



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

March 23, 2018

Dr. James Cowley
Superintendent
Calhoun County Independent School District
525 North Commerce
Port Lavaca, Texas 77979

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Calhoun County Independent School District and Nan Ya Plastic Corporation, Texas, Application 1227

Dear Superintendent Cowley:

On February 13, 2018, the Comptroller issued written notice that Nan Ya Plastic Corporation, Texas (applicant) submitted a completed application (Application 1227) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on October 19, 2017, to the Calhoun County Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a) Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.

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

Sec. 313.024(d) Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.

Sec. 313.024(d-2) Not applicable to Application 1227.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

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

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

Note that any building or improvement existing as of the application review start date of February 13, 2018, 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

Amended Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Nan Ya Plastics Corporation, Texas (project) applying to Calhoun County 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 Nan Ya Plastics Corporation, Texas.

Applicant	Nan Ya Plastics Corporation, Texas
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Calhoun County ISD
2016-2017 Average Daily Attendance	3,676
County	Calhoun
Proposed Total Investment in District	\$1,000,000,000
Proposed Qualified Investment	\$500,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2019-2020
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	50
Average weekly wage of qualifying jobs committed to by applicant	\$1,160.73
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,160.72
Minimum annual wage committed to by applicant for qualified jobs	\$60,358
Minimum weekly wage required for non-qualifying jobs	\$1,234
Minimum annual wage required for non-qualifying jobs	\$64,168
Investment per Qualifying Job	\$100,000,000
Estimated M&O levy without any limit (15 years)	\$59,190,498
Estimated M&O levy with Limitation (15 years)	\$20,554,259
Estimated gross M&O tax benefit (15 years)	\$38,636,239

Table 2 is the estimated statewide economic impact of Nan Ya Plastics Corporation, Texas (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	37	81	118	\$2,176,605	\$5,823,395	\$8,000,000
2019	574	767	1341	\$31,620,882	\$65,379,118	\$97,000,000
2020	426	752	1178	\$23,835,141	\$69,164,859	\$93,000,000
2021	60	339	399	\$3,811,980	\$36,188,020	\$40,000,000
2022	60	263	323	\$3,811,980	\$31,188,020	\$35,000,000
2023	60	210	270	\$3,811,980	\$27,188,020	\$31,000,000
2024	60	179	239	\$3,811,980	\$25,188,020	\$29,000,000
2025	60	167	227	\$3,811,980	\$24,188,020	\$28,000,000
2026	60	166	226	\$3,811,980	\$24,188,020	\$28,000,000
2027	60	171	231	\$3,811,980	\$25,188,020	\$29,000,000
2028	60	180	240	\$3,811,980	\$26,188,020	\$30,000,000
2029	60	191	251	\$3,811,980	\$28,188,020	\$32,000,000
2030	60	193	253	\$3,811,980	\$29,188,020	\$33,000,000
2031	60	200	260	\$3,811,980	\$31,188,020	\$35,000,000
2032	60	206	266	\$3,811,980	\$33,188,020	\$37,000,000

