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GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

May 15, 2020

Troy Mircovich
Superintendent
Ingleside Independent School District
2664 San Angelo
Ingleside, Texas 78362-1313

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Ingleside Independent School District and Air Liquide Large Industries US LP, Application 1469

Dear Superintendent Mircovich:

On April 30, 2020, the Comptroller issued written notice that Air Liquide Large Industries US LP (applicant) submitted a completed application (Application 1469) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on February 10, 2020, to the Ingleside 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.

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Sec. 313.024(d)	Applicant has requested a waiver 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 1469.

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 by December 31, 2020.

Note that any building or improvement existing as of the application review start date of April 30, 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.

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

Sincerely,

DocuSigned by:
Lisa Craven
11EA6DEF0EC441E...

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Air Liquide Large Industries US LP (project) applying to Ingleside 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 Air Liquide Large Industries US LP.

Applicant	Air Liquide Large Industries US LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Ingleside ISD
2018-2019 Average Daily Attendance	1,980
County	San Patricio
Proposed Total Investment in District	$63,000,000
Proposed Qualified Investment	$63,000,000
Limitation Amount	$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	3*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,255
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,255
Minimum annual wage committed to by applicant for qualified jobs	$65,260
Minimum weekly wage required for non-qualifying jobs	$934.75
Minimum annual wage required for non-qualifying jobs	$48,607
Investment per Qualifying Job	$21,000,000
Estimated M&O levy without any limit (15 years)	$7,544,502
Estimated M&O levy with Limitation (15 years)	$5,101,587
Estimated gross M&O tax benefit (15 years)	$2,442,916

** Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).*

Table 2 is the estimated statewide economic impact of Air Liquide Large Industries US LP (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	100	156	256	$6,000,000	$15,000,000	$21,000,000
2021	203	289	492	$12,195,780	$28,804,220	$41,000,000
2022	3	32	35	$195,780	$6,804,220	$7,000,000
2023	3	9	12	$195,780	$3,804,220	$4,000,000
2024	3	(10)	-7	$195,780	$1,804,220	$2,000,000
2025	3	(16)	-13	$195,780	$804,220	$1,000,000
2026	3	(16)	-13	$195,780	-$195,780	$0
2027	3	(11)	-8	$195,780	-$195,780	$0
2028	3	(5)	-2	$195,780	$804,220	$1,000,000
2029	3	1	4	$195,780	$804,220	$1,000,000
2030	3	7	10	$195,780	$1,804,220	$2,000,000
2031	3	11	14	$195,780	$1,804,220	$2,000,000
2032	3	14	17	$195,780	$2,804,220	$3,000,000
2033	3	16	19	$195,780	$2,804,220	$3,000,000
2034	3	17	20	$195,780	$2,804,220	$3,000,000

Source: CPA REMI, Air Liquide Large Industries US LP

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		San Patricio ISD I&S Tax Levy	Ingleside ISD M&O Tax Levy	Ingleside M&O and I&S Tax Levies	San Patricio Tax Levy	Ingleside City Tax Levy	Drainage District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	**0.1075**	**0.9700**		**0.3650**	**0.0916**	**0.0673**	
2021	$7,000,000	$7,000,000		$7,525	$67,900	$75,425	$25,550	$6,415	$4,709	$112,099
2022	$63,050,000	$63,050,000		$67,779	$611,585	$679,364	$230,133	$57,779	$42,419	$1,009,694
2023	$61,158,500	$61,158,500		$65,745	$593,237	$658,983	$223,229	$56,046	$41,146	$979,403
2024	$59,323,745	$59,323,745		$63,773	$575,440	$639,213	$216,532	$54,364	$39,912	$950,021
2025	$57,544,033	$57,544,033		$61,860	$558,177	$620,037	$210,036	$52,733	$38,714	$921,520
2026	$55,817,712	$55,817,712		$60,004	$541,432	$601,436	$203,735	$51,151	$37,553	$893,875
2027	$54,143,180	$54,143,180		$58,204	$525,189	$583,393	$197,623	$49,617	$36,426	$867,059
2028	$52,518,885	$52,518,885		$56,458	$509,433	$565,891	$191,694	$48,128	$35,334	$841,047
2029	$50,943,318	$50,943,318		$54,764	$494,150	$548,914	$185,943	$46,684	$34,274	$815,815
2030	$49,415,019	$49,415,019		$53,121	$479,326	$532,447	$180,365	$45,284	$33,245	$791,341
2031	$47,932,569	$47,932,569		$51,528	$464,946	$516,473	$174,954	$43,925	$32,248	$767,601
2032	$46,494,591	$46,494,591		$49,982	$450,998	$500,979	$169,705	$42,608	$31,281	$744,573
2033	$45,099,753	$45,099,753		$48,482	$437,468	$485,950	$164,614	$41,329	$30,342	$722,236
2034	$43,746,761	$43,746,761		$47,028	$424,344	$471,371	$159,676	$40,090	$29,432	$700,569
2035	$42,434,358	$42,434,358		$45,617	$411,613	$457,230	$154,885	$38,887	$28,549	$679,551
2036	$41,161,326	$41,161,326		$44,248	$399,265	$443,513	$150,239	$37,720	$27,693	$659,165
			Total	**$836,118**	**$7,544,502**	**$8,380,620**	**$2,838,911**	**$712,761**	**$523,277**	**$12,455,569**

