

**RESOLUTION AND FINDINGS**  
**of the**  
***LA PORTE INDEPENDENT***  
***SCHOOL DISTRICT***  
***BOARD OF TRUSTEES***

**Under Chapter 313 of the**  
**Texas Tax Code**

**ON THE APPLICATION FOR**  
**APPRAISED VALUE LIMITATION**  
**ON QUALIFIED PROPERTY**

**SUBMITTED BY**

***STEPAN COMPANY***

***Comptroller Application Number 1545***

**October 5, 2021**

**BOARD RESOLUTION #2021 - 22**

**RESOLUTION AND FINDINGS OF FACT  
of the  
*LA PORTE INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES*  
UNDER CHAPTER 313 OF THE TEXAS TAX CODE  
ON THE APPLICATION FOR APPRAISED VALUE LIMITATION  
ON QUALIFIED PROPERTY  
SUBMITTED BY STEPAN COMPANY**

STATE OF TEXAS §

COUNTY OF HARRIS §

LA PORTE INDEPENDENT SCHOOL DISTRICT §

**PREAMBLE**

On the 5<sup>th</sup> day of October, 2021, a public meeting of the Board of Trustees of the La Porte Independent School District (the “Board”) was held to solicit input from interested parties on the application by Stepan Company (“Stepan” or “Applicant”) for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board considered the application by Stepan for a Limitation on Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District’s administrative staff and the consultants retained by the District to advise the Board in this matter and reviewing the Comptroller’s Economic Impact Analysis under Texas Tax Code §313.026, the Board of Trustees of the La Porte Independent School District, in accordance with Texas Tax Code §313.025(e) and (f) and 34 T.A.C. §9.1054, makes the following Findings regarding the Application:

On or about the 8<sup>th</sup> day of December, 2020, the Board of Trustees for the La Porte Independent School District received an Application for Appraised Value Limitation on Qualified Property from Stepan, pursuant to Chapter 313 of the Texas Tax Code (the “Application”). The general nature of Applicant’s investment in qualified property set forth in the Application is for manufacturing. Specifically, Stepan plans to construct an Alkoxylation Surfactant manufacturing plant to provide products for laundry, cleaning, agricultural, insulation, paints and coatings. This facility is to be located in Harris County, Texas on undeveloped land at the location of its existing idle Pasadena plant and (the “Property”). *See* Application, Tabs 4, 7 and 8 attached hereto as Attachment A; *see also* Attachment D. The Board agreed to consider such Application, and the District’s Superintendent formally acknowledged receipt of the Application for consideration on behalf of the District, which was delivered to the Texas Comptroller of Public Accounts immediately upon a determination by the District that the Application was complete. The Comptroller acknowledged receipt of the Application on or about December 9, 2020, and the Comptroller issued its notice of completeness and determined the Application complete as of December 31, 2020, the Application Review Start Date Thereafter, the District on behalf of the Applicant submitted Supplement No. 1 dated January 25, 2021 (Section

2, 4, and 13, Tabs 7, 8, 10 and 11); Supplement No. 2 dated February 5, 2021 (Tabs 7 and 8); Supplement No. 3 dated February 23, 2021 (Section 14, Tabs 7, 8, 10, 11 and 13; and, Supplement No. 4 on April 14, 2021 (reinvestment zone). The Application and Supplement Nos. 1, 2, 3 and 4 are hereafter collectively referred to as the “Application.” A copy of the Application and Comptroller’s completeness letter of December 31, 2020 are collectively attached hereto as Attachment A.

The Texas Taxpayer Identification number for Stepan Company is 13618238342. Stepan is an entity subject to Chapter 171 of the Texas Tax Code and is active and has the right to transact business in Texas, as represented by the Texas Comptroller of Public Accounts and as required by Texas Tax Code §313.024(a). *See* Attachments A, B and C.

The Board acknowledged receipt of the Application and necessary application fee, which was reasonable and did not exceed the estimated cost to the District for processing and acting on the Application, as established by §§313.025(a)(1) and 313.031(b) of the Texas Tax Code, 34 T.A.C. §9.1054(a), and Local District Policy. *See* Attachment A at Tab 2.

The Application was delivered to the Texas Comptroller’s Office for review pursuant to §313.025(b) of the Texas Tax Code.

A copy of the Application was delivered to the Harris County Appraisal District for review pursuant to 34 Texas Administrative Code §9.1054.

The Application was reviewed by the Texas Comptroller’s Office pursuant to Texas Tax Code §§313.024, 313.025 and 313.026. After receipt of the Application, the Texas Comptroller’s Office caused an Economic Impact Analysis to be conducted. The Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024 for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a Certificate for a Limitation on Appraised Value on March 15, 2021 (the “Certificate Decision”). *See* Attachment C. The Board of Trustees has carefully considered such Evaluation and Certificate Decision. Copies of the Certificate Decision and Economic Impact Analysis are attached to these Findings as Attachments C and D, respectively.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of La Porte Independent School District. A copy of a report prepared by Moak, Casey & Associates and dated March 22, 2021 is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property applicable to the Stepan Application in the La Porte Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, falls within Category 2 of §313.022 of the Texas Tax Code at the time the Completeness Letter was issued by the Comptroller. *See* the 2020 Final Property Value Study Report, “2020 ISD Summary Worksheet” attached hereto as Attachment G; *see also* Attachment D.

The District’s Board of Trustees, by resolution dated May 11, 2021, granted Applicant’s request to extend the statutory deadline by which the District must consider its Application until December 31, 2021. The Comptroller was provided notice of this extension, as set out under 34 Texas

Administrative Code §9.1054(d). *See* Resolution authorizing extension of consideration period and notice to Applicant, collectively attached hereto as Attachment J.

After receipt of the completed Application, the District entered into negotiations with Stepan regarding the specific language to be included in the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the “Agreement”) pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District pursuant to Section 48.256(d) of the Texas Education Code. The parties were able to agree upon language for inclusion into a draft agreement pursuant to Texas Tax Code §313.027. As required by the Comptroller’s Office, the parties changed only the provisions of the template that the Comptroller permitted (Form 50-826 revised October, 2020). The proposed Agreement is attached to these Findings as Attachment H, and that form of the Agreement (as defined by 34. Tex. Admin. Code §9.1051 and adopted by §9.1052(a)(6)) was submitted to and approved by the Comptroller, as required by 34 Tex. Admin. Code §9.1055(e)(1). *See* copy of September 3, 2021 Agreement Review Letter from the Comptroller, attached to these Findings as Attachment I.

After review of the Comptroller’s Certificate Decision and Economic Impact Analysis, and in consideration of its own analysis of Stepan’s Application and all other related documentation attached hereto, the Board makes the following additional Findings as follows:

**Board Finding Number 1.**

***Based on the Applicant’s statement in Tab 4 of the Application that the proposed project consists of constructing o alkoxylation facility to provide products for laundry, cleaning, agricultural, insulation, paints and coatings, and the Comptroller’s Certificate Decision, it is determined that the Property meets the requirements of Texas Tax Code §313.024 for eligibility for a limitation on appraised value under Texas Tax Code §313.024(b)(1) as a manufacturing project.***

In support of Finding Number 1, the Comptroller’s Certificate Decision states:

**Determination required by 313.025(h)**

\* \* \*

Sec. 313.024(b)      Applicant is proposing to use the property for an eligible project.

\* \* \*

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

*See* Attachment C. *See also* Attachment A (Tab 1, §6.2(1) and Tab 8) and Attachment D.

## Board Finding Number 2.

*The project proposed by Applicant is reasonably likely to generate sufficient tax revenue to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25<sup>th</sup> anniversary of the beginning of the limitation period.*

In support of Finding Number 2, the Certificate Decision states:

### **Certification 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.

See Attachment C.

Also in support of Finding Number 2, the Comptroller's Economic Impact Analysis states:

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

This [table] represents the Comptroller's determination that Stepan Company (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.

