

**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 7, 2020

AMENDED CERTIFICATION

Phil Edwards
Superintendent
Angleton Independent School District
1900 N. Downing Road
Angleton, Texas 77515

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Angleton Independent School District and MarkWest Energy West Texas Gas Company, L.L.C., Application 1360

Dear Superintendent Edwards:

This application (Application 1360) was originally submitted on April 1, 2019, to the Angleton Independent School District (school district) by MarkWest Energy West Texas Gas Company, L.L.C. (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On June 16, 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 August 15, 2019. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on October 21, 2019.

On June 23, 2020, Comptroller received an amendment to the agreement to move the first year of the limitation from 2023 to 2025. 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 30, 2020.

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,

DocuSigned by:

11EA6DEF0EC441E...

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 MarkWest Energy West Texas Gas Company, L.L.C. (project) applying to Angleton 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 MarkWest Energy West Texas Gas Company, L.L.C.

	Original	Amendment No. 1
Applicant	MarkWest Energy West Texas Gas Company, L.L.C.	MarkWest Energy West Texas Gas Company, L.L.C.
Tax Code, 313.024 Eligibility Category	Manufacturing	Manufacturing
School District	Angleton ISD	Angleton ISD
2017-2018 Average Daily Attendance	6,320	6,320
County	Brazoria	Brazoria
Proposed Total Investment in District	\$950,000,000	\$950,000,000
Proposed Qualified Investment	\$460,000,000	\$460,000,000
Limitation Amount	\$30,000,000	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022	2023-2024
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	\$1,138	\$1,138
Minimum annual wage required for non-qualifying jobs	\$59,177	\$59,177
Investment per Qualifying Job	\$95,000,000	\$95,000,000
Estimated M&O levy without any limit (15 years)	\$75,434,591	\$75,434,591
Estimated M&O levy with Limitation (15 years)	\$23,530,095	\$23,530,095
Estimated gross M&O tax benefit (15 years)	\$51,904,496	\$51,904,496

Table 2 is the estimated statewide economic impact of MarkWest Energy West Texas Gas Company, L.L.C. (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2023	502	641	1,143	\$33,243,444	\$63,706,998	\$96,950,442
2024	110	205	315,459	\$7,284,420	\$26,374,530	\$33,658,950
2025	410	563	973	\$27,151,020	\$65,873,157	\$93,024,177
2026	210	323	533	\$13,906,620	\$45,251,992	\$59,158,612
2027	10	74	84	\$662,220	\$18,045,370	\$18,707,590
2028	10	37	47	\$662,220	\$12,625,122	\$13,287,342
2029	10	16	26	\$662,220	\$9,110,974	\$9,773,194
2030	10	12	22	\$662,220	\$7,587,670	\$8,249,890
2031	10	18	28	\$662,220	\$7,378,687	\$8,040,907
2032	10	28	38	\$662,220	\$7,968,168	\$8,630,388
2033	10	39	49	\$662,220	\$9,005,733	\$9,667,953
2034	10	49	59	\$662,220	\$10,259,029	\$10,921,249
2035	10	49	59	\$662,220	\$10,472,200	\$11,134,420
2036	10	53	63	\$662,220	\$11,143,729	\$11,805,949
2037	10	55	65	\$662,220	\$11,790,249	\$12,452,469
2038	10	57	67	\$662,220	\$12,450,105	\$13,112,325
2039	10	58	68	\$662,220	\$12,991,638	\$13,653,858

Source: CPA REMI, MarkWest Energy West Texas Gas Company, L.L.C.

