SUSAN COMBS

TEXAS COMPTROLLER of PUBLIC ACCOUNTS

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

May 31, 2012

Steve Long
Superintendent
Glasscock Independent School District
P.O. Box 9
Garden City, Texas 79739

Dear Superintendent Long:

On May 15, 2012, the Comptroller received the completed application for a limitation on appraised value under the provisions of Tax Code Chapter 313[1]. This application was originally submitted in January, 2012 to the Glasscock Independent School District (Glasscock 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.

Glasscock 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 ($70,000,000) 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 Glasscock 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,

for Martin Hubert

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	Glasscock ISD
2009-10 Enrollment in School District	283
County	Glasscock
Total Investment in District	$80,000,000
Qualified Investment	$70,000,000
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)	$876
Minimum Annual Wage committed to by applicant for qualified jobs	$53,000
Investment per Qualifying Job	$8,000,000
Estimated 15 year M&O levy without any limit or credit:	$6,995,980
Estimated gross 15 year M&O tax benefit	$1,886,741
Estimated 15 year M&O tax benefit (*after* deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	$1,843,799
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	$370,276
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	$5,152,181
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	26.4%
Percentage of tax benefit due to the limitation	80.4%
Percentage of tax benefit due to the credit.	19.6%

This presents the Comptroller's economic impact evaluation of DCP Midstream (the project) applying to Glasscock 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 Permian Basin Regional Planning Commission Region, where Glasscock County is located was $41,398 in 2010. The annual average manufacturing wage for 2010-2011 for Glasscock County is not available. That same year, the county annual average wage for all industries was $31,759. 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 $80 million, resulting in a relative level of investment per qualifying job of $8 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, seven projects in the Permian Basin 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

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	54	62	116	$2,810,000	$4,190,000	$7,000,000
2013	59	79	138	$3,075,000	$5,925,000	$9,000,000
2014	10	40	50	$530,000	$3,470,000	$4,000,000
2015	10	40	50	$530,000	$4,470,000	$5,000,000
2016	10	46	56	$530,000	$4,470,000	$5,000,000
2017	10	42	52	$530,000	$4,470,000	$5,000,000
2018	10	45	55	$530,000	$4,470,000	$5,000,000
2019	10	45	55	$530,000	$4,470,000	$5,000,000
2020	10	45	55	$530,000	$5,470,000	$6,000,000
2021	10	49	59	$530,000	$5,470,000	$6,000,000
2022	10	50	60	$530,000	$6,470,000	$7,000,000
2023	10	51	61	$530,000	$6,470,000	$7,000,000
2024	10	53	63	$530,000	$6,470,000	$7,000,000
2025	10	51	61	$530,000	$7,470,000	$8,000,000
2026	10	51	61	$530,000	$7,470,000	$8,000,000
2027	10	54	64	$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. Glasscock ISD's ad valorem tax base in 2010 was $1.12 billion. The statewide average wealth per WADA was estimated at $345,067 for fiscal 2010-2011. During that same year, Glasscock ISD's estimated wealth per WADA was $2,230,997. 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 and Glasscock County, 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 abatement with the county. Table 3 illustrates the estimated tax impact of the DCP Midstream project on the region if all taxes are assessed.