[see table on next page]

	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>	2021	\$0	\$0	\$0	\$0
	2022	\$466,825	\$466,825	\$0	\$0
	2023	\$958,084	\$1,424,909	\$0	\$0
<b>Limitation Period (10 Years)</b>	2024	\$831,760	\$2,256,669	\$556,778	\$556,778
	2025	\$831,760	\$3,088,429	\$545,790	\$1,102,569
	2026	\$831,760	\$3,920,189	\$545,524	\$1,648,093
	2027	\$831,760	\$4,751,949	\$507,759	\$2,155,852
	2028	\$831,760	\$5,583,709	\$432,517	\$2,588,370
	2029	\$831,760	\$6,415,469	\$379,376	\$2,967,746
	2030	\$831,760	\$7,247,229	\$328,821	\$3,296,567
	2031	\$831,760	\$8,078,989	\$273,069	\$3,569,636
	2032	\$831,760	\$8,910,749	\$220,917	\$3,790,552
	2033	\$831,760	\$9,742,509	\$170,712	\$3,961,265
	2034	\$912,295	\$10,654,804	\$0	\$3,961,265
<b>Maintain Viable Presence (5 Years)</b>	2035	\$850,934	\$11,505,738	\$0	\$3,961,265
	2036	\$795,952	\$12,301,690	\$0	\$3,961,265
	2037	\$746,692	\$13,048,383	\$0	\$3,961,265
	2038	\$683,896	\$13,732,279	\$0	\$3,961,265
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2039	\$651,842	\$14,384,121	\$0	\$3,961,265
	2040	\$588,097	\$14,972,219	\$0	\$3,961,265
	2041	\$532,125	\$15,504,344	\$0	\$3,961,265
	2042	\$491,043	\$15,995,387	\$0	\$3,961,265
	2043	\$472,804	\$16,468,191	\$0	\$3,961,265
	2044	\$481,302	\$16,949,493	\$0	\$3,961,265
	2045	\$460,063	\$17,409,556	\$0	\$3,961,265
	2046	\$460,063	\$17,869,619	\$0	\$3,961,265
	2047	\$460,063	\$18,329,683	\$0	\$3,961,265
	2048	\$460,063	\$18,789,746	\$0	\$3,961,265
		<b>\$18,789,746</b>	is greater than	<b>\$3,961,265</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

Source: CPA, Stepan Company

See Attachment D.

### Board Finding Number 3.

*The Applicant will create twenty-five (25) new qualifying jobs, which Applicant affirms will meet all of the requirements set out in Texas Tax Code §313.021(3), including: (1) at least 1,600 hours of work per year; (2) provision of group health benefit plan with at least 80% of the premium paid by Applicant; (3) pay an annual wage of \$66,017 (\$1,270<sup>1</sup> per week), an amount equal to at least 110% of the County average weekly wage for manufacturing jobs in the Region as defined under*

<sup>1</sup> The annual and weekly salary the recited in Comptroller's Economic Impact Analysis is rounded to the nearest dollar; the Application (Tab 1, §14#6 and #4.c) provide for an annual wage of \$66,016.50 and a weekly wage of \$1,269.55.

***§313.021(5)(B); (4) are not created to replace a previous employee; and (5) are not transferred from another area of Texas to the project described the Application.***

See Attachments A, D and J.

**Board Finding Number 4.**

***The Applicant does not intend to create any non-qualifying jobs.***

In its application, Applicant indicates that it does not intend to create any non-qualifying jobs. But, for any non-qualifying job which the Applicant may create, the Applicant will be required to pay at least \$1,417.50 per week, which exceeds the county average wage for all jobs in the County, in accordance with the provisions of Texas Tax Code §313.024(d). See Attachments A and D.

See Attachments A and D.

**Board Finding Number 5.**

***Applicant has viable options to locate the proposed manufacturing facility for North America, along the U.S. Gulf Coast in Texas and Louisiana. Further, the proposed project competes within the Stepan Company group for approval of a portion of the group's capital investment budget to fund the capital necessary to construct the proposed project. The impact of the property tax burden on the economic return of the proposed project is an important a factor in Stepan's site selection and for obtaining approval for the project within the Stepan Company. Therefore, the tax savings realized by the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in Texas and La Porte ISD.***

See Attachment C.

In support of Finding Number 5, the Comptroller's Certificate states, "[t]he 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. The Economic Impact Analysis further states:

- Per Stepan Company in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. "...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, and the Applicant has made inquiries to the Louisiana Economic Development, a Department of the State of Louisiana, concerning the potential economic development tax incentives available with respect a potential location in Louisiana."

- B. “The Applicant takes a disciplined, long-term approach to investing, regardless of the economic cycle and the geographic location. We consistently seek new global investment opportunities that create value for our owners. Our business model is to conduct an extensive evaluation before we make any final investment decision. Project teams evaluate these opportunities with a focus on global logistic capabilities, efficiency, scale and site integration. No public announcements of a definitive intent to construct the proposed new facilities at the Harris County, Texas, site have been made.”
- C. “Capital investments are allocated to projects and locations based on expected economic return, and projected property tax liabilities associated with the proposed project are a substantial ongoing cost of operation. The projected property tax liabilities for the proposed project without a Chapter 313 appraised value limitation lower the economic rate of return and detract from the financial attractiveness of the proposed project making it less competitive with other capital intensive projects that deliver higher rates of return on invested capital. Accordingly, securing a Chapter 313 appraised value limitation is critical to establishing a rate of return competitive with other investment opportunities and, therefore, is an important factor affecting Stepan Company’s final investment decision to construct and operate the proposed project in Texas.”

See Attachment D.

#### **Board Finding Number 6.**

***The proposed limitation on appraised value for the qualified property is \$80,000,000.***

The Comptroller’s Minimum School District Limitation Values Report, effective January 1, 2020, which was effective when the Comptroller issued its Completeness Letter on December 31, 2020, provides that the District is a Subchapter B, Category 2 District under Texas Tax Code §313.022, with a minimum limitation of \$80,000,000. See Attachments A and D.

#### **Board Finding Number 7.**

***The revenue gains that will be realized by the school district, if the Application is approved and the Project is built and operational, will be significant in the long term, with specific reference to revenues used for supporting school district debt.***

In support of this Finding, the analysis prepared by Moak, Casey & Associates indicates that the project would add an estimated \$133,551,824 to the tax base for debt service purposes at the peak investment level for the 2024-25 school year (tax year 2024). See Table 5, Attachment E. The project remains fully taxable for debt services taxes, with the District levying an I&S tax rate; \$0.2300 per \$100 taxable assessed value for tax year 2020. See Attachment E, Table 6, p. 8. As a result, local taxpayers could see a potential benefit from the addition of the project to the local I&S tax roll. See



Attachment E, Table 6, p. 8. In addition, the estimated potential revenue gains from Supplemental Payments as provided for in the proposed Agreement are estimated to be \$1,773,049. See Estimated Financial Impact Table dated October 1, 2023, at last page of Attachment E, and H (Article VI).

**Board Finding Number 8.**

*The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property for each year of the Agreement if the property does receive a limitation on appraised value, based on the further depreciations of investment provided by Applicant, is shown in Estimated Financial Impact Table dated October 1, 2021, at last page of Attachment E (column labeled “Taxes after Value Limit”), and the total amount of M&O taxes that would be imposed on the qualified property with the limitation on appraised valued is estimated to be \$12,969,447.*

**Board Finding Number 9.**

*The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property for each year of the Agreement if the property does not receive a limitation on appraised value, based on the further depreciations of investment provided by Applicant, is shown in Estimated Financial Impact Table dated October 1, 2021, at last page of Attachment E (column labeled “Taxes before Value Limit”), and the total amount of M&O taxes that would be imposed on the qualified property without the limitation on appraised valued is estimated to be \$16,842,319.*

**Board Finding Number 10.**

*The effect of the Applicant’s proposed Project is not expected to increase the District’s instructional facility needs. La Porte ISD can accommodate the projected student growth anticipated from Applicant’s project with its existing facilities, as the number of potential new jobs created by the project should not have a significant impact on the number or size of school facilities.*

See TEA’s Facilities Impact Review Letter at Attachment F.

**Board Finding Number 11.**

*Based upon the Applicant’s certification that the Application is true and correct, the Comptroller’s Economic Impact Analysis, the Comptroller’s Certificate Decision, and the consultants’ review of these and other documents, the Board has determined that the information provided by the Applicant in its Application was true and correct when submitted.*

Upon acceptance of the Application, the District requested the Comptroller to undertake an economic impact evaluation and retained certain consultants to help the Board determine: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning the economic incentives available are a determining factor; and, (5) the proposed project meets eligibility requirements for an Agreement under Tax Code Chapter 313.

As a part of its review process, the Board notes that the Application was submitted by Applicant under oath. A Chapter 313 application is a governmental record under Tex. Penal Code §37.01(2)(A), and all representations contained therein are statements of fact within the meaning of Tex. Penal Code §37.01(3). Since Board action upon the adoption of these Findings and the approval of the Agreement (Attachment H) is an "official proceeding," a false statement in the Application would constitute perjury under Texas Penal Code §37.03, and a material breach of the Agreement.

The Board finds that sworn statements are routinely relied upon by fact finders in official governmental proceedings. The Board further finds that reliance upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified, is reasonable and within the intent of Chapter 313, Texas Tax Code. See Attachments A, B, C and D.

#### **Board Finding Number 12.**

***The Applicant (Taxpayer Id. 13618238342) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on the Comptroller's acknowledgment that Applicant's right to transact business in Texas is active as a franchise-tax paying entity subject to taxes imposed by Chapter 171 of the Texas Tax Code.***

See Attachments A, B and C.

#### **Board Finding Number 13.**

***The project will be located within an area currently designated as a reinvestment zone, which was established by Resolution of the La Porte Independent School District's Board of Trustees dated April 13, 2021, pursuant to Chapters 312 and 313 of the Texas Tax Code. Should it be required, the District will cooperate with the Applicant's efforts to ensure that the area remains designated as a reinvestment zone.***

See Attachment A (Tabs 11 and 16).

