



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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 1417

Dear Superintendent Porterie:

On February 5, 2020, the Comptroller issued written notice that Motiva Enterprises LLC (applicant) submitted a completed application (Application 1417) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ 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.

¹ All Statutory references are to the Texas Tax Code, unless otherwise noted.

- Sec. 313.024(d) Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
- Sec. 313.024(d-2) Not applicable to Application 1417.

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 or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

A handwritten signature in black ink that reads "Lisa Craven". The signature is written in a cursive style with a large initial "L" and "C".

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	\$1,950,000,000
Proposed Qualified Investment	\$1,707,700,000
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	\$195,000,000
Estimated M&O levy without any limit (15 years)	\$121,474,080
Estimated M&O levy with Limitation (15 years)	\$39,322,016
Estimated gross M&O tax benefit (15 years)	\$82,152,064

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
2021	185	194	379	\$14,800,000	\$15,473,000	\$30,273,000
2022	1360	1,425	2785	\$108,800,000	\$121,547,000	\$230,347,000
2023	1450	1,585	3035	\$116,000,000	\$154,508,000	\$270,508,000
2024	1010	1,133	2143	\$80,800,000	\$131,969,000	\$212,769,000
2025	20	66	86	\$1,600,000	\$39,171,000	\$40,771,000
2026	10	(20)	-10	\$829,730	\$23,828,270	\$24,658,000
2027	10	(71)	-61	\$829,730	\$89,086,270	\$13,916,000
2028	10	(90)	-80	\$829,730	\$6,738,270	\$7,568,000
2029	10	(80)	-70	\$829,730	\$3,809,270	\$4,639,000
2030	10	(57)	-47	\$829,730	\$2,100,270	\$2,930,000
2031	10	(26)	-16	\$829,730	\$3,320,270	\$4,150,000
2032	10	10	20	\$829,730	\$6,006,270	\$6,836,000
2033	10	39	49	\$829,730	\$8,203,270	\$9,033,000
2034	10	68	78	\$829,730	\$11,865,270	\$12,695,000
2035	10	86	96	\$829,730	\$14,307,270	\$15,137,000

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		
2023	\$83,929,181	\$83,929,181		0.4100	1.0600	\$344,110	\$889,649	\$1,233,759	\$306,325	\$201,304	\$178,878	\$77,274	\$1,997,540
2024	\$163,797,119	\$163,797,119		\$671,568	\$1,736,249	\$2,407,818	\$597,827	\$392,867	\$349,101	\$150,808	\$409,313	\$10,580,838	\$3,898,421
2025	\$444,567,420	\$444,567,420		\$1,822,726	\$4,712,415	\$6,535,141	\$1,622,582	\$1,066,295	\$947,507	\$409,313	\$10,580,838	\$23,874,245	\$23,874,245
2026	\$1,003,106,875	\$1,003,106,875		\$4,112,738	\$10,632,933	\$14,745,671	\$3,661,139	\$2,405,952	\$2,137,922	\$923,560	\$23,874,245	\$22,680,532	\$22,680,532
2027	\$952,951,532	\$952,951,532		\$3,907,101	\$10,101,286	\$14,008,388	\$3,478,083	\$2,285,654	\$2,031,026	\$877,382	\$22,680,532	\$21,546,506	\$21,546,506
2028	\$905,303,955	\$905,303,955		\$3,711,746	\$9,596,222	\$13,307,968	\$3,304,178	\$2,171,372	\$1,929,474	\$833,513	\$21,546,506	\$20,469,180	\$20,469,180
2029	\$860,038,757	\$860,038,757		\$3,526,159	\$9,116,411	\$12,642,570	\$3,138,969	\$2,062,803	\$1,833,001	\$791,838	\$20,469,180	\$19,445,721	\$19,445,721
2030	\$817,036,819	\$817,036,819		\$3,349,851	\$8,660,590	\$12,010,441	\$2,982,021	\$1,959,663	\$1,741,351	\$752,246	\$19,445,721	\$18,473,435	\$18,473,435
2031	\$776,184,978	\$776,184,978		\$3,182,358	\$8,227,561	\$11,409,919	\$2,832,920	\$1,861,680	\$1,654,283	\$714,634	\$18,473,435	\$17,549,764	\$17,549,764
2032	\$737,375,729	\$737,375,729		\$3,023,240	\$7,816,183	\$10,839,423	\$2,691,274	\$1,768,596	\$1,571,569	\$678,902	\$17,549,764	\$16,672,275	\$16,672,275
2033	\$700,506,943	\$700,506,943		\$2,872,078	\$7,425,374	\$10,297,452	\$2,556,710	\$1,680,166	\$1,492,990	\$644,957	\$16,672,275	\$15,838,662	\$15,838,662
2034	\$665,481,596	\$665,481,596		\$2,728,475	\$7,054,105	\$9,782,579	\$2,428,875	\$1,596,158	\$1,418,341	\$612,709	\$15,838,662	\$15,046,729	\$15,046,729
2035	\$632,207,516	\$632,207,516		\$2,592,051	\$6,701,400	\$9,293,450	\$2,307,431	\$1,516,350	\$1,347,424	\$582,073	\$15,046,729	\$14,294,392	\$14,294,392
2036	\$600,597,140	\$600,597,140		\$2,462,448	\$6,366,330	\$8,828,778	\$2,192,059	\$1,440,532	\$1,280,053	\$552,970	\$14,294,392	\$13,579,673	\$13,579,673
2037	\$570,567,283	\$570,567,283		\$2,339,326	\$6,048,013	\$8,387,339	\$2,082,456	\$1,368,506	\$1,216,050	\$525,321	\$13,579,673	\$12,900,689	\$12,900,689
2038	\$542,038,919	\$542,038,919		\$2,222,360	\$5,745,613	\$7,967,972	\$1,978,334	\$1,300,080	\$1,155,248	\$499,055	\$12,900,689	\$12,255,654	\$12,255,654
2039	\$514,936,973	\$514,936,973		\$2,111,242	\$5,458,332	\$7,569,574	\$1,879,417	\$1,235,076	\$1,097,485	\$474,102	\$12,255,654	\$11,642,872	\$11,642,872
2040	\$489,190,124	\$489,190,124		\$2,005,680	\$5,185,415	\$7,191,095	\$1,785,446	\$1,173,323	\$1,042,611	\$450,397	\$11,642,872		
				Total	\$46,985,257	\$121,474,080	\$168,459,337	\$41,826,047	\$27,486,376	\$24,424,312	\$10,551,055	\$272,747,127	

