



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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P.O.Box 13528 • Austin, TX 78711-3528

November 1, 2019

Rodney Cavness  
Superintendent  
Texas City Independent School District  
1700 Ninth Avenue North  
Texas City, TX 77590

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Texas City Independent School District and Gulf Coast Ammonia LLC, Application 1402

Dear Superintendent Cavness:

On October 18, 2019, the Comptroller issued written notice that Gulf Coast Ammonia LLC (applicant) submitted a completed application (Application 1402) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on August 6, 2019, to the Texas City 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 B; 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.

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<sup>1</sup> All Statutory references are to the Texas Tax Code, unless otherwise noted.

Sec. 313.024(d) Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.

Sec. 313.024(d-2) Not applicable to Application 1402.

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 B.

### **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 October 18, 2019, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at [will.counihan@cpa.texas.gov](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

## Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Gulf Coast Ammonia LLC (project) applying to Texas City 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 Gulf Coast Ammonia LLC.

|   |                        |
|---|------------------------|
| Applicant   | Gulf Coast Ammonia LLC |
| Tax Code, 313.024 Eligibility Category  | Manufacturing          |
| School District   | Texas City ISD         |
| 2017-2018 Average Daily Attendance  | 8,057                  |
| County  | Galveston              |
| Proposed Total Investment in District   | \$500,000,000          |
| Proposed Qualified Investment   | \$151,000,000          |
| Limitation Amount   | \$80,000,000           |
| Qualifying Time Period (Full Years)   | 2020-2021              |
| Number of new qualifying jobs committed to by applicant                         | 40                     |
| Number of new non-qualifying jobs estimated by applicant                        | 0                      |
| Average weekly wage of qualifying jobs committed to by applicant                | \$1,309.61             |
| Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B) | \$1,309.61             |
| Minimum annual wage committed to by applicant for qualified jobs                | \$68,100               |
| Minimum weekly wage required for non-qualifying jobs                            | \$945.25               |
| Minimum annual wage required for non-qualifying jobs                            | \$49,153               |
| Investment per Qualifying Job   | \$12,500,000           |
| Estimated M&O levy without any limit (15 years)                                 | \$59,162,250           |
| Estimated M&O levy with Limitation (15 years)                                   | \$21,677,250           |
| Estimated gross M&O tax benefit (15 years)                                      | \$37,485,000           |

**Table 2** is the estimated statewide economic impact of Gulf Coast Ammonia LLC (modeled).

| Year | Employment |                    |       | Personal Income |                    |              |
|------|------------|--------------------|-------|-----------------|--------------------|--------------|
|      | Direct     | Indirect + Induced | Total | Direct          | Indirect + Induced | Total        |
| 2019 | 53         | 83                 | 136   | \$3,535,550     | \$6,464,450        | \$10,000,000 |
| 2020 | 160        | 252                | 412   | \$10,674,750    | \$22,325,250       | \$33,000,000 |
| 2021 | 115        | 266                | 381   | \$7,720,875     | \$24,279,125       | \$32,000,000 |
| 2022 | 40         | 187                | 227   | \$2,724,000     | \$19,276,000       | \$22,000,000 |
| 2023 | 40         | 181                | 221   | \$2,724,000     | \$19,276,000       | \$22,000,000 |
| 2024 | 40         | 172                | 212   | \$2,724,000     | \$19,276,000       | \$22,000,000 |
| 2025 | 40         | 166                | 206   | \$2,724,000     | \$19,276,000       | \$22,000,000 |
| 2026 | 40         | 163                | 203   | \$2,724,000     | \$20,276,000       | \$23,000,000 |
| 2027 | 40         | 161                | 201   | \$2,724,000     | \$20,276,000       | \$23,000,000 |
| 2028 | 40         | 161                | 201   | \$2,724,000     | \$21,276,000       | \$24,000,000 |
| 2029 | 40         | 162                | 202   | \$2,724,000     | \$22,276,000       | \$25,000,000 |
| 2030 | 40         | 164                | 204   | \$2,724,000     | \$23,276,000       | \$26,000,000 |
| 2031 | 40         | 166                | 206   | \$2,724,000     | \$24,276,000       | \$27,000,000 |
| 2032 | 40         | 161                | 201   | \$2,724,000     | \$25,276,000       | \$28,000,000 |
| 2033 | 40         | 161                | 201   | \$2,724,000     | \$26,276,000       | \$29,000,000 |
| 2034 | 40         | 162                | 202   | \$2,724,000     | \$27,276,000       | \$30,000,000 |

