GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 26, 2018

Danny Massey
Superintendent
Brazosport Independent School District
PO Drawer Z
Freeport, Texas 77542

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Brazosport Independent School District and The Dow Chemical Company (Dow), Application 1273

Dear Superintendent Massey:

On August 28, 2018, the Comptroller issued written notice that The Dow Chemical Company (applicant) submitted a completed application (Application 1273) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on June 18, 2018, to the Brazosport 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 1273.

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 within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of August 28, 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,

Lisa Craven

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of The Dow Chemical Company (Dow) (project) applying to Brazosport 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 The Dow Chemical Company.

Applicant	The Dow Chemical Company (Dow)
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Brazosport ISD
2017-2018 Average Daily Attendance	11,450
County	Brazoria
Proposed Total Investment in District	$715,000,000
Proposed Qualified Investment	$715,000,000
Limitation Amount	$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	40
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,274
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,274
Minimum annual wage committed to by applicant for qualified jobs	$66,222
Minimum weekly wage required for non-qualifying jobs	$1,089
Minimum annual wage required for non-qualifying jobs	$56,603
Investment per Qualifying Job	$17,875,000
Estimated M&O levy without any limit (15 years)	$86,569,426
Estimated M&O levy with Limitation (15 years)	$28,137,634
Estimated gross M&O tax benefit (15 years)	$58,431,792

Table 2 is the estimated statewide economic impact of The Dow Chemical Company (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	295	462	757	$19,534,900	$40,580,100	$60,115,000
2022	940	1,367	2307.42	$62,246,800	$131,307,200	$193,554,000
2023	915	1,402	2317	$60,591,300	$150,025,700	$210,617,000
2024	40	316	356	$2,648,800	$50,845,200	$53,494,000
2025	40	205	245	$2,648,800	$37,611,200	$40,260,000
2026	40	114	154	$2,648,800	$27,109,200	$29,758,000
2027	40	75	115	$2,648,800	$21,382,200	$24,031,000
2028	40	70	110	$2,648,800	$19,181,200	$21,830,000
2029	40	84	124	$2,648,800	$19,385,200	$22,034,000
2030	40	106	146	$2,648,800	$21,136,200	$23,785,000
2031	40	130	170	$2,648,800	$23,698,200	$26,347,000
2032	40	141	181	$2,648,800	$25,437,200	$28,086,000
2033	40	156	196	$2,648,800	$27,885,200	$30,534,000
2034	40	169	209	$2,648,800	$30,424,200	$33,073,000
2035	40	179	219	$2,648,800	$32,838,200	$35,487,000
2036	40	186	226	$2,648,800	$35,031,200	$37,680,000

Source: CPA REMI, The Dow Chemical Company

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		Brazosport ISD I&S Tax Levy	Brazosport ISD M&O Tax Levy	Brazosport ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazosport College District Tax Levy	Velasco Drainage District Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2153	1.0400		0.4782	0.3032	0.8500	0.0401	
2021	$194,838,670	$194,838,670		$419,488	$2,026,322	$2,445,810	$931,789	$590,846	$1,656,129	$78,130	$5,702,704
2022	$557,138,670	$557,138,670		$1,199,520	$5,794,242	$6,993,762	$2,664,438	$1,689,517	$4,735,679	$223,413	$16,306,808
2023	$700,038,670	$700,038,670		$1,507,183	$7,280,402	$8,787,585	$3,347,837	$2,122,860	$5,950,329	$280,716	$20,489,327
2024	$671,438,670	$671,438,670		$1,445,607	$6,982,962	$8,428,570	$3,211,061	$2,036,131	$5,707,229	$269,247	$19,652,238
2025	$643,982,670	$643,982,670		$1,386,495	$6,697,420	$8,083,914	$3,079,757	$1,952,871	$5,473,853	$258,237	$18,848,632
2026	$617,624,910	$617,624,910		$1,329,746	$6,423,299	$7,753,045	$2,953,705	$1,872,941	$5,249,812	$247,668	$18,077,171
2027	$592,321,460	$592,321,460		$1,275,268	$6,160,143	$7,435,411	$2,832,694	$1,796,209	$5,034,732	$237,521	$17,336,568
2028	$568,030,149	$568,030,149		$1,222,969	$5,907,514	$7,130,482	$2,716,525	$1,722,546	$4,828,256	$227,780	$16,625,589
2029	$544,710,490	$544,710,490		$1,172,762	$5,664,989	$6,837,751	$2,605,002	$1,651,829	$4,630,039	$218,429	$15,943,050
2030	$522,323,617	$522,323,617		$1,124,563	$5,432,166	$6,556,728	$2,497,940	$1,583,941	$4,439,751	$209,452	$15,287,812
2031	$500,832,219	$500,832,219		$1,078,292	$5,208,655	$6,286,947	$2,395,160	$1,518,769	$4,257,074	$200,834	$14,658,783
2032	$480,200,477	$480,200,477		$1,033,872	$4,994,085	$6,027,957	$2,296,492	$1,456,203	$4,081,704	$192,560	$14,054,916
2033	$460,394,005	$460,394,005		$991,228	$4,788,098	$5,779,326	$2,201,770	$1,396,140	$3,913,349	$184,618	$13,475,203
2034	$441,379,791	$441,379,791		$950,291	$4,590,350	$5,540,641	$2,110,837	$1,338,480	$3,751,728	$176,993	$12,918,679
2035	$423,126,146	$423,126,146		$910,991	$4,400,512	$5,311,503	$2,023,542	$1,283,126	$3,596,572	$169,674	$12,384,416
2036	$405,602,647	$405,602,647		$873,262	$4,218,268	$5,091,530	$1,939,738	$1,229,986	$3,447,623	$162,647	$11,871,523
			Total	**$17,921,536**	**$86,569,426**	**$104,490,962**	**$39,808,285**	**$25,242,396**	**$70,753,858**	**$3,337,917**	**$243,633,417**