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 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	
2023	\$83,929,181	\$83,929,181		0.4100	1.0600		0.3650	0.2399	0.2131	0.0921		
				\$344,110	\$889,649	\$1,233,759	\$306,325	\$201,304	\$178,878	\$77,274	\$1,741,388	
2024	\$163,797,119	\$163,797,119		\$671,568	\$1,736,249	\$2,407,818	\$597,827	\$392,867	\$349,101	\$150,808	\$3,398,512	
2025	\$444,567,420	\$444,567,420		\$1,822,726	\$4,712,415	\$6,535,141	\$1,622,582	\$1,066,295	\$947,507	\$409,313	\$9,224,018	
2026	\$1,003,106,875	\$30,000,000		\$4,112,738	\$318,000	\$4,430,738	\$3,661,139	\$2,405,952	\$2,137,922	\$923,560	\$10,497,829	
2027	\$952,951,532	\$30,000,000		\$3,907,101	\$318,000	\$4,225,101	\$3,478,083	\$2,285,654	\$2,031,026	\$877,382	\$9,988,838	
2028	\$905,303,955	\$30,000,000		\$3,711,746	\$318,000	\$4,029,746	\$3,304,178	\$2,171,372	\$1,929,474	\$833,513	\$9,505,296	
2029	\$860,038,757	\$30,000,000		\$3,526,159	\$318,000	\$3,844,159	\$3,138,969	\$2,062,803	\$1,833,001	\$791,838	\$9,045,931	
2030	\$817,036,819	\$30,000,000		\$3,349,851	\$318,000	\$3,667,851	\$2,982,021	\$1,959,663	\$1,741,351	\$752,246	\$8,609,535	
2031	\$776,184,978	\$30,000,000		\$3,182,358	\$318,000	\$3,500,358	\$2,832,920	\$1,861,680	\$1,654,283	\$714,634	\$8,194,958	
2032	\$737,375,729	\$30,000,000		\$3,023,240	\$318,000	\$3,341,240	\$2,691,274	\$1,768,596	\$1,571,569	\$678,902	\$7,801,110	
2033	\$700,506,943	\$30,000,000		\$2,872,078	\$318,000	\$3,190,078	\$2,556,710	\$1,680,166	\$1,492,990	\$644,957	\$7,426,955	
2034	\$665,481,596	\$30,000,000		\$2,728,475	\$318,000	\$3,046,475	\$2,428,875	\$1,596,158	\$1,418,341	\$612,709	\$7,071,507	
2035	\$632,207,516	\$30,000,000		\$2,592,051	\$318,000	\$2,910,051	\$2,307,431	\$1,516,350	\$1,347,424	\$582,073	\$6,733,832	
2036	\$600,597,140	\$600,597,140		\$2,462,448	\$6,366,330	\$8,828,778	\$2,192,059	\$1,440,532	\$1,280,053	\$552,970	\$12,461,370	
2037	\$570,567,283	\$570,567,283		\$2,339,326	\$6,048,013	\$8,387,339	\$2,082,456	\$1,368,506	\$1,216,050	\$525,321	\$11,838,301	
2038	\$542,038,919	\$542,038,919		\$2,222,360	\$5,745,613	\$7,967,972	\$1,978,334	\$1,300,080	\$1,155,248	\$499,055	\$11,246,386	
2039	\$514,936,973	\$514,936,973		\$2,111,242	\$5,458,332	\$7,569,574	\$1,879,417	\$1,235,076	\$1,097,485	\$474,102	\$10,684,067	
2040	\$489,190,124	\$489,190,124		\$2,005,680	\$5,185,415	\$7,191,095	\$1,785,446	\$1,173,323	\$1,042,611	\$450,397	\$10,149,863	
				Total	\$46,985,257	\$39,322,016	\$86,307,273	\$41,826,047	\$27,486,376	\$24,424,312	\$10,551,055	\$155,619,696
				Diff	\$0	\$82,152,064	\$82,152,064	\$0	\$0	\$0	\$0	\$117,127,431