Source: CPA REMI, Gulf Coast Ammonia 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 | Texas City ISD I&S Tax Levy | Texas City ISD M&O Tax Levy | Texas City ISD M&O and I&S Tax Levies | Galveston County Tax Levy | College of Mainland Tax Levy | Estimated Total Property Taxes |                      |
|------|---------------------------------|---------------------------------|-----------------------------|-----------------------------|---------------------------------------|---------------------------|------------------------------|--------------------------------|----------------------|
|      |                                 |                                 | <b>Tax Rate*</b>            | <b>0.3449</b>               | <b>1.0500</b>                         | <b>0.5319</b>             | <b>0.2128</b>                |                                |                      |
| 2020 | \$ 75,500,000                   | \$75,500,000                    |                             | \$260,400                   | \$792,750                             | \$1,053,150               | \$401,583                    | \$160,630                      | \$1,615,363          |
| 2021 | \$ 151,000,000                  | \$151,000,000                   |                             | \$520,799                   | \$1,585,500                           | \$2,106,299               | \$803,166                    | \$321,260                      | \$3,230,725          |
| 2022 | \$ 500,000,000                  | \$500,000,000                   |                             | \$1,724,500                 | \$5,250,000                           | \$6,974,500               | \$2,659,490                  | \$1,063,775                    | \$10,697,765         |
| 2023 | \$ 486,000,000                  | \$486,000,000                   |                             | \$1,676,214                 | \$5,103,000                           | \$6,779,214               | \$2,585,024                  | \$1,033,989                    | \$10,398,228         |
| 2024 | \$ 472,000,000                  | \$472,000,000                   |                             | \$1,627,928                 | \$4,956,000                           | \$6,583,928               | \$2,510,559                  | \$1,004,204                    | \$10,098,690         |
| 2025 | \$ 458,000,000                  | \$458,000,000                   |                             | \$1,579,642                 | \$4,809,000                           | \$6,388,642               | \$2,436,093                  | \$974,418                      | \$9,799,153          |
| 2026 | \$ 444,000,000                  | \$444,000,000                   |                             | \$1,531,356                 | \$4,662,000                           | \$6,193,356               | \$2,361,627                  | \$944,632                      | \$9,499,615          |
| 2027 | \$ 430,000,000                  | \$430,000,000                   |                             | \$1,483,070                 | \$4,515,000                           | \$5,998,070               | \$2,287,161                  | \$914,847                      | \$9,200,078          |
| 2028 | \$ 416,000,000                  | \$416,000,000                   |                             | \$1,434,784                 | \$4,368,000                           | \$5,802,784               | \$2,212,696                  | \$885,061                      | \$8,900,540          |
| 2029 | \$ 402,000,000                  | \$402,000,000                   |                             | \$1,386,498                 | \$4,221,000                           | \$5,607,498               | \$2,138,230                  | \$855,275                      | \$8,601,003          |
| 2030 | \$ 388,000,000                  | \$388,000,000                   |                             | \$1,338,212                 | \$4,074,000                           | \$5,412,212               | \$2,063,764                  | \$825,489                      | \$8,301,466          |
| 2031 | \$ 374,000,000                  | \$374,000,000                   |                             | \$1,289,926                 | \$3,927,000                           | \$5,216,926               | \$1,989,299                  | \$795,704                      | \$8,001,928          |
| 2032 | \$ 360,000,000                  | \$360,000,000                   |                             | \$1,241,640                 | \$3,780,000                           | \$5,021,640               | \$1,914,833                  | \$765,918                      | \$7,702,391          |
| 2033 | \$ 346,000,000                  | \$346,000,000                   |                             | \$1,193,354                 | \$3,633,000                           | \$4,826,354               | \$1,840,367                  | \$736,132                      | \$7,402,853          |
| 2034 | \$ 332,000,000                  | \$332,000,000                   |                             | \$1,145,068                 | \$3,486,000                           | \$4,631,068               | \$1,765,901                  | \$706,347                      | \$7,103,316          |
|      |                                 |                                 | <b>Total</b>                | <b>\$19,433,391</b>         | <b>\$59,162,250</b>                   | <b>\$78,595,641</b>       | <b>\$29,969,793</b>          | <b>\$11,987,680</b>            | <b>\$120,553,114</b> |