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought									
Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Glasscock ISD I&S Levy	Glasscock ISD M&O Levy	Glasscock ISD M&O and I&S Tax Levies (Before Credit Credited)	Glasscock ISD M&O and I&S Tax Levies (After Credit Credited)	Glasscock County	Estimated Total Property Taxes
			Tax Rate[1]	0.0748	1.0401			0.3000	
2013	$40,060,000	$40,060,000		$29,965	$416,664	$446,629	$446,629	$36,054	$482,683
2014	$55,540,000	$55,540,000		$41,544	$577,672	$619,215	$619,215	$49,986	$669,201
2015	$54,020,000	$30,000,000		$40,407	$312,030	$352,437	$352,437	$48,618	$401,055
2016	$52,500,000	$30,000,000		$39,270	$312,030	$351,300	$298,403	$47,250	$345,653
2017	$50,980,000	$30,000,000		$38,133	$312,030	$350,163	$297,267	$45,882	$343,149
2018	$49,460,000	$30,000,000		$36,996	$312,030	$349,026	$296,130	$44,514	$340,644
2019	$47,180,000	$30,000,000		$35,291	$312,030	$347,321	$294,424	$42,462	$336,886
2020	$45,660,000	$30,000,000		$34,154	$312,030	$346,184	$293,287	$41,094	$334,381
2021	$44,140,000	$30,000,000		$33,017	$312,030	$345,047	$292,150	$39,726	$331,876
2022	$41,860,000	$30,000,000		$31,311	$312,030	$343,341	$290,445	$37,674	$328,119
2023	$40,606,000	$40,606,000		$30,373	$422,343	$452,716	$452,716	$121,818	$574,534
2024	$39,389,620	$39,389,620		$29,463	$409,691	$439,155	$439,155	$118,169	$557,324
2025	$38,209,731	$38,209,731		$28,581	$397,419	$426,000	$426,000	$114,629	$540,629
2026	$37,065,239	$37,065,239		$27,725	$385,516	$413,240	$413,240	$111,196	$524,436
2027	$35,955,082	$35,955,082		$26,894	$373,969	$400,863	$400,863	$107,865	$508,728
						Total	$5,612,362	$1,006,937	$6,619,299
Assumes School Value Limitation and Tax Abatement with the County.									

Source: CPA, DCP Midstream

[1]Tax Rate per $100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives									
Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Glasscock ISD I&S Levy	Glasscock ISD M&O Levy		Glasscock ISD M&O and I&S Tax Levies	Glasscock County	Estimated Total Property Taxes
			Tax Rate[1]	0.0748	1.0401			0.3000	
2013	$40,060,000	$40,060,000		$29,965	$416,664		$446,629	$120,180	$566,809
2014	$55,540,000	$55,540,000		$41,544	$577,672		$619,215	$166,620	$785,835
2015	$54,020,000	$54,020,000		$40,407	$561,862		$602,269	$162,060	$764,329
2016	$52,500,000	$52,500,000		$39,270	$546,053		$585,323	$157,500	$742,823
2017	$50,980,000	$50,980,000		$38,133	$530,243		$568,376	$152,940	$721,316
2018	$49,460,000	$49,460,000		$36,996	$514,433		$551,430	$148,380	$699,810
2019	$47,180,000	$47,180,000		$35,291	$490,719		$526,010	$141,540	$667,550
2020	$45,660,000	$45,660,000		$34,154	$474,910		$509,063	$136,980	$646,043
2021	$44,140,000	$44,140,000		$33,017	$459,100		$492,117	$132,420	$624,537
2022	$41,860,000	$41,860,000		$31,311	$435,386		$466,697	$125,580	$592,277
2023	$40,606,000	$40,606,000		$30,373	$422,343		$452,716	$121,818	$574,534
2024	$39,389,620	$39,389,620		$29,463	$409,691		$439,155	$118,169	$557,324
2025	$38,209,731	$38,209,731		$28,581	$397,419		$426,000	$114,629	$540,629
2026	$37,065,239	$37,065,239		$27,725	$385,516		$413,240	$111,196	$524,436
2027	$35,955,082	$35,955,082		$26,894	$373,969		$400,863	$107,865	$508,728
						Total	$7,499,104	$2,017,877	$9,516,981

Source: CPA, DCP Midstream

[1]Tax 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 $6,995,980. The estimated gross 15 year M&O tax benefit, or levy loss, is $1,886,741.

Attachment 3 is an economic overview of Glasscock 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

ATTACHMENT 17

Schedule A (Rev. May 2010): Investment

Applicant Name DCP Midstream LP

ISD Name GLASSCOCK INDEPENDENT SCHOOL DISTRICT

Form 50-296

		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during the year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
PROPERTY INVESTMENT AMOUNTS (Estimated investment in each year. Do not put cumulative totals.)									
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	$ 10,000,000				$ 10,000,000
	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	$ 30,000,000				$ 30,000,000
	Complete tax years of qualifying time period	1	2013-2014	2013	$ 40,000,000				$ 40,000,000
		2	2014-2015	2014					
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2015-2016	2015					
		4	2016-2017	2016					
		5	2017-2018	2017					
		6	2018-2019	2018					
		7	2019-2020	2019					
		8	2020-2021	2020					
		9	2021-2022	2021					
		10	2022-2023	2022					
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2023-2024	2023					
		12	2024-2025	2024					
		13	2025-2026	2025					
Post- Settle-Up Period		14	2026-2027	2026					
Post- Settle-Up Period		15	2027-2028	2027					

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 limitation period.

