



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

June 5, 2019

Chad Jones
Superintendent
Sinton Independent School District
322 S. Archer
Sinton, Texas 78387

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Sinton Independent School District and Buffalo, LLC, Application 1354

Dear Superintendent Jones:

On May 13, 2019, the Comptroller issued written notice that Buffalo, LLC (applicant) submitted a completed application (Application 1354) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on March 15, 2019, to the Sinton 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 1354.

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 May 13, 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,



Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Buffalo, LLC (project) applying to Sinton 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 Buffalo, LLC.

Applicant	Buffalo, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Sinton ISD
2017-2018 Average Daily Attendance	2,017
County	San Patricio
Proposed Total Investment in District	\$1,775,000,000
Proposed Qualified Investment	\$1,700,000,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2020-2021
Number of new qualifying jobs committed to by applicant	500
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,435
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,275
Minimum annual wage committed to by applicant for qualified jobs	\$74,600
Minimum weekly wage required for non-qualifying jobs	\$933
Minimum annual wage required for non-qualifying jobs	\$48,530
Investment per Qualifying Job	\$3,550,000
Estimated M&O levy without any limit (15 years)	\$210,004,606
Estimated M&O levy with Limitation (15 years)	\$61,385,456
Estimated gross M&O tax benefit (15 years)	\$148,619,150

Table 2 is the estimated statewide economic impact of Buffalo, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	190	244	434	\$14,545,000	\$18,455,000	\$33,000,000
2021	650	836	1486	\$45,835,000	\$67,165,000	\$113,000,000
2022	600	1,064	1664	\$41,790,000	\$90,210,000	\$132,000,000
2023	450	1,155	1605	\$34,290,000	\$100,710,000	\$135,000,000
2024	500	1,291	1791	\$38,900,000	\$118,100,000	\$157,000,000
2025	500	1,314	1814	\$39,700,000	\$128,300,000	\$168,000,000
2026	500	1,313	1813	\$40,500,000	\$136,500,000	\$177,000,000
2027	500	1,301	1801	\$41,300,000	\$143,700,000	\$185,000,000
2028	500	1,283	1783	\$42,150,000	\$148,850,000	\$191,000,000
2029	500	1,264	1764	\$43,000,000	\$154,000,000	\$197,000,000
2030	500	1,250	1750	\$43,850,000	\$159,150,000	\$203,000,000
2031	500	1,236	1736	\$44,750,000	\$163,250,000	\$208,000,000
2032	500	1,195	1695	\$45,650,000	\$164,350,000	\$210,000,000
2033	500	1,166	1666	\$45,650,000	\$168,350,000	\$214,000,000
2034	500	1,148	1648	\$45,650,000	\$172,350,000	\$218,000,000
2035	500	1,139	1639	\$45,650,000	\$177,350,000	\$223,000,000

Source: CPA REMI, Buffalo, LLC

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*	Sinton ISD I&S Tax Levy	Sinton ISD M&O Tax Levy	Sinton ISD M&O and I&S Tax Levies	San Patricio County Tax Levy	San Patricio County Drainage District Tax Levy	San Patricio County Road District Tax Levy	Sinton ISD Tax Levy	Estimated Total Property Taxes
				0.2790	1.1700		0.4685	0.0696	0.0478	1.4490	
2020	\$174,279,401	\$174,279,401		\$486,240	\$2,039,069	\$2,525,309	\$816,536	\$121,311	\$83,311	\$2,525,309	\$6,071,774
2021	\$1,030,079,401	\$1,030,079,401		\$2,873,922	\$12,051,929	\$14,925,851	\$4,826,138	\$717,007	\$492,409	\$14,925,851	\$35,887,256
2022	\$1,589,543,401	\$1,589,543,401		\$4,434,826	\$18,597,658	\$23,032,484	\$7,447,345	\$1,106,433	\$759,849	\$23,032,484	\$55,378,595
2023	\$1,528,696,121	\$1,528,696,121		\$4,265,062	\$17,885,745	\$22,150,807	\$7,162,262	\$1,064,080	\$730,763	\$22,150,807	\$53,258,718
2024	\$1,462,783,787	\$1,462,783,787		\$4,081,167	\$17,114,570	\$21,195,737	\$6,853,449	\$1,018,200	\$699,255	\$21,195,737	\$50,962,378
2025	\$1,396,802,699	\$1,396,802,699		\$3,897,080	\$16,342,592	\$20,239,671	\$6,544,314	\$972,272	\$667,714	\$20,239,671	\$48,663,642
2026	\$1,330,749,233	\$1,330,749,233		\$3,712,790	\$15,569,766	\$19,282,556	\$6,234,840	\$926,295	\$636,138	\$19,282,556	\$46,362,385
2027	\$1,259,869,836	\$1,259,869,836		\$3,515,037	\$14,740,477	\$18,255,514	\$5,902,755	\$876,958	\$602,256	\$18,255,514	\$43,892,996
2028	\$1,189,161,028	\$1,189,161,028		\$3,317,759	\$13,913,184	\$17,230,943	\$5,571,469	\$827,739	\$568,455	\$17,230,943	\$41,429,550
2029	\$1,118,619,395	\$1,118,619,395		\$3,120,948	\$13,087,847	\$16,208,795	\$5,240,967	\$778,637	\$534,734	\$16,208,795	\$38,971,928
2030	\$1,048,241,595	\$1,048,241,595		\$2,924,594	\$12,264,427	\$15,189,021	\$4,911,232	\$729,650	\$501,091	\$15,189,021	\$36,520,014
2031	\$978,024,351	\$978,024,351		\$2,728,688	\$11,442,885	\$14,171,573	\$4,582,249	\$680,773	\$467,525	\$14,171,573	\$34,073,694
2032	\$907,964,452	\$907,964,452		\$2,533,221	\$10,623,184	\$13,156,405	\$4,254,004	\$632,007	\$434,034	\$13,156,405	\$31,632,855
2033	\$838,058,751	\$838,058,751		\$2,338,184	\$9,805,287	\$12,143,471	\$3,926,481	\$583,348	\$400,617	\$12,143,471	\$29,197,389
2034	\$768,304,164	\$768,304,164		\$2,143,569	\$8,989,159	\$11,132,727	\$3,599,666	\$534,793	\$367,272	\$11,132,727	\$26,767,187
2035	\$698,697,669	\$698,697,669		\$1,949,366	\$8,174,763	\$10,124,129	\$3,273,545	\$486,342	\$333,998	\$10,124,129	\$24,342,145
2036	\$629,236,304	\$629,236,304		\$1,755,569	\$7,362,065	\$9,117,634	\$2,948,104	\$437,993	\$300,794	\$9,117,634	\$21,922,159
			Total	\$50,078,021	\$210,004,606	\$260,082,627	\$84,095,357	\$12,493,838	\$8,580,214	\$260,082,627	\$625,334,663

