



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

April 9, 2019

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

Re: 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, TX, Application 1319

Dear Superintendent Nichols:

On January 29, 2019, the Comptroller issued written notice that Formosa Plastics Corporation (applicant) submitted a completed application (Application 1319) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on October 5, 2018, to the Calhoun County 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 1319.

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 January 29, 2019, 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,

A handwritten signature in black ink that reads "Lisa Craven". The signature is written in a cursive, flowing style.

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Formosa Plastics Corporation, TX (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, TX.

Applicant	Formosa Plastics Corporation, TX
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Calhoun County ISD
2017-2018 Average Daily Attendance	3,593
County	Calhoun County
Proposed Total Investment in District	\$200,000,000
Proposed Qualified Investment	\$200,000,000
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	15
Average weekly wage of qualifying jobs committed to by applicant	\$1,185.50
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,185.50
Minimum annual wage committed to by applicant for qualified jobs	\$61,646
Minimum weekly wage required for non-qualifying jobs	\$1,266
Minimum annual wage required for non-qualifying jobs	\$65,807
Investment per Qualifying Job	\$20,000,000
Estimated M&O levy without any limit (15 years)	\$13,623,250
Estimated M&O levy with Limitation (15 years)	\$6,679,864
Estimated gross M&O tax benefit (15 years)	\$6,943,386

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	34	49	83	\$2,278,000	\$4,068,000	\$6,346,000
2020	33	84	117.367	\$2,151,497	\$7,020,503	\$9,172,000
2021	25	101	126	\$1,603,567	\$8,741,433	\$10,345,000
2022	25	104	129	\$1,603,567	\$9,704,433	\$11,308,000
2023	25	104	129	\$1,603,567	\$10,366,433	\$11,970,000
2024	25	102	127	\$1,603,567	\$10,814,433	\$12,418,000
2025	25	99	124	\$1,603,567	\$11,202,433	\$12,806,000
2026	25	97	122	\$1,603,567	\$11,549,433	\$13,153,000
2027	25	96	121	\$1,603,567	\$11,923,433	\$13,527,000
2028	25	95	120	\$1,603,567	\$12,341,433	\$13,945,000
2029	25	94	119	\$1,603,567	\$12,824,433	\$14,428,000
2030	25	93	118	\$1,603,567	\$13,276,433	\$14,880,000
2031	25	94	119	\$1,603,567	\$13,856,433	\$15,460,000
2032	25	95	120	\$1,603,567	\$14,563,433	\$16,167,000
2033	25	96	121	\$1,603,567	\$15,325,433	\$16,929,000
2034	25	97	122	\$1,603,567	\$16,188,433	\$17,792,000