Source: CPA, The Dow Chemical Company
*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Brazoria 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, Brazosport College District, Velasco Drainage District, and Port Freeport.

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		Brazosport ISD I&S Tax Levy	Brazosport ISD M&O Tax Levy	Brazosport ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazosport College District Tax Levy	Velasco Drainage District Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2153	1.0400		0.4782	0.3032	0.8500	0.0401	
2021	$194,838,670	$194,838,670		$419,488	$2,026,322	$2,445,810	$0	$0	$0	$0	$2,445,810
2022	$557,138,670	$30,000,000		$1,199,520	$312,000	$1,511,520	$0	$0	$0	$0	$1,511,520
2023	$700,038,670	$30,000,000		$1,507,183	$312,000	$1,819,183	$0	$0	$0	$0	$1,819,183
2024	$671,438,670	$30,000,000		$1,445,607	$312,000	$1,757,607	$0	$0	$0	$0	$1,757,607
2025	$643,982,670	$30,000,000		$1,386,495	$312,000	$1,698,495	$0	$0	$0	$0	$1,698,495
2026	$617,624,910	$30,000,000		$1,329,746	$312,000	$1,641,746	$0	$0	$0	$0	$1,641,746
2027	$592,321,460	$30,000,000		$1,275,268	$312,000	$1,587,268	$0	$0	$0	$0	$1,587,268
2028	$568,030,149	$30,000,000		$1,222,969	$312,000	$1,534,969	$2,716,525	$1,722,546	$4,828,256	$227,780	$11,030,076
2029	$544,710,490	$30,000,000		$1,172,762	$312,000	$1,484,762	$2,605,002	$1,651,829	$4,630,039	$218,429	$10,590,061
2030	$522,323,617	$30,000,000		$1,124,563	$312,000	$1,436,563	$2,497,940	$1,583,941	$4,439,751	$209,452	$10,167,646
2031	$500,832,219	$30,000,000		$1,078,292	$312,000	$1,390,292	$2,395,160	$1,518,769	$4,257,074	$200,834	$9,762,128
2032	$480,200,477	$480,200,477		$1,033,872	$4,994,085	$6,027,957	$2,296,492	$1,456,203	$4,081,704	$192,560	$14,054,916
2033	$460,394,005	$460,394,005		$991,228	$4,788,098	$5,779,326	$2,201,770	$1,396,140	$3,913,349	$184,618	$13,475,203
2034	$441,379,791	$441,379,791		$950,291	$4,590,350	$5,540,641	$2,110,837	$1,338,480	$3,751,728	$176,993	$12,918,679
2035	$423,126,146	$423,126,146		$910,991	$4,400,512	$5,311,503	$2,023,542	$1,283,126	$3,596,572	$169,674	$12,384,416
2036	$405,602,647	$405,602,647		$873,262	$4,218,268	$5,091,530	$1,939,738	$1,229,986	$3,447,623	$162,647	$11,871,523
			Total	$17,921,536	$28,137,634	$46,059,170	$20,787,004	$13,181,020	$36,946,096	$1,742,986	$118,716,276
			Diff	$0	$58,431,792	$58,431,792	$19,021,281	$12,061,376	$33,807,762	$1,594,931	$124,917,142

