



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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P.O.Box 13528 • Austin, TX 78711-3528

March 31, 2020

Dr. Mark Porterie  
Superintendent  
Port Arthur Independent School District  
Port Arthur, TX 77641-1388

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Port Arthur Independent School District and Motiva Enterprises LLC, Application 1416

Dear Superintendent Porterie:

On February 5, 2020, the Comptroller issued written notice that Motiva Enterprises LLC (applicant) submitted a completed application (Application 1416) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on August 26, 2019, to the Port Arthur 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.

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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 1416.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

**Certificate decision required by 313.025(d)**

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem tax* revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state, see Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of February 5, 2020, 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 Motiva Enterprises LLC (project) applying to Port Arthur 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 Motiva Enterprises LLC.

Applicant	Motiva Enterprises LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Port Arthur ISD
2018-2019 Average Daily Attendance	7,309
County	Jefferson
Proposed Total Investment in District	\$3,094,000,000
Proposed Qualified Investment	\$2,720,900,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2024-2025
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,595.63
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,595.63
Minimum annual wage committed to by applicant for qualified jobs	\$82,973
Minimum weekly wage required for non-qualifying jobs	\$1,111.75
Minimum annual wage required for non-qualifying jobs	\$57,811
Investment per Qualifying Job	\$309,400,000
Estimated M&O levy without any limit (15 years)	\$167,687,246
Estimated M&O levy with Limitation (15 years)	\$53,193,756
Estimated gross M&O tax benefit (15 years)	\$114,493,490

**Table 2** is the estimated statewide economic impact of Motiva Enterprises LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2022	1390	1,446	2836	\$111,200,000	\$121,710,000	\$232,910,000
2023	2000	2,152	4152	\$160,000,000	\$203,040,000	\$363,040,000
2024	1540	1,720	3260	\$123,200,000	\$190,520,000	\$313,720,000
2025	150	256	406	\$12,000,000	\$66,610,000	\$78,610,000
2026	10	19	29	\$829,730	\$36,520,270	\$37,350,000
2027	10	(67)	-57	\$829,730	\$21,140,270	\$21,970,000
2028	10	(98)	-88	\$829,730	\$12,110,270	\$12,940,000
2029	10	(86)	-76	\$829,730	\$7,710,270	\$8,540,000
2030	10	(59)	-49	\$829,730	\$5,270,270	\$6,100,000
2031	10	(26)	-16	\$829,730	\$5,760,270	\$6,590,000
2032	10	21	31	\$829,730	\$8,690,270	\$9,520,000
2033	10	54	64	\$829,730	\$11,620,270	\$12,450,000
2034	10	94	104	\$829,730	\$16,260,270	\$17,090,000
2035	10	123	133	\$829,730	\$19,920,270	\$20,750,000
2036	10	103	113	\$829,730	\$17,970,270	\$18,800,000