Source: CPA REMI, Formosa Plastics Corporation, TX

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 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
				0.2535	1.0400		0.4900	0.0010	0.0098	
2020	\$80,023,190	\$80,023,190		\$202,859	\$832,241	\$1,035,100	\$392,114	\$800	\$7,842	\$1,435,856
2021	\$120,023,190	\$120,023,190		\$304,259	\$1,248,241	\$1,552,500	\$588,114	\$1,200	\$11,762	\$2,153,576
2022	\$114,023,190	\$114,023,190		\$289,049	\$1,185,841	\$1,474,890	\$558,714	\$1,140	\$11,174	\$2,045,918
2023	\$108,323,190	\$108,323,190		\$274,599	\$1,126,561	\$1,401,160	\$530,784	\$1,083	\$10,616	\$1,943,643
2024	\$102,908,190	\$102,908,190		\$260,872	\$1,070,245	\$1,331,117	\$504,250	\$1,029	\$10,085	\$1,846,482
2025	\$97,763,940	\$97,763,940		\$247,832	\$1,016,745	\$1,264,577	\$479,043	\$978	\$9,581	\$1,754,178
2026	\$92,876,903	\$92,876,903		\$235,443	\$965,920	\$1,201,363	\$455,097	\$929	\$9,102	\$1,666,490
2027	\$88,234,217	\$88,234,217		\$223,674	\$917,636	\$1,141,310	\$432,348	\$882	\$8,647	\$1,583,187
2028	\$83,823,666	\$83,823,666		\$212,493	\$871,766	\$1,084,259	\$410,736	\$838	\$8,215	\$1,504,048
2029	\$79,633,642	\$79,633,642		\$201,871	\$828,190	\$1,030,061	\$390,205	\$796	\$7,804	\$1,428,866
2030	\$75,653,119	\$75,653,119		\$191,781	\$786,792	\$978,573	\$370,700	\$757	\$7,414	\$1,357,444
2031	\$71,871,623	\$71,871,623		\$182,195	\$747,465	\$929,659	\$352,171	\$719	\$7,043	\$1,289,593
2032	\$68,279,201	\$68,279,201		\$173,088	\$710,104	\$883,191	\$334,568	\$683	\$6,691	\$1,225,134
2033	\$64,866,401	\$64,866,401		\$164,436	\$674,611	\$839,047	\$317,845	\$649	\$6,357	\$1,163,898
2034	\$61,624,240	\$61,624,240		\$156,217	\$640,892	\$797,110	\$301,959	\$616	\$6,039	\$1,105,724
			Total	\$3,320,667	\$13,623,250	\$16,943,917	\$6,418,647	\$13,099	\$128,373	\$23,504,036

Source: CPA, Formosa Plastics Corporation, TX

*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
				0.2535	1.0400		0.4900	0.0010	0.0098	
2020	\$80,023,190	\$30,000,000		\$202,859	\$312,000	\$514,859	\$0	\$800	\$7,842	\$523,501
2021	\$120,023,190	\$30,000,000		\$304,259	\$312,000	\$616,259	\$0	\$1,200	\$11,762	\$629,221
2022	\$114,023,190	\$30,000,000		\$289,049	\$312,000	\$601,049	\$0	\$1,140	\$11,174	\$613,363
2023	\$108,323,190	\$30,000,000		\$274,599	\$312,000	\$586,599	\$0	\$1,083	\$10,616	\$598,298
2024	\$102,908,190	\$30,000,000		\$260,872	\$312,000	\$572,872	\$0	\$1,029	\$10,085	\$583,986
2025	\$97,763,940	\$30,000,000		\$247,832	\$312,000	\$559,832	\$0	\$978	\$9,581	\$570,390
2026	\$92,876,903	\$30,000,000		\$235,443	\$312,000	\$547,443	\$0	\$929	\$9,102	\$557,474
2027	\$88,234,217	\$30,000,000		\$223,674	\$312,000	\$535,674	\$0	\$882	\$8,647	\$545,203
2028	\$83,823,666	\$30,000,000		\$212,493	\$312,000	\$524,493	\$410,736	\$838	\$8,215	\$944,282
2029	\$79,633,642	\$30,000,000		\$201,871	\$312,000	\$513,871	\$390,205	\$796	\$7,804	\$912,677
2030	\$75,653,119	\$75,653,119		\$191,781	\$786,792	\$978,573	\$370,700	\$757	\$7,414	\$1,357,444
2031	\$71,871,623	\$71,871,623		\$182,195	\$747,465	\$929,659	\$352,171	\$719	\$7,043	\$1,289,593
2032	\$68,279,201	\$68,279,201		\$173,088	\$710,104	\$883,191	\$334,568	\$683	\$6,691	\$1,225,134
2033	\$64,866,401	\$64,866,401		\$164,436	\$674,611	\$839,047	\$317,845	\$649	\$6,357	\$1,163,898
2034	\$61,624,240	\$61,624,240		\$156,217	\$640,892	\$797,110	\$301,959	\$616	\$6,039	\$1,105,724
			Total	\$3,320,667	\$6,679,864	\$10,000,531	\$2,478,184	\$13,099	\$128,373	\$12,620,187
			Diff	\$0	\$6,943,386	\$6,943,386	\$3,940,462	\$0	\$0	\$10,883,849