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, The Dow Chemical Company

*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 The Dow Chemical Company (Dow) (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	2019	$0	$0	$0	$0
	2020	$0	$0	$0	$0
	2021	$2,026,322	$2,026,322	$0	$0
Limitation Period (10 Years)	2022	$312,000	$2,338,322	$5,482,242	$5,482,242
	2023	$312,000	$2,650,322	$6,968,402	$12,450,644
	2024	$312,000	$2,962,322	$6,670,962	$19,121,607
	2025	$312,000	$3,274,322	$6,385,420	$25,507,026
	2026	$312,000	$3,586,322	$6,111,299	$31,618,325
	2027	$312,000	$3,898,322	$5,848,143	$37,466,469
	2028	$312,000	$4,210,322	$5,595,514	$43,061,982
	2029	$312,000	$4,522,322	$5,352,989	$48,414,971
	2030	$312,000	$4,834,322	$5,120,166	$53,535,137
	2031	$312,000	$5,146,322	$4,896,655	$58,431,792
Maintain Viable Presence (5 Years)	2032	$4,994,085	$10,140,407	$0	$58,431,792
	2033	$4,788,098	$14,928,505	$0	$58,431,792
	2034	$4,590,350	$19,518,855	$0	$58,431,792
	2035	$4,400,512	$23,919,367	$0	$58,431,792
	2036	$4,218,268	$28,137,634	$0	$58,431,792
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	$4,043,313	$32,180,947	$0	$58,431,792
	2038	$3,875,356	$36,056,303	$0	$58,431,792
	2039	$3,714,118	$39,770,422	$0	$58,431,792
	2040	$3,559,330	$43,329,751	$0	$58,431,792
	2041	$3,410,733	$46,740,484	$0	$58,431,792
	2042	$3,268,079	$50,008,563	$0	$58,431,792
	2043	$3,131,132	$53,139,696	$0	$58,431,792
	2044	$2,999,663	$56,139,359	$0	$58,431,792
	2045	$2,873,453	$59,012,811	$0	$58,431,792
	2046	$2,752,291	$61,765,102	$0	$58,431,792

$61,765,102 is greater than **$58,431,792**

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, The Dow Chemical Company

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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 Dow Chemical Company (Dow) 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 The Dow Chemical Company in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "The proposed global scale polyethylene capital spending is approximately $715 million with costs split between engineering, procurement of equipment and materials, and labor. Dow's site in Freeport is well situated to attract this project. However, there is an alternative, competing location at Plaquemine, Louisiana which is also well situated to accommodate the project and is competing for the project investment. Incentive support from state and local governments in Texas will be critical to securing the project investment in the state."
  B. "The investment and siting of this project is complex, and while no one factor alone can determine site location, there are many factors taken as a group that can. Texas has many economic advantages to attract investments; however one very significant area where Texas is not competitive is in property tax liability. The property tax liability for ongoing and new investments can greatly impact the competitiveness of the company overall, and of a particular company site. Due to the capital intensive nature of Dow's investments, resulting property tax liabilities are usually significant, and become a key metric that is evaluated in project siting decisions. An additional evaluation metric is inventory tax liability which is more favorable in Louisiana than Texas."
  C. "Property taxes in the State of Texas are levied on real and personal property as well as inventory. The alternate location in Louisiana also taxes the same property types but provides a more competitive tax abatement program and inventory tax structure. The projected property tax liability to the company based on the same $715 million capital investment in Texas compared to Louisiana, is 30% higher (in Texas) over a 15 year period after considering estimated tax savings from incentive agreements with state and local authorities in both locations."

D. "Approval of the Chapter 313 abatement is vital to creating a more competitive investment environment in Texas for the project. Without approval of the Chapter 313 abatement, the property tax liability resulting from the new investment will significantly reduce the competiveness of the project in Texas, as compared to the alternative site in Louisiana."

- According to Tab 7&8 of the application, the applicant states, "Ethylene is produced by Dow and the commoner is purchased by a 3rd party. Every major Dow site has some ethylene and commoner capacity at the site and part of the evaluation is the proximity of raw materials to the site, logistics, site development, taxes etc. The interconnecting racks between Poly 5 and Rockwell would bring the feedstocks to the proposed project."
- According to a Regular School Board Meeting dated June 18, 2018, "Accept Application from The Dow Chemical Company for an Appraised Value Limitation on Qualified Property."
- According to Brazoria County Commissioner's Meeting date June 12, 2018, "The Dow Chemical Company Tax Abatement Application: Order Creating Reinvestment Zone and Granting Tax Abatement."
- A June 15, 2018, *The Facts* article states, "Dow eyes Freeport site for $715 million Plant. County commissioners unanimously approved a seven-year, 100 percent tax abatement if the propose $715 million polyethylene plant is placed at the Dow Texas Operations site in Freeport."
- According to a Notice of Meeting of Velasco Drainage District date September 4, 2018, "Review and consider Tax Abatement Agreement with Dow Chemical Company for Reinvestment Zone No.21."