Source: CPA, Buffalo, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and San Patricio 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*	Sinton ISD I&S Tax Levy	Sinton ISD M&O Tax Levy	Sinton ISD M&O and I&S Tax Levies	San Patricio County Tax Levy	San Patricio County Drainage District Tax Levy	San Patricio County Road District Tax Levy	Sinton ISD Tax Levy	Estimated Total Property Taxes
				0.2790	1.1700		0.4685	0.0696	0.0478	1.4490	
2020	\$174,279,401	\$174,279,401		\$486,240	\$2,039,069	\$2,525,309	\$0	\$121,311	\$83,311	\$2,525,309	\$5,255,238
2021	\$1,030,079,401	\$1,030,079,401		\$2,873,922	\$12,051,929	\$14,925,851	\$0	\$717,007	\$492,409	\$14,925,851	\$31,061,117
2022	\$1,589,543,401	\$20,000,000		\$4,434,826	\$234,000	\$4,668,826	\$0	\$1,106,433	\$759,849	\$23,032,484	\$29,567,593
2023	\$1,528,696,121	\$20,000,000		\$4,265,062	\$234,000	\$4,499,062	\$2,148,679	\$1,064,080	\$730,763	\$22,150,807	\$30,593,390
2024	\$1,462,783,787	\$20,000,000		\$4,081,167	\$234,000	\$4,315,167	\$2,056,035	\$1,018,200	\$699,255	\$21,195,737	\$29,284,393
2025	\$1,396,802,699	\$20,000,000		\$3,897,080	\$234,000	\$4,131,080	\$1,963,294	\$972,272	\$667,714	\$20,239,671	\$27,974,031
2026	\$1,330,749,233	\$20,000,000		\$3,712,790	\$234,000	\$3,946,790	\$1,870,452	\$926,295	\$636,138	\$19,282,556	\$26,662,231
2027	\$1,259,869,836	\$20,000,000		\$3,515,037	\$234,000	\$3,749,037	\$1,770,826	\$876,958	\$602,256	\$18,255,514	\$25,254,590
2028	\$1,189,161,028	\$20,000,000		\$3,317,759	\$234,000	\$3,551,759	\$1,671,441	\$827,739	\$568,455	\$17,230,943	\$23,850,337
2029	\$1,118,619,395	\$20,000,000		\$3,120,948	\$234,000	\$3,354,948	\$1,572,290	\$778,637	\$534,734	\$16,208,795	\$22,449,404
2030	\$1,048,241,595	\$20,000,000		\$2,924,594	\$234,000	\$3,158,594	\$4,911,232	\$729,650	\$501,091	\$15,189,021	\$24,489,587
2031	\$978,024,351	\$20,000,000		\$2,728,688	\$234,000	\$2,962,688	\$4,582,249	\$680,773	\$467,525	\$14,171,573	\$22,864,809
2032	\$907,964,452	\$907,964,452		\$2,533,221	\$10,623,184	\$13,156,405	\$4,254,004	\$632,007	\$434,034	\$13,156,405	\$31,632,855
2033	\$838,058,751	\$838,058,751		\$2,338,184	\$9,805,287	\$12,143,471	\$3,926,481	\$583,348	\$400,617	\$12,143,471	\$29,197,389
2034	\$768,304,164	\$768,304,164		\$2,143,569	\$8,989,159	\$11,132,727	\$3,599,666	\$534,793	\$367,272	\$11,132,727	\$26,767,187
2035	\$698,697,669	\$698,697,669		\$1,949,366	\$8,174,763	\$10,124,129	\$3,273,545	\$486,342	\$333,998	\$10,124,129	\$24,342,145
2036	\$629,236,304	\$629,236,304		\$1,755,569	\$7,362,065	\$9,117,634	\$2,948,104	\$437,993	\$300,794	\$9,117,634	\$21,922,159
			Total	\$50,078,021	\$61,385,456	\$111,463,477	\$40,548,299	\$12,493,838	\$8,580,214	\$260,082,627	\$433,168,455
			Diff	\$0	\$148,619,150	\$148,619,150	\$43,547,058	\$0	\$0	\$0	\$192,166,208

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Buffalo, LLC

*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 Buffalo LLC (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)
Limitation Pre-Years	2019	\$0	\$0	\$0	\$0
	2020	\$2,039,069	\$2,039,069	\$0	\$0
	2021	\$12,051,929	\$14,090,998	\$0	\$0
Limitation Period (10 Years)	2022	\$234,000	\$14,324,998	\$18,363,658	\$18,363,658
	2023	\$234,000	\$14,558,998	\$17,651,745	\$36,015,402
	2024	\$234,000	\$14,792,998	\$16,880,570	\$52,895,973
	2025	\$234,000	\$15,026,998	\$16,108,592	\$69,004,564
	2026	\$234,000	\$15,260,998	\$15,335,766	\$84,340,330
	2027	\$234,000	\$15,494,998	\$14,506,477	\$98,846,807
	2028	\$234,000	\$15,728,998	\$13,679,184	\$112,525,991
	2029	\$234,000	\$15,962,998	\$12,853,847	\$125,379,838
	2030	\$234,000	\$16,196,998	\$12,030,427	\$137,410,265
	2031	\$234,000	\$16,430,998	\$11,208,885	\$148,619,150
Maintain Viable Presence (5 Years)	2032	\$10,623,184	\$27,054,182	\$0	\$148,619,150
	2033	\$9,805,287	\$36,859,469	\$0	\$148,619,150
	2034	\$8,989,159	\$45,848,628	\$0	\$148,619,150
	2035	\$8,174,763	\$54,023,391	\$0	\$148,619,150
	2036	\$7,362,065	\$61,385,456	\$0	\$148,619,150
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$6,995,631	\$68,381,087	\$0	\$148,619,150
	2038	\$6,901,098	\$75,282,184	\$0	\$148,619,150
	2039	\$6,814,013	\$82,096,197	\$0	\$148,619,150
	2040	\$6,731,419	\$88,827,616	\$0	\$148,619,150
	2041	\$6,653,285	\$95,480,901	\$0	\$148,619,150
	2042	\$6,579,580	\$102,060,481	\$0	\$148,619,150
	2043	\$6,507,350	\$108,567,831	\$0	\$148,619,150
	2044	\$6,436,564	\$115,004,395	\$0	\$148,619,150
	2045	\$6,367,193	\$121,371,588	\$0	\$148,619,150
	2046	\$6,299,211	\$127,670,799	\$0	\$148,619,150

