

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



April 1, 2011

Dr. Marc Walker
Superintendent
Comal Independent School District
1404 IH 35 N
New Braunfels, Texas 78130-3240

Dear Superintendent Walker:

On February 25, 2011, the agency received the completed application for a limitation on appraised value originally submitted to the Comal Independent School District (Comal ISD) by TXI Operations, LP (TXI Operations) on October 28, 2010, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding TXI Operation'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, Comal ISD is currently classified as a non-rural school district in Category 1. The applicant properly applied under the provisions of Subchapter B, as applicable to non-rural school districts, and the amount of proposed qualified investment (\$130,000,000) is consistent with the proposed appraised value limitation sought (\$100 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.

TXI Operations is proposing the construction of a manufacturing facility in Comal County. TXI Operations 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 TXI Operations, the Comptroller's recommendation is that TXI Operations' 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. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

Dr. Marc Walker
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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 following:

1. No later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, applicant submitting to this office a draft limitation agreement that complies with the statutes, the Comptroller's rules, and is consistent with the application;
2. The Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
3. The district approving and executing a limitation agreement that has been reviewed by this office within a year from the date of this letter. 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	TXI Operations, LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Comal ISD
2009-2010 Enrollment in School District	16614
County	Comal
Total Investment in District	\$162,000,000
Qualified Investment	\$130,000,000
Limitation Amount	\$100,000,000
Number of total jobs committed to by applicant	25
Number of qualifying jobs committed to by applicant	25
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$865
Minimum Weekly Wage Required Tax Code, 313.021(5)(B)	\$740
Minimum Annual Wage committed to by applicant for qualified jobs	\$45,000
Investment per Qualifying Job	\$6,480,000
Estimated 15 year M&O levy without any limit or credit:	\$24,030,146
Estimated gross 15 year M&O tax benefit	\$5,262,941
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$5,163,894
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$0
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$18,866,252
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	21.5%
Percentage of tax benefit due to the limitation	100.0%
Percentage of tax benefit due to the credit.	0.0%

This presents the Comptroller's economic impact evaluation of TXI Operations (the project) applying to Comal 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 25 new jobs when fully operational. All 25 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 Alamo Area Council of Governments Region, where Comal County is located was \$34,984 in 2009. The annual average manufacturing wage for 2009 for Comal County is \$41,184. That same year, the county annual average wage for all industries was \$33,579. In addition to a salary of \$45,000, each qualifying position will receive benefits such as medical coverage, a dental plan, a vision plan, prescription drug benefits, flexible spending accounts, life insurance, disability plans, paid holidays, paid vacation, 401(k) retirement savings plans, retiree medical benefits plans, education assistance, and an employee assistance program. The project's total investment is \$162 million, resulting in a relative level of investment per qualifying job of \$6.48 million.

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

According to TXI Operations' application, "The Company currently operates in six states, and allocates capital investment to projects and locations that create the best economic return. The existence of a limitation on tax value is a significant factor in calculating the economic return and allocation of reserves to the project."

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

During the past two years, one project in the Alamo 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 TXI Operations 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 TXI Operations' 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 TXI Operations, LP

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	10	22	32	707,779	1,002,221	1,710,000
2012	206	261	467	14,155,456	14,774,544	28,930,000
2013	155	197	352	10,616,592	14,043,408	24,660,000
2014	52	57	108	3,538,864	7,201,136	10,740,000
2015	26	3	28	1,769,448	3,970,552	5,740,000
2016	51	5	56	2,894,448	4,065,552	6,960,000
2017	51	-4	47	2,894,448	3,085,552	5,980,000
2018	51	-1	50	2,894,448	3,335,552	6,230,000
2019	25	-26	-1	1,125,000	1,315,000	2,440,000
2020	25	-23	2	1,125,000	705,000	1,830,000
2021	25	-22	3	1,125,000	705,000	1,830,000
2022	25	-26	-1	1,125,000	(25,000)	1,100,000
2023	25	-26	-1	1,125,000	(25,000)	1,100,000
2024	25	-26	-1	1,125,000	(395,000)	730,000
2025	25	-20	5	1,125,000	95,000	1,220,000
2026	25	-16	9	1,125,000	585,000	1,710,000

Source: CPA, REMI, TXI Operations, LP

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Comal ISD's ad valorem tax base in 2010 was \$9.8 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2009-2010. During that same year, Comal ISD's estimated wealth per WADA was \$517,834. 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, Comal County, York Creek Water Improvement District, and Lateral Road District, with all property tax incentives sought being granted using estimated market value from TXI Operations' application. TXI Operations has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the TXI Operations project on the region if all taxes are assessed.