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

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-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.

K [signature] 1-6-12

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE DATE

ATTACHMENT 18

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

Applicant Name DCP Midstream LP

ISD Name GLASSCOCK INDEPENDENT SCHOOL DISTRICT

Form 50-296

					Qualified Property			Reductions from Market Value	Estimated Taxable Value	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O—after all reductions
		pre- year 1	2012-2013	2012	60,000				60,000	60,000
	Complete tax years of qualifying time period	1	2013-2014	2013	60,000		40,000,000		40,060,000	40,060,000
		2	2014-2015	2014	60,000		58,400,000	2,920,000	55,540,000	55,540,000
	Value Limitation Period	3	2015-2016	2015	60,000		56,800,000	2,840,000	54,020,000	30,000,000
Tax Credit Period (with 50% cap on credit)		4	2016-2017	2016	60,000		55,200,000	2,760,000	52,500,000	30,000,000
		5	2017-2018	2017	60,000		53,600,000	2,680,000	50,980,000	30,000,000
		6	2018-2019	2018	60,000		52,000,000	2,600,000	49,460,000	30,000,000
		7	2019-2020	2019	60,000		49,600,000	2,480,000	47,180,000	30,000,000
		8	2020-2021	2020	60,000		48,000,000	2,400,000	45,660,000	30,000,000
		9	2021-2022	2021	60,000		46,400,000	2,320,000	44,140,000	30,000,000
		10	2022-2023	2022	60,000		44,000,000	2,200,000	41,860,000	30,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2023-2024	2023	60,000		42,680,000	2,134,000	40,606,000	40,606,000
		12	2024-2025	2024	60,000		41,399,600	2,069,980	39,389,620	39,389,620
		13	2025-2026	2025	60,000		40,157,612	2,007,881	38,209,731	38,209,731
Post- Settle-Up Period		14	2026-2027	2026	60,000		38,952,884	1,947,644	37,065,239	37,065,239
Post- Settle-Up Period		15	2027-2028	2027	60,000		37,784,297	1,889,215	35,955,082	35,955,082

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.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

1-6-12

DATE

ATTACHMENT 19

Schedule C- Application: Employment Information

Applicant Name DCP Midstream LP
ISD Name GLASSCOCK INDEPENDENT SCHOOL DISTRICT

Form 50-296

					Construction		New Jobs		Qualifying Jobs	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Column A: Number of Construction FTE's 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	2012-2013	2012	101,800 hrs	$25/hr 52000 annual	5	$ 53,000	5	$ 53,000
	Complete tax years of qualifying time period	1	2013-14	2013	101,800 hrs	$25/hr 52000 annual	10	$ 53,000	10	$ 53,000
		2	2014-15	2014			10	$ 53,000	10	$ 53,000
	Value Limitation Period	3	2015-16	2015			10	$ 53,000	10	$ 53,000
Tax Credit Period (with 50% cap on credit)		4	2016-17	2016			10	$ 53,000	10	$ 53,000
		5	2017-18	2017			10	$ 53,000	10	$ 53,000
		6	2018-19	2018			10	$ 53,000	10	$ 53,000
		7	2019-20	2019			10	$ 53,000	10	$ 53,000
		8	2020-21	2020			10	$ 53,000	10	$ 53,000
		9	2021-22	2021			10	$ 53,000	10	$ 53,000
		10	2022-23	2022			10	$ 53,000	10	$ 53,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2023-24	2023			10	$ 53,000	10	$ 53,000
		12	2024-25	2024			10	$ 53,000	10	$ 53,000
		13	2025-26	2025			10	$ 53,000	10	$ 53,000
Post- Settle-Up Period		14	2026-27	2026			10	$ 53,000	10	$ 53,000
Post- Settle-Up Period		15	2027-28	2027			10	$ 53,000	10	$ 53,000