\$127,670,799

is less than

\$148,619,150

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?	No

Source: CPA, Buffalo, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2020	190	244	434	\$14,545,000	\$18,455,000	\$33,000,000	1694000	-809000	\$2,503,000
2021	650	836	1486	\$45,835,000	\$67,165,000	\$113,000,000	5753000	-2480000	\$8,233,000
2022	600	1,064	1664	\$41,790,000	\$90,210,000	\$132,000,000	7095000	-1747000	\$8,842,000
2023	450	1,155	1605	\$34,290,000	\$100,710,000	\$135,000,000	7545000	-587000	\$8,132,000
2024	500	1,291	1791	\$38,900,000	\$118,100,000	\$157,000,000	8705000	-53000	\$8,758,000
2025	500	1,314	1814	\$39,700,000	\$128,300,000	\$168,000,000	9178000	877000	\$8,301,000
2026	500	1,313	1813	\$40,500,000	\$136,500,000	\$177,000,000	9483000	1724000	\$7,759,000
2027	500	1,301	1801	\$41,300,000	\$143,700,000	\$185,000,000	9712000	2502000	\$7,210,000
2028	500	1,283	1783	\$42,150,000	\$148,850,000	\$191,000,000	9926000	3189000	\$6,737,000
2029	500	1,264	1764	\$43,000,000	\$154,000,000	\$197,000,000	10086000	3853000	\$6,233,000
2030	500	1,250	1750	\$43,850,000	\$159,150,000	\$203,000,000	10277000	4433000	\$5,844,000
2031	500	1,236	1736	\$44,750,000	\$163,250,000	\$208,000,000	10361000	4868000	\$5,493,000
2032	500	1,195	1695	\$45,650,000	\$164,350,000	\$210,000,000	10208000	5318000	\$4,890,000
2033	500	1,166	1666	\$45,650,000	\$168,350,000	\$214,000,000	10193000	5623000	\$4,570,000
2034	500	1,148	1648	\$45,650,000	\$172,350,000	\$218,000,000	10284000	5913000	\$4,371,000
2035	500	1,139	1639	\$45,650,000	\$177,350,000	\$223,000,000	10262000	6142000	\$4,120,000
2036	500	1,137	1637	\$45,650,000	\$183,350,000	\$229,000,000	10330000	6310000	\$4,020,000
2037	500	1,141	1641	\$45,650,000	\$190,350,000	\$236,000,000	10513000	6462000	\$4,051,000
2038	500	1,139	1639	\$45,650,000	\$198,350,000	\$244,000,000	10590000	6653000	\$3,937,000
2039	500	1,156	1656	\$45,650,000	\$208,350,000	\$254,000,000	10712000	6691000	\$4,021,000
2040	500	1,166	1666	\$45,650,000	\$218,350,000	\$264,000,000	10849000	6798000	\$4,051,000
2041	500	1,188	1688	\$45,650,000	\$229,350,000	\$275,000,000	11185000	6866000	\$4,319,000
2042	500	1,213	1713	\$45,650,000	\$243,350,000	\$289,000,000	11505000	6989000	\$4,516,000
2043	500	1,234	1734	\$45,650,000	\$257,350,000	\$303,000,000	11841000	7103000	\$4,738,000
2044	500	1,254	1754	\$45,650,000	\$272,350,000	\$318,000,000	12009000	7233000	\$4,776,000
2045	500	1,273	1773	\$45,650,000	\$286,350,000	\$332,000,000	12161000	7294000	\$4,867,000
2046	500	1,289	1789	\$45,650,000	\$303,350,000	\$349,000,000	12497000	7439000	\$5,058,000
Total							\$264,954,000	\$114,604,000	\$150,350,000
							\$278,020,799	is greater than	\$148,619,150

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 Buffalo LLC’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 Buffalo, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Steel Dynamics has limited capital dollars that it invests across the United States into its various locations. To be successful in competition for these dollars, it is imperative that the Sinton management team develops a strong economic argument, which demonstrates sufficient financial return to the organization. Steel Dynamics’ board of directors is evaluating this project as well as other capital projects at this time and partnerships with the state and local governments are a critical component of the evaluation process.”
 - B. “The company has made no public announcements of a definitive intent to construct the proposed flat roll steel mill at the Sinton location. With respect to potential locations in North America, the Applicant is also reviewing possible sites in Louisiana.”
 - C. “Competitive abatement programs for the proposed new flat roll steel facility exist in alternative locations. The impact of the property tax burden on the economic return of the proposed new facility is an important factor in the Applicant’s site selection evaluation and decision, as well as in obtaining approval for the project internally with Steel Dynamics’ board of directors. Thus, 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.”
 - D. “The projected tax liabilities for the proposed project, without a Chapter 313 appraised value limitation, lower the economic rate of return and detract from the financial attractiveness of the project. In turn, the project becomes less competitive with other capital-intensive projects that deliver higher rates of return on invested capital. Accordingly, securing a Chapter 313 appraised value limitation is critical to establishing a rate of return competitive with other investment opportunities and, therefore, is an important factor affecting Steel Dynamics’ final investment decision to construct and operate the proposed project in Texas.”
- Comptroller Research

- A. On November 26, 2018, Steel Dynamics announced it would construct a new flat roll steel mill in the southwestern United States. Mark D. Millett, President and CEO of Steel Dynamics stated, "We believe our unique operating culture, coupled with our considerable experience is successfully constructing and operating cost-effective and highly profitable steel mills, positions us well to execute this greenfield opportunity, and to deliver strong long-term value creation. We plan to utilize new technologies that will further reduce the gap between existing EAF and integrated steel mill production capabilities. We are excited to announce this investment, which is a culmination of our intentional focus to cost effectively further serve the customers in this growing flat roll steel consuming region, while increasing our steelmaking capacity and value-added product capability. As a site location is finalized and equipment negotiations are completed, we look forward to updating you on this important strategic initiative."
- B. On November 28, 2018, President Trump wrote on Twitter "Steel Dynamics announced that it will build a brand new 3 million ton steel mill in the Southwest that will create 600 good-paying U.S. JOBS. Steel JOBS are coming back to America, just like I predicted. Congratulations to Steel Dynamics!" Steel Dynamics expects construction to begin in 2020.
- C. On January 22, 2019, in the Steel Dynamics Q4 2018 Earnings Conference Call Theresa Wagler, Executive Vice President and CFO stated, "Before I hand the call back to Mark, I will share some additional insights regarding the anticipated cash investment timeline for our recently announced new southwestern U.S. flat rolled steel mill, which is key part of our growth strategy. The total investment is still expected to be between \$1.7 billion and 1.8 billion, subject to revisions as we make final site selection..."
- D. On February 19, 2019, Argus Media reported that Steel Dynamics was considering south Texas for their new flat-rolled mill. Mark Millett, President and CEO of Steel Dynamics stated, "If you take a map and you put little spots on flat-rolled producing sites at the mills [in the US], you see an absolute void in the Texas, Oklahoma, Louisiana, Arkansas region. A total void."
- E. On February 24, 2019, Mysoutex reported that the commissioners had approved a new Reinvestment Zone in Sinton. Iain Vasey, president and CEO of Corpus Christi Regional Economic Development Corporation, stated when referring about the Steel Dynamic mill project, "This is the first step in saying can we do this or not. Multiple cities and multiple states are still in competition for this project. This is kind of the first step we need to make in order to make proposals to this company."
- F. On February 25, 2019, Corpus Christi Caller Times reported that San Patricio County approved a 10-year tax abatement for the Steel Dynamics mill.
- G. On April 22, 2019, in the Steel Dynamics Q1 2019 Earnings Conference Call Theresa Wagler, Executive Vice President and CFO stated, "I will share some updates regarding additional insights pertaining to the anticipated cash investment timeline for our new southwestern U.S. flat rolled steel mill which is a key part of our growth strategy. Total investment is currently expected to be approximately \$1.8 billion dollars subject to continued refinement as we make final site selection..."
- H. On May 20, 2019, in the Steel Dynamics Investor Presentation, reported, "Planned Southwest U.S. flat roll steel mill drives next generation of growth. Location Benefits; domestically underserved market, growing manufacturing demand, customer 'co-location' opportunities, geographic diversification in the energy, automotive, construction and appliance sectors, meaningful logistics benefits, customer time savings and freight savings, proximity to raw materials, existing and planned scrap management relationships."

