



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 01, 2017

Greg Poole
Superintendent
Barbers Hill ISD
9600 Eagle Dr.
Mont Belvieu, Texas 77580

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Barbers Hill Independent School District and Enterprise Products Operating, LLC, Application 1220

Dear Superintendent Poole:

On November 07, 2017, the Comptroller issued written notice that Enterprise Products Operating, LLC (applicant) submitted a completed application (Application 1220) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on September 25, 2017, to the Barbers Hill 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.
Sec. 313.024(d)	Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1220.

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

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter B.

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).

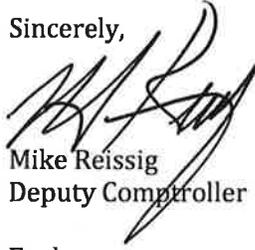
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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 November 07, 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,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Enterprise Products Operating, LLC (project) applying to Barbers Hill 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 Enterprise Products Operating, LLC.

Applicant	Enterprise Products Operating, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Barbers Hill ISD
2016-2017 Average Daily Attendance	5,007
County	Chambers
Proposed Total Investment in District	\$292,863,580
Proposed Qualified Investment	\$292,863,580
Limitation Amount	\$80,000,000
Qualifying Time Period (Full Years)	2018-2019
Number of new qualifying jobs committed to by applicant	15*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,250
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,210.88
Minimum annual wage committed to by applicant for qualified jobs	\$65,000
Minimum weekly wage required for non-qualifying jobs	\$1,206
Minimum annual wage required for non-qualifying jobs	\$62,712
Investment per Qualifying Job	\$19,524,238.67
Estimated M&O levy without any limit (15 years)	\$47,636,106
Estimated M&O levy with Limitation (15 years)	\$28,290,439
Estimated gross M&O tax benefit (15 years)	\$19,345,667

* 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 Enterprise Products Operating, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	0	0	0	\$0	\$0	\$0
2019	500	670	1170	\$32,500,000	\$55,300,000	\$87,800,000
2020	515	787	1302	\$33,475,000	\$71,115,000	\$104,590,000
2021	15	187	202	\$975,000	\$23,865,000	\$24,840,000
2022	15	90	105	\$975,000	\$15,965,000	\$16,940,000
2023	15	27	42	\$975,000	\$9,945,000	\$10,920,000
2024	15	(4)	11	\$975,000	\$6,175,000	\$7,150,000
2025	15	(13)	2	\$975,000	\$4,345,000	\$5,320,000
2026	15	(8)	7	\$975,000	\$3,855,000	\$4,830,000
2027	15	4	19	\$975,000	\$4,295,000	\$5,270,000
2028	15	19	34	\$975,000	\$5,275,000	\$6,250,000
2029	15	33	48	\$975,000	\$6,545,000	\$7,520,000
2030	15	46	61	\$975,000	\$7,925,000	\$8,900,000
2031	15	52	67	\$975,000	\$8,795,000	\$9,770,000
2032	15	58	73	\$975,000	\$9,785,000	\$10,760,000