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:
   - ☑ Land has no existing improvements
   - ☐ Land has existing improvements *(complete Section 13)*
   - ☐ Expansion of existing operation on the land *(complete Section 13)*
   - ☐ 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

The proposed global scale polyethylene capital spending is approximately $715 million with costs split between engineering, procurement of equipment and materials, and labor. Dow's site in Freeport is well situated to attract this project. However, there is an alternative, competing location at Plaquemine, Louisiana which is also well situated to accommodate the project and is competing for the project investment. Incentive support from state and local governments in Texas will be critical to securing the project investment in the state.

The investment and siting of this project is complex, and while no one factor alone can determine site location, there are many factors taken as a group that can. Texas has many economic advantages to attract investments; however one very significant area where Texas is not competitive is in property tax liability. The property tax liability for ongoing and new investments can greatly impact the competitiveness of the company overall, and of a particular company site. Due to the capital intensive nature of Dow's investments, resulting property tax liabilities are usually significant, and become a key metric that is evaluated in project siting decisions. An additional evaluation metric is inventory tax liability which is more favorable in Louisiana than Texas.

Property taxes in the State of Texas are levied on real and personal property as well as inventory. The alternate location in Louisiana also taxes the same property types but provides a more competitive tax abatement program and inventory tax structure. The projected property tax liability to the company based on the same $715 million capital investment in Texas compared to Louisiana, is 30% higher (in Texas) over a 15 year period after considering estimated tax savings from incentive agreements with state and local authorities in both locations.

Approval of the Chapter 313 abatement is vital to creating a more competitive investment environment in Texas for the project. Without approval of the Chapter 313 abatement, the property tax liability resulting from the new investment will significantly reduce the competiveness of the project in Texas, as compared to the alternative site in Louisiana.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

TOP STORY

Dow eyes Freeport site for $715 million plant

By Erinn Callahan erinn.callahan@thefacts.com Jun 15, 2018 0

ANGLETON — The latest phase of more than $5 billion in investments statewide by DowDuPont could happen in Brazoria County.

County commissioners unanimously approved a seven-year, 100 percent tax abatement if the proposed $715 million polyethylene plant is placed at the Dow Texas Operations site in Freeport.

BRAZORIA COUNTY COMMISSIONERS' COURT

REGULAR SESSION

BE IT REMEMBERED THAT ON JUNE 12, 2018, THERE WAS BEGUN AND HOLDEN A REGULAR SESSION OF COMMISSIONERS' COURT.

1. CALL TO ORDER

This meeting was called to order at 9:00 AM.

2. ROLL CALL

THE FOLLOWING MEMBERS WERE PRESENT:

L.M. "Matt" Sebesta Jr.	County Judge
Donald "Dude" Payne	Commissioner, Precinct #1
Ryan Cade	Commissioner, Precinct #2
Stacy L. Adams	Commissioner, Precinct #3
David Linder	Commissioner, Precinct #4
Joyce Hudman	County Clerk

3. INVOCATION & PLEDGE OF ALLEGIANCE BY COMMISSIONER CADE

4. APPROVAL OF MINUTES

4.A. Commissioners' Court - Special Meeting - May 22, 2018 9:00 AM

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	David R. Linder, Commissioner
SECONDER:	Stacy L. Adams, Commissioner
AYES:	Judge Sebesta, Commissioner Payne, Commissioner Cade, Commissioner Adams, Commissioner Linder

4.B. Commissioners' Court - Budget Workshop Meeting - Jun 5, 2018 1:00 PM

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	David R. Linder, Commissioner
SECONDER:	Stacy L. Adams, Commissioner
AYES:	Judge Sebesta, Commissioner Payne, Commissioner Cade, Commissioner Adams, Commissioner Linder

5. PUBLIC APPEARANCES

Members of the public may request permission to address the Court. Specific factual information or a recitation of existing policy may be furnished in response

to an inquiry made by a member of the general public but any deliberation, discussion, or decision with respect to any subject about which the inquiry was made shall be limited to a proposal to place such subject on the agenda for a subsequent meeting for which notice is provided in compliance with the Texas Open Meetings Act unless said notice appears herein. The public is reminded that there is a five (5) minute time limit as outlined in Commissioners Court Order #6, dated August 31, 1987.

6. FORMAL REPORTS AND APPEARANCES

6.A. AARP Tax Assistance - Tom West

7. NEW BUSINESS

CONSENT

RESULT:	**PASSED [UNANIMOUS]**
MOVER:	David R. Linder, Commissioner
SECONDER:	Donald "Dude" Payne, Commissioner
AYES:	Judge Sebesta, Commissioner Payne, Commissioner Cade, Commissioner Adams, Commissioner Linder

7.A. County Judge

7.A.1. Authorization to Apply for Harvey Preparedness Grant

7.A.2. Tax-Exempt Financing for South Texas Educational Technologies, Inc.