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Comal ISD I&S Levy	Comal ISD M&O Levy	Comal ISD M&O and I&S Tax Levies (Before Credit Credited)	Comal ISD M&O and I&S Tax Levies (After Credit Credited)	Comal County	York Creek Water Improvement District	Lateral Road District	Estimated Total Property Taxes
				0.3300	1.0400			0.2890	0.0038	0.0450	
2012	\$30,000,000	\$30,000,000		\$99,000	\$312,000	\$411,000	\$411,000	\$86,700	\$1,140	\$13,500	\$512,340
2013	\$70,756,500	\$70,756,500		\$233,496	\$735,868	\$969,364	\$969,364	\$204,486	\$2,689	\$31,840	\$1,208,380
2014	\$120,756,500	\$100,000,000		\$398,496	\$1,040,000	\$1,438,496	\$1,438,496	\$160,534	\$4,589	\$54,340	\$1,657,959
2015	\$150,756,500	\$100,000,000		\$497,496	\$1,040,000	\$1,537,496	\$1,537,496	\$200,416	\$5,729	\$67,840	\$1,811,481
2016	\$160,756,500	\$100,000,000		\$530,496	\$1,040,000	\$1,570,496	\$1,570,496	\$213,710	\$6,109	\$72,340	\$1,862,655
2017	\$165,756,500	\$100,000,000		\$546,996	\$1,040,000	\$1,586,996	\$1,586,996	\$220,357	\$6,299	\$74,590	\$1,888,242
2018	\$170,756,500	\$100,000,000		\$563,496	\$1,040,000	\$1,603,496	\$1,603,496	\$227,004	\$6,489	\$76,840	\$1,913,829
2019	\$175,756,500	\$100,000,000		\$579,996	\$1,040,000	\$1,619,996	\$1,619,996	\$233,651	\$6,679	\$79,090	\$1,939,416
2020	\$180,756,500	\$100,000,000		\$596,496	\$1,040,000	\$1,636,496	\$1,636,496	\$240,298	\$6,869	\$81,340	\$1,965,003
2021	\$180,756,500	\$100,000,000		\$596,496	\$1,040,000	\$1,636,496	\$1,636,496	\$240,298	\$6,869	\$81,340	\$1,965,003
2022	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960
2023	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960
2024	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960
2025	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960
2026	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960
						Total	\$26,392,156	\$4,639,383	\$87,802	\$1,039,766	\$32,159,108

Assumes School Value Limitation and Tax Abatement with County

Source: CPA, TXI Operations, LP

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Comal ISD I&S Levy	Comal ISD M&O Levy	Comal ISD M&O and I&S Tax Levies	Comal County	York Creek Water Improvement District	Lateral Road District	Estimated Total Property Taxes	
				0.3300	1.0400		0.2890	0.0038	0.0450		
2012	\$30,000,000	\$30,000,000		\$99,000	\$312,000	\$411,000	\$86,700	\$1,140	\$13,500	\$512,340	
2013	\$70,756,500	\$70,756,500		\$233,496	\$735,868	\$969,364	\$204,486	\$2,689	\$31,840	\$1,208,380	
2014	\$120,756,500	\$120,756,500		\$398,496	\$1,255,868	\$1,654,364	\$348,986	\$4,589	\$54,340	\$2,062,280	
2015	\$150,756,500	\$150,756,500		\$497,496	\$1,567,868	\$2,065,364	\$435,686	\$5,729	\$67,840	\$2,574,620	
2016	\$160,756,500	\$160,756,500		\$530,496	\$1,671,868	\$2,202,364	\$464,586	\$6,109	\$72,340	\$2,745,400	
2017	\$165,756,500	\$165,756,500		\$546,996	\$1,723,868	\$2,270,864	\$479,036	\$6,299	\$74,590	\$2,830,790	
2018	\$170,756,500	\$170,756,500		\$563,496	\$1,775,868	\$2,339,364	\$493,486	\$6,489	\$76,840	\$2,916,180	
2019	\$175,756,500	\$175,756,500		\$579,996	\$1,827,868	\$2,407,864	\$507,936	\$6,679	\$79,090	\$3,001,570	
2020	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2021	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2022	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2023	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2024	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2025	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
2026	\$180,756,500	\$180,756,500		\$596,496	\$1,879,868	\$2,476,364	\$522,386	\$6,869	\$81,340	\$3,086,960	
						Total	\$31,655,097	\$6,677,608	\$87,802	\$1,039,766	\$39,460,273

Source: CPA, TXI Operations, LP

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement 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 \$24,030,416. The estimated gross 15 year M&O tax benefit, or levy loss, is \$5,262,941.

Attachment 3 is an economic overview of Comal 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 A, B, C, and D provided by applicant in application
2. School finance and tax benefit provided by district
3. County Economic Overview

Attachment 1

Schedule A (Rev. May 2010): Investment

Form 50-296

Applicant Name
USD Name

PROPERTY INVESTMENT AMOUNTS

(Estimated investment in each year. Do not put cumulative totals.)

