

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



May 31, 2012

Christy Paulsgrove
Superintendent
Goliad Independent School District
P. O. Box 830
Goliad, Texas 77963

Dear Superintendent Paulsgrove:

On May 15, 2012, the Comptroller received the completed application for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in January, 2012 to the Goliad Independent School District (Goliad ISD) by DCP Midstream, LP (DCP). This letter presents the results of the comptroller's review of the application:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

Goliad ISD is currently classified as a rural school district in Category 1 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$80,000,000) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement. DCP is proposing the construction of a manufacturing facility in Goliad County. DCP is an active franchise taxpayer in good standing, as required by Tax Code Section 313.024(a).

As required by Section 313.024(h), the Comptroller has determined that the property, as described by the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by DCP, the Comptroller's recommendation is that DCP's application under Tax Code Chapter 313 be approved.

Our review of the application 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. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. The school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is

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

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.

The Comptroller's recommendation is based on the application that has been submitted and reviewed by the Comptroller. The recommendation may not be used by the ISD to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

1. The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency 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 must approve and execute a limitation agreement that has been reviewed by this office within a year from the date of this letter; and
4. Section 313.025 requires the district to provide to the Comptroller a copy of the signed limitation agreement within 7 days after execution.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, 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	DCP Midstream, LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Goliad ISD
2009-10 Enrollment in School District	1,360
County	Goliad
Total Investment in District	\$300,000,000
Qualified Investment	\$80,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	10
Number of qualifying jobs committed to by applicant	10
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,019
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$883
Minimum Annual Wage committed to by applicant for qualified jobs	\$53,000
Investment per Qualifying Job	\$30,000,000
Estimated 15 year M&O levy without any limit or credit:	\$20,847,801
Estimated gross 15 year M&O tax benefit	\$10,277,852
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):	\$8,961,784
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$418,548
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$11,886,017
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	43.0%
Percentage of tax benefit due to the limitation	95.9%
Percentage of tax benefit due to the credit.	4.1%

This presents the Comptroller's economic impact evaluation of DCP Midstream (the project) applying to Goliad 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 ten new jobs when fully operational. All ten 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 Golden Crescent Regional Planning Commission Region, where Goliad County is located was \$41,738 in 2010. The annual average manufacturing wage for 2010-2011 for Goliad County is \$36,517. That same year, the county annual average wage for all industries was \$30,420. In addition to a salary of \$53,000, each qualifying position will receive benefits such as medical, dental and vision plans. DCP also offers 401(k) and retirement plans, life insurance, short and long term disability insurance, education assistance, scholarship program, holidays and vacation, a wellness program, matching gifts, and a short term incentive plan. The project's total investment is \$300 million, resulting in a relative level of investment per qualifying job of \$30 million.

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

According to DCP Midstream's application, "DCP Midstream is the largest producer of natural gas liquids in North America and has significant pipeline infrastructure throughout Texas. This infrastructure provides DCP Midstream with the flexibility and opportunity to invest in a variety of regions in Texas and its neighboring states. Currently, DCP Midstream owns and operates 61 gas processing plants in 18 states. Capital investment is granted to projects that generate the best economic return for DCP Midstream. Currently, several projects in Louisiana, New Mexico and Colorado are competing with Texas projects for company investment."

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

During the past two years, four projects in the Golden Crescent Regional Planning Commission 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 DCP Midstream 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 DCP Midstream's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	23	32	55	\$1,176,250	\$1,823,750	\$3,000,000
2013	115	130	245	\$5,981,250	\$8,018,750	\$14,000,000
2014	10	43	53	\$530,000	\$4,470,000	\$5,000,000
2015	10	38	48	\$530,000	\$4,470,000	\$5,000,000
2016	132	151	283	\$6,892,500	\$12,107,500	\$19,000,000
2017	10	50	60	\$530,000	\$6,470,000	\$7,000,000
2018	132	154	286	\$6,892,500	\$14,107,500	\$21,000,000
2019	10	60	70	\$530,000	\$8,470,000	\$9,000,000
2020	10	53	63	\$530,000	\$7,470,000	\$8,000,000
2021	10	56	66	\$530,000	\$7,470,000	\$8,000,000
2022	10	57	67	\$530,000	\$8,470,000	\$9,000,000
2023	10	49	59	\$530,000	\$7,470,000	\$8,000,000
2024	10	53	63	\$530,000	\$7,470,000	\$8,000,000
2025	10	51	61	\$530,000	\$7,470,000	\$8,000,000
2026	10	54	64	\$530,000	\$8,470,000	\$9,000,000
2027	10	58	68	\$530,000	\$8,470,000	\$9,000,000