7.B. County Clerk

7.B.1. Deputation in the County Clerk's Office

7.B.2. Contract between the Department of State Health Services (DSHS) and Brazoria County for DSHS Program Vital Statistics Unit

7.C. District Court

7.C.1. Out of State Travel

7.D. Sheriff's Office

7.D.1. Out of State Travel

7.E. Tax Assessor - Collector

7.E.1. Account Number: 7501-0292-000 Resale Meeting of: February 2018

7.E.2. Account Number: 7501-0290-000 Resale Meeting of: February 2018

7.E.3. Account Number: 7501-0288-000 Resale Meeting of: February 2018

7.E.4. Account Number: 8110-0394-000 Resale Meeting of: April 2018

7.E.5. Account Number: 8110-3076-000 Resale Meeting of: May 2018

7.E.6. Account Number: 8110-3076-000 Resale Meeting of: May 2018

7.E.7. Account Number: 1539-0205-006 Resale Meeting of: May 2018

7.E.8. Account Number: 1534-0441-000 Resale Meeting of: May 2018

7.E.9. Account Number: 6436-0006-000 Resale Meeting of: May 2018

7.E.10. Account Number: 6436-0006-000 Resale Meeting of: May 2018

7.E.11. Account Number: 5171-0052-000 Resale Meeting of: May 2018

7.E.12. Account Number: 5171-0052-000 Resale Meeting of: May 2018

7.E.13. Account Number: 5171-0052-000 Resale Meeting of: May 2018

7.E.14. Account Number: 3200-0193-000 Resale Meeting of: May 2018

7.E.15. Account Number: 4200-1163-000 Resale Meeting of: May 2018

7.E.16. Account Number: 8110-0398-000 Resale Meeting of: May 2018

7.E.17. Account Number: 2106-0023-000 Resale Meeting of: May 2018

7.E.18. Account Number: 3955-0106-000 Resale Meeting of: May 2018

7.E.19. Account Number: 8110-0398-000 Resale Meeting of: May 2018

7.E.20. Account Number: 8356-0023-160 Resale Meeting of: May 2018

7.E.21. Account Number: 8356-0027-002 Resale Meeting of: May 2018

7.E.22. Account Number: 8065-0023-000 Resale Meeting of: May 2018

7.F. Airport

7.F.1. Adopting Community Hangar Storage and Service Agreement and Fee Rate Schedule

7.F.2. Authorization of Concession and Lease Agreement with Avis Budget Car Rental, LLC

7.G. Auditor

7.G.1. Line Item Transfers: FY18

7.G.2. Payment of Bills

7.H. Engineer

7.H.1. Accept Final Plat of Paloma Acres Section IV-B & V-A – Abstract 24 (Precinct 4)

7.H.2. Close, Vacate, and Abandon a Public Road Right-Of-Way (Precinct 4)

Item pulled from agenda.

7.H.3. Moving a Line/Reconfiguration for Cole R. Bruce (Precinct 4)

7.H.4. Moving a Line/Reconfiguration for Joe W. and Sherry L. Tippit (Precinct 1)

7.H.5. Moving a Line/Reconfiguration for Stephan P. and Charlene S. Glenn (Precinct 4)

7.H.6. Moving a Line/Reconfiguration for Kenneth R. and Molly W. Rosier (Precinct 4)

7.H.7. Moving a Line/Reconfiguration for Maria T. Mendoza and Lorenzo Mendoza-Guillen (Precinct 2)

7.H.8. Projects Under Blanket Interlocal Agreements for Direct Assistance to Cities and Towns

7.H.9. Texas Antiquities Permit

7.I. Health

7.I.1. DSHS Contract #537-18-0182-00001 Amendment No. 1 for the Cities Readiness Initiative Contract

7.J. Human Resource

7.J.1. Renegotiate Contract Pharmacy Benefit Management

7.J.2. Overtime Report

7.K. Library

7.K.1. Out of State Travel

7.L. Museum

7.L.1. Out of State Travel

7.M. Purchasing Department

7.M.1. Amend Court Order 7.N.2. Dated May 08, 2018 - Award RFSQ #16-38 Project Specific Evaluation Phase-A&E Services for the Lake Jackson Annex

7.M.2. Amend Court Order 7.O.7. Dated March 27, 2018 - Purchasing Officer to Obtain Food Bids