Source: CPA REMI, Motiva Enterprises 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*	Port Arthur I&S Tax Levy	Port Arthur M&O Tax Levy	Port Arthur M&O and I&S Tax Levies	Jefferson County Tax Levy	Jefferson County Drainage District No 7 Tax Levy	Port of Port Arthur Navigation District Tax Levy	Sabine-Naches Navigation District Tax Levy	Estimated Total Property Taxes
			<b>0.4100</b>	<b>0.4100</b>	<b>1.0600</b>		<b>0.3650</b>	<b>0.2399</b>	<b>0.2131</b>	<b>0.0921</b>	
2023	\$111,916,822	\$111,916,822		\$458,859	\$1,186,318	\$1,645,177	\$408,474	\$268,432	\$238,528	\$103,042	\$2,663,654
2024	\$222,863,992	\$222,863,992		\$913,742	\$2,362,358	\$3,276,101	\$813,409	\$534,539	\$474,990	\$205,191	\$5,304,230
2025	\$636,281,095	\$636,281,095		\$2,608,752	\$6,744,580	\$9,353,332	\$2,322,299	\$1,526,120	\$1,356,106	\$585,824	\$15,143,681
2026	\$1,383,291,129	\$1,383,291,129		\$5,671,494	\$14,662,886	\$20,334,380	\$5,048,736	\$3,317,824	\$2,948,208	\$1,273,596	\$32,922,744
2027	\$1,314,126,573	\$1,314,126,573		\$5,387,919	\$13,929,742	\$19,317,661	\$4,796,299	\$3,151,933	\$2,800,798	\$1,209,916	\$31,276,607
2028	\$1,248,420,244	\$1,248,420,244		\$5,118,523	\$13,233,255	\$18,351,778	\$4,556,484	\$2,994,336	\$2,660,758	\$1,149,421	\$29,712,776
2029	\$1,185,999,232	\$1,185,999,232		\$4,862,597	\$12,571,592	\$17,434,189	\$4,328,660	\$2,844,619	\$2,527,720	\$1,091,949	\$28,227,138
2030	\$1,126,699,270	\$1,126,699,270		\$4,619,467	\$11,943,012	\$16,562,479	\$4,112,227	\$2,702,388	\$2,401,334	\$1,037,352	\$26,815,781
2031	\$1,070,364,307	\$1,070,364,307		\$4,388,494	\$11,345,862	\$15,734,355	\$3,906,616	\$2,567,269	\$2,281,267	\$985,484	\$25,474,992
2032	\$1,016,846,091	\$1,016,846,091		\$4,169,069	\$10,778,569	\$14,947,638	\$3,711,285	\$2,438,905	\$2,167,204	\$936,210	\$24,201,242
2033	\$966,003,787	\$966,003,787		\$3,960,616	\$10,239,640	\$14,200,256	\$3,525,721	\$2,316,960	\$2,058,844	\$889,400	\$22,991,180
2034	\$917,703,598	\$917,703,598		\$3,762,585	\$9,727,658	\$13,490,243	\$3,349,435	\$2,201,112	\$1,955,902	\$844,930	\$21,841,621
2035	\$871,818,418	\$871,818,418		\$3,574,456	\$9,241,275	\$12,815,731	\$3,181,963	\$2,091,056	\$1,858,107	\$802,683	\$20,749,540
2036	\$828,227,497	\$828,227,497		\$3,395,733	\$8,779,211	\$12,174,944	\$3,022,865	\$1,986,504	\$1,765,201	\$762,549	\$19,712,063
2037	\$786,816,122	\$786,816,122		\$3,225,946	\$8,340,251	\$11,566,197	\$2,871,721	\$1,887,178	\$1,676,941	\$724,422	\$18,726,460
2038	\$747,475,316	\$747,475,316		\$3,064,649	\$7,923,238	\$10,987,887	\$2,728,135	\$1,792,820	\$1,593,094	\$688,201	\$17,790,137
2039	\$710,101,550	\$710,101,550		\$2,911,416	\$7,527,076	\$10,438,493	\$2,591,729	\$1,703,179	\$1,513,439	\$653,790	\$16,900,630
2040	\$674,596,473	\$674,596,473		\$2,765,846	\$7,150,723	\$9,916,568	\$2,462,142	\$1,618,020	\$1,437,767	\$621,101	\$16,055,598
			<b>Total</b>	<b>\$64,860,161</b>	<b>\$167,687,246</b>	<b>\$232,547,407</b>	<b>\$57,738,199</b>	<b>\$37,943,194</b>	<b>\$33,716,210</b>	<b>\$14,565,061</b>	<b>\$376,510,072</b>

Source: CPA, Motiva Enterprises LLC

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district, 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.

