



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

---

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

August 9, 2019

Rickie Harris  
Superintendent  
West Orange Cove Consolidated Independent School District  
P.O. Box 1107  
Orange, Texas 77631-1107

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between West Orange Cove Consolidated Independent School District and Chevron Phillips Chemical Company, LP, Application 1330

Dear Superintendent Harris:

On July 3, 2019, the Comptroller issued written notice that Chevron Phillips Chemical Company, LP (applicant) submitted a completed application (Application 1330) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on January 16, 2019, to the West Orange Cove Consolidated 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.

---

<sup>1</sup> 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 1330.

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 within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of July 3, 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](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,

A handwritten signature in blue ink that reads "Lisa Craven". The signature is written in a cursive style with a large initial "L".

Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

### Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Chevron Phillips Chemical Company, LP (project) applying to West Orange Cove Consolidated 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 Chevron Phillips Chemical Company, LP.

Applicant	Chevron Phillips Chemical Company, LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	West Orange Cove CISD
2017-2018 Average Daily Attendance	2,231
County	Orange
Proposed Total Investment in District	\$5,530,000,000
Proposed Qualified Investment	\$5,530,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2023-2024
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	\$1,539
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,539
Minimum annual wage committed to by applicant for qualified jobs	\$80,031
Minimum weekly wage required for non-qualifying jobs	\$1,020
Minimum annual wage required for non-qualifying jobs	\$53,015
Investment per Qualifying Job	\$553,000,000
Estimated M&O levy without any limit (15 years)	\$651,105,000
Estimated M&O levy with Limitation (15 years)	\$199,192,500
Estimated gross M&O tax benefit (15 years)	\$451,912,500

**Table 2** is the estimated statewide economic impact of Chevron Phillips Chemical Company, LP (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	200	220	420	\$17,000,000	\$17,000,000	\$34,000,000
2021	1100	1,240	2340	\$95,370,000	\$102,630,000	\$198,000,000
2022	4300	4,837	9137	\$380,266,200	\$419,733,800	\$800,000,000
2023	6900	7,920	14820	\$622,400,700	\$748,599,300	\$1,371,000,000
2024	2310	3,176	5486	\$212,416,410	\$405,583,590	\$618,000,000
2025	210	665	875	\$19,569,710	\$180,430,290	\$200,000,000
2026	10	6	16	\$800,310	\$100,199,690	\$101,000,000
2027	10	(207)	-197	\$800,310	\$59,199,690	\$60,000,000
2028	10	(260)	-250	\$800,310	\$34,199,690	\$35,000,000
2029	10	(207)	-197	\$800,310	\$24,199,690	\$25,000,000
2030	10	(110)	-100	\$800,310	\$22,199,690	\$23,000,000
2031	10	4	14	\$800,310	\$26,199,690	\$27,000,000
2032	10	125	135	\$800,310	\$34,199,690	\$35,000,000
2033	10	238	248	\$800,310	\$44,199,690	\$45,000,000
2034	10	166	176	\$800,310	\$37,199,690	\$38,000,000
2035	10	185	195	\$800,310	\$40,199,690	\$41,000,000

Source: CPA REMI, Chevron Phillips Chemical Company, 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*	West Orange-Cove CISD I&S Tax Levy	West Orange-Cove CISD M&O Tax Levy	West Orange-Cove CISD M&O and I&S Tax Levies	Orange County Tax Levy	Orange City Tax Levy	Orange Drainage District Tax Levy	Orange Navigation and Port District Tax Levy	Estimated Total Property Taxes
2021	\$195,000,000	\$195,000,000	0.2550	\$497,250	\$2,281,500	\$2,778,750	\$1,056,900	\$1,399,593	\$216,957	\$14,235	\$5,466,435
2022	\$580,000,000	\$580,000,000		\$1,479,000	\$6,786,000	\$8,265,000	\$3,143,600	\$4,162,892	\$645,308	\$42,340	\$16,259,140
2023	\$1,200,000,000	\$1,200,000,000		\$3,060,000	\$14,040,000	\$17,100,000	\$6,504,000	\$8,612,880	\$1,335,120	\$87,600	\$33,639,600
2024	\$1,125,000,000	\$1,125,000,000		\$2,868,750	\$13,162,500	\$16,031,250	\$6,097,500	\$8,074,575	\$1,251,675	\$82,125	\$31,537,125
2025	\$5,000,000,000	\$5,000,000,000		\$12,750,000	\$58,500,000	\$71,250,000	\$27,100,000	\$35,887,000	\$5,563,000	\$365,000	\$140,165,000
2026	\$4,800,000,000	\$4,800,000,000		\$12,240,000	\$56,160,000	\$68,400,000	\$26,016,000	\$34,451,520	\$5,340,480	\$350,400	\$134,558,400
2027	\$4,600,000,000	\$4,600,000,000		\$11,730,000	\$53,820,000	\$65,550,000	\$24,932,000	\$33,016,040	\$5,117,960	\$335,800	\$128,951,800
2028	\$4,400,000,000	\$4,400,000,000		\$11,220,000	\$51,480,000	\$62,700,000	\$23,848,000	\$31,580,560	\$4,895,440	\$321,200	\$123,345,200
2029	\$4,200,000,000	\$4,200,000,000		\$10,710,000	\$49,140,000	\$59,850,000	\$22,764,000	\$30,145,080	\$4,672,920	\$306,600	\$117,738,600
2030	\$4,000,000,000	\$4,000,000,000		\$10,200,000	\$46,800,000	\$57,000,000	\$21,680,000	\$28,709,600	\$4,450,400	\$292,000	\$112,132,000
2031	\$3,800,000,000	\$3,800,000,000		\$9,690,000	\$44,460,000	\$54,150,000	\$20,596,000	\$27,274,120	\$4,227,880	\$277,400	\$106,525,400
2032	\$3,600,000,000	\$3,600,000,000		\$9,180,000	\$42,120,000	\$51,300,000	\$19,512,000	\$25,838,640	\$4,005,360	\$262,800	\$100,918,800
2033	\$3,400,000,000	\$3,400,000,000		\$8,670,000	\$39,780,000	\$48,450,000	\$18,428,000	\$24,403,160	\$3,782,840	\$248,200	\$95,312,200
2034	\$3,250,000,000	\$3,250,000,000		\$8,287,500	\$38,025,000	\$46,312,500	\$17,615,000	\$23,326,550	\$3,615,950	\$237,250	\$91,107,250
2035	\$3,100,000,000	\$3,100,000,000		\$7,905,000	\$36,270,000	\$44,175,000	\$16,802,000	\$22,249,940	\$3,449,060	\$226,300	\$86,902,300
2036	\$2,950,000,000	\$2,950,000,000		\$7,522,500	\$34,515,000	\$42,037,500	\$15,989,000	\$21,173,330	\$3,282,170	\$215,350	\$82,697,350
2037	\$2,800,000,000	\$2,800,000,000		\$7,140,000	\$32,760,000	\$39,900,000	\$15,176,000	\$20,096,720	\$3,115,280	\$204,400	\$78,492,400
2038	\$2,650,000,000	\$2,650,000,000		\$6,757,500	\$31,005,000	\$37,762,500	\$14,363,000	\$19,020,110	\$2,948,390	\$193,450	\$74,287,450
			<b>Total</b>	<b>\$141,907,500</b>	<b>\$651,105,000</b>	<b>\$793,012,500</b>	<b>\$301,623,000</b>	<b>\$399,422,310</b>	<b>\$61,916,190</b>	<b>\$4,062,450</b>	<b>\$1,560,036,450</b>

