



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 19, 2019

AMENDED CERTIFICATION

Larry Nichols  
Superintendent  
Calhoun County Independent School District  
525 North Commerce Street  
Port Lavaca, Texas 77979

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Calhoun County Independent School District and Formosa Plastics Corporation, Texas, Application 1319

Dear Superintendent Nichols:

This application (Application 1319) was originally submitted on October 5, 2018, to the Calhoun County Independent School District (school district) by Formosa Plastics Corporation, Texas (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> On January 29, 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 April 9, 2019. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on September 16, 2019.

On October 31, 2019, Comptroller received an amendment to the agreement to move the start of the limitation from 2020 to 2023. 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 Formosa Plastics Corporation, Texas (project) applying to Calhoun 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 Formosa Plastics Corporation, Texas.

	<b>Original</b>	<b>Amendment No. 1</b>
Applicant	Formosa Plastics Corporation, Texas	Formosa Plastics Corporation, Texas
Tax Code, 313.024 Eligibility Category	Manufacturing	Manufacturing
School District	Calhoun County ISD	Calhoun County ISD
2017-2018 Average Daily Attendance	3,593	3,593
County	Calhoun	Calhoun
Proposed Total Investment in District	\$200,000,000	\$200,000,000
Proposed Qualified Investment	\$200,000,000	\$132,000,000
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	15	15
Average weekly wage of qualifying jobs committed to by applicant	\$1,185.50	\$1,185.50
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,185.50	\$1,185.50
Minimum annual wage committed to by applicant for qualified jobs	\$61,646	\$61,646
Minimum weekly wage required for non-qualifying jobs	\$1,266	\$1,266
Minimum annual wage required for non-qualifying jobs	\$65,807	\$65,807
Investment per Qualifying Job	\$20,000,000	\$20,000,000
Estimated M&O levy without any limit (15 years)	\$13,623,250	\$12,497,954
Estimated M&O levy with Limitation (15 years)	\$6,679,864	\$6,064,301
Estimated gross M&O tax benefit (15 years)	\$6,943,386	\$6,433,653

**Table 2** is the estimated statewide economic impact of Formosa Plastics Corporation, Texas (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2022	0	0	0	\$0	\$0	\$0
2023	15	44	59,139	\$965,330	\$3,810,670	\$4,776,000
2024	25	59	84	\$641,430	\$6,668,570	\$7,310,000
2025	25	63	88	\$641,430	\$7,570,570	\$8,212,000
2026	25	63	88	\$641,430	\$8,177,570	\$8,819,000
2027	25	62	87	\$641,430	\$8,585,570	\$9,227,000
2028	25	60	85	\$641,430	\$8,870,570	\$9,512,000
2029	25	58	83	\$641,430	\$9,111,570	\$9,753,000
2030	25	56	81	\$641,430	\$9,362,570	\$10,004,000
2031	25	55	80	\$641,430	\$9,636,570	\$10,278,000
2032	25	54	79	\$641,430	\$9,984,570	\$10,626,000
2033	25	53	78	\$641,430	\$10,268,570	\$10,910,000
2034	25	53	78	\$641,430	\$10,682,570	\$11,324,000
2035	25	53	78	\$641,430	\$11,154,570	\$11,796,000
2036	25	54	79	\$641,430	\$11,701,570	\$12,343,000
2037	25	54	79	\$641,430	\$12,288,570	\$12,930,000

