



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

January 15, 2019

Dr. Tory Hill
Superintendent
Sweeny Independent School District
1310 North Elm Street
Sweeny, Texas 77480

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations taxes by and between Sweeny Independent School
District and Praxair, Inc., Application 1294

Dear Superintendent Hill:

On October 31, 2018, the Comptroller issued written notice that Praxair, Inc. (applicant) submitted a completed application (Application 1294) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on September 11, 2018, to the Sweeny 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 1294.

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, 2019.

Note that any building or improvement existing as of the application review start date of October 31, 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
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Praxair, Inc. (project) applying to Sweeny 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 Praxair, Inc.

Applicant	Praxair, Inc
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Sweeny ISD
2017-2018 Average Daily Attendance	1,971
County	Brazoria
Proposed Total Investment in District	\$241,846,000
Proposed Qualified Investment	\$241,846,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2020-2021
Number of new qualifying jobs committed to by applicant	10
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)	\$66,250
Minimum annual wage committed to by applicant for qualified jobs	\$66,250
Minimum weekly wage required for non-qualifying jobs	\$1,112
Minimum annual wage required for non-qualifying jobs	\$57,799
Investment per Qualifying Job	\$24,184,600
Estimated M&O levy without any limit (15 years)	\$24,066,765
Estimated M&O levy with Limitation (15 years)	\$8,769,637
Estimated gross M&O tax benefit (15 years)	\$15,297,129

Table 2 is the estimated statewide economic impact of Praxair, Inc. (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	100	123	223	\$4,300,000	\$10,700,000	\$15,000,000
2020	100	128	228	\$4,300,000	\$12,700,000	\$17,000,000
2021	10	56	66	\$662,500	\$6,337,500	\$7,000,000
2022	10	51	61	\$662,500	\$5,337,500	\$6,000,000
2023	10	45	55	\$662,500	\$5,337,500	\$6,000,000
2024	10	42	52	\$662,500	\$5,337,500	\$6,000,000
2025	10	40	50	\$662,500	\$5,337,500	\$6,000,000
2026	10	40	50	\$662,500	\$5,337,500	\$6,000,000
2027	10	40	50	\$662,500	\$5,337,500	\$6,000,000
2028	10	41	51	\$662,500	\$5,337,500	\$6,000,000
2029	10	42	52	\$662,500	\$6,337,500	\$7,000,000
2030	10	43	53	\$662,500	\$6,337,500	\$7,000,000
2031	10	41	51	\$662,500	\$6,337,500	\$7,000,000
2032	10	41	51	\$662,500	\$6,337,500	\$7,000,000
2033	10	42	52	\$662,500	\$7,337,500	\$8,000,000
2034	10	42	52	\$662,500	\$7,337,500	\$8,000,000

Source: CPA REMI, Praxair, Inc.