	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	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)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Year Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)	2010	\$	\$ 18,756,000			\$ 18,756,000
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	2011	\$ 1,000,000	\$ 1,000,000			\$ 2,000,000
Tax Credit Period (with 50% cap on credit)	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)	1	\$	\$ 50,000,000	\$ 50,000,000		\$ 50,000,000
		2	\$	\$ 50,000,000	\$ 50,000,000		\$ 50,000,000
		3	\$	\$ 30,000,000	\$ 30,000,000		\$ 30,000,000
		4	\$	\$ 10,000,000	\$ 10,000,000		\$ 10,000,000
		5	\$	\$ 5,000,000	\$ 5,000,000		\$ 5,000,000
		6	\$	\$ 5,000,000	\$ 5,000,000		\$ 5,000,000
		7	\$	\$ 5,000,000	\$ 5,000,000		\$ 5,000,000
		8	\$	\$ 5,000,000	\$ 5,000,000		\$ 5,000,000
		9	\$	\$	\$		\$
		10	\$	\$	\$		\$
		11	\$	\$	\$		\$
		12	\$	\$	\$		\$
		13	\$	\$	\$		\$
		14	\$	\$	\$		\$
		15	\$	\$	\$		\$
Credit Settle-Up Period	Continue to Maintain Viable Presence	2020					
	Post-Settle-Up Period	2025					
	Post-Settle-Up Period	2026					

Qualifying Time Period usually begins with the final board 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.

Column B: 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 that is part of original agreement but scheduled for probable replacement during limitation period. 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).

Column D: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value for planning, construction and operation of the facility. 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.

Notes: 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. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Quentin C. Seguel
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

2/8/11
DATE

Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Form 50-296

Applicant Name
ISD Name

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	Final taxable value for M&O--after all reductions
			Estimated Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	Estimated Market Value of Land			
pre-year 1	2011-12	2011			Exempted Value			
Complete tax years of qualifying time period	1	2012-13		\$ 30,000,000			\$ 30,000,000	\$ 30,000,000
	2	2013-14		\$ 70,756,500			\$ 70,756,500	\$ 70,756,500
	3	2014-15		\$ 120,756,500			\$ 120,756,500	\$ 100,000,000
	4	2015-16		\$ 150,756,500			\$ 150,756,500	\$ 100,000,000
	5	2016-17		\$ 160,756,500			\$ 160,756,500	\$ 100,000,000
Tax Credit Period (with 50% cap on credit)	6	2017-18		\$ 165,756,500			\$ 165,756,500	\$ 100,000,000
	7	2018-19		\$ 170,756,500			\$ 170,756,500	\$ 100,000,000
	8	2019-20		\$ 175,756,500			\$ 175,756,500	\$ 100,000,000
	9	2020-21		\$ 180,756,500			\$ 180,756,500	\$ 100,000,000
	10	2021-22		\$ 180,756,500			\$ 180,756,500	\$ 100,000,000
Credit Settle-Up Period	11	2022-23		\$ 180,756,500			\$ 180,756,500	\$ 160,756,500
	12	2023-24		\$ 180,756,500			\$ 180,756,500	\$ 180,756,500
	13	2024-25		\$ 180,756,500			\$ 180,756,500	\$ 180,756,500
Post-Settle-Up Period	14	2025-26		\$ 180,756,500			\$ 180,756,500	\$ 180,756,500
	15	2026-27		\$ 180,756,500			\$ 180,756,500	\$ 180,756,500

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years, if original estimates have not changed, enter those amounts for future years.

Quetta C. Ryzwch

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

2/8/11

DATE

Schedule C- Application: Employment Information

Form 50-296

Applicant Name
ISD Name

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs		
				Column A: Number of Construction man hours	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs	
	pre-year 1	2011-12	2011	21,488 \$	68,700					
Complete tax years of qualifying time period	1	2012-13	2012	429,756 \$	68,700					
	2	2013-14	2013	322,317 \$	68,700					
	3	2014-15	2014	107,439 \$	68,700					
	4	2015-16	2015	53,720 \$	68,700					
	5	2016-17	2016	53,720 \$	68,700	25	\$ 45,000	25	\$ 45,000	
Value Limitation Period	6	2017-18	2017	53,720 \$	68,700	25	\$ 45,000	25	\$ 45,000	
	7	2018-19	2018	53,720 \$	68,700	25	\$ 45,000	25	\$ 45,000	
	8	2019-20	2019			25	\$ 45,000	25	\$ 45,000	
	9	2020-21	2020			25	\$ 45,000	25	\$ 45,000	
	10	2021-22	2021			25	\$ 45,000	25	\$ 45,000	
Credit Settle-Up Period	11	2022-23	2022			25	\$ 45,000	25	\$ 45,000	
	12	2023-24	2023			25	\$ 45,000	25	\$ 45,000	
	13	2024-25	2024			25	\$ 45,000	25	\$ 45,000	
Post- Settle-Up Period	14	2025-26	2025			25	\$ 45,000	25	\$ 45,000	
	15	2026-27	2026			25	\$ 45,000	25	\$ 45,000	

