

**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 21, 2022

Stephen Harrell  
Superintendent  
Deer Park Independent School District  
2800 Texas Avenue  
Deer Park, Texas 77536

Re: Certificate for Limitation on Appraised Value of Property for School District  
Maintenance and Operations taxes by and between Deer Park Independent School  
District and Oxy Vinyls, LP, Application 1861

Dear Superintendent Harrell:

On July 28, 2022, the Comptroller issued written notice that Oxy Vinyls, LP (applicant) submitted a completed application (Application 1861) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on April 11, 2022, to the Deer Park Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

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

**Determination required by 313.025(h)**

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.

<sup>1</sup> All Statutory references are to the Texas Tax Code, unless otherwise noted.

Sec. 313.024(d) Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.

Sec. 313.024(d-2) Not applicable to Application 1861.

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

### **Certificate decision required by 313.025(d)**

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

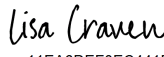
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by **December 31, 2022**.

Note that any building or improvement existing as of the application review start date of July 28, 2022, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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

Sincerely,

DocuSigned by:  
  
11EA6DEF0EC441E...

Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

## Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Oxy Vinyls, LP (project) applying to Deer Park Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

**Table 1** is a summary of investment, employment and tax impact of Oxy Vinyls, LP.

Applicant	Oxy Vinyls, LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Deer Park ISD
2020-2021 Average Daily Attendance	11,357
County	Harris
Proposed Total Investment in District	\$1,100,000,000
Proposed Qualified Investment	\$1,100,000,000
Limitation Amount	\$100,000,000
Qualifying Time Period (Full Years)	2024-2025
Number of new qualifying jobs committed to by applicant	2*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,293.43
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,293.43
Minimum annual wage committed to by applicant for qualified jobs	\$67,258.40
Minimum weekly wage required for non-qualifying jobs	\$1,477.75
Minimum annual wage required for non-qualifying jobs	\$76,843.00
Investment per Qualifying Job	\$550,000,000
Estimated M&O levy without any limit (15 years)	\$107,303,633
Estimated M&O levy with Limitation (15 years)	\$31,829,083
Estimated gross M&O tax benefit (15 years)	\$75,474,550

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

**Table 2** is the estimated statewide economic impact of Oxy Vinyls, LP (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2023	140	122	262	\$7,000,000	\$12,165,039	\$19,165,039
2024	300	264	564	\$15,000,000	\$28,823,242	\$43,823,242
2025	400	362	762	\$20,000,000	\$42,133,789	\$62,133,789
2026	0	25	25	\$0	\$9,521,484	\$9,521,484
2027	2	51	53	\$134,517	\$10,119,390	\$10,253,906
2028	2	47	49	\$134,517	\$9,386,968	\$9,521,484
2029	2	47	49	\$134,517	\$8,898,686	\$9,033,203
2030	2	57	59	\$134,517	\$8,898,686	\$9,033,203
2031	2	55	57	\$134,517	\$8,898,686	\$9,033,203
2032	2	64	66	\$134,517	\$9,142,827	\$9,277,344
2033	2	59	61	\$134,517	\$8,898,686	\$9,033,203
2034	2	61	63	\$134,517	\$9,386,968	\$9,521,484
2035	2	61	63	\$134,517	\$9,386,968	\$9,521,484
2036	2	61	63	\$134,517	\$10,119,390	\$10,253,906
2037	2	41	43	\$134,517	\$7,433,843	\$7,568,359
2038	2	29	31	\$134,517	\$6,213,140	\$6,347,656
2039	2	27	29	\$134,517	\$6,213,140	\$6,347,656
2040	2	19	21	\$134,517	\$4,748,296	\$4,882,813
2041	2	21	23	\$134,517	\$4,504,155	\$4,638,672