Source: CPA, REMI, DCP Midstream

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Goliad ISD's ad valorem tax base in 2010 was \$1.2 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Goliad ISD's estimated wealth per WADA was \$662,704. 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, Goliad County, and Goliad County Groundwater Conservation District, with all property tax incentives sought being granted using estimated market value from DCP Midstream's application. DCP Midstream has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and groundwater conservation district. Table 3 illustrates the estimated tax impact of the DCP Midstream project on the region if all taxes are assessed.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Goliad ISD I&S Levy	Goliad ISD M&O Levy	Goliad ISD M&O and I&S Tax Levies (Before Credit Credited)	Goliad ISD M&O and I&S Tax Levies (After Credit Credited)	Goliad County	Goliad County Groundwater Conservation District	Estimated Total Property Taxes
				0.1450	1.0400			0.7197	0.0143	
2013	\$25,895,000	\$25,895,000		\$37,548	\$269,308	\$306,856	\$306,856	\$55,910	\$1,111	\$363,877
2014	\$70,245,000	\$70,245,000		\$101,855	\$730,548	\$832,403	\$832,403	\$151,666	\$3,014	\$987,083
2015	\$68,345,000	\$30,000,000		\$99,100	\$312,000	\$411,100	\$411,100	\$147,564	\$2,932	\$561,596
2016	\$131,995,000	\$30,000,000		\$191,393	\$312,000	\$503,393	\$443,600	\$284,990	\$5,663	\$734,253
2017	\$128,195,000	\$30,000,000		\$185,883	\$312,000	\$497,883	\$438,090	\$276,786	\$5,500	\$720,376
2018	\$186,145,000	\$30,000,000		\$269,910	\$312,000	\$581,910	\$522,118	\$401,906	\$7,986	\$932,009
2019	\$177,595,000	\$30,000,000		\$257,513	\$312,000	\$569,513	\$509,720	\$383,445	\$7,619	\$900,784
2020	\$171,895,000	\$30,000,000		\$249,248	\$312,000	\$561,248	\$501,455	\$371,138	\$7,374	\$879,968
2021	\$166,195,000	\$30,000,000		\$240,983	\$312,000	\$552,983	\$493,190	\$358,832	\$7,130	\$859,152
2022	\$157,645,000	\$30,000,000		\$228,585	\$312,000	\$540,585	\$480,793	\$340,371	\$6,763	\$827,927
2023	\$152,942,500	\$152,942,500		\$221,767	\$1,590,602	\$1,812,369	\$1,812,369	\$1,100,727	\$21,871	\$2,934,967
2024	\$148,381,075	\$148,381,075		\$215,153	\$1,543,163	\$1,758,316	\$1,758,316	\$1,067,899	\$21,218	\$2,847,433
2025	\$143,956,493	\$143,956,493		\$208,737	\$1,497,148	\$1,705,884	\$1,705,884	\$1,036,055	\$20,586	\$2,762,525
2026	\$139,664,648	\$139,664,648		\$202,514	\$1,452,512	\$1,655,026	\$1,655,026	\$1,005,166	\$19,972	\$2,680,165
2027	\$135,501,559	\$135,501,559		\$196,477	\$1,409,216	\$1,605,693	\$1,605,693	\$975,205	\$19,377	\$2,600,275
						Total	\$13,476,614	\$7,957,660	\$158,114	\$21,592,388

Assumes School Value Limitation and Tax Abatement with the County and Groundwater Conservation District.

Source: CPA, DCP Midstream

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Goliad ISD I&S Levy	Goliad ISD M&O Levy	Goliad ISD M&O and I&S Tax Levies	Goliad County	Goliad County Groundwater Conservation District	Estimated Total Property Taxes	
				0.1450	1.0400			0.7197	0.0143	
2013	\$25,895,000	\$25,895,000		\$37,548	\$269,308	\$306,856	\$186,366	\$3,703	\$496,925	
2014	\$70,245,000	\$70,245,000		\$101,855	\$730,548	\$832,403	\$505,553	\$10,045	\$1,348,002	
2015	\$68,345,000	\$68,345,000		\$99,100	\$710,788	\$809,888	\$491,879	\$9,773	\$1,311,541	
2016	\$131,995,000	\$131,995,000		\$191,393	\$1,372,748	\$1,564,141	\$949,968	\$18,875	\$2,532,984	
2017	\$128,195,000	\$128,195,000		\$185,883	\$1,333,228	\$1,519,111	\$922,619	\$18,332	\$2,460,062	
2018	\$186,145,000	\$186,145,000		\$269,910	\$1,935,908	\$2,205,818	\$1,339,686	\$26,619	\$3,572,123	
2019	\$177,595,000	\$177,595,000		\$257,513	\$1,846,988	\$2,104,501	\$1,278,151	\$25,396	\$3,408,048	
2020	\$171,895,000	\$171,895,000		\$249,248	\$1,787,708	\$2,036,956	\$1,237,128	\$24,581	\$3,298,665	
2021	\$166,195,000	\$166,195,000		\$240,983	\$1,728,428	\$1,969,411	\$1,196,105	\$23,766	\$3,189,282	
2022	\$157,645,000	\$157,645,000		\$228,585	\$1,639,508	\$1,868,093	\$1,134,571	\$22,543	\$3,025,208	
2023	\$152,942,500	\$152,942,500		\$221,767	\$1,590,602	\$1,812,369	\$1,100,727	\$21,871	\$2,934,967	
2024	\$148,381,075	\$148,381,075		\$215,153	\$1,543,163	\$1,758,316	\$1,067,899	\$21,218	\$2,847,433	
2025	\$143,956,493	\$143,956,493		\$208,737	\$1,497,148	\$1,705,884	\$1,036,055	\$20,586	\$2,762,525	
2026	\$139,664,648	\$139,664,648		\$202,514	\$1,452,512	\$1,655,026	\$1,005,166	\$19,972	\$2,680,165	
2027	\$135,501,559	\$135,501,559		\$196,477	\$1,409,216	\$1,605,693	\$975,205	\$19,377	\$2,600,275	
						Total	\$23,754,466	\$14,427,079	\$286,657	\$38,468,203

Source: CPA, DCP Midstream

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 \$20,847,801. The estimated gross 15 year M&O tax benefit, or levy loss, is \$10,277,852.