Source: CPA, Air Liquide Large Industries US LP
*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		San Patricio ISD I&S Tax Levy	Ingleside ISD M&O Tax Levy	Ingleside M&O and I&S Tax Levies	San Patricio Tax Levy	Ingleside City Tax Levy	Drainage District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	**0.1075**	**0.9700**		**0.3650**	**0.0916**	**0.0673**	
2021	$7,000,000	$7,000,000		$7,525	$67,900	$75,425	$25,550	$6,415	$4,709	$107,390
2022	$63,050,000	$30,000,000		$67,779	$291,000	$358,779	$230,133	$57,779	$42,419	$646,690
2023	$61,158,500	$30,000,000		$65,745	$291,000	$356,745	$223,229	$56,046	$41,146	$636,020
2024	$59,323,745	$30,000,000		$63,773	$291,000	$354,773	$216,532	$54,364	$39,912	$625,669
2025	$57,544,033	$30,000,000		$61,860	$291,000	$352,860	$210,036	$52,733	$38,714	$615,629
2026	$55,817,712	$30,000,000		$60,004	$291,000	$351,004	$203,735	$51,151	$37,553	$605,890
2027	$54,143,180	$30,000,000		$58,204	$291,000	$349,204	$197,623	$49,617	$36,426	$596,443
2028	$52,518,885	$30,000,000		$56,458	$291,000	$347,458	$191,694	$48,128	$35,334	$587,280
2029	$50,943,318	$30,000,000		$54,764	$291,000	$345,764	$185,943	$46,684	$34,274	$578,392
2030	$49,415,019	$30,000,000		$53,121	$291,000	$344,121	$180,365	$45,284	$33,245	$569,770
2031	$47,932,569	$30,000,000		$51,528	$291,000	$342,528	$174,954	$43,925	$32,248	$561,407
2032	$46,494,591	$46,494,591		$49,982	$450,998	$500,979	$169,705	$42,608	$31,281	$713,292
2033	$45,099,753	$45,099,753		$48,482	$437,468	$485,950	$164,614	$41,329	$30,342	$691,893
2034	$43,746,761	$43,746,761		$47,028	$424,344	$471,371	$159,676	$40,090	$29,432	$671,137
2035	$42,434,358	$42,434,358		$45,617	$411,613	$457,230	$154,885	$38,887	$28,549	$651,002
2036	$41,161,326	$41,161,326		$44,248	$399,265	$443,513	$150,239	$37,720	$27,693	$631,472
			Total	**$836,118**	**$5,101,587**	**$5,937,704**	**$2,838,911**	**$712,761**	**$523,277**	**$9,489,376**
			Diff	**$0**	**$2,442,916**	**$2,442,916**	**$0**	**$0**	**$0**	**$2,966,193**

Source: CPA, Air Liquide Large Industries US LP
*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 Air Liquide Large Industries US LP (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2019	$0	$0	$0	$0
	2020	$0	$0	$0	$0
	2021	$67,900	$67,900	$0	$0
Limitation Period (10 Years)	2022	$291,000	$358,900	$320,585	$320,585
	2023	$291,000	$649,900	$302,237	$622,822
	2024	$291,000	$940,900	$284,440	$907,263
	2025	$291,000	$1,231,900	$267,177	$1,174,440
	2026	$291,000	$1,522,900	$250,432	$1,424,872
	2027	$291,000	$1,813,900	$234,189	$1,659,061
	2028	$291,000	$2,104,900	$218,433	$1,877,494
	2029	$291,000	$2,395,900	$203,150	$2,080,644
	2030	$291,000	$2,686,900	$188,326	$2,268,970
	2031	$291,000	$2,977,900	$173,946	$2,442,916
Maintain Viable Presence (5 Years)	2032	$450,998	$3,428,898	$0	$2,442,916
	2033	$437,468	$3,866,365	$0	$2,442,916
	2034	$424,344	$4,290,709	$0	$2,442,916
	2035	$411,613	$4,702,322	$0	$2,442,916
	2036	$399,265	$5,101,587	$0	$2,442,916
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	$387,287	$5,488,874	$0	$2,442,916
	2038	$375,668	$5,864,542	$0	$2,442,916
	2039	$364,398	$6,228,940	$0	$2,442,916
	2040	$353,466	$6,582,407	$0	$2,442,916
	2041	$342,862	$6,925,269	$0	$2,442,916
	2042	$342,854	$7,268,123	$0	$2,442,916
	2043	$332,569	$7,600,692	$0	$2,442,916
	2044	$322,591	$7,923,283	$0	$2,442,916
	2045	$312,914	$8,236,197	$0	$2,442,916
	2046	$303,526	$8,539,723	$0	$2,442,916
		$8,539,723	is greater than	**$2,442,916**	

