

**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

July 24, 2020

AMENDED CERTIFICATION

Earl Jarrett  
Interim Superintendent  
Pecos-Barstow-Toyah Independent School District  
1301 South Eddy Street  
Pecos, Texas 79772

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Pecos-Barstow-Toyah Independent School District and MarkWest Energy West Texas Gas Company, L.L.C., Application 1421

Dear Superintendent Jarrett:

This application (Application 1421) was originally submitted on August 15, 2019, to the Pecos-Barstow-Toyah Independent School District (school district) by MarkWest Energy West Texas Gas Company, L.L.C. (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> On October 2, 2019, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a certificate for a limitation on appraised value on December 19, 2019. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on January 16, 2020.

On June 18, 2020, Comptroller received an amendment to the agreement to move the first year of qualifying time period from January 1, 2021 to January 1, 2023 and the first year of the limitation from January 1, 2023 to January 1, 2025. This presents the Comptroller's review of that amendment per Section 10.2 of the agreement and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

**Determination required by 313.025(h)**

The information provided by the applicant related to eligibility has not changed and therefore, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

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

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value for the amendment.

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

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the amendment to the agreement by December 31, 2020.

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,

DocuSigned by:  
  
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Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

## Amended Attachment A - Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of MarkWest Energy West Texas Gas Company, L.L.C. (project) applying to Pecos-Barstow-Toyah Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

**Table 1** is a summary of investment, employment and tax impact of MarkWest Energy West Texas Gas Company, L.L.C.

	<b>Original</b>	<b>Amendment No. 1</b>
Applicant	MarkWest Energy West Texas Gas Company, L.L.C.	MarkWest Energy West Texas Gas Company, L.L.C.
Tax Code, 313.024 Eligibility Category	Manufacturing	Manufacturing
School District	Pecos-Barstow-Toyah ISD	Pecos-Barstow-Toyah ISD
2018-2019 Average Daily Attendance	2,539	2,539
County	Reeves	Reeves
Proposed Total Investment in District	\$110,000,000	\$110,000,000
Proposed Qualified Investment	\$110,000,000	\$110,000,000
Limitation Amount	\$30,000,000	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022	2023-2024
Number of new qualifying jobs committed to by applicant	10	10
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,139.81	\$1,139.81
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,139.81	\$1,139.81
Minimum annual wage committed to by applicant for qualified jobs	\$59,270	\$59,270
Minimum weekly wage required for non-qualifying jobs	\$1,204.00	\$1,204.00
Minimum annual wage required for non-qualifying jobs	\$62,608	\$62,608
Investment per Qualifying Job	\$11,000,000	\$11,000,000
Estimated M&O levy without any limit (15 years)	\$9,396,972	\$9,396,972
Estimated M&O levy with Limitation (15 years)	\$5,281,446	\$5,281,446
Estimated gross M&O tax benefit (15 years)	\$4,115,526	\$4,115,526

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2023	100	122	222	\$5,927,020	\$12,331,294	\$18,258,314
2024	60	102	162,218	\$3,556,212	\$11,306,493	\$14,862,705
2025	10	48	58	\$592,702	\$6,114,359	\$6,707,061
2026	10	42	52	\$592,702	\$5,612,225	\$6,204,927
2027	10	37	47	\$592,702	\$5,199,840	\$5,792,542
2028	10	34	44	\$592,702	\$5,023,468	\$5,616,170
2029	10	34	44	\$592,702	\$5,033,753	\$5,626,455
2030	10	34	44	\$592,702	\$5,194,530	\$5,787,232
2031	10	35	45	\$592,702	\$5,450,610	\$6,043,312
2032	10	36	46	\$592,702	\$5,788,048	\$6,380,750
2033	10	38	48	\$592,702	\$6,162,953	\$6,755,655
2034	10	39	49	\$592,702	\$6,581,625	\$7,174,327
2035	10	40	50	\$592,702	\$6,951,932	\$7,544,634
2036	10	41	51	\$592,702	\$7,370,602	\$7,963,304
2037	10	41	51	\$592,702	\$7,793,751	\$8,386,453
2038	10	42	52	\$592,702	\$8,230,026	\$8,822,728
2039	10	42	52	\$592,702	\$8,681,636	\$9,274,338