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*	Sweeny ISD I&S Tax Levy	Sweeny ISD M&O Tax Levy	Sweeny ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Sweeny Hospital District Tax Levy	West Brazoria County Drain District Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes
				0.1717	1.0400		0.4402	0.5163	0.0200	0.0401	
2021	\$227,456,163	\$227,456,163		\$390,542	\$2,365,544	\$2,756,086	\$1,001,339	\$1,174,249	\$45,491	\$91,210	\$5,068,376
2022	\$224,987,100	\$224,987,100		\$386,303	\$2,339,866	\$2,726,169	\$990,470	\$1,161,503	\$44,997	\$90,220	\$5,013,358
2023	\$209,306,100	\$209,306,100		\$359,379	\$2,176,783	\$2,536,162	\$921,437	\$1,080,549	\$41,861	\$83,932	\$4,663,941
2024	\$194,721,100	\$194,721,100		\$334,336	\$2,025,099	\$2,359,436	\$857,228	\$1,005,254	\$38,944	\$78,083	\$4,338,945
2025	\$181,156,000	\$181,156,000		\$311,045	\$1,884,022	\$2,195,067	\$797,510	\$935,223	\$36,231	\$72,644	\$4,036,676
2026	\$168,538,800	\$168,538,800		\$289,381	\$1,752,804	\$2,042,185	\$741,965	\$870,087	\$33,708	\$67,584	\$3,755,528
2027	\$156,802,500	\$156,802,500		\$269,230	\$1,630,746	\$1,899,976	\$690,298	\$809,498	\$31,361	\$62,878	\$3,494,010
2028	\$145,887,000	\$145,887,000		\$250,488	\$1,517,225	\$1,767,713	\$642,244	\$753,146	\$29,177	\$58,501	\$3,250,781
2029	\$135,733,400	\$135,733,400		\$233,054	\$1,411,627	\$1,644,682	\$597,545	\$700,728	\$27,147	\$54,429	\$3,024,530
2030	\$126,289,600	\$126,289,600		\$216,839	\$1,313,412	\$1,530,251	\$555,970	\$651,974	\$25,258	\$50,642	\$2,814,095
2031	\$120,006,600	\$120,006,600		\$206,051	\$1,248,069	\$1,454,120	\$528,310	\$619,538	\$24,001	\$48,123	\$2,674,091
2032	\$114,036,400	\$114,036,400		\$195,800	\$1,185,979	\$1,381,779	\$502,027	\$588,716	\$22,807	\$45,729	\$2,541,058
2033	\$108,363,900	\$108,363,900		\$186,061	\$1,126,985	\$1,313,045	\$477,055	\$559,432	\$21,673	\$43,454	\$2,414,659
2034	\$102,974,200	\$102,974,200		\$176,807	\$1,070,932	\$1,247,738	\$453,327	\$531,607	\$20,595	\$41,293	\$2,294,561
2035	\$97,853,200	\$97,853,200		\$168,014	\$1,017,673	\$1,185,687	\$430,783	\$505,170	\$19,571	\$39,239	\$2,180,450
			Total	\$3,973,330	\$24,066,765	\$28,040,096	\$10,187,508	\$11,946,673	\$462,822	\$927,959	\$51,565,058

Source: CPA, Praxair, Inc.

*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, Sweeny Hospital, 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	Tax Rate*	Sweeny ISD I&S Tax Levy	Sweeny ISD M&O Tax Levy	Sweeny ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Sweeny Hospital District Tax Levy	West Brazoria County Drain District Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes
2021	\$227,456,163	\$30,000,000	0.1717	\$390,542	\$312,000	\$702,542	\$0	\$0	\$45,491	\$0	\$748,033
2022	\$224,987,100	\$30,000,000		\$386,303	\$312,000	\$698,303	\$0	\$0	\$44,997	\$0	\$743,300
2023	\$209,306,100	\$30,000,000		\$359,379	\$312,000	\$671,379	\$0	\$0	\$41,861	\$0	\$713,240
2024	\$194,721,100	\$30,000,000		\$334,336	\$312,000	\$646,336	\$0	\$0	\$38,944	\$0	\$685,280
2025	\$181,156,000	\$30,000,000		\$311,045	\$312,000	\$623,045	\$0	\$0	\$36,231	\$0	\$659,276
2026	\$168,538,800	\$30,000,000		\$289,381	\$312,000	\$601,381	\$0	\$0	\$33,708	\$0	\$635,089
2027	\$156,802,500	\$30,000,000		\$269,230	\$312,000	\$581,230	\$0	\$0	\$31,361	\$0	\$612,590
2028	\$145,887,000	\$30,000,000		\$250,488	\$312,000	\$562,488	\$0	\$0	\$29,177	\$0	\$591,665
2029	\$135,733,400	\$30,000,000		\$233,054	\$312,000	\$545,054	\$0	\$0	\$27,147	\$0	\$572,201
2030	\$126,289,600	\$30,000,000		\$216,839	\$312,000	\$528,839	\$0	\$0	\$25,258	\$0	\$554,097
2031	\$120,006,600	\$120,006,600		\$206,051	\$1,248,069	\$1,454,120	\$0	\$0	\$24,001	\$0	\$1,478,121
2032	\$114,036,400	\$114,036,400		\$195,800	\$1,185,979	\$1,381,779	\$0	\$0	\$22,807	\$0	\$1,404,586
2033	\$108,363,900	\$108,363,900		\$186,061	\$1,126,985	\$1,313,045	\$477,055	\$559,432	\$21,673	\$43,454	\$2,414,659
2034	\$102,974,200	\$102,974,200		\$176,807	\$1,070,932	\$1,247,738	\$453,327	\$531,607	\$20,595	\$41,293	\$2,294,561
2035	\$97,853,200	\$97,853,200		\$168,014	\$1,017,673	\$1,185,687	\$430,783	\$505,170	\$19,571	\$39,239	\$2,180,450
			Total	\$3,973,330	\$8,769,637	\$12,742,967	\$1,361,165	\$1,596,209	\$462,822	\$123,986	\$16,287,150
			Diff	\$0	\$15,297,129	\$15,297,129	\$8,826,343	\$10,350,464	\$0	\$803,973	\$35,277,908