Source: CPA REMI, Enterprise Products Operating, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown Tax Levy	Estimated Total Property Taxes
2019	\$31,482,835	\$31,482,835	0.2698	\$84,941	\$333,718	\$418,659	\$174,002	\$258,798	\$851,459
2020	\$146,431,790	\$146,431,790	0.2698	\$395,073	\$1,552,177	\$1,947,250	\$809,312	\$1,203,713	\$3,960,276
2021	\$287,006,308	\$287,006,308	0.2698	\$774,343	\$3,042,267	\$3,816,610	\$1,586,252	\$2,359,278	\$7,762,140
2022	\$281,266,182	\$281,266,182	0.2698	\$758,856	\$2,981,422	\$3,740,278	\$1,554,527	\$2,312,092	\$7,606,897
2023	\$275,640,859	\$275,640,859	0.2698	\$743,679	\$2,921,793	\$3,665,472	\$1,523,437	\$2,265,851	\$7,454,759
2024	\$270,128,041	\$270,128,041	0.2698	\$728,805	\$2,863,357	\$3,592,163	\$1,492,968	\$2,220,534	\$7,305,664
2025	\$264,725,481	\$264,725,481	0.2698	\$714,229	\$2,806,090	\$3,520,319	\$1,463,109	\$2,176,123	\$7,159,551
2026	\$259,430,971	\$259,430,971	0.2698	\$699,945	\$2,749,968	\$3,449,913	\$1,433,846	\$2,132,600	\$7,016,360
2027	\$254,242,352	\$254,242,352	0.2698	\$685,946	\$2,694,969	\$3,380,915	\$1,405,170	\$2,089,948	\$6,876,033
2028	\$249,157,505	\$249,157,505	0.2698	\$672,227	\$2,641,070	\$3,313,296	\$1,377,066	\$2,048,149	\$6,738,512
2029	\$244,174,354	\$244,174,354	0.2698	\$658,782	\$2,588,248	\$3,247,031	\$1,349,525	\$2,007,186	\$6,603,742
2030	\$239,290,867	\$239,290,867	0.2698	\$645,607	\$2,536,483	\$3,182,090	\$1,322,534	\$1,967,043	\$6,471,667
2031	\$234,505,050	\$234,505,050	0.2698	\$632,695	\$2,485,754	\$3,118,448	\$1,296,084	\$1,927,702	\$6,342,234
2032	\$229,814,949	\$229,814,949	0.2698	\$620,041	\$2,436,038	\$3,056,079	\$1,270,162	\$1,889,148	\$6,215,389
2033	\$225,218,650	\$225,218,650	0.2698	\$607,640	\$2,387,318	\$2,994,958	\$1,244,759	\$1,851,365	\$6,091,081
2034	\$503,240,476	\$503,240,476	0.2698	\$1,357,743	\$5,334,349	\$6,692,092	\$2,781,355	\$4,136,788	\$13,610,234
2035	\$498,215,571	\$498,215,571	0.2698	\$1,344,186	\$5,281,085	\$6,625,271	\$2,753,583	\$4,095,481	\$13,474,335
			Total	\$12,124,737	\$47,636,106	\$59,760,843	\$24,837,690	\$36,941,800	\$121,540,333

Source: CPA, Enterprise Products Operating, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Chambers County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatements with the county and the city.