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

1-6-12
DATE

Revised Feb 2012

ATTACHMENT 20

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

Applicant Name DCP Midstream LP ISD Name _ASSCOCK INDEPENDENT SCHOOL DISTRI Form 50-296

					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
		Year	School Year (YYYY-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	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)			2012-2013	2012	50,000	80,000,000	4,240,000				
	Complete tax years of qualifying time period	1	2013-2014	2013	100,000	0	4,240,000	70		70	70
		2	2014-2015	2014	100,000	0	4,240,000	70		70	70
	Value Limitation Period	3	2015-2016	2015	100,000		4,240,000	70		70	70
Tax Credit Period (with 50% cap on credit)		4	2016-2017	2016	100,000	0	4,240,000	70		70	70
		5	2017-2018	2017	100,000		4,240,000	70		70	70
		6	2018-2019	2018	100,000	0	4,240,000	70		70	70
		7	2019-2020	2019	100,000	0	4,240,000	70		70	70
		8	2020-2021	2020	100,000	0	4,240,000	70		70	70
		9	2021-2022	2021	100,000	0	4,240,000	70		70	70
		10	2022-2023	2022	100,000	0	4,240,000	70		70	70
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2023-2024	2023	100,000	0	4,240,000				
		12	2024-2025	2024	100,000	0	4,240,000				
		13	2025-2026	2025	100,000	0	4,240,000				
Post- Settle-Up Period		14	2026-2027	2026	100,000	0	4,240,000				
Post- Settle-Up Period		15	2027-2028	2027	100,000	0	4,240,000				

*For planning, construction and operation of the facility.

K [illegible] Walt

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

1-6-12

DATE

Attachment 2

TEA™
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:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed DCP Midstream project for the Glasscock County Independent School District (GCISD). 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 GCISD 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

Belinda Dyer
Division Manager
Office of School Finance

BD/bd

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TEXAS EDUCATION AGENCY
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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 Glasscock County Independent School District (GCISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the GCISD superintendent, Steve Long, the TEA has found that the DCP Midstream project would not have a significant impact on the number or size of school facilities in GCISD.

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

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 GLASSCOCK COUNTY INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION

April 19, 2012	Final Report

PREPARED BY

MOAK, CASEY & ASSOCIATES

TEXAS SCHOOL FINANCE EXPERTS

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

Introduction

DCP Midstream (DCP) has requested that the Glasscock County Independent School District (GCISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application initially submitted to GCISD on January 9, 2012 and later amended, DCP proposes to invest $80 million to construct a new natural gas processing plant project in GCISD.

The DCP 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, GCISD 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, with GCISD currently levying a $0.0748 I&S tax rate. The full taxable value of the investment is expected to reach $56 million in 2014-15, 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. GCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-$14,230). Over the eight-year limitation period, the hold-harmless amounts are estimated to total approximately $43,000.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated $1.8 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, assuming a similar deduction is made in the state property values.

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 778 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 249 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. The number of formula districts is expected to reach 624 in the 2012-13 school year, with 403 districts expected to receive ASATR funding.

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 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 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 enacted for the 2012-13 school year is maintained until the 2017-18 school year. 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 project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 266 students in average daily attendance (ADA) in analyzing the effects of the DCP project on the finances of GCISD. The District's local tax base reached $1,.57 billion 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. GCISD has estimated state property wealth per weighted ADA or WADA of approximately $3.1 million 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 GCISD 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 $4.0 million a year in annual net General Fund revenue, after recapture and other adjustments have been made.

Under these assumptions, GCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-$14,230). The revenue reduction results 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. Over the course of the agreement, total formula losses are expected to reach $43,000.

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. 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 $14,230 cited above between the base and the limitation models for the 2015-16 school year is based on an assumption of about $250,000 in M&O tax savings for DCP when the $30 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, an increase in ASATR funding of about $38,000 may offset some or all of the reduction in M&O taxes in the first year the value limitation is in effect, along with $192,000 in reduced recapture costs.