Source: CPA, Chevron Phillips Chemical Company, LP

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Orange 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*	West Orange-Cove CISD I&S Tax Levy	West Orange-Cove CISD M&O Tax Levy	West Orange-Cove CISD M&O and I&S Tax Levies	Orange County Tax Levy	Orange City Tax Levy	Orange Drainage District Tax Levy	Orange Navigation and Port District Tax Levy	Estimated Total Property Taxes
				<b>0.2550</b>	<b>1.1700</b>		<b>0.5420</b>	<b>0.7177</b>	<b>0.1113</b>	<b>0.0073</b>	
2021	\$195,000,000	\$195,000,000		\$497,250	\$2,281,500	\$2,778,750	\$0	\$0	\$0	\$0	\$2,778,750
2022	\$580,000,000	\$580,000,000		\$1,479,000	\$6,786,000	\$8,265,000	\$0	\$0	\$0	\$0	\$8,265,000
2023	\$1,200,000,000	\$1,200,000,000		\$3,060,000	\$14,040,000	\$17,100,000	\$0	\$0	\$0	\$0	\$17,100,000
2024	\$1,125,000,000	\$30,000,000		\$2,868,750	\$351,000	\$3,219,750	\$0	\$0	\$0	\$0	\$3,219,750
2025	\$5,000,000,000	\$30,000,000		\$12,750,000	\$351,000	\$13,101,000	\$0	\$0	\$0	\$0	\$13,101,000
2026	\$4,800,000,000	\$30,000,000		\$12,240,000	\$351,000	\$12,591,000	\$0	\$0	\$0	\$0	\$12,591,000
2027	\$4,600,000,000	\$30,000,000		\$11,730,000	\$351,000	\$12,081,000	\$0	\$0	\$0	\$0	\$12,081,000
2028	\$4,400,000,000	\$30,000,000		\$11,220,000	\$351,000	\$11,571,000	\$0	\$0	\$0	\$0	\$11,571,000
2029	\$4,200,000,000	\$30,000,000		\$10,710,000	\$351,000	\$11,061,000	\$0	\$0	\$0	\$0	\$11,061,000
2030	\$4,000,000,000	\$30,000,000		\$10,200,000	\$351,000	\$10,551,000	\$21,680,000	\$0	\$4,450,400	\$292,000	\$36,973,400
2031	\$3,800,000,000	\$30,000,000		\$9,690,000	\$351,000	\$10,041,000	\$20,596,000	\$0	\$4,227,880	\$277,400	\$35,142,280
2032	\$3,600,000,000	\$30,000,000		\$9,180,000	\$351,000	\$9,531,000	\$19,512,000	\$0	\$4,005,360	\$262,800	\$33,311,160
2033	\$3,400,000,000	\$30,000,000		\$8,670,000	\$351,000	\$9,021,000	\$18,428,000	\$0	\$3,782,840	\$248,200	\$31,480,040
2034	\$3,250,000,000	\$3,250,000,000		\$8,287,500	\$38,025,000	\$46,312,500	\$17,615,000	\$0	\$3,615,950	\$237,250	\$67,780,700
2035	\$3,100,000,000	\$3,100,000,000		\$7,905,000	\$36,270,000	\$44,175,000	\$16,802,000	\$11,124,970	\$3,449,060	\$226,300	\$75,777,330
2036	\$2,950,000,000	\$2,950,000,000		\$7,522,500	\$34,515,000	\$42,037,500	\$15,989,000	\$10,586,665	\$3,282,170	\$215,350	\$72,110,685
2037	\$2,800,000,000	\$2,800,000,000		\$7,140,000	\$32,760,000	\$39,900,000	\$15,176,000	\$10,048,360	\$3,115,280	\$204,400	\$68,444,040
2038	\$2,650,000,000	\$2,650,000,000		\$6,757,500	\$31,005,000	\$37,762,500	\$14,363,000	\$9,510,055	\$2,948,390	\$193,450	\$64,777,395
			<b>Total</b>	<b>\$141,907,500</b>	<b>\$199,192,500</b>	<b>\$341,100,000</b>	<b>\$160,161,000</b>	<b>\$41,270,050</b>	<b>\$32,877,330</b>	<b>\$2,157,150</b>	<b>\$577,565,530</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$451,912,500</b>	<b>\$451,912,500</b>	<b>\$141,462,000</b>	<b>\$358,152,260</b>	<b>\$29,038,860</b>	<b>\$1,905,300</b>	<b>\$982,470,920</b>