Source: CPA REMI, Formosa Plastics Corporation, Texas

**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*	Calhoun County I&S Tax Levy	Calhoun County M&O Tax Levy	Calhoun County I&S M&O and Tax Levies	Calhoun County Tax Levy	Calhoun County Port Authority Tax Levy	Calhoun County Groundwater District Tax Levy	Estimated Total Property Taxes
			0.2535	0.9700		0.4900	0.0010	0.0098		
2023	\$120,023,190	\$120,023,190		\$304,259	\$1,164,225	\$1,468,484	\$588,114	\$1,200	\$11,762	\$2,057,798
2024	\$114,023,190	\$114,023,190		\$289,049	\$1,106,025	\$1,395,074	\$558,714	\$1,140	\$11,174	\$1,954,928
2025	\$108,323,190	\$108,323,190		\$274,599	\$1,050,735	\$1,325,334	\$530,784	\$1,083	\$10,616	\$1,857,201
2026	\$102,908,190	\$102,908,190		\$260,872	\$998,209	\$1,259,082	\$504,250	\$1,029	\$10,085	\$1,764,361
2027	\$97,763,940	\$97,763,940		\$247,832	\$948,310	\$1,196,142	\$479,043	\$978	\$9,581	\$1,676,163
2028	\$92,876,903	\$92,876,903		\$235,443	\$900,906	\$1,136,349	\$455,097	\$929	\$9,102	\$1,592,374
2029	\$88,234,217	\$88,234,217		\$223,674	\$855,872	\$1,079,546	\$432,348	\$882	\$8,647	\$1,512,776
2030	\$83,823,666	\$83,823,666		\$212,493	\$813,090	\$1,025,583	\$410,736	\$838	\$8,215	\$1,437,157
2031	\$79,633,642	\$79,633,642		\$201,871	\$772,446	\$974,318	\$390,205	\$796	\$7,804	\$1,365,319
2032	\$75,653,119	\$75,653,119		\$191,781	\$733,835	\$925,616	\$370,700	\$757	\$7,414	\$1,297,073
2033	\$71,871,623	\$71,871,623		\$182,195	\$697,155	\$879,349	\$352,171	\$719	\$7,043	\$1,232,239
2034	\$68,279,201	\$68,279,201		\$173,088	\$662,308	\$835,396	\$334,568	\$683	\$6,691	\$1,170,647
2035	\$64,866,401	\$64,866,401		\$164,436	\$629,204	\$793,640	\$317,845	\$649	\$6,357	\$1,112,134
2036	\$61,624,240	\$61,624,240		\$156,217	\$597,755	\$753,973	\$301,959	\$616	\$6,039	\$1,056,548
2037	\$58,544,187	\$58,544,187		\$148,410	\$567,879	\$716,288	\$286,867	\$585	\$5,737	\$1,003,740
			<b>Total</b>	<b>\$3,266,218</b>	<b>\$12,497,954</b>	<b>\$15,764,172</b>	<b>\$6,313,400</b>	<b>\$12,884</b>	<b>\$126,268</b>	<b>\$22,090,456</b>