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*	Port Arthur ISD I&S Tax Levy	Port Arthur ISD M&O Tax Levy	Port Arthur M&O and I&S Tax Levies	Jefferson County Tax Levy	Jefferson County Drainage District No 7 Tax Levy	Port of Port Arthur Navigation District Tax Levy	Sabine-Naches Navigation District Tax Levy	Estimated Total Property Taxes	
2023	\$111,916,822	\$111,916,822		0.4100	1.0600		0.3650	0.2399	0.2131	0.0921		
2023				\$458,859	\$1,186,318	\$1,645,177	\$408,474	\$268,432	\$238,528	\$103,042	\$2,322,084	
2024	\$222,863,992	\$222,863,992		\$913,742	\$2,362,358	\$3,276,101	\$813,409	\$534,539	\$474,990	\$205,191	\$4,624,049	
2025	\$636,281,095	\$636,281,095		\$2,608,752	\$6,744,580	\$9,353,332	\$2,322,299	\$1,526,120	\$1,356,106	\$585,824	\$13,201,751	
2026	\$1,383,291,129	\$30,000,000		\$5,671,494	\$318,000	\$5,989,494	\$5,048,736	\$3,317,824	\$2,948,208	\$1,273,596	\$14,356,053	
2027	\$1,314,126,573	\$30,000,000		\$5,387,919	\$318,000	\$5,705,919	\$4,796,299	\$3,151,933	\$2,800,798	\$1,209,916	\$13,654,151	
2028	\$1,248,420,244	\$30,000,000		\$5,118,523	\$318,000	\$5,436,523	\$4,556,484	\$2,994,336	\$2,660,758	\$1,149,421	\$12,987,343	
2029	\$1,185,999,232	\$30,000,000		\$4,862,597	\$318,000	\$5,180,597	\$4,328,660	\$2,844,619	\$2,527,720	\$1,091,949	\$12,353,876	
2030	\$1,126,699,270	\$30,000,000		\$4,619,467	\$318,000	\$4,937,467	\$4,112,227	\$2,702,388	\$2,401,334	\$1,037,352	\$11,752,082	
2031	\$1,070,364,307	\$30,000,000		\$4,388,494	\$318,000	\$4,706,494	\$3,906,616	\$2,567,269	\$2,281,267	\$985,484	\$11,180,378	
2032	\$1,016,846,091	\$30,000,000		\$4,169,069	\$318,000	\$4,487,069	\$3,711,285	\$2,438,905	\$2,167,204	\$936,210	\$10,637,259	
2033	\$966,003,787	\$30,000,000		\$3,960,616	\$318,000	\$4,278,616	\$3,525,721	\$2,316,960	\$2,058,844	\$889,400	\$10,121,296	
2034	\$917,703,598	\$30,000,000		\$3,762,585	\$318,000	\$4,080,585	\$3,349,435	\$2,201,112	\$1,955,902	\$844,930	\$9,631,131	
2035	\$871,818,418	\$30,000,000		\$3,574,456	\$318,000	\$3,892,456	\$3,181,963	\$2,091,056	\$1,858,107	\$802,683	\$9,165,475	
2036	\$828,227,497	\$828,227,497		\$3,395,733	\$8,779,211	\$12,174,944	\$3,022,865	\$1,986,504	\$1,765,201	\$762,549	\$17,184,313	
2037	\$786,816,122	\$786,816,122		\$3,225,946	\$8,340,251	\$11,566,197	\$2,871,721	\$1,887,178	\$1,676,941	\$724,422	\$16,325,097	
2038	\$747,475,316	\$747,475,316		\$3,064,649	\$7,923,238	\$10,987,887	\$2,728,135	\$1,792,820	\$1,593,094	\$688,201	\$15,508,842	
2039	\$710,101,550	\$710,101,550		\$2,911,416	\$7,527,076	\$10,438,493	\$2,591,729	\$1,703,179	\$1,513,439	\$653,790	\$14,733,400	
2040	\$674,596,473	\$674,596,473		\$2,765,846	\$7,150,723	\$9,916,568	\$2,462,142	\$1,618,020	\$1,437,767	\$621,101	\$13,996,730	
				<b>Total</b>	<b>\$64,860,161</b>	<b>\$53,193,756</b>	<b>\$118,053,917</b>	<b>\$57,738,199</b>	<b>\$37,943,194</b>	<b>\$33,716,210</b>	<b>\$14,565,061</b>	<b>\$213,735,311</b>
				<b>Diff</b>	<b>\$0</b>	<b>\$114,493,490</b>	<b>\$114,493,490</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$162,774,761</b>

Source: CPA, Motiva Enterprises 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 Motiva Enterprises 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)
<b>Limitation Pre-Years</b>	2023	\$1,186,318	\$1,186,318	\$0	\$0
	2024	\$2,362,358	\$3,548,677	\$0	\$0
	2025	\$6,744,580	\$10,293,256	\$0	\$0
<b>Limitation Period (10 Years)</b>	2026	\$318,000	\$10,611,256	\$14,344,886	\$14,344,886
	2027	\$318,000	\$10,929,256	\$13,611,742	\$27,956,628
	2028	\$318,000	\$11,247,256	\$12,915,255	\$40,871,882
	2029	\$318,000	\$11,565,256	\$12,253,592	\$53,125,474
	2030	\$318,000	\$11,883,256	\$11,625,012	\$64,750,486
	2031	\$318,000	\$12,201,256	\$11,027,862	\$75,778,348
	2032	\$318,000	\$12,519,256	\$10,460,569	\$86,238,917
	2033	\$318,000	\$12,837,256	\$9,921,640	\$96,160,557
	2034	\$318,000	\$13,155,256	\$9,409,658	\$105,570,215
	2035	\$318,000	\$13,473,256	\$8,923,275	\$114,493,490
<b>Maintain Viable Presence (5 Years)</b>	2036	\$8,779,211	\$22,252,468	\$0	\$114,493,490
	2037	\$8,340,251	\$30,592,719	\$0	\$114,493,490
	2038	\$7,923,238	\$38,515,957	\$0	\$114,493,490
	2039	\$7,527,076	\$46,043,033	\$0	\$114,493,490
	2040	\$7,150,723	\$53,193,756	\$0	\$114,493,490
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2041	\$6,793,186	\$59,986,942	\$0	\$114,493,490
	2042	\$6,453,527	\$66,440,470	\$0	\$114,493,490
	2043	\$6,130,851	\$72,571,320	\$0	\$114,493,490
	2044	\$5,824,308	\$78,395,629	\$0	\$114,493,490
	2045	\$5,533,093	\$83,928,722	\$0	\$114,493,490
	2046	\$5,256,438	\$89,185,160	\$0	\$114,493,490
	2047	\$4,993,616	\$94,178,776	\$0	\$114,493,490
	2048	\$4,743,935	\$98,922,711	\$0	\$114,493,490
	2049	\$4,506,739	\$103,429,450	\$0	\$114,493,490
	2050	\$4,281,402	\$107,710,852	\$0	\$114,493,490