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 type="checkbox"/> Land has no existing improvements	<input checked="" 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

Limitation as Determining Factor

The Applicant, Buffalo, LLC (“Buffalo” or the “Company”), a wholly owned subsidiary of Steel Dynamics, Inc. (Steel Dynamics), was formed to construct and operate a new southwest flat roll steel facility. Steel Dynamics, founded in 1993, is one of the largest domestic steel producers and metal recyclers based on estimated annual steelmaking and metal recycling capabilities, with facilities located throughout the United States and Mexico. Steel Dynamics produces steel products, including hot roll, cold roll, and coated sheet steel, structural steel beams and shapes, rail, engineered special-bar-quality steel, cold finished steel, merchant bar products, specialty steel sections and steel joists and deck. In addition, the company produces liquid pig iron, processes, and sells ferrous and nonferrous scrap. In 2018, Steel Dynamics’ annual revenues reached \$11.8 billion. Steel Dynamics has limited capital dollars that it invests across the United States into its various locations. To be successful in competition for these dollars, it is imperative that the Sinton management team develops a strong economic argument, which demonstrates sufficient financial return to the organization. Steel Dynamics’ board of directors is evaluating this project as well as other capital projects at this time and partnerships with the state and local governments are a critical component of the evaluation process.

Steel Dynamics takes a disciplined, long-term approach to investing, regardless of the economic cycle and the geographic location. They consistently seek new global investment opportunities that create value for their stakeholders. Their business model is to conduct an extensive evaluation before they make any final investment decisions. A project team is evaluating these opportunities with a focus on global logistic capabilities, efficiency, scale, and site integration. The company has made no public announcements of a definitive intent to construct the proposed flat roll steel mill at the Sinton location. With respect to potential locations in North America, the Applicant is also reviewing possible sites in Louisiana.

Competitive abatement programs for the proposed new flat roll steel facility exist in alternative locations. The impact of the property tax burden on the economic return of the proposed new facility is an important factor in the Applicant’s site selection evaluation and decision, as well as in obtaining approval for the project internally with Steel Dynamics’ board of directors. Thus, 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.

The decision to make an investment in a particular jurisdiction depends on the economics of the investment in that jurisdiction. Steel Dynamics’ decision to proceed with the investment in the proposed project will be based on a number of commercial, regulatory, and financial considerations, including the ability to obtain relief regarding property taxes. Capital investments are allocated to projects and locations based on expected economic return, and projected property tax liabilities associated with the proposed project are a substantial ongoing cost of operation. With all the national project proposals Steel Dynamics is considering, the Applicant is requesting a significant portion of the Steel Dynamics’ capital investment budget relative to the Applicant’s total portfolio. The projected tax liabilities for the proposed project, without a Chapter 313 appraised value limitation, lower the economic rate of return and detract from the financial attractiveness of the project. In turn, the project becomes less competitive with other capital-intensive projects that deliver higher rates of return on invested capital. Accordingly, securing a Chapter 313 appraised value limitation is critical to establishing a rate of return competitive with other investment opportunities and, therefore, is an important factor affecting Steel Dynamics’ final investment decision to construct and operate the proposed project in Texas.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Steel Dynamics Fourth Quarter and Full-Year 2018 Earning

Theresa Wagler, Executive Vice President and CFO of Steel Dynamics:

“...Before I hand the call back to Mark, I will share some additional insights regarding the anticipated cash investment timeline for our recently announced new southwestern U.S. flat rolled steel mill, which is key part of our growth strategy. The total investment is still expected to be between \$1.7 billion and 1.8 billion, subject to revisions as we make final site selection...”

Steel Dynamics First Quarter Earnings Call

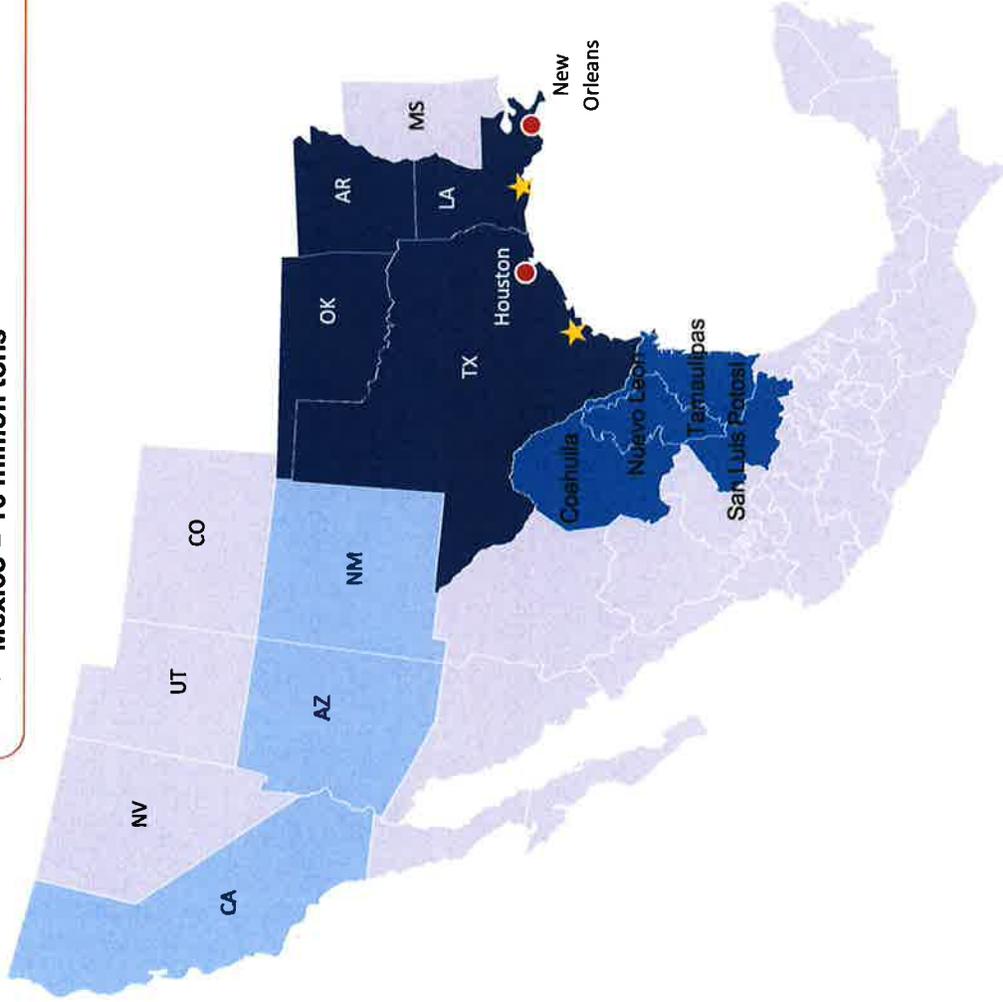
Theresa Wagler, Executive Vice President and CFO of Steel Dynamics:

“...I will share some updates regarding additional insights pertaining to the anticipated cash investment timeline for our new southwestern U.S. flat rolled steel mill which is a key part of our growth strategy. Total investment is currently expected to be approximately \$1.8 billion dollars subject to continued refinement as we make final site selection...”