Attachment 3 is an economic overview of Goliad 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

Applicant Name: DCP Midstream LP
 ISD Name: GOLJAD INDEPENDENT SCHOOL DISTRICT

Form 50-296

PROPERTY INVESTMENT AMOUNTS										
(Estimated investment in each year. Do not put cumulative totals.)										
	Year	School Year (YYYY-YYYY)	Tax Year (fill in actual tax year below)	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: 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)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)	2011-2012	2011							
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	2012-2013	2012	\$ 20,000,000				\$ 20,000,000		
	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)	2012-2013	2012	\$ 80,000,000				\$ 80,000,000		
	Complete tax years of qualifying time period	1	2013-2014	2013						
		2	2014-2015	2014						
		3	2015-2016	2015						
		4	2016-2017	2016	\$ 100,000,000				\$ 100,000,000	
		5	2017-2018	2017						
		6	2018-2019	2018	\$ 100,000,000				\$ 100,000,000	
		7	2019-2020	2019						
		8	2020-2021	2020						
		9	2021-2022	2021						
		10	2022-2023	2022						
	Value Limitation Period	11	2023-2024	2023						
		12	2024-2025	2024						
13		2025-2026	2025							
Credit Settle-Up Period	14	2026-2027	2026							
	15	2027-2028	2027							
Post-Settle-Up Period										

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.

[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].

Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during initiation 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).

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.

Signature of Authorized Company Representative: *R. J. Whit*
 DATE: 1-20-12

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

Form 50-296

Applicant Name DCP Midstream LP
 GOLIAD INDEPENDENT SCHOOL DISTRICT

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	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of langible personal property in the new building or "in or on the new improvement"		Final taxable value for I&S - after all reductions	Final taxable value for M&O--after all reductions
	pre- year 1	2012-2013	2012	895,000		-		895,000	895,000
Complete tax years of qualifying time period	1	2013-2014	2013	895,000		25,000,000		25,895,000	25,895,000
	2	2014-2015	2014	895,000		73,000,000	3,650,000	70,245,000	70,245,000
	3	2015-2016	2015	895,000		71,000,000	3,550,000	68,345,000	30,000,000
	4	2016-2017	2016	895,000		138,000,000	6,900,000	131,995,000	30,000,000
	5	2017-2018	2017	895,000		134,000,000	6,700,000	128,195,000	30,000,000
Tax Credit Period (with 50% cap on credit)	6	2018-2019	2018	895,000		195,000,000	9,750,000	186,145,000	30,000,000
	7	2019-2020	2019	895,000		186,000,000	9,300,000	177,595,000	30,000,000
	8	2020-2021	2020	895,000		180,000,000	9,000,000	171,895,000	30,000,000
	9	2021-2022	2021	895,000		174,000,000	8,700,000	166,195,000	30,000,000
	10	2022-2023	2022	895,000		165,000,000	8,250,000	157,645,000	30,000,000
Credit Settle-Up Period	11	2023-2024	2023	895,000		160,050,000	8,002,500	152,942,500	152,942,500
	12	2024-2025	2024	895,000		155,248,500	7,762,425	148,381,075	148,381,075
	13	2025-2026	2025	895,000		150,591,045	7,529,552	143,956,493	143,956,493
Post- Settle-Up Period	14	2026-2027	2026	895,000		146,073,314	7,303,666	139,664,648	139,664,648
	15	2027-2028	2027	895,000		141,691,114	7,084,556	135,501,559	135,501,559

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.

R. Greg West

SIGNATURE OF PROPERTY REPRESENTATIVE COMPANY REPRESENTATIVE

4-24-12

DATE

Schedule C- Application: Employment Information

Form 50-298

Applicant Name DCP Midstream LP
 ISD Name GOLIAD INDEPENDENT SCHOOL DISTRICT

	Year	School Year (YYYY)	Tax Year (YYYY- in actual tax year)	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTEs or man-hours (specify)	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	2012-13	2012	36,450 hrs	\$25/hr	05	\$53,000	05	\$53,000
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1	2013	218,050 hrs	\$25/hr	10	\$63,000	10	\$63,000
		2	2014			10	\$63,000	10	\$63,000
		3	2015			10	\$63,000	10	\$63,000
		4	2016	254,500 hrs	\$25/hr	10	\$63,000	10	\$63,000
		5	2017			10	\$63,000	10	\$63,000
		6	2018	254,500 hrs	\$25/hr	10	\$63,000	10	\$63,000
Value Limitation Period		7	2019			10	\$63,000	10	\$63,000
		8	2020			10	\$63,000	10	\$63,000
		9	2021			10	\$63,000	10	\$63,000
		10	2022			10	\$63,000	10	\$63,000
Credit Settle-Up Period	Continuous to Maintain Viable Presence	11	2023			10	\$63,000	10	\$63,000
		12	2024			10	\$63,000	10	\$63,000
		13	2025			10	\$63,000	10	\$63,000
Post-Settle-Up Period	Post-Settle-Up Period	14	2026			10	\$63,000	10	\$63,000
		15	2027			10	\$63,000	10	\$63,000

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.