Source: CPA REMI, Nan Ya Plastics Corporation, Texas

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Calhoun County ISD I&S Tax Levy	Calhoun County ISD M&O Tax Levy	Calhoun County M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun Port Authority Tax Levy	Ground Water District Tax Levy	Estimated Total Property Taxes
2017	\$239,240	\$239,240	0.2535	\$606	\$2,488	\$3,095	\$1,172	\$2	\$24	\$4,293
2018	\$20,239,240	\$20,239,240		\$51,306	\$210,488	\$261,795	\$99,172	\$202	\$2,024	\$363,193
2019	\$300,239,240	\$300,239,240		\$761,106	\$3,122,488	\$3,883,595	\$1,471,172	\$3,002	\$30,024	\$5,387,793
2020	\$500,239,240	\$500,239,240		\$1,268,106	\$5,202,488	\$6,470,595	\$2,451,172	\$5,002	\$50,024	\$8,976,793
2021	\$475,239,240	\$475,239,240		\$1,204,731	\$4,942,488	\$6,147,220	\$2,328,672	\$4,752	\$47,524	\$8,528,168
2022	\$451,489,240	\$451,489,240		\$1,144,525	\$4,695,488	\$5,840,013	\$2,212,297	\$4,515	\$45,149	\$8,101,974
2023	\$428,926,740	\$428,926,740		\$1,087,329	\$4,460,838	\$5,548,167	\$2,101,741	\$4,289	\$42,893	\$7,697,090
2024	\$407,492,365	\$407,492,365		\$1,032,993	\$4,237,921	\$5,270,914	\$1,996,713	\$4,075	\$40,749	\$7,312,450
2025	\$387,129,709	\$387,129,709		\$981,374	\$4,026,149	\$5,007,523	\$1,896,936	\$3,871	\$38,713	\$6,947,043
2026	\$367,785,185	\$367,785,185		\$932,335	\$3,824,966	\$4,757,301	\$1,802,147	\$3,678	\$36,779	\$6,599,905
2027	\$349,407,888	\$349,407,888		\$885,749	\$3,633,842	\$4,519,591	\$1,712,099	\$3,494	\$34,941	\$6,270,125
2028	\$331,949,456	\$331,949,456		\$841,492	\$3,452,274	\$4,293,766	\$1,626,552	\$3,319	\$33,195	\$5,956,833
2029	\$315,363,945	\$315,363,945		\$799,448	\$3,279,785	\$4,079,233	\$1,545,283	\$3,154	\$31,536	\$5,659,206
2030	\$299,607,710	\$299,607,710		\$759,506	\$3,115,920	\$3,875,426	\$1,468,078	\$2,996	\$29,961	\$5,376,460
2031	\$284,639,286	\$284,639,286		\$721,561	\$2,960,249	\$3,681,809	\$1,394,733	\$2,846	\$28,464	\$5,107,852
2032	\$270,419,284	\$270,419,284		\$685,513	\$2,812,361	\$3,497,873	\$1,325,054	\$2,704	\$27,042	\$4,852,674
2033	\$256,910,282	\$256,910,282		\$651,268	\$2,671,867	\$3,323,134	\$1,258,860	\$2,569	\$25,691	\$4,610,255
2034	\$244,076,730	\$244,076,730		\$618,735	\$2,538,398	\$3,157,132	\$1,195,976	\$2,441	\$24,408	\$4,379,957
			Total	\$14,427,684	\$59,190,498	\$73,618,182	\$27,887,831	\$56,914	\$569,139	\$102,132,066