Source: CPA REMI, Oxy Vinyls, LP

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Deer Park ISD I&S Tax Levy	Deer Park ISD M&O Tax Levy	Deer Park M&O and I&S Tax Levies	Harris County Tax Levy	Harris County Department of Education District Tax Levy	Harris County Hospital District Tax Levy	Harris County Port of Houston Authority Tax Levy	Harris County Flood Control District Tax Levy	San Jacinto Junior College District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2700	1.0796		0.3769	0.0050	0.1622	0.0087	0.0335	0.1680	
2027	\$1,045,000,000	\$1,045,000,000		\$2,821,500	\$11,281,820	\$14,103,320	\$3,938,919	\$52,146	\$1,695,095	\$91,124	\$349,971	\$1,755,255	\$21,985,828
2028	\$990,322,500	\$990,322,500		\$2,673,871	\$10,691,522	\$13,365,392	\$3,732,823	\$49,417	\$1,606,402	\$86,356	\$331,659	\$1,663,415	\$20,835,464
2029	\$935,657,825	\$935,657,825		\$2,526,276	\$10,101,362	\$12,627,638	\$3,526,775	\$46,689	\$1,517,731	\$81,589	\$313,352	\$1,571,596	\$19,685,370
2030	\$881,005,590	\$881,005,590		\$2,378,715	\$9,511,336	\$11,890,051	\$3,320,774	\$43,962	\$1,429,079	\$76,824	\$295,049	\$1,479,799	\$18,535,538
2031	\$826,365,423	\$826,365,423		\$2,231,187	\$8,921,441	\$11,152,628	\$3,114,819	\$41,236	\$1,340,447	\$72,059	\$276,750	\$1,388,021	\$17,385,960
2032	\$771,736,960	\$771,736,960		\$2,083,690	\$8,331,672	\$10,415,362	\$2,908,908	\$38,510	\$1,251,835	\$67,295	\$258,455	\$1,296,263	\$16,236,628
2033	\$717,119,851	\$717,119,851		\$1,936,224	\$7,742,026	\$9,678,250	\$2,703,040	\$35,784	\$1,163,240	\$62,533	\$240,163	\$1,204,525	\$15,087,535
2034	\$662,513,756	\$662,513,756		\$1,788,787	\$7,152,499	\$8,941,286	\$2,497,213	\$33,059	\$1,074,664	\$57,771	\$221,876	\$1,112,804	\$13,938,673
2035	\$607,918,343	\$607,918,343		\$1,641,380	\$6,563,086	\$8,204,466	\$2,291,427	\$30,335	\$986,104	\$53,010	\$203,592	\$1,021,102	\$12,790,037
2036	\$553,333,293	\$553,333,293		\$1,494,000	\$5,973,786	\$7,467,786	\$2,085,679	\$27,611	\$897,562	\$48,251	\$185,311	\$929,417	\$11,641,618
2037	\$498,758,294	\$498,758,294		\$1,346,647	\$5,384,595	\$6,731,242	\$1,879,970	\$24,888	\$809,036	\$43,492	\$167,034	\$837,749	\$10,493,411
2038	\$444,193,045	\$444,193,045		\$1,199,321	\$4,795,508	\$5,994,829	\$1,674,297	\$22,165	\$720,526	\$38,734	\$148,760	\$746,098	\$9,345,409
2039	\$389,637,254	\$389,637,254		\$1,052,021	\$4,206,524	\$5,258,544	\$1,468,660	\$19,443	\$632,031	\$33,976	\$130,490	\$654,462	\$8,197,605
2040	\$335,090,636	\$335,090,636		\$904,745	\$3,617,639	\$4,522,383	\$1,263,057	\$16,721	\$543,551	\$29,220	\$112,222	\$562,842	\$7,049,995
2041	\$280,550,000	\$280,550,000		\$757,485	\$3,028,818	\$3,786,303	\$1,057,477	\$13,999	\$455,080	\$24,464	\$93,956	\$471,231	\$5,902,511
			Total	\$26,835,847	\$107,303,633	\$134,139,481	\$37,463,837	\$495,966	\$16,122,381	\$866,698	\$3,328,639	\$16,694,581	\$209,111,583