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Formosa Plastics Corporation, TX

*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 Formosa Plastics Corporation, TX (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	2017	\$0	\$0	\$0	\$0
	2018	\$241	\$241	\$0	\$0
	2019	\$241	\$482	\$0	\$0
Limitation Period (10 Years)	2020	\$312,000	\$312,482	\$520,241	\$520,241
	2021	\$312,000	\$624,482	\$936,241	\$1,456,482
	2022	\$312,000	\$936,482	\$873,841	\$2,330,324
	2023	\$312,000	\$1,248,482	\$814,561	\$3,144,885
	2024	\$312,000	\$1,560,482	\$758,245	\$3,903,130
	2025	\$312,000	\$1,872,482	\$704,745	\$4,607,875
	2026	\$312,000	\$2,184,482	\$653,920	\$5,261,795
	2027	\$312,000	\$2,496,482	\$605,636	\$5,867,430
	2028	\$312,000	\$2,808,482	\$559,766	\$6,427,197
	2029	\$312,000	\$3,120,482	\$516,190	\$6,943,386
Maintain Viable Presence (5 Years)	2030	\$786,792	\$3,907,275	\$0	\$6,943,386
	2031	\$747,465	\$4,654,740	\$0	\$6,943,386
	2032	\$710,104	\$5,364,843	\$0	\$6,943,386
	2033	\$674,611	\$6,039,454	\$0	\$6,943,386
	2034	\$640,892	\$6,680,346	\$0	\$6,943,386
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$608,860	\$7,289,206	\$0	\$6,943,386
	2036	\$578,429	\$7,867,634	\$0	\$6,943,386
	2037	\$549,519	\$8,417,153	\$0	\$6,943,386
	2038	\$522,055	\$8,939,209	\$0	\$6,943,386
	2039	\$495,965	\$9,435,173	\$0	\$6,943,386
	2040	\$471,178	\$9,906,352	\$0	\$6,943,386
	2041	\$447,632	\$10,353,984	\$0	\$6,943,386
	2042	\$425,262	\$10,779,246	\$0	\$6,943,386
	2043	\$404,011	\$11,183,257	\$0	\$6,943,386
	2044	\$383,823	\$11,567,079	\$0	\$6,943,386

\$11,567,079

is greater than

\$6,943,386

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, Formosa Plastics Corporation, TX

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 Formosa Plastics Corporation, TX’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 Formosa Plastics Corporation, TX in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “The Applicant is a wholly-owned subsidiary of Formosa Plastics Group, Taiwan. As such, the Applicant competes with other members of the Formosa Plastics Group for approval of a portion of the group’s capital investment budget to fund the capital investment necessary to construct the Project. Moreover, the Formosa Plastics Group has the ability to invest, locate and develop new projects, such as the one that is the subject of this application, in numerous locations throughout the world.”
 - B. “The Applicant owns and operates the Point Comfort Complex where the Project would be sited on unimproved land if the Point Comfort location were chosen as the site for the Project.”
 - C. “Formosa Plastics takes a disciplined, long-term approach to investing, regardless of the economic cycle and the geographic location.”
 - D. “We consistently seek new global investment opportunities that create value for our shareholders. Our business model is to conduct an extensive evaluation before we make any final investment decision. A project team is evaluating these opportunities with a focus on global logistic capabilities, efficiency, scale and site integration. The propose new facility could also be constructed at our Louisiana facility. Formosa Plastics has an entire investment plan for multiple stages of development. Point Comfort has already been chosen for two pieces of the final investment plan, but each unit can be located at any site. The PP3 unit does not require any specific materials that would require the plant to locate in Point Comfort.”
 - E. “Competitive abatement programs for the proposed new facility exist in alternative locations. The impact of the property tax burden on the economic return of the proposed new facility is a critical factor in the Applicant’s site selection evaluation and decision, as well as in obtaining approval for the Project internally within the Formosa Plastics group. Calhoun County ISD’s

maintenance and operations (M&O) tax rate represents approximately 40% of the total property tax burden imposed on taxable property located at the Point Comfort location. Consequently, a limitation on appraised value under Chapter 313 of the Texas Tax Code is a determining factor in the Applicant's decision to invest capital and construct the Project in the State of Texas."

