

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



December 4, 2009

Dr. Greg Poole
Superintendent
Barbers Hill Independent School District
P.O. Box 1108
Mont Belvieu, Texas 77580

Dear Superintendent Poole:

On Nov. 4, 2009, the agency received the completed application for a limitation on appraised value originally submitted to the Barbers Hill Independent School District (Barbers Hill ISD) by Enterprise Products Operating LLC (Enterprise) in September 2009, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding Enterprise's application as required by Section 313.025(d), using the criteria set out by Section 313.026. Our review assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Filing an application containing false information is a criminal offense under Texas Penal Code Chapter 37.

According to the provisions of Chapter 313, Barbers Hill ISD is currently classified as a rural school district in Category 1. The applicant properly applied under the provisions of Subchapter C, as applicable to rural school districts, and the amount of proposed qualified investment (\$245.3 million) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

Enterprise is proposing the construction of a manufacturing facility in Chambers County. Enterprise is an active franchise taxpayer, as required by Tax Code Section 313.024(a), and is in good standing. After reviewing the application using the criteria listed in Section 313.026, and the information provided by Enterprise, the Comptroller's recommendation is that Enterprise's application under Tax Code Chapter 313 be approved.

Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. Chapter 313 places the responsibility to verify that all requirements of the statute have been fulfilled on the school district. Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

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The Comptroller's recommendation is based on the final, completed application that has been submitted to this office, and may not be used to support an approval if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. This recommendation is contingent on the district approving and executing a limitation agreement within a year from the date of this letter, and is valid only for a qualifying time period that begins in accordance with the approved application and a conforming limitation agreement. As required by Comptroller Rule 9.1055 (34 T.A.C. 9.1055), the signed limitation agreement must be forwarded to our office as soon as possible after execution. During the 81st Legislative Session, House Bill 3676 made a number of changes to the chapter. Please visit our Web site at www.window.state.tx.us/taxinfo/proptax/hb1200 to find an outline of the program and links to applicable rules and forms.

Should you have any questions, please contact Robert Wood, director of Local Government Assistance and Economic Development, by e-mail at robert.wood@cpa.state.tx.us or by phone at (800) 531-5441, ext. 3-3973, or direct in Austin at (512) 463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Economic Impact for Chapter 313 Project

Applicant	Enterprise Products
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Barbers Hill Independent School District
2007-08 Enrollment in School District	3,701
County	Chambers
Total Investment in District	\$300,484,040
Qualified Investment	\$245,300,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	4
Number of qualifying jobs committed to by applicant	4
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,644.00
Minimum Weekly Wage Required Tax Code, 313.025(A)	\$927.00
Minimum Annual Wage committed to by applicant for qualified jobs	\$85,500
Investment per Qualifying Job	\$75,121,010
Estimated 15 year M&O levy without any limit or credit:	\$27,946,734
Estimated 15 year M&O tax benefit/levy loss	\$16,288,441
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for yet-to-be negotiated supplemental payments or extraordinary educational expenses):	\$15,515,286
Tax Credits Paid (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$2,279,937
Net Tax Paid After Limitation, Credits and Revenue Protection:	\$12,431,448
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	55.5%
Percentage of tax benefit due to the limitation	86.0%
Percentage of tax benefit due to the credit.	14.0%

This presents the Comptroller's economic impact evaluation of Enterprise Products (the project) applying to Barbers Hill Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the 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 with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create four new jobs when fully operational. All four jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council of Governments Region, where Chambers County is located was \$43,805 in 2007. The annual average manufacturing wage for 2008 for Chambers County is \$72,631. That same year, the county annual average wage for all industries was \$47,658. In addition to an annual average salary of \$85,500 each qualifying position will receive benefits such as health insurance, 401(k) and paid leave. The project's total investment is \$300.5 million, resulting in a relative level of investment per qualifying job of \$75.1 million.

Ability of applicant to locate to another state and [313.026(9)]

According to Enterprise's application, "Enterprise owns 100% interest in the Norco NGL fractionator and the Hobbs NGL fractionator. Given the existing pipeline infrastructure, we can build this plant at either facility." The application also states "the new fractionator would qualify for a similar 10 year tax abatement that the State of Louisiana granted to Norco."

Number of new facilities in region [313.026(12)]

During the past two years, six projects in the Houston-Galveston Area Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Enterprise project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts Enterprise's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Enterprise

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2009	500	796	1,296	\$26,000,000	\$56,000,000	\$82,000,000
2010	500	850	1,350	\$26,000,000	\$64,000,000	\$90,000,000
2011	500	866	1,366	\$26,000,000	\$72,000,000	\$98,000,000
2012	4	145	149	\$342,000	\$19,658,000	\$20,000,000
2013	4	94	98	\$342,000	\$14,658,000	\$15,000,000
2014	4	59	63	\$342,000	\$10,658,000	\$11,000,000
2015	4	43	47	\$342,000	\$8,658,000	\$9,000,000
2016	4	38	42	\$342,000	\$7,658,000	\$8,000,000
2017	4	39	43	\$342,000	\$6,658,000	\$7,000,000
2018	4	47	51	\$342,000	\$6,658,000	\$7,000,000
2019	4	53	57	\$342,000	\$6,658,000	\$7,000,000
2020	4	40	44	\$342,000	\$5,658,000	\$6,000,000
2021	4	46	50	\$342,000	\$6,658,000	\$7,000,000
2022	4	44	48	\$342,000	\$6,658,000	\$7,000,000
2023	4	45	49	\$342,000	\$7,658,000	\$8,000,000
2024	4	46	50	\$342,000	\$7,658,000	\$8,000,000