 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE
 DATE 1-20-12

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

Applicant Name	DCP Midstream LP	Sales Tax Information		GOLIAD INDEPENDENT SCHOOL DISTRICT Form 50-296 Other Property Tax Abatements Sought												
		School Year (YYYY)	Tax/ Calendar Year (YYYY)	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	Franchise Tax	County	City	Hospital	Other						
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2012-2013	2012	50,000	100,050,000	5,300,000										
	Complete tax years of qualifying time period	1	2013-2014	2013	100,000	0	5,300,000	70				70				
		2	2014-2015	2014	100,000	0	5,300,000	70				70				
		3	2015-2016	2015	100,000		5,300,000	70				70				
		4	2016-2017	2016	100,000	100,100,000	5,300,000	70				70				
		5	2017-2018	2017	100,000		5,300,000	70				70				
		6	2018-2019	2018	100,000	100,100,000	5,300,000	70				70				
	Value Limitation Period	7	2019-2020	2019	100,000	0	5,300,000	70				70				
		8	2020-2021	2020	100,000	0	5,300,000	70				70				
		9	2021-2022	2021	100,000	0	5,300,000	70				70				
		10	2022-2023	2022	100,000	0	5,300,000	70				70				
	Credit Settle-Up Period	11	2023-2024	2023	100,000	0	5,300,000									
		12	2024-2025	2024	100,000	0	5,300,000									
		13	2025-2026	2025	100,000	0	5,300,000									
	Post-Settle-Up Period	14	2026-2027	2026	100,000	0	5,300,000									
15		2027-2028	2027	100,000	0	5,300,000										

*For planning, construction and operation of the facility.

R. P. Whit
 SIGNATURE OF APPLICANT REPRESENTATIVE

DATE 1-20-12

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

June 1, 2012

Mr. Robert Wood
Director, Economic Development and Analysis
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 DCP Midstream project on the number and size of school facilities in Goliad Independent School District (GISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the GISD superintendent, Christy Paulsgrove, the TEA has found that the DCP Midstream project would not have a significant impact on the number or size of school facilities in GISD.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

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

Belinda Dyer
Division Manager
Office of School Finance

BD/bd

June 1, 2012

Mr. Robert Wood
Director, Economic Development and Analysis
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 DCP Midstream project for the Goliad Independent School District (GISD). Projections prepared by our Office of School Finance 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 DCP Midstream project on GISD are correct.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,



Belinda Dyer
Division Manager
Office of School Finance

BD/bd

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED DCP
MIDSTREAM PROJECT ON THE FINANCES OF THE GOLIAD
INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED
CHAPTER 313 PROPERTY VALUE LIMITATION**

April 20, 2012

Final Report

PREPARED BY



Estimated Impact of the Proposed DCP Midstream Project on the Finances of the Goliad Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

DCP Midstream has requested that the Goliad Independent School District (GISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an updated application submitted to GISD on April 3, 2012, DCP Midstream proposes to invest \$300 million to construct a new natural gas processing project in GISD.

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

Under the provisions of Chapter 313, GISD may offer a minimum value limitation of \$30 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2013-14 and 2014-15 school years, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2013-14 and 2014-15 school years. Beginning in 2015-16, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period and thereafter, with GISD currently levying a \$0.145 I&S tax rate. The full value of the investment is expected to reach \$186 million in 2018-19, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

In the case of the DCP Midstream 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. GISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-\$40,434), with a cumulative revenue loss of \$1.3 million over the eight years the value limitation is in effect.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$9.0 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

School Finance Mechanics

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 its 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.

The third year is often problematical for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, although increases in project value during the limitation period may result in an increased revenue loss. School districts for which a portion of their tax rate is not subject to recapture may see recurring annual revenue losses under these calculations.

Under the HB 1 system adopted in 2006, most school districts received additional state aid for tax reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation agreements, adjustments to ASATR funding often moderated the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 786 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 241 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula. This is expected to result in only 403 districts receiving ASATR support, with 624 formula districts. For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the appropriations bill. The recent legislative session also saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year. It is likely that ASATR state funding will be reduced in future years and eliminated by the 2017-18 school year, based on current state policy.

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 DCP Midstream 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 general approach used here is to maintain static enrollment and underlying property values in order to isolate the effects of the value limitation under the school finance system. The current SB 1 reductions are reflected in the underlying models. With regard to ASATR funding the 92.35 percent reduction is assumed for the 2012-13 through 2016-17 school years. There is a statement of legislative intent adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below. The projected taxable values of the DCP Midstream project are factored into the base model used here. The impact of the limitation value for the proposed DCP Midstream project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 1,281 students in average daily attendance (ADA) in analyzing the effects of the DCP Midstream project on the finances of GISD. The District's local tax base reached \$880.0 million for the 2011 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.04 is used throughout this analysis. GISD has estimated state property wealth per weighted ADA or WADA of approximately \$566,008 for the 2011-12 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

School Finance Impact

School finance models were prepared for GISD under the assumptions outlined above through the 2027-28 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding beyond the projected level for that school year. 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 model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed DCP Midstream facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A second model is developed which adds the DCP Midstream value but imposes the proposed property value limitation effective in the third year, which in this case is the 2015-16 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).