**\$107,710,852**

is less than

**\$114,493,490**

<b>Analysis Summary</b>	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	No

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, Motiva Enterprises LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2022	1390	1,446	2836	\$111,200,000	\$121,710,000	\$232,910,000	10670000	-5310000	\$15,980,000
2023	2000	2,152	4152	\$160,000,000	\$203,040,000	\$363,040,000	16030000	-5680000	\$21,710,000
2024	1540	1,720	3260	\$123,200,000	\$190,520,000	\$313,720,000	13510000	-1140000	\$14,650,000
2025	150	256	406	\$12,000,000	\$66,610,000	\$78,610,000	3400000	6200000	-\$2,800,000
2026	10	19	29	\$829,730	\$36,520,270	\$37,350,000	2380000	6560000	-\$4,180,000
2027	10	(67)	-57	\$829,730	\$21,140,270	\$21,970,000	1910000	6160000	-\$4,250,000
2028	10	(98)	-88	\$829,730	\$12,110,270	\$12,940,000	1650000	5630000	-\$3,980,000
2029	10	(86)	-76	\$829,730	\$7,710,270	\$8,540,000	1550000	5100000	-\$3,550,000
2030	10	(59)	-49	\$829,730	\$5,270,270	\$6,100,000	1460000	4540000	-\$3,080,000
2031	10	(26)	-16	\$829,730	\$5,760,270	\$6,590,000	1390000	4010000	-\$2,620,000
2032	10	21	31	\$829,730	\$8,690,270	\$9,520,000	1460000	3560000	-\$2,100,000
2033	10	54	64	\$829,730	\$11,620,270	\$12,450,000	1520000	3150000	-\$1,630,000
2034	10	94	104	\$829,730	\$16,260,270	\$17,090,000	1540000	2800000	-\$1,260,000
2035	10	123	133	\$829,730	\$19,920,270	\$20,750,000	1510000	2500000	-\$990,000
2036	10	103	113	\$829,730	\$17,970,270	\$18,800,000	1160000	2260000	-\$1,100,000
2037	10	103	113	\$829,730	\$19,190,270	\$20,020,000	1090000	2010000	-\$920,000
2038	10	103	113	\$829,730	\$20,410,270	\$21,240,000	1040000	1820000	-\$780,000
2039	10	111	121	\$829,730	\$22,360,270	\$23,190,000	1040000	1590000	-\$550,000
2040	10	107	117	\$829,730	\$23,100,270	\$23,930,000	980000	1360000	-\$380,000
2041	10	111	121	\$829,730	\$23,580,270	\$24,410,000	950000	1190000	-\$240,000
2042	10	113	123	\$829,730	\$26,760,270	\$27,590,000	1020000	1070000	-\$50,000
2043	10	111	121	\$829,730	\$27,980,270	\$28,810,000	1010000	950000	\$60,000
2044	10	105	115	\$829,730	\$30,420,270	\$31,250,000	1020000	860000	\$160,000
2045	10	109	119	\$829,730	\$30,420,270	\$31,250,000	930000	670000	\$260,000
2046	10	107	117	829,730	\$32,860,270	\$33,690,000	980000	620000	\$360,000
2047	10	109	119	829,730	\$35,790,270	\$36,620,000	1010000	550000	\$460,000
2048	10	115	125	829,730	\$37,260,270	\$38,090,000	1020000	430000	\$590,000
2049	10	111	121	829,730	\$39,700,270	\$40,530,000	1050000	380000	\$670,000
<b>Total</b>							<b>\$82,380,000</b>	<b>\$49,130,000</b>	<b>\$33,250,000</b>
							<b>\$140,960,852</b>	is greater than	<b>\$114,493,490</b>
<b>Analysis Summary</b>									
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?									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 Motiva Enterprises 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 Motiva Enterprises LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “Motiva Enterprises LLC (“Motiva”) is a wholly-owned indirect subsidiary of the Saudi Arabian Oil Company (“Saudi Aramco”).”
  - B. “The project is still in an evaluation stage; only very preliminary development activities have begun. No public announcements of a definitive intent to construct the project have been made.”
  - C. “Agreements pertaining to preliminary design and engineering work and the development of other technical studies and estimates have been entered into; this work is necessary for purposes of determining whether the project is technically viable and can be cost-competitive in the global marketplace.”
  - D. “For the tax year 2018, Port Arthur ISD’s maintenance and operations (M&O) tax rate represents Motiva Enterprises LLC Chapter 313 Application to Port Arthur ISD almost 50% of the total property tax burden imposed on taxable property located at the proposed site. Consequently, a limitation on appraised value under Chapter 313 of the Texas Tax Code is a determining factor in the decision to invest capital and construct the project in the State of Texas.”
- An August 19, 2019 *CNBC* article stated the following:
  - A. Motiva Enterprises “has signed an agreement to buy the Flint Hills Resources chemical plant adjacent to its Port Arthur, Texas, oil refinery, kicking off a push into petrochemicals.”
  - B. “Motiva, the U.S. refining arm of Saudi Aramco <IPO-ARMO.SE>, plans to operate the chemical plant while it builds three giant petrochemical units within its Port Arthur complex as part of an \$18 billion expansion of operations along the U.S. Gulf Coast”
  - C. “Motiva and Flint Hills confirmed the pending deal after Reuters disclosed it had agreed to buy the operation. Motiva said it expects the deal to close by late 2019.”