Source: CPA, REMI, Enterprise

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2008. Barbers Hill ISD's ad valorem tax base in 2008 was \$3.2 billion. The statewide average wealth per WADA was estimated at \$352,755 for fiscal 2009-2010. During that same year, Barbers Hill ISD's estimated wealth per WADA was \$ 731,092. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Chambers County, and Mont Belvieu with all property tax incentives sought being granted using estimated market value from Enterprise's application. Enterprise has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the county and city. Table 3 illustrates the estimated tax impact of the Enterprise project on the region if all taxes are assessed.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Barbers Hill ISD I&S Levy	Barbers Hill ISD M&O Levy	Barbers Hill ISD M&O and I&S Tax Levies (Before Credit Credited)	Barbers Hill ISD M&O and I&S Tax Levies (After Credit Credited)	Chambers County	Mont Belvieu	School, City & County Property Taxes
2009	\$0	\$0		0.2698	1.0601			0.4518	0.3927	
2010	\$55,184,040	\$55,184,040		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2011	\$219,884,040	\$219,884,040		\$148,887	\$585,006	\$733,893	\$733,893	\$0	\$0	\$733,893
2012	\$214,394,040	\$214,394,040		\$593,247	\$2,330,991	\$2,924,238	\$2,924,238	\$0	\$0	\$2,924,238
2013	\$214,394,040	\$30,000,000		\$578,435	\$318,030	\$896,465	\$896,465	\$726,458	\$101,653	\$1,724,576
2014	\$208,904,040	\$30,000,000		\$563,623	\$318,030	\$881,653	\$555,948	\$566,285	\$81,322	\$1,203,555
2015	\$203,414,040	\$30,000,000		\$548,811	\$318,030	\$866,841	\$541,136	\$459,502	\$67,769	\$1,068,406
2016	\$197,924,040	\$30,000,000		\$533,999	\$318,030	\$852,029	\$526,324	\$447,101	\$67,769	\$1,041,193
2017	\$192,434,040	\$30,000,000		\$519,187	\$318,030	\$837,217	\$511,512	\$434,699	\$67,769	\$1,013,979
2018	\$186,944,040	\$30,000,000		\$504,375	\$318,030	\$822,405	\$496,700	\$844,594	\$135,537	\$1,476,831
2019	\$181,454,040	\$30,000,000		\$489,563	\$318,030	\$807,593	\$481,888	\$819,791	\$135,537	\$1,437,216
2020	\$175,964,040	\$30,000,000		\$474,751	\$318,030	\$792,781	\$467,076	\$794,988	\$690,923	\$1,952,986
2021	\$170,474,040	\$170,474,040		\$459,939	\$1,807,195	\$2,267,134	\$2,267,134	\$770,185	\$669,366	\$3,706,685
2022	\$164,984,040	\$164,984,040		\$445,127	\$1,748,996	\$2,194,123	\$2,194,123	\$745,381	\$647,810	\$3,587,314
2023	\$159,494,040	\$159,494,040		\$430,315	\$1,690,796	\$2,121,111	\$2,121,111	\$720,578	\$626,253	\$3,467,943
2024	\$154,004,040	\$154,004,040		\$415,503	\$1,632,597	\$2,048,100	\$2,048,100	\$695,775	\$604,697	\$3,348,571
	\$150,779,040	\$150,779,040		\$406,802	\$1,598,409	\$2,005,210	\$2,005,210	\$681,205	\$592,034	\$3,278,449
						Total	\$18,770,857	\$8,706,541	\$4,488,438	\$31,965,835

Assumes School Value Limitation and city and county abatement

Source: CPA, Enterprise

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Barbers Hill ISD I&S Levy	Barbers Hill ISD M&O Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County	Mont Belvieu	School, City & County Property Taxes	
2009	\$0	\$0		0.2698	1.0601		0.4518	0.3927		
2010	\$55,184,040	\$55,184,040		\$0	\$0	\$0	\$0	\$0	\$0	
2011	\$219,884,040	\$219,884,040		\$148,887	\$585,006	\$733,893	\$249,316	\$216,680	\$1,199,889	
2012	\$214,394,040	\$214,394,040		\$593,247	\$2,330,991	\$2,924,238	\$993,414	\$863,375	\$4,781,027	
2013	\$214,394,040	\$30,000,000		\$578,435	\$2,272,791	\$2,851,226	\$968,611	\$841,818	\$4,661,655	
2014	\$208,904,040	\$30,000,000		\$563,623	\$2,214,592	\$2,778,215	\$943,808	\$820,262	\$4,542,284	
2015	\$203,414,040	\$30,000,000		\$548,811	\$2,156,392	\$2,705,203	\$919,004	\$798,705	\$4,422,913	
2016	\$197,924,040	\$30,000,000		\$533,999	\$2,098,193	\$2,632,192	\$894,201	\$777,149	\$4,303,542	
2017	\$192,434,040	\$30,000,000		\$519,187	\$2,039,993	\$2,559,180	\$869,398	\$755,592	\$4,184,170	
2018	\$186,944,040	\$30,000,000		\$504,375	\$1,981,794	\$2,486,169	\$844,594	\$734,036	\$4,064,799	
2019	\$181,454,040	\$30,000,000		\$489,563	\$1,923,594	\$2,413,157	\$819,791	\$712,479	\$3,945,428	
2020	\$175,964,040	\$30,000,000		\$474,751	\$1,865,395	\$2,340,146	\$794,988	\$690,923	\$3,826,057	
2021	\$170,474,040	\$170,474,040		\$459,939	\$1,807,195	\$2,267,134	\$770,185	\$669,366	\$3,706,685	
2022	\$164,984,040	\$164,984,040		\$445,127	\$1,748,996	\$2,194,123	\$745,381	\$647,810	\$3,587,314	
2023	\$159,494,040	\$159,494,040		\$430,315	\$1,690,796	\$2,121,111	\$720,578	\$626,253	\$3,467,943	
2024	\$154,004,040	\$154,004,040		\$415,503	\$1,632,597	\$2,048,100	\$695,775	\$604,697	\$3,348,571	
	\$150,779,040	\$150,779,040		\$406,802	\$1,598,409	\$2,005,210	\$681,205	\$592,034	\$3,278,449	
						Total	\$35,059,297	\$11,910,249	\$10,351,179	\$57,320,725

Source: CPA, Enterprise

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, and C provided by the applicant in the application. Schedule A shows proposed investment and tax expenditures. Schedule B is the projected market value of the qualified property and Schedule C contains employment information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$27,946,734. The estimated gross 15 year M&O tax benefit, or levy loss, is \$16,288,441.

