

**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

April 17, 2020

AMENDED CERTIFICATION

Dr. Greg Poole
Superintendent
Barbers Hill Independent School District
PO Box 1108
Mont Belvieu, Texas 77580-1108

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Barbers Hill Independent School District and Lone Star NGL Asset Holdings II, LLC, Application 1298

Dear Superintendent Poole:

This application (Application 1298) was originally submitted on September 24, 2018, to the Barbers Hill Independent School District (school district) by Lone Star NGL Asset Holdings II, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On October 13, 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 January 16, 2019. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on June 24, 2019.

On February 19, 2020, Comptroller received an amendment to the agreement to revise the description of the project and increase 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 by December 31, 2020.

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,

DocuSigned by:

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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 Lone Star NGL Asset Holdings II, LLC (project) applying to Barbers Hill Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Lone Star NGL Asset Holdings II, LLC.

	Original	Amendment No. 1
Applicant	Lone Star NGL Asset Holdings II, LLC	Lone Star NGL Asset Holdings II, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing	Manufacturing
School District	Barbers Hill ISD	Barbers Hill ISD
2018-2019 Average Daily Attendance	5,117	5,430
County	Chambers	Chambers
Proposed Total Investment in District	\$265,000,000	\$335,000,000
Proposed Qualified Investment	\$265,000,000	\$335,000,000
Limitation Amount	\$80,000,000	\$80,000,000
Qualifying Time Period (Full Years)	2020-2021	2020-2021
Number of new qualifying jobs committed to by applicant	12*	12*
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,274	\$1,274
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$66,222	\$66,222
Minimum annual wage committed to by applicant for qualified jobs	\$66,222	\$66,222
Minimum weekly wage required for non-qualifying jobs	\$1,191	\$1,191
Minimum annual wage required for non-qualifying jobs	\$61,920	\$61,920
Investment per Qualifying Job	\$22,083,333	\$27,916,667
Estimated M&O levy without any limit (15 years)	\$30,337,200	\$37,154,700
Estimated M&O levy with Limitation (15 years)	\$15,783,400	\$17,879,400
Estimated gross M&O tax benefit (15 years)	\$14,553,800	\$19,275,300

* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).

Table 2 is the estimated statewide economic impact of Lone Star NGL Asset Holdings II, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	300	431	731	\$19,866,660	\$36,133,340	\$56,000,000
2020	312	496	808	\$20,661,326	\$45,338,674	\$66,000,000
2021	12	106	118	\$794,666	\$14,205,334	\$15,000,000
2022	12	68	80	\$794,666	\$11,205,334	\$12,000,000
2023	12	36	48	\$794,666	\$7,205,334	\$8,000,000
2024	12	22	34	\$794,666	\$5,205,334	\$6,000,000
2025	12	19	31	\$794,666	\$5,205,334	\$6,000,000
2026	12	22	34	\$794,666	\$5,205,334	\$6,000,000
2027	12	29	41	\$794,666	\$5,205,334	\$6,000,000
2028	12	36	48	\$794,666	\$6,205,334	\$7,000,000
2029	12	43	55	\$794,666	\$7,205,334	\$8,000,000
2030	12	49	61	\$794,666	\$7,205,334	\$8,000,000
2031	12	50	62	\$794,666	\$8,205,334	\$9,000,000
2032	12	53	65	\$794,666	\$8,205,334	\$9,000,000
2033	12	55	67	\$794,666	\$9,205,334	\$10,000,000
2034	12	56	68	\$794,666	\$9,205,334	\$10,000,000

Source: CPA REMI, Lone Star NGL Asset Holdings II, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	Estimated Total Property Taxes
			0.2698	0.2698	0.9900		0.5425	
2020	\$135,000,000	\$135,000,000		\$364,230	\$1,336,500	\$1,700,730	\$732,440	\$2,433,170
2021	\$335,000,000	\$335,000,000		\$903,830	\$3,316,500	\$4,220,330	\$1,817,536	\$6,037,866
2022	\$321,600,000	\$321,600,000		\$867,677	\$3,183,840	\$4,051,517	\$1,744,834	\$5,796,351
2023	\$308,200,000	\$308,200,000		\$831,524	\$3,051,180	\$3,882,704	\$1,672,133	\$5,554,837
2024	\$294,800,000	\$294,800,000		\$795,370	\$2,918,520	\$3,713,890	\$1,599,432	\$5,313,322
2025	\$281,400,000	\$281,400,000		\$759,217	\$2,785,860	\$3,545,077	\$1,526,730	\$5,071,807
2026	\$268,000,000	\$268,000,000		\$723,064	\$2,653,200	\$3,376,264	\$1,454,029	\$4,830,293
2027	\$254,600,000	\$254,600,000		\$686,911	\$2,520,540	\$3,207,451	\$1,381,327	\$4,588,778
2028	\$241,200,000	\$241,200,000		\$650,758	\$2,387,880	\$3,038,638	\$1,308,626	\$4,347,263
2029	\$227,800,000	\$227,800,000		\$614,604	\$2,255,220	\$2,869,824	\$1,235,924	\$4,105,749
2030	\$214,400,000	\$214,400,000		\$578,451	\$2,122,560	\$2,701,011	\$1,163,223	\$3,864,234
2031	\$201,000,000	\$201,000,000		\$542,298	\$1,989,900	\$2,532,198	\$1,090,521	\$3,622,719
2032	\$187,600,000	\$187,600,000		\$506,145	\$1,857,240	\$2,363,385	\$1,017,820	\$3,381,205
2033	\$174,200,000	\$174,200,000		\$469,992	\$1,724,580	\$2,194,572	\$945,119	\$3,139,690
2034	\$160,800,000	\$160,800,000		\$433,838	\$1,591,920	\$2,025,758	\$872,417	\$2,898,176
2035	\$147,400,000	\$147,400,000		\$397,685	\$1,459,260	\$1,856,945	\$799,716	\$2,656,661
			Total	\$10,125,594	\$37,154,700	\$47,280,294	\$20,361,826	\$67,642,120