A summary of the differences between these models is shown in Table 4. The model results show approximately \$12.9 million a year in annual net General Fund revenue, after recapture and other adjustments have been made, as needed. Barring future adjustments in school funding formulas, this amount decreases to less than \$10 million annually when ASATR funding is eliminated in the 2017-18 school year under current state policy.

Under these assumptions, GISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-\$40,434). The revenue reduction results primarily from the mechanics of the up to six cents beyond the compressed M&O tax rate equalized to the Austin yield or not subject to recapture, which reflect the one-year lag in value associated with the property value study. Annual revenue losses are recurring during the eight years the value limitation is in effect because if this factor, totaling \$1.3 million over the course of the agreement.

As noted previously, no attempt was made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year, although it is assumed that ASATR will be eliminated beginning in the 2017-18 school year, based on the 2011 statement of legislative intent.

One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2015-16 school year. The formula loss of \$40,434 cited above between the base and the limitation models is based on an assumption of approximately \$399,000 in M&O tax savings for DCP Midstream when the \$30 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, an increase in ASATR funding of \$334,000 and a \$21,000 reduction in recapture costs offset nearly all of the reduction in M&O taxes in the first year the value limitation is in effect. Assuming that ASATR funding is not continued in the 2017-18 school year and thereafter, reduction in recapture costs offset much of the reduced M&O tax collections that are the basis of the tax savings for DCP.

In general, the ASATR offset poses little, if any, financial risk to the school district as a result of the adoption of the value limitation agreement. But a significant reduction of ASATR funding prior to the assumed 2017-18 school year elimination of these funds could reduce the residual tax savings in the first year that the \$30 million value limitation takes effect.

The Comptroller's state property value study influences these calculations, as noted previously. 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. The Comptroller's Property Tax Assistance Division now makes two value determinations for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

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 for 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$9.9 million over the life of the agreement. In addition, DCP Midstream would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$0.4 million over the life of the agreement, with no unpaid tax credits anticipated. The District is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key GISD revenue losses are expected to total approximately \$1.3 million over the course of the agreement. In The potential net total tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$9.0 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the initial year of the agreement, there would still be a substantial tax benefit to DCP Midstream under the value limitation agreement for the remaining years that the limitation is in effect.

Facilities Funding Impact

The DCP Midstream project remains fully taxable for debt services taxes, with GISD currently levying a \$0.145 I&S tax rate. The value of the DCP Midstream project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to increase the District's projected tax base and assist in reducing its I&S tax rate. At its peak taxable value, the project should add approximately 20 percent to the District's tax base and permit GISD to reduce its current I&S tax rate by as much as three cents under the assumptions made in this report.

The DCP Midstream project is not expected to affect GISD in terms of enrollment. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Conclusion

The proposed DCP Midstream natural gas processing project enhances the tax base of GISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 agreement could reach an estimated \$9.0 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of GISD in meeting its future debt service obligations.

Table 1 – Base District Information with DCP Midstream 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
Pre-Year,1	2012-13	1,280.71	1,884.75	\$1.0400	\$0.1450	\$880,905,540	\$880,905,540	\$886,130,149	\$886,130,149	\$470,158	\$470,158
1	2013-14	1,280.71	1,884.75	\$1.0400	\$0.1450	\$905,905,540	\$905,905,540	\$887,025,149	\$887,025,149	\$470,633	\$470,633
2	2014-15	1,280.71	1,884.75	\$1.0400	\$0.1450	\$950,255,540	\$950,255,540	\$912,025,149	\$912,025,149	\$483,897	\$483,897
3	2015-16	1,280.71	1,884.75	\$1.0400	\$0.1450	\$948,355,540	\$910,010,540	\$956,375,149	\$956,375,149	\$507,428	\$507,428
4	2016-17	1,280.71	1,884.75	\$1.0400	\$0.1380	\$1,012,005,540	\$910,010,540	\$954,475,149	\$916,130,149	\$506,420	\$486,075
5	2017-18	1,280.71	1,912.77	\$1.0400	\$0.1380	\$1,008,205,540	\$910,010,540	\$1,018,125,149	\$916,130,149	\$532,279	\$478,955
6	2018-19	1,280.71	1,912.77	\$1.0400	\$0.1350	\$1,066,155,540	\$910,010,540	\$1,014,325,149	\$916,130,149	\$530,282	\$478,955
7	2019-20	1,280.71	1,912.77	\$1.0400	\$0.1350	\$1,057,605,540	\$910,010,540	\$1,072,275,149	\$916,130,149	\$560,588	\$478,955
8	2020-21	1,280.71	1,912.77	\$1.0400	\$0.1350	\$1,051,905,540	\$910,010,540	\$1,063,725,149	\$916,130,149	\$558,118	\$478,955
9	2021-22	1,280.71	1,912.77	\$1.0400	\$0.1350	\$1,046,205,540	\$910,010,540	\$1,058,025,149	\$916,130,149	\$553,138	\$478,955
10	2022-23	1,280.71	1,912.77	\$1.0400	\$0.1350	\$1,037,655,540	\$910,010,540	\$1,052,325,149	\$916,130,149	\$550,158	\$478,955
11	2023-24	1,280.71	1,912.77	\$1.0400	\$0.1350	\$1,032,953,040	\$1,032,953,040	\$1,043,775,149	\$916,130,149	\$545,688	\$478,955
12	2024-25	1,280.71	1,912.77	\$1.0400	\$0.1350	\$1,028,391,615	\$1,028,391,615	\$1,039,072,649	\$1,039,072,649	\$543,230	\$543,230
13	2025-26	1,280.71	1,912.77	\$1.0400	\$0.1350	\$1,023,967,033	\$1,023,967,033	\$1,034,511,224	\$1,034,511,224	\$540,845	\$540,845
14	2026-27	1,280.71	1,912.77	\$1.0400	\$0.1350	\$1,019,675,188	\$1,019,675,188	\$1,030,086,642	\$1,030,086,642	\$538,532	\$538,532
15	2027-28	1,280.71	1,912.77	\$1.0400	\$0.1350	\$1,015,512,099	\$1,015,512,099	\$1,025,794,797	\$1,025,794,797	\$536,288	\$536,288