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*	Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown Tax Levy	Estimated Total Property Taxes
2019	\$31,482,835	\$31,482,835		0.2698	1.0600		0.5527	0.8220	
2020	\$146,431,790	\$146,431,790		\$84,941	\$333,718	\$418,659	\$174,002	\$258,798	\$851,459
2021	\$287,006,308	\$80,000,000		\$395,073	\$1,552,177	\$1,947,250	\$809,312	\$1,203,713	\$3,960,276
2022	\$281,266,182	\$80,000,000		\$774,343	\$848,000	\$1,622,343	\$396,563	\$1,557,123	\$3,576,030
2023	\$275,640,859	\$80,000,000		\$758,856	\$848,000	\$1,606,856	\$388,632	\$1,525,981	\$3,521,469
2024	\$270,128,041	\$80,000,000		\$743,679	\$848,000	\$1,591,679	\$380,859	\$1,495,461	\$3,468,000
2025	\$264,725,481	\$80,000,000		\$728,805	\$848,000	\$1,576,805	\$373,242	\$1,465,552	\$3,415,600
2026	\$259,430,971	\$80,000,000		\$714,229	\$848,000	\$1,562,229	\$365,777	\$1,436,241	\$3,364,248
2027	\$254,242,352	\$80,000,000		\$699,945	\$848,000	\$1,547,945	\$358,462	\$1,407,516	\$3,313,923
2028	\$249,157,505	\$80,000,000		\$685,946	\$848,000	\$1,533,946	\$351,292	\$1,379,366	\$3,264,604
2029	\$244,174,354	\$80,000,000		\$672,227	\$848,000	\$1,520,227	\$344,267	\$1,351,779	\$3,216,272
2030	\$239,290,867	\$80,000,000		\$658,782	\$848,000	\$1,506,782	\$337,381	\$1,324,743	\$3,168,907
2031	\$234,505,050	\$234,505,050		\$645,607	\$848,000	\$1,493,607	\$330,634	\$1,298,248	\$3,122,489
2032	\$229,814,949	\$229,814,949		\$632,695	\$2,485,754	\$3,118,448	\$1,296,084	\$1,927,702	\$6,342,234
2033	\$225,218,650	\$225,218,650		\$620,041	\$2,436,038	\$3,056,079	\$1,270,162	\$1,889,148	\$6,215,389
2034	\$503,240,476	\$503,240,476		\$607,640	\$2,387,318	\$2,994,958	\$1,244,759	\$1,851,365	\$6,091,081
2035	\$498,215,571	\$498,215,571		\$1,357,743	\$5,334,349	\$6,692,092	\$2,781,355	\$4,136,788	\$13,610,234
				\$1,344,186	\$5,281,085	\$6,625,271	\$2,753,583	\$4,095,481	\$13,474,335
			Total	\$12,124,737	\$28,290,439	\$40,415,176	\$13,956,365	\$29,605,006	\$83,976,547
			Diff	\$0	\$19,345,667	\$19,345,667	\$10,881,326	\$7,336,794	\$37,563,786

Source: CPA, Enterprise Products Operating, LLC
 *Tax Rate per \$100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that Enterprise Products Operating, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2018	\$0	\$0	\$0	\$0
	2019	\$333,718	\$333,718	\$0	\$0
	2020	\$1,552,177	\$1,885,895	\$0	\$0
Limitation Period (10 Years)	2021	\$848,000	\$2,733,895	\$2,194,267	\$2,194,267
	2022	\$848,000	\$3,581,895	\$2,133,422	\$4,327,688
	2023	\$848,000	\$4,429,895	\$2,073,793	\$6,401,482
	2024	\$848,000	\$5,277,895	\$2,015,357	\$8,416,839
	2025	\$848,000	\$6,125,895	\$1,958,090	\$10,374,929
	2026	\$848,000	\$6,973,895	\$1,901,968	\$12,276,897
	2027	\$848,000	\$7,821,895	\$1,846,969	\$14,123,866
	2028	\$848,000	\$8,669,895	\$1,793,070	\$15,916,936
	2029	\$848,000	\$9,517,895	\$1,740,248	\$17,657,184
	2030	\$848,000	\$10,365,895	\$1,688,483	\$19,345,667
Maintain Viable Presence (5 Years)	2031	\$2,485,754	\$12,851,649	\$0	\$19,345,667
	2032	\$2,436,038	\$15,287,687	\$0	\$19,345,667
	2033	\$2,387,318	\$17,675,005	\$0	\$19,345,667
	2034	\$2,339,571	\$20,014,576	\$0	\$19,345,667
	2035	\$2,292,780	\$22,307,356	\$0	\$19,345,667
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	\$2,246,924	\$24,554,280	\$0	\$19,345,667
	2037	\$2,201,986	\$26,756,266	\$0	\$19,345,667
	2038	\$2,157,946	\$28,914,212	\$0	\$19,345,667
	2039	\$2,114,787	\$31,028,999	\$0	\$19,345,667
	2040	\$2,072,491	\$33,101,491	\$0	\$19,345,667
	2041	\$2,031,042	\$35,132,532	\$0	\$19,345,667
	2042	\$1,990,421	\$37,122,953	\$0	\$19,345,667
	2043	\$1,950,612	\$39,073,566	\$0	\$19,345,667
	2044	\$1,911,600	\$40,985,166	\$0	\$19,345,667
	2045	\$1,873,368	\$42,858,534	\$0	\$19,345,667
		\$42,858,534	is greater than	\$19,345,667	

