



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 8, 2019

AMENDED CERTIFICATION

Bobby Fryar  
Superintendent  
Reagan County Independent School District  
1111 12th Street  
Big Lake, Texas 76932

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Reagan County Independent School District and Targa Pipeline Mid-Continent Westtex LLC, Application 1314

Dear Superintendent Fryar:

This application (Application 1314) was originally submitted on November 19, 2018, to the Reagan County Independent School District (school district) by Targa Pipeline Mid-Continent Westtex LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> On February 1, 2019, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a certificate for a limitation on appraised value on March 20, 2019. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on September 23, 2019.

On September 24, 2019, Comptroller received an amendment to the agreement to delay the start of the limitation from January 1, 2020 to January 1, 2021. 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 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)**

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 C.

<sup>1</sup> 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, 2019.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at [will.counihan@cpa.texas.gov](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

### Amended Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Targa Pipeline Mid-Continent Westtexas LLC (project) applying to Reagan County 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 Targa Pipeline Mid-Continent Westtexas LLC.

	<b>Original</b>	<b>Amendment No. 1</b>
Applicant	Targa Pipeline Mid-Continent Westtexas LLC	Targa Pipeline Mid-Continent Westtexas LLC
Tax Code, 313.024 Eligibility Category	Manufacturing	Manufacturing
School District	Reagan County ISD	Reagan County ISD
2017-2018 Average Daily Attendance	752	752
County	Reagan County	Reagan County
Proposed Total Investment in District	\$110,000,000	\$110,000,000
Proposed Qualified Investment	\$110,000,000	\$80,306,433
Limitation Amount	\$30,000,000	\$30,000,000
Qualifying Time Period (Full Years)	2020-2021	2020-2021
Number of new qualifying jobs committed to by applicant	10	10
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	\$865.70	\$865.70
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$865.70	\$865.70
Minimum annual wage committed to by applicant for qualified jobs	\$45,016.40	\$45,016.40
Minimum weekly wage required for non-qualifying jobs	\$1,137.25	\$1,137.25
Minimum annual wage required for non-qualifying jobs	\$59,137	\$59,137
Investment per Qualifying Job	\$11,000,000	\$11,000,000
Estimated M&O levy without any limit (15 years)	\$14,990,250	\$13,053,190
Estimated M&O levy with Limitation (15 years)	\$7,198,016	\$6,648,650
Estimated gross M&O tax benefit (15 years)	\$7,792,234	\$6,404,540

**Table 2** is the estimated statewide economic impact of Targa Pipeline Mid-Continent Westtexas LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	150	248	398	\$6,752,460	\$26,247,540	\$33,000,000
2020	0	22	22	\$0	\$4,000,000	\$4,000,000
2021	10	57	67	\$450,164	\$6,549,836	\$7,000,000
2022	10	48	58	\$450,164	\$6,549,836	\$7,000,000
2023	10	44	54	\$450,164	\$6,549,836	\$7,000,000
2024	10	42	52	\$450,164	\$6,549,836	\$7,000,000
2025	10	42	52	\$450,164	\$6,549,836	\$7,000,000
2026	10	42	52	\$450,164	\$6,549,836	\$7,000,000
2027	10	43	53	\$450,164	\$6,549,836	\$7,000,000
2028	10	44	54	\$450,164	\$7,549,836	\$8,000,000
2029	10	46	56	\$450,164	\$7,549,836	\$8,000,000
2030	10	47	57	\$450,164	\$8,549,836	\$9,000,000
2031	10	47	57	\$450,164	\$8,549,836	\$9,000,000
2032	10	47	57	\$450,164	\$8,549,836	\$9,000,000
2033	10	48	58	\$450,164	\$9,549,836	\$10,000,000