*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
Pre-Year 1	2012-13	\$8,034,816	\$622,776	\$3,256,096	\$0	\$0	\$982,224	\$143,334	-\$140,645	\$12,898,602
1	2013-14	\$8,261,860	\$614,482	\$3,037,346	\$0	\$0	\$1,009,980	\$146,695	-\$144,929	\$12,925,435
2	2014-15	\$8,664,638	\$427,658	\$2,836,516	\$0	-\$15,121	\$1,059,218	\$134,252	-\$160,802	\$12,946,356
3	2015-16	\$8,654,489	\$469,311	\$3,180,302	\$0	-\$390,413	\$1,057,977	\$101,892	-\$175,089	\$12,898,469
4	2016-17	\$9,245,095	\$558,960	\$2,517,827	\$0	-\$408,194	\$1,130,176	\$110,254	-\$188,404	\$12,967,714
5	2017-18	\$9,209,879	\$469,311	\$0	\$0	-\$806,152	\$1,125,871	\$75,530	-\$201,114	\$9,873,325
6	2018-19	\$9,747,235	\$558,960	\$0	\$0	-\$828,592	\$1,191,581	\$82,601	-\$211,651	\$10,540,114
7	2019-20	\$9,668,001	\$469,311	\$0	\$0	-\$1,266,978	\$1,181,875	\$43,672	-\$227,127	\$9,868,755
8	2020-21	\$9,615,179	\$558,960	\$0	\$0	-\$1,197,043	\$1,175,418	\$48,787	-\$223,480	\$9,977,820
9	2021-22	\$9,562,356	\$469,311	\$0	\$0	-\$1,147,925	\$1,168,960	\$52,115	-\$220,635	\$9,884,182
10	2022-23	\$9,483,122	\$558,960	\$0	\$0	-\$1,095,459	\$1,159,274	\$55,289	-\$217,186	\$9,944,000
11	2023-24	\$9,440,415	\$469,311	\$0	\$0	-\$1,026,399	\$1,154,053	\$60,498	-\$213,755	\$9,884,123
12	2024-25	\$9,398,989	\$558,960	\$0	\$0	-\$986,123	\$1,148,989	\$63,259	-\$211,457	\$9,972,618
13	2025-26	\$9,358,806	\$558,960	\$0	\$0	-\$947,047	\$1,144,077	\$65,938	-\$209,227	\$9,971,507
14	2026-27	\$9,319,828	\$558,960	\$0	\$0	-\$909,136	\$1,139,312	\$68,537	-\$207,064	\$9,970,438
15	2027-28	\$9,282,020	\$558,960	\$0	\$0	-\$872,355	\$1,134,690	\$71,059	-\$204,965	\$9,969,410

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
Pre-Year 1	2012-13	\$8,034,816	\$622,776	\$3,256,096	\$0	\$0	\$982,224	\$143,334	-\$140,645	\$12,898,602
1	2013-14	\$8,261,860	\$614,482	\$3,037,346	\$0	\$0	\$1,009,980	\$146,695	-\$144,929	\$12,925,435
2	2014-15	\$8,664,638	\$427,656	\$2,836,516	\$0	-\$15,121	\$1,059,218	\$134,252	-\$160,802	\$12,946,356
3	2015-16	\$8,299,141	\$469,311	\$3,515,074	\$0	-\$369,837	\$1,014,537	\$97,709	-\$167,900	\$12,858,034
4	2016-17	\$8,299,141	\$558,960	\$3,100,188	\$0	-\$44,601	\$1,014,537	\$125,605	-\$155,360	\$12,898,471
5	2017-18	\$8,299,141	\$471,892	\$0	\$0	\$0	\$1,014,537	\$135,460	-\$150,930	\$9,770,100
6	2018-19	\$8,299,141	\$558,960	\$0	\$0	\$0	\$1,014,537	\$135,460	-\$150,930	\$9,857,168
7	2019-20	\$8,299,141	\$471,892	\$0	\$0	\$0	\$1,014,537	\$135,460	-\$150,930	\$9,770,100
8	2020-21	\$8,299,141	\$558,960	\$0	\$0	\$0	\$1,014,537	\$135,460	-\$150,930	\$9,857,168
9	2021-22	\$8,299,141	\$471,892	\$0	\$0	\$0	\$1,014,537	\$135,460	-\$150,930	\$9,770,100
10	2022-23	\$8,299,141	\$558,960	\$0	\$0	\$0	\$1,014,537	\$135,460	-\$150,930	\$9,857,168
11	2023-24	\$9,415,679	\$471,892	\$0	\$0	\$0	\$1,151,029	\$153,685	-\$171,236	\$11,021,049
12	2024-25	\$9,374,253	\$558,960	\$0	\$0	-\$983,236	\$1,145,965	\$63,092	-\$210,900	\$9,948,134
13	2025-26	\$9,334,070	\$558,960	\$0	\$0	-\$944,251	\$1,141,053	\$65,764	-\$208,674	\$9,946,922
14	2026-27	\$9,295,092	\$558,960	\$0	\$0	-\$906,429	\$1,136,288	\$68,355	-\$206,514	\$9,945,753
15	2027-28	\$9,257,284	\$558,960	\$0	\$0	-\$869,735	\$1,131,666	\$70,870	-\$204,419	\$9,944,626