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Praxair, Inc.

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
	2020	\$1,402,960	\$1,402,960	\$0	\$0
Limitation Period (10 Years)	2021	\$312,000	\$1,714,960	\$2,053,544	\$2,053,544
	2022	\$312,000	\$2,026,960	\$2,027,866	\$4,081,410
	2023	\$312,000	\$2,338,960	\$1,864,783	\$5,946,193
	2024	\$312,000	\$2,650,960	\$1,713,099	\$7,659,293
	2025	\$312,000	\$2,962,960	\$1,572,022	\$9,231,315
	2026	\$312,000	\$3,274,960	\$1,440,804	\$10,672,119
	2027	\$312,000	\$3,586,960	\$1,318,746	\$11,990,865
	2028	\$312,000	\$3,898,960	\$1,205,225	\$13,196,090
	2029	\$312,000	\$4,210,960	\$1,099,627	\$14,295,717
	2030	\$312,000	\$4,522,960	\$1,001,412	\$15,297,129
Maintain Viable Presence (5 Years)	2031	\$1,248,069	\$5,771,029	\$0	\$15,297,129
	2032	\$1,185,979	\$6,957,007	\$0	\$15,297,129
	2033	\$1,126,985	\$8,083,992	\$0	\$15,297,129
	2034	\$1,070,932	\$9,154,923	\$0	\$15,297,129
	2035	\$1,017,673	\$10,172,597	\$0	\$15,297,129
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	\$967,074	\$11,139,671	\$0	\$15,297,129
	2037	\$918,999	\$12,058,670	\$0	\$15,297,129
	2038	\$873,322	\$12,931,992	\$0	\$15,297,129
	2039	\$829,920	\$13,761,912	\$0	\$15,297,129
	2040	\$788,677	\$14,550,589	\$0	\$15,297,129
	2041	\$749,488	\$15,300,078	\$0	\$15,297,129
	2042	\$712,262	\$16,012,339	\$0	\$15,297,129
	2043	\$676,882	\$16,689,221	\$0	\$15,297,129
	2044	\$643,266	\$17,332,487	\$0	\$15,297,129
	2045	\$611,330	\$17,943,817	\$0	\$15,297,129
		\$17,943,817	is greater than	\$15,297,129	

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

Source: CPA, Praxair, Inc

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 Praxair, Inc’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 Praxair, Inc. in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Praxair’s pipeline complex allows it to have options for our investments. A variety of factors are considered in selecting site location, including the local pool of available skilled workers, costs for natural gas and ease of doing business as it relates to permitting and incentives to reduce risk in investments. We are evaluating Louisiana and Texas for our current investment options.”
 - B. “The applicant requires this appraised value limitation in order to move forward with the development of the project. Without this appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the project to compete for global customers against similar projects operated by competitors of Praxair in the U.S. and around the world. Without this appraised value limitation Praxair would have to strongly consider making this investment at another site outside of Texas. Approval of this Value limitation application allows us to extend our relationships in Texas and be a contributor to the state’s economic growth story.”
- Information provided by applicant in Tab 4:
 - A. “It is anticipated that Praxair’s proposed new plant will be connected to Praxair’s hydrogen pipeline network that runs from Lake Charles, LA to Freeport, TX. Products from this plant will be distributed via pipelines to Praxair’s hydrogen customers throughout the Gulf Coast pipeline system. Praxair is considering alternate locations in Louisiana from which to serve these customers in the pipeline network.”
- Per Comptroller research:
 - A. Per the Praxair, Inc website they state they are the “leading industrial gas producer in the Americas. [Their] products include atmospheric, process and specialty gases, and related services and technologies.”