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, Enterprise Products Operating, LLC

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

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 Enterprise Products Operating, LLC’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 Enterprise Products Operating, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “The Applicant has not entered into any agreement with respect to the proposed project.”
 - B. “An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize the Applicant to invest capital in the proposed project rather than making an alternative investment.”
 - C. “The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in this project.”
 - D. “Without the tax incentive the economics of this project will be less competitive with other capital intensive projects and the viability of the proposed project becomes uncertain.”
 - E. “The Applicant is evaluating various manufacturing projects for development and where to commit substantial long term investment based on economic rate of return on investment in the proposed projects. The economic benefits provided by a Chapter 313 appraised value limitation agreement is an important component in this analysis.”
- Enterprise Products Operating, LLC submitted a confidential discounted cash flow model (DCF) with their application. This model “shows that the rate of return with the valuation limitation agreement exceeds the minimum rate of return required by the Applicant to proceed with the proposed investment.”
- A January 30, 2017 *Houston Chronicle* article states that in January, 2017 Enterprise Products Partners announced they “will build an isobutane processing unit at [their] Mont Belvieu campus to create chemicals used in the manufacturing of lubricants, rubbers and gasoline additives. It’s all part of Enterprise’s strategy to derive as much value as possible from cheap and ample natural gas and components such as isobutane, propane and ethane.”

- A January 30, 2017 *FuelFix* article states that Enterprise Products partners, LP, “plans to build a new isobutene dehydrogenation unit in Mont Belvieu. The facility will have a production capacity of 425,000 tons per year of isobutylene. The unit will help meet market demand for the product, which is used to make lubricants, rubber products and alkylate, and the gasoline additive MTBE, according to a company statement.”
- Per a January 30, 2017 Enterprise Products press release the “project, which is supported by long-term contracts with investment-grade customers, is expected to be completed in the fourth quarter of 2019. The isobutylene produced by the plant will provide the necessary feedstock to fill underutilized capacity at Enterprise’s existing downstream octane enhancement and petrochemical facilities.”
- Attached Railroad Commission of Texas Public GIS Viewer map depicting area pipelines.

Supporting Information

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

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 (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

Tab # 5

Limitation is a Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur?

Applicant owns the land upon which the proposed project identified in Tab 7 will be constructed. That land is described in Tab 9, Item 1.

2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?

The Applicant has not entered into any agreement with respect to the proposed project.

3. Does the applicant have current business activities at the location where the proposed project will occur?

As described in Tab 10 to this Application, the site of the proposed project is currently being used as a construction staging area for an unrelated project under construction by the Applicant. The construction items in the staging area are not improvements to the site of the proposed project. The construction items in the staging area will be totally removed from the site of the proposed project prior to commencement of the construction of the proposed project.

4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?

Applicant has not made public statements regarding the potential development of the proposed project.

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

N/A

6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?

N/A

7. Is the applicant evaluating other locations not in Texas for the proposed project?

N/A

8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with alternative investment opportunities?

See Item 10 to Tab 5, as referenced below in the answer to question 10.

9. Has the applicant provided information related to the applicant's inputs, transportation and market for the proposed project?

N/A

10. Are you submitting information to assist in the determinations 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?

See the attached Item 10 to Tab 5.

Key Determining factors:

- The Applicant has submitted in Item 10 to Tab 5 a discounted cash flow model (DCF) computing the proposed project's rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. The DCF model shows that the rate of return with the valuation limitation agreement exceeds the minimum rate of return required by the Applicant to proceed with the proposed investment.
- An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize the Applicant to invest capital in the proposed project rather than making an alternative investment.
- The property tax burden for the Applicant's proposed project is significant. The property tax burden has a direct impact on the proposed project's economic viability and the decision to invest in Texas.
- The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in this project.