7.M.3. Annual License and Support Fees for Voting Equipment

7.M.4. Disposition of Surplus Miscellaneous Items

7.M.5. Memorandum of Understanding with Homeland Preparedness Project

7.M.6. Renew RFP #17-32 Fuel Card Services

7.M.7. Renew ITB #15-43 Road Materials-Flexible Base

7.M.8. Sale of Surplus Vehicle

7.M.9. Sale of Marine Boat and Associated Equipment

7.M.10. Solicit Bids for a Culvert Replacement on County Road 4

7.M.11. Solicit Bids for a Bridge Replacement on County Road 146

7.M.12. Solicit Bids for a Realignment of an S Curve for County Road 461

7.M.13. Solicit Bids for Extension of Water and Sewer for Airport

7.M.14. Solicit Bids for Hurricane Shutters for Parks

7.N. Toll Road Authority

7.N.1. County Treasurer's Monthly Cash and Investment Report for Toll Road Authority Funds for April 2018

DISCUSSION

7.O. County Judge

7.O.1. Regulation of Outdoor Burning During Period of Drought Conditions

RESULT:	**PASSED [UNANIMOUS]**
MOVER:	Donald "Dude" Payne, Commissioner
SECONDER:	Stacy L. Adams, Commissioner
AYES:	Judge Sebesta, Commissioner Payne, Commissioner Cade, Commissioner Adams, Commissioner Linder

7.O.2. Order Prohibiting Certain Fireworks in Unincorporated Areas of Brazoria County

RESULT:	**PASSED [UNANIMOUS]**
MOVER:	Donald "Dude" Payne, Commissioner
SECONDER:	Stacy L. Adams, Commissioner
AYES:	Judge Sebesta, Commissioner Payne, Commissioner Cade, Commissioner Adams, Commissioner Linder

7.P. District Attorney

7.P.1. Order Opening Public Hearing on Creating The Dow Chemical Company Reinvestment Zone No. 21 and Approve Tax Abatement Application

RESULT:	**PASSED [UNANIMOUS]**
MOVER:	David R. Linder, Commissioner
SECONDER:	Donald "Dude" Payne, Commissioner
AYES:	Judge Sebesta, Commissioner Payne, Commissioner Cade, Commissioner Adams, Commissioner Linder

7.P.2. Order Closing Public Hearing on The Dow Chemical Company Reinvestment Zone No. 21 and Approve Tax Abatement Application

RESULT:	**PASSED [UNANIMOUS]**
MOVER:	Donald "Dude" Payne, Commissioner
SECONDER:	Stacy L. Adams, Commissioner
AYES:	Judge Sebesta, Commissioner Payne, Commissioner Cade, Commissioner Adams, Commissioner Linder

7.P.3. The Dow Chemical Company Tax Abatement Application: Order Creating Reinvestment Zone and Granting Tax Abatement

RESULT:	**PASSED [UNANIMOUS]**
MOVER:	Donald "Dude" Payne, Commissioner
SECONDER:	David R. Linder, Commissioner
AYES:	Judge Sebesta, Commissioner Payne, Commissioner Cade, Commissioner Adams, Commissioner Linder

7.P.4. Authorize Purchase of Narcan

Motion to Amend by Commissioner Cade seconded by Commissioner Payne that 110 manufacturer's packages be changed to 112.

Minutes of Regular Meeting
The Board of Trustees
Brazosport Independent School District

A Regular Meeting of the Board of Trustees of Brazosport Independent School District was held Monday, June 18, 2018, beginning at 6:00 PM in the Brazosport Independent School District Administration Building, 301 W. Brazosport Drive, Clute, Texas.

Board Members Present:	Mason Paul Howard, President Scott Schwertner, Vice-President Jerry Adkins, Secretary Patty Sayes, Asst. Secretary Michael Speir, Member Liz Cuellar, Member Joe Rinehart, Member
Board Members Absent:	None
Superintendent:	Danny Massey

1. Meeting called to order by Mr. Mason Howard at 6:00 p.m.

   A. Declaration of a Quorum

2. Invocation led by Mr. Michael Speir.

3. Pledges of Allegiance led by Mr. Jerry Adkins.

4. Chief Finance and Governmental Affairs Officer, Rebecca Kelley administered the oath of office to elected Board Members Joe Rinehart, Jerry Adkins, Liz Cuellar and Patty Sayes.