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Quetta C. Reynolds
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

2/8/11
DATE

Schedule D: (Rev. May 2010): Other Tax Information

Form 50-296

Applicant Name

ISD Name

Sales Tax Information				Franchise Tax				Other Property Tax Abatements Sought			
Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Sales Taxable Expenditures		Column H: Estimate of Franchise tax due from (or attributable to) the applicant	County	City	Hospital	Other		
			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						Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2011-12	2011	420,000	41,580,000							
Complete tax years of qualifying time period	1	2012-13	400,000	39,600,000							
	2	2013-14	300,000	29,700,000							
	3	2014-15	100,000	9,900,000	\$ 504,000	54%					
	4	2015-16	50,000	4,950,000	\$ 504,000	54%					
	5	2016-17	50,000	4,950,000	\$ 504,000	54%					
	6	2017-18	50,000	4,950,000	\$ 504,000	54%					
	7	2018-19	50,000	4,950,000	\$ 504,000	54%					
	8	2019-20			\$ 504,000	54%					
	9	2020-21			\$ 504,000	54%					
	10	2021-22			\$ 504,000	54%					
	11	2022-23			\$ 504,000	54%					
	12	2023-24			\$ 504,000	54%					
	13	2024-25			\$ 504,000	54%					
	14	2025-26			\$ 504,000	54%					
	15	2026-27			\$ 504,000	54%					

*For planning, construction and operation of the facility.

Quetta C. Reynolds

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

2/8/11

Attachment 2



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

March 24, 2011

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 TXP Operations, LP, project for the Comal Independent School District (CISD). 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 regarding the potential revenue gain are valid, and their estimates of the impact of the TXP Operations, LP, project on CISD 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'.

Helen Daniels
Director of State Funding

HD/hd



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

March 24, 2011

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 TXP Operations, LP, project on the number and size of school facilities in Comal Independent School District (CISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and conversations with the CISD superintendent, Dr. Marc Walker, the TEA has found that the TXP Operations, LP, project would not have a significant impact on the number or size of school facilities in CISD.

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 TXP
OPERATIONS, LP PROJECT ON THE FINANCES OF THE COMAL
INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED
CHAPTER 313 PROPERTY VALUE LIMITATION**

February 22, 2011

Final Report (Revised)

PREPARED BY



Estimated Impact of the Proposed TXP Operations, LP Project on the Finances of the Comal Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

TXP Operations, LP (TXP) has requested that the Comal Independent School District (CISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a new manufacturing project. An application was submitted to CISD on October 7, 2010. TXP proposes to invest \$181 million to construct a new manufacturing project in CISD.

The TXP 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.

School Finance Mechanics

Under the provisions of Chapter 313, CISD may offer a minimum value limitation of \$100 million, which has been revised upward from \$80 million in the initial application. Based on the revised application, the qualifying time period would begin with the 2012-13 school year. The full value of the investment is expected to reach \$181 million in 2020-21, with the project value expected to remain relatively stable once it has reach this level.

The provisions of Chapter 313 call for the project to be fully taxable in the 2012-13 and 2013-14 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 2012-13 and 2013-14 school years. Beginning in 2014-15, the project would go on the local tax roll at \$100 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 CISD currently levying a \$0.330 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 period (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. In this case, TXP indicates that \$70.8 million in taxable value would be in place in the second year under the agreement, with the qualified investment of \$120.7 million made for the 2014-15 school year, when the value limitation takes effect. Given that the value limitation of \$100 million exceeds the second-year taxable value, a relatively small annual school district revenue loss would be expected during the third year and the remaining seven years that the value limitation is in effect.

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) 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.

Under the provisions of HB 3646, school districts do have the potential to earn revenue above the \$120 per WADA level, up to a maximum of \$350 per WADA above current law. Initial estimates for the indicate that about 750 school districts are funded at the minimum \$120 per WADA level, while approximately 250 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. Based on the analysis presented here, CISD is expected to remain a hold-harmless district at the minimum \$120 per WADA level.

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 TXP 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 maintain static enrollment and property values in order to isolate 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 are held constant at 16,142 students in average daily attendance (ADA) in analyzing the effects of the TXP project on the finances of CISD. The District's local tax base reached \$9.7 billion for the 2010 tax year. The \$9.7 billion taxable value for 2010-11 is maintained for the forecast period in order to isolate the effects of the property value limitation. CISD is a property-wealthy district, with wealth per weighted ADA or WADA of approximately \$493,673 for the 2010-11 school year, classifying the District as a Chapter 41 school district subject to recapture. These assumptions are summarized in Table 1.

School Finance Impact

A baseline model was prepared for CISD under the assumptions outlined above through the 2025-26 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 TXP 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 TXP value but imposes the proposed property value limitation effective in the third year, which in this case is the 2014-15 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 \$1.04 is used throughout this analysis.