- Capital investments by the Applicant are based on expected economic return on investment. Property tax liabilities can make up a substantial ongoing cost of operation that directly impacts the rate of return on the investment in the proposed project. Without the tax incentive the economics of this project will be less competitive with other capital intensive projects and the viability of the proposed project becomes uncertain.
- Tax incentives play an important role in attracting capital intensive manufacturing facilities due to the high property tax burden in Texas.
- The Applicant is evaluating various manufacturing projects for development and where to commit substantial long term investment based on economic rate of return on investment in the proposed projects. The economic benefits provided by a Chapter 313 appraised value limitation agreement is an important component in this analysis.

AT THE REQUEST OF THE APPLICANT, SUPPORTING DOCUMENTS IN ITEM 10 TO TAB 5 ARE CONSIDERED PROPRIETY AND CONFIDENTIAL DUE TO THE NATURE OF THE FINANCIAL INFORMATION AND ANALYSIS SUBMITTED. Applicant has separately submitted Propriety and Confidential Discounted Cash Flow Models comparing the rate of return on investment in the proposed project with and without a Chapter 313 Appraised Value Limitation Agreement. These models are confidential.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

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Enterprise Products to build new Mont Belvieu facility

By Jordan Blum | January 30, 2017 | Updated: January 30, 2017 10:08pm

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Photo: Enterprise Products Partners

The first cargo from Enterprise Products Partners' Morgan's Point terminal, the world's largest for exporting ethane, left the Houston Ship Channel on Sept. 1 aboard the Ineos Intrepid.

Pipeline giant Enterprise Products Partners is continuing to expand in the petrochemical sector in the Houston area.

Houston-based Enterprise said Monday it will build an isobutane processing unit at its Mont Belvieu campus to create chemicals used in the manufacturing lubricants, rubbers and gasoline additives. It's all part of Enterprise's strategy to derive as much value as possible from cheap and ample natural gas and components such as isobutane, propane and ethane.

Enterprise would not reveal the project costs, but analysts estimated it at less than \$1 billion.

"They are clearly and strategically trying to extend the value chain out as far as they can," said Brandon Blossman, an energy analyst for Houston investment banking firm Tudor, Pickering, Holt & Co.

The isobutane dehydrogenation project, which could be completed by the end of 2019, would produce 425,000 tons of isobutylene a year. Portions of the isobutylene will go into gasoline additives like alkylate and methyl tert-butyl ether, or MTBE, which is typically exported to Asian markets. Enterprise already operates an MTBE production facility in Mont Belvieu.

Similarly, Enterprise in mid-2017 is expected to complete its neighboring propane dehydrogenation facility at Mont Belvieu. The plant would convert propane into propylene, which is one of the most common building blocks of plastics.

Dehydrogenation is a process of removing

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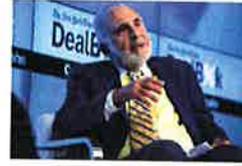
hydrogen from molecule; the chemical composition of natural gas is mainly carbon and hydrogen.

This past fall, Enterprise completed its large ethane export terminal along the Houston Ship Channel.

Enterprise on Monday reported a \$659 million profit in the fourth quarter. That's a 4 percent decline from the end of the fourth quarter of 2015 but a 4 percent improvement from the third quarter of 2016.

Blossman described it as a solid quarter for Enterprise that exceeded expectations by a bit.

Enterprise's quarterly revenue grew 5 percent to \$6.48 billion from \$6.16 billion at the end of 2015. Enterprise continues to expand to take advantage of its position as a leading processor of natural gas products from the shale boom.