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*	Angleton ISD I&S Tax Levy	Angleton ISD M&O Tax Levy	Angleton ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazoria County Road & Bridge Tax Levy	Alvin Community College Tax Levy	Brazoria County Conservation & Reclamation District #3 Tax Levy	Estimated Total Property Taxes
2025	\$380,000,000	\$380,000,000		\$1,577,760	\$3,686,000	\$5,263,760	\$1,398,073	\$228,000	\$713,545	\$570,000	\$7,603,378
2026	\$503,500,000	\$503,500,000		\$2,090,532	\$4,883,950	\$6,974,482	\$1,852,447	\$302,100	\$945,447	\$755,250	\$10,074,476
2027	\$708,225,000	\$708,225,000		\$2,940,550	\$6,869,783	\$9,810,333	\$2,605,659	\$424,935	\$1,329,869	\$1,062,338	\$14,170,796
2028	\$672,814,000	\$672,814,000		\$2,793,524	\$6,526,296	\$9,319,820	\$2,475,377	\$403,688	\$1,263,376	\$1,009,221	\$13,462,261
2029	\$639,173,000	\$639,173,000		\$2,653,846	\$6,199,978	\$8,853,824	\$2,351,607	\$383,504	\$1,200,207	\$958,760	\$12,789,142
2030	\$607,214,000	\$607,214,000		\$2,521,153	\$5,889,976	\$8,411,128	\$2,234,025	\$364,328	\$1,140,196	\$910,821	\$12,149,678
2031	\$576,853,000	\$576,853,000		\$2,395,094	\$5,595,474	\$7,990,568	\$2,122,323	\$346,112	\$1,083,186	\$865,280	\$11,542,188
2032	\$548,010,000	\$548,010,000		\$2,275,338	\$5,315,697	\$7,591,035	\$2,016,206	\$328,806	\$1,029,026	\$822,015	\$10,965,072
2033	\$520,610,000	\$520,610,000		\$2,161,573	\$5,049,917	\$7,211,490	\$1,915,397	\$312,366	\$977,575	\$780,915	\$10,416,828
2034	\$494,580,000	\$494,580,000		\$2,053,496	\$4,797,426	\$6,850,922	\$1,819,629	\$296,748	\$928,698	\$741,870	\$9,895,997
2035	\$469,851,000	\$469,851,000		\$1,950,821	\$4,557,555	\$6,508,376	\$1,728,648	\$281,911	\$882,263	\$704,777	\$9,401,197
2036	\$446,358,000	\$446,358,000		\$1,853,278	\$4,329,673	\$6,182,951	\$1,642,214	\$267,815	\$838,149	\$669,537	\$8,931,128
2037	\$424,040,000	\$424,040,000		\$1,760,614	\$4,113,188	\$5,873,802	\$1,560,103	\$254,424	\$796,241	\$636,060	\$8,484,570
2038	\$402,838,000	\$402,838,000		\$1,672,583	\$3,907,529	\$5,580,112	\$1,482,097	\$241,703	\$756,429	\$604,257	\$8,060,341
2039	\$382,696,000	\$382,696,000		\$1,588,954	\$3,712,151	\$5,301,105	\$1,407,992	\$229,618	\$718,607	\$574,044	\$7,657,322
			Total	\$32,289,116	\$75,434,591	\$107,723,707	\$28,611,796	\$4,666,057	\$14,602,815	\$11,665,143	\$155,604,375

Source: CPA, MarkWest Energy West Texas Gas Company, L.L.C.

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district Brazoria County, Brazoria County Road & Bridge, Alvin Community College and Brazoria County and Conservation & Reclamation District #3, 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		Angleton ISD I&S Tax Levy	Angleton ISD M&O Tax Levy	Angleton ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazoria County Road & Bridge Tax Levy	Alvin Community College Tax Levy	Brazoria County Conservation & Reclamation District #3 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.4152	0.9700		0.3679	0.0600	0.1878	0.1500	
2025	\$380,000,000	\$30,000,000		\$1,577,760	\$291,000	\$1,868,760	\$0	\$228,000	\$713,545	\$570,000	\$2,810,305
2026	\$503,500,000	\$30,000,000		\$2,090,532	\$291,000	\$2,381,532	\$0	\$302,100	\$945,447	\$755,250	\$3,629,079
2027	\$708,225,000	\$30,000,000		\$2,940,550	\$291,000	\$3,231,550	\$0	\$424,935	\$1,329,869	\$1,062,338	\$4,986,355
2028	\$672,814,000	\$30,000,000		\$2,793,524	\$291,000	\$3,084,524	\$0	\$403,688	\$1,263,376	\$1,009,221	\$4,751,589
2029	\$639,173,000	\$30,000,000		\$2,653,846	\$291,000	\$2,944,846	\$0	\$383,504	\$1,200,207	\$958,760	\$4,528,557
2030	\$607,214,000	\$30,000,000		\$2,521,153	\$291,000	\$2,812,153	\$0	\$364,328	\$1,140,196	\$910,821	\$4,316,677
2031	\$576,853,000	\$30,000,000		\$2,395,094	\$291,000	\$2,686,094	\$0	\$346,112	\$1,083,186	\$865,280	\$4,115,391
2032	\$548,010,000	\$30,000,000		\$2,275,338	\$291,000	\$2,566,338	\$2,016,206	\$328,806	\$1,029,026	\$822,015	\$5,940,375
2033	\$520,610,000	\$30,000,000		\$2,161,573	\$291,000	\$2,452,573	\$1,915,397	\$312,366	\$977,575	\$780,915	\$5,657,911
2034	\$494,580,000	\$30,000,000		\$2,053,496	\$291,000	\$2,344,496	\$1,819,629	\$296,748	\$928,698	\$741,870	\$5,389,571
2035	\$469,851,000	\$469,851,000		\$1,950,821	\$4,557,555	\$6,508,376	\$1,728,648	\$281,911	\$882,263	\$704,777	\$9,401,197
2036	\$446,358,000	\$446,358,000		\$1,853,278	\$4,329,673	\$6,182,951	\$1,642,214	\$267,815	\$838,149	\$669,537	\$8,931,128
2037	\$424,040,000	\$424,040,000		\$1,760,614	\$4,113,188	\$5,873,802	\$1,560,103	\$254,424	\$796,241	\$636,060	\$8,484,570
2038	\$402,838,000	\$402,838,000		\$1,672,583	\$3,907,529	\$5,580,112	\$1,482,097	\$241,703	\$756,429	\$604,257	\$8,060,341
2039	\$382,696,000	\$382,696,000		\$1,588,954	\$3,712,151	\$5,301,105	\$1,407,992	\$229,618	\$718,607	\$574,044	\$7,657,322
			Total	\$32,289,116	\$23,530,095	\$55,819,211	\$13,572,285	\$4,666,057	\$14,602,815	\$11,665,143	\$88,660,368
			Diff	\$0	\$51,904,496	\$51,904,496	\$15,039,511	\$0	\$0	\$0	\$66,944,008

