



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 18, 2019

AMENDED CERTIFICATION

Randal O'Brien
Superintendent
Goose Creek Consolidated Independent School District
PO Box 30
Baytown, Texas 77522

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Goose Creek Consolidated Independent School District and Covestro, LLC, Application 1232

Dear Superintendent O'Brien:

This application (Application 1232) was originally submitted on December 11, 2017, to the Goose Creek Consolidated Independent School District (school district) by Covestro, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On April 18, 2018, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a certificate for a limitation on appraised value on May 10, 2018. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on May 21, 2018.

On July 3, 2019, Comptroller received an amendment to the agreement adding a new polycarbonate unit and increasing the investment. This presents the Comptroller's review of that amendment per Section 10.2 of the agreement and determinations required:

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

Determination required by 313.025(h)

The information provided by the applicant related to eligibility has not changed and therefore, 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.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

Based on the amended information provided by the applicant, 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 previously 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.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value for the amendment.

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 amendment to the agreement within a year from the date of this letter.

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,



Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Amended Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Covestro , LLC (project) applying to Goose Creek Consolidated 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 Covestro, LLC.

	Amendment No. 1	Amendment No. 2
Applicant	Covestro, LLC	Covestro, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing	Manufacturing
School District	Goose Creek CISD	Goose Creek CISD
2016-2017 Average Daily Attendance	22,014	22,014
County	Chambers	Chambers
Proposed Total Investment in District	\$1,480,945,00	\$1,694,525,000
Proposed Qualified Investment	\$1,013,114,164	\$1,223,694,064
Limitation Amount	\$100,000,000	\$100,000,000
Qualifying Time Period (Full Years)	2022-2023	2022-2023
Number of new qualifying jobs committed to by applicant	25	25
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,211	\$1,211
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,211	\$1,211
Minimum annual wage committed to by applicant for qualified jobs	\$62,971	\$62,971
Minimum weekly wage required for non-qualifying jobs	\$1,181	\$1,181
Minimum annual wage required for non-qualifying jobs	\$61,387	\$61,387
Investment per Qualifying Job	\$36,310,118	\$67,781,000
Estimated M&O levy without any limit (15 years)	\$164,803,337	\$167,881,159
Estimated M&O levy with Limitation (15 years)	\$64,525,788	\$59,798,436
Estimated gross M&O tax benefit (15 years)	\$100,277,549	\$108,082,723

Table 2 is the estimated statewide economic impact of Covestro, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	470	570	1,040	\$23,500,000	\$54,029,000	\$77,529,000
2022	2000	2,389	4388.53	\$100,000,000	\$242,536,000	\$342,536,000
2023	2025	2,566	4591	\$101,574,275	\$288,976,725	\$390,551,000
2024	350	688	1038	\$17,824,275	\$112,385,725	\$130,210,000
2025	25	184	209	\$1,574,275	\$54,713,725	\$56,288,000
2026	25	13	38	\$1,574,275	\$31,944,725	\$33,519,000
2027	25	(66)	-41	\$1,574,275	\$18,334,725	\$19,909,000
2028	25	(75)	-50	\$1,574,275	\$12,310,725	\$13,885,000
2029	25	(46)	-21	\$1,574,275	\$11,378,725	\$12,953,000
2030	25	1	26	\$1,574,275	\$13,614,725	\$15,189,000
2031	25	51	76	\$1,574,275	\$17,528,725	\$19,103,000
2032	25	96	121	\$1,574,275	\$22,035,725	\$23,610,000
2033	25	133	158	\$1,574,275	\$26,593,725	\$28,168,000
2034	25	162	187	\$1,574,275	\$30,827,725	\$32,402,000
2035	25	162	187	\$1,574,275	\$32,125,725	\$33,700,000
2036	25	167	192	\$1,574,275	\$33,815,725	\$35,390,000
2037	25	168	193	\$1,574,275	\$34,999,725	\$36,574,000
2038	25	165	190	\$1,574,275	\$35,753,725	\$37,328,000
2039	25	160	185	\$1,574,275	\$36,215,725	\$37,790,000

