



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

January 29, 2019

Dr. Marshall Scott
Superintendent
Bay City ISD
520 7th Street
Bay City, Texas 77414

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Bay City Independent School District and Air Liquide Large Industries US LP, Application 1308

Dear Superintendent Scott:

On December 4, 2018, the Comptroller issued written notice that Air Liquide Large Industries US LP (applicant) submitted a completed application (Application 1308) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on October 15, 2018, to the Bay City 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 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 1308.

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 December 4, 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 Air Liquide Large Industries US LP (project) applying to Bay City 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 Air Liquide Large Industries US LP.

Applicant	Air Liquide Large Industries US LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Bay City ISD
2017-2018 Average Daily Attendance	3,230
County	Matagorda
Proposed Total Investment in District	\$107,000,000
Proposed Qualified Investment	\$107,000,000
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	\$1,274.04
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,273.50
Minimum annual wage committed to by applicant for qualified jobs	\$66,250
Minimum weekly wage required for non-qualifying jobs	\$1,055
Minimum annual wage required for non-qualifying jobs	\$54,860
Investment per Qualifying Job	\$10,700,000
Estimated M&O levy without any limit (15 years)	\$12,691,006
Estimated M&O levy with Limitation (15 years)	\$6,773,414
Estimated gross M&O tax benefit (15 years)	\$5,917,592

Table 2 is the estimated statewide economic impact of Air Liquide Large Industries US LP (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	150	265	415	\$8,640,000	\$27,030,000	\$35,670,000
2020	250	453	703.09	\$14,400,000	\$49,660,000	\$64,060,000
2021	10	98	108	\$662,500	\$13,417,500	\$14,080,000
2022	10	65	75	\$662,500	\$10,347,500	\$11,010,000
2023	10	36	46	\$662,500	\$7,707,500	\$8,370,000
2024	10	22	32	\$662,500	\$6,167,500	\$6,830,000
2025	10	19	29	\$662,500	\$5,567,500	\$6,230,000
2026	10	21	31	\$662,500	\$5,547,500	\$6,210,000
2027	10	26	36	\$662,500	\$5,917,500	\$6,580,000
2028	10	32	42	\$662,500	\$6,537,500	\$7,200,000
2029	10	38	48	\$662,500	\$7,267,500	\$7,930,000
2030	10	43	53	\$662,500	\$8,047,500	\$8,710,000
2031	10	46	56	\$662,500	\$8,707,500	\$9,370,000
2032	10	49	59	\$662,500	\$9,387,500	\$10,050,000
2033	10	51	61	\$662,500	\$10,017,500	\$10,680,000