A summary of the differences between these models is shown in Table 4. The model results show approximately \$127.2 million a year in net General Fund revenue, after recapture and other adjustments have been made.

Under these assumptions, CISD would experience a revenue loss as a result of the implementation of the value limitation in the 2014-15 school year (-\$10,004). The revenue reduction results from the mechanics of six cents not subject to recapture, which reflect the one-year lag in value associated with the property value study. It appears that similar differences persist between the two models over the course of the agreement, in part due to deductions made in state property value study that do not sufficiently offset the reduction in M&O taxes resulting from the impact of the value limitation 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, however, only 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. The contention that has been made is the language of Section 403.302(d)(10)(B) of the Government Code, which provides for deducting value associated with actions taken under Chapter 313 of the Tax Code in determining taxable value, does not permit the flexibility of establishing two state property values for the M&O and I&S components for a school districts that have granted a property value limitation.

The result of this interpretation is that a "composite" value for a school district with a Chapter 313 agreement is calculated, by averaging the impact of the value reduction across the M&O and I&S tax levies. The result of the composite deduction calculation is that the amount deducted for the value limitation from the state value study is always less than the tax benefit that has been provided for the taxpayer receiving the value limitation in school districts that levy M&O taxes.

In the case of CISD, the calculated lower reduction in the state property value relative to the M&O benefit to be received by the taxpayer does not appear to be substantial. In large part this results because the underlying tax base is substantially larger than the proposed project.

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 \$1.04 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 \$5.3 million over the life of the agreement. In addition, TXP 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. Because the values in the first two years are below the value limitation, there are no tax credits expected. The key CISD revenue losses are associated with the additional four-cent levy not subject to recapture and expected to total approximately \$99,046 over the course of the agreement, with the school district to be reimbursed by the state for any tax credit payments, if the investment schedule changes and TXP becomes eligible for the tax credit. In total, the potential net tax benefits are estimated to total \$5.2 million over the life of the agreement.

Facilities Funding Impact

The TXP project remains fully taxable for debt services taxes, with CISD currently levying a \$0.330 I&S rate. The value of the TXP project is expected to appreciate over the life of the agreement and beyond, and full access to the additional value will add to the District's projected wealth per ADA that is currently well above what is provided for through the state's facilities program. This project has the potential of slightly decreasing the district's I&S tax rate.

The TXP project is not expected to affect CISD in terms of enrollment. Continued expansion of this type of manufacturing 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.

Conclusion

The proposed TXP manufacturing project enhances the tax base of CISD. It reflects continued capital investment, 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 \$5.2 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 CISD in meeting its future debt service obligations.

Table 1 – Base District Information with TXP Operations, LP Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2012-13	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,687,321,254	\$9,687,321,254	\$10,280,086,341	\$10,280,086,341	\$493,673	\$493,673
2	2013-14	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,728,077,754	\$9,728,077,754	\$10,310,086,341	\$10,310,086,341	\$495,113	\$495,113
3	2014-15	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,778,077,754	\$9,757,321,254	\$10,350,842,841	\$10,350,842,841	\$497,071	\$497,071
4	2015-16	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,808,077,754	\$9,757,321,254	\$10,400,842,841	\$10,385,086,082	\$499,472	\$498,715
5	2016-17	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,818,077,754	\$9,757,321,254	\$10,430,842,841	\$10,392,312,959	\$500,912	\$499,062
6	2017-18	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,823,077,754	\$9,757,321,254	\$10,440,842,841	\$10,394,721,118	\$501,393	\$499,178
7	2018-19	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,828,077,754	\$9,757,321,254	\$10,445,842,841	\$10,395,925,498	\$501,633	\$499,236
8	2019-20	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,833,077,754	\$9,757,321,254	\$10,450,842,841	\$10,397,129,877	\$501,873	\$499,293
9	2020-21	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,838,077,754	\$9,757,321,254	\$10,455,842,841	\$10,398,334,257	\$502,113	\$499,351
10	2021-22	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,838,077,754	\$9,757,321,254	\$10,460,842,841	\$10,399,538,637	\$502,353	\$499,409
11	2022-23	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,838,077,754	\$9,838,077,754	\$10,460,842,841	\$10,399,538,637	\$502,353	\$499,409
12	2023-24	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,838,077,754	\$9,838,077,754	\$10,460,842,841	\$10,460,842,841	\$502,353	\$502,353
13	2024-25	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,838,077,754	\$9,838,077,754	\$10,460,842,841	\$10,460,842,841	\$502,353	\$502,353
14	2025-26	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,838,077,754	\$9,838,077,754	\$10,460,842,841	\$10,460,842,841	\$502,353	\$502,353
15	2026-27	17,125.31	20,823.68	\$1.0400	\$0.3300	\$9,838,077,754	\$9,838,077,754	\$10,460,842,841	\$10,460,842,841	\$502,353	\$502,353

*Tier II Yield: \$47.65; AISD Yield: \$59.97; Equalized Wealth: \$476,500 per WADA