Source: CPA, Gulf Coast Ammonia LLC

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Galveston 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 and College of the Mainland.

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*    | Texas City ISD I&S Tax Levy | Texas City ISD M&O Tax Levy | Texas City ISD M&O and I&S Tax Levies | Galveston County Tax Levy | College of Mainland Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|--------------|-----------------------------|-----------------------------|---------------------------------------|---------------------------|------------------------------|--------------------------------|
|      |                                 |                                 |              | <b>0.3449</b>               | <b>1.0500</b>               |                                       | <b>0.5319</b>             | <b>0.2128</b>                |                                |
| 2020 | \$ 75,500,000                   | \$75,500,000                    |              | \$260,400                   | \$792,750                   | \$1,053,150                           | \$401,583                 | \$160,630                    | \$1,615,363                    |
| 2021 | \$ 151,000,000                  | \$151,000,000                   |              | \$520,799                   | \$1,585,500                 | \$2,106,299                           | \$803,166                 | \$321,260                    | \$3,230,725                    |
| 2022 | \$ 500,000,000                  | \$80,000,000                    |              | \$1,724,500                 | \$840,000                   | \$2,564,500                           | \$0                       | \$0                          | \$2,564,500                    |
| 2023 | \$ 486,000,000                  | \$80,000,000                    |              | \$1,676,214                 | \$840,000                   | \$2,516,214                           | \$0                       | \$0                          | \$2,516,214                    |
| 2024 | \$ 472,000,000                  | \$80,000,000                    |              | \$1,627,928                 | \$840,000                   | \$2,467,928                           | \$0                       | \$0                          | \$2,467,928                    |
| 2025 | \$ 458,000,000                  | \$80,000,000                    |              | \$1,579,642                 | \$840,000                   | \$2,419,642                           | \$0                       | \$0                          | \$2,419,642                    |
| 2026 | \$ 444,000,000                  | \$80,000,000                    |              | \$1,531,356                 | \$840,000                   | \$2,371,356                           | \$0                       | \$0                          | \$2,371,356                    |
| 2027 | \$ 430,000,000                  | \$80,000,000                    |              | \$1,483,070                 | \$840,000                   | \$2,323,070                           | \$0                       | \$0                          | \$2,323,070                    |
| 2028 | \$ 416,000,000                  | \$80,000,000                    |              | \$1,434,784                 | \$840,000                   | \$2,274,784                           | \$0                       | \$0                          | \$2,274,784                    |
| 2029 | \$ 402,000,000                  | \$80,000,000                    |              | \$1,386,498                 | \$840,000                   | \$2,226,498                           | \$0                       | \$0                          | \$2,226,498                    |
| 2030 | \$ 388,000,000                  | \$80,000,000                    |              | \$1,338,212                 | \$840,000                   | \$2,178,212                           | \$0                       | \$0                          | \$2,178,212                    |
| 2031 | \$ 374,000,000                  | \$80,000,000                    |              | \$1,289,926                 | \$840,000                   | \$2,129,926                           | \$0                       | \$0                          | \$2,129,926                    |
| 2032 | \$ 360,000,000                  | \$360,000,000                   |              | \$1,241,640                 | \$3,780,000                 | \$5,021,640                           | \$1,914,833               | \$765,918                    | \$7,702,391                    |
| 2033 | \$ 346,000,000                  | \$346,000,000                   |              | \$1,193,354                 | \$3,633,000                 | \$4,826,354                           | \$1,840,367               | \$736,132                    | \$7,402,853                    |
| 2034 | \$ 332,000,000                  | \$332,000,000                   |              | \$1,145,068                 | \$3,486,000                 | \$4,631,068                           | \$1,765,901               | \$706,347                    | \$7,103,316                    |
|      |                                 |                                 |              |                             |                             |                                       |                           |                              |                                |
|      |                                 |                                 | <b>Total</b> | <b>\$19,433,391</b>         | <b>\$21,677,250</b>         | <b>\$41,110,641</b>                   | <b>\$6,725,850</b>        | <b>\$2,690,287</b>           | <b>\$50,526,778</b>            |
|      |                                 |                                 |              |                             |                             |                                       |                           |                              |                                |
|      |                                 |                                 | <b>Diff</b>  | <b>\$0</b>                  | <b>\$37,485,000</b>         | <b>\$37,485,000</b>                   | <b>\$23,243,943</b>       | <b>\$9,297,394</b>           | <b>\$70,026,336</b>            |