Source: CPA REMI, Covestro, 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*	Goose Creek CISD I&S Tax Levy	Goose Creek CISD M&O Tax Levy	Goose Creek CISD M&O and I&S Tax Levies	Chambers County Tax Levy	Lee College District Tax Levy	Cedar Bayou Navigation District Tax Levy	Estimated Total Property Taxes
				0.2619	1.0500		0.5071	0.2453	0.0300	
2023	\$251,673,263	\$251,673,263		\$659,132	\$2,642,569	\$3,301,702	\$1,276,235	\$617,355	\$75,502	\$5,270,793
2024	\$464,143,915	\$464,143,915		\$1,215,593	\$4,873,511	\$6,089,104	\$2,353,674	\$1,138,545	\$139,243	\$9,720,566
2025	\$1,243,564,140	\$1,243,564,140		\$3,256,894	\$13,057,423	\$16,314,318	\$6,306,114	\$3,050,463	\$373,069	\$26,043,964
2026	\$1,218,185,280	\$1,218,185,280		\$3,190,427	\$12,790,945	\$15,981,373	\$6,177,418	\$2,988,208	\$365,456	\$25,512,454
2027	\$1,192,806,420	\$1,192,806,420		\$3,123,960	\$12,524,467	\$15,648,427	\$6,048,721	\$2,925,954	\$357,842	\$24,980,945
2028	\$1,167,427,560	\$1,167,427,560		\$3,057,493	\$12,257,989	\$15,315,482	\$5,920,025	\$2,863,700	\$350,228	\$24,449,435
2029	\$1,142,048,700	\$1,142,048,700		\$2,991,026	\$11,991,511	\$14,982,537	\$5,791,329	\$2,801,445	\$342,615	\$23,917,926
2030	\$1,116,669,840	\$1,116,669,840		\$2,924,558	\$11,725,033	\$14,649,592	\$5,662,633	\$2,739,191	\$335,001	\$23,386,416
2031	\$1,091,290,980	\$1,091,290,980		\$2,858,091	\$11,458,555	\$14,316,646	\$5,533,937	\$2,676,937	\$327,387	\$22,854,907
2032	\$1,065,912,120	\$1,065,912,120		\$2,791,624	\$11,192,077	\$13,983,701	\$5,405,240	\$2,614,682	\$319,774	\$22,323,398
2033	\$1,040,533,260	\$1,040,533,260		\$2,725,157	\$10,925,599	\$13,650,756	\$5,276,544	\$2,552,428	\$312,160	\$21,791,888
2034	\$1,015,154,400	\$1,015,154,400		\$2,658,689	\$10,659,121	\$13,317,811	\$5,147,848	\$2,490,174	\$304,546	\$21,260,379
2035	\$989,775,540	\$989,775,540		\$2,592,222	\$10,392,643	\$12,984,865	\$5,019,152	\$2,427,919	\$296,933	\$20,728,869
2036	\$964,396,680	\$964,396,680		\$2,525,755	\$10,126,165	\$12,651,920	\$4,890,456	\$2,365,665	\$289,319	\$20,197,360
2037	\$939,017,820	\$939,017,820		\$2,459,288	\$9,859,687	\$12,318,975	\$4,761,759	\$2,303,411	\$281,705	\$19,665,850
2038	\$913,638,960	\$913,638,960		\$2,392,820	\$9,593,209	\$11,986,030	\$4,633,063	\$2,241,156	\$274,092	\$19,134,341
2039	\$888,260,100	\$888,260,100		\$2,326,353	\$9,326,731	\$11,653,084	\$4,504,367	\$2,178,902	\$266,478	\$18,602,831
			Total	\$43,749,083	\$175,397,239	\$219,146,322	\$84,708,514	\$40,976,136	\$5,011,350	\$349,842,322

