



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 9, 2019

AMENDED CERTIFICATION

Dr. Tory Hill
Superintendent
Sweeny Independent School District
1310 North Elm Street
Sweeny, Texas 77480

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Sweeny Independent School District and Phillips 66 Company, Application 1334

Dear Superintendent Hill:

This application (Application 1334) was originally submitted on January 15, 2019, to the Sweeny Independent School District (school district) by Phillips 66 Company (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On March 5, 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 May 24, 2019. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on July 9, 2019.

On November 15, 2019, Comptroller received an amendment to the agreement to move the qualifying time period from January 2, 2020 to January 1, 2020 and move the limitation from 2021 to 2022. 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.

¹ 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 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 Phillips 66 Company (project) applying to Sweeny 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 Phillips 66 Company.

	Original	Amendment No. 1
Applicant	Phillips 66 Company	Phillips 66 Company
Tax Code, 313.024 Eligibility Category	Manufacturing	Manufacturing
School District	Sweeny ISD	Sweeny ISD
2017-2018 Average Daily Attendance	1,971	1,971
County	Brazoria	Brazoria
Proposed Total Investment in District	\$495,000,000	\$495,000,000
Proposed Qualified Investment	\$410,000,000	\$410,000,000
Limitation Amount	\$30,000,000	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022	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	\$1,135	\$1,135
Minimum annual wage required for non-qualifying jobs	\$59,021	\$59,021
Investment per Qualifying Job	\$49,500,000	\$49,500,000
Estimated M&O levy without any limit (15 years)	\$54,448,910	\$51,655,741
Estimated M&O levy with Limitation (15 years)	\$17,445,776	\$16,030,911
Estimated gross M&O tax benefit (15 years)	\$37,003,134	\$35,624,830

Table 2 is the estimated statewide economic impact of Phillips 66 Company (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	250	362	612	\$19,500,000	\$28,921,993	\$48,421,993
2020	1100	1,593	2693.28	\$85,800,000	\$134,695,790	\$220,495,790
2021	1110	1,756	2866	\$86,462,220	\$163,432,008	\$249,894,228
2022	10	327	337	\$662,220	\$49,613,827	\$50,276,047
2023	10	90	100	\$662,220	\$28,277,492	\$28,939,712
2024	10	(62)	-52	\$662,220	\$12,332,792	\$12,995,012
2025	10	(129)	-119	\$662,220	\$2,836,966	\$3,499,186
2026	10	(142)	-132	\$662,220	-\$1,842,181	-\$1,179,961
2027	10	(123)	-113	\$662,220	-\$3,042,944	-\$2,380,724
2028	10	(87)	-77	\$662,220	-\$1,973,173	-\$1,310,953
2029	10	(48)	-38	\$662,220	\$374,041	\$1,036,261
2030	10	(10)	0	\$662,220	\$3,329,069	\$3,991,289
2031	10	22	32	\$662,220	\$6,307,962	\$6,970,182
2032	10	40	50	\$662,220	\$8,367,814	\$9,030,034
2033	10	55	65	\$662,220	\$10,368,240	\$11,030,460
2034	10	65	75	\$662,220	\$11,959,090	\$12,621,310
2035	10	70	80	\$662,220	\$13,141,840	\$13,804,060
2036	10	71	81	\$662,220	\$13,874,743	\$14,536,963