Source: CPA, Oxy Vinyls, LP  
\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district, Harris County, Harris County Hospital District, Harris County Flood Control District, Harris County Education Department, Harris County Port of Houston Authority and San Jacinto Junior College, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Deer Park ISD I&S Tax Levy	Deer Park ISD M&O Tax Levy	Deer Park M&O and I&S Tax Levies	Harris County Tax Levy	Harris County Department of Education District Tax Levy	Harris County Hospital District Tax Levy	Harris County Port of Houston Authority Tax Levy	Harris County Flood Control District Tax Levy	San Jacinto Junior College District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2700	1.0796		0.3769	0.0050	0.1622	0.0087	0.0335	0.1680	
2027	\$1,045,000,000	\$100,000,000		\$2,821,500	\$1,079,600	\$3,901,100	\$3,938,919	\$52,146	\$1,695,095	\$91,124	\$349,971	\$1,755,255	\$11,783,608
2028	\$990,322,500	\$100,000,000		\$2,673,871	\$1,079,600	\$3,753,471	\$3,732,823	\$49,417	\$1,606,402	\$86,356	\$331,659	\$1,663,415	\$11,223,543
2029	\$935,657,825	\$100,000,000		\$2,526,276	\$1,079,600	\$3,605,876	\$3,526,775	\$46,689	\$1,517,731	\$81,589	\$313,352	\$1,571,596	\$10,663,609
2030	\$881,005,590	\$100,000,000		\$2,378,715	\$1,079,600	\$3,458,315	\$3,320,774	\$43,962	\$1,429,079	\$76,824	\$295,049	\$1,479,799	\$10,103,802
2031	\$826,365,423	\$100,000,000		\$2,231,187	\$1,079,600	\$3,310,787	\$3,114,819	\$41,236	\$1,340,447	\$72,059	\$276,750	\$1,388,021	\$9,544,119
2032	\$771,736,960	\$100,000,000		\$2,083,690	\$1,079,600	\$3,163,290	\$2,908,908	\$38,510	\$1,251,835	\$67,295	\$258,455	\$1,296,263	\$8,984,556
2033	\$717,119,851	\$100,000,000		\$1,936,224	\$1,079,600	\$3,015,824	\$2,703,040	\$35,784	\$1,163,240	\$62,533	\$240,163	\$1,204,525	\$8,425,109
2034	\$662,513,756	\$100,000,000		\$1,788,787	\$1,079,600	\$2,868,387	\$2,497,213	\$33,059	\$1,074,664	\$57,771	\$221,876	\$1,112,804	\$7,865,775
2035	\$607,918,343	\$100,000,000		\$1,641,380	\$1,079,600	\$2,720,980	\$2,291,427	\$30,335	\$986,104	\$53,010	\$203,592	\$1,021,102	\$7,306,550
2036	\$553,333,293	\$100,000,000		\$1,494,000	\$1,079,600	\$2,573,600	\$2,085,679	\$27,611	\$897,562	\$48,251	\$185,311	\$929,417	\$6,747,432
2037	\$498,758,294	\$498,758,294		\$1,346,647	\$5,384,595	\$6,731,242	\$1,879,970	\$24,888	\$809,036	\$43,492	\$167,034	\$837,749	\$10,493,411
2038	\$444,193,045	\$444,193,045		\$1,199,321	\$4,795,508	\$5,994,829	\$1,674,297	\$22,165	\$720,526	\$38,734	\$148,760	\$746,098	\$9,345,409
2039	\$389,637,254	\$389,637,254		\$1,052,021	\$4,206,524	\$5,258,544	\$1,468,660	\$19,443	\$632,031	\$33,976	\$130,490	\$654,462	\$8,197,605
2040	\$335,090,636	\$335,090,636		\$904,745	\$3,617,639	\$4,522,383	\$1,263,057	\$16,721	\$543,551	\$29,220	\$112,222	\$562,842	\$7,049,995
2041	\$280,550,000	\$280,550,000		\$757,485	\$3,028,818	\$3,786,303	\$1,057,477	\$13,999	\$455,080	\$24,464	\$93,956	\$471,231	\$5,902,511
			Total	\$26,835,847	\$31,829,083	\$58,664,930	\$37,463,837	\$495,966	\$16,122,381	\$866,698	\$3,328,639	\$16,694,581	\$133,637,032
			Diff	\$0	\$75,474,550	\$75,474,550	\$0	\$0	\$0	\$0	\$0	\$0	\$75,474,550
Assumes School Value Limitation and Tax Abatement with the County.													

Source: CPA, Oxy Vinyls, LP  
\*Tax Rate per \$100 Valuation

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

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

This represents the Comptroller's determination that Oxy Vinyls, LP (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
<b>Limitation Pre-Years</b>	2024	\$4,032,306	\$4,032,306	\$0	\$0
	2025	\$5,937,800	\$9,970,106	\$0	\$0
	2026	\$5,937,800	\$15,907,906	\$0	\$0
<b>Limitation Period (10 Years)</b>	2027	\$1,079,600	\$16,987,506	\$10,202,220	\$10,202,220
	2028	\$1,079,600	\$18,067,106	\$9,611,922	\$19,814,142
	2029	\$1,079,600	\$19,146,706	\$9,021,762	\$28,835,904
	2030	\$1,079,600	\$20,226,306	\$8,431,736	\$37,267,640
	2031	\$1,079,600	\$21,305,906	\$7,841,841	\$45,109,481
	2032	\$1,079,600	\$22,385,506	\$7,252,072	\$52,361,553
	2033	\$1,079,600	\$23,465,106	\$6,662,426	\$59,023,979
	2034	\$1,079,600	\$24,544,706	\$6,072,899	\$65,096,878
	2035	\$1,079,600	\$25,624,306	\$5,483,486	\$70,580,364
	2036	\$1,079,600	\$26,703,906	\$4,894,186	\$75,474,550
<b>Maintain Viable Presence (5 Years)</b>	2037	\$5,384,595	\$32,088,501	\$0	\$75,474,550
	2038	\$4,795,508	\$36,884,009	\$0	\$75,474,550
	2039	\$4,206,524	\$41,090,532	\$0	\$75,474,550
	2040	\$3,617,639	\$44,708,171	\$0	\$75,474,550
	2041	\$3,028,818	\$47,736,989	\$0	\$75,474,550
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2042	\$2,440,153	\$50,177,142	\$0	\$75,474,550
	2043	\$2,437,231	\$52,614,373	\$0	\$75,474,550
	2044	\$2,434,396	\$55,048,768	\$0	\$75,474,550
	2045	\$2,431,646	\$57,480,414	\$0	\$75,474,550
	2046	\$2,428,978	\$59,909,392	\$0	\$75,474,550
	2047	\$2,426,391	\$62,335,783	\$0	\$75,474,550
	2048	\$2,423,702	\$64,759,485	\$0	\$75,474,550
	2049	\$2,423,702	\$67,183,187	\$0	\$75,474,550
	2050	\$2,423,702	\$69,606,889	\$0	\$75,474,550
	2051	\$2,423,702	\$72,030,591	\$0	\$75,474,550
		<b>\$72,030,591</b>	is less than	<b>\$75,474,550</b>	