Source: CPA, Covestro, 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 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	Tax Rate*	Goose Creek CISD I&S Tax Levy	Goose Creek CISD M&O Tax Levy	Goose Creek CISD M&O and I&S Tax Levies	Chambers County Tax Levy	Lee College District Tax Levy	Cedar Bayou Navigation District Tax Levy	Estimated Total Property Taxes
				0.2619	1.0500		0.5071	0.2453	0.0300	
2023	\$251,673,263	\$251,673,263		\$659,132	\$2,642,569	\$3,301,702	\$1,276,235	\$617,355	\$75,502	\$5,270,793
2024	\$464,143,915	\$464,143,915		\$1,215,593	\$4,873,511	\$6,089,104	\$2,353,674	\$1,138,545	\$139,243	\$9,720,566
2025	\$1,243,564,140	\$100,000,000		\$3,256,894	\$1,050,000	\$4,306,894	\$0	\$3,050,463	\$373,069	\$7,730,427
2026	\$1,218,185,280	\$100,000,000		\$3,190,427	\$1,050,000	\$4,240,427	\$0	\$2,988,208	\$365,456	\$7,594,091
2027	\$1,192,806,420	\$100,000,000		\$3,123,960	\$1,050,000	\$4,173,960	\$0	\$2,925,954	\$357,842	\$7,457,756
2028	\$1,167,427,560	\$100,000,000		\$3,057,493	\$1,050,000	\$4,107,493	\$0	\$2,863,700	\$350,228	\$7,321,421
2029	\$1,142,048,700	\$100,000,000		\$2,991,026	\$1,050,000	\$4,041,026	\$0	\$2,801,445	\$342,615	\$7,185,086
2030	\$1,116,669,840	\$100,000,000		\$2,924,558	\$1,050,000	\$3,974,558	\$0	\$2,739,191	\$335,001	\$7,048,750
2031	\$1,091,290,980	\$100,000,000		\$2,858,091	\$1,050,000	\$3,908,091	\$0	\$2,676,937	\$327,387	\$6,912,415
2032	\$1,065,912,120	\$100,000,000		\$2,791,624	\$1,050,000	\$3,841,624	\$0	\$2,614,682	\$319,774	\$6,776,080
2033	\$1,040,533,260	\$100,000,000		\$2,725,157	\$1,050,000	\$3,775,157	\$0	\$2,552,428	\$312,160	\$6,639,745
2034	\$1,015,154,400	\$100,000,000		\$2,658,689	\$1,050,000	\$3,708,689	\$0	\$2,490,174	\$304,546	\$6,503,409
2035	\$989,775,540	\$989,775,540		\$2,592,222	\$10,392,643	\$12,984,865	\$5,019,152	\$2,427,919	\$296,933	\$20,728,869
2036	\$964,396,680	\$964,396,680		\$2,525,755	\$10,126,165	\$12,651,920	\$4,890,456	\$2,365,665	\$289,319	\$20,197,360
2037	\$939,017,820	\$939,017,820		\$2,459,288	\$9,859,687	\$12,318,975	\$4,761,759	\$2,303,411	\$281,705	\$19,665,850
2038	\$913,638,960	\$913,638,960		\$2,392,820	\$9,593,209	\$11,986,030	\$4,633,063	\$2,241,156	\$274,092	\$19,134,341
2039	\$888,260,100	\$888,260,100		\$2,326,353	\$9,326,731	\$11,653,084	\$4,504,367	\$2,178,902	\$266,478	\$18,602,831
			Total	\$43,749,083	\$67,314,516	\$111,063,599	\$27,438,706	\$40,976,136	\$5,011,350	\$184,489,790
			Diff	\$0	\$108,082,723	\$108,082,723	\$57,269,809	\$0	\$0	\$165,352,532
Assumes School Value Limitation and Tax Abatements with the County.										

Source: CPA, Covestro, 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 Covestro, 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	Q1-2022	\$245,461	\$245,461	\$0	\$0
	Q2-2023	\$2,642,569	\$2,888,030	\$0	\$0
	* 2024	\$4,873,511	\$7,761,541	\$0	\$0
Limitation Period (10 Years)	2025	\$1,050,000	\$8,811,541	\$12,007,423	\$12,007,423
	2026	\$1,050,000	\$9,861,541	\$11,740,945	\$23,748,369
	2027	\$1,050,000	\$10,911,541	\$11,474,467	\$35,222,836
	2028	\$1,050,000	\$11,961,541	\$11,207,989	\$46,430,826
	2029	\$1,050,000	\$13,011,541	\$10,941,511	\$57,372,337
	2030	\$1,050,000	\$14,061,541	\$10,675,033	\$68,047,370
	2031	\$1,050,000	\$15,111,541	\$10,408,555	\$78,455,926
	2032	\$1,050,000	\$16,161,541	\$10,142,077	\$88,598,003
	2033	\$1,050,000	\$17,211,541	\$9,875,599	\$98,473,602
	2034	\$1,050,000	\$18,261,541	\$9,609,121	\$108,082,723
Maintain Viable Presence (5 Years)	2035	\$10,392,643	\$28,654,185	\$0	\$108,082,723
	2036	\$10,126,165	\$38,780,350	\$0	\$108,082,723
	2037	\$9,859,687	\$48,640,037	\$0	\$108,082,723
	2038	\$9,593,209	\$58,233,246	\$0	\$108,082,723
	2039	\$9,326,731	\$67,559,977	\$0	\$108,082,723
Additional Years as Required by 313.026(c)(1) (10 Years)	2040	\$9,060,253	\$76,620,230	\$0	\$108,082,723
	2041	\$8,793,775	\$85,414,005	\$0	\$108,082,723
	2042	\$8,527,297	\$93,941,302	\$0	\$108,082,723
	2043	\$8,260,819	\$102,202,121	\$0	\$108,082,723
	2044	\$7,994,341	\$110,196,462	\$0	\$108,082,723
	2045	\$7,727,863	\$117,924,325	\$0	\$108,082,723
	2046	\$7,461,385	\$125,385,710	\$0	\$108,082,723
	2047	\$7,194,907	\$132,580,616	\$0	\$108,082,723
	2048	\$6,928,429	\$139,509,045	\$0	\$108,082,723
	2049	\$6,661,951	\$146,170,996	\$0	\$108,082,723

\$146,170,996

is greater than

\$108,082,723

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
---	-----

* GAP year

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, Covestro, 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.