



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

October 16, 2019

AMENDED CERTIFICATION

Sheryl Moore  
Superintendent  
Sealy Independent School District  
939 Tiger Lane  
Sealy, Texas 77474

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Sealy Independent School District and Hailiang Copper Texas, Inc., Application 1327

Dear Superintendent Moore:

This application (Application 1327) was originally submitted on November 28, 2018, to the Sealy Independent School District (school district) by Hailiang Copper Texas, Inc. (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> On March 22, 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 June 5, 2019. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on September 25, 2019.

On September 27, 2019, Comptroller received an amendment to the agreement to move the start of the limitation from 2020 to 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.

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<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 Hailiang Copper Texas, Inc. (project) applying to Sealy 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 Hailiang Copper Texas, Inc.

	<b>Original</b>	<b>Amendment No. 1</b>
Applicant	Hailiang Copper Texas, Inc.	Hailiang Copper Texas, Inc.
Tax Code, 313.024 Eligibility Category	Manufacturing	Manufacturing
School District	Sealy ISD	Sealy ISD
2017-2018 Average Daily Attendance	2,630	2,630
County	Austin	Austin
Proposed Total Investment in District	\$157,765,346	\$157,765,346
Proposed Qualified Investment	\$157,765,346	\$157,765,346
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	\$1,274	\$1,274
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,274	\$1,274
Minimum annual wage committed to by applicant for qualified jobs	\$66,222	\$66,222
Minimum weekly wage required for non-qualifying jobs	\$906	\$906
Minimum annual wage required for non-qualifying jobs	\$47,100	\$47,100
Investment per Qualifying Job	\$15,776,535	\$15,776,535
Estimated M&O levy without any limit (15 years)	\$16,133,046	\$15,047,168
Estimated M&O levy with Limitation (15 years)	\$7,296,219	\$6,805,127
Estimated gross M&O tax benefit (15 years)	\$8,836,828	\$8,242,041

**Table 2** is the estimated statewide economic impact of Hailiang Copper Texas, Inc. (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	410	530	940	\$27,151,102	\$45,312,127	\$72,463,229
2021	10	89	99.0722	\$662,222	\$10,758,867	\$11,421,089
2022	10	47	57	\$662,222	\$7,363,655	\$8,025,877
2023	10	14	24	\$662,222	\$4,406,492	\$5,068,714
2024	10	(4)	6	\$662,222	\$2,415,471	\$3,077,693
2025	10	(11)	-1	\$662,222	\$1,277,362	\$1,939,584
2026	10	(12)	-2	\$662,222	\$754,498	\$1,416,720
2027	10	(9)	1	\$662,222	\$679,791	\$1,342,013
2028	10	(4)	6	\$662,222	\$883,932	\$1,546,154
2029	10	2	12	\$662,222	\$1,242,108	\$1,904,330
2030	10	7	17	\$662,222	\$1,680,609	\$2,342,831
2031	10	10	20	\$662,222	\$1,942,931	\$2,605,153
2032	10	12	22	\$662,222	\$2,253,160	\$2,915,382
2033	10	14	24	\$662,222	\$2,538,269	\$3,200,491
2034	10	15	25	\$662,222	\$2,785,661	\$3,447,883
2035	10	16	26	\$662,222	\$2,990,657	\$3,652,879

Source: CPA REMI, Hailiang Copper Texas, Inc.