Assumes School Value Limitation and Tax Abatements with the County and College of the Mainland.

Source: CPA, Gulf Coast Ammonia 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 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that GULF COAST AMMONIA 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 directly related to this project, using estimated taxable values provided in the application.

|   | Tax Year | Estimated ISD M&O Tax Levy Generated (Annual) | Estimated ISD M&O Tax Levy Generated (Cumulative) | Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual) | Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative) |
|---|----------|---|---|---|---|
| <b>Limitation Pre-Years</b>                                     | 2019     | \$0   | \$0   | \$0   | \$0   |
|   | 2020     | \$792,750                                     | \$792,750   | \$0   | \$0   |
|   | 2021     | \$1,585,500                                   | \$2,378,250                                       | \$0   | \$0   |
| <b>Limitation Period (10 Years)</b>                             | 2022     | \$840,000                                     | \$3,218,250                                       | \$4,410,000   | \$4,410,000   |
|   | 2023     | \$840,000                                     | \$4,058,250                                       | \$4,263,000   | \$8,673,000   |
|   | 2024     | \$840,000                                     | \$4,898,250                                       | \$4,116,000   | \$12,789,000  |
|   | 2025     | \$840,000                                     | \$5,738,250                                       | \$3,969,000   | \$16,758,000  |
|   | 2026     | \$840,000                                     | \$6,578,250                                       | \$3,822,000   | \$20,580,000  |
|   | 2027     | \$840,000                                     | \$7,418,250                                       | \$3,675,000   | \$24,255,000  |
|   | 2028     | \$840,000                                     | \$8,258,250                                       | \$3,528,000   | \$27,783,000  |
|   | 2029     | \$840,000                                     | \$9,098,250                                       | \$3,381,000   | \$31,164,000  |
|   | 2030     | \$840,000                                     | \$9,938,250                                       | \$3,234,000   | \$34,398,000  |
|   | 2031     | \$840,000                                     | \$10,778,250                                      | \$3,087,000   | \$37,485,000  |
| <b>Maintain Viable Presence (5 Years)</b>                       | 2032     | \$3,780,000                                   | \$14,558,250                                      | \$0   | \$37,485,000  |
|   | 2033     | \$3,633,000                                   | \$18,191,250                                      | \$0   | \$37,485,000  |
|   | 2034     | \$3,486,000                                   | \$21,677,250                                      | \$0   | \$37,485,000  |
|   | 2035     | \$3,339,000                                   | \$25,016,250                                      | \$0   | \$37,485,000  |
|   | 2036     | \$3,192,000                                   | \$28,208,250                                      | \$0   | \$37,485,000  |
| <b>Additional Years as Required by 313.026(c)(1) (10 Years)</b> | 2037     | \$3,045,000                                   | \$31,253,250                                      | \$0   | \$37,485,000  |
|   | 2038     | \$2,898,000                                   | \$34,151,250                                      | \$0   | \$37,485,000  |
|   | 2039     | \$2,751,000                                   | \$36,902,250                                      | \$0   | \$37,485,000  |
|   | 2040     | \$2,604,000                                   | \$39,506,250                                      | \$0   | \$37,485,000  |
|   | 2041     | \$2,457,000                                   | \$41,963,250                                      | \$0   | \$37,485,000  |
|   | 2042     | \$2,310,000                                   | \$44,273,250                                      | \$0   | \$37,485,000  |
|   | 2043     | \$2,163,000                                   | \$46,436,250                                      | \$0   | \$37,485,000  |
|   | 2044     | \$2,016,000                                   | \$48,452,250                                      | \$0   | \$37,485,000  |
|   | 2045     | \$1,869,000                                   | \$50,321,250                                      | \$0   | \$37,485,000  |
|   | 2046     | \$1,722,000                                   | \$52,043,250                                      | \$0   | \$37,485,000  |