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Chevron Phillips Chemical Company, 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 25<sup>th</sup> Anniversary of Limitation Start**

This represents the Comptroller’s determination that Chevron Phillips Chemical Company, 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 and direct, indirect and induced tax effects from project employment 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>	2021	\$2,281,500	\$2,281,500	\$0	\$0
	2022	\$6,786,000	\$9,067,500	\$0	\$0
	2023	\$14,040,000	\$23,107,500	\$0	\$0
<b>Limitation Period (10 Years)</b>	2024	\$351,000	\$23,458,500	\$12,811,500	\$12,811,500
	2025	\$351,000	\$23,809,500	\$58,149,000	\$70,960,500
	2026	\$351,000	\$24,160,500	\$55,809,000	\$126,769,500
	2027	\$351,000	\$24,511,500	\$53,469,000	\$180,238,500
	2028	\$351,000	\$24,862,500	\$51,129,000	\$231,367,500
	2029	\$351,000	\$25,213,500	\$48,789,000	\$280,156,500
	2030	\$351,000	\$25,564,500	\$46,449,000	\$326,605,500
	2031	\$351,000	\$25,915,500	\$44,109,000	\$370,714,500
	2032	\$351,000	\$26,266,500	\$41,769,000	\$412,483,500
	2033	\$351,000	\$26,617,500	\$39,429,000	\$451,912,500
<b>Maintain Viable Presence (5 Years)</b>	2034	\$38,025,000	\$64,642,500	\$0	\$451,912,500
	2035	\$36,270,000	\$100,912,500	\$0	\$451,912,500
	2036	\$34,515,000	\$135,427,500	\$0	\$451,912,500
	2037	\$32,760,000	\$168,187,500	\$0	\$451,912,500
	2038	\$31,005,000	\$199,192,500	\$0	\$451,912,500
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2039	\$29,250,000	\$228,442,500	\$0	\$451,912,500
	2040	\$27,495,000	\$255,937,500	\$0	\$451,912,500
	2041	\$25,740,000	\$281,677,500	\$0	\$451,912,500
	2042	\$23,985,000	\$305,662,500	\$0	\$451,912,500
	2043	\$22,230,000	\$327,892,500	\$0	\$451,912,500
	2044	\$20,475,000	\$348,367,500	\$0	\$451,912,500
	2045	\$18,720,000	\$367,087,500	\$0	\$451,912,500
	2046	\$16,965,000	\$384,052,500	\$0	\$451,912,500
	2047	\$15,210,000	\$399,262,500	\$0	\$451,912,500
	2048	\$13,455,000	\$412,717,500	\$0	\$451,912,500

**\$412,717,500**

is less than

**\$451,912,500**

<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?	No

Source: CPA, Chevron Phillips Chemical Company, LP

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2020	200	220	420	\$17,000,000	\$17,000,000	\$34,000,000	1656000	-778000	\$2,434,000
2021	1100	1,240	2340	\$95,370,000	\$102,630,000	\$198,000,000	9102000	-4044000	\$13,146,000
2022	4300	4,837	9137	\$380,266,200	\$419,733,800	\$800,000,000	35866000	-15106000	\$50,972,000
2023	6900	7,920	14820	\$622,400,700	\$748,599,300	\$1,371,000,000	59593000	-19379000	\$78,972,000
2024	2310	3,176	5486	\$212,416,410	\$405,583,590	\$618,000,000	25932000	8293000	\$17,639,000
2025	210	665	875	\$19,569,710	\$180,430,290	\$200,000,000	10231000	19363000	-\$9,132,000
2026	10	6	16	\$800,310	\$100,199,690	\$101,000,000	6912000	19714000	-\$12,802,000
2027	10	(207)	-197	\$800,310	\$59,199,690	\$60,000,000	5714000	18410000	-\$12,696,000
2028	10	(260)	-250	\$800,310	\$34,199,690	\$35,000,000	5043000	16830000	-\$11,787,000
2029	10	(207)	-197	\$800,310	\$24,199,690	\$25,000,000	4768000	15205000	-\$10,437,000
2030	10	(110)	-100	\$800,310	\$22,199,690	\$23,000,000	4570000	13634000	-\$9,064,000
2031	10	4	14	\$800,310	\$26,199,690	\$27,000,000	4562000	12131000	-\$7,569,000
2032	10	125	135	\$800,310	\$34,199,690	\$35,000,000	4791000	10849000	-\$6,058,000
2033	10	238	248	\$800,310	\$44,199,690	\$45,000,000	4906000	9697000	-\$4,791,000
2034	10	166	176	\$800,310	\$37,199,690	\$38,000,000	3525000	8942000	-\$5,417,000
2035	10	185	195	\$800,310	\$40,199,690	\$41,000,000	3273000	8026000	-\$4,753,000
2036	10	201	211	\$800,310	\$41,199,690	\$42,000,000	3044000	7164000	-\$4,120,000
2037	10	215	225	\$800,310	\$45,199,690	\$46,000,000	2884000	6424000	-\$3,540,000
2038	10	226	236	\$800,310	\$50,199,690	\$51,000,000	2808000	5745000	-\$2,937,000
2039	10	244	254	\$800,310	\$54,199,690	\$55,000,000	2686000	5058000	-\$2,372,000
2040	10	250	260	\$800,310	\$58,199,690	\$59,000,000	2594000	4478000	-\$1,884,000
2041	10	252	262	\$800,310	\$61,199,690	\$62,000,000	2518000	3960000	-\$1,442,000
2042	10	246	256	\$800,310	\$65,199,690	\$66,000,000	2441000	3532000	-\$1,091,000
2043	10	240	250	\$800,310	\$69,199,690	\$70,000,000	2441000	3098000	-\$657,000
2044	10	238	248	\$800,310	\$74,199,690	\$75,000,000	2365000	2754000	-\$389,000
2045	10	238	248	\$800,310	\$78,199,690	\$79,000,000	2319000	2357000	-\$38,000
2046	10	232	242	\$800,310	\$82,199,690	\$83,000,000	2319000	2121000	\$198,000
<b>Total</b>							<b>\$218,863,000</b>	<b>\$168,478,000</b>	<b>\$50,385,000</b>
							<b>\$463,102,500</b>	is greater than	<b>\$451,912,500</b>