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

Year of Agreement	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
1	2012-13	\$98,740,522	\$6,619,041	\$19,264,868	\$0	\$1,924,861	\$3,944,787	\$847,166	\$0	\$127,491,222
2	2013-14	\$96,701,533	\$6,631,203	\$21,487,321	\$0	\$2,247,988	\$3,863,033	\$816,017	\$0	\$127,251,120
3	2014-15	\$96,489,630	\$7,829,975	\$20,851,289	\$0	\$2,598,824	\$3,854,568	\$795,846	\$0	\$127,222,483
4	2015-16	\$96,789,645	\$6,631,203	\$22,200,108	\$0	\$3,048,887	\$3,866,553	\$775,895	\$0	\$127,214,517
5	2016-17	\$96,889,650	\$7,829,975	\$21,166,741	\$0	\$3,314,296	\$3,870,548	\$763,331	\$0	\$127,205,948
6	2017-18	\$96,939,652	\$6,631,203	\$22,404,590	\$0	\$3,403,376	\$3,872,545	\$759,284	\$0	\$127,203,899
7	2018-19	\$96,989,655	\$7,829,975	\$21,201,578	\$0	\$3,449,189	\$3,874,543	\$757,458	\$0	\$127,204,070
8	2019-20	\$97,039,657	\$6,631,203	\$22,396,114	\$0	\$3,494,906	\$3,876,540	\$755,631	\$0	\$127,204,240
9	2020-21	\$97,089,660	\$7,829,975	\$21,193,109	\$0	\$3,540,675	\$3,878,538	\$753,804	\$0	\$127,204,411
10	2021-22	\$97,089,660	\$6,631,203	\$22,435,081	\$0	\$3,583,875	\$3,878,538	\$751,590	\$0	\$127,204,411
11	2022-23	\$97,081,584	\$7,829,975	\$21,243,970	\$0	\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812
12	2023-24	\$97,081,584	\$6,631,203	\$22,442,742	\$0	\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812
13	2024-25	\$97,081,584	\$7,829,975	\$21,243,970	\$0	\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812
14	2025-26	\$97,081,584	\$7,829,975	\$21,243,970	\$0	\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812
15	2026-27	\$97,081,584	\$7,829,975	\$21,243,970	\$0	\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812

Table 3--“Value Limitation Revenue Model”--Project Value Added with Value Limit

Year of Agreement	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
1	2012-13	\$98,740,522	\$6,619,041	\$19,264,868	\$0	\$1,924,861	\$3,944,487	\$847,466	\$0	\$127,491,222
2	2013-14	\$96,701,533	\$6,631,203	\$21,487,321	\$0	-\$2,247,988	\$3,863,033	\$816,017	\$0	\$127,251,120
3	2014-15	\$96,282,054	\$7,829,975	\$21,050,274	\$0	-\$2,590,231	\$3,846,276	\$794,134	\$0	\$127,212,479
4	2015-16	\$96,282,054	\$6,631,203	\$22,547,634	\$0	-\$2,888,822	\$3,846,276	\$778,833	\$0	\$127,197,177
5	2016-17	\$96,282,054	\$7,829,975	\$21,411,616	\$0	-\$2,951,576	\$3,846,276	\$775,617	\$0	\$127,193,961
6	2017-18	\$96,282,054	\$6,631,203	\$22,631,286	\$0	-\$2,972,474	\$3,846,276	\$774,546	\$0	\$127,192,890
7	2018-19	\$96,282,054	\$7,829,975	\$21,442,960	\$0	-\$2,982,920	\$3,846,276	\$774,010	\$0	\$127,192,355
8	2019-20	\$96,282,054	\$6,631,203	\$22,652,175	\$0	-\$2,993,363	\$3,846,276	\$773,475	\$0	\$127,191,820
9	2020-21	\$96,282,054	\$7,829,975	\$21,483,843	\$0	-\$3,003,803	\$3,846,276	\$772,940	\$0	\$127,191,285
10	2021-22	\$96,282,054	\$6,631,203	\$22,673,053	\$0	-\$3,014,241	\$3,846,276	\$772,405	\$0	\$127,190,750
11	2022-23	\$97,081,584	\$7,829,975	\$20,711,428	\$0	-\$3,050,918	\$3,878,215	\$778,819	\$0	\$127,229,103
12	2023-24	\$97,081,584	\$6,631,203	\$22,442,742	\$0	-\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812
13	2024-25	\$97,081,584	\$7,829,975	\$21,243,970	\$0	-\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812
14	2025-26	\$97,081,584	\$7,829,975	\$21,243,970	\$0	-\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812
15	2026-27	\$97,081,584	\$7,829,975	\$21,243,970	\$0	-\$3,583,459	\$3,878,215	\$751,527	\$0	\$127,201,812

Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	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
1	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2014-15	\$207,576	\$0	\$198,985	\$0	\$8,590	\$8,292	\$17,12	\$0	\$10,004
4	2015-16	-\$507,591	\$0	\$347,526	\$0	\$160,065	-\$20,277	\$2,938	\$0	-\$17,339
5	2016-17	\$607,596	\$0	\$244,876	\$0	\$362,720	\$24,272	\$12,286	\$0	\$11,986
6	2017-18	-\$657,598	\$0	\$226,697	\$0	\$430,902	-\$26,270	\$15,262	\$0	-\$11,008
7	2018-19	\$707,601	\$0	\$241,381	\$0	\$466,219	-\$28,267	\$16,553	\$0	\$11,714
8	2019-20	-\$757,603	\$0	\$256,060	\$0	\$501,543	-\$30,265	\$17,844	\$0	-\$12,420
9	2020-21	\$807,606	\$0	\$270,734	\$0	\$536,872	-\$32,262	\$19,136	\$0	\$13,126
10	2021-22	-\$807,606	\$0	\$237,972	\$0	\$569,633	-\$32,262	\$20,815	\$0	-\$11,447
11	2022-23	\$0	\$0	\$532,541	\$0	\$0	\$0	\$27,292	\$0	\$27,292
12	2023-24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2024-25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial impact of the TXP Operations, LP Project Property Value Limitation Request Submitted to CISD at \$1.04 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	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
1	2012-13	\$30,000,000	\$30,000,000	\$0	\$1.040	\$312,000	\$312,000	\$0	\$0	\$0	\$0	\$0
2	2013-14	\$70,756,500	\$70,756,500	\$0	\$1.040	\$735,868	\$735,868	\$0	\$0	\$0	\$0	\$0
3	2014-15	\$120,756,500	\$100,000,000	\$20,756,500	\$1.040	\$1,255,868	\$1,040,000	\$215,868	\$0	\$215,868	\$10,004	\$205,863
4	2015-16	\$150,756,500	\$100,000,000	\$50,756,500	\$1.040	\$1,567,868	\$1,040,000	\$527,868	\$0	\$527,868	-\$17,339	\$510,528
5	2016-17	\$160,756,500	\$100,000,000	\$60,756,500	\$1.040	\$1,671,868	\$1,040,000	\$631,868	\$0	\$631,868	-\$11,986	\$619,881
6	2017-18	\$165,756,500	\$100,000,000	\$65,756,500	\$1.040	\$1,723,868	\$1,040,000	\$683,868	\$0	\$683,868	-\$11,008	\$672,859
7	2018-19	\$170,756,500	\$100,000,000	\$70,756,500	\$1.040	\$1,775,868	\$1,040,000	\$735,868	\$0	\$735,868	-\$11,714	\$724,153
8	2019-20	\$175,756,500	\$100,000,000	\$75,756,500	\$1.040	\$1,827,868	\$1,040,000	\$787,868	\$0	\$787,868	-\$12,420	\$775,447
9	2020-21	\$180,756,500	\$100,000,000	\$80,756,500	\$1.040	\$1,879,868	\$1,040,000	\$839,868	\$0	\$839,868	-\$13,126	\$826,741
10	2021-22	\$180,756,500	\$100,000,000	\$80,756,500	\$1.040	\$1,879,868	\$1,040,000	\$839,868	\$0	\$839,868	-\$11,447	\$828,421
11	2022-23	\$180,756,500	\$180,756,500	\$0	\$1.040	\$1,879,868	\$1,879,868	\$0	\$0	\$0	\$0	\$0
12	2023-24	\$180,756,500	\$180,756,500	\$0	\$1.040	\$1,879,868	\$1,879,868	\$0	\$0	\$0	\$0	\$0
13	2024-25	\$180,756,500	\$180,756,500	\$0	\$1.040	\$1,879,868	\$1,879,868	\$0	\$0	\$0	\$0	\$0
14	2025-26	\$180,756,500	\$180,756,500	\$0	\$1.040	\$1,879,868	\$1,879,868	\$0	\$0	\$0	\$0	\$0
15	2026-27	\$180,756,500	\$180,756,500	\$0	\$1.040	\$1,879,868	\$1,879,868	\$0	\$0	\$0	\$0	\$0
						\$24,030,146	\$18,767,206	\$5,262,941	\$0	\$5,262,941	-\$99,046	\$5,163,894
Tax Credit for Value Over Limit in First 2 Years								Year 1	Year 2	Max Credits		
								\$0	\$0	\$0		
								Credits Earned		\$0		
								Credits Paid		\$0		
								Excess Credits Unpaid		\$0		

Attachment 3

Comal County

Population

Total county population in 2009 for Comal County: 114,525, up 4.0 percent from 2008. State population increased 2.0 percent in the same time period. Comal County was the state's 37th largest county in population in 2009 and the 7th fastest growing county from 2008 to 2009. Comal County's population in 2009 was 70.3 percent Anglo (above the state average of 46.7 percent), 2.2 percent African-American (below the state average of 11.3 percent) and 25.4 percent Hispanic (below the state average of 36.9 percent).