Source: CPA REMI, Air Liquide Large Industries US LP

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*	Bay City ISD I&S Tax Levy	Bay City ISD M&O Tax Levy	Bay City M&O and I&S Tax Levies	Matagorda County Tax Levy	Matagorda County Hospital District Tax Levy	Coastal Plains Groundwater Cons District Tax Levy	Port of Bay City Tax Levy	Estimated Total Property Taxes
2020	\$15,000,000	\$15,000,000	0.2897	\$43,452	\$172,100	\$215,552	\$62,997	\$46,905	\$749	\$7,284	\$333,486
2021	\$101,650,000	\$101,650,000		\$294,460	\$1,166,261	\$1,460,721	\$426,910	\$317,860	\$5,072	\$49,361	\$2,259,923
2022	\$96,567,500	\$96,567,500		\$279,737	\$1,107,948	\$1,387,685	\$405,564	\$301,967	\$4,819	\$46,893	\$2,146,927
2023	\$91,739,600	\$91,739,600		\$265,751	\$1,052,556	\$1,318,307	\$385,288	\$286,870	\$4,578	\$44,549	\$2,039,591
2024	\$87,153,000	\$87,153,000		\$252,465	\$999,933	\$1,252,397	\$366,025	\$272,527	\$4,349	\$42,321	\$1,937,620
2025	\$82,795,350	\$82,795,350		\$239,842	\$949,936	\$1,189,777	\$347,724	\$258,901	\$4,131	\$40,205	\$1,840,739
2026	\$78,655,250	\$78,655,250		\$227,849	\$902,435	\$1,130,284	\$330,336	\$245,955	\$3,925	\$38,195	\$1,748,695
2027	\$74,722,250	\$74,722,250		\$216,455	\$857,311	\$1,073,766	\$313,819	\$233,656	\$3,729	\$36,285	\$1,661,255
2028	\$70,985,900	\$70,985,900		\$205,632	\$814,443	\$1,020,074	\$298,127	\$221,973	\$3,542	\$34,471	\$1,578,187
2029	\$67,436,700	\$67,436,700		\$195,351	\$773,721	\$969,072	\$283,221	\$210,875	\$3,365	\$32,747	\$1,499,280
2030	\$64,065,150	\$64,065,150		\$185,584	\$735,039	\$920,623	\$269,061	\$200,332	\$3,197	\$31,110	\$1,424,322
2031	\$60,861,750	\$60,861,750		\$176,304	\$698,285	\$874,589	\$255,607	\$190,315	\$3,037	\$29,554	\$1,353,103
2032	\$57,818,900	\$57,818,900		\$167,490	\$663,374	\$830,863	\$242,828	\$180,800	\$2,885	\$28,077	\$1,285,453
2033	\$54,928,050	\$54,928,050		\$159,116	\$630,206	\$789,322	\$230,687	\$171,760	\$2,741	\$26,673	\$1,221,182
2034	\$52,181,600	\$52,181,600		\$151,160	\$598,695	\$749,855	\$219,152	\$163,172	\$2,604	\$25,339	\$1,160,122
2035	\$49,572,900	\$49,572,900		\$143,603	\$568,765	\$712,368	\$208,196	\$155,014	\$2,474	\$24,073	\$1,102,125
			Total	\$3,204,249	\$12,691,006	\$15,895,255	\$4,645,541	\$3,458,881	\$55,196	\$537,139	\$24,592,011

Source: CPA, Air Liquide Large Industries US LP

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Matagorda 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 and hospital district.

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*	Bay City ISD I&S Tax Levy	Bay City ISD M&O Tax Levy	Bay City M&O and I&S Tax Levies	Matagorda County Tax Levy	Matagorda County Hospital District Tax Levy	Coastal Plains Groundwater Cons District Tax Levy	Port of Bay City Tax Levy	Estimated Total Property Taxes
2020	\$15,000,000	\$15,000,000	0.2897	\$43,452	\$172,100	\$215,552	\$62,997	\$46,905	\$749	\$7,284	\$325,454
2021	\$101,650,000	\$30,000,000		\$294,460	\$344,199	\$638,659	\$0	\$0	\$5,072	\$49,361	\$638,659
2022	\$96,567,500	\$30,000,000		\$279,737	\$344,199	\$623,936	\$60,835	\$45,295	\$4,819	\$46,893	\$730,065
2023	\$91,739,600	\$30,000,000		\$265,751	\$344,199	\$609,950	\$96,322	\$71,717	\$4,578	\$44,549	\$777,990
2024	\$87,153,000	\$30,000,000		\$252,465	\$344,199	\$596,664	\$128,109	\$95,385	\$4,349	\$42,321	\$820,157
2025	\$82,795,350	\$30,000,000		\$239,842	\$344,199	\$584,041	\$156,476	\$116,505	\$4,131	\$40,205	\$857,022
2026	\$78,655,250	\$30,000,000		\$227,849	\$344,199	\$572,048	\$330,336	\$245,955	\$3,925	\$38,195	\$1,148,339
2027	\$74,722,250	\$30,000,000		\$216,455	\$344,199	\$560,654	\$313,819	\$233,656	\$3,729	\$36,285	\$1,108,129
2028	\$70,985,900	\$30,000,000		\$205,632	\$344,199	\$549,831	\$298,127	\$221,973	\$3,542	\$34,471	\$1,069,930
2029	\$67,436,700	\$30,000,000		\$195,351	\$344,199	\$539,550	\$283,221	\$210,875	\$3,365	\$32,747	\$1,033,645
2030	\$64,065,150	\$30,000,000		\$185,584	\$344,199	\$529,783	\$269,061	\$200,332	\$3,197	\$31,110	\$999,175
2031	\$60,861,750	\$60,861,750		\$176,304	\$698,285	\$874,589	\$255,607	\$190,315	\$3,037	\$29,554	\$1,320,511
2032	\$57,818,900	\$57,818,900		\$167,490	\$663,374	\$830,863	\$242,828	\$180,800	\$2,885	\$28,077	\$1,254,491
2033	\$54,928,050	\$54,928,050		\$159,116	\$630,206	\$789,322	\$230,687	\$171,760	\$2,741	\$26,673	\$1,191,768
2034	\$52,181,600	\$52,181,600		\$151,160	\$598,695	\$749,855	\$219,152	\$163,172	\$2,604	\$25,339	\$1,132,179
2035	\$49,572,900	\$49,572,900		\$143,603	\$568,765	\$712,368	\$208,196	\$155,014	\$2,474	\$24,073	\$1,075,578
			Total	\$3,204,249	\$6,773,414	\$9,977,663	\$3,155,771	\$2,349,659	\$55,196	\$537,139	\$15,483,093
			Diff	\$0	\$5,917,592	\$5,917,592	\$1,489,770	\$1,109,222	\$0	\$0	\$9,108,918