### Analysis Summary

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

**No**

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

Source: CPA, Oxy Vinyls, LP

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2023	140	122	262	\$7,000,000	\$12,165,039	\$19,165,039	862121.6	-503540	\$1,365,662
2024	300	264	564	\$15,000,000	\$28,823,242	\$43,823,242	1991272	-854492.2	\$2,845,764
2025	400	362	762	\$20,000,000	\$42,133,789	\$62,133,789	2769470.2	-816345.2	\$3,585,815
2026	0	25	25	\$0	\$9,521,484	\$9,521,484	434875.5	1106262.2	-\$671,387
2027	2	51	53	\$134,517	\$10,119,390	\$10,253,906	762939.5	991821.3	-\$228,882
2028	2	47	49	\$134,517	\$9,386,968	\$9,521,484	755310.1	946044.9	-\$190,735
2029	2	47	49	\$134,517	\$8,898,686	\$9,033,203	762939.5	946044.9	-\$183,105
2030	2	57	59	\$134,517	\$8,898,686	\$9,033,203	762939.5	877380.4	-\$114,441
2031	2	55	57	\$134,517	\$8,898,686	\$9,033,203	694274.9	816345.2	-\$122,070
2032	2	64	66	\$134,517	\$9,142,827	\$9,277,344	663757.3	770568.8	-\$106,812
2033	2	59	61	\$134,517	\$8,898,686	\$9,033,203	625610.4	717163.1	-\$91,553
2034	2	61	63	\$134,517	\$9,386,968	\$9,521,484	572204.6	686645.5	-\$114,441
2035	2	61	63	\$134,517	\$9,386,968	\$9,521,484	541687	633239.7	-\$91,553
2036	2	61	63	\$134,517	\$10,119,390	\$10,253,906	579834	595092.8	-\$15,259
2037	2	41	43	\$134,517	\$7,433,843	\$7,568,359	305175.8	595092.8	-\$289,917
2038	2	29	31	\$134,517	\$6,213,140	\$6,347,656	259399.4	556945.8	-\$297,546
2039	2	27	29	\$134,517	\$6,213,140	\$6,347,656	259399.4	480651.9	-\$221,253
2040	2	19	21	\$134,517	\$4,748,296	\$4,882,813	167846.7	381469.7	-\$213,623
2041	2	21	23	\$134,517	\$4,504,155	\$4,638,672	198364.3	312805.2	-\$114,441
2042	2	21	23	\$134,517	\$4,748,296	\$4,882,813	167846.7	259399.4	-\$91,553
2043	2	18	20	\$134,517	\$5,236,577	\$5,371,094	228881.8	205993.7	\$22,888
2044	2	18	20	\$134,517	\$6,213,140	\$6,347,656	198364.3	175476.1	\$22,888
2045	2	23	25	\$134,517	\$5,236,577	\$5,371,094	198364.3	91552.7	\$106,812
2046	2	19	21	\$134,517	\$5,724,858	\$5,859,375	244140.6	76293.9	\$167,847
2047	2	27	29	\$134,517	\$7,677,983	\$7,812,500	335693.4	45776.4	\$289,917
2048	2	27	29	\$134,517	\$8,166,265	\$8,300,781	289917	68664.6	\$221,252
2049	2	25	27	\$134,517	\$8,654,546	\$8,789,063	350952.1	30517.6	\$320,435
2050	2	31	33	\$134,517	\$9,631,108	\$9,765,625	335693.4	-15258.8	\$350,952
						<b>Total</b>	<b>\$16,319,275</b>	<b>\$10,177,612</b>	<b>\$6,141,663</b>
							<b>\$78,172,254</b>	is greater than	<b>\$75,474,550</b>
<b>Analysis Summary</b>									
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?									<b>Yes</b>