- F. "Formosa has made announcements regarding development at the Point Comfort location. These announcements relate to the new projects that have already been approved by Formosa."
- G. "As stated above, the limitation on appraised value is necessary to the determination to locate at the Point Comfort site. Formosa has received approval from the Texas Commission on Environmental Quality (TCEQ) to construct with Amendment 1 of Permit 91780 as PP2 Train 3."
- According to an April 23, 2018, article in the *Chemical Week* website, "FPCC, a member of the Formosa Plastics Group (FPG), plans to build the complex in two phases over 10 years. During the first phase, the company will build a 1.2 million metric tons/year (MMt/y) ethylene plant and downstream facilities for the production of polyethylene (PE) and ethylene glycol (EG), as well as propylene and polypropylene (PP). The second phase will include an additional ethylene plant, as well as PE and EG plants. Another FPG company, Formosa Plastics Corp. USA, is currently building a 1.25 MMt/y plant at Point Comfort, Texas, that is slated to begin operation in 2019. The Point Comfort project also includes a propane dehydrogenation (PDH) unit, a low-density PE resin plant, and additional high-density PE and PP lines at the site."
 - According to the Formosa Plastics Corporation, U.S.A. news release dated May 7, 2018, "Formosa Plastics Corporation, U.S.A. is announcing the process technologies being used for the polyethylene and polypropylene production expansions in Point Comfort, Texas. The new polypropylene (PP) plant's technology has been licensed from Japan Polypropylene Corporation (JPP); the plant will add 250,000 MT/year of capacity to the site's current PP production."
 - According to a Regular Meeting of the Board of Trustees of Calhoun County ISD dated October 8, 2018, "Discussion and possible action to accept the application of Formosa Plastics Corporation, Texas for Limitation on Maintenance and Operations Taxable Value; authorize the Superintendent to review the application for completeness and submit to the Comptroller; and authorize the Superintendent to enter into any agreement to extend the deadline for Board action beyond 150 Days."
 - According to the Formosa Plastics Corporation, U.S.A. news release dated December 26, 2018, "Formosa Plastics Corporation, U.S.A. continues its progress on the construction and startup of many production expansion plans at our Point Comfort, Texas, and Baton Rouge, Louisiana sites. These expansion plans and their current schedules are as follows; Cryogenic Plant debottleneck: Complete, Second Fractionator Plant: Complete, Third Olefins Plant – New: Under construction - Gas Feed - 2H 2019, LDPE Plant – New: Under construction - Steady state commercial operation – 2H 2019, HDPE III Plant – New: Under construction - Steady state commercial operation – 2H 2019, PP III Plant - New: Under construction Steady state commercial operation – 2H 2020, PVC Plant – Expansion: Under construction - Steady state commercial operation – 4Q2021."
 - On the (Point Comfort, Texas) Formosa Plastics website : "Meanwhile, we've begun our next major production capacity expansion, which will add a third olefins unit, a propane dehydrogenation (PDH) unit, a LDPE resin plant, another HDPE resin plant and an additional polypropylene (PP) line."
 - "The connection from the neighboring facility would be the use of steam, water, power from the Utility Unit and Ethylene and Propylene from on-site spheres. Other than the above, the waste water will be sent to the Utilities Department, combined waste water treatment plant, CWTP, for treatment and ensuring compliance with regulations."

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

The Applicant is a wholly-owned subsidiary of Formosa Plastics Group, Taiwan. As such, the Applicant competes with other members of the Formosa Plastics Group for approval of a portion of the group's capital investment budget to fund the capital investment necessary to construct the Project. Moreover, the Formosa Plastics Group has the ability to invest, locate and develop new projects, such as the one that is the subject of this application, in numerous locations throughout the world.