Analysis Summary	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, Air Liquide Large Industries US LP

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 Air Liquide Large Industries US LP'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 Air Liquide Large Industries US LP in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "This project can be built and installed anywhere on the Gulf Coast pipeline network that runs from Corpus Christi, TX to Lake Charles, LA."
  B. "The applicant requires this appraised value limitation in order to move forward with the development of the project. Without this appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the project to compete for global customers against similar projects operated by competitors of Air Liquide in the U.S. and around the world."
  C. "Without this appraised value limitation, Air Liquide would have to consider making this investment at another site strongly."

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

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?	[X] Yes	[ ] No
2. The property will be used for one of the following activities:		
(1) manufacturing	[X] Yes	[ ] No
(2) research and development	[ ] Yes	[X] No
(3) a clean coal project, as defined by Section 5.001, Water Code	[ ] Yes	[X] No
(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code	[ ] Yes	[X] No
(5) renewable energy electric generation	[ ] Yes	[X] No
(6) electric power generation using integrated gasification combined cycle technology	[ ] Yes	[X] No
(7) nuclear electric power generation	[ ] Yes	[X] 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	[X] No
(9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051	[ ] Yes	[X] No
3. Are you requesting that any of the land be classified as qualified investment?	[ ] Yes	[X] No
4. Will any of the proposed qualified investment be leased under a capitalized lease?	[ ] Yes	[X] No
5. Will any of the proposed qualified investment be leased under an operating lease?	[ ] Yes	[X] No
6. Are you including property that is owned by a person other than the applicant?	[ ] Yes	[X] 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	[X] 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:

[X] Land has no existing improvements

[ ] Land has existing improvements *(complete Section 13)*

[ ] Expansion of existing operation on the land *(complete Section 13)*

[ ] 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	[X] No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?	[ ] Yes	[X] No
3. Does the applicant have current business activities at the location where the proposed project will occur?	[X] Yes	[ ] No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?	[ ] Yes	[X] No
5. Has the applicant received any local or state permits for activities on the proposed project site?	[ ] Yes	[X] No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?	[ ] Yes	[X] No
7. Is the applicant evaluating other locations not in Texas for the proposed project?	[X] 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	[X] No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?	[ ] Yes	[X] 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?	[X] Yes	[ ] No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

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

TAB 5

Documentation to assist in determining if the limitation is a determining factor for the project.

Air Liquide is the world leader in gases, technologies, and services for industry and health. Air Liquide is present in 80 countries with approximately 65,000 employees and serves more than 3.5 million customers and patients. Oxygen, nitrogen and hydrogen are essential small molecules for life, matter and energy and have been at the core of the company's activities since its creation in 1902.

Air Liquide's Large Industries World Business Line provides gases to customers in the refining, chemicals, energy and metallurgical industries. These gases are vital to the production processes of customers in such sectors. The Group's gas and energy solutions enable businesses to reconcile optimal productivity concerning the environment. Air Liquide is the undisputed world leader in this sector. Large Industries is representative of both Air Liquide's historical expertise and the technologies of the future. The World Business Line establishes its presence around the world through its design and installation of more than 400 air separation units (ASU's), some 100 hydrogen production plants (of which 38 are significant units), and 18 cogeneration units.

This presence is strengthened by the Group's vast pipeline network, which allows Air Liquide to meet the air gas and hydrogen requirements of significant customers in some of the world's largest industrial basins in the United States, Europe, and Asia. This project can be built and installed anywhere on the Gulf Coast pipeline network that runs from Corpus Christi, TX to Lake Charles, LA.

The applicant requires this appraised value limitation to move forward with the development of the project. Without this appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the project to compete for global customers against similar projects operated by competitors of Air Liquide intheU.S. and around the world. Without this appraised value limitation, Air Liquide would have to consider making this investment at another site strongly. Approval of this Value limitation application allows us to enhance our economic impact in Texas and contribute to the overall economy.