- B. On January 16, 2018 Dan Yankowski, Praxair's president of Global Hydrogen stated "Praxair is committed to being the preferred hydrogen provider in the Gulf Coast, and we are pleased to extend and expand our long-term agreement with Motiva."
- C. On November 7, 2018 Praxair announced that it had started construction on a new hydrogen plant in La Porte Texas. This plant would be integrated with Praxair's 350-mile gulf coast hydrogen pipeline network and storage cavern.
- D. On November 9, 2018 *Gasworld* reported that Praxair will extend its 310-mile US Gulf Coast H2 pipeline system, which currently runs from Texas to Louisiana. Praxair will also build a Steam Methane Reformer (SMR) which will meet Phillip's Sweeny Refinery H2 demands. Dan Yankowski stated "we are proud that world-class refiner Phillips 66 has chosen Paxair to be their H2 supplier at Sweeny," reciprocally Bob Herman, the Executive Vice-President of Phillips 66, stated "Praxair is an existing supplier for many of our refineries...[the] ability to develop a reliable and cost-effective supply solution at Sweeny Refinery contributed to our recent decision on H2 supply." The agreement with Phillips 66 has positioned Praxair "to supply H2 to the refineries located on the upper-Texas Gulf Coast."

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.

Praxair is a Fortune 500 company headquartered in Danbury, Connecticut. The company employs over 27,000 people worldwide and has key locations in Connecticut, Illinois, Indiana, New York, Texas, Georgia, Iowa, and California. It is a leading industrial gas producer in the Americas. Praxair products include atmospheric, process and specialty gases and related services and technologies. Having diverse sources of industrial gases helps attract other businesses that rely on such products; supply of industrial gases is a critical utility for many businesses. We expect to sell to liquid customers too, including medical grade oxygen for hospitals, carbon dioxide for beverages, especially the growing craft beer movement in Texas and liquid nitrogen for food safety and fire suppression (among other uses). Oil and fracking also require significant industrial gasses. Today, Praxair serves approximately 25 industries as diverse as healthcare and petroleum refining: computer-chip manufacturing and beverage carbonation; fiber-optics and steel making; aerospace, chemicals and water treatment.

Praxair's pipeline complex allows it to have options for our investments. A variety of factors are considered in selecting site location, including the local pool of available skilled workers, costs for natural gas and ease of doing business as it relates to permitting and incentives to reduce risk in investments. We are evaluating Louisiana and Texas for our current investment options.

The applicant requires this appraised value limitation in order to move forward with the development of the project. Without this appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the project to compete for global customers against similar projects operated by competitors of Praxair in the U.S. and around the world. Without this appraised value limitation Praxair would have to strongly consider making this investment at another site outside of Texas. Approval of this Value limitation application allows us to extend our relationships in Texas and be a contributor to the state's economic growth story.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

TAB 4

Detailed Description of the Project

Provide 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.

Praxair Inc. proposes to construct a new hydrogen production complex consisting of a new world scale steam methane reformer (SMR) and hydrogen compression station for the production and delivery of hydrogen and steam for customers in the Gulf Coast area. The feedstock for the SMR is natural gas, with the steam sent by pipeline to the adjacent refinery or chemicals complex, and hydrogen sent to numerous customers in Praxair's Texas and Louisiana hydrogen pipeline system.

If approved, the proposed hydrogen production complex will be constructed south of the P66 Sweeny Refinery east of County Road 359 and south of Damon Black Ferry Road. The proposed hydrogen production complex would reside on what is now vacant land owned by the refinery. Construction is anticipated to begin in 3Q 2019 with commencement of commercial operations in March of 2021.

It is anticipated that Praxair's proposed new plant will be connected to Praxair's hydrogen pipeline network that runs from Lake Charles, LA to Freeport, TX. Products from this plant will be distributed via pipelines to Praxair's hydrogen customers throughout the Gulf Coast pipeline system. Praxair is considering alternate locations in Louisiana from which to serve these customers in the pipeline network.