- Per an October 30, 2019 *Hydrocarbon Processing* article:
  - A. "Motiva Enterprises said on Tuesday that, pending final regulatory approval, the purchase of a Port Arthur, Texas, chemical plant from Flint Hills Resources will close on Oct. 31."
  - B. "Motiva also said it had adjusted the schedule for the construction of new chemical units planned at its Port Arthur refinery to prioritize a polyethylene unit and decelerate aromatics unit and ethane cracker projects."
  - C. "'The acquisition ... enables Motiva to accelerate its entry into the chemicals business and provides the company an exciting opportunity to develop synergy-capture projects between its Port Arthur Refinery and the Flint Hill assets.'"
  - D. "The chemical plant being acquired from Flint Hills, a subsidiary of privately-held Koch Industries, has an ethane cracker but lacks units to process ethylene coming from the cracker, said sources familiar with Motiva's plans."
  - E. "Due to the accelerated timeline for the polyethylene unit, Motiva is slowing down work on an ethane cracker and an aromatics unit it plans to build in the refinery, the sources said."
  - F. "Motiva has been investing heavily in the Port Arthur area since becoming the sole owner of the 607,000 bpd Port Arthur refinery, after the 2017 break-up of a partnership with Royal Dutch Shell Plc that created Motiva."

**Supporting Information**

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

**Disclaimer:** This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

# **Supporting Information**

**Section 8 of the Application for  
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171?  Yes  No
2. The property will be used for one of the following activities:
  - (1) manufacturing  Yes  No
  - (2) research and development  Yes  No
  - (3) a clean coal project, as defined by Section 5.001, Water Code  Yes  No
  - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code  Yes  No
  - (5) renewable energy electric generation  Yes  No
  - (6) electric power generation using integrated gasification combined cycle technology  Yes  No
  - (7) nuclear electric power generation  Yes  No
  - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7)  Yes  No
  - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051  Yes  No
3. Are you requesting that any of the land be classified as qualified investment?  Yes  No
4. Will any of the proposed qualified investment be leased under a capitalized lease?  Yes  No
5. Will any of the proposed qualified investment be leased under an operating lease?  Yes  No
6. Are you including property that is owned by a person other than the applicant?  Yes  No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?  Yes  No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
 

<input checked="" type="checkbox"/> Land has no existing improvements <sup>+</sup>	<input 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 4  
of the Application for a  
Limitation on Appraised Value

# Motiva Enterprises LLC

## Chapter 313 Application to Port Arthur ISD

### Amendment No. 1 – Port Arthur ISD No. 1416, Motiva Enterprises LLC – 01/24/2020

#### Tab 4

#### Detailed Description of the Project

*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.*

Motiva Enterprises LLC (“Motiva”) is evaluating the possible development, design and construction of multiple world-scale ethylene derivative units. The ethylene derivative units would manufacture polyethylene which is used in products such as plastic pipe, merchandise bags, milk jugs, food and beverage containers, household chemical and detergent bottles, pails, and drums. One of the potential locations for the new facilities is unimproved land located within the Motiva Port Arthur Refinery Complex in Jefferson County, Texas.