Source: CPA, Nan Ya Plastics Corporation, Texas

*Tax Rate per \$100 Valuation

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

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Calhoun County ISD I&S Tax Levy	Calhoun County ISD M&O Tax Levy	Calhoun County M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun Port Authority Tax Levy	Ground Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2535	1.0400		0.4900	0.0010	0.0100	
2017	\$239,240	\$239,240		\$606	\$2,488	\$3,095	\$1,172	\$2	\$24	\$4,269
2018	\$20,239,240	\$20,239,240		\$51,306	\$210,488	\$261,795	\$0	\$202	\$2,024	\$261,997
2019	\$300,239,240	\$300,239,240		\$761,106	\$3,122,488	\$3,883,595	\$0	\$3,002	\$30,024	\$3,886,597
2020	\$500,239,240	\$30,000,000		\$1,268,106	\$312,000	\$1,580,106	\$0	\$5,002	\$50,024	\$1,585,109
2021	\$475,239,240	\$30,000,000		\$1,204,731	\$312,000	\$1,516,731	\$0	\$4,752	\$47,524	\$1,521,484
2022	\$451,489,240	\$30,000,000		\$1,144,525	\$312,000	\$1,456,525	\$0	\$4,515	\$45,149	\$1,461,040
2023	\$428,926,740	\$30,000,000		\$1,087,329	\$312,000	\$1,399,329	\$0	\$4,289	\$42,893	\$1,403,619
2024	\$407,492,365	\$30,000,000		\$1,032,993	\$312,000	\$1,344,993	\$0	\$4,075	\$40,749	\$1,349,068
2025	\$387,129,709	\$30,000,000		\$981,374	\$312,000	\$1,293,374	\$0	\$3,871	\$38,713	\$1,297,245
2026	\$367,785,185	\$30,000,000		\$932,335	\$312,000	\$1,244,335	\$0	\$3,678	\$36,779	\$1,248,013
2027	\$349,407,888	\$30,000,000		\$885,749	\$312,000	\$1,197,749	\$0	\$3,494	\$34,941	\$1,201,243
2028	\$331,949,456	\$30,000,000		\$841,492	\$312,000	\$1,153,492	\$1,626,552	\$3,319	\$33,195	\$2,783,364
2029	\$315,363,945	\$30,000,000		\$799,448	\$312,000	\$1,111,448	\$1,545,283	\$3,154	\$31,536	\$2,659,885
2030	\$299,607,710	\$299,607,710		\$759,506	\$3,115,920	\$3,875,426	\$1,468,078	\$2,996	\$29,961	\$5,346,500
2031	\$284,639,286	\$284,639,286		\$721,561	\$2,960,249	\$3,681,809	\$1,394,733	\$2,846	\$28,464	\$5,079,388
2032	\$270,419,284	\$270,419,284		\$685,513	\$2,812,361	\$3,497,873	\$1,325,054	\$2,704	\$27,042	\$4,825,632
2033	\$256,910,282	\$256,910,282		\$651,268	\$2,671,867	\$3,323,134	\$1,258,860	\$2,569	\$25,691	\$4,584,564
2034	\$244,076,730	\$244,076,730		\$618,735	\$2,538,398	\$3,157,132	\$1,195,976	\$2,441	\$24,408	\$4,355,549
			Total	\$14,427,684	\$20,554,259	\$34,981,942	\$9,815,709	\$56,914	\$569,139	\$44,854,565
			Diff	\$0	\$38,636,239	\$38,636,239	\$18,072,122	\$0	\$0	\$57,277,500

Source: CPA, Nan Ya Plastics Corporation, Texas

*Tax Rate per \$100 Valuation

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

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

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	\$2,488	\$2,488	\$0	\$0
	2018	\$210,488	\$212,976	\$0	\$0
	2019	\$3,122,488	\$3,335,464	\$0	\$0
Limitation Period (10 Years)	2020	\$312,000	\$3,647,464	\$4,890,488	\$4,890,488
	2021	\$312,000	\$3,959,464	\$4,630,488	\$9,520,976
	2022	\$312,000	\$4,271,464	\$4,383,488	\$13,904,464
	2023	\$312,000	\$4,583,464	\$4,148,838	\$18,053,302
	2024	\$312,000	\$4,895,464	\$3,925,921	\$21,979,223
	2025	\$312,000	\$5,207,464	\$3,714,149	\$25,693,372
	2026	\$312,000	\$5,519,464	\$3,512,966	\$29,206,338
	2027	\$312,000	\$5,831,464	\$3,321,842	\$32,528,180
	2028	\$312,000	\$6,143,464	\$3,140,274	\$35,668,454
	2029	\$312,000	\$6,455,464	\$2,967,785	\$38,636,239
Maintain Viable Presence (5 Years)	2030	\$3,115,920	\$9,571,384	\$0	\$38,636,239
	2031	\$2,960,249	\$12,531,633	\$0	\$38,636,239
	2032	\$2,812,361	\$15,343,994	\$0	\$38,636,239
	2033	\$2,671,867	\$18,015,861	\$0	\$38,636,239
	2034	\$2,538,398	\$20,554,259	\$0	\$38,636,239
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$2,411,602	\$22,965,861	\$0	\$38,636,239
	2036	\$2,291,147	\$25,257,008	\$0	\$38,636,239
	2037	\$2,176,714	\$27,433,722	\$0	\$38,636,239
	2038	\$2,068,003	\$29,501,724	\$0	\$38,636,239
	2039	\$1,964,727	\$31,466,451	\$0	\$38,636,239
	2040	\$1,866,615	\$33,333,066	\$0	\$38,636,239
	2041	\$1,773,409	\$35,106,474	\$0	\$38,636,239
	2042	\$1,684,863	\$36,791,337	\$0	\$38,636,239
	2043	\$1,600,744	\$38,392,081	\$0	\$38,636,239
	2044	\$1,520,831	\$39,912,912	\$0	\$38,636,239