#### **Board Finding Number 14.**

*Per Applicant's certified Application, it has provided notice of existing property that is not eligible for value limitation, with an estimated value of \$200,000. But, no construction of Qualified Property has begun for the project subject to the Application. Construction is scheduled to begin in the third quarter of 2021.*

See Attachment A (§13 of Tab 1, and Tabs 10 and 11).

#### **Board Finding Number 15.**

*The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, meets all the requirements set out in Texas Tax Code §313.027, including adequate and appropriate revenue protection provisions for the District.*

In support of this Finding, and based on current school finance law and the information provided and certified by Applicant in its Application, the District is projected to receive revenue protection payments in tax years 2024-33 (SY 2024-25 through 2033-34), in the estimated total amount of \$326,776. See Estimated Financial Impact Table dated October 1, 2021, at last page of Attachment E. Therefore, any potential negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District as set out in the Agreement. See Estimated Financial Impact Table dated 3/25/2021 at Attachment E, and proposed Agreement, Article IV at Attachment H.

#### **Board Finding Number 16.**

*The Board finds that there are no conflicts of interest at the time of its consideration of the Agreement.*

In support of this Finding, the Board finds that it has taken appropriate action to ensure that all District Trustees and the Superintendent have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code, Chapters 171 and 176.

The Board further finds that it has taken appropriate action to ensure that all other applicable District employees and/or consultants have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code, Chapters 171 and 176.

The Board further finds that it is unaware that any conflict exists as to the Application for which these Findings are being made, as of the time of action on these Findings.

**Board Finding Number 17.**

*Considering the purpose and effect of the law and the terms of the Agreement, it is in the best interest of the District and the State to approve Stepan's Application and enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.*

**Board Finding Number 18.**

*The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, is in the form of the October, 2020 template Texas Economic Development Act Agreement adopted by the Comptroller, and the Comptroller has verified that the Agreement complies with the provisions of Chapter 313 of the Texas Tax Code and 34 T.A.C. Chapter 9, Subchapter F.*

See Attachment I.

IT IS THEREFORE ORDERED, that all of the Findings above, including the recitals and statements set out in the Preamble herein, are adopted and approved as the Findings of the La Porte Independent School District Board of Trustees, and the Board of Trustees has made the above factual Findings in accordance with the Texas Tax Code § 313.025(e) and (f) and Texas Administrative Code 34, Chapter 9, subchapter F; and,

IT IS FURTHER ORDERED that the Application attached hereto as Attachment A is hereby APPROVED; and,

IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment H is APPROVED contemporaneously with these Findings and is hereby authorized to be executed and delivered by the Trustees whose signatures appear below on behalf of the La Porte Independent School District, along with a copy of these Findings, which shall be binding upon the parties upon receipt of an executed original of the Agreement from Applicant; and,

IT IS FURTHER ORDERED that these Findings and the Attachments referenced herein be made a part of the official minutes of this meeting, and maintained in the permanent records of the La Porte Independent School District Board of Trustees.

Dated this 5<sup>th</sup> day of October, 2021.

La Porte Independent School District

By Dee Anne Thomson  
*Signature*

Dee Anne Thomson V. President  
*Printed Name and Title*

Attest:

By Russell Schoppe  
*Signature*

Russell Schoppe Secretary  
*Printed Name and Title*

## LIST OF ATTACHMENTS

<i>Attachment</i>	<i>Description</i>
A	Application and Comptroller's Completeness Letter
B	Applicant's Franchise Tax Account Status
C	Comptroller's Certificate Letter
D	Comptroller Economic Impact Analysis
E	District's Financial Impact Study
F	TEA's Facilities Impact Letter
G	Comptroller's 2020 Property Value Study Report, "2020 ISD Summary Worksheet"
H	Proposed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes
I	Comptroller's September 3, 2021 Agreement Review Letter
J	Extension Notice and Resolution



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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P.O.Box 13528 • Austin, TX 78711-3528

December 31, 2020

Walter Jackson  
Superintendent  
La Porte Independent School District  
1002 San Jacinto Street  
La Porte, TX 77571

Re: Application for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between La Porte Independent School District and Stepan Company, Application 1545

Dear Superintendent Jackson:

On December 9, 2020, the Comptroller's office received Stepan Company's (applicant) application for a limitation on appraised value (Application 1545) from La Porte Independent School District (school district).

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on December 31, 2020.

Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the Comptroller's decision to not issue a certificate no later than the 90<sup>th</sup> day after receiving the completed application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the school district and the applicant.

This letter does not constitute a review of the application under Section 313.025(h) to determine if the project meets the requirements of Section 313.024 for eligibility for a limitation on appraised value. Likewise, this letter does not address the determinations required under Section 313.026(c).

Should you have any questions, please contact Jo Ann Reyes with our office. She can be reached by email at joann.reyes@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 5-0416 or at 512-475-0416.

Sincerely,

DocuSigned by:

A blue ink signature of Will Counihan is visible within a blue DocuSign signature box.

8FDEC70F5753487...  
Will Counihan

Director  
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, PC, DD  
David Kabbes, Stepan Company  
Sue Greenfield, Stepan Company  
Elaine Mesher, Industrial Valuation Services

See Application documents  
(Comptroller No. 1545)  
posted on Comptroller Website:  
Application (posted 12/16/20);  
Supplement No. 1 (posted 1/26/21);  
Supplement No. 2 (posted 2/10/21);  
Supplement No. 3 (posted 2/24/21); and  
Supplement No. 4 (posted 4/17/21)





## Franchise Tax Account Status

As of : 09/27/2021 11:48:55

This page is valid for most business transactions but is not sufficient for filings with the Secretary of State

STEPAN COMPANY	
<b>Texas Taxpayer Number</b>	13618238342
<b>Mailing Address</b>	22 W FRONTAGE RD NORTHFIELD, IL 60093-3470
<b>❓ Right to Transact Business in Texas</b>	ACTIVE
<b>State of Formation</b>	DE
<b>Effective SOS Registration Date</b>	09/17/2015
<b>Texas SOS File Number</b>	0802295209
<b>Registered Agent Name</b>	C T CORPORATION SYSTEM
<b>Registered Office Street Address</b>	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

See Certification Packet  
(Comptroller No. 1546)  
posted on Comptroller Website  
(posted on 3/16/21)

See Certification Packet  
(Comptroller No. 1546)  
posted on Comptroller Website  
(posted on 3/16/21)

**CHAPTER 313 PROPERTY VALUE LIMITATION  
FINANCIAL IMPACT OF THE PROPOSED  
STEPAN COMPANY PROJECT IN THE  
LA PORTE INDEPENDENT SCHOOL DISTRICT  
(PROJECT # 1545)**

**PREPARED BY**



**MARCH 22, 2021**

## Executive Summary

Stepan Company (Company) has requested that the La Porte Independent School District (LPISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to LPISD on December 8, 2020 the Company plans to invest \$133.6 million in net taxable value to construct a chemical manufacturing facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The Stepan project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others, although few of these other types of projects have been the basis for Chapter 313 applications.

Under the provisions of Chapter 313, LPISD may offer a minimum value limitation of \$80 million. This value limitation, under the proposed application, will begin in the 2024-25 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA's initial school finance analysis is detailed in this report. This analysis incorporates to the fullest extent possible the changes approved in House Bill 3 as approved in 2019, the most significant school finance revisions in more than 30 years. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

Total Revenue Loss Payment owed to LPISD	\$783,410
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$3.18 million

## Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. A Completeness Letter was issued for this application on December 31, 2020.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of

the project and provide its certificate for a limitation on appraised value. The Certificate for this project was issued on March 15, 2021. After the certificate is received, the district has until the 150<sup>th</sup> day from the receipt of the Completeness Letter to adopt an agreement, although extensions may be requested by the Company and granted by the District.

After the Comptroller's certificate is received, Underwood Law Firm (Underwood) contacted the school district to discuss the value limitation agreement and began negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review 30 days prior to final adoption by the school district's board of trustees.

Prior to final board meeting, Underwood will provide the district with the necessary agenda language and any additional action items. The school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law. In some instances, the school board may also be required to adopt a job waiver or create a reinvestment zone during this meeting.

## **How the 313 Agreement Interacts with Texas School Finance**

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). Recapture costs are primarily a Tier I issue, although Tier II also can involve recapture costs for some school districts.

The basic allotment is now set at \$6,160 per weighted ADA (WADA) and is the basis for Tier I calculations. In the case of Tier II, the first eight cents of additional tax effort can be used to generate state aid of up to \$98.56 per WADA for what are known as "golden" pennies. Tax effort for golden pennies is not subject to recapture. Up to an additional nine cents may be levied to generate \$49.28 per WADA for what are known as "copper" pennies (generating half the revenue per WADA of the golden pennies).