5. AWARDS/ACHIEVEMENTS/RECOGNITIONS

The team, coached by Pete Harris, had great season with two members qualifying for Region, one for State and three with Academic Honors:

Carson Barker	Academic All District
Connor Brown	Academic All District
Luke Whitehead	1st Team All District, Academic All District, Regional Qualifier
Jacob Borow	1st Team All District, Regional Qualifier, State Qualifier

Brazoswood girls softball program had another exceptional season under the leadership of Coach Laura Oltman. The Lady Bucs finished the season with a 15-12 record as the Class 6A Region III Champs. Members of the 2018 Lady Buc Softball Team include:

Hannah Caffey	Academic All District
Esabella Casas	1st team all-district
Alizeia Celedon	
Lily Celedon	Academic All District
Erin Garza	
Kylee Jack	Academic All District
Tori Lopez	Honorable Mention All District

DeLaynee Malone	Academic All District
Madison Mefford	Academic All District, TGCA Academic All State, 1st Team All District, 2nd Team All County
Kyndall Murray	Academic All District, 1st Team All District, 1st Team All County, TGCA Legacy All Star
Lauren Nichols	Academic All District, TGCA Academic All State, 2nd Team All District, 2nd Team All County
Amberly Phillips	Academic All District, 2nd Team All District
Meagan Smith	1st team All District, 1st Team All County
Morgan Smith	Academic All District, TGCA Academic All State, 1st Team All District, TGCA All State
Emily Staffieri	Academic All District
Brooke Tanner	Academic All District, 1st Team All District, Honorable Mention All County
Abriel Torres	2nd Team All District, Honorable Mention All County
Lauren Varesic	Academic All District, Honorable Mention All District

Brazoswood Boys Baseball program made the playoffs under the leadership of first year Head Coach Michael Cressman. Members of the 2018 Buccaneer Baseball team receiving honors this year include:

DJ Soliz	Honorable Mention Academic All State
Andy Rubalcaba	1st Team All District Pitcher
Junior Garcia	1st Team All District Outfield, Honorable Mention Academic All State
Cade Johnson	23-6A Newcomer of the year [Pitcher]
Brandon Dubose	Honorable Mention Academic All State
Cullen Cooper	2nd Team All District Pitcher
Nash Neff	2nd Team All District Catcher, 1st Team Academic All State
Brett Wagner	2nd Team All District 3rd Base, Honorable Mention Academic All State
Tyler Reinhardt	2nd Team All District Outfield, 2nd Team Academic All State
Tanner Bundick	Honorable Mention Academic All State
Ryan Faltisek	2nd Team All District Outfield, 2nd Team Academic All State

Brazoswood Boys Track team, coached by Ken Neely, sent athletes to the Class 6A Region IV with one State Qualifier. Members earning honors include:

Dustin Stahlberg	Wheelchair Regional and State Qualifier [100m]
Leo Perez	Regional Qualifier 1600/3200
Dorian Stanton	Regional Qualifier Long Jump
Decoven Young	Regional Qualifier 110/300m Hurdles
Talen Jamison	Area Qualifier 800m

Brazoswood Girls Track, coached by Ray Waddy, had two members qualifying for Area:

Aaliyah Robinson	Area Qualifier Discus
Arden Neff	Area Qualifier 300m Hurdles

Brazosport Boys Baseball program made the playoffs again under the leadership of Coach Ken Schulte. Brazosport finished the 2018 season with a record of 15-12 overall. Members of the 2018 Exporter Baseball Team earning honors this season include:

Tanner Quick	District Newcomer of the Year, Academic All District
Garrett Naquin	1st Team All District Pitcher
Joshua Luna	2nd Team All District Outfielder
Carlos Moreno	2nd Team All District 2nd Baseman
Race McIntyre	Academic All District
Eddie Flores	Academic All District

Christian Gomez	Academic All District

Brazosport Girls Softball program ended their season in the Class 4A Region IV Bi-District round. The Lady Ships, under the leadership of Coach Vonica Ducre, finished the year with a record of 15-15. Members of the 2018 Lady Exporter Softball Team earning honors this season include:

Unique Harris	1st Team All County, 1st Team All District
Alliana Bryant	District Newcomer of the Year
Faith Aluiso	1st Team All District
Clarissa Gibson	1st Team All District
Ashley McClendon	2nd Team All District
A'Kaila Dudley	2nd Team All District
Breanna Brimage	Academic All District
Tyra Dolly	Academic All District
Candace Hobbs	Academic All District
Destini Turner	Academic All District
Tasia Jones	Academic All District

6. 6:18 p.m. EXECUTIVE SESSION may be called for the purposes permitted by the Texas Open Meeting Act, Texas Government Code Section 551.001 through 551.146, Section 551.071, Consultation with Attorney, Section 551.074, Personnel Matters (Appointment, Employment, Evaluation, Reassignment, Duties, Discipline, Dismissal, Complaint)
   A. Reorganization of the Board
   B. Provide Required Documents
      I. Ethics Policy
      II. Conflict of Interest

7. Reconvened into open session at 6:26 p.m.

8. ACTION
   A. Election of School Board Officers 2018-2019

      Mr. Jerry Adkins made a motion to appoint Mr. Mason Howard as Board President, seconded by Mr. Scott Schwertner. Motion carried 7/0.

      Mrs. Patty Sayes made a motion to appoint Mr. Scott Schwertner as Board Vice-President, seconded by Mr. Mason Howard. Motion carried 7/0.