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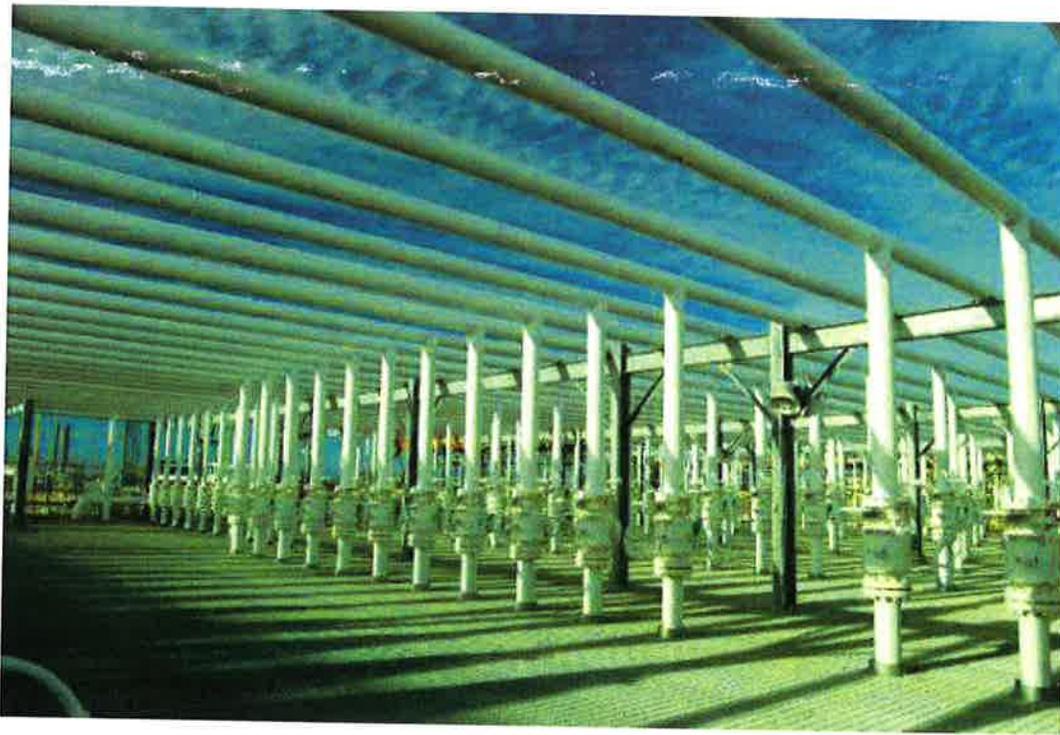


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Enterprise Products plans new facility in Mont Belvieu

Posted by [Mike D. Smith](#) Date: January 30, 2017



Enterprise Products Partners liquids storage facilities in Mont Belvieu, Texas. (Enterprise Products Partners)

Enterprise Products Partners, LP, a publicly traded midstream energy service company, plans to build a new isobutane dehydrogenation unit in Mont Belvieu.

The facility will have a production capacity of 425,000 tons per year of isobutylene. The unit will help meet m



demand for the product, which is used to make lubricants, rubber products and alkylate, and the gasoline additive MTBE, according to a company statement.

The company expects to complete the project in late 2019.

“The construction of this new iBDH plant will extend our butane value chain and allow full utilization of our existing olefins assets,” company CEO A.J. “Jim” Teague” said in a statement. “In developing this project, we are leveraging Enterprise’s extensive integrated midstream network to turn a plentiful, cost-advantaged natural gas liquid into a higher-valued product.”

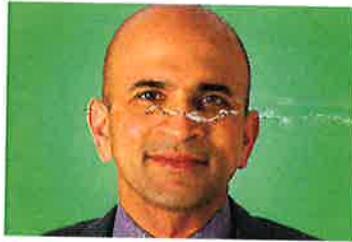
Another facility, Enterprise’s propane dehydrogenation unit, is scheduled to begin operations this year.