Changes in the recapture calculation are an important part of HB 3, for those districts subject to recapture under the new law. Rather than being tied to property wealth exceeding an equalized wealth level per WADA, recapture is now defined as the amount of revenue collected in excess of a district's Tier I allotment, or for Tier II the amount of collections in excess of the entitlement provided for tax effort generating copper-penny level state aid. (Golden pennies are not subject to recapture.) The changes in the recapture methodology may affect the results of revenue protection payments relative to what was calculated when the equalized wealth level was used to determine the amount of recapture owed the state by school districts subject to recapture. It does not appear to be an issue for LPISD, based on the calculations shown below.

Another significant school funding change is establishing current-year property values to determine state funding and recapture under the Foundation School Program. The traditional

approach for the last 30 years has been to rely upon prior-year state property values as determined annually under the Comptroller's State Property Value Study (Section 403 of the Government Code). The change in House Bill 3 calls for using current-year property values as determined by the Comptroller's Property Value Study, without an explanation as to how the property value study is to be completed on a real-time basis.

While school district funding will now be determined based on current-year property values, House Bill 3 included language that addressed the property values to be used in determining calculating revenue protection payments under Chapter 313 agreements. This information is contained in Section 48.256(d), Education Code, as shown below:

- d) This subsection applies to a school district in which the board of trustees entered into a written agreement with a property owner under Section 313.027, Tax Code, for the implementation of a limitation on appraised value under Subchapter B or C, Chapter 313, Tax Code. For purposes of determining "DPV" under Subsection (a) for a school district to which this subsection applies, the commissioner shall exclude a portion of the market value of property not otherwise fully taxable by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter. The comptroller shall provide information to the agency necessary for this subsection. **A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year [emphasis added].**

Given the directive with regard to the use of preceding-tax-year values to calculate revenue protection payments required under Chapter 313 agreements, the amounts collected are expected to be consistent with the patterns shown since these calculations were first calculated under the standard Chapter 313 agreement language, dating back to 2004. The most significant impact is typically in the first limitation year, although major value increases in project values in later limitation years may also trigger a revenue protection payment. The additional factor that may generate a variance with the traditional pattern of revenue protection amounts is the new methodology in the calculation of recapture, as noted previously.

The calculations shown below are based on the Section 48.256(d), Education Code directive to use preceding-tax-year property values to determine the revenue protection payment, if any, owed to the school district under the terms of the Chapter 313 Agreement between the Applicant and the School District. These calculations are to be made for each of the 10 limitation years under the terms of the Agreement. Chapter 313 will be subject to legislative renewal this year and any changes made may impact these calculations moving forward.

For more detailed information on the school finance funding system, please review the Texas Education Agency's (TEA) website. [The current information is expected to be updated as the details of House Bill 3 implementation are determined by TEA.](#)

The implementation of recent legislative action on school funding in House Bill 3 could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

## Underlying School District Data Assumptions

The agreement between the school district and the applicant calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. The Basic Allotment is now set to \$6,160, the Tier II golden penny yield is set to \$98.56 per WADA for up to eight cents, while the copper penny yield is \$49.28 per WADA for up to nine cents of local tax effort. These are maintained for future years at this time.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously approved Chapter 313 projects are also factored into the M&O tax bases used.

ADA:	6,642
Local M&O Tax Base	\$11.22 billion
2020-21 M&O Tax Rate:	\$1.0397 per \$100 of Taxable Value
2021-22 Projected M&O Tax Rate:	\$1.0397 per \$100 of Taxable Value
I&S Tax Rate:	\$0.2300 per \$100 of Taxable Value

Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

**Table 1 – Base District Information with Stepan Project Value and Limitation Values**

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	Sec. 48.256(d) District Revenue Protection District Property Value with Project	Sec. 48.256(d) District Revenue Protection District Property Value with Limitation	DPV Value with Project per WADA	DPV Value with Limitation per WADA
QTP0	2021-22	6,641.51	8,640.83	\$1.0397	\$0.2300	\$11,325,112,955	\$11,325,112,955	\$1,310,651	\$1,310,651
QTP1	2022-23	6,641.51	8,640.83	\$1.0397	\$0.2300	\$11,485,729,000	\$11,485,729,000	\$1,329,239	\$1,329,239
QTP2	2023-24	6,641.51	8,640.83	\$1.0397	\$0.2300	\$11,526,197,002	\$11,526,197,002	\$1,333,923	\$1,333,923
VL1	2024-25	6,641.51	8,640.83	\$1.0397	\$0.2300	\$11,588,206,021	\$11,588,206,021	\$1,341,099	\$1,341,099
VL2	2025-26	6,641.51	8,640.83	\$1.0397	\$0.2300	\$12,251,300,537	\$12,197,748,713	\$1,417,839	\$1,411,641
VL3	2026-27	6,641.51	8,640.83	\$1.0397	\$0.2300	\$12,168,942,312	\$12,116,447,326	\$1,408,307	\$1,402,232
VL4	2027-28	6,641.51	8,640.83	\$1.0397	\$0.2300	\$12,081,766,272	\$12,029,296,888	\$1,398,218	\$1,392,146
VL5	2028-29	6,641.51	8,640.83	\$1.0397	\$0.2300	\$11,403,950,062	\$11,355,112,955	\$1,319,775	\$1,314,123
VL6	2029-30	6,641.51	8,640.83	\$1.0397	\$0.2300	\$11,396,713,173	\$11,355,112,955	\$1,318,937	\$1,314,123
VL7	2030-31	6,641.51	8,640.83	\$1.0397	\$0.2300	\$11,391,601,956	\$11,355,112,955	\$1,318,346	\$1,314,123
VL8	2031-32	6,641.51	8,640.83	\$1.0397	\$0.2300	\$11,406,238,453	\$11,374,611,955	\$1,320,040	\$1,316,380
VL9	2032-33	6,641.51	8,640.83	\$1.0397	\$0.2300	\$11,481,761,232	\$11,455,497,003	\$1,328,780	\$1,325,741
VL10	2033-34	6,641.51	8,640.83	\$1.0397	\$0.2300	\$11,460,408,905	\$11,439,160,800	\$1,326,309	\$1,323,850
VP1	2034-35	6,641.51	8,640.83	\$1.0397	\$0.2300	\$11,440,292,706	\$11,423,873,311	\$1,323,981	\$1,322,081
VP2	2035-36	6,641.51	8,640.83	\$1.0397	\$0.2300	\$11,636,262,954	\$11,636,262,954	\$1,346,660	\$1,346,660
VP3	2036-37	6,641.51	8,640.83	\$1.0397	\$0.2300	\$11,610,963,026	\$11,610,963,026	\$1,343,733	\$1,343,733
VP4	2037-38	6,641.51	8,640.83	\$1.0397	\$0.2300	\$11,587,253,129	\$11,587,253,129	\$1,340,989	\$1,340,989
VP5	2038-39	6,641.51	8,640.83	\$1.0397	\$0.2300	\$11,565,011,671	\$11,565,011,671	\$1,338,415	\$1,338,415

\*Basic Allotment: \$6,160; Golden Penny Yield: \$98.56; Copper Penny Yield: \$49.28

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence



## M&O Impact of the Stepan Project on LPISD

A model is established to make a calculation of the “Baseline Revenue Model” (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the “Value Limitation Revenue Model” (Table 3) by adding the project’s limited value of \$80 million to the model. The difference between the two models (Table 4) indicates there will be a total revenue loss of \$783,410 over the course of the Agreement, with most of the loss reflected in the first limitation year (2024-25).

**Table 2– “Baseline Revenue Model” --Project Value Added to DPV with No Value Limitation**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid (includes HH Funds)	Total General Fund
QTP0	2021-22	\$96,318,354	\$1,644,352	-\$44,123,248	\$18,827,320	\$0	-\$6,218,883	\$3,427,792	\$69,875,688
QTP1	2022-23	\$96,663,266	\$2,988,680	-\$45,812,488	\$18,894,740	\$0	-\$6,294,205	\$3,435,431	\$69,875,424
QTP2	2023-24	\$97,191,772	\$1,644,352	-\$44,996,666	\$18,998,046	\$0	-\$6,340,380	\$3,377,890	\$69,875,014
VL1	2024-25	\$102,852,681	\$2,988,680	-\$49,931,849	\$20,104,583	\$0	-\$6,728,945	-\$69,532	\$69,215,618
VL2	2025-26	\$102,150,553	\$1,644,352	-\$49,955,447	\$19,967,338	\$0	-\$6,896,117	-\$69,025	\$66,841,655
VL3	2026-27	\$101,407,542	\$2,988,680	-\$50,556,764	\$19,822,102	\$0	-\$6,819,059	-\$68,493	\$66,774,008
VL4	2027-28	\$95,629,842	\$1,644,352	-\$43,434,736	\$18,692,737	\$0	-\$6,407,501	-\$64,574	\$66,060,121
VL5	2028-29	\$95,566,903	\$2,988,680	-\$44,716,125	\$18,680,435	\$0	-\$6,195,365	-\$64,503	\$66,260,025
VL6	2029-30	\$95,522,451	\$1,644,352	-\$43,327,345	\$18,671,745	\$0	-\$6,189,090	-\$64,446	\$66,257,667
VL7	2030-31	\$95,646,353	\$2,988,680	-\$44,795,575	\$18,695,964	\$0	-\$6,197,487	-\$64,483	\$66,273,453
VL8	2031-32	\$96,289,105	\$1,644,352	-\$44,093,999	\$18,821,603	\$0	-\$6,242,711	-\$64,808	\$66,353,543
VL9	2032-33	\$96,106,246	\$2,988,680	-\$45,255,468	\$18,785,859	\$0	-\$6,255,603	-\$64,678	\$66,305,036
VL10	2033-34	\$95,933,954	\$1,644,352	-\$43,738,848	\$18,752,181	\$0	-\$6,237,112	-\$64,557	\$66,289,970
VP1	2034-35	\$97,601,364	\$2,988,680	-\$46,750,586	\$19,078,110	\$0	-\$6,340,185	-\$65,447	\$66,511,937
VP2	2035-36	\$97,385,732	\$1,644,352	-\$45,190,626	\$19,035,960	\$0	-\$6,389,402	-\$65,301	\$66,420,715
VP3	2036-37	\$97,183,651	\$2,988,680	-\$46,332,873	\$18,996,459	\$0	-\$6,367,492	-\$65,166	\$66,403,259
VP4	2037-38	\$96,994,085	\$1,644,352	-\$44,798,979	\$18,959,405	\$0	-\$6,346,959	-\$65,038	\$66,386,866
VP5	2038-39	\$96,800,784	\$2,988,680	-\$45,950,006	\$18,921,621	\$0	-\$6,327,698	-\$64,908	\$66,368,473
		\$1,753,244,638	\$41,697,288	-\$823,761,620	\$342,706,208	\$0	-\$114,794,195	\$9,256,154	\$1,208,348,473