In general, the ASATR offset poses little financial risk to the school district as a result of the adoption of the value limitation agreement. Based on these estimates, reduced recapture will offset most of the reduction in M&O taxes as a result of the adoption of the value limitation.

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. Beginning with the 2011 tax year, the Comptroller's Property Tax Assistance Division will make 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 in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total $1.5 million over the life of the agreement. In addition, DCP 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 $370,000 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 GCISD revenue losses are expected to total approximately -$42,942 over the course of the agreement. The potential total net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total $1.8 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the first two years of the agreement, these amounts are modest and there would still be a substantial tax benefit to DCP under the value limitation agreement for the remaining years that the limitation is in effect. Reductions in recapture costs offset most of the reduction in M&O tax collections for the eight years that the value limitation is in effect.

Facilities Funding Impact

The DCP project remains fully taxable for debt services taxes, with GCISD currently levying a $0.0748 I&S rate. The value of the DCP 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 tax base. At its peak taxable value, however, there will be minimal impact on the District's current I&S tax rate.

The DCP project is not expected to affect GCISD in terms of enrollment. Continued expansion of the project and related natural gas 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 plant project enhances the tax base of GCISD. 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 $1.8 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of GCISD 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	265.77	502.63	$1.0401	$0.0748	$1,583,743,553	$1,583,743,553	$1,362,508,620	$1,362,508,620	$2,710,736	$2,710,736
1	2013-14	265.77	502.63	$1.0401	$0.0748	$1,669,303,553	$1,669,303,553	$1,367,508,620	$1,367,508,620	$2,720,684	$2,720,684
2	2014-15	265.77	502.63	$1.0401	$0.0748	$1,664,283,553	$1,664,283,553	$1,453,068,620	$1,453,068,620	$2,890,907	$2,890,907
3	2015-16	265.77	502.63	$1.0401	$0.0748	$1,662,763,553	$1,638,743,553	$1,448,048,620	$1,448,048,620	$2,880,919	$2,880,919
4	2016-17	265.77	502.63	$1.0401	$0.0748	$1,661,243,553	$1,638,743,553	$1,446,528,620	$1,422,508,620	$2,877,895	$2,830,107
5	2017-18	265.77	510.42	$1.0401	$0.0748	$1,659,723,553	$1,638,743,553	$1,445,008,620	$1,422,508,620	$2,831,046	$2,786,964
6	2018-19	265.77	510.42	$1.0401	$0.0748	$1,658,203,553	$1,638,743,553	$1,443,488,620	$1,422,508,620	$2,828,068	$2,786,964
7	2019-20	265.77	510.42	$1.0401	$0.0748	$1,846,958,106	$1,829,778,106	$1,441,968,620	$1,422,508,620	$2,825,090	$2,786,964
8	2020-21	265.77	510.42	$1.0401	$0.0748	$1,841,417,416	$1,825,757,416	$1,630,723,173	$1,613,543,173	$3,194,896	$3,161,237
9	2021-22	265.77	510.42	$1.0401	$0.0748	$1,835,957,139	$1,821,817,139	$1,625,182,483	$1,609,522,483	$3,184,041	$3,153,360
10	2022-23	265.77	510.42	$1.0401	$0.0748	$1,845,770,668	$1,833,910,668	$1,619,722,206	$1,605,582,206	$3,173,343	$3,145,640
11	2023-24	265.77	510.42	$1.0401	$0.0748	$1,840,227,426	$1,840,227,426	$1,629,535,735	$1,617,675,735	$3,192,570	$3,169,334
12	2024-25	265.77	510.42	$1.0401	$0.0748	$1,834,797,489	$1,834,797,489	$1,623,992,493	$1,623,992,493	$3,181,709	$3,181,709
13	2025-26	265.77	510.42	$1.0401	$0.0748	$1,829,478,214	$1,829,478,214	$1,618,562,556	$1,618,562,556	$3,171,071	$3,171,071
14	2026-27	265.77	510.42	$1.0401	$0.0748	$1,824,267,024	$1,824,267,024	$1,613,243,281	$1,613,243,281	$3,160,650	$3,160,650
15	2027-28	265.77	510.42	$1.0401	$0.0748	$1,819,167,141	$1,819,167,141	$1,608,032,091	$1,608,032,091	$3,150,440	$3,150,440