Attachment 3 is an economic overview of Chambers County.

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.

Attachments

1. Schedules provided by applicant in application
2. School finance and tax benefit provided by district
3. Economic Overview

Attachment 1

SCHEDULE A-3676 (Temporary - July 2009): INVESTMENT & TAXES

PROPERTY INVESTMENT AMOUNTS (\$)										TAX INFORMATION		
(Estimated Investment in each year. Do not put cumulative totals.)										Column F:	Column G:	Column H: Estimate
Year	Column A: Tangible Personal Property: the amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B - Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Column I: Total Investment (A+B+D)	Column J: Total Investment (A+B+D)		
2009	\$54,900,000.00			\$284,040.00	\$55,184,040.00							
2010	\$245,300,000.00	\$0.00	\$245,300,000.00	\$0.00	\$245,300,000.00	\$600,000.00	\$500,000.00	\$74,480,000.00	\$600,000.00	\$21,000,000.00		
2011												
2012												
2013												
2014												
2015												
2016												
2017												
2018												
2019												
2020												
2021												
2022												
2023												
2024												

Qualifying Time Period usually begins with the approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment, as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals. For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property. Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E). For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value. The most significant example for many projects would be land. Other examples may be items such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

* For planning, construction and operation of the facility.

Note: Information related to taxes in Columns F through H, for the year preceding the first complete year of the qualifying time period, need not be broken out by the time periods used for the requested investment information in Columns A through E. Note: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

SCHEDULE B-3676 (Temporary - July 2009): ESTIMATED MARKET AND TAXABLE VALUE

All figures here are to be cumulative

	Year	Qualified Property				Reductions from market value (exemptions, etc)			Estimated Taxable Value	
		Column A: Estimated Market Value of Land	Column B: Estimated Total Market Value of new buildings or other new improvements	Column C: Estimated Total Market Value of tangible personal property in the new building or "in or improvement"	D: Due to pollution control property (estimated or actual as appropriate)	E: Due to other exemptions	F: Estimated total taxable value for I&S: (A+B+C)-(D+E)	G: Estimated total taxable value for M&O: (Column F amount with the limitation value in years 3-10)		
	pre-year 1	0	0	0	0	0	0	0	0	0
	1	284040	0	54900000	0	0	55184040	0	55184040	0
	2	284040	0	245300000	25700000	0	219884040	0	219884040	0
	3	284040	0	239167500	25057500	0	214394040	0	214394040	0
	4	284040	0	233035000	24415000	0	208904040	0	208904040	0
	5	284040	0	226902500	23772500	0	203414040	0	203414040	0
	6	284040	0	220770000	23130000	0	197924040	0	197924040	0
	7	284040	0	214637500	22487500	0	192434040	0	192434040	0
	8	284040	0	208505000	21845000	0	186944040	0	186944040	0
	9	284040	0	202372500	21202500	0	181454040	0	181454040	0
	10	284040	0	196240000	20560000	0	175964040	0	175964040	0
	11	284040	0	190107500	19917500	0	170474040	0	170474040	0
	12	284040	0	183975000	19275000	0	164984040	0	164984040	0
	13	284040	0	177842500	18632500	0	159494040	0	159494040	0
	14	284040	0	171710000	17990000	0	154004040	0	154004040	0
	15	284040	0	167842500	17347500	0	150779040	0	150779040	0
Tax Credit Period (with 50% cap on credit)										
	Complete tax years of qualifying time period									
	Value Limitation Period									
Credit Settle-Up Period	Continue to Maintain Viable Presence									
Post-Settle-Up Period										

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

SCHEDULE C-3676 (Temporary - July 2009): EMPLOYMENT INFORMATION

	Year	Tax Year (fill in actual tax year)	Existing Jobs		Construction		Permanent New Jobs		Qualifying Jobs	
			Column A: Number of permanent existing full time jobs prior to application	Column B: Number of Construction FTE's or man- hours (specify)	Column C: Average annual wage rates for construction workers	Column D: Total number of permanent full- time new jobs applicant commits to create	Column E: Average annual wage rate for all permanent new jobs for each year	Column F: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3)	Column G: Avg. annual wage of qualifying jobs	
	pre- year 1	2009	0	500 FTE	\$25 an hour					
	1	2010	0	500 FTE	\$25 an hour					
	2	2011	0	500 FTE	\$25 an hour					
	3	2012	0			4*		\$85,500.00	4*	4*
	4	2013	0			4*		\$85,500.00	4*	4*
	5	2014	0			4*		\$85,500.00	4*	4*
	6	2015	0			4*		\$85,500.00	4*	4*
	7	2016	0			4*		\$85,500.00	4*	4*
	8	2017	0			4*		\$85,500.00	4*	4*
	9	2018	0			4*		\$85,500.00	4*	4*
	10	2019	0			4*		\$85,500.00	4*	4*
	11	2020	0			4*		\$85,500.00	4*	4*
	12	2021	0			4*		\$85,500.00	4*	4*
	13	2022	0			4*		\$85,500.00	4*	4*
	14	2023	0			4*		\$85,500.00	4*	4*
	15	2024	0			4*		\$85,500.00	4*	4*
Complete tax years of qualifying time period										
Value Limitation Period										
Tax Credit Period (with 50% cap on credit)										
Credit Settle-Up Period										
Post- Settle-Up Period										
Post- Settle-Up Period										

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

Note: Section 313.024(d) Tax Code requires that, to be eligible for a limitation, 80 percent of all new jobs must be qualifying jobs.

Attachment 2



TEXAS EDUCATION AGENCY

1701 North Congress Ave. ★ Austin, Texas 78701-1494 ★ 512/463-9734 ★ FAX: 512/463-9838 ★ <http://www.tea.state.tx.us>

Robert Scott
Commissioner

December 3, 2009

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Enterprise Products Operating, LLC, project for the Barbers Hill Independent School District (BHISD). Projections prepared by our Forecasting and Fiscal Analysis Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions are valid and their estimates of the impact of the Enterprise Products Operating, LLC, project on BHISD are correct.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink that reads "Helen Daniels". The signature is written in a cursive, flowing style.