QTP= Qualifying Time Period  
 VL= Value Limitation  
 VP= Viable Presence

## M&O Impact on the Taxpayer

Under the assumptions used here, the potential tax savings from the value limitation total \$4.0 million over the life of the agreement. The LPISD revenue losses are expected to total approximately \$783,410 over the course of the agreement, with most of the lost in the initial limitation year. The total potential net tax benefits (after hold-harmless payments are made) are estimated to total \$3.18 million, prior to any negotiations with the Stepan Company on supplemental payments.

It should be noted that a key element in the revenue-loss calculation appears to be linked to the retention of prior-year property values in the calculation of the revenue protection amount for the 2024-25 school year. Under the standard agreement, these calculations are based on whatever school finance and property tax laws are in effect each year. With a legislative session occurring this year, there could be changes made to current school finance

law. While the District will still be protected against revenue losses, these calculations may be reduced below what we are projecting under what is now current law.

**Table 3- "Value Limitation Revenue Model" --Project Value Added to DPV with Value Limitation in Effect**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid (includes HH Funds)	Total General Fund
QTP0	2021-22	\$96,318,354	\$1,644,352	-\$44,123,248	\$18,827,320	\$0	-\$6,218,883	\$3,427,792	\$69,875,688
QTP1	2022-23	\$96,663,266	\$2,988,680	-\$45,812,488	\$18,894,740	\$0	-\$6,294,205	\$3,435,431	\$69,875,424
QTP2	2023-24	\$97,191,772	\$1,644,352	-\$44,996,666	\$18,998,046	\$0	-\$6,340,380	\$3,377,890	\$69,875,014
VL1	2024-25	\$102,386,941	\$2,988,680	-\$49,931,849	\$20,013,545	\$0	-\$6,699,625	-\$69,281	\$68,688,411
VL2	2025-26	\$101,694,005	\$1,644,352	-\$49,498,899	\$19,878,096	\$0	-\$6,848,871	-\$68,778	\$66,799,906
VL3	2026-27	\$100,951,216	\$2,988,680	-\$50,100,438	\$19,732,905	\$0	-\$6,773,809	-\$68,246	\$66,730,308
VL4	2027-28	\$95,205,106	\$1,644,352	-\$43,010,000	\$18,609,713	\$0	-\$6,364,528	-\$64,344	\$66,020,300
VL5	2028-29	\$95,205,106	\$2,988,680	-\$44,354,328	\$18,609,713	\$0	-\$6,156,083	-\$64,308	\$66,228,781
VL6	2029-30	\$95,205,106	\$1,644,352	-\$43,010,000	\$18,609,713	\$0	-\$6,156,083	-\$64,275	\$66,228,814
VL7	2030-31	\$95,371,297	\$2,988,680	-\$44,520,519	\$18,642,200	\$0	-\$6,167,217	-\$64,335	\$66,250,107
VL8	2031-32	\$96,060,685	\$1,644,352	-\$43,865,579	\$18,776,953	\$0	-\$6,219,073	-\$64,684	\$66,332,655
VL9	2032-33	\$95,921,451	\$2,988,680	-\$45,070,673	\$18,749,738	\$0	-\$6,234,472	-\$64,578	\$66,290,146
VL10	2033-34	\$95,791,155	\$1,644,352	-\$43,596,049	\$18,724,268	\$0	-\$6,220,988	-\$64,479	\$66,278,259
VP1	2034-35	\$97,601,364	\$2,988,680	-\$46,750,586	\$19,078,110	\$0	-\$6,334,455	-\$65,447	\$66,517,667
VP2	2035-36	\$97,385,732	\$1,644,352	-\$45,190,626	\$19,035,960	\$0	-\$6,389,402	-\$65,301	\$66,420,715
VP3	2036-37	\$97,183,651	\$2,988,680	-\$46,332,873	\$18,996,459	\$0	-\$6,367,492	-\$65,166	\$66,403,259
VP4	2037-38	\$96,994,085	\$1,644,352	-\$44,798,979	\$18,959,405	\$0	-\$6,346,959	-\$65,038	\$66,386,866
VP5	2038-39	\$96,800,784	\$2,988,680	-\$45,950,006	\$18,921,621	\$0	-\$6,327,698	-\$64,908	\$66,368,473
		\$1,749,931,076	\$41,697,288	-\$820,913,798	\$342,058,505	\$0	-\$114,460,223	\$9,257,945	\$1,207,570,793

QTP= Qualifying Time Period  
VL= Value Limitation  
VP= Viable Presence

**Table 4 - Value Limitation Revenue Model Less Baseline Revenue Model with No Limitation**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid (includes HH Funds)	Total General Fund
QTP0	2021-22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP1	2022-23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2	2023-24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VL1	2024-25	-\$465,740	\$0	\$0	-\$91,038	\$0	\$29,320	\$251	-\$527,207
VL2	2025-26	-\$456,548	\$0	\$456,548	-\$89,242	\$0	\$47,246	\$247	-\$41,749
VL3	2026-27	-\$456,326	\$0	\$456,326	-\$89,197	\$0	\$45,250	\$247	-\$43,700
VL4	2027-28	-\$424,736	\$0	\$424,736	-\$83,024	\$0	\$42,973	\$230	-\$39,821
VL5	2028-29	-\$361,797	\$0	\$361,797	-\$70,722	\$0	\$39,282	\$195	-\$31,245
VL6	2029-30	-\$317,345	\$0	\$317,345	-\$62,032	\$0	\$33,007	\$171	-\$28,854
VL7	2030-31	-\$275,056	\$0	\$275,056	-\$53,764	\$0	\$30,270	\$148	-\$23,346
VL8	2031-32	-\$228,420	\$0	\$228,420	-\$44,650	\$0	\$23,638	\$124	-\$20,888
VL9	2032-33	-\$184,795	\$0	\$184,795	-\$36,121	\$0	\$21,131	\$100	-\$14,890
VL10	2033-34	-\$142,799	\$0	\$142,799	-\$27,913	\$0	\$16,124	\$78	-\$11,711
VP1	2034-35	\$0	\$0	\$0	\$0	\$0	\$5,730	\$0	\$5,730
VP2	2035-36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2036-37	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP4	2037-38	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP5	2038-39	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		-\$3,313,562	\$0	\$2,847,822	-\$647,703	\$0	\$333,972	\$1,791	-\$777,680

QTP= Qualifying Time Period  
VL= Value Limitation  
VP= Viable Presence

**Table 5 - Estimated Financial Impact of the Stepan Project Property Value Limitation Request Submitted to LPISD at \$1.03970 M&O Tax Rate**