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 25th 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)
Limitation Pre-Years	2023	\$889,649	\$889,649	\$0	\$0
	2024	\$1,736,249	\$2,625,899	\$0	\$0
	2025	\$4,712,415	\$7,338,313	\$0	\$0
Limitation Period (10 Years)	2026	\$318,000	\$7,656,313	\$10,314,933	\$10,314,933
	2027	\$318,000	\$7,974,313	\$9,783,286	\$20,098,219
	2028	\$318,000	\$8,292,313	\$9,278,222	\$29,376,441
	2029	\$318,000	\$8,610,313	\$8,798,411	\$38,174,852
	2030	\$318,000	\$8,928,313	\$8,342,590	\$46,517,442
	2031	\$318,000	\$9,246,313	\$7,909,561	\$54,427,003
	2032	\$318,000	\$9,564,313	\$7,498,183	\$61,925,186
	2033	\$318,000	\$9,882,313	\$7,107,374	\$69,032,559
	2034	\$318,000	\$10,200,313	\$6,736,105	\$75,768,664
	2035	\$318,000	\$10,518,313	\$6,383,400	\$82,152,064
Maintain Viable Presence (5 Years)	2036	\$6,366,330	\$16,884,643	\$0	\$82,152,064
	2037	\$6,048,013	\$22,932,656	\$0	\$82,152,064
	2038	\$5,745,613	\$28,678,269	\$0	\$82,152,064
	2039	\$5,458,332	\$34,136,601	\$0	\$82,152,064
	2040	\$5,185,415	\$39,322,016	\$0	\$82,152,064
Additional Years as Required by 313.026(c)(1) (10 Years)	2041	\$4,926,145	\$44,248,161	\$0	\$82,152,064
	2042	\$4,679,837	\$48,927,998	\$0	\$82,152,064
	2043	\$4,445,845	\$53,373,843	\$0	\$82,152,064
	2044	\$4,223,553	\$57,597,397	\$0	\$82,152,064
	2045	\$4,012,376	\$61,609,772	\$0	\$82,152,064
	2046	\$3,811,757	\$65,421,529	\$0	\$82,152,064
	2047	\$3,621,169	\$69,042,698	\$0	\$82,152,064
	2048	\$3,440,110	\$72,482,808	\$0	\$82,152,064
	2049	\$3,268,105	\$75,750,913	\$0	\$82,152,064
	2050	\$3,104,700	\$78,855,613	\$0	\$82,152,064