The Applicant owns and operates the Point Comfort Complex where the Project would be sited on unimproved land if the Point Comfort location were chosen as the site for the Project.

Formosa Plastics takes a disciplined, long-term approach to investing, regardless of the economic cycle and the geographic location. We consistently seek new global investment opportunities that create value for our shareholders. Our business model is to conduct an extensive evaluation before we make any final investment decision. A project team is evaluating these opportunities with a focus on global logistic capabilities, efficiency, scale and site integration. The proposed new facility could also be constructed at our Louisiana facility. Formosa Plastics has an entire investment plan for multiple stages of development. Point Comfort has already been chosen for two pieces of the final investment plan, but each unit can be located at any site. The PP3 unit does not require any specific materials that would require the plant to locate in Point Comfort.

Competitive abatement programs for the proposed new facility exist in alternative locations. The impact of the property tax burden on the economic return of the proposed new facility is a critical factor in the Applicant's site selection evaluation and decision, as well as in obtaining approval for the Project internally within the Formosa Plastics group. Calhoun County ISD's maintenance and operations (M&O) tax rate represents approximately 40% of the total property tax burden imposed on taxable property located at the Point Comfort location. Consequently, a limitation on appraised value under Chapter 313 of the Texas Tax Code is a determining factor in the Applicant's decision to invest capital and construct the Project in the State of Texas.

Formosa has made announcements regarding development at the Point Comfort location. These announcements relate to the new projects that have already been approved by Formosa. As stated above, the limitation on appraised value is necessary to the determination to locate at the Point Comfort site.

Formosa has received approval from the Texas Commission on Environmental Quality (TCEQ) to construct with Amendment 1 of Permit 91780 as PP2 Train 3.

Supporting Information

**Additional information
provided by the Applicant or
located by the Comptroller**



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Formosa Petrochemical to proceed with \$9.4-billion Louisiana cracker project

17:30 PM | April 23, 2018 | Clay Boswell



Formosa Petrochemical Corp. (FPCC; Taipei, Taiwan) has purchased a 2,400-acre site at St. James Parish, Louisiana, to build a \$9.4-billion petrochemical complex that will include two ethane crackers. Depending on the permitting process, construction of the so-called "Sunshine Project" could begin as soon as 2019, says the company.

FPCC, a member of the Formosa Plastics Group (FPG), plans to build the complex in two phases over 10 years. During the first phase, the company will build a 1.2 million metric tons/year (MMt/y) ethylene plant and downstream facilities for the production of polyethylene (PE) and ethylene glycol (EG), as well as propylene and polypropylene (PP). The second phase will include an additional ethylene plant, as well as PE and EG plants.

FPCC, which announced the project in late 2015, has formed a subsidiary, FG LA LLC, to operate the complex.

Another FPG company, Formosa Plastics Corp. USA, is currently building a 1.25 MMt/y plant at Point Comfort, Texas, that is slated to begin operation in 2019. The Point Comfort project also includes a propane dehydrogenation (PDH) unit, a low-density PE resin plant, and additional high-density PE and PP lines at the site.

More Stories

[TPC completes initial CC4 upgrade, begins engineering for second phase](#)

[Fluor, TechnipFMC complete construction of Sasol's Lake Charles complex](#)

[Ineos signs agreement to acquire Cristal's North American titanium dioxide business for \\$700 million](#)

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Formosa Plastics'

Formosa Plastics Corporation, U.S.A.
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NEWS

RELEASE

FOR IMMEDIATE RELEASE

Contact: Steve Rice
Corporate Communications
Phone: (973) 994-7688

FORMOSA PLASTICS ANNOUNCES PROCESS TECHNOLOGIES FOR TEXAS PE & PP PRODUCTION EXPANSIONS

You expect more. And Formosa delivers.®

LIVINGSTON, NJ (*May 7, 2018; 10:30 EDT*) – Formosa Plastics Corporation, U.S.A. is announcing the process technologies being used for the polyethylene and polypropylene production expansions in Point Comfort, Texas.