The proposed improvements for which the tax limitation is sought would include the ethylene derivative units along with all process infrastructure and eligible ancillary and necessary equipment, compressors, motors, drums, vessels, heat exchangers, pumps, filters, reactors, blowers and fans, dryers, dust collection units, mixers, feeders, extruders, raw material purification equipment, rotary valves, scales, trolleys and hoists, utility service lines within the project boundary, storage tanks to be used exclusively for the holding of raw materials and intermediate products critical in the manufacturing process of the project, blending silos, electrical switchgear, transformers, substations, instrumentation equipment, equipment and structural foundations including supports, control equipment and facilities, warehouses for storage of raw materials and utility distribution equipment, tanks and pipelines located within the project boundary, flares, pollution control equipment, cooling towers, shipping facility improvements and equipment related to the loading and shipping of polyethylene produced by the project, new road improvements and paving to establish access to the new ethylene derivative units and provide proper sloping and draining, fencing and facility security systems to establish ethylene derivative units property boundaries, fire prevention and safety equipment, a control building and an administration building to house the operations personnel for the ethylene derivative units complex, equipment enclosure buildings to house electrical equipment, instrumentation, and analyzers that support the ethylene derivative units complex, water and sewer treatment facilities, and a rail car storage in transit (SIT) yard comprised of the following components:

- rail car staging track,
- rail car transload track,
- rail car interchange track,
- rail spurs to connect with existing rail lines of third party railroads,
- railroad and truck racks, and
- rail car loading and cleaning equipment.

## **Motiva Enterprises LLC**

### Chapter 313 Application to Port Arthur ISD

#### **Amendment No. 1 – Port Arthur ISD No. 1416, Motiva Enterprises LLC – 01/24/2020**

The rail car storage in transit (SIT) yard and its component parts will be used exclusively for the ethylene derivative units complex to load, store, manage, stage, connect, and move polyethylene produced by the ethylene derivative units complex. Polyethylene produced at the ethylene derivative units complex will be stored in rail cars in the rail car storage in transit (SIT) yard until there are a sufficient number of full rail cars to be shipped to customers. No limitation is being requested for any rail car, and the qualified property includes no rail cars.

Interconnections with surrounding existing property are described below:

1. Ethylene Feedstock Connections: Tie-ins will be made to the Steam Cracker project (Application No. 1418) and to the cracker operated by Motiva Chemicals LLC (formerly known as Flint Hills Resources Port Arthur, LLC) to supply ethylene feedstock for the ethylene derivative units project.
2. Steam and Demineralized Water Connections: Tie-ins may be made to the Motiva Port Arthur Refinery and the plant operated by Motiva Chemicals LLC (formerly known as Flint Hills Resources Port Arthur, LLC) to supply steam and demineralized water for the ethylene derivative units project.
3. Hydrogen Connection: Tie-ins will be made to the Motiva Port Arthur Refinery to supply hydrogen for the ethylene derivative units project.
4. Nitrogen Connections: Nitrogen for the ethylene derivative units project will be supplied by a third party source. The connections to access this supply of nitrogen may be through tie-ins with the Motiva Port Arthur Refinery or the plant operated by Motiva Chemicals LLC (formerly known as Flint Hills Resources Port Arthur, LLC).
5. Raw Water and Fire Water Connections: Raw water and fire water for the ethylene derivative units project will be supplied from Reservoir 7 either directly or through tie-ins with the Motiva Port Arthur Refinery or the plant operated by Motiva Chemicals LLC (formerly known as Flint Hills Resources Port Arthur, LLC).

Upon timely granting of all required permits from respective federal, state, and local agencies, construction is currently proposed to commence in the fourth quarter of 2021 with completion estimated in the fourth quarter of 2025.