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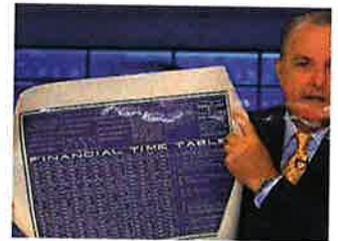
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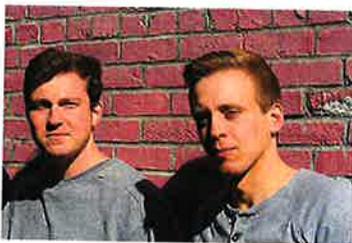
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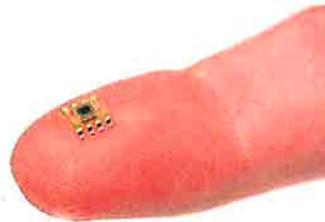
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Enterprise to Build Isobutane Dehydrogenation Unit

HOUSTON--(BUSINESS WIRE)--Jan. 30, 2017-- Enterprise Products Partners L.P. (NYSE:EPD) today announced plans to construct a new isobutane dehydrogenation ("IBDH") unit in Mont Belvieu, Texas that will have the capability to produce 425,000 tons per year of isobutylene. The project, which is supported by long-term contracts with investment-grade customers, is expected to be completed in the fourth quarter of 2019. The isobutylene produced by the plant will provide the necessary feedstock to fill underutilized capacity at Enterprise's existing downstream octane enhancement and petrochemical facilities.

"The construction of this new IBDH plant will extend our butane value chain and allow full utilization of our existing olefins assets," said A.J. "Jim" Teague, chief executive officer of Enterprise's general partner. "In developing this project, we are leveraging Enterprise's extensive integrated midstream network to turn a plentiful, cost-advantaged natural gas liquid into a higher-valued product."

Historically, steam crackers and refineries have been the major source of propane and butane olefins for downstream use. However, with the increased use of light-end feedstocks, specifically ethane, the need for on-purpose olefins has increased. Much like Enterprise's propane dehydrogenation unit, currently scheduled for start of operations in the second quarter of 2017, the IBDH unit will help meet market demand where supplies have been reduced. The new IBDH plant will increase Enterprise's production of both high purity and low purity isobutylene to be used primarily as feedstock to manufacture lubricants, rubber products and alkylate for gasoline blendstock, as well as MTBE for export.

Enterprise Products Partners L.P. is one of the largest publicly traded partnerships and a leading North American provider of midstream energy services to producers and consumers of natural gas, NGLs, crude oil, refined products and petrochemicals. Our services include: natural gas gathering, treating, processing, transportation and storage; NGL transportation, fractionation, storage and import and export terminals; crude oil gathering, transportation, storage and terminals; petrochemical and refined products transportation, storage and terminals; and a marine transportation business that operates primarily on the United States inland and Intracoastal Waterway systems. The partnership's assets include approximately 49,000 miles of pipelines; 250 million barrels of storage capacity for NGLs, crude oil, refined products and petrochemicals; and 14 billion cubic feet of natural gas storage capacity.

This press release includes "forward-looking statements" as defined by the Securities and Exchange Commission. All statements, other than statements of historical fact, included herein that address activities, events, developments or transactions that Enterprise and its general partner expect, believe or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from expectations, including required approvals by regulatory agencies, the possibility that the anticipated benefits from such activities, events, developments or transactions cannot be fully realized, the possibility that costs or difficulties related thereto will be greater than expected, the impact of competition, and other risk factors included in Enterprise's reports filed with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Except as required by law, Enterprise does not intend to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

View source version on businesswire.com: <http://www.businesswire.com/news/home/20170130005155/en/>

Source: Enterprise Products Partners L.P.

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Investor Relations
or
Rick Rainey, (713) 381-3635
Media Relations



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SELECTED FINANCIAL DATA
QUARTER ENDED SEPTEMBER
30, 2017

Selected Financial Data

K-1 TAX INFORMATION

The 2016 K-1s for Enterprise Products Partners L.P. (EPD) are available online.

TAX PACKAGE SUPPORT

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