

**GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS**

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

December 9, 2022

**AMENDED COMPLETENESS,
CERTIFICATE & AGREEMENT
APPROVAL**

Danny Massey
Superintendent
Brazosport Independent School District
P.O. Box Drawer Z
Freeport, Texas 77541-1926

Re: Amendment Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Brazosport Independent School District and Freeport LNG Development L.P. and FLING Liquefaction 4, LLC, Application 1559

Dear Superintendent Massey:

This application (Application 1559) was originally submitted on December 14, 2020, to the Brazosport Independent School District (school district) by Freeport LNG Development L.P. and FLING Liquefaction 4, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On April 1, 2021, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a certificate for a limitation on appraised value on April 30, 2021. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on September 20, 2021.

On September 15, 2022, the Comptroller received an amendment to the agreement to defer the start of the qualifying time period from 2023 to 2025 and defer the start of the limitation from 2025 to 2030 and, subsequently, determined that it includes the information necessary to be determined as complete. This presents the Comptroller's review of that amendment per Section 10.2 of the agreement and determinations required:

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

Determination required by 313.025(h)

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

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

Based on these determinations, the Comptroller approves changes to the certificate for a limitation on appraised value for the amendment.


The Comptroller's review of the amended application and amended agreement assumes the accuracy and completeness of the statements in the amendment. If the amendment is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) and all amendments, 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 approval is no longer valid if the information presented in the amendment changes, or the amended limitation agreement does not conform to the amended application. Additionally, this approval is contingent on the school district approving and executing the amendment to the agreement by **December 31, 2022**.

This office has also been provided with the Amended Agreement for Limitation on Appraised Value. As requested, the amendment to 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 John Villarreal, Manager, Data Analysis & Transparency, by email at john.villarreal@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 3-5241, or at 512-463-5241.

Sincerely,

DocuSigned by:

8FDFC70F5753487...

Will Counihan

Director

Data Analysis & Transparency

cc: Dan Casey, Moak, Casey & Associates LLC
Wendy Clark, Freeport LNG Development, L.P.
Anne-Marie Suire, Freeport LNG Development, L.P.
Sam Gregson, Cummings Westlake, LLC

Amended Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Freeport LNG Development L.P. and FLING Liquefaction 4, LLC (project) applying to Brazosport 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 Freeport LNG Development L.P. and FLING Liquefaction 4, LLC.

	Original	Amendment No. 1
Applicant	Freeport LNG Development L.P. and FLING Liquefaction 4, LLC	Freeport LNG Development L.P. and FLING Liquefaction 4, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing	Manufacturing
School District	Brazosport ISD	Brazosport ISD
2019-2020 Average Daily Attendance	10,838	10,838
County	Brazoria	Brazoria
Proposed Total Investment in District	\$2,403,472,500	\$2,403,472,500
Proposed Qualified Investment	\$1,932,255,000	\$1,353,982,500
Limitation Amount	\$30,000,000	\$30,000,000
Qualifying Time Period (Full Years)	2023-2024	2025-2026
Number of new qualifying jobs committed to by applicant	10	10
Number of new non-qualifying jobs estimated by applicant	45	45
Average weekly wage of qualifying jobs committed to by applicant	\$1,288.46	\$1,288.46
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,269.55	\$1,269.55
Minimum annual wage committed to by applicant for qualified jobs	\$67,000.00	\$67,000.00
Minimum weekly wage required for non-qualifying jobs	\$1,135.25	\$1,135.25
Minimum annual wage required for non-qualifying jobs	\$59,033.00	\$59,033.00
Investment per Qualifying Job	\$240,347,250	\$240,347,250
Estimated M&O levy without any limit (15 years)	\$260,292,563	\$267,865,033
Estimated M&O levy with Limitation (15 years)	\$82,294,557	\$76,834,153
Estimated gross M&O tax benefit (15 years)	\$177,998,007	\$191,030,880