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
Pre-Year 1	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2015-16	-\$355,347	\$0	\$334,772	\$0	\$20,576	-\$43,440	-\$4,184	\$7,189	-\$40,434
4	2016-17	-\$945,954	\$0	\$582,361	\$0	\$363,593	-\$115,639	\$15,351	\$31,044	-\$69,243
5	2017-18	-\$910,738	\$2,581	\$0	\$0	\$806,152	-\$111,334	\$59,930	\$50,184	-\$103,225
6	2018-19	-\$1,448,094	\$0	\$0	\$0	\$828,592	-\$177,024	\$52,860	\$60,720	-\$682,946
7	2019-20	-\$1,368,860	\$2,581	\$0	\$0	\$1,266,978	-\$167,338	\$91,788	\$76,196	-\$98,654
8	2020-21	-\$1,316,038	\$0	\$0	\$0	\$1,197,043	-\$160,880	\$86,674	\$72,549	-\$120,652
9	2021-22	-\$1,263,215	\$2,581	\$0	\$0	\$1,147,925	-\$154,423	\$83,345	\$69,705	-\$114,082
10	2022-23	-\$1,183,981	\$0	\$0	\$0	\$1,095,459	-\$144,737	\$80,171	\$66,256	-\$86,832
11	2023-24	-\$24,736	\$2,581	\$0	\$0	\$1,026,399	-\$3,024	\$93,187	\$42,519	\$1,136,926
12	2024-25	-\$24,736	\$0	\$0	\$0	\$2,887	-\$3,024	-\$166	\$557	-\$24,483
13	2025-26	-\$24,736	\$0	\$0	\$0	\$2,796	-\$3,024	-\$174	\$553	-\$24,586
14	2026-27	-\$24,736	\$0	\$0	\$0	\$2,707	-\$3,024	-\$182	\$550	-\$24,686
15	2027-28	-\$24,736	\$0	\$0	\$0	\$2,620	-\$3,024	-\$189	\$546	-\$24,783

Table 5 - Estimated Financial impact of the DCP Midstream Project Property Value Limitation Request Submitted to GISD 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
Pre-Year 1	2012-13	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2013-14	\$25,895,000	\$25,895,000	\$0	\$1.040	\$269,308	\$269,308	\$0	\$0	\$0	\$0	\$0
2	2014-15	\$70,245,000	\$70,245,000	\$0	\$1.040	\$730,548	\$730,548	\$0	\$0	\$0	\$0	\$0
3	2015-16	\$68,345,000	\$30,000,000	\$38,345,000	\$1.040	\$710,788	\$312,000	\$398,788	\$0	\$398,788	-\$40,434	\$358,354
4	2016-17	\$131,995,000	\$30,000,000	\$101,995,000	\$1.040	\$1,372,748	\$312,000	\$1,060,748	\$59,793	\$1,120,541	-\$69,243	\$1,051,297
5	2017-18	\$128,195,000	\$30,000,000	\$98,195,000	\$1.040	\$1,333,228	\$312,000	\$1,021,228	\$59,793	\$1,081,021	-\$103,225	\$977,796
6	2018-19	\$188,145,000	\$30,000,000	\$158,145,000	\$1.040	\$1,935,908	\$312,000	\$1,623,908	\$59,793	\$1,683,701	-\$682,946	\$1,000,755
7	2019-20	\$177,595,000	\$30,000,000	\$147,595,000	\$1.040	\$1,846,988	\$312,000	\$1,534,988	\$59,793	\$1,594,781	-\$98,654	\$1,496,126
8	2020-21	\$171,895,000	\$30,000,000	\$141,895,000	\$1.040	\$1,787,708	\$312,000	\$1,475,708	\$59,793	\$1,535,501	-\$120,852	\$1,414,649
9	2021-22	\$166,195,000	\$30,000,000	\$136,195,000	\$1.040	\$1,728,428	\$312,000	\$1,416,428	\$59,793	\$1,476,221	-\$114,082	\$1,362,139
10	2022-23	\$157,645,000	\$30,000,000	\$127,645,000	\$1.040	\$1,639,508	\$312,000	\$1,327,508	\$59,793	\$1,387,301	-\$86,832	\$1,300,469
11	2023-24	\$152,942,500	\$152,942,500	\$0	\$1.040	\$1,590,602	\$1,590,602	\$0	\$0	\$0	\$0	\$0
12	2024-25	\$148,381,075	\$148,381,075	\$0	\$1.040	\$1,543,163	\$1,543,163	\$0	\$0	\$0	\$0	\$0
13	2025-26	\$143,956,493	\$143,956,493	\$0	\$1.040	\$1,497,148	\$1,497,148	\$0	\$0	\$0	\$0	\$0
14	2026-27	\$139,664,648	\$139,664,648	\$0	\$1.040	\$1,452,512	\$1,452,512	\$0	\$0	\$0	\$0	\$0
15	2027-28	\$135,501,559	\$135,501,559	\$0	\$1.040	\$1,409,216	\$1,409,216	\$0	\$0	\$0	\$0	\$0
Totals						\$20,847,801	\$10,988,497	\$9,859,304	\$418,548	\$10,277,852	-\$1,316,068	\$8,961,784
Tax Credit for Value Over Limit in First 2 Years								Year 1	Year 2	Max Credits		
								\$0	\$418,548	\$418,548		
								Credits Earned		\$418,548		
								Credits Paid		<u>\$418,548</u>		
								Excess Credits Unpaid		\$0		