Source: CPA, Formosa Plastics Corporation, Texas

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Calhoun 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	Tax Rate*	Calhoun County ISD I&S Tax Levy	Calhoun County ISD M&O Tax Levy	Calhoun County ISD M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun County Port Authority Tax Levy	Calhoun County Groundwater District Tax Levy	Estimated Total Property Taxes
				<b>0.2535</b>	<b>0.9700</b>		<b>0.4900</b>	<b>0.0010</b>	<b>0.0098</b>	
2023	\$120,023,190	\$30,000,000		\$304,259	\$291,000	\$595,259	\$0	\$1,200	\$11,762	\$608,221
2024	\$114,023,190	\$30,000,000		\$289,049	\$291,000	\$580,049	\$0	\$1,140	\$11,174	\$592,363
2025	\$108,323,190	\$30,000,000		\$274,599	\$291,000	\$565,599	\$0	\$1,083	\$10,616	\$577,298
2026	\$102,908,190	\$30,000,000		\$260,872	\$291,000	\$551,872	\$0	\$1,029	\$10,085	\$562,957
2027	\$97,763,940	\$30,000,000		\$247,832	\$291,000	\$538,832	\$0	\$978	\$9,581	\$549,390
2028	\$92,876,903	\$30,000,000		\$235,443	\$291,000	\$526,443	\$455,097	\$929	\$9,102	\$991,570
2029	\$88,234,217	\$30,000,000		\$223,674	\$291,000	\$514,674	\$432,348	\$882	\$8,647	\$956,551
2030	\$83,823,666	\$30,000,000		\$212,493	\$291,000	\$503,493	\$410,736	\$838	\$8,215	\$923,282
2031	\$79,633,642	\$30,000,000		\$201,871	\$291,000	\$492,871	\$390,205	\$796	\$7,804	\$891,677
2032	\$75,653,119	\$30,000,000		\$191,781	\$291,000	\$482,781	\$370,700	\$757	\$7,414	\$861,651
2033	\$71,871,623	\$71,871,623		\$182,195	\$697,155	\$879,349	\$352,171	\$719	\$7,043	\$1,239,282
2034	\$68,279,201	\$68,279,201		\$173,088	\$662,308	\$835,396	\$334,568	\$683	\$6,691	\$1,177,338
2035	\$64,866,401	\$64,866,401		\$164,436	\$629,204	\$793,640	\$317,845	\$649	\$6,357	\$1,118,491
2036	\$61,624,240	\$61,624,240		\$156,217	\$597,755	\$753,973	\$301,959	\$616	\$6,039	\$1,062,587
2037	\$58,544,187	\$58,544,187		\$148,410	\$567,879	\$716,288	\$286,867	\$585	\$5,737	\$1,009,477
			<b>Total</b>	<b>\$3,266,218</b>	<b>\$6,064,301</b>	<b>\$9,330,519</b>	<b>\$3,652,495</b>	<b>\$12,884</b>	<b>\$126,268</b>	<b>\$13,122,167</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$6,433,653</b>	<b>\$6,433,653</b>	<b>\$2,660,904</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,968,290</b>

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Formosa Plastics Corporation, Texas

\*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 Formosa Plastics Corporation, Texas (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>	2020	\$0	\$0	\$0	\$0
	2021	\$0	\$0	\$0	\$0
	2022	\$776,225	\$776,225	\$0	\$0
<b>Limitation Period (10 Years)</b>	2023	\$291,000	\$1,067,225	\$873,225	\$873,225
	2024	\$291,000	\$1,358,225	\$815,025	\$1,688,250
	2025	\$291,000	\$1,649,225	\$759,735	\$2,447,985
	2026	\$291,000	\$1,940,225	\$707,209	\$3,155,194
	2027	\$291,000	\$2,231,225	\$657,310	\$3,812,504
	2028	\$291,000	\$2,522,225	\$609,906	\$4,422,410
	2029	\$291,000	\$2,813,225	\$564,872	\$4,987,282
	2030	\$291,000	\$3,104,225	\$522,090	\$5,509,372
	2031	\$291,000	\$3,395,225	\$481,446	\$5,990,818
	2032	\$291,000	\$3,686,225	\$442,835	\$6,433,653
<b>Maintain Viable Presence (5 Years)</b>	2033	\$697,155	\$4,383,380	\$0	\$6,433,653
	2034	\$662,308	\$5,045,688	\$0	\$6,433,653
	2035	\$629,204	\$5,674,892	\$0	\$6,433,653
	2036	\$597,755	\$6,272,647	\$0	\$6,433,653
	2037	\$567,879	\$6,840,526	\$0	\$6,433,653
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2038	\$539,496	\$7,380,022	\$0	\$6,433,653
	2039	\$512,532	\$7,892,554	\$0	\$6,433,653
	2040	\$486,917	\$8,379,471	\$0	\$6,433,653
	2041	\$462,582	\$8,842,054	\$0	\$6,433,653
	2042	\$439,465	\$9,281,518	\$0	\$6,433,653
	2043	\$417,503	\$9,699,021	\$0	\$6,433,653
	2044	\$396,639	\$10,095,659	\$0	\$6,433,653
	2045	\$376,818	\$10,472,477	\$0	\$6,433,653
	2046	\$357,988	\$10,830,466	\$0	\$6,433,653
	2047	\$340,100	\$11,170,566	\$0	\$6,433,653

**\$11,170,566**
   is greater than  **\$6,433,653**

<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, Formosa Plastics Corporation, Texas

**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.