Year of Agreement	School Year	Project Taxable Value for M&O If No Limitation	Project Taxable Value for M&O with Limitation	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings to Company	School District Revenue Protection	Estimated Net Tax Benefits
QTP0	2021-22	\$0	\$0	\$1.03970	\$0	\$0	\$0	\$0	\$0
QTP1	2022-23	\$44,900,000	\$44,900,000	\$1.03970	\$466,825	\$466,825	\$0	\$0	\$0
QTP2	2023-24	\$92,150,000	\$92,150,000	\$1.03970	\$958,084	\$958,084	\$0	\$0	\$0
VL1	2024-25	\$133,551,824	\$80,000,000	\$1.03970	\$1,388,538	\$831,760	\$556,778	-\$527,207	\$29,572
VL2	2025-26	\$132,494,986	\$80,000,000	\$1.03970	\$1,377,550	\$831,760	\$545,790	-\$41,749	\$504,041
VL3	2026-27	\$132,469,384	\$80,000,000	\$1.03970	\$1,377,284	\$831,760	\$545,524	-\$43,700	\$501,824
VL4	2027-28	\$128,837,107	\$80,000,000	\$1.03970	\$1,339,519	\$831,760	\$507,759	-\$39,821	\$467,938
VL5	2028-29	\$121,600,218	\$80,000,000	\$1.03970	\$1,264,277	\$831,760	\$432,517	-\$31,245	\$401,273
VL6	2029-30	\$116,489,001	\$80,000,000	\$1.03970	\$1,211,136	\$831,760	\$379,376	-\$28,854	\$350,522
VL7	2030-31	\$111,626,498	\$80,000,000	\$1.03970	\$1,160,581	\$831,760	\$328,821	-\$23,346	\$305,475
VL8	2031-32	\$106,264,229	\$80,000,000	\$1.03970	\$1,104,829	\$831,760	\$273,069	-\$20,888	\$252,181
VL9	2032-33	\$101,248,105	\$80,000,000	\$1.03970	\$1,052,677	\$831,760	\$220,917	-\$14,890	\$206,027
VL10	2033-34	\$96,419,395	\$80,000,000	\$1.03970	\$1,002,472	\$831,760	\$170,712	-\$11,711	\$159,002
VP1	2034-35	\$87,745,977	\$87,745,977	\$1.03970	\$912,295	\$912,295	\$0	\$0	\$0
VP2	2035-36	\$81,844,177	\$81,844,177	\$1.03970	\$850,934	\$850,934	\$0	\$0	\$0
VP3	2036-37	\$76,555,974	\$76,555,974	\$1.03970	\$795,952	\$795,952	\$0	\$0	\$0
VP4	2037-38	\$71,818,066	\$71,818,066	\$1.03970	\$746,692	\$746,692	\$0	\$0	\$0
VP5	2038-39	\$65,778,240	\$65,778,240	\$1.03970	\$683,896	\$683,896	\$0	\$0	\$0
					<b>\$17,693,544</b>	<b>\$13,732,279</b>	<b>\$3,961,265</b>	<b>-\$783,410</b>	<b>\$3,177,855</b>

QTP= Qualifying Time Period  
 VL= Value Limitation  
 VP= Viable Presence

**Note: School district revenue-loss estimates are subject to change based on numerous factors, including:**

- Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations, which could be significant under HB 3.
- Legislative changes addressing property value appraisals and exemptions.
- Year-to-year appraisals of project values and district taxable values.
- Changes in school district tax rates and student enrollment.

## I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with LPISD currently levying a \$0.23 per \$100 I&S tax rate. As shown in the Table 6 below, local taxpayers could see a modest benefit from the addition of the Stepan project to the local I&S tax roll. LPISD's wealth per student exceeds the eligibility level for state facilities funding under the Existing Debt Allotment (EDA) and the Instructional Facilities Allotment (IFA).

The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. Continued expansion of the project and related

development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

**Table 6 - Estimated Impact of the Stepan Project Property Value Limitation Request on LPISD I&S Tax Rate**

Year of Agreement	School Year	I&S Rate w/out Project	Local Value w/out Project	I&S Taxes w/out Project	Project Full Taxable Value	I&S Rate with Project Value	Change in I&S Rate
QTP0	2021-22	\$0.2300	\$12,275,315,878	\$28,233,227	\$0	\$0.230000	\$0.0000
QTP1	2022-23	\$0.2300	\$12,301,589,585	\$28,293,656	\$44,900,000	\$0.229164	-\$0.0008
QTP2	2023-24	\$0.2300	\$12,368,158,781	\$28,446,765	\$92,150,000	\$0.228299	-\$0.0017
VL1	2024-25	\$0.2300	\$12,548,291,617	\$28,861,071	\$133,551,824	\$0.227578	-\$0.0024
VL2	2025-26	\$0.2300	\$12,433,573,990	\$28,597,220	\$132,494,986	\$0.227575	-\$0.0024
VL3	2026-27	\$0.2300	\$12,314,844,059	\$28,324,141	\$132,469,384	\$0.227552	-\$0.0024
VL4	2027-28	\$0.2300	\$11,610,801,890	\$26,704,844	\$128,837,107	\$0.227476	-\$0.0025
VL5	2028-29	\$0.2300	\$11,582,559,099	\$26,639,886	\$121,600,218	\$0.227610	-\$0.0024
VL6	2029-30	\$0.2300	\$11,555,831,152	\$26,578,412	\$116,489,001	\$0.227705	-\$0.0023
VL7	2030-31	\$0.2300	\$11,530,524,231	\$26,520,206	\$111,626,498	\$0.227795	-\$0.0022
VL8	2031-32	\$0.2300	\$11,506,551,897	\$26,465,069	\$106,264,229	\$0.227895	-\$0.0021
VL9	2032-33	\$0.2300	\$11,483,832,714	\$26,412,815	\$101,248,105	\$0.227990	-\$0.0020
VL10	2033-34	\$0.2300	\$11,462,289,905	\$26,363,267	\$96,419,395	\$0.228081	-\$0.0019
VP1	2034-35	\$0.2300	\$11,441,853,026	\$26,316,262	\$87,745,977	\$0.228250	-\$0.0018
VP2	2035-36	\$0.2300	\$11,422,454,898	\$26,271,646	\$81,844,177	\$0.228364	-\$0.0016
VP3	2036-37	\$0.2300	\$11,404,033,204	\$26,229,276	\$76,555,974	\$0.228466	-\$0.0015
VP4	2037-38	\$0.2300	\$11,386,529,654	\$26,189,018	\$71,818,066	\$0.228558	-\$0.0014
VP5	2038-39	\$0.2300	\$11,369,889,715	\$26,150,746	\$65,778,240	\$0.228677	-\$0.0013

**IFA and EDA state aid are now based on current-year values, which could affect the tax rate needed for bond payments in districts eligible for these funds.**



**Estimated Financial Impact of #1545 - Stepan Company**  
**Chapter 313 Property Value Limitation Request Submitted to LA PORTE ISD**

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
Year of Agreement	School Year	Project Taxable Value for M&O If No Limitation	Project Taxable Value for M&O With Limitation	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings To Company	Article IV Revenue Protection Payment	Estimated Net Tax Benefits	Article VI Supplemental Payment	Potential Company Tax Benefit
QTP1	2022-23	\$44,900,000	\$44,900,000	\$1.0165	\$456,409	\$456,409	\$0	\$0	\$0	\$0	\$0
QTP2	2023-24	\$92,150,000	\$92,150,000	\$1.0165	\$936,705	\$936,705	\$0	\$0	\$0	\$0	\$0
<b>VL1</b>	2024-25	\$133,551,824	\$80,000,000	\$1.0165	\$1,357,554	\$813,200	\$544,354	-\$61,348	\$483,007	\$241,503	\$241,503
<b>VL2</b>	2025-26	\$132,494,986	\$80,000,000	\$1.0165	\$1,346,812	\$813,200	\$533,612	-\$43,249	\$490,363	\$245,181	\$245,181
<b>VL3</b>	2026-27	\$132,469,384	\$80,000,000	\$1.0165	\$1,346,551	\$813,200	\$533,351	-\$44,722	\$488,629	\$244,315	\$244,315
<b>VL4</b>	2027-28	\$128,837,107	\$80,000,000	\$1.0165	\$1,309,629	\$813,200	\$496,429	-\$40,428	\$456,001	\$228,001	\$228,001
<b>VL5</b>	2028-29	\$121,600,218	\$80,000,000	\$1.0165	\$1,236,066	\$813,200	\$422,866	-\$31,259	\$391,607	\$195,804	\$195,804
<b>VL6</b>	2029-30	\$116,489,001	\$80,000,000	\$1.0165	\$1,184,111	\$813,200	\$370,911	-\$28,413	\$342,498	\$171,249	\$171,249
<b>VL7</b>	2030-31	\$111,626,498	\$80,000,000	\$1.0165	\$1,134,683	\$813,200	\$321,483	-\$25,152	\$296,331	\$148,166	\$148,166
<b>VL8</b>	2031-32	\$106,264,229	\$80,000,000	\$1.0165	\$1,080,176	\$813,200	\$266,976	-\$20,887	\$246,089	\$123,044	\$123,044
<b>VL9</b>	2032-33	\$101,248,105	\$80,000,000	\$1.0165	\$1,029,187	\$813,200	\$215,987	-\$16,898	\$199,089	\$99,544	\$99,544
<b>VL10</b>	2033-34	\$96,419,395	\$80,000,000	\$1.0165	\$980,103	\$813,200	\$166,903	-\$14,420	\$152,483	\$76,241	\$76,241
VP1	2034-35	\$87,745,977	\$87,745,977	\$1.0165	\$891,938	\$891,938	\$0	\$0	\$0	\$0	\$0
VP2	2035-36	\$81,844,177	\$81,844,177	\$1.0165	\$831,946	\$831,946	\$0	\$0	\$0	\$0	\$0
VP3	2036-37	\$76,555,974	\$76,555,974	\$1.0165	\$778,191	\$778,191	\$0	\$0	\$0	\$0	\$0
VP4	2037-38	\$71,818,066	\$71,818,066	\$1.0165	\$730,031	\$730,031	\$0	\$0	\$0		\$0
VP5	2038-39	\$65,778,240	\$65,778,240	\$1.0165	\$668,636	\$668,636	\$0	\$0	\$0		\$0
<b>TOTALS</b>					<b>\$16,842,319</b>	<b>\$12,969,447</b>	<b>\$3,872,873</b>	<b>-\$326,776</b>	<b>\$3,546,097</b>	<b>\$1,773,049</b>	<b>\$1,773,049</b>

QTP Qualifying Time Period  
VL Value Limitation  
VP Viable Presence

Fully taxable for I&S

Loss of M&O taxes plus Tier II state aid would have earned on those taxes

Actual amount and when paid is negotiated during Agreement process

Future legislative action on school funding could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this table.