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, MarkWest Energy West Texas Gas Company, L.L.C.

*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 MarkWest Energy West Texas Gas Company, L.L.C. (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	2022	\$0	\$0	\$0	\$0
	2023	\$727,500	\$727,500	\$0	\$0
	2024	\$3,395,000	\$4,122,500	\$0	\$0
Limitation Period (10 Years)	2025	\$291,000	\$4,413,500	\$3,395,000	\$3,395,000
	2026	\$291,000	\$4,704,500	\$4,592,950	\$7,987,950
	2027	\$291,000	\$4,995,500	\$6,578,783	\$14,566,733
	2028	\$291,000	\$5,286,500	\$6,235,296	\$20,802,028
	2029	\$291,000	\$5,577,500	\$5,908,978	\$26,711,006
	2030	\$291,000	\$5,868,500	\$5,598,976	\$32,309,982
	2031	\$291,000	\$6,159,500	\$5,304,474	\$37,614,456
	2032	\$291,000	\$6,450,500	\$5,024,697	\$42,639,153
	2033	\$291,000	\$6,741,500	\$4,758,917	\$47,398,070
	2034	\$291,000	\$7,032,500	\$4,506,426	\$51,904,496
Maintain Viable Presence (5 Years)	2035	\$4,557,555	\$11,590,055	\$0	\$51,904,496
	2036	\$4,329,673	\$15,919,727	\$0	\$51,904,496
	2037	\$4,113,188	\$20,032,915	\$0	\$51,904,496
	2038	\$3,907,529	\$23,940,444	\$0	\$51,904,496
	2039	\$3,712,151	\$27,652,595	\$0	\$51,904,496
Additional Years as Required by 313.026(c)(1) (10 Years)	2040	\$3,526,542	\$31,179,137	\$0	\$51,904,496
	2041	\$3,350,215	\$34,529,352	\$0	\$51,904,496
	2042	\$3,182,706	\$37,712,058	\$0	\$51,904,496
	2043	\$3,023,568	\$40,735,625	\$0	\$51,904,496
	2044	\$2,872,393	\$43,608,018	\$0	\$51,904,496
	2045	\$2,728,775	\$46,336,793	\$0	\$51,904,496
	2046	\$2,592,335	\$48,929,128	\$0	\$51,904,496
	2047	\$2,462,714	\$51,391,842	\$0	\$51,904,496
	2048	\$2,339,582	\$53,731,423	\$0	\$51,904,496
	2049	\$2,222,600	\$55,954,023	\$0	\$51,904,496
		\$55,954,023	is greater than	\$51,904,496	
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, MarkWest Energy West Texas Gas Company, L.L.C.					

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.