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



## Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

### Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

### Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Oxy Vinyls, LPs decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per Oxy Vinyls, LP in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “[Oxy Vinyls, LP (OV)], OV’s proposed investment in its Battleground facility would require the approval of local divisional leadership at the plant, OxyChem’s and Oxy’s management, and Oxy’s Board of Directors. The decision whether to invest in the Battleground facility would hinge on several major factors, including a projected return on investment, other capital allocation requests within the OxyChem production network, and support from community partners to ensure that the substantial capital investment is successful in improving the facility’s global competitiveness.”
  - B. “The success of the Project is ultimately dependent upon securing a location that can provide, in the aggregate, the best possible revenue, operational efficiency, infrastructure costs, labor availability, and taxing structures, among other critical location considerations.”
  - C. For the Project to be sited in Texas, property tax liabilities must be competitive. If the Project cannot offset a significant portion of the property tax liabilities associated with modernizing and expanding in Texas, other out of state and/or out of country sites, competitively vying for these same funding resources, may receive this capital allocation, or the Project may be cancelled altogether. This is especially true with OV’s sister facility in Louisiana, which could, with a material degree of potentiality, receive this capital allocation due to Louisiana’s taxing system relative to Texas and the decreased capital stack required to expand that facility. Thus, the Ch. 313 value limitation is a pivotal determining factor when considering where to site the Project.”
- Per Oxy Vinyls, LP in Tab 4 of their Application for a Limitation on Appraised Value:
  - A. “Oxy Vinyls LP (“OV”), [is] a subsidiary of Occidental Chemical Corporation (“OxyChem”) and Occidental Petroleum Corporation (“Oxy”), ...”
  - B. “The Project, if approved, would include the construction of new chlor-alkali production facilities at Battleground that implement advanced production processes and equipment that utilize the latest membrane cell technology. The Qualified Property would constitute an entirely new

process, distinct and separate from existing operations. The Qualified Property would not include any existing buildings, machinery or equipment, or be used to renovate, refurbish, upgrade, maintain, modify, improve, or functionally replace any existing buildings or existing improvements. While the Qualified Property would interconnect with existing electrical, wastewater and utilities facilities (as described below), it does not require other existing property to be operational. In that regard, although low-grade brine is available from third-party sources in the area, low-grade brine would be supplied by the existing brine process units (as described below) because it is economically advantageous to obtain low grade brine from this source."

- C. Feedstock interconnections: a. Tie-ins would be made to the existing brine process units to supply low grade brine to the new brine process units for further processing to the high level of purification necessary for use as feedstock in the new membrane cell room to produce membrane caustic soda (sodium hydroxide).
- A June 20, 2022 *Houston Business Journal* article reported the following:
  - A. "OxyChem has proposed a collection of expansions and upgrades to its chlor-alkali manufacturing units at its Battleground chemical complex; ... [t]he complex borders the San Jacinto Battleground National Historic Site on Independence Parkway. Such upgrades "would help to ensure long-term viability of the Battleground plant operations," ... Rob Peterson, Oxy's CFO and a senior vice president, said in February that the company plans to make a final investment decision on the "modernization of certain Gulf Coast chlor-alkali assets" by the end of 2022 and that Oxy was working on front-end engineering and design for the project. A company spokesperson reached June 16 declined to discuss the plans beyond Peterson's comments. If Oxy decides to proceed with the upgrades as laid out in the application, construction would start in the third quarter of 2023, and commercial operations would begin by the second quarter of 2026."
  - B. "Chlor-alkali manufacturing requires the electrolysis of saltwater, particularly that which contains sodium chloride. There are multiple ways to accomplish that reaction, but its products tend to be chlorine and caustic soda. OxyChem, which says it is the largest chlor alkali producer in the U.S., uses diaphragm-cell technology for at least some of its production at Battleground. With Project Orca, the company proposes replacing some or all of that production process with a newer technology, known as membrane cell. "This would help (OxyVinyls) maintain its position as a top producer of chlorine and caustic soda in the world as well as address potential future industry regulations that could require OV to cease using its existing technology, require significant additional cost and add complexity to production," the company wrote."
- An August 6, 2022 *Houston Chronicle* article stated the following:
  - A. The chemical arm of Occidental Petroleum plans to modernize and expand an existing La Porte facility that produces chlorine and caustic soda. Oxy plans to begin construction of the \$1.1 billion "Project Orca" next year, the company said Wednesday in an earnings call. Improvements to the complex near the San Jacinto Battleground site will have "significant" effects on production capacity, make the facility more efficient and reduce its carbon intensity, the company said. The La Porte project -- Oxy's first major investment in OxyChem since 2017 -- is likely the first in a series the company will take to modernize its chemical chlor-alkali facilities as demand for chemicals grows. The company said it is evaluating similar upgrades to others within OxyChem's footprint.
  - B. "'The project is being undertaken in part to respond to customer demand for chlorine, chlorine derivatives, and certain grades of caustic soda that we can produce with newer technology but will also result in increased capacities for both products,' Occidental CEO Vicki Hollub said. 'The project is expected to increase cash flow through improved margins and higher product volumes while lowering the energy intensity of the products produced.' OxyChem employs about 200 people at the Battleground site, Oxy's largest chlorine and caustic soda facility. The project is expected to add new equipment, a new electrical system and upgrade the facility's chlorine and salt purification systems. The site near the Houston Ship Channel has 'ready access' to markets both domestic and international, Hollub said. 'This high return project is just one of several opportunities we have to grow OxyChem's cashflow over the next few years,' Hollub said."