Planned Southwest U.S. flat roll steel mill drives next generation of growth

Estimated 27 million tons¹ in Targeted Regional Markets

- ✓ Texas and Surrounding States = 7 million tons
- ✓ West Coast = 4 million tons
- ✓ Mexico = 16 million tons



Location Benefits

- ✓ Domestically underserved market
- ✓ Growing manufacturing demand
- ✓ Customer “co-location” opportunities
- ✓ Geographic diversification in the energy, automotive, construction and appliance sectors
- ✓ Meaningful logistics benefits
- ✓ Customer time savings and freight savings
- ✓ Proximity to raw materials
- ✓ Existing and planned scrap management relationships

State-of-the-Art Facility

- ✓ Planned enhanced processing capabilities beyond existing EAF capabilities
- ✓ Latest generation of advanced high strength steel products, including API grades
- ✓ Diversified value-added product mix
- ✓ Higher-quality product mix

¹ Source: 2017 CANACERO information published through AISI, market study including imports by regional ports, producer shipments and confidential customer information

Press Release



7575 W. Jefferson Blvd.
Fort Wayne, IN 46804

Steel Dynamics Announces a New Organic Flat Roll Steel Mill Investment

FORT WAYNE, Ind., Nov. 26, 2018 /PRNewswire/ -- Steel Dynamics, Inc. (NASDAQ/GS: STLD) today announced that its Board of Directors has authorized the company to construct a new state-of-the-art, electric-arc-furnace (EAF) flat roll steel mill in the United States. The facility is anticipated to have an annual production capacity of approximately 3.0 million tons with the capability to produce the latest generation of Advanced High Strength Steel products. The project will include value-added finishing lines, including a galvanizing line with an annual capacity of 450,000 tons, and a paint line with an annual coating capacity of 250,000 tons. The product offering is anticipated to include various flat roll steel products, including hot roll, cold roll, galvanized, Galvalume® and painted steel, primarily serving the energy, automotive, construction, and appliance sectors. The current estimated investment is \$1.7 billion to \$1.8 billion, with anticipated direct job creation of approximately 600 well-paying positions, and numerous opportunities for indirect job growth from other support service providers.

The company currently expects to locate the facility in the southwestern United States, to cost effectively serve not only the southern United States, but also the underserved Mexican flat roll steel market. Determination of the final site location is subject to state and local government infrastructure and incentive support. Upon final site selection and the receipt of required environmental and operating permits, the company would expect to begin construction in 2020, followed by the commencement of operations in the second half of 2021.

"We believe our unique operating culture, coupled with our considerable experience in successfully constructing and operating cost-effective and highly profitable steel mills, positions us well to execute this greenfield opportunity, and to deliver strong long-term value creation," said Mark D. Millett, President and Chief Executive Officer. "We plan to utilize new technologies that will further reduce the gap between existing EAF and integrated steel mill production capabilities. We are excited to announce this investment, which is a culmination of our intentional focus to cost effectively further serve the customers in this growing flat roll steel consuming region, while increasing our steelmaking capacity and value-added product capability. As a site location is finalized and equipment negotiations are completed, we look forward to updating you on this important strategic initiative."

The company believes this planned growth investment is differentiated and supported by the following key competitive and strategic advantages:

- Safety and Culture
 - This investment will benefit from Steel Dynamics' focus on safety, its low-cost operating framework and entrepreneurial performance-based incentive culture.
- Geographic Diversification
 - The new facility will serve the growing southern U.S. energy and construction sectors, which consume considerable amounts of flat roll steel products.
 - The new facility will also serve the growing steel consuming northern and mid-central regions of Mexico, which consume considerable amounts of flat roll steel products for the automotive and appliance sectors.
 - The site will have a significant competitive edge in the region, with meaningful regional freight cost and logistics advantages.
- Product Quality and Diversification
 - The new facility will be designed with state-of-the-art technologies to produce the highest strength steels available to more comprehensively serve the automotive, energy and equipment sectors.
 - The new technology will allow for greater steel product optionality, including the use of thicker slabs and greater width capabilities, to increase product quality and finished product application alternatives.
- Organic Growth Success Track Record
 - Steel Dynamics' employees and its executive leadership have extensive experience constructing and operating EAF steel mills and downstream value-add finishing lines.
- Sustainability
 - This project will provide meaningful well-paying U.S. jobs and talent development opportunities, with safety and sustainability as a primary focus.
 - Consistent with existing Steel Dynamics' EAF steel mills, this new steel mill will provide an energy efficient, lower environmental impact steelmaking alternative, compared to average typical global steelmaking technologies in use today.

About Steel Dynamics, Inc.

Steel Dynamics is one of the largest domestic steel producers and metals recyclers in the United States based on estimated annual steelmaking and metals recycling capability, with facilities located throughout the United States, and in Mexico. Steel Dynamics produces steel products, including hot roll, cold roll, and coated sheet steel, structural steel beams and shapes, rail, engineered special-bar-quality steel, cold finished steel, merchant bar products, specialty steel sections and steel joists and deck. In addition, the company produces liquid pig iron and processes and sells ferrous and nonferrous scrap.

Forward-Looking Statements

This press release contains some predictive statements about future events, including statements related to conditions in the steel and metallic scrap markets, Steel Dynamics' revenues, costs of purchased materials, future profitability and earnings, and the operation of new or existing facilities. These statements, which we generally precede or accompany by such typical conditional words as "anticipate," "intend," "believe," "estimate," "plan," "seek," "project" or "expect," or by the words "may," "will," or "should," are intended to be made as "forward-looking," subject to many risks and uncertainties, within the safe harbor protections of the Private Securities Litigation Reform Act of 1995. These statements speak only as of this date and are based upon information and assumptions, which we consider reasonable as of this date, concerning our businesses and the environments in

which they operate. Such predictive statements are not guarantees of future performance, and we undertake no duty to update or revise any such statements. Some factors that could cause such forward-looking statements to turn out differently than anticipated include: (1) the effects of uncertain economic conditions; (2) cyclical and changing industrial demand; (3) changes in conditions in any of the steel or scrap-consuming sectors of the economy which affect demand for our products, including the strength of the non-residential and residential construction, automotive, manufacturing, appliance, pipe and tube, and other steel-consuming industries; (4) fluctuation in the cost of key raw materials and supplies (including steel scrap, iron units, and energy costs) and our ability to pass on any cost increases; (5) the impact of domestic and foreign import price competition; (6) unanticipated difficulties in integrating or starting up new or acquired businesses or assets; (7) risks and uncertainties involving product and/or technology development; and (8) occurrences of unexpected plant outages or equipment failures.