*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	$15,229,220	$87,227	$149,953	$0	-$12,480,470	$980,563	$0	-$38,108	$3,928,385
1	2013-14	$16,048,575	$87,227	$16,240	$0	-$13,166,112	$1,033,319	$0	-$40,178	$3,979,071
2	2014-15	$16,000,502	$87,227	$189,666	$0	-$13,291,465	$1,030,224	$0	-$40,372	$3,975,782
3	2015-16	$15,985,946	$95,871	$174,287	$0	-$13,270,174	$1,029,287	$0	-$40,317	$3,974,899
4	2016-17	$15,971,389	$114,474	$155,316	$0	-$13,255,249	$1,028,350	$0	-$40,275	$3,974,004
5	2017-18	$15,956,833	$95,871	$0	$0	-$13,198,604	$1,027,412	$0	-$40,156	$3,841,357
6	2018-19	$15,942,277	$114,474	$0	$0	-$13,183,872	$1,026,475	$0	-$40,114	$3,859,440
7	2019-20	$17,749,864	$95,871	$0	$0	-$14,683,547	$1,142,860	$0	-$44,656	$4,260,392
8	2020-21	$17,696,804	$114,474	$0	$0	-$14,984,932	$1,139,444	$0	-$45,179	$3,920,610
9	2021-22	$17,644,514	$95,871	$0	$0	-$14,931,469	$1,136,077	$0	-$45,029	$3,899,964
10	2022-23	$17,738,492	$114,474	$0	$0	-$15,002,434	$1,142,128	$0	-$45,252	$3,947,408
11	2023-24	$17,685,408	$95,871	$0	$0	-$14,973,314	$1,138,710	$0	-$45,147	$3,901,528
12	2024-25	$17,633,409	$114,474	$0	$0	-$14,920,092	$1,135,362	$0	-$44,997	$3,918,155
13	2025-26	$17,582,469	$114,474	$0	$0	-$14,867,948	$1,132,082	$0	-$44,850	$3,916,227
14	2026-27	$17,532,565	$114,474	$0	$0	-$14,816,856	$1,128,869	$0	-$44,706	$3,914,346
15	2027-28	$17,483,727	$114,474	$0	$0	-$14,766,838	$1,125,724	$0	-$44,565	$3,912,521

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	$15,229,220	$87,227	$149,953	$0	-$12,480,470	$980,563	$0	-$38,108	$3,928,385
1	2013-14	$16,048,575	$87,227	$16,240	$0	-$13,166,112	$1,033,319	$0	-$40,178	$3,979,071
2	2014-15	$16,000,502	$87,227	$189,666	$0	-$13,291,465	$1,030,224	$0	-$40,372	$3,975,782
3	2015-16	$15,755,921	$95,871	$212,333	$0	-$13,078,195	$1,014,476	$0	-$39,737	$3,960,669
4	2016-17	$15,755,921	$114,474	$146,941	$0	-$13,031,406	$1,014,476	$0	-$39,648	$3,960,758
5	2017-18	$15,755,921	$95,871	$0	$0	-$12,989,562	$1,014,476	$0	-$39,570	$3,837,136
6	2018-19	$15,755,921	$114,474	$0	$0	-$12,989,562	$1,014,476	$0	-$39,570	$3,855,739
7	2019-20	$17,585,341	$95,871	$0	$0	-$14,506,198	$1,132,267	$0	-$44,165	$4,263,116
8	2020-21	$17,546,838	$114,474	$0	$0	-$14,829,468	$1,129,788	$0	-$44,744	$3,916,888
9	2021-22	$17,509,104	$95,871	$0	$0	-$14,790,829	$1,127,358	$0	-$44,635	$3,896,869
10	2022-23	$17,624,916	$114,474	$0	$0	-$14,882,605	$1,134,815	$0	-$44,918	$3,946,682
11	2023-24	$17,685,408	$95,871	$0	$0	-$14,953,962	$1,138,710	$0	-$45,110	$3,920,917
12	2024-25	$17,633,409	$114,474	$0	$0	-$14,920,092	$1,135,362	$0	-$44,997	$3,918,155
13	2025-26	$17,582,469	$114,474	$0	$0	-$14,867,948	$1,132,082	$0	-$44,850	$3,916,227
14	2026-27	$17,532,565	$114,474	$0	$0	-$14,816,856	$1,128,869	$0	-$44,706	$3,914,346
15	2027-28	$17,483,727	$114,474	$0	$0	-$14,766,838	$1,125,724	$0	-$44,565	$3,912,521