\$78,855,613 is less than \$82,152,064

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

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
2021	185	194	379	\$14,800,000	\$15,473,000	\$30,273,000	1404000	-717000	\$2,121,000
2022	1360	1,425	2785	\$108,800,000	\$121,547,000	\$230,347,000	10460000	-4951000	\$15,411,000
2023	1450	1,585	3035	\$116,000,000	\$154,508,000	\$270,508,000	11818000	-3426000	\$15,244,000
2024	1010	1,133	2143	\$80,800,000	\$131,969,000	\$212,769,000	9064000	229000	\$8,835,000
2025	20	66	86	\$1,600,000	\$39,171,000	\$40,771,000	1724000	5257000	-\$3,533,000
2026	10	(20)	-10	\$829,730	\$23,828,270	\$24,658,000	1503000	4990000	-\$3,487,000
2027	10	(71)	-61	\$829,730	\$13,086,270	\$13,916,000	1152000	4608000	-\$3,456,000
2028	10	(90)	-80	\$829,730	\$6,738,270	\$7,568,000	923000	4166000	-\$3,243,000
2029	10	(80)	-70	\$829,730	\$3,809,270	\$4,639,000	816000	3723000	-\$2,907,000
2030	10	(57)	-47	\$829,730	\$2,100,270	\$2,930,000	809000	3265000	-\$2,456,000
2031	10	(26)	-16	\$829,730	\$3,320,270	\$4,150,000	710000	2823000	-\$2,113,000
2032	10	10	20	\$829,730	\$6,006,270	\$6,836,000	786000	2457000	-\$1,671,000
2033	10	39	49	\$829,730	\$8,203,270	\$9,033,000	832000	2113000	-\$1,281,000
2034	10	68	78	\$829,730	\$11,865,270	\$12,695,000	832000	1877000	-\$1,045,000
2035	10	86	96	\$829,730	\$14,307,270	\$15,137,000	771000	1640000	-\$869,000
2036	10	76	86	\$829,730	\$13,574,270	\$14,404,000	465000	1442000	-\$977,000
2037	10	72	82	\$829,730	\$13,574,270	\$14,404,000	381000	1228000	-\$847,000
2038	10	74	84	\$829,730	\$14,795,270	\$15,625,000	351000	1045000	-\$694,000
2039	10	82	92	\$829,730	\$16,992,270	\$17,822,000	381000	824000	-\$443,000
2040	10	80	90	\$829,730	\$16,992,270	\$17,822,000	336000	687000	-\$351,000
2041	10	82	92	\$829,730	\$17,481,270	\$18,311,000	320000	526000	-\$206,000
2042	10	80	90	\$829,730	\$18,945,270	\$19,775,000	366000	427000	-\$61,000
2043	10	76	86	\$829,730	\$20,166,270	\$20,996,000	336000	305000	\$31,000
2044	10	76	86	\$829,730	\$22,119,270	\$22,949,000	336000	221000	\$115,000
2045	10	78	88	\$829,730	\$21,631,270	\$22,461,000	259000	61000	\$198,000
2046	10	80	90	\$829,730	\$23,584,270	\$24,414,000	305000	15000	\$290,000
2047	10	82	92	\$829,730	\$26,514,270	\$27,344,000	351000	-61000	\$412,000
2048	10	90	100	\$829,730	\$27,979,270	\$28,809,000	366000	-137000	\$503,000
Total							\$49,237,000	\$34,017,000	\$15,220,000
							\$94,075,613	is greater than	\$82,152,064
Analysis Summary									
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?								Yes	

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

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the 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*	<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. 1417, Motiva Enterprises LLC – 01/27/2020

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 a world-scale aromatics complex. The aromatics complex would include a number of new hydrocarbon processing units, including a reformate splitter complex, a Sulfolane extractive distillation section, a Tatoray conversion section, a xylenes fractionation section, a Parex separation complex, an Isomar Unit, and related buildings, utility, infrastructure, logistics improvements, and all other ancillary improvements and tangible personal property necessary to operate the production facilities (collectively, the “Aromatics Complex”). 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 Aromatics Complex would use reformate as feedstock. The reformate feedstock is available from multiple third-party sources, as well as from the Motiva Port Arthur Refinery. The Aromatics Complex can also blend in other supplemental feedstocks as required, such as heart-cut reformate, toluene, and toluene/xylenes mix, sourced from multiple third-party sources. The reformate feedstock would be delivered to the Aromatics Complex from third-party sources via the marine berth at the Port Arthur Terminal, and terminal-to-complex pipeline connections, designated Aromatics Feedstock, as well as via intra-plant pipeline connection within the Motiva Port Arthur Refinery. Supplemental feedstock for the Aromatics Complex would also be sourced from third-party refineries and petrochemical complexes via the marine berth at the Port Arthur Terminal and terminal-to-complex pipeline connections.