Helen Daniels
Director of State Funding

HD/hd



TEXAS EDUCATION AGENCY

1701 North Congress Ave. ★ Austin, Texas 78701-1494 ★ 512/463-9734 ★ FAX: 512/463-9838 ★ <http://www.tea.state.tx.us>

Robert Scott
Commissioner

December 3, 2009

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Enterprise Products Operating, LLC, project on the number and size of school facilities in Barbers Hill Independent School District (BHISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and conversations with the BHISD superintendent, Dr. Greg Poole, the TEA has found that the Enterprise Products Operating, LLC, project would not have a significant impact on the number or size of school facilities in BHISD.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink that reads "Helen Daniels". The signature is written in a cursive, flowing style.

Helen Daniels
Director of State Funding

HD/hd

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED
ENTERPRISE PRODUCTS OPERATING LLC PROJECT ON THE
FINANCES OF THE BARBERS HILL INDEPENDENT SCHOOL
DISTRICT UNDER A REQUESTED CHAPTER 313 PROPERTY
VALUE LIMITATION**

November 6, 2009

Final Report (Revised)

PREPARED BY



Estimated Impact of the Proposed Enterprise Products Operating LLC Project on the Finances of the Barbers Hill Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Enterprise Products Operating, LLC (Enterprise) has requested that the Barbers Hill Independent School District (BHISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a new natural gas liquids (NGL) fractionator, which is designed to produce a number of industrial gases and products, including ethane, propane, normal butane, iso-butane and natural gasoline. An application was submitted to BHISD on August 18, 2009. Enterprise proposes to invest \$257 million to construct the new NGL industrial gas manufacturing project in BHISD. The revisions made in this report reflect modifications to the investment schedule in the initial year of the project and those years near the end of the 15-year period of the analysis. These changes resulted in no differences in the school finance results or tax savings presented in the earlier report.

The Enterprise 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, the original language in Chapter 313 of the Tax Code made companies engaged in manufacturing, research and development, and renewable electric energy production eligible 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. The proposed Enterprise facility will be engaged in industrial gas manufacturing, which makes the project eligible for a property value limitation.

School Finance Mechanics

Under the provisions of Chapter 313, BHISD may offer a minimum value limitation of \$30 million. Based on the revised application, the qualifying time period would begin with the 2010-11 school year. The full taxable value of the investment is expected to reach \$219.9 million in 2012-13, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

The provisions of Chapter 313 call for the project to be fully taxable in the 2010-11 and 2011-12 school years, unless the District and the Company agree to an extension of the start of the qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2010-11 and 2011-12 school years. Beginning in 2012-13, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations taxes. The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with BHISD currently levying a \$0.2698 I&S tax rate.

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct their property value study and

now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation periods (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

For the school finance system that operated prior to the approval of House Bill 1 (HB 1) in the 2006 special session, the third year was typically problematical for a school district that approved a Chapter 313 value limitation. Based on the data provided in the application, Enterprise indicates that \$219.9 million in taxable value would be in place in the third year under the agreement. In year three (2012-13) of the agreement, the project is expected to go on the tax roll at \$30 million or, if applicable, a higher value limitation amount approved by the BHISD Board of Trustees. This difference would result in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant in the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

HB 1 established a "target" revenue system per student that has the effect of largely neutralizing the third-year revenue losses associated with Chapter 313 property value limitations, at least up to a district's compressed M&O tax rate. The additional four to six cents of tax effort that a district may levy are subject to an enriched level of equalization (or no recapture in the case of Chapter 41 school district, which is the case for BHISD) and operate more like the pre-HB 1 system. A value limitation must be analyzed for any potential revenue loss associated with this component of the M&O tax levy. For tax effort in excess of the compressed plus six cents rate, equalization and recapture occur at the level of \$319,500 per weighted student in average daily attendance (WADA).

Under HB 3646—the school finance system changes approved by the Legislature in 2009—the starting point is the target revenue provisions from HB 1, that are then expanded through the addition of a series of school funding provisions that had operated previously outside the basic allotment and the traditional formula structure, as well as an additional \$120 per WADA guarantee. In the case of BHISD, the District has benefited from the target revenue system relative to other school districts, with its current new HB 3646 target amount of \$7,026 per WADA well above the state average.

School districts do have the potential to earn revenue above the \$120 per WADA level under HB 3646, up to a maximum of \$350 per WADA above current law. Initial estimates indicate that about 700 school districts are funded at the minimum \$120 per WADA level, while approximately 300 school districts are expected to generate higher revenue amounts per WADA. This is significant because changes in property values and related tax collections under a Chapter 313 agreement once again have the potential to affect a school district's base revenue, although probably not to the degree experienced prior to the HB 1 target revenue system. Given its relatively high target revenue per WADA, BHISD is expected to remain a "hold-harmless" district under the new funding formulas, which would leave it capped at a \$120 per WADA funding increase.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the

Enterprise project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f) (1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The approach used here is to use the enrollment information based on a recent demographic study prepared for BHISD and a modest annual growth rate of three percent for property values. These estimates are used in both the baseline and value limitation models discussed below, which permits isolating the effects of the value limitation under the school finance system. While the new target revenue system appears to limit the impact of property value changes for a majority of school districts, changes in underlying property value growth have the potential to influence the revenue stream of a number of school districts.

Student enrollment counts begin at 4,193 students in average daily attendance (ADA) for the 2010-11 school year and the increases from the demographic study are incorporated through 2019-20, with the out-years based on the trends reflected in the demographic study. BHISD is one of the few districts in its immediate area that is growing in enrollment.

The District's local tax base totaled \$2.9 billion for the 2009 tax year. While the district's tax base has experienced increases in recent years, the fact that about 70 percent is made up of industrial real and personal property makes its underlying tax base subject to changes in economic conditions, with BHISD seeing a decrease in taxable value of nearly \$400 million for the 2009 tax year. Based on discussions with the District's staff, it was decided to use a three percent annual growth rate in property values for the forecast period, since the variations like that experienced in 2009 cannot be predicted with any accuracy. BHISD is a property-wealthy district, with state wealth per weighted student in ADA (WADA) projected to be approximately \$616,380 for the 2010-11 school year. The assumptions for the 2010-11 and later school years are summarized in Table 1.