**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*	Sealy ISD I&S Tax Levy	Sealy ISD M&O Tax Levy	Sealy ISD M&O and I&S Tax Levies	Austin County Tax Levy	City of Sealy Tax Levy	Austin County Emergency Services District #2 Tax Levy	Estimated Total Property Taxes
			<b>0.3000</b>	<b>0.9700</b>			<b>0.3996</b>	<b>0.3866</b>	<b>0.1000</b>	
2021	\$116,675,896	\$116,675,896		\$350,028	\$1,131,756	\$1,481,784	\$466,237	\$451,104	\$116,676	\$2,515,801
2022	\$134,475,896	\$134,475,896		\$403,428	\$1,304,416	\$1,707,844	\$537,366	\$519,924	\$134,476	\$2,899,610
2023	\$129,551,896	\$129,551,896		\$388,656	\$1,256,653	\$1,645,309	\$517,689	\$500,886	\$129,552	\$2,793,437
2024	\$124,627,896	\$124,627,896		\$373,884	\$1,208,891	\$1,582,774	\$498,013	\$481,849	\$124,628	\$2,687,264
2025	\$119,703,896	\$119,703,896		\$359,112	\$1,161,128	\$1,520,239	\$478,337	\$462,811	\$119,704	\$2,581,091
2026	\$114,779,896	\$114,779,896		\$344,340	\$1,113,365	\$1,457,705	\$458,660	\$443,774	\$114,780	\$2,474,919
2027	\$109,855,896	\$109,855,896		\$329,568	\$1,065,602	\$1,395,170	\$438,984	\$424,736	\$109,856	\$2,368,746
2028	\$104,931,896	\$104,931,896		\$314,796	\$1,017,839	\$1,332,635	\$419,308	\$405,698	\$104,932	\$2,262,573
2029	\$100,007,896	\$100,007,896		\$300,024	\$970,077	\$1,270,100	\$399,632	\$386,661	\$100,008	\$2,156,400
2030	\$95,083,896	\$95,083,896		\$285,252	\$922,314	\$1,207,565	\$379,955	\$367,623	\$95,084	\$2,050,227
2031	\$90,159,896	\$90,159,896		\$270,480	\$874,551	\$1,145,031	\$360,279	\$348,585	\$90,160	\$1,944,055
2032	\$85,235,896	\$85,235,896		\$255,708	\$826,788	\$1,082,496	\$340,603	\$329,548	\$85,236	\$1,837,882
2033	\$80,311,896	\$80,311,896		\$240,936	\$779,025	\$1,019,961	\$320,926	\$310,510	\$80,312	\$1,731,709
2034	\$75,387,896	\$75,387,896		\$226,164	\$731,263	\$957,426	\$301,250	\$291,472	\$75,388	\$1,625,536
2035	\$70,463,896	\$70,463,896		\$211,392	\$683,500	\$894,891	\$281,574	\$272,435	\$70,464	\$1,519,364
			<b>Total</b>	<b>\$4,653,763</b>	<b>\$15,047,168</b>	<b>\$19,700,931</b>	<b>\$6,198,813</b>	<b>\$5,997,615</b>	<b>\$1,551,254</b>	<b>\$33,448,614</b>

Source: CPA, Hailiang Copper Texas, Inc.

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district Austin County, City of Sealy and Austin County Emergency Services District #2, with all property tax incentives sought using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatements with the county and city.