\$39,912,912

 is greater than

 \$38,636,239

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, Nan Ya Plastics Corporation, Texas

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

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller's determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Nan Ya Plastic Corporation'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 Nan Ya Plastic Corporation in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “The Applicant is a wholly-owned subsidiary of Formosa Plastics Group, Taiwan.”
 - B. “[T]he Formosa Plastics Group has the ability to invest, locate and develop new projects, such as the one that is the subject of this application, in numerous locations throughout the world.”
 - C. “The Applicant owns and operates the Point Comfort Complex where the Project would be sited on unimproved land if the Point Comfort location were chosen as the site for the Project.”
 - D. “The proposed new facility could also be constructed at our Louisiana facility. Formosa Plastics has an entire investment plan for multiple stages of development. Point Comfort has already been chosen for two pieces of the final investment plan, but each unit can be located at any site. The EG2 unit does not require any specific materials that would require the plant to locate in Point Comfort.”
 - E. “The impact of the property tax burden on the economic return of the proposed new facility is a critical factor in the Applicant's site selection evaluation and decision.”
 - F. “Consequently, a limitation on appraised value under Chapter 313 of the Texas Tax Code is a determining factor in the Applicant's decision to invest capital and construct the Project in the State of Texas.”
 - G. “Formosa has made announcements regarding development at the Point Comfort location. These announcements relate to the new projects that have already been approved by Formosa.”
- A July 21, 2017 *Taipei Times* article states that “[a]s for overseas markets, Nan Ya is to build a new plant to produce ethylene glycol in Texas, eyeing cheaper natural gas costs there.”
- The *Victoria Advocate* reported in a July 16, 2017 article that “Formosa Plastics Corp. Texas is investing \$5 billion into a plant expansion” that “will broaden the company's plastic resins product line and increase overall productivity.”

- Attached Railroad Commission of Texas Public GIS Viewer map depicting natural gas pipelines.

Supporting Information

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

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

Documentation to assist in determining if limitation is a determining factor

The Applicant is a wholly-owned subsidiary of Formosa Plastics Group, Taiwan. As such, the Applicant competes with other members of the Formosa Plastics Group for approval of a portion of the group's capital investment budget to fund the capital investment necessary to construct the Project. Moreover, the Formosa Plastics Group has the ability to invest, locate and develop new projects, such as the one that is the subject of this application, in numerous locations throughout the world.

The Applicant owns and operates the Point Comfort Complex where the Project would be sited on unimproved land if the Point Comfort location were chosen as the site for the Project.

Formosa Plastics takes a disciplined, long-term approach to investing, regardless of the economic cycle and the geographic location. We consistently seek new global investment opportunities that create value for our shareholders. Our business model is to conduct an extensive evaluation before we make any final investment decision. A project team is evaluating these opportunities with a focus on global logistic capabilities, efficiency, scale and site integration. The proposed new facility could also be constructed at our Louisiana facility. Formosa Plastics has an entire investment plan for multiple stages of development. Point Comfort has already been chosen for two pieces of the final investment plan, but each unit can be located at any site. The EG2 unit does not require any specific materials that would require the plant to locate in Point Comfort.

Competitive abatement programs for the proposed new facility exist in alternative locations. The impact of the property tax burden on the economic return of the proposed new facility is a critical factor in the Applicant's site selection evaluation and decision, as well as in obtaining approval for the Project internally within the Formosa Plastics group. Calhoun County ISD's maintenance and operations (M&O) tax rate represents approximately 40% of the total property tax burden imposed on taxable property located at the Point Comfort location. Consequently, a limitation on appraised value under Chapter 313 of the Texas Tax Code is a determining factor in the Applicant's decision to invest capital and construct the Project in the State of Texas.