School Finance Impact

A baseline model was prepared for BHISD under the assumptions outlined above through the 2024-25 school year. Beyond the 2010-11 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a second model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed Enterprise facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A third model is developed which adds the Enterprise value but imposes the proposed property value limitation effective in the third year, which in this case is the 2012-13 school year. The results of this model are identified as "Value Limitation Revenue Model" under the revenue protection provisions of the proposed agreement (see Table 3). An M&O tax rate of \$1.0601 is used throughout this analysis. Voters approved a two-cent increase in the M&O tax rate for the 2008-09 school year, with all of the six cents above the compressed tax rate not subject to recapture. (A small amount of recapture appears in some of the estimates below for calculated tax effort that exceed the six cents and is subject to recapture at \$319,500 per WADA for these incremental amounts.)

A summary of the differences between these models is shown in Table 4. The model results show net General Fund annual revenue of approximately \$36.5 million in 2010-11, after recapture and other adjustments have been made. This amount increases as enrollment grows over the forecast period. These amounts do not include miscellaneous General Fund revenue such as interest income and gate receipts that appear in the budgets of nearly every school district.

Under these assumptions, BHISD would experience a revenue loss as a result of the implementation of the value limitation in the 2012-13 school year (-\$107,921). The revenue reduction results primarily from the mechanics of six cents not subject to recapture, since M&O tax collections would have been greater if the project had been built and the value limit not granted. It appears that similar differences persist between the two models over the course of the agreement.

One change that has been incorporated into these models is a more precise estimate of the deduction from the property value study conducted by the Comptroller's Office. At the school district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect.

Under the property value study conducted by the Comptroller's Office, a single deduction amount is calculated for a property value limitation and the same value is assigned for the M&O and I&S calculations under the school funding formulas. This methodology has been incorporated into these estimates and a typical result is an increase in the hold-harmless formula amounts owed to the school district by the company that receives the value limitation. The extent to which this affects a school district's finances appears to be influenced by the scale of the value limitation reduction relative to the district's underlying tax base, as well as its I&S tax rate.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.0601 per \$100 of taxable value M&O rate is assumed in 2010-11 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$14.0 million over the life of the agreement. In addition, Enterprise would be eligible for a tax credit for taxes paid on value in excess of the value limitation in each of the first two years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$2.3 million over the life of the agreement, with no

unpaid tax credits anticipated, with the school district to be reimbursed by the state for the tax credit payments. The key BHISD revenue losses are associated with the additional six-cent levy not subject to recapture and expected to total approximately -\$773,155 over the course of the agreement. The total potential net tax benefits are estimated to reach \$15.5 million over the life of the agreement.

Facilities Funding Impact

The Enterprise project remains fully taxable for debt services taxes, with BHISD currently levying a \$0.2698 I&S rate. Full access to the additional Enterprise value will add to the District's projected tax base for I&S purposes. The additional value is expected to help reduce the District's current I&S tax rate to \$0.2632 per \$100 in 2011-12. This analysis assumes that this reduction will remain at less than one cent of the I&S rate under the current projections, as the taxable value for the project depreciates over time.

The Enterprise project is not expected to affect BHISD in terms of enrollment. While a substantial construction workforce is expected during the construction phase of the project, the observation of similar projects suggests that a number of workers commute to job sites and do not move their families to the area where construction is underway. Permanent employment is not expected to exceed eight qualified jobs once the new facility is in operation.

New investment in the form of the NGL project should help stabilize the economic base in the area, even if the additional employment does not add many students to the District's current enrollment. BHISD has experienced modest enrollment increases in recent years, which are expected to continue based on its recent demographic study.

Conclusion

The proposed Enterprise industrial gas manufacturing project enhances the tax base of BHISD. It reflects continued capital investment in the District and the state as a whole, one of the goals of Chapter 313 of the Tax Code, also known as the Texas Economic Development Act.

Under the assumptions outlined above, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$15.5 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District. The additional taxable value also enhances the tax base of BHISD in meeting its future debt service obligations.

Table 1 – Base District Information with Enterprise Products Operating LLC Project Value and Limitation Values

School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTAD with Project	CPTAD With Limitation	CPTAD Value with Project per WADA	CPTAD Value with Limitation per WADA
2010-11	4,193.00	4,333.18	\$1.0601	\$0.2698	\$3,015,900,006	\$3,015,900,006	\$2,979,046,771	\$2,979,046,771	\$616,380	\$616,380
2011-12	4,279.00	4,922.13	\$1.0601	\$0.2492	\$3,269,421,485	\$3,269,421,485	\$3,123,602,215	\$3,123,602,215	\$634,604	\$634,604
2012-13	4,382.00	5,028.34	\$1.0601	\$0.2428	\$3,355,417,608	\$3,171,023,563	\$3,380,354,760	\$3,380,354,760	\$672,260	\$672,260
2013-14	4,493.00	5,142.17	\$1.0601	\$0.2365	\$3,444,158,315	\$3,265,254,275	\$3,469,678,881	\$3,319,647,320	\$674,750	\$645,573
2014-15	4,595.00	5,243.04	\$1.0601	\$0.2305	\$3,535,725,943	\$3,362,311,903	\$3,561,847,427	\$3,415,575,505	\$678,959	\$651,077
2015-16	4,768.00	5,421.99	\$1.0601	\$0.2244	\$3,630,205,300	\$3,462,281,260	\$3,656,945,728	\$3,514,503,280	\$674,465	\$648,194
2016-17	4,874.00	5,524.44	\$1.0601	\$0.2185	\$3,727,689,788	\$3,665,249,698	\$3,755,061,679	\$3,616,473,688	\$679,718	\$654,632
2017-18	4,945.00	5,598.78	\$1.0601	\$0.2130	\$3,828,251,229	\$3,671,307,189	\$3,856,285,808	\$3,721,610,127	\$688,772	\$664,718
2018-19	5,000.00	5,653.52	\$1.0601	\$0.2072	\$3,932,000,445	\$3,780,546,405	\$3,960,741,361	\$3,830,025,337	\$700,575	\$677,459
2019-20	5,083.00	5,736.42	\$1.0601	\$0.2020	\$4,039,026,837	\$3,893,062,797	\$4,068,434,381	\$3,941,742,652	\$709,229	\$687,143
2020-21	5,167.33	5,819.40	\$1.0601	\$0.1965	\$4,149,428,721	\$4,149,428,721	\$4,179,553,791	\$4,056,951,399	\$718,210	\$697,142
2021-22	5,253.16	5,916.01	\$1.0601	\$0.1915	\$4,263,307,361	\$4,263,307,361	\$4,294,171,484	\$4,294,171,484	\$725,857	\$725,857
2022-23	5,340.36	6,014.21	\$1.0601	\$0.1865	\$4,380,767,061	\$4,380,767,061	\$4,412,392,407	\$4,412,392,407	\$733,661	\$733,661
2023-24	5,429.01	6,114.05	\$1.0601	\$0.1815	\$4,501,915,251	\$4,501,915,251	\$4,534,324,658	\$4,534,324,658	\$741,624	\$741,624
2024-25	5,519.13	6,215.54	\$1.0601	\$0.1765	\$4,629,127,588	\$4,629,127,588	\$4,660,079,576	\$4,660,079,576	\$749,746	\$749,746