Below is a list of the major equipment comprising the complex:

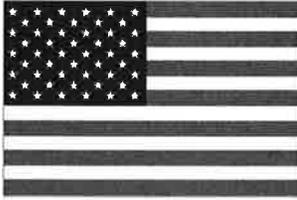
- Fired heater
- Burners
- HRSG (Heat Recovery and Steam Generation) System
- SCR (Selective Catalytic Reduction) Unit
- PSA (Pressure Swing Adsorption) Unit
- Refractory
- Reactor vessels
- Compressors
- Heat exchangers
- Pumps
- Separators
- Cooling tower
- Boilers
- Electrical transformers
- Switchgear

- Instrumentation equipment
- Control equipment
- Piping

Additional infrastructure to support this property will include:

- Site development/roads
- Utility piping, electrical substation, control building

United States



Websites

English:

www.praxair.com

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Praxair, Inc.

Praxair is headquartered in the United States and is a leading industrial gas producer in the Americas. Our products include atmospheric, process and specialty gases, and related services and technologies. Industrial and packaged gases bring quality, efficiency and environmental benefits to a wide variety of customers in many industries.

Among the gases we supply are argon, carbon dioxide, oxygen, helium, hydrogen and nitrogen. In the United States, key and growing customer segments for Praxair include energy, oil and gas, metals, manufacturing, food and beverage, environmental, and welding and construction. Praxair Surface Technologies applies metallic and ceramic coatings and powders to metal surfaces in order to resist wear, high temperatures and corrosion. Through its U.S. stores, cylinder-filling plants, warehouses and its many independent distributor channels, Praxair Distribution, Inc. is a direct channel for welding, cutting, specialty and medical gases in cylinders, small cryogenic containers and mini-bulk. We also sell hardgoods and offer technical expertise.

The company was founded in the United States in 1907 — the first company in North America to commercialize cryogenically separated oxygen. Key locations include Danbury, CT; Burr Ridge, IL; Indianapolis, IN; Houston, TX; Tonawanda, NY; Atlanta, GA; Ankeny, IA and San Ramon, CA. The U.S. business operates as part of Praxair North America, the largest of the global business organizations with over 10,000 employees.

Subsidiary companies

www.praxairsurfacetechologies.com



Praxair Expands Hydrogen Supply to Motiva Port Arthur, Texas Refinery

PRAXAIR EXPANDS HYDROGEN SUPPLY TO MOTIVA PORT ARTHUR, TEXAS REFINERY

January 16, 2018

DANBURY, Conn., – January 16, 2018 – Praxair, Inc. (NYSE:PX) has expanded its long-term hydrogen supply agreement with Motiva Enterprises LLC. Under this new agreement, Praxair will increase the amount of hydrogen it supplies to Motiva's approximately 600,000 barrel per day refinery in Port Arthur, Texas. Motiva completed a hydrocracker and diesel hydrotreater capacity expansion in 2016, and this agreement secures the additional hydrogen required to support that expansion, as well as the ongoing needs of the refinery.

Hydrogen is used by refiners to produce ultra-low sulfur diesel and other clean transportation fuels. Demand for these fuels continues to increase as companies comply with stricter environmental regulations and standards. Praxair began delivering hydrogen to the refinery in 1992 as one of the first customers on its gas hydrogen pipeline system. Since that time, Praxair's system and capabilities have grown significantly and the refinery itself has undergone several expansions and it is now North America's largest.

"Praxair is committed to being the preferred hydrogen provider in the Gulf Coast, and we are pleased to extend and expand our long-term agreement with Motiva," said Dan Yankowski, Praxair's president of Global Hydrogen. "Due to our record of safe and reliable supply, over many years we've enjoyed a mutually-beneficial commercial relationship with Motiva, and we look forward to continuing to meet the growing needs of their world-scale refinery."

About Praxair

Praxair, Inc. is a leading industrial gas company in North and South America and one of the largest worldwide. With market capitalization of approximately \$40 billion and 2016 sales of \$11 billion, the company employs over 26,000 people globally and has been named to the Dow Jones® World Sustainability Index for 15 consecutive years. Praxair produces, sells and distributes atmospheric, process and specialty gases, and high-performance surface coatings. Our products, services and technologies are *making our planet more productive* by bringing efficiency and environmental benefits to a wide variety of industries, including aerospace, chemicals, food and beverage, electronics, energy, healthcare, manufacturing, primary metals and many others. For more information about the company, please visit our website at www.praxair.com.