Table 2 is the estimated statewide economic impact of Freeport LNG Development L.P. and FLING Liquefaction 4, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2025	750	833	1,583	\$39,000,000	\$94,052,418	\$133,052,418
2026	750	872	1622	\$39,000,000	\$110,618,569	\$149,618,569
2027	750	883	1633	\$39,000,000	\$122,572,696	\$161,572,696
2028	1000	1,116	2116	\$52,000,000	\$162,820,715	\$214,820,715
2029	200	253	453	\$10,400,000	\$63,017,428	\$73,417,428
2030	10	64	74	\$605,241	\$32,618,712	\$33,223,953
2031	10	12	22	\$605,241	\$22,140,505	\$22,745,746
2032	10	(3)	7	\$605,241	\$16,637,434	\$17,242,675
2033	10	7	17	\$605,241	\$14,946,122	\$15,551,363
2034	10	30	40	\$605,241	\$15,707,794	\$16,313,035
2035	10	57	67	\$605,241	\$17,917,130	\$18,522,371
2036	10	81	91	\$605,241	\$20,572,174	\$21,177,415
2037	10	101	111	\$605,241	\$23,314,522	\$23,919,763
2038	10	117	127	\$605,241	\$26,101,539	\$26,706,780
2039	10	128	138	\$605,241	\$28,633,849	\$29,239,090
2040	10	108	118	\$605,241	\$26,971,677	\$27,576,918
2041	10	102	112	\$605,241	\$26,707,130	\$27,312,371
2042	10	96	106	\$605,241	\$26,424,876	\$27,030,117
2043	10	91	101	\$605,241	\$26,059,380	\$26,664,621
2044	10	85	95	\$605,241	\$25,690,896	\$26,296,137

Source: CPA REMI, Freeport LNG Development L.P. and FLING Liquefaction 4, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Brazosport ISD I&S Tax Levy	Brazosport ISD M&O Tax Levy	Brazosport ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Port Freeport Tax Levy	Brazosport College Levy	Velasco Drainage Distirict #2 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2153	0.9664		0.3920	0.0401	0.2979	0.0782	
2030	\$2,343,385,688	\$2,343,385,688		\$5,045,309	\$22,646,479	\$27,691,789	\$9,186,470	\$939,698	\$6,980,149	\$1,831,356	\$46,629,462
2031	\$2,261,367,225	\$2,261,367,225		\$4,868,724	\$21,853,853	\$26,722,576	\$8,864,944	\$906,808	\$6,735,844	\$1,767,258	\$44,997,431
2032	\$2,182,219,650	\$2,182,219,650		\$4,698,319	\$21,088,971	\$25,787,290	\$8,554,672	\$875,070	\$6,500,090	\$1,705,405	\$43,422,527
2033	\$2,105,842,050	\$2,105,842,050		\$4,533,878	\$20,350,858	\$24,884,736	\$8,255,259	\$844,443	\$6,272,587	\$1,645,716	\$41,902,740
2034	\$2,032,137,900	\$2,032,137,900		\$4,375,193	\$19,638,581	\$24,013,774	\$7,966,326	\$814,887	\$6,053,048	\$1,588,116	\$40,436,151
2035	\$1,961,012,625	\$1,961,012,625		\$4,222,060	\$18,951,226	\$23,173,286	\$7,687,503	\$786,366	\$5,841,190	\$1,532,531	\$39,020,876
2036	\$1,892,377,500	\$1,892,377,500		\$4,074,289	\$18,287,936	\$22,362,225	\$7,418,442	\$758,843	\$5,636,749	\$1,478,893	\$37,655,152
2037	\$1,826,144,775	\$1,826,144,775		\$3,931,690	\$17,647,863	\$21,579,553	\$7,158,798	\$732,284	\$5,439,464	\$1,427,132	\$36,337,231
2038	\$1,762,229,625	\$1,762,229,625		\$3,794,080	\$17,030,187	\$20,824,267	\$6,908,240	\$706,654	\$5,249,083	\$1,377,182	\$35,065,427
2039	\$1,700,551,125	\$1,700,551,125		\$3,661,287	\$16,434,126	\$20,095,413	\$6,666,450	\$681,921	\$5,065,364	\$1,328,981	\$33,838,127
2040	\$1,641,032,250	\$1,641,032,250		\$3,533,142	\$15,858,936	\$19,392,078	\$6,433,125	\$658,054	\$4,888,077	\$1,282,467	\$32,653,801
2041	\$1,583,595,975	\$1,583,595,975		\$3,409,482	\$15,303,872	\$18,713,354	\$6,207,965	\$635,022	\$4,716,994	\$1,237,580	\$31,510,915
2042	\$1,528,170,150	\$1,528,170,150		\$3,290,150	\$14,768,236	\$18,058,387	\$5,990,687	\$612,796	\$4,551,899	\$1,194,265	\$30,408,034
2043	\$1,474,684,575	\$1,474,684,575		\$3,174,996	\$14,251,352	\$17,426,348	\$5,781,014	\$591,349	\$4,392,584	\$1,152,466	\$29,343,760
2044	\$1,423,071,000	\$1,423,071,000		\$3,063,872	\$13,752,558	\$16,816,430	\$5,578,680	\$570,651	\$4,238,845	\$1,112,130	\$28,316,736
			Total	\$59,676,471	\$267,865,033	\$327,541,504	\$108,658,575	\$11,114,847	\$82,561,968	\$21,661,478	\$551,538,371