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	-$230,025	$0	$38,046	$0	$191,979	-$14,811	$0	$580	-$14,230
4	2016-17	-$215,469	$0	-$8,375	$0	$223,843	-$13,873	$0	$627	-$13,246
5	2017-18	-$200,913	$0	$0	$0	$209,042	-$12,936	$0	$585	-$4,221
6	2018-19	-$186,356	$0	$0	$0	$194,111	-$11,999	$0	$543	-$3,701
7	2019-20	-$164,522	$0	$0	$0	$177,349	-$10,593	$0	$491	$2,724
8	2020-21	-$149,966	$0	$0	$0	$155,464	-$9,656	$0	$436	-$3,722
9	2021-22	-$135,410	$0	$0	$0	$140,640	-$8,719	$0	$394	-$3,095
10	2022-23	-$113,576	$0	$0	$0	$119,829	-$7,313	$0	$334	-$726
11	2023-24	$0	$0	$0	$0	$19,352	$0	$0	$37	$19,389
12	2024-25	$0	$0	$0	$0	$0	$0	$0	$0	$0
13	2025-26	$0	$0	$0	$0	$0	$0	$0	$0	$0
14	2026-27	$0	$0	$0	$0	$0	$0	$0	$0	$0
15	2027-28	$0	$0	$0	$0	$0	$0	$0	$0	$0

Table 5 - Estimated Financial impact of the DCP Midstream Project Property Value Limitation Request Submitted to GCISD 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	$40,060,000	$40,060,000	$0	$1.040	$416,664	$416,664	$0	$0	$0	$0	$0
2	2014-15	$55,540,000	$55,540,000	$0	$1.040	$577,672	$577,672	$0	$0	$0	$0	$0
3	2015-16	$54,020,000	$30,000,000	$24,020,000	$1.040	$561,862	$312,030	$249,832	$0	$249,832	-$14,230	$235,602
4	2016-17	$52,500,000	$30,000,000	$22,500,000	$1.040	$546,053	$312,030	$234,023	$52,897	$286,919	-$13,246	$273,673
5	2017-18	$50,980,000	$30,000,000	$20,980,000	$1.040	$530,243	$312,030	$218,213	$52,897	$271,109	-$4,221	$266,888
6	2018-19	$49,460,000	$30,000,000	$19,460,000	$1.040	$514,433	$312,030	$202,403	$52,897	$255,300	-$3,701	$251,599
7	2019-20	$47,180,000	$30,000,000	$17,180,000	$1.040	$490,719	$312,030	$178,689	$52,897	$231,586	$0	$231,586
8	2020-21	$45,660,000	$30,000,000	$15,660,000	$1.040	$474,910	$312,030	$162,880	$52,897	$215,776	-$3,722	$212,054
9	2021-22	$44,140,000	$30,000,000	$14,140,000	$1.040	$459,100	$312,030	$147,070	$52,897	$199,967	-$3,095	$196,872
10	2022-23	$41,860,000	$30,000,000	$11,860,000	$1.040	$435,386	$312,030	$123,356	$52,897	$176,252	-$726	$175,527
11	2023-24	$40,606,000	$40,606,000	$0	$1.040	$422,343	$422,343	$0	$0	$0	$0	$0
12	2024-25	$39,389,620	$39,389,620	$0	$1.040	$409,691	$409,691	$0	$0	$0	$0	$0
13	2025-26	$38,209,731	$38,209,731	$0	$1.040	$397,419	$397,419	$0	$0	$0	$0	$0
14	2026-27	$37,065,239	$37,065,239	$0	$1.040	$385,516	$385,516	$0	$0	$0	$0	$0
15	2027-28	$35,955,082	$35,955,082	$0	$1.040	$373,969	$373,969	$0	$0	$0	$0	$0
					Totals:	$6,995,980	$5,479,514	$1,516,466	$370,276	$1,886,741	-$42,942	$1,843,799