Source: CPA, Air Liquide Large Industries US LP

*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 Air Liquide Large Industries US LP (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	\$172,100	\$172,100	\$0	\$0
Limitation Period (10 Years)	2021	\$344,199	\$516,299	\$822,062	\$822,062
	2022	\$344,199	\$860,498	\$763,749	\$1,585,811
	2023	\$344,199	\$1,204,697	\$708,357	\$2,294,168
	2024	\$344,199	\$1,548,896	\$655,734	\$2,949,901
	2025	\$344,199	\$1,893,095	\$605,737	\$3,555,638
	2026	\$344,199	\$2,237,294	\$558,236	\$4,113,874
	2027	\$344,199	\$2,581,493	\$513,112	\$4,626,986
	2028	\$344,199	\$2,925,692	\$470,244	\$5,097,230
	2029	\$344,199	\$3,269,891	\$429,522	\$5,526,752
	2030	\$344,199	\$3,614,090	\$390,840	\$5,917,592
Maintain Viable Presence (5 Years)	2031	\$698,285	\$4,312,375	\$0	\$5,917,592
	2032	\$663,374	\$4,975,748	\$0	\$5,917,592
	2033	\$630,206	\$5,605,954	\$0	\$5,917,592
	2034	\$598,695	\$6,204,649	\$0	\$5,917,592
	2035	\$568,765	\$6,773,414	\$0	\$5,917,592
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	\$540,328	\$7,313,742	\$0	\$5,917,592
	2037	\$513,307	\$7,827,049	\$0	\$5,917,592
	2038	\$487,639	\$8,314,688	\$0	\$5,917,592
	2039	\$463,256	\$8,777,944	\$0	\$5,917,592
	2040	\$440,095	\$9,218,039	\$0	\$5,917,592
	2041	\$418,088	\$9,636,127	\$0	\$5,917,592
	2042	\$397,183	\$10,033,310	\$0	\$5,917,592
	2043	\$377,324	\$10,410,633	\$0	\$5,917,592
	2044	\$358,456	\$10,769,089	\$0	\$5,917,592
	2045	\$340,537	\$11,109,627	\$0	\$5,917,592

\$11,109,627

is greater than

\$5,917,592

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, Air Liquide Large Industries US LP