Formosa has made announcements regarding development at the Point Comfort location. These announcements relate to the new projects that have already been approved by Formosa. As stated above, the limitation on appraised value is necessary to the determination to locate at the Point Comfort site.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Nan Ya upbeat over rising demand

By Kuo Chia-erh / Staff reporter

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Nan Ya Plastics Corp (南亞塑膠), the nation's largest plastics

maker, yesterday gave a relatively optimistic outlook for the rest of the year, supported by rising demand for copper products, oil and ethylene glycol.

"The demand for electric material and ethylene glycol has been improving," chairman Wu Chia-chau (吳嘉昭) told reporters on the sidelines of an annual shareholders' meeting in Taipei, citing strong growth momentum in the global electric-vehicle market.

Nan Ya has set a sales target of 69.65 million copper-clad laminates and 2.35 million tonnes of ethylene glycol this year, the firm said.

Wu said that Nan Ya is working on four capacity expansion projects this year, as part of its near-term efforts to sustain competitiveness and meet growing demand.

The company's board last month approved a NT\$5.37 billion (US\$176.6 million) proposal to build a new plant in Taiwan to expand production capacity for copper foil, aiming to satisfy increasing global demand for lithium-ion batteries, a key component of electric vehicles.

The plant is to produce 18,000 tonnes of copper foil per year, lifting the company's annual capacity from 90,000 tonnes to 108,000 tonnes, the plastics maker said.

Nan Ya, a key member of the Formosa Plastics Group (台塑集團), runs several copper foil plants in Chiayi County and Kunshan City in China's Jiangsu Province.

Nan Ya's board also approved a plan to expand its production capacity of high value-added synthetic paper, a company filing with the Taiwan Stock Exchange showed.

The plan, which is to cost NT\$1.19 billion, is expected to raise its annual capacity from 65,000 tonnes to 87,000 tonnes.

As for overseas markets, Nan Ya is to build a new plant to produce ethylene glycol in Texas, eyeing cheaper natural gas costs there.

Nan Ya said it is also to construct a new plant in Jiangsu, which would manufacture faux leather for Chinese automakers, without providing a timetable.

Shareholders approved a proposal to distribute cash dividends of NT\$4.5 per share, the highest in the past six years, based on a net profit of NT\$48.84 billion last year, or earnings per share of NT\$6.16.

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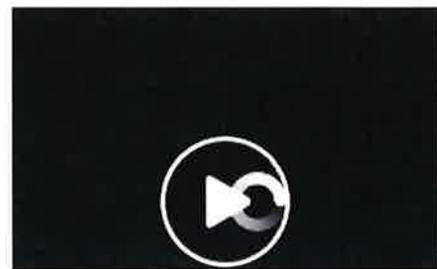
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Profit last year surged 36.7 percent from a year earlier, but sales over the same period fell 8.2 percent to NT\$275.29 billion, primarily due to lower crude oil prices in the first three quarters of last year.

The company attributed the better-than-expected earnings performance to profits from selling its shares of DRAM chipmaker Inotera Memories Inc (華亞科技) to Micron Technology Inc.

This story has been viewed 9779 times.



Taipei Times



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Formosa expansion underway

By Kathryn Cargo kcargo@vicad.com Reporter Jul 16, 2017 [□](#) [\(...\)](#)



- Formosa U.S. companies sales totaled about \$5.7 billion in 2015 with a \$1.5 billion income before taxes.
- Formosa Plastics Corp. Texas has 2,066 full-time company employees and 922 full-time contract staff, with a company payroll of about \$135 million.
- Jackson County officials approved an agreement that gave a six-year abatement in 2015. Between 2016 and 2021, instead of taxes, Formosa would pay the county \$2.3 million.
- The project started about two and half years ago and is planned to be finish in late 2018.
- Formosa's acreage is about 1,500 but will be about 2,300 after the growth project.
- The expansion will add about 140 permanent company jobs in Jackson County and 200 in Calhoun County.