**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
-----

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 Chevron Phillips Chemical Company 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 Chevron Phillips Chemical Company LP in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “The project is still in an evaluation stage; only very preliminary development activities have begun. No public announcements of a definitive intent to construct the project have been made. Agreements pertaining to preliminary design and engineering work and the development of other technical studies and estimates have been entered into; this work is necessary for purposes of determining whether the project is technically viable and can be cost-competitive in the global marketplace.”
  - B. “Chevron Phillips Chemical is currently evaluating several proposed sites along the U.S. Gulf Coast, including locations in Texas and Louisiana, which may meet the needs of the proposed project. The impact of property taxes on the economic return is a major determining factor in the site selection process. The combined property tax rate at the potential site in Orange County, Texas, varies from 2.55% to 2.8%, with the school district rate making up approximately half of the combined rate. Consequently, a limitation on appraised value under Chapter 313 of the Texas Tax Code is a determining factor in the decision to invest capital and construct the project in the State of Texas.”
  - C. “The decision to invest in a particular country or state depends on the economics of the investment in the particular jurisdiction. In the case of the investment in the proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes. Obtaining a limitation on appraised value under Chapter 313 of the Texas Tax Code is a necessary part of the economic analysis for investment in Texas. The petrochemicals market is very competitive. Without a limitation on appraised value under Chapter 313 from the school district, siting the project in Orange County is not competitive with comparable investments.”

- Per Comptroller Research
  - A. On December 17, 2018, West Chambers County EDF News reported that Phillips 66 had budgeted \$4.1 billion on capital projects for next year. \$290 million going towards growing Chevron Phillips Chemical, which could include, “a second U.S. Gulf Coast petrochemicals project for additional ethylene and derivate capacity,” the company reported in a release.
  - B. On February 21, 2019, The Houston Chronicle reported that Chevron Phillips Chemical is considering building a petrochemical plant in the city of Orange. “At this point in time, Orange, Texas, is a finalist undergoing due diligence for a new petrochemical investment if we make a final investment decision to proceed. However, the location is only one of the alternatives we are considering along the U.S. Gulf Coast. I would simply be premature to say that Orange is definitively where we would put a new petrochemical facility if we decide to build one. We remain very encouraged by the fundamentals supporting an additional petrochemical investment in the U.S. Gulf Coast. The availability of competitive feed stocks in the region and growing worldwide demand for our products appear to support such an initiative,” a Chevron Phillips Chemical spokesperson stated.
  - C. Per Chevron Phillips Chemical Company’s webpage, Chevron is headquartered in The Woodlands, Texas. They produce chemical products that manufacture consumer and industrial products. Chevron Phillips and joint venture partners have 31 production facilities located in United States, Singapore, Saudi Arabia, Qatar, and Belgium.
  - D. The qualified property for the Chevron Phillips Chemical plant (Application #1330) is placed adjacent to another of their chemical plants, which is already operational and is not under a Chapter 313 agreement. (Map included)

**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**

Chevron Phillips Chemical Company LLC was formed on July 1, 2000, when Chevron Corporation and Phillips Petroleum Company, now Phillips 66, combined their worldwide petrochemical businesses. Chevron and Phillips 66 each own 50% of Chevron Phillips Chemical Company LLC, which in turn owns, through wholly-owned subsidiaries, 100% of Chevron Phillips Chemical Company LP.

The company is one of the world's top producers of olefins and polyolefins; it is also a leading supplier of aromatics, alpha olefins, styrenics, specialty chemicals, piping and proprietary plastics. Chevron Phillips Chemical produces chemical products that are essential to manufacturing over 70,000 consumer and industrial products.

Headquartered in the Woodlands, Texas, Chevron Phillips Chemical has interests in 33 manufacturing facilities across four continents, seven countries and thirteen states. Chevron Phillips Chemical has over 4,700 employees worldwide.

The project is still in an evaluation stage; only very preliminary development activities have begun. No public announcements of a definitive intent to construct the project have been made. Agreements pertaining to preliminary design and engineering work and the development of other technical studies and estimates have been entered into; this work is necessary for purposes of determining whether the project is technically viable and can be cost-competitive in the global marketplace.

Chevron Phillips Chemical is currently evaluating several proposed sites along the U.S. Gulf Coast, including locations in Texas and Louisiana, which may meet the needs of the proposed project. The impact of property taxes on the economic return is a major determining factor in the site selection process. The combined property tax rate at the potential site in Orange County, Texas, varies from 2.55% to 2.8%, with the school district rate making up approximately half of the combined rate. Consequently, a limitation on appraised value under Chapter 313 of the Texas Tax Code is a determining factor in the decision to invest capital and construct the project in the State of Texas.