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

**Table 3** examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Pecos-Barstow-Toyah ISD I&S Tax Levy	Pecos-Barstow-Toyah ISD M&O Tax Levy	Pecos-Barstow-Toyah ISD M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves County Hospital District Tax Levy	Reeves County Groundwater Conservation District Tax Levy	Estimated Total Property Taxes
			0.1550	0.9700			0.4995	0.2400	0.0040	
2025	\$90,250,000	\$90,250,000		\$139,888	\$875,425	\$1,015,313	\$450,817	\$216,600	\$3,610	\$1,686,339
2026	\$85,738,000	\$85,738,000		\$132,894	\$831,659	\$964,553	\$428,278	\$205,771	\$3,430	\$1,602,032
2027	\$81,451,000	\$81,451,000		\$126,249	\$790,075	\$916,324	\$406,864	\$195,482	\$3,258	\$1,521,928
2028	\$77,378,000	\$77,378,000		\$119,936	\$750,567	\$870,503	\$386,519	\$185,707	\$3,095	\$1,445,823
2029	\$73,509,000	\$73,509,000		\$113,939	\$713,037	\$826,976	\$367,192	\$176,422	\$2,940	\$1,373,530
2030	\$69,834,000	\$69,834,000		\$108,243	\$677,390	\$785,633	\$348,835	\$167,602	\$2,793	\$1,304,862
2031	\$66,342,000	\$66,342,000		\$102,830	\$643,517	\$746,348	\$331,392	\$159,221	\$2,654	\$1,239,614
2032	\$63,025,000	\$63,025,000		\$97,689	\$611,343	\$709,031	\$314,822	\$151,260	\$2,521	\$1,177,635
2033	\$59,874,000	\$59,874,000		\$92,805	\$580,778	\$673,583	\$299,083	\$143,698	\$2,395	\$1,118,758
2034	\$56,880,000	\$56,880,000		\$88,164	\$551,736	\$639,900	\$284,127	\$136,512	\$2,275	\$1,062,814
2035	\$54,036,000	\$54,036,000		\$83,756	\$524,149	\$607,905	\$269,921	\$129,686	\$2,161	\$1,009,673
2036	\$51,334,000	\$51,334,000		\$79,568	\$497,940	\$577,508	\$256,424	\$123,202	\$2,053	\$959,186
2037	\$48,767,000	\$48,767,000		\$75,589	\$473,040	\$548,629	\$243,601	\$117,041	\$1,951	\$911,221
2038	\$46,329,000	\$46,329,000		\$71,810	\$449,391	\$521,201	\$231,423	\$111,190	\$1,853	\$865,667
2039	\$44,013,000	\$44,013,000		\$68,220	\$426,926	\$495,146	\$219,854	\$105,631	\$1,761	\$822,392
			<b>Total</b>	<b>\$1,501,578</b>	<b>\$9,396,972</b>	<b>\$10,898,550</b>	<b>\$4,839,150</b>	<b>\$2,325,024</b>	<b>\$38,750</b>	<b>\$18,101,474</b>