Tax Credit for Value Over Limit in First 2 Years	Year 1	Year 2	Max Credits
	$104,634	$265,642	$370,276
	Credits Earned		$370,276
	Credits Paid		$370,276
	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

Glasscock County

Population

- Total county population in 2010 for Glasscock County: 1,236 , up 0.4 percent from 2009. State population increased 1.8 percent in the same time period.
- Glasscock County was the state's 245th largest county in population in 2010 and the 158 th fastest growing county from 2009 to 2010.
- Glasscock County's population in 2009 was 64.9 percent Anglo (above the state average of 46.7 percent), 0.7 percent African-American (below the state average of 11.3 percent) and 34.1 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Glasscock County:

Economy and Income

Employment

- September 2011 total employment in Glasscock County: 601 , unchanged 0.0 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 Glasscock County unemployment rate: 5.7 percent, up from 5.4 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

- Glasscock County's ranking in per capita personal income in 2009: 45th with an average per capita income of $38,371, up 1.3 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 Glasscock County averaged $39.39 million annually from 2007 to 2010. County total agricultural values in 2010 were up 62.0 percent from 2009. Major agriculture related commodities in Glasscock County during 2010 included:
  - Pecans
  - Other Beef
  - Hunting
  - Cottonseed
  - Cotton
- 2011 oil and gas production in Glasscock County: 3.7 million barrels of oil and 12.1 million Mcf of gas. In September 2011, there were 1338 producing oil wells and 113 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 Glasscock County during the fourth quarter 2010: $1.26 million, up 107.5 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

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

- Taxable sales in Glasscock County through the fourth quarter of 2010: $3.03 million, up 49.0 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Annual (2010)

- Taxable sales in Glasscock County during 2010: $3.03 million, up 49.0 percent from 2009.
- Glasscock County sent an estimated $189,309.13 (or 0.00 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

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 Glasscock County based on the sales activity month of August 2011:
- Payment based on the sales activity month of August 2011 to the city of:

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 Glasscock County based on sales activity months from September 2010 through August 2011:
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

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 Glasscock County based on sales activity months through August 2011:
- Payments based on sales activity months through August 2011 to the city of:

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 Glasscock County based on sales activity in the 12 months ending in August 2011:
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

- ***City Calendar Year-To-Date (RJ 2011)***

- Payment to the cities from January 2011 through October 2011:

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 Glasscock County based on sales activity months in 2010:
- Payment based on sales activity months in 2010 to the city of:

Property Tax

- As of January 2009, property values in Glasscock County: $1.23 billion, down 2.0 percent from January 2008 values. The property tax base per person in Glasscock County is $1,009,745, above the statewide average of $85,809. About 75.2 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Glasscock County's ranking in state expenditures by county in fiscal year 2010: 252nd. State expenditures in the county for FY2010: $1.53 million, down 0.5 percent from FY2009.
- In Glasscock County, 5 state agencies provide a total of 12 jobs and $98,486.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
  - AgriLife Extension Service
  - Department of State Health Services
  - Department of Transportation
  - Texas A & M University

Higher Education

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

- Glasscock County is in the service area of the following:
  - Howard County Junior College with a fall 2010 enrollment of 4,685 . Counties in the service area include:
    Coke County
    Concho County
    Dawson County
    Glasscock County
    Howard County
    Irion County
    Kimble County
    Martin County
    Menard County
    Schleicher County
    Sterling County
    Sutton County
    Tom Green County
- Institutions of higher education in Glasscock County fall 2010 enrollment:
  - None.

School Districts

- Glasscock County had 1 school districts with 2 schools and 274 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.)

  - Glasscock County ISD had 274 students in the 2009-10 school year. The average teacher salary was $47,905. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.