More specifically, we refer you to Steel Dynamics' more detailed explanation of these and other factors and risks that may cause such predictive statements to turn out differently, as set forth in our most recent Annual Report on Form 10-K under the headings Special Note Regarding Forward-Looking Statements and Risk Factors, in our quarterly reports on Form 10-Q or in other reports which we from time to time file with the Securities and Exchange Commission. These are available publicly on the SEC website, www.sec.gov, and on the Steel Dynamics website, www.steeldynamics.com: Investors: SEC Filings.

SOURCE Steel Dynamics, Inc.

11/26/2018 6:00:00 PM



President Donald Trump speaks during a rally at the Tupelo Regional Airport in Tupelo, Mississippi, on Nov. 26, 2018. (Drew Angerer/Getty Images)

Trump Lauds Announcement of New \$1.7 Billion Steel Mill in Southwest

BY IVAN PENTCHOUKOV

November 28, 2018 Updated: January 7, 2019

President Donald Trump congratulated one of the largest steelmakers in the United States after the company announced plans to spend \$1.7 billion to \$1.8 billion to build a steel mill in the Southwest.

Steel Dynamics announced on Nov. 26 that its board of directors approved the construction of a facility that would create 600 well-paying jobs. The plant, once operational, will produce up to 3 million tons of steel products for the energy, automotive, construction, and appliance industries.

“Steel Dynamics announced that it will build a brand new 3 million ton steel mill in the Southwest that will create 600 good-paying U.S. JOBS,” Trump wrote on Twitter on Nov. 28. “Steel JOBS are coming back to America, just like I predicted. Congratulations to Steel Dynamics!”



Donald J. Trump
@realDonaldTrump

Steel Dynamics announced that it will build a brand new 3 million ton steel mill in the Southwest that will create 600 good-paying U.S. JOBS. Steel JOBS are coming back to America, just like I predicted. Congratulations to Steel Dynamics!

111K 11:09 AM - Nov 28, 2018

46.3K people are talking about this

Steel Dynamics expects to begin construction on the flat roll steel mill in 2020 after choosing a site and acquiring permits. The plant should be operational by the second half of 2021, according to a timeline provided by the company.

“We believe our unique operating culture, coupled with our considerable experience in successfully constructing and operating cost-effective and highly profitable steel mills, positions us well to execute this greenfield opportunity, and to deliver strong long-term value creation,” Mark Millett, the CEO of Steel Dynamics, said in a statement.

Trump imposed a 25 percent tariff on imported steel and a 10 percent tariff on imported aluminum in March, citing national security concerns. Shortly after, steel and aluminum makers began adding jobs and restarting

idling plants. By late July, steel and aluminum producers fired up old mills or announced plans to open new plants in Illinois, Ohio, Florida, Montana, Kentucky, Indiana, Tennessee, and South Carolina.

Chinese steel imports made up 33 percent of the U.S. steel market in 2017. Most steel makers have reported losses since 2009. Tens of thousands of American workers have lost their jobs and dozens of factories have shuttered since 2000 because of imports, according to the Alliance for American Manufacturing, a nonprofit formed by manufacturers and the United Steelworkers.

Washington has accused Beijing of dumping steel on the U.S. market at rock-bottom prices. The majority of Chinese steelmakers are state-owned and subsidized, producing a massive amount of steel at a loss. The excess Chinese steel used to end up on the U.S. market, hurting domestic suppliers who couldn't compete with the artificially low prices.

During the first 21 months of the Trump administration, the U.S. economy added 396,000 manufacturing jobs, ten times more than the amount created during the last 21 months of the Obama administration, according to the Texas Public Policy Foundation. The foundation attributes the manufacturing jobs boom to Trump's tax cuts and deregulation.

Trump's praise for the Fort Wayne, Indiana-based company came on the heels of his criticism of General Motors Co., which announced plans on Nov. 26 to cut up to 15,000 jobs and close five North American plants. The president added that the White House is studying plans for a tariff on imported cars to boost domestic production.

"The President has great power on this issue," the president wrote on Twitter. "Because of the G.M. event, it is being studied now!"

Emel Akan contributed to this report.

Follow Ivan on Twitter: @ivanpentchoukov

Show Discussion

SDI considering south Texas for new flat-rolled mill

Published date: 19 February 2019

Share:



US steelmaker Steel Dynamics (SDI) is considering a site outside of Corpus Christi, Texas, among three potential locations for its new flat-rolled mill.

Local officials in San Patricio county, Texas, voted yesterday to designate a 2,500-acre property in an unincorporated area of the county a reinvestment zone. The designation is the first step in a process that could earn Indiana-based SDI as much as \$200mn in tax breaks over 10 years for the planned \$1.8bn investment, according to a source familiar with the details.

SDI in late-January said it expected to finalize a location for the 3mn st/yr facility within eight weeks, and sources suggested the company is also evaluating sites in New Mexico and Louisiana. SDI did not respond to a request for comment.

The southeast Texas property sits two miles outside of Sinton, about 20 miles from the

port of Corpus Christi, where Voestalpine operates a 2mn t/yr hot-briquetted iron (HBI) plant. The site is also located on a rail line jointly operated by Union Pacific and BNSF.

Permitting for the location, should it be selected, could take up to two years. SDI has said that it expects the mill to be operational in the second half of 2021.

Each of the southern US sites under consideration provide access to the "underserved" Mexican and southern US markets eyed by SDI.

The company expects to ship around 40pc of the mill's output to Mexico and 60pc to domestic consumers in the south.

Overall, SDI will target three regional markets representing nearly 30mn st/yr of flat-rolled demand, including 8mn st/yr of combined demand from Texas, Oklahoma, Louisiana and Arkansas; 4mn st/yr from the west coast; and 16mn st/yr from the northern and mid-central areas of Mexico.

Much of this demand is currently met by imports, with SDI itself shipping nearly 800,000st into these regions in 2018 from its Columbus, Mississippi, mill.

"If you take a map and you put little spots on flat-rolled producing sites at the mills [in the US], you see an absolute void in the Texas, Oklahoma, Louisiana, Arkansas region. A total void," SDI chief executive Mark Millett said last month on a conference call.

SDI also expects growth in Mexican consumption to exceed the US in coming years based on meaningful increases in the country's manufacturing output.

A move to south Texas would also put SDI within 200 miles of land optioned by competing producer Big River Steel for a second mill.

The company, which operates a 1.6mn st/yr sheet mill in Arkansas, optioned 800 acres at the port of Brownsville in 2018 to evaluate building a second facility on the US-Mexico border to target similar markets.