**Supporting Information**

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

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

# **Supporting Information**

**Section 8 of the Application for  
a Limitation on Appraised Value**

## Texas Comptroller of Public Accounts

Data Analysis and  
Transparency  
Form 50-296-A

## SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☒ Yes ☐ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☒ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☒ Yes ☐ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☒ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☒ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☒ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☒ Yes ☐ No

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

## SECTION 9: Projected Timeline

**NOTE:** Only construction beginning after the application review start date (the date the Texas Comptroller of Public Accounts deems the application complete) can be considered qualified property and/or qualified investment.

1. Estimated school board ratification of final agreement ..... Q4 2022
  2. Estimated commencement of construction ..... Q3 2023
  3. Beginning of qualifying time period (MM/DD/YYYY) ..... 01/01/2024
  4. First year of limitation (YYYY) ..... 2027
- 4a. For the beginning of the limitation period, notate which **one of the following** will apply according to provision of 313.027(a-1)(2):
- ☐ A. January 1 following the application date ☐ B. January 1 following the end of QTP
- ☒ C. January 1 following the commencement of commercial operations

5. Commencement of commercial operations ..... December 2026

## SECTION 10: The Property

1. County or counties in which the proposed project will be located ..... Harris
2. Central Appraisal District (CAD) that will be responsible for appraising the property ..... Harris CAD
3. Will this CAD be acting on behalf of another CAD to appraise this property? ☐ Yes ☒ No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:
 

M&O (ISD): <u>Deer Park ISD, 1.0796, 100%</u> <small>(Name, tax rate and percent of project)</small>	I&S (ISD): <u>Deer Park ISD, .2700, 100%</u> <small>(Name, tax rate and percent of project)</small>
County: <u>Harris County, .376930, 100%</u> <small>(Name, tax rate and percent of project)</small>	City: <u>Harris Co. Edu. Dept., .004990, 100%</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>Harris Co. HD, .162210, 100%</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>Harris Co. Flood Cntrl., .033490, 100%</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>Port of Houston Auth., .008720, 100%</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>San Jacinto Junior College, .167967, 100%</u> <small>(Name, tax rate and percent of project)</small>

# **Supporting Information**

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

## Tab 5

### **Documentation to Assist in Determining if Limitation is a Determining Factor**

For 100 years, OxyChem has developed extensive assets, infrastructure, expertise, and technology in the industrial chemicals industry, improving products and lives around the world. OxyChem has built a large network of integrated operations in the LaPorte and Deer Park area that enable the production of essential products. These essential products have improved safety and standards of living across the world, and as a top-tier manufacturer in the global industrial chemicals market, OxyChem has a reputation for prioritizing safety, environmental protection, customer service, and sustainability.

OV's proposed investment in its Battleground facility would require the approval of local divisional leadership at the plant, OxyChem's and Oxy's management, and Oxy's Board of Directors. The decision whether to invest in the Battleground facility will hinge on several major factors, including a projected return on investment, other capital allocation requests within the OxyChem production network, and support from community partners to ensure that the substantial capital investment would improve the facility's global competitiveness.

The success of the Project would ultimately be dependent upon securing a location that can provide, in the aggregate, the best possible revenue, operational efficiency, infrastructure costs, labor availability, and taxing structures, among other critical location considerations. For the Project to be sited in Texas, property tax liabilities must be competitive. If the Project cannot offset a significant portion of the property tax liabilities associated with a new chlor-alkali production unit, other domestic or international sites competitively vying for the same funding resources may receive the capital allocation, or the Project could be cancelled altogether. Capital allocation is especially important when considering potential investment at a similar facility in Louisiana, which could, with a material degree of potentiality, receive this capital allocation due to advantages in Louisiana's taxing system relative to Texas, as well as the decreased capital requirements of investing at that facility. Approval of a Chapter 313 value limitation for the proposed investment at the Battleground site in Texas is a determining factor when considering where to site the Project.

## **Supporting Information**

Attachments provided in Tab 4  
of the Application for a  
Limitation on Appraised Value



**Tab 4**

**Detailed Description of the Project**

Oxy Vinyls LP ("OV"), a subsidiary of Occidental Chemical Corporation ("OxyChem") and Occidental Petroleum Corporation ("Oxy"), is requesting an appraised value limitation from Deer Park Independent School District ("Deer Park ISD") for Project Orca ("Project"), a proposed new chlor-alkali production unit at OxyChem's existing chlor-alkali manufacturing complex, known as the Battleground site, in Harris County, Texas.

OV, which is a subsidiary of OxyChem, a top global manufacturer of chlorine and caustic soda, is contemplating a strategic initiative to construct a new chlor-alkali production unit that would feature more efficient and effective technology than previous generations of production in the chemicals industry. The proposed improvements, outlined below would increase OV's production capacity at the Battleground site, while simultaneously lowering the carbon intensity per ton of the product produced and delivered. The proposed investment would help OV maintain its position as a top global producer of chlorine and caustic soda and help OxyChem maintain its market position as one of the world's leading industrial chemicals corporations.