Source: CPA, Freeport LNG Development L.P. and FLING Liquefaction 4, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district Brazoria County, Port Freeport, Brazosport College District and Velasco Drainage District #2, 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		Brazosport ISD I&S Tax Levy	Brazosport ISD M&O Tax Levy	Brazosport ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Port Freeport Tax Levy	Brazosport College Levy	Velasco Drainage Distirict #2 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2153	0.9664		0.3920	0.0401	0.2979	0.0782	
2030	\$2,343,385,688	\$30,000,000		\$5,045,309	\$289,920	\$5,335,229	\$9,186,470	\$939,698	\$6,980,149	\$1,831,356	\$24,272,902
2031	\$2,261,367,225	\$30,000,000		\$4,868,724	\$289,920	\$5,158,644	\$8,864,944	\$906,808	\$6,735,844	\$1,767,258	\$23,433,498
2032	\$2,182,219,650	\$30,000,000		\$4,698,319	\$289,920	\$4,988,239	\$8,554,672	\$875,070	\$6,500,090	\$1,705,405	\$22,623,476
2033	\$2,105,842,050	\$30,000,000		\$4,533,878	\$289,920	\$4,823,798	\$8,255,259	\$844,443	\$6,272,587	\$1,645,716	\$21,841,802
2034	\$2,032,137,900	\$30,000,000		\$4,375,193	\$289,920	\$4,665,113	\$7,966,326	\$814,887	\$6,053,048	\$1,588,116	\$21,087,490
2035	\$1,961,012,625	\$30,000,000		\$4,222,060	\$289,920	\$4,511,980	\$7,687,503	\$786,366	\$5,841,190	\$1,532,531	\$20,359,570
2036	\$1,892,377,500	\$30,000,000		\$4,074,289	\$289,920	\$4,364,209	\$7,418,442	\$758,843	\$5,636,749	\$1,478,893	\$19,657,136
2037	\$1,826,144,775	\$30,000,000		\$3,931,690	\$289,920	\$4,221,610	\$7,158,798	\$732,284	\$5,439,464	\$1,427,132	\$18,979,288
2038	\$1,762,229,625	\$30,000,000		\$3,794,080	\$289,920	\$4,084,000	\$6,908,240	\$706,654	\$5,249,083	\$1,377,182	\$18,325,160
2039	\$1,700,551,125	\$30,000,000		\$3,661,287	\$289,920	\$3,951,207	\$6,666,450	\$681,921	\$5,065,364	\$1,328,981	\$17,693,921
2040	\$1,641,032,250	\$1,641,032,250		\$3,533,142	\$15,858,936	\$19,392,078	\$6,433,125	\$658,054	\$4,888,077	\$1,282,467	\$32,653,801
2041	\$1,583,595,975	\$1,583,595,975		\$3,409,482	\$15,303,872	\$18,713,354	\$6,207,965	\$635,022	\$4,716,994	\$1,237,580	\$31,510,915
2042	\$1,528,170,150	\$1,528,170,150		\$3,290,150	\$14,768,236	\$18,058,387	\$5,990,687	\$612,796	\$4,551,899	\$1,194,265	\$30,408,034
2043	\$1,474,684,575	\$1,474,684,575		\$3,174,996	\$14,251,352	\$17,426,348	\$5,781,014	\$591,349	\$4,392,584	\$1,152,466	\$29,343,760
2044	\$1,423,071,000	\$1,423,071,000		\$3,063,872	\$13,752,558	\$16,816,430	\$5,578,680	\$570,651	\$4,238,845	\$1,112,130	\$28,316,736
			Total	\$59,676,471	\$76,834,153	\$136,510,624	\$108,658,575	\$11,114,847	\$82,561,968	\$21,661,478	\$360,507,492
			Diff	\$0	\$191,030,880	\$191,030,880	\$0	\$0	\$0	\$0	\$191,030,880
Assumes School Value Limitation.											