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Praxair to Build New Liquid Hydrogen Plant in La Porte Texas

PRAXAIR TO BUILD NEW LIQUID HYDROGEN PLANT IN LA PORTE, TEXAS

November 07, 2018

DANBURY, Conn., November 7, 2018 – Praxair, Inc., a wholly-owned subsidiary of Linde plc (NYSE:LIN; FWB:LIN), the leading global producer of liquid hydrogen, today announced that it has commenced construction of its fifth liquid hydrogen plant in the U.S., adding geographic and source diversification. The new investment in La Porte, Texas, is in response to growing demand from customers in sectors such as material handling, aerospace, manufacturing, metals, energy and electronics.

Praxair's new plant, scheduled to start up in 2021, will produce over 30 tons per day of high purity liquid hydrogen. It will be integrated with the recently constructed air separation plant in La Porte, resulting in energy and capital cost savings. The new plant will complement Praxair's existing liquid hydrogen plants in California, Alabama, Indiana and New York and will enhance supply reliability.

Praxair operates over 50 hydrogen generation plants and six pipeline networks globally. The La Porte hydrogen liquefier will be integrated with Praxair's 350-mile gulf coast hydrogen pipeline network and storage cavern.

About Praxair

Praxair, Inc., a wholly-owned subsidiary of Linde plc, is a leading industrial gas company in North and South America and one of the largest worldwide. With market capitalization of approximately \$40 billion and 2017 sales of \$11 billion, the company employs over 26,000 people globally and has been named to the Dow Jones® World Sustainability Index for 16 consecutive years. Praxair produces, sells and distributes atmospheric, process and specialty gases, and high-performance surface coatings. Our products, services and technologies are *making our planet more productive* by bringing efficiency and environmental benefits to a wide variety of industries, including aerospace, chemicals, food and beverage, electronics, energy, healthcare, manufacturing, primary metals and many others. For more information about the company, please visit our website at www.praxair.com.

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Contact

Praxair signs new long-term hydrogen supply agreement for Phillips 66 Sweeny Refinery

By Joanna Sampson | 9 November 2018

Praxair, Inc., a wholly-owned subsidiary of Linde plc, has reached an agreement with Phillips 66 to supply high-purity hydrogen (H₂) to the company's Sweeny Refinery located in Old Ocean, Texas, starting in early 2021.

Praxair will extend its 310-mile US Gulf Coast H₂ pipeline system, which currently runs from Freeport, Texas to Lake Charles, Louisiana, to connect with the Sweeny Refinery.

The Tier One corporation will also build, own and operate a new world-scale steam methane reformer (SMR) that will connect to the pipeline system at a location still to be determined.

The new SMR will supply Phillips Sweeny Refinery, as well as meet the H₂ demands of new customers.

Upon expected completion in early 2021, this will be the largest H₂ production unit in the US. The unit, which will have a state-of-the-art process design, will increase Praxair's Gulf Coast H₂ capacity to more than 1.5 billion cubic feet per day.

Dan Yankowski, President, Global Hydrogen and Carbon Monoxide, Praxair, said, "We are proud that world-class refiner Phillips 66 has chosen Praxair to be their H₂ supplier at Sweeny. We are committed to providing our customers with supply reliability over the long-term."

"Praxair understands that H₂ is a critical requirement for our customers, and our robust H₂ supply system, backed by multiple supply sources and an innovative high-purity H₂ storage cavern, gives us a unique capability to meet that need."

"Praxair is an existing supplier for many of our refineries," said Bob Herman, Executive Vice-President, Refining at Phillips 66. "Praxair's ability to develop a reliable and cost-effective supply solution at Sweeny Refinery contributed to our recent decision on H₂ supply."

With this new Phillips 66 agreement, Praxair is now uniquely positioned to supply H₂ to the refineries located on the upper-Texas Gulf Coast.