The decision to invest in a particular country or state depends on the economics of the investment in the particular jurisdiction. In the case of the investment in the proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local

property taxes. Obtaining a limitation on appraised value under Chapter 313 of the Texas Tax Code is a necessary part of the economic analysis for investment in Texas. The petrochemicals market is very competitive. Without a limitation on appraised value under Chapter 313 from the school district, siting the project in Orange County is not competitive with comparable investments.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller

# Vicinity Map



Pinehurst

Orange

West Orange

Orange Harbor Island

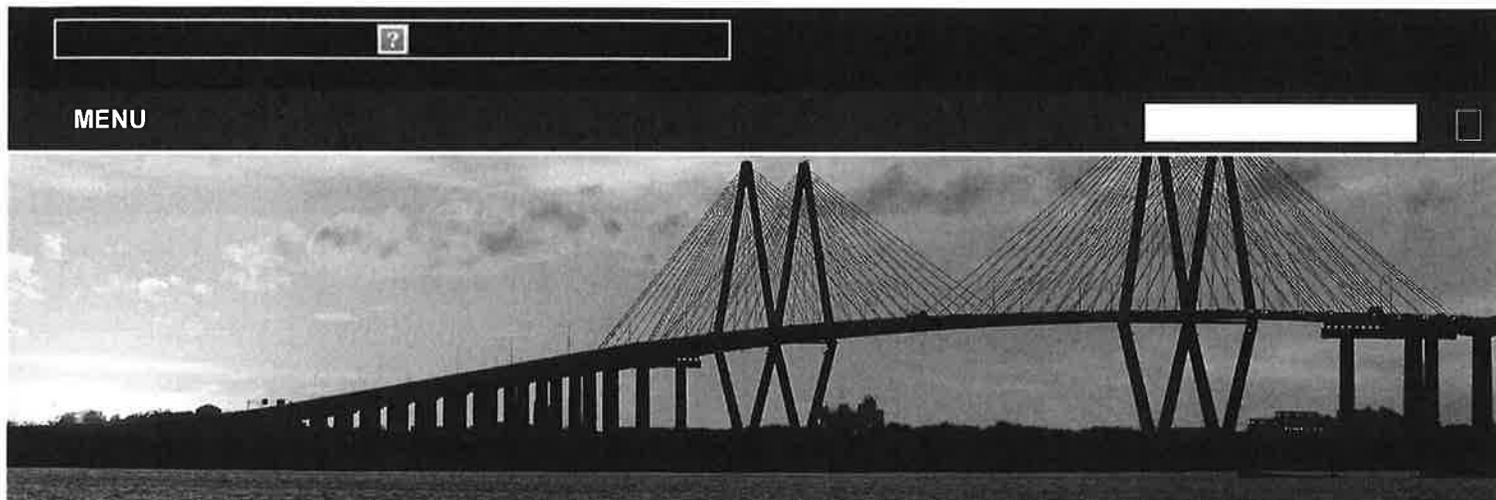
Cutoff Island

Mule Island

5309 Farm to Market Rd 10066

Chevron Phillips Chemical Co Chemical Plant, Orange, Tx

App 1330- Chevron Phillips Chemical Company, LP



## Phillips 66 to pour billions in new capital projects next year

*December 17, 2018*

Houston-based Phillips 66 plans to pour significantly more into its capital budget next year as it expands its oil pipeline network, invests in its refineries and grows its petrochemical business.

The energy company, along with its midstream and storage terminal subsidiary Phillips 66 Partners, has budgeted \$2.89 billion on capital projects next year — a nearly 26 percent jump from this year's capital budget of \$2.3 billion, according to its budget released Friday afternoon.

When factoring in spending for its own operations plus its joint ventures, the company has budgeted \$4.1 billion on capital projects next year — up from \$3.2 billion in this year's budget. Many of those capital projects will funnel new money and jobs into Texas.

Here are some takeaways from the capital budget:

- A lot of money will go towards expanding its pipeline network and terminals. Spending on its midstream business, including pipeline and terminals, will grow to \$1.6 billion, up from \$1.2 billion this year. That includes an ongoing expansion of its Beaumont Terminal; South Texas Gateway Terminal growth; an expansion Clemens Caverns near Brazoria; an isomerization unit at its Lake Charles Refinery in Louisiana; and a Lake Charles products pipeline.
- Construction on the Gray Oak Pipeline will wrap up next year. Phillips 66 also is one of several companies building the Gray Oak Pipeline – which will extend from West Texas to Corpus Christi and the Sweeny/Freeport markets. It will be in service by the end of 2019. Phillips 66 Partners could eventually hold a 42.25 percent stake in the project if all its partners exercise their rights to boost their stake in the project.
- The company appears to be getting more serious about expanding its Gulf Coast petrochemical business, called Chevron Phillips Chemical, which it owns in a joint venture with Chevron. Company executives previously have said they have put together a team to explore growth opportunities for Chevron Phillips. Now it has budget next year includes \$290 million toward growing Chevron Phillips Chemical, which could include "a second U.S. Gulf Coast petrochemicals project for additional ethylene and derivative capacity," the company said in a release. Total capital spending on Chevron Phillips Chemical is budgeted at \$572 million (that doesn't include Chevron's portion).

- Construction on a 42-inch Colorado-to-Gulf Coast pipeline to complete late next year. Phillips 66 will contribute \$505 million into its joint venture with Enbridge called DCP Midstream. DCP Midstream has a 25 percent stake in the Gulf Coast Express pipeline – a 500-mile project extending from Colorado to the Gulf Coast. Targa Resources and Kinder Morgan are also involved in the pipeline that will be in service late next year. Other DCP Midstream projects include natural gas liquid pipeline expansions and Delaware-Julesburg Basin gas processing plant.
- Phillips 66's Sweeny Hub in Old Ocean, Texas will continue to see upgrades – that includes adding a fluid catalytic cracking unit at the Sweeny Refinery. Overall Phillips 66 has budgeted \$923 million on refining, up from \$827 million this year.

"The 2019 capital program reflects our strong portfolio of growth projects aligned with our long-term strategy," said Chairman and CEO Greg Garland in a statement.

[https://www.chron.com/business/energy/article/Phillips-66-to-pour-billions-in-new-capital-13467815.php?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=Chron\\_fuelfix](https://www.chron.com/business/energy/article/Phillips-66-to-pour-billions-in-new-capital-13467815.php?utm_source=newsletter&utm_medium=email&utm_campaign=Chron_fuelfix)

## The Latest News

### Exxon's Baytown refinery to see big facelift

January 15, 2019 - Exxon Mobil is starting a major maintenance overhaul at one of the nation's largest oil refineries in Baytown that will... [READ MORE](#)

### Houston developer buys 225-acre Baytown business park

January 11, 2019 - Houston-based Adkisson Group Inc. has acquired a nearly 225-acre business park site from Houston-based Parkside Capital, according to a press... [READ MORE](#)

### Phillips 66 to pour billions in new capital projects next year

December 17, 2018 - Houston-based Phillips 66 plans to pour significantly more into its capital budget next year as it expands its oil pipeline... [READ MORE](#)

## Living Here



## Sites & Buildings



**FOLLOW US:**



© 2019 Baytown-West Chambers County EDF. All Rights Reserved.  
Website Developed by Marketing Alliance, Inc.