Source: CPA REMI, Phillips 66 Company

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*	Sweeny ISD I&S Tax Levy	Sweeny ISD M&O Tax Levy	Sweeny M&O and I&S Tax Levies	Brazoria County Tax Levy	Sweeny Hospital District Tax Levy	West Brazoria County Drainage District #11 Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes
				0.1517	0.9900		0.4279	0.5482	0.0200	0.0401	
2022	\$485,200,000	\$485,200,000		\$736,048	\$4,803,480	\$5,539,528	\$2,076,239	\$2,659,920	\$97,040	\$194,565	\$10,567,292
2023	\$461,065,000	\$461,065,000		\$699,436	\$4,564,544	\$5,263,979	\$1,972,962	\$2,527,609	\$92,213	\$184,887	\$10,041,650
2024	\$438,134,100	\$438,134,100		\$664,649	\$4,337,528	\$5,002,177	\$1,874,837	\$2,401,899	\$87,627	\$175,692	\$9,542,232
2025	\$416,346,300	\$416,346,300		\$631,597	\$4,121,828	\$4,753,426	\$1,781,604	\$2,282,456	\$83,269	\$166,955	\$9,067,710
2026	\$395,644,400	\$395,644,400		\$600,193	\$3,916,880	\$4,517,072	\$1,693,018	\$2,168,966	\$79,129	\$158,653	\$8,616,838
2027	\$375,975,400	\$375,975,400		\$570,355	\$3,722,156	\$4,292,511	\$1,608,851	\$2,061,139	\$75,195	\$150,766	\$8,188,462
2028	\$357,287,300	\$357,287,300		\$542,005	\$3,537,144	\$4,079,149	\$1,528,882	\$1,958,688	\$71,457	\$143,272	\$7,781,449
2029	\$339,529,900	\$339,529,900		\$515,067	\$3,361,346	\$3,876,413	\$1,452,896	\$1,861,340	\$67,906	\$136,151	\$7,394,707
2030	\$322,658,200	\$322,658,200		\$489,472	\$3,194,316	\$3,683,789	\$1,380,700	\$1,768,848	\$64,532	\$129,386	\$7,027,254
2031	\$306,627,100	\$306,627,100		\$465,153	\$3,035,608	\$3,500,762	\$1,312,100	\$1,680,963	\$61,325	\$122,957	\$6,678,108
2032	\$291,395,600	\$291,395,600		\$442,047	\$2,884,816	\$3,326,864	\$1,246,923	\$1,597,463	\$58,279	\$116,850	\$6,346,378
2033	\$276,922,600	\$276,922,600		\$420,092	\$2,741,534	\$3,161,625	\$1,184,991	\$1,518,120	\$55,385	\$111,046	\$6,031,167
2034	\$263,171,000	\$263,171,000		\$399,230	\$2,605,393	\$3,004,623	\$1,126,146	\$1,442,732	\$52,634	\$105,532	\$5,731,667
2035	\$250,104,800	\$250,104,800		\$379,409	\$2,476,038	\$2,855,447	\$1,070,233	\$1,371,102	\$50,021	\$100,292	\$5,447,095
2036	\$237,689,900	\$237,689,900		\$360,576	\$2,353,130	\$2,713,706	\$1,017,108	\$1,303,042	\$47,538	\$95,314	\$5,176,708
			Total	\$7,915,329	\$51,655,741	\$59,571,070	\$22,327,490	\$28,604,288	\$1,043,550	\$2,092,318	\$113,638,717

Source: CPA, Phillips 66 Company

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Brazoria County, Sweeny Hospital District, West Brazoria County Drainage District #11 and Port Freeport 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 abatement with the county, hospital district and port.