Source: CPA REMI, Targa Pipeline Mid-Continent Westtexas 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*	Reagan County ISD I&S Tax Levy	Reagan County ISD M&O Tax Levy	Reagan County M&O and I&S Tax Levies	Reagan County Tax Levy	Santa Rita Water District Tax Levy	Estimated Total Property Taxes
				<b>0.1200</b>	<b>1.0300</b>		<b>0.5483</b>	<b>0.0056</b>	
2020	\$10,000,000	\$10,000,000		\$12,000	\$103,000	\$115,000	\$54,830	\$560	\$170,390
2021	\$110,000,000	\$110,000,000		\$132,000	\$1,133,000	\$1,265,000	\$603,130	\$6,160	\$1,874,290
2022	\$103,400,000	\$103,400,000		\$124,080	\$1,065,020	\$1,189,100	\$566,942	\$5,790	\$1,761,833
2023	\$100,100,000	\$100,100,000		\$120,120	\$1,031,030	\$1,151,150	\$548,848	\$5,606	\$1,705,604
2024	\$96,800,000	\$96,800,000		\$116,160	\$997,040	\$1,113,200	\$530,754	\$5,421	\$1,649,375
2025	\$93,500,000	\$93,500,000		\$112,200	\$963,050	\$1,075,250	\$512,661	\$5,236	\$1,593,147
2026	\$90,200,000	\$90,200,000		\$108,240	\$929,060	\$1,037,300	\$494,567	\$5,051	\$1,536,918
2027	\$86,900,000	\$86,900,000		\$104,280	\$895,070	\$999,350	\$476,473	\$4,866	\$1,480,689
2028	\$83,600,000	\$83,600,000		\$100,320	\$861,080	\$961,400	\$458,379	\$4,682	\$1,424,460
2029	\$80,300,000	\$80,300,000		\$96,360	\$827,090	\$923,450	\$440,285	\$4,497	\$1,368,232
2030	\$77,000,000	\$77,000,000		\$92,400	\$793,100	\$885,500	\$422,191	\$4,312	\$1,312,003
2031	\$73,700,000	\$73,700,000		\$88,440	\$759,110	\$847,550	\$404,097	\$4,127	\$1,255,774
2032	\$70,400,000	\$70,400,000		\$84,480	\$725,120	\$809,600	\$386,003	\$3,942	\$1,199,546
2033	\$67,100,000	\$67,100,000		\$80,520	\$691,130	\$771,650	\$367,909	\$3,758	\$1,143,317
2034	\$63,800,000	\$63,800,000		\$76,560	\$657,140	\$733,700	\$349,815	\$3,573	\$1,087,088
2035	\$60,500,000	\$60,500,000		\$72,600	\$623,150	\$695,750	\$331,722	\$3,388	\$1,030,860
			<b>Total</b>	<b>\$1,520,760</b>	<b>\$13,053,190</b>	<b>\$14,573,950</b>	<b>\$6,948,606</b>	<b>\$70,969</b>	<b>\$21,593,525</b>