\$52,043,250

is greater than

\$37,485,000

### 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, GULF COAST AMMONIA LLC

**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 Gulf Coast Ammonia LLC 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 Gulf Coast Ammonia LLC, in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “Chapter 313’s limitation of appraised value is a key tax incentive agreement necessary to ensure GCA’s potential investment is financially competitive because without this requested limitation the planned investment will be unable to generate sufficient operating margins and net income returns to receive Supervisory Board approval and attract third-party equity investment.”
  - B. “Without the Chapter 313 tax incentives, the potential project is not financeable; GCA would be forced to abandon the project and deploy its development capital and prospective investment funds in other countries, or states where the rate of return is higher on a project basis.”
- A May 20, 2015 *Digital Refining* article states that “Borealis, a leading provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers, and Agrifos Partners LLC, a project development company, have reached a preliminary agreement to jointly develop a world-scale ammonia project through Gulf Coast Ammonia LLC (GCA).”
- A May 20, 2015 *Gulf Oil & Gas* article states that “GCA is in final negotiations with a short list of strategic site owners and expects to make a final site selection within the coming few months.”
- Application #1402 is a re-apply of application #1147 that was withdrawn August 2019.

### 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 (complete Section 13) |
| <input type="checkbox"/> Expansion of existing operation on the land (complete Section 13) | <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

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CHAPTER 313 APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY

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**TAB 5**

*Documentation to assist in determining if limitation is a determining factor*

**Has the applicant received any local or state permits for activities on the proposed site?**

Yes. The applicant has applied for and received permits from the Texas Commission on Environmental Quality. Specifically, TCEQ Texas Pollutant Discharge Elimination System (TPDES) Individual Wastewater Permit: WQ0005235000 and TCEQ Minor New Source Review (NSR) Air Permit: 145038.

**Has the applicant received commitments from state or local incentives for activities at the proposed site?**

Yes. GCA entered into discussions with Texas City, Galveston County and College of the Mainland regarding potential property tax incentives for the proposed project, in addition to its discussions with Texas City ISD that form the basis for this application under Texas Tax Code Chapter 313 ("Chapter 313").

GCA reached agreements with Texas City and College of the Mainland regarding potential incentive benefits in December 2017 and April 2018, respectively. Those agreements are being modified to reflect a revised partnership for GCA as well as a new abatement schedule that reflects the new project construction time line. An agreement in principle has been reached with Galveston County and will coincide with the efforts to modify the existing agreements with Texas City and College of the Mainland.

The limitation of appraised value under Chapter 313 is a key tax incentive agreement that is necessary to ensure GCA's potential project is financially competitive. Without this requested limitation, the planned project will be unable to generate sufficient operating margins and net income returns to receive board approval from GCA's owners and close on the debt and equity financing needed for construction of the ammonia production facility.