Source: CPA, Lone Star NGL Asset Holdings II, 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		Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2698	0.9900		0.5425	
2020	\$135,000,000	\$135,000,000		\$364,230	\$1,336,500	\$1,700,730	\$732,440	\$2,433,170
2021	\$335,000,000	\$80,000,000		\$903,830	\$792,000	\$1,695,830	\$908,768	\$2,604,598
2022	\$321,600,000	\$80,000,000		\$867,677	\$792,000	\$1,659,677	\$872,417	\$2,532,094
2023	\$308,200,000	\$80,000,000		\$831,524	\$792,000	\$1,623,524	\$836,066	\$2,459,590
2024	\$294,800,000	\$80,000,000		\$795,370	\$792,000	\$1,587,370	\$799,716	\$2,387,086
2025	\$281,400,000	\$80,000,000		\$759,217	\$792,000	\$1,551,217	\$763,365	\$2,314,582
2026	\$268,000,000	\$80,000,000		\$723,064	\$792,000	\$1,515,064	\$727,014	\$2,242,078
2027	\$254,600,000	\$80,000,000		\$686,911	\$792,000	\$1,478,911	\$690,664	\$2,169,574
2028	\$241,200,000	\$80,000,000		\$650,758	\$792,000	\$1,442,758	\$654,313	\$2,097,070
2029	\$227,800,000	\$80,000,000		\$614,604	\$792,000	\$1,406,604	\$617,962	\$2,024,567
2030	\$214,400,000	\$80,000,000		\$578,451	\$792,000	\$1,370,451	\$581,611	\$1,952,063
2031	\$201,000,000	\$201,000,000		\$542,298	\$1,989,900	\$2,532,198	\$1,090,521	\$3,622,719
2032	\$187,600,000	\$187,600,000		\$506,145	\$1,857,240	\$2,363,385	\$1,017,820	\$3,381,205
2033	\$174,200,000	\$174,200,000		\$469,992	\$1,724,580	\$2,194,572	\$945,119	\$3,139,690
2034	\$160,800,000	\$160,800,000		\$433,838	\$1,591,920	\$2,025,758	\$872,417	\$2,898,176
2035	\$147,400,000	\$147,400,000		\$397,685	\$1,459,260	\$1,856,945	\$799,716	\$2,656,661
			Total	\$10,125,594	\$17,879,400	\$28,004,994	\$12,909,930	\$40,914,924
			Diff	\$0	\$19,275,300	\$19,275,300	\$7,451,897	\$26,727,197
Assumes School Value Limitation and Tax Abatements with the County.								

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
	2020	\$1,336,500	\$1,336,500	\$0	\$0
Limitation Period (10 Years)	2021	\$792,000	\$2,128,500	\$2,524,500	\$2,524,500
	2022	\$792,000	\$2,920,500	\$2,391,840	\$4,916,340
	2023	\$792,000	\$3,712,500	\$2,259,180	\$7,175,520
	2024	\$792,000	\$4,504,500	\$2,126,520	\$9,302,040
	2025	\$792,000	\$5,296,500	\$1,993,860	\$11,295,900
	2026	\$792,000	\$6,088,500	\$1,861,200	\$13,157,100
	2027	\$792,000	\$6,880,500	\$1,728,540	\$14,885,640
	2028	\$792,000	\$7,672,500	\$1,595,880	\$16,481,520
	2029	\$792,000	\$8,464,500	\$1,463,220	\$17,944,740
	2030	\$792,000	\$9,256,500	\$1,330,560	\$19,275,300
Maintain Viable Presence (5 Years)	2031	\$1,989,900	\$11,246,400	\$0	\$19,275,300
	2032	\$1,857,240	\$13,103,640	\$0	\$19,275,300
	2033	\$1,724,580	\$14,828,220	\$0	\$19,275,300
	2034	\$1,591,920	\$16,420,140	\$0	\$19,275,300
	2035	\$1,459,260	\$17,879,400	\$0	\$19,275,300
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	\$1,326,600	\$19,206,000	\$0	\$19,275,300
	2037	\$1,193,940	\$20,399,940	\$0	\$19,275,300
	2038	\$1,061,280	\$21,461,220	\$0	\$19,275,300
	2039	\$928,620	\$22,389,840	\$0	\$19,275,300
	2040	\$795,960	\$23,185,800	\$0	\$19,275,300
	2041	\$663,300	\$23,849,100	\$0	\$19,275,300
	2042	\$663,300	\$24,512,400	\$0	\$19,275,300
	2043	\$663,300	\$25,175,700	\$0	\$19,275,300
	2044	\$663,300	\$25,839,000	\$0	\$19,275,300
	2045	\$663,300	\$26,502,300	\$0	\$19,275,300
		\$26,502,300	is greater than	\$19,275,300	
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, Lone Star NGL Asset Holdings II, 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.