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 Air Liquide Industries US LP’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 Air Liquide Industries US LP in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Air Liquide’s Large Industries World Business Line (WBL) provides gases to customers in the refining, chemicals, energy and metallurgical industries”
 - B. “The WBL has established its presence around the world through its design and installation of more than 400 air separation units (ASUs), some 100 hydrogen production plants (of which 38 are major units) and 18 cogeneration units.”
 - C. “This presence is strengthened by the Group’s vast pipeline network, which allows Air Liquide to meet the air gas and hydrogen requirements of major customers in some of the world’s largest industrial basins, in the United States, Europe and Asia. This project can be built and installed anywhere on their Gulf Coast pipeline network that runs from Corpus Christi, TX to Lake Charles, LA.”
 - D. “The applicant requires this appraised value limitation in order to move forward with the development of the project.”
 - E. “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 Air Liquide in the U.S. and around the world.”
 - F. “Without this appraised value limitation Air Liquide would have to strongly consider making this investment at another site.”
- A November 8, 2018 *Bay City Sentinel* article states that the “tax abatement reinvestment zone for Air Liquide’s proposed \$107 million production plant was unanimously approved by Matagorda County Commissioners Court Monday, Nov. 5.

- On January 10, 2019 the Comptroller asked for clarification regarding the industrial gas pipelines referenced in Tab 4 and if there were any planned, pending or finalized business arrangements with the nearby Oxea facility. The applicant provided the following information on January 15, 2019: "The proposed plant would fractionate atmospheric air into industrial gases including argon, oxygen and nitrogen. Air Liquide currently has a system of industrial gas pipelines that carries those specific products to customers along the gulf coast. There are no natural gas or petroleum products created in this process and the reference to gas customers in the language in Tab 4 is meant to be industrial gas customers. The Value Limitation being sought in this will help to balance out the additional transportation costs that would be associated with delivering to customers from a plant located at either end of their industrial gas pipeline system. There is the potential for utilizing a shared power transformer with the OXEA plant but that sharing does not currently exist and would be subject to the facility being approved and constructed at the proposed location

OXEA has been a longstanding Air Liquide customer and has utilized industrial gas products delivered by Air Liquide through the existing industrial gas pipeline that runs near the OXEA plant. At the time the Application was submitted there were no contracts in place and to date there have been no planned, pending or finalized agreements with the OXEA facility relative to taking product from this facility. There is a possibility for a minor expense sharing for power equipment/share transformer if the plant is built in Bay City with Oxea."

- Attached Railroad Commission of Texas Public GIS Viewer map depicting Natural Gas pipelines.

Supporting Information

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

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

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? Yes No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? Yes No
3. Does the applicant have current business activities at the location where the proposed project will occur? Yes No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? Yes No
5. Has the applicant received any local or state permits for activities on the proposed project site? Yes No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
7. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

**Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value**

TAB 5

1308-baycityisd-airliquidelargeindustriesuslp-supplement01
January 9, 2019

Documentation to assist in determining if limitation is a determining factor.

The world leader in gases, technologies and services for industry and Health, air Liquide is present in 80 countries serving over 3.5 million customers. Oxygen, nitrogen and hydrogen are essential small molecules for life, matter and energy and have been at the core of the company's activities since its creation in 1902.

Air Liquide's Large Industries World Business Line (WBL) provides gases to customers in the refining, chemicals, energy and metallurgical industries . These gases are vital to the production processes of customers in such industries. The Group's gas and energy solutions enable businesses to reconcile optimal productivity with respect for the environment. Air Liquide is the undisputed world leader in this sector. The Large Industries WBL is representative both of Air Liquide's historic expertise and of the technologies of the future. The WBL has established its presence around the world through its design and installation of more than 400 air separation units (ASUs), some 100 hydrogen production plants (of which 38 are major units) and 18 cogeneration units.

This presence is strengthened by the Group's vast pipeline network, which allows Air Liquide to meet the air gas and hydrogen requirements of major customers in some of the world's largest industrial basins, in the United States, Europe and Asia. This project can be built and installed anywhere on their Gulf Coast pipeline network that runs from Corpus Christi, TX to Lake Charles, LA.