Third-party debt and equity financing is necessary to cover the projected capital costs of approximately \$600 million for the construction and operation of the facility until it reaches commercial viability. Without the Chapter 313 tax incentives, the potential project will not be financially viable, will not attract third party financing and GCA will be forced to abandon the project.

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CHAPTER 313 APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY

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**TAB 5**

*Documentation to assist in determining if limitation is a determining factor*

**Is the applicant evaluating other location not in Texas for the proposed project?**

The applicant is not currently actively evaluating other locations outside of Texas. However, in its previous application (#1147) the applicant detailed the location of an alternative site in the state of Louisiana, which provided favorable economics. A copy of that electronic communication is attached for review on a confidential basis.

Pursuant to Texas Tax Code Section 313.026(c)(2) the limitation on appraised value is a determining factor in GCA's decision to invest capital and construct the project in this state. Notwithstanding, other considerations associated with the project result in a net positive benefit to the state of Texas, including the potential for a significant increase to the property tax base for the jurisdictions affected and direct and indirect employment.

**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. Please see attached letter from Gulf Coast Ammonia's proposed new equity investor (in replacement of Borealis) for review on a confidential basis.

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20-05-2015

## Borealis and Agrifos to jointly develop a world-scale ammonia project

Borealis, a leading provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers, and Agrifos Partners LLC, a project development company, have reached a preliminary agreement to jointly develop a world-scale ammonia project through Gulf Coast Ammonia LLC (GCA). The plant will be located within an existing chemical site along the Texas Gulf Coast. GCA is in final negotiations with a short list of strategic site owners and expects to make a final site selection within the coming few months.

The brownfield, hydrogen-based project is scheduled for mechanical completion and start-up in early 2019. The site will benefit from existing infrastructure and excellent logistics capabilities which will allow product supply to a variety of long-term off-takers and customers.

The final agreement with Borealis, which would be subject to its Supervisory Board approval, contemplates significant equity participation by Borealis in the project. Borealis would also enter into a long-term offtake agreement for approximately 40% of the ammonia produced by the plant.

"We have a clear strategy of expanding our global nitrogen business," says Markku Korvenranta, Borealis Executive Vice President Base Chemicals. "By participating in the development of, construction of and offtake from a world-scale project in the U.S., Borealis is able to secure long-term supplies of ammonia based on the attractive economics of U.S. natural gas. It also is a key step in the Borealis goal to sell 10 million tons of nitrogen-based fertilizer products per year by 2020. Gulf Coast Ammonia's project is all the more compelling because it builds on existing site capabilities and assets along the US Gulf Coast."

GCA is a company formed by Agrifos Partners LLC to develop a world-scale ammonia plant along the Texas Gulf Coast. The project will utilise hydrogen and nitrogen feedstock, with pricing linked to US natural gas indexes. Agrifos has extensive experience in acquiring, developing and operating fertilizer production assets. The company expects to make further announcements in the near future concerning additional product offtake commitments, feedstock supply arrangements, permitting and construction contracts.

Gulf Coast Ammonia has engaged Macquarie Capital to serve as its financial advisor for the arrangement of a non-recourse project financing. Macquarie Capital recently acted as advisor to Freeport LNG Expansion, L.P., a liquefied natural gas project. The company has also engaged Vinson & Elkins LLP as legal counsel for the project. Vinson & Elkins has recent experience with ammonia projects in the US Gulf, having served as outside counsel to Dyno Nobel for its ammonia manufacturing plant in Waggaman, Louisiana.

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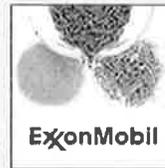


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## Borealis & Agrifos to Develop World-Scale Ammonia Project

Source: [www.gulfoilandgas.com](http://www.gulfoilandgas.com) 5/20/2015, Location: North America

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