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*	Sweeny ISD I&S Tax Levy	Sweeny ISD M&O Tax Levy	Sweeny M&O and I&S Tax Levies	Brazoria County Tax Levy	Sweeny Hospital District Tax Levy	West Brazoria County Drainage District #11 Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes	
2022	\$485,200,000	\$30,000,000		0.1517	0.9900		0.4279	0.5482	0.0200	0.0401		
2022	\$485,200,000	\$30,000,000		\$736,048	\$297,000	\$1,033,048	\$0	\$0	\$97,040	\$0	\$1,130,088	
2023	\$461,065,000	\$30,000,000		\$699,436	\$297,000	\$996,436	\$0	\$0	\$92,213	\$0	\$1,088,649	
2024	\$438,134,100	\$30,000,000		\$664,649	\$297,000	\$961,649	\$0	\$0	\$87,627	\$0	\$1,049,276	
2025	\$416,346,300	\$30,000,000		\$631,597	\$297,000	\$928,597	\$0	\$0	\$83,269	\$0	\$1,011,867	
2026	\$395,644,400	\$30,000,000		\$600,193	\$297,000	\$897,193	\$0	\$0	\$79,129	\$0	\$976,321	
2027	\$375,975,400	\$30,000,000		\$570,355	\$297,000	\$867,355	\$0	\$0	\$75,195	\$0	\$942,550	
2028	\$357,287,300	\$30,000,000		\$542,005	\$297,000	\$839,005	\$0	\$0	\$71,457	\$0	\$910,462	
2029	\$339,529,900	\$30,000,000		\$515,067	\$297,000	\$812,067	\$1,452,896	\$1,861,340	\$67,906	\$136,151	\$4,330,361	
2030	\$322,658,200	\$30,000,000		\$489,472	\$297,000	\$786,472	\$1,380,700	\$1,768,848	\$64,532	\$129,386	\$4,129,937	
2031	\$306,627,100	\$30,000,000		\$465,153	\$297,000	\$762,153	\$1,312,100	\$1,680,963	\$61,325	\$122,957	\$3,939,500	
2032	\$291,395,600	\$291,395,600		\$442,047	\$2,884,816	\$3,326,864	\$1,246,923	\$1,597,463	\$58,279	\$116,850	\$6,346,378	
2033	\$276,922,600	\$276,922,600		\$420,092	\$2,741,534	\$3,161,625	\$1,184,991	\$1,518,120	\$55,385	\$111,046	\$6,031,167	
2034	\$263,171,000	\$263,171,000		\$399,230	\$2,605,393	\$3,004,623	\$1,126,146	\$1,442,732	\$52,634	\$105,532	\$5,731,667	
2035	\$250,104,800	\$250,104,800		\$379,409	\$2,476,038	\$2,855,447	\$1,070,233	\$1,371,102	\$50,021	\$100,292	\$5,447,095	
2036	\$237,689,900	\$237,689,900		\$360,576	\$2,353,130	\$2,713,706	\$1,017,108	\$1,303,042	\$47,538	\$95,314	\$5,176,708	
				Total	\$7,915,329	\$16,030,911	\$23,946,240	\$9,791,096	\$12,543,611	\$1,043,550	\$917,528	\$48,242,025
				Diff	\$0	\$35,624,830	\$35,624,830	\$12,536,393	\$16,060,677	\$0	\$1,174,791	\$65,396,691

Assumes School Value Limitation and Tax Abatements with the County, Hospital District and Port.

Source: CPA, Phillips 66 Company

*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 Phillips 66 Company (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	2019	\$0	\$0	\$0	\$0
	2020	\$420,750	\$420,750	\$0	\$0
	2021	\$2,004,750	\$2,425,500	\$0	\$0
Limitation Period (10 Years)	2022	\$297,000	\$2,722,500	\$4,506,480	\$4,506,480
	2023	\$297,000	\$3,019,500	\$4,267,544	\$8,774,024
	2024	\$297,000	\$3,316,500	\$4,040,528	\$12,814,551
	2025	\$297,000	\$3,613,500	\$3,824,828	\$16,639,379
	2026	\$297,000	\$3,910,500	\$3,619,880	\$20,259,259
	2027	\$297,000	\$4,207,500	\$3,425,156	\$23,684,415
	2028	\$297,000	\$4,504,500	\$3,240,144	\$26,924,560
	2029	\$297,000	\$4,801,500	\$3,064,346	\$29,988,906
	2030	\$297,000	\$5,098,500	\$2,897,316	\$32,886,222
	2031	\$297,000	\$5,395,500	\$2,738,608	\$35,624,830
Maintain Viable Presence (5 Years)	2032	\$2,884,816	\$8,280,316	\$0	\$35,624,830
	2033	\$2,741,534	\$11,021,850	\$0	\$35,624,830
	2034	\$2,605,393	\$13,627,243	\$0	\$35,624,830
	2035	\$2,476,038	\$16,103,281	\$0	\$35,624,830
	2036	\$2,353,130	\$18,456,411	\$0	\$35,624,830
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$2,236,343	\$20,692,753	\$0	\$35,624,830
	2038	\$2,125,369	\$22,818,122	\$0	\$35,624,830
	2039	\$2,019,930	\$24,838,052	\$0	\$35,624,830
	2040	\$1,919,739	\$26,757,790	\$0	\$35,624,830
	2041	\$1,824,538	\$28,582,329	\$0	\$35,624,830
	2042	\$1,734,079	\$30,316,408	\$0	\$35,624,830
	2043	\$1,648,124	\$31,964,532	\$0	\$35,624,830
	2044	\$1,566,444	\$33,530,976	\$0	\$35,624,830
	2045	\$1,488,832	\$35,019,809	\$0	\$35,624,830
	2046	\$1,415,079	\$36,434,888	\$0	\$35,624,830

\$36,434,888

is greater than

\$35,624,830

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, Phillips 66 Company

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.