**CONTACT US:**

☎ **281.420.2961**

[baytownedf@baytownedf.org](mailto:baytownedf@baytownedf.org)

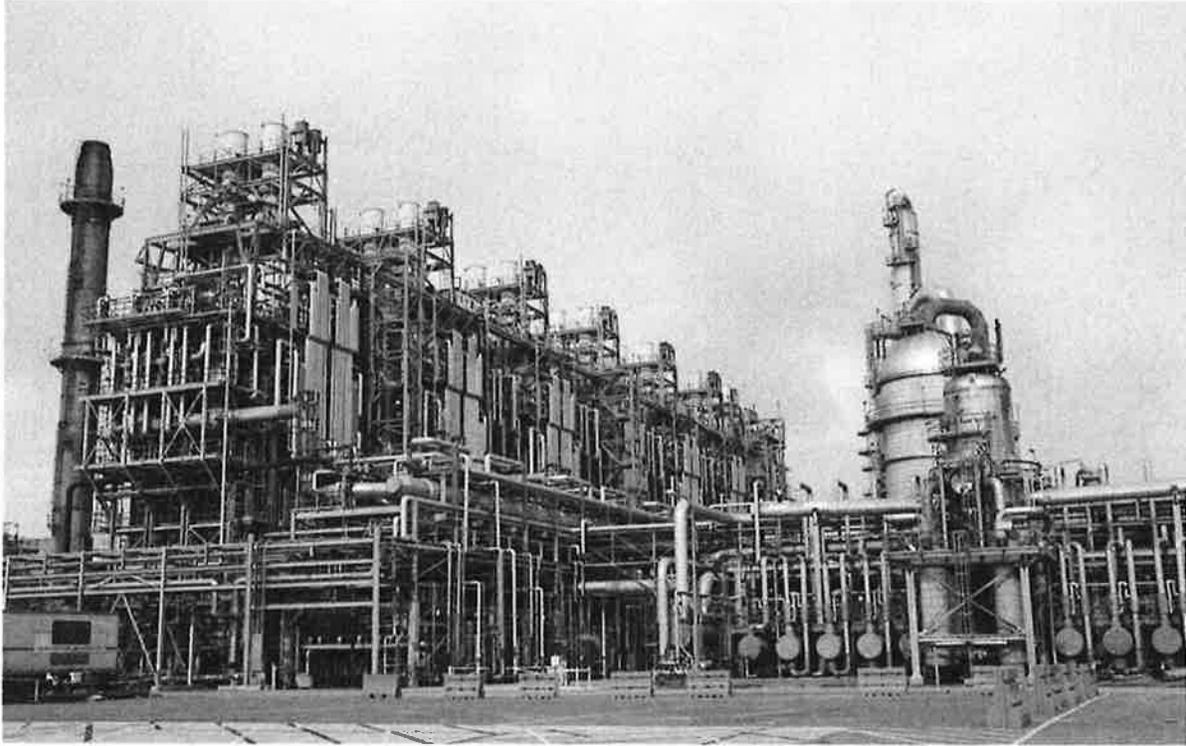
Baytown-West Chambers County Economic Development Foundation  
1300 Rollingbrook Dr. • Suite 505 • Baytown, TX 77521



<https://www.chron.com/business/energy/article/Chevron-Phillips-names-potential-spot-for-new-13633632.php>

## Chevron Phillips names potential spot for new \$5.8B petrochemical project

By Marissa Luck Updated 11:38 am CST, Thursday, February 21, 2019



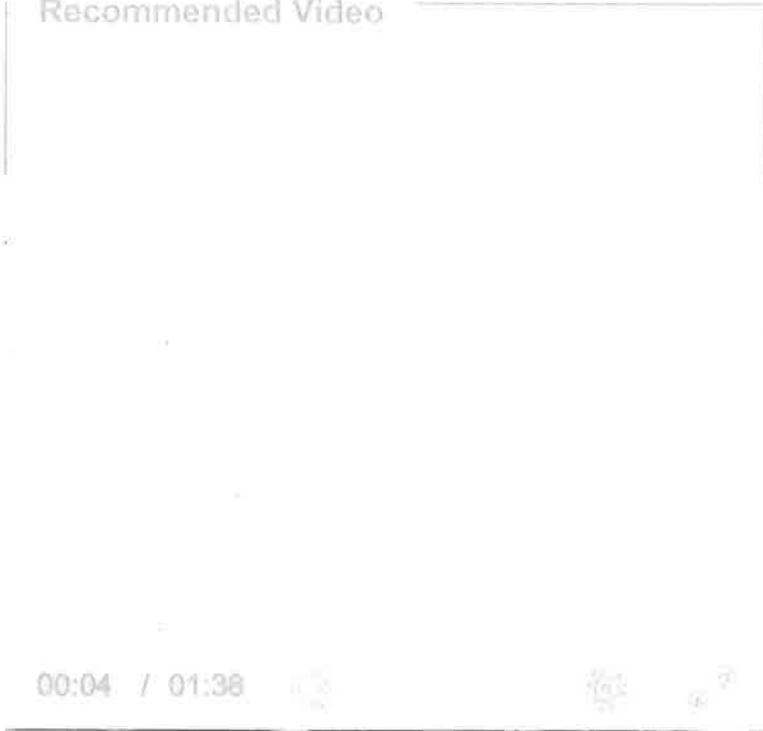
An older Chevron Phillips Chemical unit at Cedar Bayou Plant on Tuesday, Dec. 18, 2018, in Baytown.