The OV Battleground site uses the following production process for chlorine and caustic soda:

- (1) Brine, salt dissolved with water, is the basic raw material for the process and sourced from underground wells.
- (2) Impurities contained in the raw brine which interfere with production are removed by chemical treatment, settling, and filtration.
- (3) The purified brine is pumped to the cell room. The Battleground cell room contains electrolytic cells for processing brine into chlorine, caustic soda and hydrogen. Battleground's existing technology utilizes diaphragm cells. The chlorine that leaves the cell room is in a gaseous state and the caustic soda is in liquid form.
- (4) The chlorine gas must be dried, chilled, and pressurized, or converted to liquid form for storage or shipping.
- (5) The caustic soda is further processed and can be provided in various concentrations.

The Project, if approved, would include the construction of new chlor-alkali production facilities at Battleground that implement advanced production processes and equipment that utilize the latest membrane cell technology. The Qualified Property would constitute an entirely new process, distinct and separate from existing operations. The Qualified Property would not include any existing buildings, machinery or equipment, or be used to renovate, refurbish, upgrade, maintain, modify, improve, or functionally replace any existing buildings or existing improvements. While the Qualified Property would interconnect with existing electrical, wastewater and utilities facilities (as described below), it does not require other existing property to be operational. In that regard, although low-grade brine is available from third-party sources in the area, low-grade brine would be supplied by the existing brine process units (as described below) because it is economically advantageous to obtain low grade brine from this source.

Proposed interconnections with existing property at the Battleground site are described below:

1. Electrical interconnections:

- a. Tie-ins would be made to the existing electrical subyard to supply electricity to the new cellroom.
2. Feedstock interconnections:
  - a. Tie-ins would be made to the existing brine process units to supply low grade brine to the new brine process units for further processing to the high level of purification necessary for use as feedstock in the new membrane cell room to produce membrane caustic soda (sodium hydroxide).
3. Product interconnections:
  - a. The membrane caustic soda (sodium hydroxide) primary product produced in the new membrane cell room would be loaded into railcars, trucks, pipelines, and marine vessels for sale to third party customers. Membrane caustic soda is used by customers in thousands of chemical processing applications.
  - b. Substantially all of the chlorine product produced in the new membrane cell room would after additional processing be loaded into rail cars and pipelines for sale to third party customers, as well as to affiliated plants not located at the Battleground site for use in production of vinyl products.
4. Wastewater interconnection:
  - a. Tie-ins would be made from the existing wastewater system to the new wastewater treatment tanks for compliant discharge through a new pipeline with diffuser according to the Texas Pollutant Discharge Elimination System (TPDES) permit application filed with TCEQ.
5. Utilities systems interconnections:
  - a. Tie-ins would be made to the existing utilities systems to obtain utility supply for the new process units. These utilities include natural gas, nitrogen, process air, instrument air, steam, steam condensate, process condensate, cooling water, process water, potable water, and fire water.

OV has operated at the Battleground site for over 50 years, providing quality jobs, community engagement, and local tax revenue. Currently, OxyChem employs approximately 203 full-time equivalent positions at the OV Battleground site, at an average annual salary well above that of the Harris County average. Chlor-alkali production at Battleground serves as a key raw material for other OV manufacturing sites and supports approximately 800 more full-time equivalent jobs in Harris County. During construction of the Project, existing operations would continue as normal and upon completion of the Project, the proposed improvements would immediately commence commercial operations.

The Project would occur on approximately 197 acres within Harris County, in a reinvestment zone to be established on land generally northeast of Texas Highway 225 and Beltway 8, near the San Jacinto Battleground Site. Maps in Tab 11 further define the location of the proposed investment.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller



**OxyChem plans \$1.1B expansion of La Porte facility - Houston Chronicle (TX) - August 6, 2022 - page B001**

August 6, 2022 | Houston Chronicle (TX) | Amanda Drane; Staff writer Staff writer | Page B001

The chemical arm of Occidental Petroleum plans to modernize and expand an existing La Porte facility that produces chlorine and caustic soda.

Oxy plans to begin construction of the \$1.1 billion "Project Orca" next year, the company said Wednesday in an earnings call. Improvements to the complex near the San Jacinto Battleground site will have "significant" effects on production capacity, make the facility more efficient and reduce its carbon intensity, the company said.

The La Porte project -- Oxy's first major investment in **OxyChem** since 2017 -- is likely the first in a series the company will take to modernize its chemical chlor-alkali facilities as demand for chemicals grows. The company said it is evaluating similar upgrades to others within **OxyChem**'s footprint.

"The project is being undertaken in part to respond to customer demand for chlorine, chlorine derivatives, and certain grades of caustic soda that we can produce with newer technology, but will also result in increased capacities for both products," Occidental CEO Vicki Hollub said. "The project is expected to increase cash flow through improved margins and higher product volumes while lowering the energy intensity of the products produced."

**OxyChem** employs about 200 people at the Battleground site, Oxy's largest chlorine and caustic soda facility. The project is expected to add new equipment, a new electrical system and upgrade the facility's chlorine and salt purification systems.