- The new tubular low density polyethylene (LDPE) plant's technology has been licensed from ExxonMobil Catalysts and Licensing, LLC; the plant will have a production capacity of 400,000 MT/year.
- The new dual-purpose polyethylene (PE) plant's technology will use UNIPOL™ PE Process technology, licensed from Univation Technologies, LLC. The plant will be able to produce both high density polyethylene (HDPE) and linear low density polyethylene (LLDPE), with a combined production capacity of 400,000 MT/year.
- The new polypropylene (PP) plant's technology has been licensed from Japan Polypropylene Corporation (JPP); the plant will add 250,000 MT/year of capacity to the site's current PP production.

The addition of these three process technologies and plants at Point Comfort will expand the company's product offerings and increase production flexibility. The LDPE plant will initiate the company's entry into the North American LDPE market. The ExxonMobil technology is recognized for producing high quality resins safely and reliably. Univation Technologies' UNIPOL™ PE Process is world-renowned for producing outstanding HDPE and LLDPE resins. Since our first JPP license in 2001, our PP product offerings have expanded to include high impact copolymer and random copolymer resins.

"We look forward to introducing our new line of Formolene® LDPE resins and expanding our current Formolene® HDPE and LLDPE product lines," states Ken Mounger, Vice President & General Manager, Polyolefins. "Our additional supply of Formolene® polypropylene will enable us to grow in key strategic markets, too."

About Formosa Plastics Corporation, U.S.A.

Formosa Plastics Corporation, U.S.A. is a vertically integrated producer of plastic resins and chemicals. Its polyethylene and polypropylene resins are marketed under the *Formolene*® trade name; its polyvinyl chloride resins are marketed under the *Formolon*® trade name. The company is headquartered in Livingston, NJ, has over 2,700 employees and is certified to the ISO 9001 quality management system and the ISO 14001 environmental management system. See www.fpcusa.com for additional information.

About ExxonMobil Catalysts and Licensing LLC

ExxonMobil's cutting-edge proprietary catalysts and advantaged process technologies help refiners and petrochemical manufacturers increase capacity, lower costs, improve margins, reduce emissions and operate safe, reliable and efficient facilities. Ready for better results across your refining, gas and chemical needs? Visit <https://www.exxonmobilchemical.com/en/products-and-services/technology-licensing-and-services>.

Agenda of Regular Meeting

The Board of Trustees Calhoun County ISD

A Regular Meeting of the Board of Trustees of Calhoun County ISD will be held October 8, 2018, beginning at 5:30 PM in the Boardroom at 525 N. Commerce St., Port Lavaca, TX 77979.

The subjects to be discussed or considered or upon which any formal action may be taken are listed below. Items do not have to be taken in the same order as shown on this meeting notice. Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

1. Call to Order
2. Roll Call, Establish Quorum
3. Invocation
4. Pledge of Allegiance to the American and Texas Flags
5. Special Recognition
 - A. Campus Spotlight - Travis Middle School
 - B. Governor Abbott's Proclamation for Principals Month
6. Audience With Individuals Making a Report or Request
7. Consent Agenda
 - A. Minutes of September 10, 2018 Board Meeting
 - B. Financial Statement for August 2018
 - C. Budget Amendments for 2018-2019
 - D. Purchases from Child Nutrition Department's Fund Balance
8. Regular Agenda
 - A. Approve 2018-2019 District and Campus Improvement Plans
 - B. Discussion and Possible Action to Accept the Application of Formosa Plastics Corporation, Texas for Limitation on Maintenance and Operations Taxable Value; authorize the Superintendent to Review the Application for Completeness and Submit to the Comptroller; and Authorize the Superintendent to Enter into any Agreement to Extend the Deadline for Board Action Beyond 150 Days
 - C. Discussion and Possible Board Action to Retain Consultants to Assist District with Tax Limitation Application from Formosa Plastics Corporation, Texas
 - D. Consider/Approve Policy Changes, Affecting (LOCAL) Policy DEC
 - E. Discuss and Take Possible Action on Bond Projects Status and Bond Budget Update