The processes within the Aromatics Complex would produce finished products, and intermediate co-product and by-product outputs, from the reformate feedstock, as follows:

- the primary produced Paraxylene and Benzene products would be shipped and sold in regional and global markets for the manufacture of petrochemicals;
- the secondary produced C9 Aromatics intermediate product would be processed within the Aromatics Complex, and/or used for blending into motor gasoline at the Motiva Port Arthur Refinery;

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- the secondary produced C10+ Heavy Aromatics co-product would be processed within the Aromatics Complex, and/or used as feedstock at the Motiva Port Arthur Refinery;
- the secondary produced Aromatic Raffinate by-product would be shipped and sold in regional and global markets for blending into motor gasoline, or for the manufacture of petrochemicals;
- the secondary produced Pentane by-product would be used for blending into motor gasoline at the Motiva Port Arthur Refinery;
- the secondary produced Aromatics Light-fraction would be used as feedstock for petrochemical operations, or as fuel within the Motiva Port Arthur Refinery fuel system.

Intermediate and finished product outputs produced by the Aromatics Complex for sale would be delivered via intra-plant piping to new storage and shipping facilities located within the Motiva Port Arthur Refinery Complex, and at the 7th Street Tank Farm and Port Arthur Terminal, for shipment. Specific intermediate co-product and by-product outputs produced by the Aromatics Complex and supplied to units at the Motiva Port Arthur Refinery for further processing would be delivered to those units via intra-plant piping.

The proposed improvements for which the tax limitation is sought would include the aromatics complex along with all process infrastructure and eligible ancillary and necessary equipment, compressors, motors, drums, vessels, distillation towers, heat exchangers, pumps, filters, reactors, packaged systems, blowers and fans, rotary valves, scales, utility service lines within the project boundary, process tanks, new feedstock tanks located within the project boundary and to be used exclusively for the holding of feedstock used in the manufacturing process of the aromatics complex project, new product storage tanks located within the project boundary and to be used exclusively for holding products produced by the aromatics complex project, electrical switchgear, transformers, substations, instrumentation, cooling towers, structural foundations including supports, control equipment and facilities, flares and other pollution control equipment, piping constructed within the project boundary to provide connections between all equipment within the units of the aromatics complex and connections among the different units of the aromatics complex, new road improvements and paving to establish access to the new aromatics complex and provide proper sloping and draining, fire prevention and safety equipment, a control building to house the operations personnel for the aromatics complex, equipment enclosure buildings to house electrical equipment, instrumentation, and analyzers that support the aromatics complex, waste water storage tanks, and new pipelines located within the project boundary and providing connections between the aromatics process units and the following:

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- two (2) new pentane spheres located within the project boundary for storage of pentanes produced by the aromatics process units;
- the pipeline running from the boundary of the reinvestment zone to the 7th Street Tank Farm and Port Arthur Terminal for shipment of products produced by the aromatics process units and to obtain feedstock for manufacture in the aromatics process units; and
- new waste water storage tanks located within the project boundary for storage of potentially contaminated waste water produced by the aromatics process units.

Interconnections with surrounding existing property are described below:

1. Feedstock connections to existing tanks: Tie-ins will be made to existing storage tanks located in the Motiva Port Arthur Refinery Complex that will be used to store feedstock for the aromatics complex.
2. Product connections to existing tanks: Tie-ins will be made to existing storage tanks located in the Motiva Port Arthur Refinery Complex that will be used to store products produced at the aromatics complex for further processing at the refinery or for shipment to third parties.
3. Utilities systems interconnection: Tie-ins will be made to the refinery utilities systems to obtain utility supply for the aromatics complex. These utilities include natural gas, nitrogen, hydrogen, steam, clarified water, potable water and fire water.
4. Waste water treatment connection: Tie-ins will be made from the new waste water storage tanks located within the project boundary to the refinery's existing waste water treatment facilities.

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 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

Motiva Enterprises LLC

Chapter 313 Application to Port Arthur ISD

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



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.

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.

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

- Six considerations for turbomachinery control upgrades (/magazine/2018/august-2018/special-focus-fluid-flow-and-rotating-equipment/six-considerations-for-turbomachinery-control-upgrades)
- 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)
- Top seven causes for lost olefin production (/magazine/2015/april-2015/special-report-petrochemical-developments/top-seven-causes-for-lost-olefin-production)

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