The site near the Houston Ship Channel has "ready access" to markets both domestic and international, Hollub said.

"This high return project is just one of several opportunities we have to grow **OxyChem**'s cashflow over the next few years," Hollub said.

The project helps ensure "the long term viability of the Battleground plant operations," the company said in an application for a tax break with Deer Park ISD. Operations will continue "as normal" during construction, which is expected to be completed in 2026, the company said.

The last major investments Oxy made into its chemical business were in four chlorinated polyethylene plants and an ethylene cracker completed in 2017.

[amanda.drane@chron.com](mailto:amanda.drane@chron.com)

#### CITATION (AGLC STYLE)

Amanda Drane, Staff writer; Staff writer, 'OxyChem plans \$1.1B expansion of La Porte facility', *Houston Chronicle* (online), 6 Aug 2022 B001 <<https://infoweb-newsbank-com.atxlibrary.idm.oclc.org/apps/news/document-view?p=AWNB&docref=news/18BC7FE6B625F810>>

Copyright (c), 2022, Houston Chronicle. All Rights Reserved.

OxyChem proposes \$1.1B chemical upgrade and expansion in Deer Park .....	2
---	---

## **OxyChem** proposes \$1.1B chemical upgrade and expansion in Deer Park

Emily Burleson

620 words

20 June 2022

Houston Business Journal

HOBJ

English

© 2022 American City Business Journals, Inc. All rights reserved.

The chemical subsidiary of Occidental Petroleum Corp. (NYSE: OXY) is considering a \$1.1 billion manufacturing overhaul and expansion project in Deer Park in an effort to maintain its dominance in a particular corner of the U.S. chemicals market.

**OxyChem** has proposed a collection of expansions and upgrades to its chlor-alkali manufacturing units at its Battleground chemical complex, according to documents filed with the Texas comptroller's office. The complex borders the San Jacinto Battleground National Historic Site on Independence Parkway.

Such upgrades "would help to ensure long-term viability of the Battleground plant operations," the company wrote in the document, an application for Chapter 313 tax incentives.

Rob Peterson, Oxy's CFO and a senior vice president, said in February that the company plans to make a final investment decision on the "modernization of certain Gulf Coast chlor-alkali assets" by the end of 2022 and that Oxy was working on front-end engineering and design for the project. A company spokesperson reached June 16 declined to discuss the plans beyond Peterson's comments.

If Oxy decides to proceed with the upgrades as laid out in the application, construction would start in the third quarter of 2023, and commercial operations would begin by the second quarter of 2026.

**OxyChem** is seeking a Chapter 313 deal with Deer Park Independent School District for the so-called Project Orca. As laid out in the state tax code, school districts can agree to limit the property tax value of certain industrial projects within their borders.

In this case, Oxy is requesting that Deer Park ISD value the facility's upgrades at \$100 million — the minimum in that district — for 10 years following their completion. Such a determination would save Oxy millions of dollars in property taxes.

Deer Park ISD has four existing Chapter 313 agreements with other companies, according to the comptroller's website.

Unlike the new-build projects that typically seek Chapter 313 incentives, Project Orca would involve an overhaul of existing and continuously operating chemical units. For Oxy's application with Deer Park ISD to move forward, the Texas comptroller's office is required to find that the tax incentives are a "determining factor" in Oxy's decision "to invest capital and construct the project in this state."

Chlor-alkali manufacturing requires the electrolysis of saltwater, particularly that which contains sodium chloride. There are multiple ways to accomplish that reaction, but its products tend to be chlorine and caustic soda.

**OxyChem**, which says it is the largest chlor alkali producer in the U.S., uses diaphragm-cell technology for at least some of its production at Battleground. With Project Orca, the company proposes replacing some or all of that production process with a newer technology, known as membrane cell.

"This would help (OxyVinyls) maintain its position as a top producer of chlorine and caustic soda in the world as well as address potential future industry regulations that could require OV to cease using its existing technology, require significant additional cost and add complexity to production," the company wrote.

Amid that technology switchover, the complex's chlorine and caustic soda production capacity would increase significantly, as would the energy-efficiency of the entire process, thereby decreasing the carbon intensity of those products, the company said.

Oxy's chemical division posted record-high earnings in the first three months of 2022, the third consecutive quarter that it had done so, according to the company. **OxyChem** garnered \$671 million in income during the first quarter, more than double the year-ago period.

Did you find this article useful? Why not [subscribe](#) to Houston Business Journal for more articles?

Document HOBj000020220620ei6k0002t

#### Search Summary

Text	OxyChem
Date	In the last year
Source	Houston Business Journal Or Houston Business Journal Online Or Houston Chronicle Or Houston Chronicle: Web Edition
Author	All Authors
Company	All Companies
Subject	All Subjects
Industry	All Industries
Region	All Regions
Language	All Languages
Results Found	3
Timestamp	25 August 2022 22:52