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 Air Liquide in the U.S. and around the world. Without this appraised value limitation Air Liquide would have to strongly consider making this investment at another site. 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

Bay City Sentinel

Advertise
E-Edition
Forms & Submissions

Independent community news that matters

NEWS

SPORTS

COLUMNS/OPINIONS

LIFESTYLE

HISTORY

OBITUARIES

CLASSIFIED

PUBLIC NOTICES

CONTACT

COUPONS

1. [Home](#) ›
2. [News](#) ›
3. "County OKs reinvestment zone for Air Liquide plant" by: Mike Reddell ›

No one delivers your **LOCAL NEWS** like your **LOCAL NEWSPAPER**



AVAILABLE IN

Print Digital Mobile

SUBSCRIBE TODAY

Nobody Reaches the Audience in Your Own Back Yard like Your Local Paper.



County OKs reinvestment zone for Air Liquide plant" by: Mike Reddell

submitted by Baycity1 on Thu, 11/08/2018 - 3:09pm

The tax abatement reinvestment zone for Air Liquide's proposed \$107 million production plant was unanimously approved by Matagorda County Commissioners Court Monday, Nov. 5.

Noting that Air Liquide's continued negotiations with the Port of Bay City Authority were in place, Precinct 2 Commissioner Kent Pollard voted to approve the reinvestment zone that will be on 20.64 acres near Oxea of FM 3057.

Air Liquide is seeking a five-year tax abatement - 100 percent in 2021 and dropping yearly to 55 percent in Year 5 in 2025 - as part of the reinvestment zone designation.

Air Liquide's proposed manufacturing plant will produce argon, nitrogen and oxygen.

The plant will be near Air Liquide's industrial gas pipelines that run through Matagorda County from Lake Charles, La., to Bishop, Texas.

Construction on the plant is slated to begin in May 2019.

Mike Ferdinand thanked the court for approving the reinvestment zone designation and for working with Air Liquide.

Ferdinand, Matagorda County EDC Executive Director, was accompanied by two Air Liquide representatives.

[read more](#), [please log in or subscribe to our digital edition](#).

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Bay City ISD– Air Liquide Industries US LP App. #1308

Comptroller Questions (via email on January 10, 2019):

1. *Tab 4 states that “It is anticipated that Air Liquide's proposed new plant will be connected to Air Liquide's industrial gas pipelines that run from Lake Charles Louisiana to Bishop, TX south of Corpus Christi. Products from this plant will be distributed via pipelines to Air Liquide's gas customers along these pipelines, by truck to Air Liquide's customers throughout the Texas-Louisiana Gulf Coast and by rail to customers outside this region.” However, the feedstock is listed as “atmospheric air” and the outputs are listed as “argon, oxygen and nitrogen.” Could you please clarify the inclusion of industrial gas pipelines in the description?*
2. *At this time are there any planned, pending or finalized business arrangements or contracts for the proposed ASU with the nearby Oxea facility?*

Applicant Response (via email on January 15, 2019):

1. *The proposed plant would fractionate atmospheric air into industrial gases including argon, oxygen and nitrogen. Air Liquide currently has a system of industrial gas pipelines that carries those specific products to customers along the gulf coast. There are no natural gas or petroleum products created in this process and the reference to gas customers in the language in Tab 4 is meant to be industrial gas customers. The Value Limitation being sought in this will help to balance out the additional transportation costs that would be associated with delivering to customers from a plant located at either end of their industrial gas pipeline system. There is the potential for utilizing a shared power transformer with the OXEA plant but that sharing does not currently exist and would be subject to the facility being approved and constructed at the proposed location.*
2. *OXEA has been a longstanding Air Liquide customer and has utilized industrial gas products delivered by Air Liquide through the existing industrial gas pipeline that runs near the OXEA plant. At the time the Application was submitted there were no contracts in place and to date there have been no planned, pending or finalized agreements with the OXEA facility relative to taking product from this facility.*

There is a possibility for a minor expense sharing for power equipment/share transformer if the plant is built in Bay City with Oxea.