*Tier II Yield: \$48.19; AISD Yield: \$59.97; Equalized Wealth: \$481,900 per WADA

Table 2 – “Baseline Revenue Model” – Project Value Added with No Value Limitation

School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
2010-11	\$29,963,604	\$593,508	\$6,735,901	\$0	\$2,664,645	\$1,799,224	\$0	-\$550	\$38,477,041
2011-12	\$32,435,021	\$1,312,540	\$6,075,692	\$0	-\$4,508,894	\$1,947,626	\$0	-\$650	\$37,261,336
2012-13	\$33,272,391	\$1,336,620	\$7,622,556	\$0	-\$6,158,148	\$1,997,907	\$0	-\$717	\$38,070,609
2013-14	\$34,136,494	\$1,365,460	\$7,796,043	\$0	-\$6,411,111	\$2,049,794	\$0	-\$740	\$38,935,940
2014-15	\$35,028,123	\$1,711,050	\$7,964,905	\$0	-\$7,074,854	\$2,103,334	\$0	-\$776	\$39,731,780
2015-16	\$35,948,123	\$1,425,100	\$8,241,921	\$0	-\$6,728,494	\$2,158,577	\$0	-\$779	\$41,044,448
2016-17	\$36,897,331	\$1,807,300	\$8,421,908	\$0	-\$7,507,111	\$2,215,574	\$0	-\$819	\$41,833,516
2017-18	\$37,876,611	\$1,502,380	\$8,523,165	\$0	-\$7,752,101	\$2,274,377	\$0	-\$843	\$42,423,589
2018-19	\$38,886,904	\$1,869,250	\$8,618,896	\$0	-\$8,833,833	\$2,335,042	\$0	-\$894	\$42,875,365
2019-20	\$39,929,089	\$1,538,500	\$8,723,912	\$0	-\$9,057,819	\$2,397,622	\$0	-\$918	\$43,530,387
2020-21	\$41,004,176	\$1,917,550	\$8,867,916	\$0	-\$10,062,910	\$2,462,178	\$0	-\$968	\$44,187,942
2021-22	\$42,113,103	\$1,585,366	\$9,000,888	\$0	-\$10,282,257	\$2,528,765	\$0	-\$992	\$44,944,872
2022-23	\$43,256,915	\$1,977,105	\$9,170,785	\$0	-\$11,285,883	\$2,597,448	\$0	-\$1,044	\$45,715,327
2023-24	\$44,436,660	\$1,633,800	\$9,307,866	\$0	-\$11,545,928	\$2,668,288	\$0	-\$1,070	\$46,499,616
2024-25	\$45,675,501	\$2,038,653	\$9,466,966	\$0	-\$12,623,403	\$2,742,677	\$0	-\$1,125	\$47,299,268

Table 3-- "Value Limitation Revenue Model"--Project Value Added with Value Limit

School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
2010-11	\$29,969,604	\$593,508	\$6,785,901	\$0	-\$2,684,645	\$1,799,224	\$0	-\$550	\$35,477,041
2011-12	\$32,435,021	\$1,312,540	\$6,075,692	\$0	-\$4,508,894	\$1,947,626	\$0	-\$650	\$37,261,336
2012-13	\$31,474,459	\$1,336,620	\$9,058,845	\$0	-\$5,793,505	\$1,889,947	\$0	-\$678	\$37,932,688
2013-14	\$32,392,092	\$1,365,460	\$8,056,185	\$0	-\$4,926,852	\$1,945,048	\$0	-\$664	\$38,831,269
2014-15	\$33,337,251	\$1,711,050	\$3,206,111	\$0	-\$5,625,190	\$2,001,802	\$0	-\$702	\$39,630,823
2015-16	\$34,310,782	\$1,425,100	\$8,472,736	\$0	-\$5,321,967	\$2,060,259	\$0	-\$707	\$40,946,203
2016-17	\$35,913,520	\$1,807,300	\$3,634,723	\$0	-\$6,136,786	\$2,420,471	\$0	-\$750	\$41,733,482
2017-18	\$36,346,330	\$1,502,380	\$8,722,144	\$0	-\$6,420,798	\$2,182,488	\$0	-\$775	\$42,331,768
2018-19	\$37,410,153	\$1,869,250	\$3,600,436	\$0	-\$7,538,672	\$2,246,367	\$0	-\$829	\$42,786,756
2019-20	\$38,505,869	\$1,538,500	\$8,893,050	\$0	-\$7,803,736	\$2,312,162	\$0	-\$855	\$43,444,990
2020-21	\$41,004,176	\$1,917,550	\$7,981,730	\$0	-\$9,176,723	\$2,462,176	\$0	-\$938	\$44,187,972
2021-22	\$42,113,103	\$1,585,366	\$9,000,888	\$0	-\$10,282,257	\$2,528,765	\$0	-\$992	\$44,944,872
2022-23	\$43,256,915	\$1,977,105	\$3,170,785	\$0	-\$11,285,683	\$2,597,448	\$0	-\$1,044	\$45,715,827
2023-24	\$44,436,660	\$1,633,800	\$9,307,866	\$0	-\$11,545,928	\$2,668,288	\$0	-\$1,070	\$46,499,616
2024-25	\$45,675,501	\$2,038,653	\$9,466,966	\$0	-\$12,623,403	\$2,742,677	\$0	-\$1,125	\$47,299,268