Source: Bill Harvey, Formosa spokesman

POINT COMFORT - Formosa Plastics Corp. Texas is investing \$5 billion into a plant expansion that will extend into Jackson County and provide about 340 jobs.

The expansion will broaden the company's plastic resins product line and increase overall productivity, said Bill Harvey, company spokesman. Construction began about two and a half years ago and is scheduled to finish in late 2018.

"We are very pleased that they have decided to move across the county line with this major project," said Jackson County Judge Dennis Simons. "The jobs that it will bring will provide job stability far into the future."

The expansion will add low-density polyethylene resins to increase the product mix and improve customer end-use options, said Jack Wu, Formosa's vice president for business development.

This type of resin is different from high-density polyethylene, which the company already produces, Wu said. Low-density polyethylene has less malleable strength but greater ductility than its cousin. Some examples of what it produces are toys, films and cable insulations.

Company officials bought land in 2016 in Jackson County for the expansion, Wu said. The project will add about 800 acres to the plant resulting in a total of 2,300 acres plantwide.

Jackson County officials approved an agreement that gave a six-year abatement in 2015. Between 2016 and 2021, instead of taxes, Formosa will pay the county \$2.3 million.

The expansion will add about 140 permanent jobs to Jackson County and 200 to Calhoun County, Wu said.

"These jobs will attract people from both inside and outside the area, and hopefully, many of them will settle in Jackson County," Simons said.

In 2012, Formosa officials announced the expansion, Harvey said. The company had fresh water available and petroleum to use, which also contributed to the decision.

When finished, the four new units will bring the total to 21 units, Wu said.

Formosa has 2,066 full-time employees and 922 full-time contract staff in Calhoun County, Harvey said, with a payroll of about \$135 million for company employees. The plant pays about 33 percent of taxes in Calhoun County.

"(The expansion is) going to make a good, positive impact to our community for sure," said David Hall, Calhoun County commissioner. "(The plant has) created jobs, and employees support local business and helped with the housing market."

During the construction phase of the expansion, Jackson County officials should see an increase in sales tax revenue. Rental properties will be in demand as well as RVs, Simons said. When the expansion is complete and in operation, permanent jobs will provide a stable demand in housing and rental properties in the county and surrounding areas.

Formosa is one of the largest taxpayers in Jackson County with its other facilities there, Simons said.

"Formosa has been one of the largest, if not the largest, employers in the Victoria Metropolitan Statistical Area," he said. "We look forward to continuing our good relationship with them."

Formosa produces plastic resins that start out as natural gas that the plant harnesses and uses chemical reactions to create its products, Harvey said.

The resins are used in plastic items ranging from stretch film to automobile parts.

"I would suspect that everyone in the Crossroads has a product in their home that started at Formosa Plastics," Harvey said.

Plastic resins are used for all kinds of purposes, he said. Harvey gave an example of how a certain type of resin produces lighter milk jugs that require less plastic than earlier ones but are still just as strong and stackable, which traces back to resin characteristics.

The plant also produces polyvinyl chloride resins, which are among the most commonly used piping materials in the world, Harvey said. This material is also in credit and debit cards.

"The lighter the container, the less cost for shipping," Harvey said. "We're always searching for ways with our customers to find resins that meet their specific needs."

Resins are produced to the customers' wishes, he said. For example, clear resins have to be engineered so they don't turn yellow, as discolored stretch film wrapped around water bottles might not sell.

"Typically, we make a certain grade of plastic with characteristics," he said. "We do resin research on site as well as find formulas that will be better. It's not simple to change these formulations."

Company employees take measures to ensure resins are uniform and predictable,

Harvey said.

Formosa sells to industries all over the world, he said.

"We make the cake mix, for lack of better term, for them to be able to make the cake," he said.

Tags

Fomosa_plastics_corp_texas

Bill_harvey

Jack_wu

Dennis_simons

David_hall

Expansion

Calhoun_county

Jackson_county



Kathryn Cargo

Kathryn Cargo covers business, agriculture and breaking news in the Crossroads. She enjoys reporting on industry trends and getting her shoes dirty out in the field.