Formosa Plastics

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NEWS RELEASE

FOR IMMEDIATE RELEASE

Contact: Steve Rice
Corporate Communications
Phone: (973) 994-7688

FORMOSA PLASTICS UPDATES EXPANSION PLANS SCHEDULE

You expect more. And Formosa delivers.®

LIVINGSTON, NJ (December 26, 2018; 12:00PM EST) – Formosa Plastics Corporation, U.S.A. continues its progress on the construction and startup of many production expansion plans at our Point Comfort, Texas and Baton Rouge, Louisiana sites. These expansion plans and their current schedules are as follows:

- Cryogenic Plant debottleneck: Complete
- Second Fractionator Plant: Complete
- Third Olefins Plant – New: Under construction
Gas Feed - 2H 2019
- LDPE Plant – New: Under construction
Steady state commercial operation – 2H 2019
- HDPE III Plant – New: Under construction
Steady state commercial operation – 2H 2019
- PP III Plant – New: Under construction
Steady state commercial operation – 2H 2020
- PVC Plant – Expansion: Under construction
Steady state commercial operation – 4Q2021

Prior news releases, as well as this one, are posted at <http://www.fpcusa.com/company/news/>.

Formosa Plastics Corporation, U.S.A. is a vertically integrated producer of plastic resins and chemicals. Its polyethylene and polypropylene resins are marketed under the *Formolene*® trade name; its polyvinyl chloride resins are marketed under the *Formolon*® trade name. The company is headquartered in Livingston, NJ, has nearly 2,900 employees and is certified to the ISO 9001 quality management system and the ISO 14001 environmental management system. See www.fpcusa.com for additional information.

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Our Operations - Point Comfort, Texas

← Our Operations

Our Point Comfort site consists of sixteen production units and a variety of support facilities at its nearly 2,500-acre petrochemical complex.

The site's initial VCM/PVC plant went online in 1983. An additional investment of \$1.5 billion in 1994 added several more operating units -- Olefins, LLDPE, HDPE, Polypropylene, Chlor-alkali, Ethylene Dichloride, power co-generation (steam and electricity) and a new wastewater treatment facility. At the time, this expansion was the largest one-time, private investment in the state of Texas.

In 1998, the site initiated a second major expansion project. That \$900 million investment added a second Olefins plant, a second HDPE plant and a second polypropylene plant. Environmental protection was an important factor in equipment design. While increasing production capacity by 60%, the site was able to continue operating under the same water permit restrictions granted in 1993. In addition, significant production expansions and upgrades were added in 2002. The site operates an extensive water-reuse program.

The new Specialty PVC production plant has started up and is being optimized. Also, the new Circulating Fluidized Bed (CFB) energy unit has started up and has been fully converted to clean-burning natural gas. The CFB plant is providing reliable, highly energy-efficiency steam and electricity.

Meanwhile, we've begun our next major production capacity expansion, which will add a third olefins unit, a propane dehydrogenation (PDH) unit, a LDPE resin plant, another HDPE resin plant and an additional polypropylene (PP) line.

In The Community

Formosa Plastics' Point Comfort site's employees contribute their time and resources to local education and community events, including school, civic, cultural, municipal, and youth programs. Some of these programs include: Boy Scouts, Calhoun County Chamber of Commerce, Calhoun County ISD Partners in Education, Girl Scouts, Lions Club, Rotary, South Texas Blood and Tissue Center, United Way and the YMCA.



Each fall the site sponsors the Formosa Plastics United Way Golf Tournament. In 2015, the tournament raised \$120,000 (photo at left) to support United Way efforts and programs in both Victoria and Calhoun Counties.

Highlights



Our Point Comfort, Texas site employs 1,910 company employees and 795 contractors. We're proceeding with our next major site expansion, involving capital investments of several billion dollars!