The city of Orange is on the short list of places where Chevron Phillips Chemical Co. is considering building a massive \$5 billion to \$6 billion petrochemical expansion, recently released state documents show.

For months, The Woodlands' company's owners, Phillips 66 and Chevron, have said they are considering adding more capacity in the region without saying where or how big of a project it could be.

A request for tax incentives filed with the state comptroller's office shows Chevron Phillips is considering buying 1,700 acres of undeveloped land to house a multi-billion

Recommended Video



manufacturing facility in Orange.

The project would convert hydrocarbons into ethylene, the building block for jugs, bags, food and beverage

POWERED BY CONCERT

FEEDBACK

The proposed location is across a highway from Chevron Phillips' existing polyethylene plant on Farm Market Road 1006 so the two sites would likely work together.

**RELATED:** 'Gold-collar' workers growing more vital in oil & gas industry

Construction could start as early as the second quarter of 2020 and the company would start operations in the third quarter of 2024.

The city is one several locations in Texas and Louisiana where Chevron Phillips is looking.

"At this point in time, Orange, Texas, is a finalist undergoing due diligence for a new petrochemical investment if we make a final investment decision to proceed. However, the location is only one of the alternatives we are considering along the U.S. Gulf Coast," said a Chevron Phillips Chemical spokesperson. "It would simply be premature to say that Orange is definitively where we would put a new petrochemical facility if we decide to build one."

#### **EARLIER: Chevron Phillips CEO talks leadership, pollution and trade war**

The company is eyeing the investment roughly a year after starting up its huge new ethane cracker in Baytown. A new petrochemical expansion on the Gulf Coast could create thousands of construction jobs and further cement the region's dominating role in an emerging export-driven U.S. petrochemical market.

"We remain very encouraged by the fundamentals supporting an additional petrochemical investment in the U.S. Gulf Coast. The availability of competitive feedstocks in the region and growing worldwide demand for our products appear to support such an initiative," the company spokesman said.

#### **RELATED: Saudi Aramco's Motiva eyes \$6.6B petrochemical expansions**

The potential new Orange project would generate 3,500 construction jobs at peak construction with an average salary of about \$90,000, according to state documents filed in late January.

The number of permanent jobs the project would create isn't clear. The company committed to the application's minimum requirement of 20 permanent jobs, but it's likely a project of that scale would require hundreds of jobs. A recently-completed project of the same scale in Baytown now helps to support 1,000 permanent employees and 2,000 contractors, according to Chevron Phillips Chemical.

The average salary for permanent jobs would be \$80,000 annually, according to the documents.

The project would include an ethylene cracker, at least one ethylene derivative units, a rail storage yard, utilities and related infrastructure and administrative buildings, the documents said.

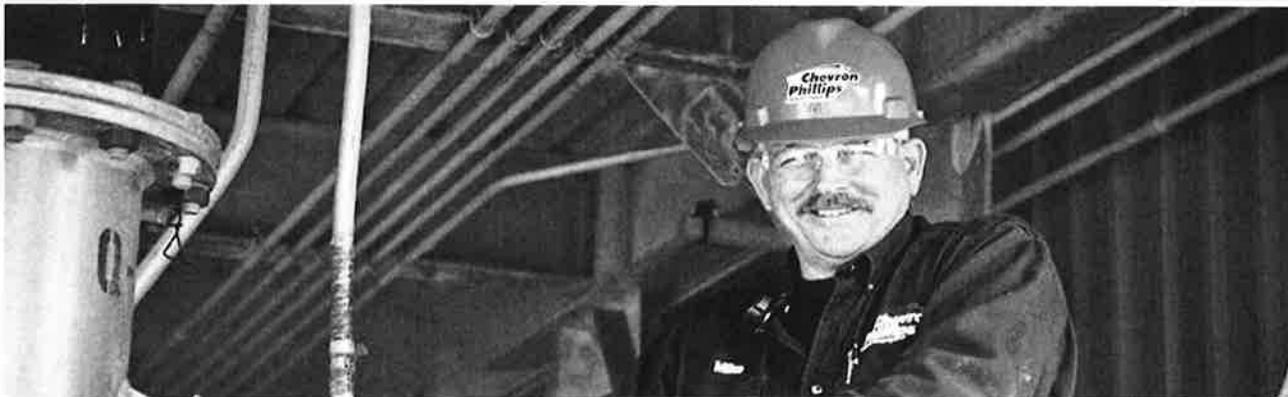
Chevron Phillips is seeking Chapter 313 incentives from West Orange-Cove Consolidated Independent School District and Bridge City Independent School District, the two districts where its potential project would overlap.

© 2019 Hearst Communications, Inc.

**H E A R S T**



Performance by design.  
Caring by choice.™



## Orange, Texas

---

Located 114 miles east of downtown Houston off of Interstate Highway 10, the Orange, TX plant has been in operation since 1955. The site has two HDPE reactors.

### Products Produced

**High Density Polyethylene (HDPE) Gas Phase Unit** - A resin converted into plastic pipe, merchandise bags, milk jugs, food and beverage containers, household chemical and detergent bottles, pails, drums and auto gas tanks.

**High Density Polyethylene (HDPE) Particle Form C Loop** - A resin converted into corrugated plastic pipe, decking boards, and one-gallon milk jugs.

**Oxygen Scavenging Polymer** - Incorporated into blown bottles and film applications to scavenge oxygen from inside the container, in order to keep foods fresher longer.