Source: CPA, Targa Pipeline Mid-Continent Westtexas LLC

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Reagan 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		Reagan County ISD I&S Tax Levy	Reagan County ISD M&O Tax Levy	Reagan County M&O and I&S Tax Levies	Reagan County Tax Levy	Santa Rita Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1200	1.0300		0.5483	0.0056	
2020	\$10,000,000	\$10,000,000		\$12,000	\$103,000	\$115,000	\$54,830	\$560	\$170,390
2021	\$110,000,000	\$30,000,000		\$132,000	\$309,000	\$441,000	\$301,565	\$6,160	\$748,725
2022	\$103,400,000	\$30,000,000		\$124,080	\$309,000	\$433,080	\$283,471	\$5,790	\$722,342
2023	\$100,100,000	\$30,000,000		\$120,120	\$309,000	\$429,120	\$274,424	\$5,606	\$709,150
2024	\$96,800,000	\$30,000,000		\$116,160	\$309,000	\$425,160	\$265,377	\$5,421	\$695,958
2025	\$93,500,000	\$30,000,000		\$112,200	\$309,000	\$421,200	\$256,330	\$5,236	\$682,766
2026	\$90,200,000	\$30,000,000		\$108,240	\$309,000	\$417,240	\$494,567	\$5,051	\$916,858
2027	\$86,900,000	\$30,000,000		\$104,280	\$309,000	\$413,280	\$476,473	\$4,866	\$894,619
2028	\$83,600,000	\$30,000,000		\$100,320	\$309,000	\$409,320	\$458,379	\$4,682	\$872,380
2029	\$80,300,000	\$30,000,000		\$96,360	\$309,000	\$405,360	\$440,285	\$4,497	\$850,142
2030	\$77,000,000	\$30,000,000		\$92,400	\$309,000	\$401,400	\$422,191	\$4,312	\$827,903
2031	\$73,700,000	\$73,700,000		\$88,440	\$759,110	\$847,550	\$404,097	\$4,127	\$1,255,774
2032	\$70,400,000	\$70,400,000		\$84,480	\$725,120	\$809,600	\$386,003	\$3,942	\$1,199,546
2033	\$67,100,000	\$67,100,000		\$80,520	\$691,130	\$771,650	\$367,909	\$3,758	\$1,143,317
2034	\$63,800,000	\$63,800,000		\$76,560	\$657,140	\$733,700	\$349,815	\$3,573	\$1,087,088
2035	\$60,500,000	\$60,500,000		\$72,600	\$623,150	\$695,750	\$331,722	\$3,388	\$1,030,860
			<b>Total</b>	<b>\$1,520,760</b>	<b>\$6,648,650</b>	<b>\$8,169,410</b>	<b>\$5,567,438</b>	<b>\$70,969</b>	<b>\$13,807,817</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$6,404,540</b>	<b>\$6,404,540</b>	<b>\$1,381,168</b>	<b>\$0</b>	<b>\$7,785,708</b>

Source: CPA, Targa Pipeline Mid-Continent Westtex 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 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that Targa Pipeline Mid-Continent Westtexas 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)
<b>Limitation Pre-Years</b>	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
	2020	\$103,000	\$103,000	\$0	\$0
<b>Limitation Period (10 Years)</b>	2021	\$309,000	\$412,000	\$824,000	\$824,000
	2022	\$309,000	\$721,000	\$756,020	\$1,580,020
	2023	\$309,000	\$1,030,000	\$722,030	\$2,302,050
	2024	\$309,000	\$1,339,000	\$688,040	\$2,990,090
	2025	\$309,000	\$1,648,000	\$654,050	\$3,644,140
	2026	\$309,000	\$1,957,000	\$620,060	\$4,264,200
	2027	\$309,000	\$2,266,000	\$586,070	\$4,850,270
	2028	\$309,000	\$2,575,000	\$552,080	\$5,402,350
	2029	\$309,000	\$2,884,000	\$518,090	\$5,920,440
	2030	\$309,000	\$3,193,000	\$484,100	\$6,404,540
<b>Maintain Viable Presence (5 Years)</b>	2031	\$759,110	\$3,952,110	\$0	\$6,404,540
	2032	\$725,120	\$4,677,230	\$0	\$6,404,540
	2033	\$691,130	\$5,368,360	\$0	\$6,404,540
	2034	\$657,140	\$6,025,500	\$0	\$6,404,540
	2035	\$623,150	\$6,648,650	\$0	\$6,404,540
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2036	\$589,160	\$7,237,810	\$0	\$6,404,540
	2037	\$555,170	\$7,792,980	\$0	\$6,404,540
	2038	\$521,180	\$8,314,160	\$0	\$6,404,540
	2039	\$487,190	\$8,801,350	\$0	\$6,404,540
	2040	\$453,200	\$9,254,550	\$0	\$6,404,540
	2041	\$419,210	\$9,673,760	\$0	\$6,404,540
	2042	\$385,220	\$10,058,980	\$0	\$6,404,540
	2043	\$351,230	\$10,410,210	\$0	\$6,404,540
	2044	\$317,240	\$10,727,450	\$0	\$6,404,540
	2045	\$283,250	\$11,010,700	\$0	\$6,404,540

**\$11,010,700**
   is greater than  **\$6,404,540**

<b>Analysis Summary</b>	
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, Targa Pipeline Mid-Continent Westtexas LLC

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