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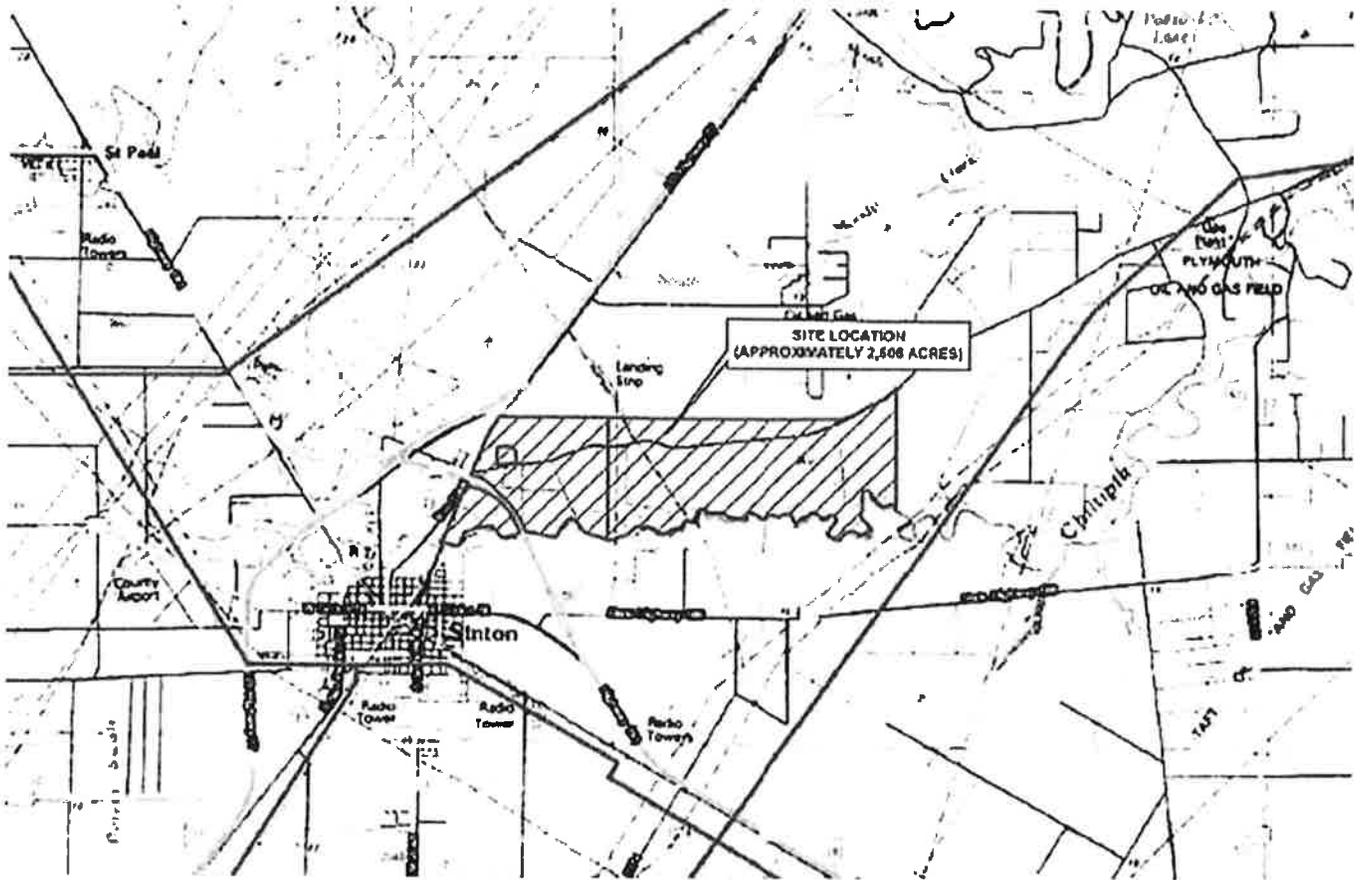
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https://www.mysoutex.com/san_patricio_county/news/commissioners-approve-new-reinvestment-zone-in-sinton/article_eeefe6f8-36d4-11e9-972d-97411909461a.html

FEATURED

Commissioners approve new Reinvestment Zone in Sinton

Claudia Rivas Feb 24, 2019



Shown is a map outlining the reinvestment zone and its proximity to the city of Sinton.

Buy Now

Contributed photo

SINTON – A steel, flat roll mill company with a \$1.8 billion investment could potentially set up shop in San Patricio County, according to representatives from the Corpus Christi Regional Economic Development Corporation.

A reinvestment zone of approximately 2,487.2-acre parcel located northwest of Sinton was the topic of a public hearing and action item during commissioners court meeting on Monday. In a packed courtroom, commissioners and the public gathered to discuss the potential a reinvestment zone could have in San Patricio County.

Representatives from the Corpus Christi Regional Economic Development Corporation (CCREDC) gave a presentation on the potential designation of a reinvestment zone would have on the county.

“What the statute asks of the commissioners is to find whether or not establishing a reinvestment zone, which allows certain incentives and other things that a project could qualify for, be established,” Mike Culbertson, chief operating officer, CCREDC, told the commissioners.

The CCREDC is hoping to do this to be on better footing to land one of these projects for the region, Culbertson said.

“The project we’re looking at but has not made a decision is a steel, flat roll mill,” Culbertson said. “Don’t think of this as Pittsburgh, early 20th century, think of this as TPCO, a large million-square foot building where all of this takes place.”

The company is potentially looking to offer up to 500 jobs and have a salary of about \$76,000, Culbertson said.

The company in question is Steel Dynamics, an Indiana-based steel manufacturing company. Representatives from Steel Dynamics were present at the commissioners court meeting and handed out an information sheet. The economic impact the project would bring is \$1.8 billion, 600 new, highly skilled and well-paid jobs, additional construction jobs, a number of permanent indirect jobs to serve the new steel mill such as transportation, industrial suppliers, technical maintenance providers, general services and hospitality, and a planned steel industrial part next to the new steel mill, according to the handout.

Iain Vasey, president/CEO, CCREDC, said this is just the first step of many that need to be followed.

“This is the first step in saying can we do this or not,” Vasey said. “Multiple cities and multiple states are still in competition for this project. This is kind of the first step we need to make in order to make proposals to this company.”

Concerns during the public hearing were raised as to why nothing had been heard about the project. Vasey said this actually was the first hearing or first step in a multi-year process before any project would be green-lighted. Any public hearings are usually announced in the local paper prior to their scheduling so the public may attend and voice their opinions and concerns.

“When people say we never knew about it or never heard about it, there are events like this that we start to put the public on notice,” Vasey said. “ We don’t have this project yet. We’re a long way from having it.”

“This is an excellent company that is a great corporate citizen everywhere they’ve ever been,” said Foster Edwards, executive director, San Patricio County Economic Development Corporation. “We’re excited that there are jobs coming to this side of the county.”

Steel Dynamics employee compensation is above-market with a total compensation average of \$100,000 plus in 2017. The company also has an excellent benefit program which includes education grants of \$20,000 per child for full-time employees, employee educational assistance of \$5,000 per employee per year, stock awards for all eligible employees, retirement/profit-sharing plans, as well as medical/dental/vision/disability/life insurance, according to the company handout.

Commissioner Nina Trevino said she was in favor of the reinvestment zone.

“It will help San Patricio County and we need growth on this part of the county and not just the east end,” Trevino said. “We need to have it go all the way to Mathis.”

San Patricio County Judge David Krebs said this reinvestment zone would be a “tremendous opportunity for that middle part of the county.”

“Over the years we’ve seen growth on the east end and I’ve always thought the middle part of the county and the west part of the county deserves the growth and this would be an opportunity,” Krebs said.