Source: CPA, Freeport LNG Development L.P. and FLING Liquefaction 4, LLC
*Tax Rate per \$100 Valuation

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

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that Freeport LNG Development L.P. and FLING Liquefaction 4, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy 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	2027	\$3,925,466	\$3,925,466	\$0	\$0
	2028	\$6,535,659	\$10,461,125	\$0	\$0
	2029	\$14,419,664	\$24,880,789	\$0	\$0
Limitation Period (10 Years)	2030	\$289,920	\$25,170,709	\$22,356,559	\$22,356,559
	2031	\$289,920	\$25,460,629	\$21,563,933	\$43,920,492
	2032	\$289,920	\$25,750,549	\$20,799,051	\$64,719,543
	2033	\$289,920	\$26,040,469	\$20,060,938	\$84,780,480
	2034	\$289,920	\$26,330,389	\$19,348,661	\$104,129,141
	2035	\$289,920	\$26,620,309	\$18,661,306	\$122,790,447
	2036	\$289,920	\$26,910,229	\$17,998,016	\$140,788,463
	2037	\$289,920	\$27,200,149	\$17,357,943	\$158,146,406
	2038	\$289,920	\$27,490,069	\$16,740,267	\$174,886,673
	2039	\$289,920	\$27,779,989	\$16,144,206	\$191,030,880
Maintain Viable Presence (5 Years)	2040	\$15,858,936	\$43,638,925	\$0	\$191,030,880
	2041	\$15,303,872	\$58,942,797	\$0	\$191,030,880
	2042	\$14,768,236	\$73,711,033	\$0	\$191,030,880
	2043	\$14,251,352	\$87,962,385	\$0	\$191,030,880
	2044	\$13,752,558	\$101,714,943	\$0	\$191,030,880
Additional Years as Required by 313.026(c)(1) (10 Years)	2045	\$13,271,215	\$114,986,158	\$0	\$191,030,880
	2046	\$12,806,719	\$127,792,876	\$0	\$191,030,880
	2047	\$12,358,486	\$140,151,362	\$0	\$191,030,880
	2048	\$11,925,941	\$152,077,303	\$0	\$191,030,880
	2049	\$11,508,529	\$163,585,832	\$0	\$191,030,880
	2050	\$11,105,731	\$174,691,563	\$0	\$191,030,880
	2051	\$10,717,028	\$185,408,591	\$0	\$191,030,880
	2052	\$10,341,932	\$195,750,523	\$0	\$191,030,880
	2053	\$9,979,961	\$205,730,484	\$0	\$191,030,880
	2054	\$9,630,663	\$215,361,147	\$0	\$191,030,880
		\$215,361,147	is greater than	\$191,030,880	
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, Freeport LNG Development L.P. and FLING Liquefaction 4, LLC

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.