***Note:** School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

Attachment 3

Goliad County

Population

- Total county population in 2010 for Goliad County: 7,048 , up 0.8 percent from 2009. State population increased 1.8 percent in the same time period.
- Goliad County was the state's 187th largest county in population in 2010 and the 119 th fastest growing county from 2009 to 2010.
- Goliad County's population in 2009 was 57.9 percent Anglo (above the state average of 46.7 percent), 5.1 percent African-American (below the state average of 11.3 percent) and 36.1 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Goliad County:

Goliad: 1,967

Economy and Income

Employment

- September 2011 total employment in Goliad County: 3,331 , up 4.2 percent from September 2010. State total employment increased 0.9 percent during the same period.
(October 2011 employment data will be available November 18, 2011).
- September 2011 Goliad County unemployment rate: 6.1 percent, down from 7.0 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

(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

- Goliad County's ranking in per capita personal income in 2009: 197th with an average per capita income of \$29,071, down 2.4 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Goliad County averaged \$25.05 million annually from 2007 to 2010. County total agricultural values in 2010 were up 17.6 percent from 2009. Major agriculture related commodities in Goliad County during 2010 included:
 - Fed Beef
 - Horses
 - Hunting
 - Hay
 - Other Beef
- 2011 oil and gas production in Goliad County: 128,829.0 barrels of oil and 15.0 million Mcf of gas. In September 2011, there were 109 producing oil wells and 500 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).

Quarterly (September 2010 through December 2010)

- Taxable sales in Goliad County during the fourth quarter 2010: \$5.63 million, up 5.4 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Goliad: \$4.07 million, up 17.4 percent from the same quarter in 2009.

Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)

- Taxable sales in Goliad County through the fourth quarter of 2010: \$20.62 million, up 0.8 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Goliad: \$14.57 million, up 9.2 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Goliad County during 2010: \$20.62 million, up 0.8 percent from 2009.
- Goliad County sent an estimated \$1.29 million (or 0.01 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Goliad: \$14.57 million, up 9.2 percent from 2009.

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Goliad County based on the sales activity month of August 2011: \$31,118.41, up 30.3 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
 - Goliad: \$31,118.41, up 30.3 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Goliad County based on sales activity months from September 2010 through August 2011: \$358,398.09, up 7.2 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
 - Goliad: \$358,398.09, up 7.2 percent from fiscal 2010.

January 2011 through August 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Goliad County based on sales activity months through August 2011: \$238,450.15, up 1.2 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 - Goliad: \$238,450.15, up 1.2 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Goliad County based on sales activity in the 12 months ending in August 2011: \$358,398.09, up 7.2 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 - Goliad: \$358,398.09, up 7.2 percent from the previous 12-month period.

City Calendar Year-To-Date (RJ 2011)

- Payment to the cities from January 2011 through October 2011:
 - Goliad: \$300,639.94, up 3.8 percent from the same period in 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 Goliad County based on sales activity months in 2010: \$355,468.98, up 23.3 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
 - Goliad: \$355,468.98, up 23.3 percent from 2009.

Property Tax

- As of January 2009, property values in Goliad County: \$1.91 billion, down 10.4 percent from January 2008 values. The property tax base per person in Goliad County is \$271,277, above the statewide average of \$85,809. About 31.2 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Goliad County's ranking in state expenditures by county in fiscal year 2010: 200th. State expenditures in the county for FY2010: \$18.29 million, down 0.5 percent from FY2009.
- In Goliad County, 7 state agencies provide a total of 39 jobs and \$345,630.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Parks & Wildlife Department
 - Department of Transportation
 - Department of Public Safety
 - Department of State Health Services

Higher Education

- Community colleges in Goliad County fall 2010 enrollment:
 - None.

- Goliad County is in the service area of the following:

- Institutions of higher education in Goliad County fall 2010 enrollment:
 - None.

School Districts

- Goliad County had 1 school districts with 5 schools and 1,325 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.)
 - Goliad ISD had 1,325 students in the 2009-10 school year. The average teacher salary was \$46,065. The percentage of students meeting the 2010 TAKS passing standard for all tests was 79 percent.