## **Supporting Information**

Attachments provided in Tab 5  
of the Application for a  
Limitation on Appraised Value

# Motiva Enterprises LLC

## Chapter 313 Application to Port Arthur ISD

### Tab 5

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

*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.*

Motiva Enterprises LLC (“Motiva”) is a wholly-owned indirect subsidiary of the Saudi Arabian Oil Company (“Saudi Aramco”). Saudi Aramco, together with its subsidiaries and joint ventures (the “Group”), is a fully integrated, global petroleum enterprise and a world leader in exploration, production, refining, distribution, marketing and petrochemicals manufacturing. Saudi Aramco manages the world’s largest proven conventional crude oil and condensate reserves of 260.2 billion barrels and the world’s fourth-largest natural gas reserves of 288.4 trillion standard cubic feet. It is also among the top producers of natural gas, maintaining the fourth-largest natural gas reserves in the world.

Through subsidiary and joint venture operations, the Group’s activities span the globe. As such, Motiva’s proposed project competes with other potential projects in the Group for its capital investment budget for the funding necessary to construct the project. Opportunities to invest, locate, and develop new projects, such as the one that is subject of this Application, are viable in numerous locations throughout the world. For example, with respect to potential locations in North America, the proposed new facilities could be constructed at potential sites along the U.S. Gulf Coast, including locations in Texas and Louisiana.

Motiva takes a disciplined, long-term approach to investing and consistently seeks new investment opportunities that create value. Its business model is to conduct an extensive evaluation before making any final investment decision. A project team is evaluating these opportunities with a focus on global logistics, efficiency, scale and site integration.

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

Competitive abatement programs for the proposed new facilities exist in alternative locations. The impact of the property tax burden on the economic return of the proposed new facilities is an important factor in the site selection evaluation and decision. For the tax year 2018, Port Arthur ISD’s maintenance and operations (M&O) tax rate represents

## **Motiva Enterprises LLC**

### **Chapter 313 Application to Port Arthur ISD**

almost 50% of the total property tax burden imposed on taxable property located at the proposed site. Consequently, a limitation on appraised value under Chapter 313 of the Texas Tax Code is a determining factor in the decision to invest capital and construct the project in the State of Texas.

The decision to invest in a particular country or state depends on the economics of the investment in the particular jurisdiction. In the case of the investment in the proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes. Obtaining a limitation on appraised value under Chapter 313 of the Texas Tax Code is a necessary part of the economic analysis for investment in Texas. The petrochemicals market is very competitive. Without a limitation on appraised value under Chapter 313 from Port Arthur ISD, siting the project in Jefferson County is not competitive with comparable investments.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller

**BREAKING** Stocks open slightly higher as Procter & Gamble and McDonald's ✕



WIRES

## UPDATE 2-Motiva to buy Flint Hills Port Arthur, Texas chemical plant

PUBLISHED MON, AUG 19 2019, 2:10 PM EDT

 REUTERS Erwin Seba

SHARE     

(Updates with company confirmation; adds details on previous plans)

HOUSTON, Aug 19 (Reuters) - Motiva Enterprises said on Monday it has signed an agreement to buy the Flint Hills Resources chemical plant adjacent to its Port Arthur, Texas, oil refinery, kicking off a push into petrochemicals.

Motiva, the U.S. refining arm of Saudi Aramco <IPO-ARMO.SE>, plans to operate the chemical plant while it builds three giant petrochemical units within its Port Arthur complex as part of an \$18 billion expansion of operations along the U.S. Gulf Coast, said three sources familiar with the agreement.

Motiva and Flint Hills confirmed the pending deal after Reuters disclosed it had agreed to buy the operation. Motiva said it expects to deal to close by late 2019.

A Flint Hills spokesman did not reply to requests for comment.

The purchase price was not disclosed. Flint Hills acquired the plant from Huntsman Corp in 2007 for \$770 million.



MARKETS



WATCHLIST



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MENU

**BREAKING** Stocks open slightly higher as Procter & Gamble and McDonald's  
The Flint Hills plant operates a 1.57-billion-pound-per-year ethylene cracker, a unit producing nylon component cyclohexane, and a network of pipelines and storage caverns, the sources said. Ethylene is a building block for plastics.

Motiva has been investing heavily in the Port Arthur area since becoming the sole owner of the 607,000 bpd refinery, after the 2017 break-up of a partnership with Royal Dutch Shell Plc that created Motiva.

In April, Houston-based Motiva announced it would refurbish two empty, historic buildings in downtown Port Arthur for use as offices. It also has filed documents with the state to build a \$5 billion steam cracker that would produce ethylene.

The sources said the Flint Hills chemical plant buys petrochemical feedstock from Motiva's refinery, the largest in the United States.

The acquisition comes as the market for chemicals is growing faster than for gasoline and other refined products.

Motiva has considered acquiring oil refineries or taking over existing plants, but no deals were struck. In February, it ended talks with the government of Curacao over a request to operate its 335,000 barrel-per-day Isla refinery and storage terminal.