Table 4 - Value Limit less Project Value with No Limit

School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
2010-11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2011-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2012-13	-\$1,797,932	\$0	\$1,436,289	\$0	-\$361,643	\$107,960	\$0	-\$39	-\$107,921
2013-14	-\$1,744,402	\$0	\$260,142	\$0	\$1,484,259	-\$104,746	\$0	\$76	-\$104,670
2014-15	-\$1,690,871	\$0	\$241,207	\$0	\$1,449,665	-\$101,632	\$0	\$74	-\$101,458
2015-16	-\$1,637,341	\$0	\$230,815	\$0	\$1,406,527	-\$98,317	\$0	\$72	-\$98,246
2016-17	-\$1,583,811	\$0	\$212,620	\$0	\$1,370,991	-\$95,103	\$0	\$70	-\$95,033
2017-18	-\$1,530,281	\$0	\$198,978	\$0	\$1,331,303	-\$91,889	\$0	\$68	-\$91,821
2018-19	-\$1,476,751	\$0	\$181,590	\$0	\$1,295,161	-\$88,674	\$0	\$66	-\$88,609
2019-20	-\$1,423,221	\$0	\$169,137	\$0	\$1,254,083	-\$85,460	\$0	\$63	-\$85,397
2020-21	\$0	\$0	-\$886,187	\$0	-\$886,187	\$0	\$0	\$30	\$30
2021-22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022-23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023-24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024-25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial Impact of the Enterprise Products Operating LLC Project Property Value Limitation Request Submitted to BHISD at \$1.0601 M&O Tax Rate

School Year	Project Value	Estimated Taxable Value	Value Savings	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
2010-11	\$55,184,040	\$55,184,040	\$0	\$585,006	\$585,006	\$0	\$0	\$0	\$0	\$0
2011-12	\$219,884,040	\$219,884,040	\$0	\$2,330,991	\$2,330,991	\$0	\$0	\$0	\$0	\$0
2012-13	\$214,894,040	\$30,000,000	\$184,894,040	\$2,272,791	\$318,030	\$1,954,761	\$0	\$1,954,761	-\$107,921	\$1,846,840
2013-14	\$208,904,040	\$30,000,000	\$178,904,040	\$2,214,592	\$318,030	\$1,896,562	\$325,705	\$2,222,267	-\$104,670	\$2,117,597
2014-15	\$203,414,040	\$30,000,000	\$173,414,040	\$2,156,392	\$318,030	\$1,838,362	\$325,705	\$2,164,067	-\$101,458	\$2,062,610
2015-16	\$197,924,040	\$30,000,000	\$167,924,040	\$2,098,193	\$318,030	\$1,780,163	\$325,705	\$2,105,868	-\$98,246	\$2,007,622
2016-17	\$192,434,040	\$30,000,000	\$162,434,040	\$2,039,993	\$318,030	\$1,721,963	\$325,705	\$2,047,669	-\$95,033	\$1,952,635
2017-18	\$186,944,040	\$30,000,000	\$156,944,040	\$1,981,794	\$318,030	\$1,663,764	\$325,705	\$1,989,469	-\$91,821	\$1,897,648
2018-19	\$181,454,040	\$30,000,000	\$151,454,040	\$1,923,594	\$318,030	\$1,605,564	\$325,705	\$1,931,270	-\$88,609	\$1,842,661
2019-20	\$175,964,040	\$30,000,000	\$145,964,040	\$1,865,395	\$318,030	\$1,547,365	\$325,705	\$1,873,070	-\$85,397	\$1,787,673
2020-21	\$170,474,040	\$170,474,040	\$0	\$1,807,195	\$1,807,195	\$0	\$0	\$0	\$0	\$0
2021-22	\$164,984,040	\$164,984,040	\$0	\$1,748,996	\$1,748,996	\$0	\$0	\$0	\$0	\$0
2022-23	\$159,494,040	\$159,494,040	\$0	\$1,690,796	\$1,690,796	\$0	\$0	\$0	\$0	\$0
2023-24	\$154,004,040	\$154,004,040	\$0	\$1,632,597	\$1,632,597	\$0	\$0	\$0	\$0	\$0
2024-25	\$150,779,040	\$150,779,040	\$0	\$1,598,409	\$1,598,409	\$0	\$0	\$0	\$0	\$0
Totals				\$27,946,734	\$13,938,230	\$14,008,504	\$2,279,937	\$16,288,441	-\$773,155	\$15,515,286

Tax Credit for Value Over Limit in First 2 Years		
	2010	2011
Credits Earned	\$266,976	\$2,012,961
Credits Paid		\$2,279,937
Excess Credits Unpaid		\$0

Attachment 3

Chambers County Overview Report

Population

Total county population in 2008 for Chambers County: 29,356, up 2.1 percent from 2007.
State population increased 2.0 percent in the same time period.

Chambers County was the state's 93rd largest county in population in 2008 and the 41st fastest growing county from 2007 to 2008.

Chambers County population in 2008 was:

70.3 percent White	(above the state average of 47.4 percent.)
10.7 percent Black	(below the state average of 11.3 percent.)
16.9 percent Hispanic	(below the state average of 36.5 percent.)