**IMPORTANT: Please keep this letter with your district's records. It must be accessible to the law firm working on the value limitation agreement.**

January 5, 2021

Lee Wallace, President  
Board of Trustees  
La Porte Independent School District  
1002 San Jacinto Street  
La Porte, Texas 77571-6496

Dear President Wallace:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Stephan Company project #1545 on the number and size of school facilities in La Porte Independent School District (LPISD). Based on the email communication with the LPISD superintendent, Jackson Walter, the TEA has determined that the Stephan Company project should not have a significant impact on the number or size of school facilities in LPISD.

Please feel free to contact me by phone at (512) 463-8732 or by email at [amy.copeland@tea.texas.gov](mailto:amy.copeland@tea.texas.gov) if you have any questions.

Sincerely,

Amy Copeland  
Director of State Funding

Cc: Walter Jackson, Superintendent



# Taxes

Property Tax Assistance

## 2020 ISD Summary Worksheet

### 036-Chambers

#### 101-916/La Porte ISD

Category	Local Tax Roll Value	2020 WTD Mean Ratio	2020 PTAD Value Estimate	2020 Value Assigned
A - SINGLE-FAMILY	0	N/A	0	0
B - MULTIFAMILY	0	N/A	0	0
C1 - VACANT LOTS	0	N/A	0	0
C2 - COLONIAL LOTS	0	N/A	0	0
D1 ACRES - QUALIFIED OPEN-SPACE LAND	0	N/A	0	0
D2 - FARM & RANCH IMP	0	N/A	0	0
E - NON-AG LAND AND IMPROVEMENTS	0	N/A	0	0
F1 - COMMERCIAL REAL	659,130	N/A	659,130	659,130
F2 - INDUSTRIAL REAL	0	N/A	0	0
G - ALL MINERALS	0	N/A	0	0
J - ALL UTILITIES	0	N/A	0	0

<b>L1 - COMMERCIAL PERSONAL</b>	0	N/A	0	0
<b>L2 - INDUSTRIAL PERSONAL</b>	0	N/A	0	0
<b>M1 - MOBILE HOMES</b>	0	N/A	0	0
<b>N - INTANGIBLE PERSONAL PROPERTY</b>	0	N/A	0	0
<b>O - RESIDENTIAL INVENTORY</b>	0	N/A	0	0
<b>S - SPECIAL INVENTORY</b>	0	N/A	0	0
<b>Subtotal</b>	659,130	0	659,130	659,130
<b>Less Total Deductions</b>	0	0	0	0
<b>Total Taxable Value</b>	659,130	0	659,130	659,130

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

### Value Taxable For M & O Purposes

<b>T1</b>	<b>T2</b>	<b>T3</b>	<b>T4</b>
659,130	659,130	659,130	659,130



<b>Loss To the Additional \$10,000 Homestead Exemption</b>	<b>50% of the loss to the Local Optional Percentage Homestead Exemption</b>
0	0

T1 = School district taxable value for M & O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M & O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

### Value Taxable For I & S Purposes

<b>T7</b>	<b>T8</b>	<b>T9</b>	<b>T10</b>
659,130	659,130	659,130	659,130

T7 = School district taxable value for I & S purposes before the loss to the additional \$10, 000 homestead exemption

T8 = School district taxable value for I & S purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50 % of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50 % of the loss to the local optional percentage homestead exemption

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

**101-Harris**

**101-916/La Porte ISD**

<b>Category</b>	<b>Local Tax Roll Value</b>	<b>2020 WTD Median Ratio</b>	<b>2020 PTAD Value Estimate</b>	<b>2020 Value Assigned</b>
<b>A - SINGLE-FAMILY</b>	2,760,727,879	N/A	2,760,727,879	2,760,727,879
<b>B - MULTIFAMILY</b>	154,519,656	N/A	154,519,656	154,519,656
<b>C1 - VACANT LOTS</b>	183,710,705	N/A	183,710,705	183,710,705
<b>C2 - COLONIAL LOTS</b>	0	N/A	0	0
<b>D1 ACRES - QUALIFIED OPEN-SPACE LAND</b>	153,204	N/A	153,204	153,204
<b>D2 - FARM &amp; RANCH IMP</b>	2,984,487	N/A	2,984,487	2,984,487
<b>E - NON-AG LAND AND IMPROVEMENTS</b>	48,687,579	N/A	48,687,579	48,687,579
<b>F1 - COMMERCIAL REAL</b>	2,503,968,034	N/A	2,503,968,034	2,503,968,034
<b>F2 - INDUSTRIAL REAL</b>	5,722,564,790	N/A	5,722,564,790	5,722,564,790
<b>G - ALL MINERALS</b>	8,269,200	N/A	8,269,200	8,269,200
<b>J - ALL UTILITIES</b>	176,398,868	N/A	176,398,868	176,398,868
<b>L1 - COMMERCIAL PERSONAL</b>	802,420,229	N/A	802,420,229	802,420,229
<b>L2 - INDUSTRIAL PERSONAL</b>	2,564,911,171	N/A	2,564,911,171	2,564,911,171
<b>M1 - MOBILE HOMES</b>	8,970,793	N/A	8,970,793	8,970,793
<b>N - INTANGIBLE PERSONAL PROPERTY</b>	0	N/A	0	0

<b>O - RESIDENTIAL INVENTORY</b>	466,601	N/A	466,601	466,601
<b>S - SPECIAL INVENTORY</b>	11,266,473	N/A	11,266,473	11,266,473
<b>Subtotal</b>	14,950,019,669	0	14,950,019,669	14,950,019,669
<b>Less Total Deductions</b>	3,625,565,844	0	3,625,565,844	3,625,565,844
<b>Total Taxable Value</b>	11,324,453,825	0	11,324,453,825	11,324,453,825

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

### Value Taxable For M & O Purposes

<b>T1</b>	<b>T2</b>	<b>T3</b>	<b>T4</b>
11,428,269,761	11,324,453,825	11,216,024,125	11,112,208,189

<b>Loss To the Additional \$10,000 Homestead Exemption</b>	<b>50% of the loss to the Local Optional Percentage Homestead Exemption</b>
103,815,936	212,245,636

T1 = School district taxable value for M & O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M & O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

### Value Taxable For I & S Purposes

<b>T7</b>	<b>T8</b>	<b>T9</b>	<b>T10</b>
12,485,951,201	12,382,135,265	12,273,705,565	12,169,889,629

T7 = School district taxable value for I & S purposes before the loss to the additional \$10, 000 homestead exemption

T8 = School district taxable value for I & S purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50 % of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50 % of the loss to the local optional percentage homestead exemption

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

### 101-916-02/La Porte ISD

<b>Category</b>	<b>Local Tax Roll Value</b>	<b>2020 WTD Median Ratio</b>	<b>2020 PTAD Value Estimate</b>	<b>2020 Value Assessed</b>
<b>A - SINGLE-FAMILY</b>	2,760,727,879	N/A	2,760,727,879	2,760,727,879
<b>B - MULTIFAMILY</b>	154,519,656	N/A	154,519,656	154,519,656
<b>C1 - VACANT LOTS</b>	183,710,705	N/A	183,710,705	183,710,705
<b>C2 - COLONIAL LOTS</b>	0	N/A	0	0