      Mrs. Liz Cuellar made a motion to appoint Mr. Jerry Adkins as Board Secretary, seconded by Mr. Joe Rinehart. Motion carried 7/0.

      Mr. Scott Schwertner made a motion to appoint Mrs. Patty Sayes as Board Asst. Secretary, seconded by Mrs. Liz Cuellar. Motion carried 7/0.

B. Accept Application from The Dow Chemical Company for an Appraised Value Limitation on Qualified Property

Mr. Scott Schwertner made a motion to accept the application for limitation on qualified property from the Dow Chemical Company; authorize the Superintendent to review the application for completeness and submit to the Comptroller; and contract with Moak, Casey and Associates for consulting services related to the application, seconded by Mrs. Patty Sayes. Motion carried 6/0/1. Mr. Michael Speir abstained.

9. 6:40 p.m. CONDUCT PUBLIC MEETING/HEARING TO DISCUSS RENAMING OF THE B*SUCCESS ACADEMY - Local board policy provides that a public meeting be held to discuss this topic. Public participation in the discussion is invited. Hearing ended at 6:45 p.m.

10. 6:45 p.m. CONDUCT PUBLIC HEARING TO DISCUSS THE FEDERALLY FUNDED PROGRAMS FOR THE 2018-2019 PROGRAM YEAR - State law provides that a public meeting be held to discuss this topic. Public participation in the discussion is invited. Hearing ended at 7:00 p.m.

11. AUDIENCE WITH INDIVIDUALS is a time for general comments. Individuals wishing to speak must sign up before the meeting begins.

Dr. Phil Blake addressed the Board regarding installing metal detectors in the schools. He feels parents would be willing to help fund this safety initiative to keep our children safe at school.

12. CONSENT AGENDA

A. Minutes

B. Monthly Financial Statement

C. Budget Amendments

D. Purchases Exceeding $50,000

E. Bid Awards

F. Federal and State Funded Programs for 2018-2019

G. Instructional Materials Allotment Purchase

Mr. Scott Schwertner made a motion to approve the consent agenda, seconded by Mr. Jerry Adkins. Motion carried 7/0.

13. ACTION

A. B*Success Academy Targeted Elements and Campus Improvement Plan

Mrs. Patty Sayes made a motion to approve the B*Success Academy 2018-2019 Targeted Improvement Plan, seconded by Mrs. Liz Cuellar. Motion carried 7/0.

Filed: 08/31/2018 08:11:10 AM
Joyce Hudman
Joyce Hudman
County Clerk
Brazoria County, Texas

G. L. KIDWELL
Chairman
Area 1
Lake Jackson, Texas

L. H. JONES
Vice Chairman
Area 3
Freeport, Texas

F. R. Hamlet
Secretary
Area 2
Clute, Texas

Velasco Drainage District

Phone (979) 265-4251 Fax (979) 265-7602
E-mail: vdd@velascodrainagedistrict.com

NOTICE OF MEETING
VELASCO DRAINAGE DISTRICT

Time of Meeting: 2:00 o'clock p.m.
Date of Meeting: September 04, 2018

The Board of Supervisors of Velasco Drainage District ("the District") will hold a meeting in the Boardroom of the District's office at 915 Stratton Ridge Road, Clute, Texas, for the transaction of business pertaining to hurricane and flood protection programs and other drainage matters, as follows:

a. Receive reports from the District's Superintendent, engineer, and attorney in regard to the above programs.
b. Approve checks and payment of payroll, bills, expenses, and draws.
c. Approve easements, plats, development plans, letters of no objection to developments, and permits for crossing the District's facilities.

Other business at the meeting includes the following:

1. Hold Public Hearing on Tax Rate for 2018 Tax Year.
2. Review and consider Tax Abatement Agreement with Dow Chemical Company for Reinvestment Zone No.21.
3. Review and consider Replat of Lots 1 and 2 of Crockett Lane Subdivision in Freeport, Texas.
4. Review and consider Master Service Agreement between VDD and Matthew Leimer.
5. Review and consider Resolution for VDD 2019 Budget.
6. Consider Resolution Approving Property Tax Rate for Tax Year 2018, by Record Vote.
7. Enter into Executive Session under Texas Government Code Section 551.071 to consult with attorney concerning litigation on Hurricane Harvey.
8. Reconvene into Regular Session.
9. Review and consider action concerning litigation on Hurricane Harvey.

VELASCO DRAINAGE DISTRICT

By: F. Robert Hamlet
F. Robert Hamlet, Secretary
Board of Supervisors

Mail Address
Post Office Box 7
Clute, Texas 77531

Freight and Express
Drainage District Warehouse
915 Stratton Ridge Road
Clute, Texas 77531