2008 population of the largest cities and places in Chambers County:

Mont Belvieu:	2,637
Anahuac:	1,988
Beach City:	1,783
Old River-winfree:	1,662
Cove:	292

Economy and Income

Employment

October 2009 total employment in Chambers County: 13,115, down 2.2 percent from October 2008.
State total employment decreased 1.0 percent during the same period.

October 2009 Chambers County unemployment rate was 10.8 percent, up from 6.9 percent in October 2008.
The statewide unemployment rate for October 2009 was 8.3 percent, up from 5.3 percent in October 2008.

October 2009 unemployment rate in the city of:
N/A

(Note: County and State unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission City unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates.)

Income

Chambers County's ranking in per capita personal income in 2007: 18th with an average per capita income of \$38,856, up 6.8 percent from 2006.

Statewide average per capita personal income was \$37,083 in 2007 up 5.5 percent from 2006.

Industry

Agricultural cash values in Chambers County averaged \$24.3 million annually from 2005 to 2008. County total agricultural values in 2008 were up 24.9 percent from 2007. Major agriculture related commodities in Chambers County during 2008 included:

Beef Total	Corn	Hay	Hunting	Rice
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2007 preliminary oil and gas production in Chambers County: 920,227 barrels of oil and 12,295,701 Mcf of gas.
In February 2009, there were 170 producing oil wells and 84 producing gas wells.

Taxes

Sales Tax - Taxable Sales

Quarterly (January through March 2009)

Taxable sales in Chambers County during the first quarter of 2009: \$52,409,309, up 1.3 percent from the same quarter in 2008.

Taxable sales during the first quarter in the city of:

Anahuac	\$2,301,873,	up	25.4 percent from the same quarter in 2008.
Cove	\$643,703,	down	24.4 percent from the same quarter in 2008.
Mont Belvieu	\$15,947,947,	down	13.0 percent from the same quarter in 2008.
Old River-Winfree	-		

Annual (2008)

Taxable sales in Chambers County during 2008: \$215,810,581, up 14.1 percent from 2007.

Taxable sales during 2008 in the city of:

Anahuac	\$8,429,807,	up	10.8 percent from 2007.
Cove	\$4,739,826,	up	28.7 percent from 2007.
Mont Belvieu	\$69,812,030,	up	17.5 percent from 2007.
Old River-Winfree	-		

"-" represent amounts subject to state sales tax values that are suppressed for confidentiality reasons.

Sales Tax - Local Sales Tax Allocations

Monthly (September 2009)

Statewide payments based on the sales activity month of September 2009: , down 8.7 percent from September 2008.

Annual (2008)

Statewide payments based on the sales activity months of 2008: \$6,026,220,888, up 5.8 percent from 2007.

No city sales tax was imposed.

Property Tax

As of 2007, property values in Chambers County: \$6,927,577,840, up 6.0 percent from 2006 values.

The property tax base per person in Chambers County is \$235,985, above the statewide average of \$77,317.

About 2.8 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

Chambers County's ranking in state expenditures by county in state fiscal year (FY) 2008: 98th. State expenditures in the county for FY 2008: \$105,014,289, down 21.0 percent from FY 2007.

In Chambers County, 9 state agencies provide a total of 44 jobs and \$472,511 in annualized wages (as of 1st quarter 2009).

Major state agencies in the county (as of 1st quarter 2009):

<http://www.texasahead.org/texasedge>

Health & Human Services Commission
 AgriLife Extension Service
 Parks & Wildlife Department
 Department of Transportation
 Department of Public Safety

School Districts

Chambers County had 3 school districts with 18 schools and 6,372 students in the 2007-2008 school year.

(Statewide, the average teacher salary in school year 2007-2008 was \$46,179. The percentage of students, statewide, meeting the 2008 Texas Assessment of Knowledge and Skills (TAKS) passing standard for all 2007-2008 TAKS tests was 72 percent.)

ANAHUAC ISD	had 1,415 students in the 2007-2008 school year. The average teacher salary was \$41,829. The percentage of students meeting the 2008 TAKS passing standard for all tests was 81 percent.
BARBERS HILL ISD	had 3,701 students in the 2007-2008 school year. The average teacher salary was \$51,509. The percentage of students meeting the 2008 TAKS passing standard for all tests was 87 percent.
EAST CHAMBERS ISD	had 1,256 students in the 2007-2008 school year. The average teacher salary was \$41,933. The percentage of students meeting the 2008 TAKS passing standard for all tests was 75 percent.

Higher Education

(Fall 2008 enrollment)

Community Colleges in Chambers County:

None

Chambers County is in the service area of the following:

Galveston College	with a fall 2008 enrollment of 2,229 Students. Countes in the service area include	Chambers Galveston Jefferson
Lee College	with a fall 2008 enrollment of 5,841 Students. Countes in the service area include	Chambers Harris
San Jacinto College District	with a fall 2008 enrollment of 27,648 Students. Countes in the service area include	Liberty Chambers Harris

Institutes of Higher Education in Chambers County with a fall 2008 enrollment

None

References

Population uses data from the following source:
U.S. Census Bureau, as of 10/1/09

Employment uses data from the following sources:
Texas Workforce Commission, as of 11/29/09
Texas Comptroller of Public Accounts, as of 11/21/09

Income uses data from the following source:
U.S. Department of Commerce-Bureau of Economic Analysis, as of 6/11/09

Industry uses data from the following sources:
Texas AgriLife Extension Service, as of 6/29/09
Railroad Commission of Texas, as of 8/21/08

Taxable Sales uses data from the following source:
Texas Comptroller of Public Accounts, as of 10/8/09

Sales Tax Allocation uses data from the following source:
Texas Comptroller of Public Accounts, as of 11/20/09

Property Tax uses data from the following source:
Texas Comptroller of Public Accounts, as of 10/27/09

State Expenditures uses data from the following source:
Texas Comptroller of Public Accounts, as of 11/21/09

Higher Education uses data from the following source:
Texas Higher Education Coordinating Board, as of 5/14/09

School Districts uses data from the following source:
Texas Education Agency, as of 1/21/09

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