<b>D1 ACRES - QUALIFIED OPEN-SPACE LAND</b>	153,204	N/A	153,204	153,204
<b>D2 - FARM &amp; RANCH IMP</b>	2,984,487	N/A	2,984,487	2,984,487
<b>E - NON-AG LAND AND IMPROVEMENTS</b>	48,687,579	N/A	48,687,579	48,687,579
<b>F1 - COMMERCIAL REAL</b>	2,504,627,164	N/A	2,504,627,164	2,504,627,164
<b>F2 - INDUSTRIAL REAL</b>	5,722,564,790	N/A	5,722,564,790	5,722,564,790
<b>G - ALL MINERALS</b>	8,269,200	N/A	8,269,200	8,269,200
<b>J - ALL UTILITIES</b>	176,398,868	N/A	176,398,868	176,398,868
<b>L1 - COMMERCIAL PERSONAL</b>	802,420,229	N/A	802,420,229	802,420,229
<b>L2 - INDUSTRIAL PERSONAL</b>	2,564,911,171	N/A	2,564,911,171	2,564,911,171
<b>M1 - MOBILE HOMES</b>	8,970,793	N/A	8,970,793	8,970,793
<b>N - INTANGIBLE PERSONAL PROPERTY</b>	0	N/A	0	0
<b>O - RESIDENTIAL INVENTORY</b>	466,601	N/A	466,601	466,601
<b>S - SPECIAL INVENTORY</b>	11,266,473	N/A	11,266,473	11,266,473
<b>Subtotal</b>	14,950,678,799		14,950,678,799	14,950,678,799
<b>Less Total Deductions</b>	3,625,565,844		3,625,565,844	3,625,565,844
<b>Total Taxable Value</b>	11,325,112,955		11,325,112,955	11,325,112,955

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

### Value Taxable For M & O Purposes

<b>T1</b>	<b>T2</b>	<b>T3</b>	<b>T4</b>
11,428,928,891	11,325,112,955	11,216,683,255	11,112,867,319

<b>Loss To the Additional \$10,000 Homestead Exemption</b>	<b>50 % of the loss to the Local Optional Percentage Homestead Exemption</b>
103,815,936	212,245,636

T1 = School district taxable value for M & O purposes before the loss to the additional \$10, 000 homestead exemption

T2 = School district taxable value for M & O purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50 % of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50 % of the loss to the local optional percentage homestead exemption

### Value Taxable For I & S Purposes

<b>T7</b>	<b>T8</b>	<b>T9</b>	<b>T10</b>
12,486,610,331	12,382,794,395	12,274,364,695	12,170,548,759

T7 = School district taxable value for I & S purposes before the loss to the additional \$10, 000 homestead exemption

T8 = School district taxable value for I & S purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50 % of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50 % of the loss to the local optional percentage homestead exemption

See Agreement  
(Comptroller No. 1545)  
posted on Comptroller Website





**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 3, 2021

Walter Jackson  
Superintendent  
La Porte Independent School District  
1002 San Jacinto Street  
La Porte, TX 77571

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between La Porte Independent School District and Stepan Company, Application 1545

Dear Superintendent Jackson:

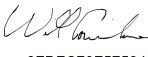
This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between La Porte Independent School District and Stepan Company (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the Agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Jo Ann Reyes with our office. She can be reached by email at joann.reyes@cpa.texas.gov or by phone at 1-800-531-5441, ext. 5-0416, or at 512-475-0416.

Sincerely,

DocuSigned by:

  
8FDFC70F5753487...

Will Counihan

Director

Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, PC, DD  
David Kabbes, Stepan Company  
Sue Greenfield, Stepan Company  
Elaine Mesher, Industrial Valuation Services



# La Porte Independent School District

1002 San Jacinto Street  
La Porte, Texas 77571

Dr. Walter Jackson  
Superintendent of Schools

(281) 604-7001  
Fax (281) 604-7010  
lpsd.org

May 12, 2021

Stepan Company  
c/o Stephen Kuntz  
Norton Rose Fulbright US LLP  
1301 McKinney, Suite 5100  
Houston, TX 77010

via email: [stephen.kuntz@nortonrosefulbright.com](mailto:stephen.kuntz@nortonrosefulbright.com)

Re: Request for Extension on Application of Stepan Company  
For an Appraised Value Limitation Agreement  
Comptroller App. No. 1545

Dear Mr. Kuntz:

Please be advised that at a properly called meeting of the La Porte Independent School District Board of Trustees on May 11, 2021, the Board took action on the request for an extension to consider the application of Stepan Company for an Appraised Value Limitation Agreement with La Porte ISD. The District approved the request and has granted the extension on the application until December 31, 2021. See enclosed copy of the Resolution granting the extension. The Board's action will be reflected in the Minutes of this meeting.

If you have any further questions concerning your extension, please do not hesitate to contact me or Fred Stormer at the Underwood Law Firm. Thank you for your cooperation in this matter.

Sincerely,

Walter Jackson, Ed.D., Superintendent

**BOARD RESOLUTION No. 2021 - 08**

**LA PORTE INDEPENDENT SCHOOL DISTRICT**

The Board of Trustees of La Porte Independent School District (“the District”) does hereby make the following resolution regarding a pending application by Stepan Company (“Stepan”) for an appraised value limitation agreement under Texas Tax Code, Chapter 313:

WHEREAS, on or about December 8, 2020, Stepan submitted to the District an application under Texas Tax Code, Chapter 313 (the “Application”) for an appraised value limitation agreement (“Agreement”);

WHEREAS, on or about December 9, 2020, the Application was received by the Texas Comptroller of Public Accounts (the “Texas Comptroller”), after the District deemed it complete;

WHEREAS, on or about December 31, 2020, the Texas Comptroller issued a letter deeming the Application complete, advising that it would move forward with its economic impact evaluation, and triggering the Application Review Start Date;

WHEREAS, Texas Tax Code §313.025(b) requires that the Board approve or disapprove an application before the 151st day after the date the application is deemed complete by the Texas Comptroller (the “Deadline”), unless the Texas Comptroller’s economic impact evaluation has not been received or an extension is agreed to by the Board and Stepan;

WHEREAS, due to ongoing negotiations between the District and Stepan, it is likely that the Agreement will not be approved by the Comptroller in time for the Board to issue its Findings of Fact and approve the Application and an Agreement before the Deadline; and

WHEREAS, on or about May 5, 2021, Stepan submitted a request to the District to extend the Deadline in order to continue negotiations, a copy of which is attached here to as Exhibit “A.”

NOW BE IT THEREFORE RESOLVED, that the statements contained in the preamble of this Resolution are true and correct and adopted as findings of fact and operative provisions hereof, and that it is in the District’s best interest to extend the Deadline as requested;

BE IT FURTHER RESOLVED, that Board of Trustees finds that it is in the best interest of the District to grant Stepan’s request, and extend the Deadline until December 31, 2021; and

BE IT FURTHER RESOLVED, the Superintendent, or his designee, is directed to provide notice to Stepan and the Comptroller's Office of the Board's decision to grant Stepan's request, and extend the Deadline until December 31, 2021.

Passed and approved by the La Porte Independent School District Board of Trustees on this 11th day of May, 2021.

La Porte Independent School District

  
By: President of the Board of Trustees

  
By: Secretary of the Board of Trustees



## EXHIBIT A



Norton Rose Fulbright US LLP  
1301 McKinney, Suite 5100  
Houston, Texas 77010-3095  
United States

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**Partner**  
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[James.Wester@uwlaw.com](mailto:James.Wester@uwlaw.com)

May 5, 2021

Dr. Walter Jackson  
Superintendent  
La Porte Independent School District  
1002 San Jacinto Street  
La Porte, Texas 77571

Re: La Porte ISD Chapter 313 Application No. 1545 (the "Application")  
Applicant: Stepan Company

Request for Extension of Time until December 31, 2021, for Required Action on the Application

Dear Dr. Jackson:

By letter dated December 30, 2020 (the "Completeness Letter"), the Texas Comptroller of Public Accounts (the "Comptroller") determined that the Application was complete, and on March 15, 2021, the Comptroller issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to La Porte ISD.

The remaining steps to be completed are for La Porte ISD and Stepan Company to prepare and negotiate the Chapter 313 agreement and submit it to the Comptroller for review and approval, and then the Application and Comptroller-approved agreement can be placed on a meeting agenda of the La Porte ISD Board of Trustees for approval or disapproval.

As the Comptroller issued the Completeness Letter with respect to the Application on December 30, 2020, the last day of the 151-day period for the La Porte ISD Board of Trustees to approve or disapprove the Application and the agreement is Sunday, March 30, 2021.

We believe it is prudent for La Porte ISD and Stepan Company to extend the 151-day period until December 31, 2021, to allow sufficient time for the remaining steps to be completed.

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

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Dr. Walter Jackson  
La Porte Independent School District  
May 5, 2021  
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NORTON ROSE FULBRIGHT

Accordingly, and pursuant to Section 313.025(b) of the Texas Tax Code and Comptroller Rule §9.1054(d), Stepan Company respectfully requests that La Porte ISD approve an extension of the 151-day period for approving or disapproving the Application until Friday, December 31, 2021, such extension to be by agreement between La Porte ISD and Stepan Company.

If you have any questions, please do not hesitate to call me at (713) 651-5241.

Thank you for your consideration and assistance.

Very truly yours,



Stephen A. Kuntz

cc: Mr. Fred Stoermer  
Via e-mail to: [Fred.Stoermer@uwlax.com](mailto:Fred.Stoermer@uwlax.com)  
Mr. James Wester  
Via e-mail to: [James.Wester@uwlax.com](mailto:James.Wester@uwlax.com)

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