### Contact Us

Orange Chemical Plant  
5309 Farm Market Road 1006  
Orange, TX 77630

Phone: (409) 886-7491

Fax: (409) 882-6052

**More from Chevron Phillips Chemical**

## Chevron Phillip Chemical Job Openings

### **Useful Links: Areas of Interest**

[Greater Orange Area Chamber of Commerce](#)

Copyright © Chevron Phillips Chemical Company (2000-2019) All Rights Reserved. Legal Notice



Performance by design.  
Caring by choice.™

## Company Overview

### Headquarters

Chevron Phillips Chemical Company LP  
10001 Six Pines Drive  
The Woodlands, TX 77380  
832-813-4100  
<http://www.cpchem.com>

### Background

On July 1, 2000, Chevron Corporation and Phillips Petroleum Company, now Phillips 66, combined their worldwide petrochemical businesses, excluding Chevron's oronite additives business, to form Chevron Phillips Chemical

Company LLC. Chevron and Phillips 66 each own 50 percent of Chevron Phillips Chemical.



- Chevron Phillips Chemical is one of the world's top producers of olefins and polyolefins and a leading supplier of aromatics, alpha olefins, styrenics, specialty chemicals, piping, and proprietary plastics.
- Chevron Phillips Chemical produces chemical products that are essential to manufacturing over 70,000 consumer and industrial products.
- Chevron Phillips Chemical, with its joint venture partners, operates 31 manufacturing and research centers.
- Chevron Phillips Chemical is headquartered in The Woodlands, Texas (north of Houston).
- Chevron Phillips Chemical has approximately 5,000 employees worldwide.

### Facilities

Chevron Phillips Chemical, with its joint venture partners, has 31 production facilities located in the United States, Singapore, Saudi Arabia, Qatar and Belgium. Significant developments include:

### Significant Projects

- In 2018, the ethane cracker built in Cedar Bayou as part of Chevron Phillips Chemical's U.S. Gulf Coast Petrochemicals Project (USGC PP) commenced operations, marking completion of the \$6 billion project.
- In 2017, the two polyethylene units of Chevron Phillips Chemical's USGC PP were mechanically complete.
- In 2014, Chevron Phillips Chemical started construction of a 1.5 million metric tons/year (3.3 billion pounds/year) ethane cracker and ethylene derivatives facilities in the United States Gulf Coast region. The two new polyethylene facilities will each have an annual capacity of 500,000 metric tons (1.1 billion pounds).
- Chevron Phillips Chemical completed an expansion of its normal alpha olefins (NAO) capacity at its Cedar Bayou plant in Baytown, Texas, in 2015.
- In 2014, Chevron Phillips Chemical announced mechanical completion of the world's largest on-purpose 1-hexene plant at its Cedar Bayou plant in Baytown, Texas. The 1-hexene plant is capable of producing up to 250,000 metric tons (551 million pounds) per year.

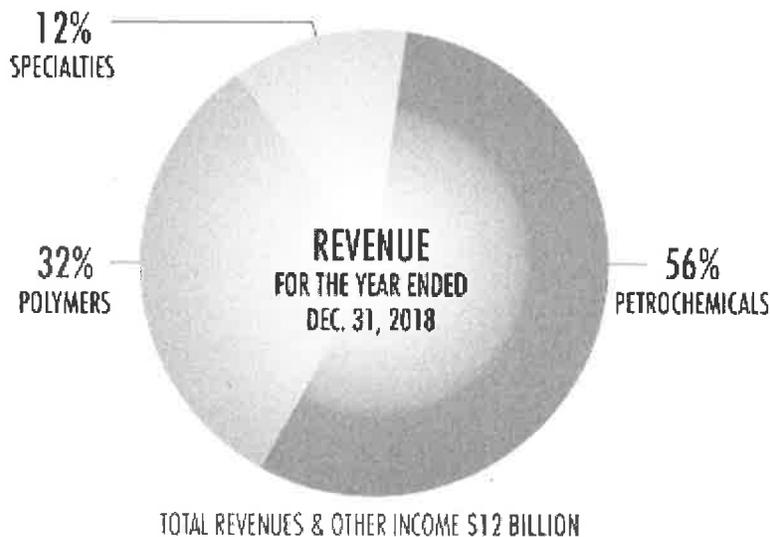
### Research & Development

Chevron Phillips Chemical has two major research, technology and quality control centers in Bartlesville, Oklahoma, and Kingwood, Texas. These facilities provide full-scale petrochemical and polymer research including new catalyst development, product and process development, and commercial process support.

- Chevron Phillips Chemical employs more than 250 scientists, researchers, and engineers in its research facilities.
- Chevron Phillips Chemical holds thousands of domestic and international patents and patent applications.
- Chevron Phillips Chemical's loop slurry process for HDPE production is one of the most widely licensed processes in the world.

## Business Units

Chevron Phillips Chemical's product offerings are divided into two business units. Click [here](#) for our products diagram. The following charts provide a breakdown of Chevron Phillips Chemical's assets and revenue by business unit:



- Olefins & Polyolefins - Ethylene, Polyethylene, Normal Alpha Olefins, Polyalphaolefins, Propylene and High-Density Polyethylene Pipe, Conduit and Pipe Fittings.
- Specialties, Aromatics & Styrenics - Cyclohexane, Styrene, Polystyrene, Benzene, Mining Chemicals, Soltex® Drilling Mud Additive, Scintinel® Mercaptans, Specialty Organosulfur Compounds, Racing Fuels, E-Series™ Acetylene Hydrogenation Catalysts

## Primary Brands

- Marlex® polyethylene is a premium extrusion and rigid packaging resin.
- Aromax® benzene production technology is the lowest cost process for on-purpose production of benzene.
- Scintinel® Gas Odorants are added to natural gas to give it a distinctive smell.
- Soltex® drilling mud additive is a high-temperature/high-pressure fluid loss control additive for water-based muds.

## Markets Served

- Adhesives and Sealants
- Agricultural

- Appliances
- Automotive
- Building and Construction
- Chemical manufacturing
- Drycleaning
- Electronics
- Healthcare and Medical
- Household
- Imaging and Photography
- Industrial
- Oil, Gas, and Mining
- Packaging
- Paint and Coatings
- Personal Care and Cosmetics
- Pharmaceuticals
- Pipe
- Plastics and Rubber
- Textiles

Copyright © Chevron Phillips Chemical Company (2000-2019) All Rights Reserved. Legal Notice