Before the split with Shell in 2017, Motiva weighed buying Lyondell Basell Industries' 263,776-bpd Houston refinery to replace plants it was turning over to Shell.

A 2018 plan to expand Port Arthurs oil refining operations to make it the largest plant by capacity in the world was shelved over worries of too much processing at one U.S. Gulf Coast site vulnerable to severe storms, like 2017's Hurricane Harvey.



MARKETS



WATCHLIST



CNBC TV



MENU

**BREAKING** Stocks open slightly higher as Procter & Gamble and McDonald's  
A final investment decision on the petrochemical units is expected to be made between the end of 2019 and the spring of 2020, the sources said.



Motiva had considered building one of the petrochemical units in Anahuac, Texas, but those plans were changed to place all of the units in Port Arthur, the sources said.

Port Arthur is 90 miles (145 km) east of Houston. Anahuac is about halfway between the two.

Motiva plans to finance the proposed petrochemical expansion in part through profits from sales of lower-sulfur marine fuel that will be mandated for shippers by the International Maritime Organization on Jan. 1, 2020, the sources said. (Reporting by Erwin Seba Editing by Dan Grebler and Steve Orlofsky)

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## Motiva expects Port Arthur, Tx., chem plant purchase close on Oct. 31

10/30/2019

HOUSTON, Oct 1 (Reuters)- Motiva Enterprises said on Tuesday that, pending final regulatory approval, the purchase of a Port Arthur, Texas, chemical plant from Flint Hills Resources will close on Oct. 31.

Motiva also said it had adjusted the schedule for the construction of new chemical units planned at its Port Arthur refinery to prioritize a polyethylene unit and decelerate aromatics unit and ethane cracker projects.

"The acquisition ... enables Motiva to accelerate its entry into the chemicals business and provides the company an exciting opportunity to develop synergy-capture projects between its Port Arthur Refinery and the Flint Hill assets."

Motiva's statement confirmed a Reuters report from earlier on Tuesday.

A Flint Hills spokesman did not reply to a request for a comment.

The chemical plant being acquired from Flint Hills, a subsidiary of privately-held Koch Industries, has an ethane cracker but lacks units to process ethylene coming from the cracker, said sources familiar with Motiva's plans.

Due to the accelerated timeline for the polyethylene unit, Motiva is slowing down work on an ethane cracker and an aromatics unit it plans to build in the refinery, the sources said.

The final investment decision on the last two units is being pushed back to late 2021, the sources said.

Motiva said slowing the aromatics and ethane cracker projects would "... allow execution of proposed projects in a more efficient manner."

A final investment decision on the polyethylene and aromatics units, as well as the ethane cracker, had been expected between late this year and spring 2020.

Motiva, a subsidiary of state oil company Saudi Aramco <IPO-ARMO.SE>, has not disclosed what it is paying Flint Hills, a subsidiary of privately-held Koch Industries

Flint Hills acquired the plant from Huntsman Corp in 2007 for \$770 million.

The two companies announced the sale on Aug. 19.

Motiva has been investing heavily in the Port Arthur area since becoming the sole owner of the 607,000 bpd Port Arthur refinery, after the 2017 break-up of a partnership with Royal Dutch Shell Plc that created Motiva.

In April, Houston-based Motiva announced it would refurbish two empty, historic buildings in downtown Port Arthur for use as offices. It also has filed documents with the state to build a \$5 billion steam cracker that would produce ethylene.

The sources said the Flint Hills chemical plant buys petrochemical feedstock from Motiva's refinery, the largest in the United States. (Reporting by Erwin Seba Editing by Marguerita Choy)

## From the Archive

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- Viewpoint: "Intelligizing" the refinery for business sustainability (/magazine/2016/june-2016/columns/viewpoint-intelligizing-the-refinery-for-business-sustainability)
- Business Trends: Global petrochemical overview –Part 1 (/magazine/2016/april-2016/trends-and-resources/business-trends-global-petrochemical-overview-part-1)
- Maximize petrochemicals in the FCCU to boost refinery margins, improve gasoline pool quality (/magazine/2016/february-2016/special-report-clean-fuels-and-the-environment/maximize-petrochemicals-in-the-fccu-to-boost-refinery-margins-improve-gasoline-pool-quality)
- Business Trends: Clean fuels—a global shift to a low-sulfur world (/magazine/2016/february-2016/trends-and-resources/business-trends-clean-fuels-a-global-shift-to-a-low-sulfur-world)
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## Comments

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