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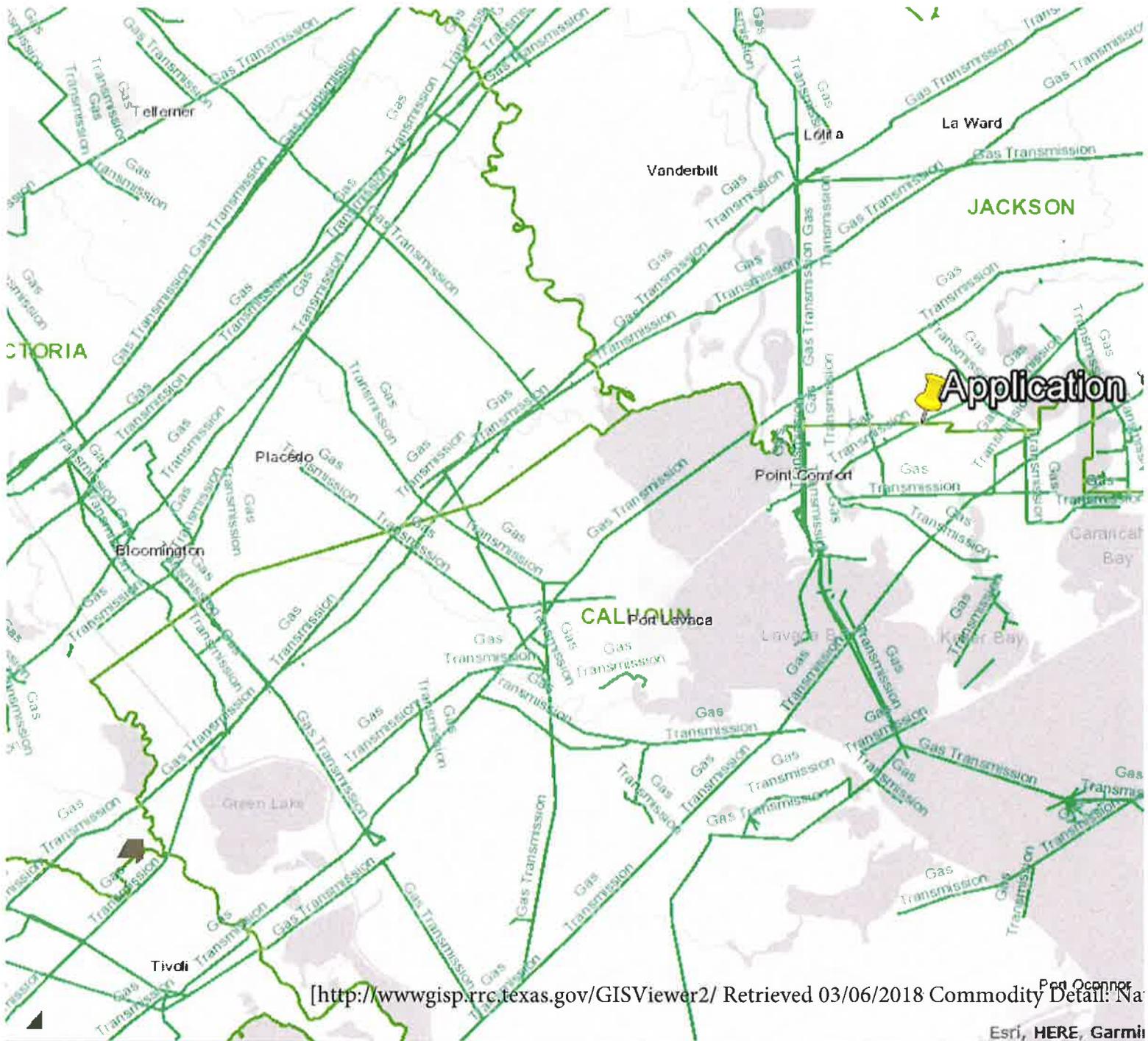
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