2009 population of the largest cities and places in Comal County:

New Braunfels:	55,867	Bulverde:	4,847
Garden Ridge:	3,397		

Economy and Income

Employment

February 2011 total employment in Comal County: 54,322, up 0.1 percent from February 2010. State total employment increased 1.0 percent during the same period.

February 2011 Comal County unemployment rate: 6.6 percent, up from 6.4 percent in February 2010. The statewide unemployment rate for February 2011 was 8.2 percent, unchanged from 8.2 percent in February 2010.

February 2011 unemployment rate in the city of:

New Braunfels:	6.4 percent, up from 5.9 percent in February 2010.
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(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

Comal County's ranking in per capita personal income in 2008: 48th with an average per capita income of \$37,017, up 1.4 percent from 2007. Statewide average per capita personal income was \$37,809 in 2008, up 2.6 percent from 2007.

Industry

Agricultural cash values in Comal County averaged \$14.07 million annually from 2006 to 2009. County total agricultural values in 2009 were down 17.7 percent from 2008. Major agriculture related commodities in Comal County during 2009 included:

Goats Hunting Nursery Other Beef Recreation

2010 oil and gas production in Comal County: 0 barrels of oil and 0 Mcf of gas. In February 2011, there were 0 producing oil wells and 0 producing gas wells.

Taxes

Sales Tax - Taxable Sales

Taxable sales in Comal County during the second quarter 2010: \$354.19 million, up 3.7 percent from the same quarter in 2009.

Taxable sales during the second quarter 2010 in the city of:

New Braunfels:	\$265.16 million, up 0.6 percent from the same quarter in 2009.
Bulverde:	\$21.59 million, up 4.0 percent from the same quarter in 2009.
Garden Ridge:	\$2.50 million, up 52.4 percent from the same quarter in 2009.

Annual (2009)

Taxable sales in Comal County during 2009: \$1.31 billion, down 3.8 percent from 2008. Comal County sent an estimated \$81.88 million (or 0.50 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2009. Taxable sales during 2009 in the city of:

New Braunfels:	\$1.01 billion, down 1.9 percent from 2008.
Bulverde:	\$75.56 million, down 8.4 percent from 2008.
Garden Ridge:	\$7.76 million, up 4.0 percent from 2008.

Sales Tax - Local Sales Tax Allocations

Monthly

Statewide payments based on the sales activity month of January 2011: \$433.11 million, up 7.1 percent from January 2010.

Payments to all cities in Comal County based on the sales activity month of January 2011: \$1.38 million, down 0.5 percent from January 2010. Payment based on the sales activity month of January 2011 to the city of:

New Braunfels:	\$1.31 million, down 0.6 percent from January 2010.
Bulverde:	\$61,716.86, up 1.2 percent from January 2010.
Garden Ridge:	\$11,706.02, up 3.0 percent from January 2010.

Annual (2010)

Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009. Payments to all cities in Comal County based on sales activity months in 2010: \$19.77 million, up 7.8 percent from 2009. Payment based on sales activity months in 2010 to the city of:

New Braunfels:	\$18.71 million, up 7.8 percent from 2009.
Bulverde:	\$922,398.24, up 11.0 percent from 2009.
Garden Ridge:	\$137,456.83, down 8.4 percent from 2009.

Property Tax

As of January 2009, property values in Comal County: \$13.93 billion, up 3.1 percent from January 2008 values. The property tax base per person in Comal County is \$121,616, above the statewide average of \$85,809. A negligible 0.0 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

Comal County's ranking in state expenditures by county in fiscal year 2009: 38th. State expenditures in the county for FY2009: \$369.21 million, up 32.4 percent from FY2008.

In Comal County, 14 state agencies provide a total of 177 jobs and \$5.85 million in annualized wages (as of 3rd quarter 2010).

Major state agencies in the county (as of third quarter 2010):

- Department of Family and Protective Services
- Department of Transportation
- Department of Public Safety
- Parks & Wildlife Department
- Health & Human Services Commission

Higher Education

Community colleges in Comal County fall 2010 enrollment:

None.

Comal County is in the service area of the following:

- Alamo Community College with a fall 2010 enrollment of 62,295. Counties in the service area include:
- Atascosa County
- Bandera County
- Bexar County
- Comal County
- Guadalupe County
- Kendall County
- Kerr County
- Wilson County

Institutions of higher education in Comal County fall 2010 enrollment:

None.

School Districts

Comal County had 2 school districts with 36 schools and 24,423 students in the 2009-10 school year.

(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)

Comal ISD had 16,614 students in the 2009-10 school year. The average teacher salary was \$49,335. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.

New Braunfels ISD had 7,809 students in the 2009-10 school year. The average teacher salary was \$48,735. The percentage of students meeting the 2010 TAKS passing standard for all tests was 83 percent.