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*	Sealy ISD I&S Tax Levy	Sealy ISD M&O Tax Levy	Sealy ISD M&O and I&S Tax Levies	Austin County Tax Levy	City of Sealy Tax Levy	Austin County Emergency Services District #2 Tax Levy	Estimated Total Property Taxes
				<b>0.3000</b>	<b>0.9700</b>		<b>0.3996</b>	<b>0.3866</b>	<b>0.1000</b>	
2021	\$116,675,896	\$30,000,000		\$350,028	\$291,000	\$641,028	\$116,559	\$112,776	\$116,676	\$987,039
2022	\$134,475,896	\$30,000,000		\$403,428	\$291,000	\$694,428	\$134,341	\$129,981	\$134,476	\$1,093,226
2023	\$129,551,896	\$30,000,000		\$388,656	\$291,000	\$679,656	\$129,422	\$125,222	\$129,552	\$1,063,852
2024	\$124,627,896	\$30,000,000		\$373,884	\$291,000	\$664,884	\$124,503	\$120,462	\$124,628	\$1,034,477
2025	\$119,703,896	\$30,000,000		\$359,112	\$291,000	\$650,112	\$119,584	\$115,703	\$119,704	\$1,005,103
2026	\$114,779,896	\$30,000,000		\$344,340	\$291,000	\$635,340	\$114,665	\$110,943	\$114,780	\$975,728
2027	\$109,855,896	\$30,000,000		\$329,568	\$291,000	\$620,568	\$109,746	\$106,184	\$109,856	\$946,354
2028	\$104,931,896	\$30,000,000		\$314,796	\$291,000	\$605,796	\$104,827	\$101,425	\$104,932	\$916,979
2029	\$100,007,896	\$30,000,000		\$300,024	\$291,000	\$591,024	\$99,908	\$96,665	\$100,008	\$887,605
2030	\$95,083,896	\$30,000,000		\$285,252	\$291,000	\$576,252	\$94,989	\$91,906	\$95,084	\$858,230
2031	\$90,159,896	\$90,159,896		\$270,480	\$874,551	\$1,145,031	\$360,279	\$348,585	\$90,160	\$1,944,055
2032	\$85,235,896	\$85,235,896		\$255,708	\$826,788	\$1,082,496	\$340,603	\$329,548	\$85,236	\$1,837,882
2033	\$80,311,896	\$80,311,896		\$240,936	\$779,025	\$1,019,961	\$320,926	\$310,510	\$80,312	\$1,731,709
2034	\$75,387,896	\$75,387,896		\$226,164	\$731,263	\$957,426	\$301,250	\$291,472	\$75,388	\$1,625,536
2035	\$70,463,896	\$70,463,896		\$211,392	\$683,500	\$894,891	\$281,574	\$272,435	\$70,464	\$1,519,364
			<b>Total</b>	<b>\$4,653,763</b>	<b>\$6,805,127</b>	<b>\$11,458,890</b>	<b>\$2,753,177</b>	<b>\$2,663,816</b>	<b>\$1,551,254</b>	<b>\$18,427,137</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$8,242,041</b>	<b>\$8,242,041</b>	<b>\$3,445,636</b>	<b>\$3,333,799</b>	<b>\$0</b>	<b>\$15,021,476</b>

Assumes School Value Limitation and Tax Abatements with the County and City

Source: CPA, Hailing Copper Texas, Inc.

\*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 Hailiang Copper Texas, Inc. (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	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2021	\$291,000	\$291,000	\$840,756	\$840,756
	2022	\$291,000	\$582,000	\$1,013,416	\$1,854,172
	2023	\$291,000	\$873,000	\$965,653	\$2,819,826
	2024	\$291,000	\$1,164,000	\$917,891	\$3,737,716
	2025	\$291,000	\$1,455,000	\$870,128	\$4,607,844
	2026	\$291,000	\$1,746,000	\$822,365	\$5,430,209
	2027	\$291,000	\$2,037,000	\$774,602	\$6,204,811
	2028	\$291,000	\$2,328,000	\$726,839	\$6,931,651
	2029	\$291,000	\$2,619,000	\$679,077	\$7,610,727
	2030	\$291,000	\$2,910,000	\$631,314	\$8,242,041
<b>Maintain Viable Presence (5 Years)</b>	2031	\$874,551	\$3,784,551	\$0	\$8,242,041
	2032	\$826,788	\$4,611,339	\$0	\$8,242,041
	2033	\$779,025	\$5,390,365	\$0	\$8,242,041
	2034	\$731,263	\$6,121,627	\$0	\$8,242,041
	2035	\$683,500	\$6,805,127	\$0	\$8,242,041
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2036	\$635,737	\$7,440,864	\$0	\$8,242,041
	2037	\$587,974	\$8,028,838	\$0	\$8,242,041
	2038	\$540,211	\$8,569,050	\$0	\$8,242,041
	2039	\$492,449	\$9,061,498	\$0	\$8,242,041
	2040	\$444,686	\$9,506,184	\$0	\$8,242,041
	2041	\$396,923	\$9,903,107	\$0	\$8,242,041
	2042	\$349,160	\$10,252,267	\$0	\$8,242,041
	2043	\$337,869	\$10,590,136	\$0	\$8,242,041
	2044	\$326,579	\$10,916,715	\$0	\$8,242,041
	2045	\$315,288	\$11,232,003	\$0	\$8,242,041

**\$11,232,003**
   is greater than  **\$8,242,041**

<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?	<b>Yes</b>

NOTE: The analysis above only takes into account this project’s estimated impact on the M&O portion of the school district property tax levv directly related to this project.  
Source: CPA, Hailiang Copper Texas, Inc.

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