The legal description of the parcel designated as the San Patricio County Buffalo Steel Mill Reinvestment Zone is PT SEC 1 2 4 & 5 Eliza H. Welder, northwest of Sinton.

Commissioners unanimously approved the designation of the reinvestment zone. The zone establishes a place for potential industry to set up shop in the future and is not all allocated to one company.

Claudia Rivas

Assistant editor

San Patricio County approves tax incentives for Steel Dynamics mill

Tim Acosta, Corpus Christi Caller Times Published 9:43 a.m. CT Feb. 25, 2019 | Updated 2:57 p.m. CT Feb. 25, 2019

San Patricio County could be the site of a massive \$1.8 billion flat roll steel mill, and local officials are doing what they can to make that a reality.

Members of the San Patricio County Commissioners Court on Monday voted to approve a 10-year tax abatement agreement that they hope will make Indiana-based Steel Dynamics select the area for its new mill. The company announced back in November it was looking at sites around the southwestern portion of the United States, and just last week confirmed San Patricio County as a site of interest.

The company is looking at several sites in Louisiana and Texas.

"At (Steel Dynamics), we pride ourselves on being very employee-oriented, customer-oriented, and actually we become part of the community — that's very, very important to us," said Glenn Pushis, senior vice president for Steel Dynamics.

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Russ Rinn, executive vice president of Steel Dynamics, and Glenn Pushis, the company's senior vice president, address the San Patricio County Commissioners Court on Feb. 25, 2019. (Photo: Tim Acosta/Caller-Times)

The Corpus Christi Caller-Times was first to report on the company's interest in the San Patricio site following a county commissioners meeting on Feb. 18.

More: [\\$1.8 billion Steel Dynamics mill may come to San Patricio County in South Texas \(/story/news/local/2019/02/18/south-texas-mix-1-8-billion-steel-dynamics-plant/2725522002/\)](#)

The company's project has been celebrated by President Donald Trump as an example of new manufacturing jobs being created in the United States. The proposed site is located just outside Sinton, about two miles east of the intersection of State Highway 89 and U.S. Highway 77.

The economic incentives deal approved on Monday calls for taxes to be abated 100 percent during the first three years of the agreement. In years 4-10, those abatements will drop to 70 percent. The deal has benchmarks that the company must meet in order to maintain the tax abatements at their proposed levels. If they don't meet those benchmarks, the abatements will be reduced.

"This is going to be a tremendous, tremendous asset when you all come, not if, to this area," San Patricio County Judge David Krebs said to company officials, a reference to the fact Steel Dynamics has not yet made a final decision on its site for the new mill.

For instance, the deal calls for Steel Dynamics to create at least 500 full-time positions with health benefits and training, with no fewer than 150 of those spots to be filled by residents in San Patricio County or bordering counties. The agreement also requires the company to make "reasonable efforts" to fill construction positions with San Patricio County residents.

County leaders said the deal is the same as what was given to Gulf Coast Growth Ventures, a joint project with ExxonMobil and Saudi Basic Industries Corp. That project is still going through the permit approval process and has not begun construction.

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Pct. 4 San Patricio County Commissioner Howard Gillespie listens to County Judge David Krebs speak during a meeting on Feb. 25, 2019. (Photo: Tim Acosta/Caller-Times)

Because Steel Dynamics has not decided on a final site, San Patricio County officials have said the incentives and other moves are all part of efforts to bring the project to the area.

"We are in a situation where we have to compete against other places," said San Patricio Economic Development Corporation Executive Director Foster Edwards. "What a wonderful thing this is going to be for the county, for the Sinton area, for this part of the county. What a great company this is — we're excited about it."

Steel Dynamics representatives touted the company's high employee retention — as well as some of the incentives it offers to workers in the form of performance bonuses and stock options — as an example of the company's commitment to its workers.

It is committing to creating nearly 600 full-time positions, according to its application for incentives, with the annual average salary estimated to be a little more than \$75,000.

San Patricio County commissioners voted Feb. 19 to create nearly 2,500 acres of land near Sinton — valued at nearly \$3.7 million — as a reinvestment zone for the proposed steel mill, but it won't all be used solely for that project. It could also accommodate other industrial or manufacturing companies looking to locate to the area.

According to Steel Dynamics' incentives application, about the proposed steel mill will sit on about 1,000 acres of land, though a large portion of that will remain undisturbed in order to serve as a buffer. The site, if selected, will also undergo wetland delineation and environmental assessments.



Steel Dynamics Inc. logo (Photo: Contributed photo)

Flat roll steel is produced through melting and rolling into sheets, strips and tin plate formats, according to the industry publication Corrosionpedia. It's used in motor vehicles, heavy machinery, pipes and tubes, construction, packaging and appliances, according to Corrosionpedia.

Reporter Chris Ramirez contributed to this report.

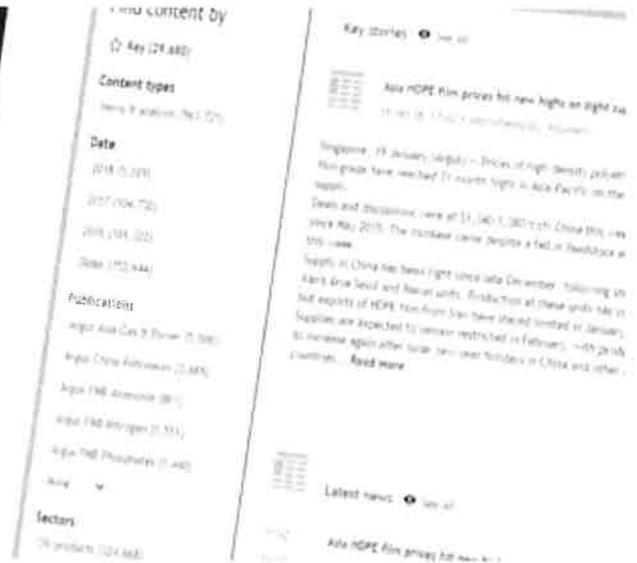
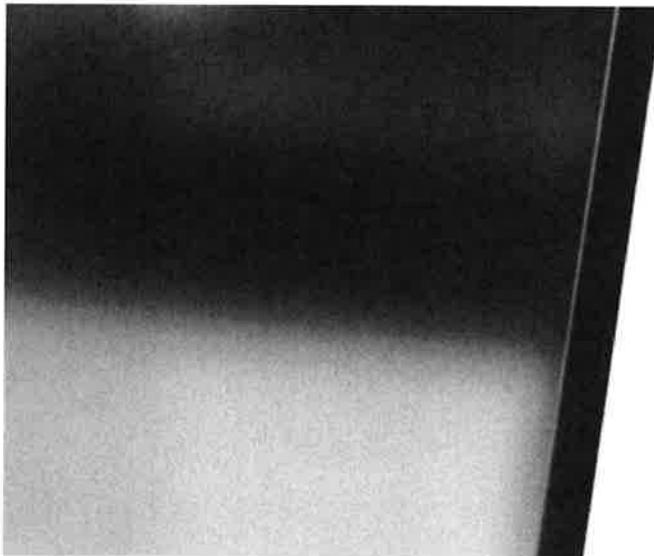
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