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

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district Reeves County, Reeves County Hospital District and Reeves County Groundwater Conservation District, with all property tax incentives sought using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Pecos-Barstow-Toyah ISD I&S Tax Levy	Pecos-Barstow-Toyah ISD M&O Tax Levy	Pecos-Barstow-Toyah ISD M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves County Hospital District Tax Levy	Reeves County Groundwater Conservation District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1550	0.9700		0.4995	0.2400	0.0040	
2025	\$90,250,000	\$30,000,000		\$139,888	\$291,000	\$430,888	\$225,408	\$216,600	\$3,610	\$876,506
2026	\$85,738,000	\$30,000,000		\$132,894	\$291,000	\$423,894	\$214,139	\$205,771	\$3,430	\$847,234
2027	\$81,451,000	\$30,000,000		\$126,249	\$291,000	\$417,249	\$203,432	\$195,482	\$3,258	\$819,422
2028	\$77,378,000	\$30,000,000		\$119,936	\$291,000	\$410,936	\$193,259	\$185,707	\$3,095	\$792,998
2029	\$73,509,000	\$30,000,000		\$113,939	\$291,000	\$404,939	\$183,596	\$176,422	\$2,940	\$767,897
2030	\$69,834,000	\$30,000,000		\$108,243	\$291,000	\$399,243	\$348,835	\$167,602	\$2,793	\$918,472
2031	\$66,342,000	\$30,000,000		\$102,830	\$291,000	\$393,830	\$331,392	\$159,221	\$2,654	\$887,096
2032	\$63,025,000	\$30,000,000		\$97,689	\$291,000	\$388,689	\$314,822	\$151,260	\$2,521	\$857,292
2033	\$59,874,000	\$30,000,000		\$92,805	\$291,000	\$383,805	\$299,083	\$143,698	\$2,395	\$828,980
2034	\$56,880,000	\$30,000,000		\$88,164	\$291,000	\$379,164	\$284,127	\$136,512	\$2,275	\$802,078
2035	\$54,036,000	\$54,036,000		\$83,756	\$524,149	\$607,905	\$269,921	\$129,686	\$2,161	\$1,009,673
2036	\$51,334,000	\$51,334,000		\$79,568	\$497,940	\$577,508	\$256,424	\$123,202	\$2,053	\$959,186
2037	\$48,767,000	\$48,767,000		\$75,589	\$473,040	\$548,629	\$243,601	\$117,041	\$1,951	\$911,221
2038	\$46,329,000	\$46,329,000		\$71,810	\$449,391	\$521,201	\$231,423	\$111,190	\$1,853	\$865,667
2039	\$44,013,000	\$44,013,000		\$68,220	\$426,926	\$495,146	\$219,854	\$105,631	\$1,761	\$822,392
			<b>Total</b>	<b>\$1,501,578</b>	<b>\$5,281,446</b>	<b>\$6,783,024</b>	<b>\$3,819,315</b>	<b>\$2,325,024</b>	<b>\$38,750</b>	<b>\$12,966,114</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$4,115,526</b>	<b>\$4,115,526</b>	<b>\$1,019,835</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,135,361</b>

Assumes School Value Limitation and Tax Abatement with the County.

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

\*Tax Rate per \$100 Valuation

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

## Attachment B – Tax Revenue before 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that MarkWest Energy West Texas Gas Company, L.L.C. (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
<b>Limitation Pre-Years</b>	2022	\$0	\$0	\$0	\$0
	2023	\$0	\$0	\$0	\$0
	2024	\$194,000	\$194,000	\$0	\$0
<b>Limitation Period (10 Years)</b>	2025	\$291,000	\$485,000	\$584,425	\$584,425
	2026	\$291,000	\$776,000	\$540,659	\$1,125,084
	2027	\$291,000	\$1,067,000	\$499,075	\$1,624,158
	2028	\$291,000	\$1,358,000	\$459,567	\$2,083,725
	2029	\$291,000	\$1,649,000	\$422,037	\$2,505,762
	2030	\$291,000	\$1,940,000	\$386,390	\$2,892,152
	2031	\$291,000	\$2,231,000	\$352,517	\$3,244,669
	2032	\$291,000	\$2,522,000	\$320,343	\$3,565,012
	2033	\$291,000	\$2,813,000	\$289,778	\$3,854,790
	2034	\$291,000	\$3,104,000	\$260,736	\$4,115,526
<b>Maintain Viable Presence (5 Years)</b>	2035	\$524,149	\$3,628,149	\$0	\$4,115,526
	2036	\$497,940	\$4,126,089	\$0	\$4,115,526
	2037	\$473,040	\$4,599,129	\$0	\$4,115,526
	2038	\$449,391	\$5,048,520	\$0	\$4,115,526
	2039	\$426,926	\$5,475,446	\$0	\$4,115,526
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2040	\$405,576	\$5,881,023	\$0	\$4,115,526
	2041	\$385,294	\$6,266,316	\$0	\$4,115,526
	2042	\$366,030	\$6,632,346	\$0	\$4,115,526
	2043	\$347,726	\$6,980,072	\$0	\$4,115,526
	2044	\$330,343	\$7,310,415	\$0	\$4,115,526
	2045	\$313,824	\$7,624,239	\$0	\$4,115,526
	2046	\$298,130	\$7,922,368	\$0	\$4,115,526
	2047	\$283,221	\$8,205,589	\$0	\$4,115,526
	2048	\$269,059	\$8,474,648	\$0	\$4,115,526
	2049	\$255,605	\$8,730,252	\$0	\$4,115,526

	<b>\$8,730,252</b>	is greater than	<b>\$4,115,526</b>
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<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?	<b>Yes</b>

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.  
 Source: CPA, MarkWest Energy West Texas Gas Company, L.L.C.

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