,799,399	N/A	2,187,799,399	2,187,799,399
M. Other Personal	7,139,804	N/A	7,139,804	7,139,804
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	872,299	N/A	872,299	872,299
S. Special Inventory	9,971,223	N/A	9,971,223	9,971,223
Subtotal	11,722,695,122		11,722,695,122	11,722,695,122
Less Total Deductions	3,334,506,438		3,334,506,438	3,334,506,438
Total Taxable Value	8,388,188,684		8,388,188,684	8,388,188,684 T2

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts

that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

### Value Taxable For M&O Purposes

T1	T2	T3	T4
8,489,779,072	8,388,188,684	8,325,948,137	8,224,357,749

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
101,590,388	163,830,935

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

### Value Taxable For I&S Purposes

T7	T8	T9	T10
9,679,208,722	9,577,618,334	9,515,377,787	9,413,787,399

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified

## 101-916/La Porte ISD

Category	Local Tax Roll Value	2016 WTD Mean Ratio	2016 PTAD Value Estimate	2016 Value Assigned
A. Single-Family Residences	2,145,437,759	N/A	2,145,437,759	2,145,437,759
B. Multi-Family Residences	101,595,134	N/A	101,595,134	101,595,134
C1. Vacant Lots	169,505,708	N/A	169,505,708	169,505,708
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	176,975	N/A	176,975	176,975
D2. Real Prop Farm & Ranch	1,994,174	N/A	1,994,174	1,994,174
E. Real Prop NonQual Acres	90,557,241	N/A	90,557,241	90,557,241
F1. Commercial Real	1,396,715,250	N/A	1,396,715,250	1,396,715,250
F2. Industrial Real	4,809,048,884	N/A	4,809,048,884	4,809,048,884
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	144,522,507	N/A	144,522,507	144,522,507
L1. Commercial Personal	658,017,905	N/A	658,017,905	658,017,905
L2. Industrial Personal	2,187,799,399	N/A	2,187,799,399	2,187,799,399
M. Other Personal	7,139,804	N/A	7,139,804	7,139,804
N. Intangible Personal Prop	0	N/A	0	0

<b>O. Residential Inventory</b>	872,299	N/A	872,299	872,299
<b>S. Special Inventory</b>	9,971,223	N/A	9,971,223	9,971,223
<b>Subtotal</b>	11,723,354,262		11,723,354,262	11,723,354,262
<b>Less Total Deductions</b>	3,334,506,438		3,334,506,438	3,334,506,438
<b>Total Taxable Value</b>	8,388,847,824		8,388,847,824	8,388,847,824 T2

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

See Agreement  
(Comptroller No. 1200)  
posted on Comptroller Website



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 01, 2017

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

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between La Porte Independent School District and Lyondell Chemical Company, Application 1200

Dear Superintendent Graham:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between La Porte Independent School District and Lyondell Chemical Company (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Desiree Caufield with our office. She can be reached by email at [desiree.caufield@cpa.texas.gov](mailto:desiree.caufield@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 6-8597, or at 512-936-8597.

Sincerely,

A handwritten signature in cursive script, appearing to read "Will Counihan".

Will Counihan  
Director  
Data Analysis & Transparency Division

cc: Fred Stormer, Moak, Underwood Law Firm, P.C.  
Alfred C. Wong, Lynodell Chemical Company  
Angela Gonzalez, Lynodell Chemical Company  
Greg Maxim, Cummings Westlake, LLC