

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



July 27, 2012

Jeff Black
Superintendent
Ganado Independent School District
P. O. Box 1200
Ganado, Texas 77962

Dear Superintendent Black:

On May 23, 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 April, 2012 to the Ganado Independent School District (Ganado ISD) by ETC Texas Pipeline, LTD (ETC). 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.

Ganado ISD is currently classified as a rural school district in Category 3 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 (\$299,000,000) is consistent with the proposed appraised value limitation sought (\$10 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. ETC is proposing the construction of a manufacturing facility in Jackson County. ETC 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 ETC, the Comptroller's recommendation is that ETC'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 true and correct, the applicant is eligible for a limitation and that granting the application is in the best

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

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.

Note that any new building or other improvement existing as of the application review start date of May 23, 2012, or any tangible personal property placed in service prior to that date may not be considered "Qualified Property" as defined by 313.021(2).

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 limitation agreement must contain a provision that requires the applicant to provide sufficient information to the Central Appraisal District to distinguish between and separately appraise qualified property (as defined by 313.021(2)) from any property that is not qualified, the district to confirm with the CAD that the applicant has provided such information, and that this office is provided with the CAD approved information not later than the first annual reporting period following the execution of the agreement.
3. The Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
4. 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
5. 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	ETC Texas Pipeline, LTD
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Ganado ISD
2010-11 Enrollment in School District	653
County	Jackson
Total Investment in District	\$384,000,000
Qualified Investment	\$299,000,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	23
Number of qualifying jobs committed to by applicant	19
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,058
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$883
Minimum Annual Wage committed to by applicant for qualified jobs	\$55,000
Investment per Qualifying Job	\$20,210,526
Estimated 15 year M&O levy without any limit or credit:	\$45,608,230
Estimated gross 15 year M&O tax benefit	\$31,247,887
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):	\$30,613,550
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$6,069,449
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$14,994,680
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	67.1%
Percentage of tax benefit due to the limitation	80.6%
Percentage of tax benefit due to the credit	19.4%

This presents the Comptroller's economic impact evaluation of ETC (the project) applying to Ganado 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 23 new jobs when fully operational. 19 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 Jackson County is located was \$41,738 in 2010. The annual average manufacturing wage for 2010-2011 for Jackson County is 47,788. That same year, the county annual average wage for all industries was \$37,180. In addition to a salary of \$60,100, each qualifying position will receive benefits such as 401K plan, medical, dental, vision, RX plan, flex spending account, life and AD&D insurance, paid vacation, sick, and holidays, wellness programs, employee assistance programs, extended sick leave, annual merit & bonus eligibility. The project's total investment is \$384 million, resulting in a relative level of investment per qualifying job of \$20 million.

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

According to ETC's application, "Energy Transfer is a leading midstream energy company whose primary activities include gathering, treating, processing and transporting natural gas and natural gas liquids to a variety of markets and states. Energy Transfer currently operates over 17,500 miles of pipeline, 3 gas processing plants, 17 gas treating facilities and 10 gas conditioning plants. Locations for these operations included Arizona, New Mexico, Utah, Colorado, Kansas, Oklahoma, Texas, Arkansas and Louisiana. Energy Transfer's pipeline footprint provides substantial flexibility in where future facilities or investments may be located. Capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation."

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

During the past two years, six 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 ETC 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 ETC'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 ETC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	138	139	277	\$9,039,000	\$7,961,000	\$17,000,000
2013	120	168	288	\$7,768,200	\$11,231,800	\$19,000,000
2014	36	105	141	\$2,233,800	\$8,766,200	\$11,000,000
2015	23	107	130	\$1,382,300	\$9,617,700	\$11,000,000
2016	23	125	148	\$1,382,300	\$11,617,700	\$13,000,000
2017	23	127	150	\$1,382,300	\$12,617,700	\$14,000,000
2018	23	141	164	\$1,382,300	\$13,617,700	\$15,000,000
2019	23	143	166	\$1,382,300	\$14,617,700	\$16,000,000
2020	23	146	169	\$1,382,300	\$15,617,700	\$17,000,000
2021	23	149	172	\$1,382,300	\$16,617,700	\$18,000,000
2022	23	149	172	\$1,382,300	\$17,617,700	\$19,000,000
2023	23	153	176	\$1,382,300	\$17,617,700	\$19,000,000
2024	23	149	172	\$1,382,300	\$18,617,700	\$20,000,000
2025	23	137	160	\$1,382,300	\$18,617,700	\$20,000,000
2026	23	135	158	\$1,382,300	\$18,617,700	\$20,000,000
2027	23	135	158	\$1,382,300	\$19,617,700	\$21,000,000

Source: CPA, REMI, ETC

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Ganado ISD's ad valorem tax base in 2010 was \$153 million. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Ganado ISD's estimated wealth per WADA was \$156,910. 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, Jackson County, Jackson County Hospital District, Texana Groundwater Conservation District, and Jackson County Flood Control District, with all property tax incentives sought being granted using estimated market value from ETC's application. ETC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and hospital district. Table 3 illustrates the estimated tax impact of the ETC 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	Ganado ISD I&S Levy	Ganado ISD M&O Levy	Ganado ISD M&O and I&S Tax Levies (Before Credit Credited)	Ganado ISD M&O and I&S Tax Levies (After Credit Credited)	Jackson County Tax Levy	Jackson County Hospital District Tax Levy	Texas Groundwater Conservation District Tax Levy	Jackson County Flood Control District	Estimated Total Property Taxes
				0.1682	1.0400			0.5422	0.1690	0.0100	0.0896	
2013	\$270,200.450	\$270,200.450		\$454,477	\$2,810,085	\$3,264,562	\$3,264,562	\$732,513	\$228,319	\$27,020	\$242,100	\$4,494,514
2014	\$333,400.450	\$333,400.450		\$560,780	\$3,467,365	\$4,028,144	\$4,028,144	\$903,849	\$281,723	\$33,340	\$298,727	\$5,545,783
2015	\$346,900.450	\$10,000,000		\$583,487	\$104,000	\$687,487	\$687,487	\$940,447	\$293,131	\$34,690	\$310,823	\$2,266,577
2016	\$336,500.450	\$10,000,000		\$565,994	\$104,000	\$669,994	\$476,664	\$912,253	\$284,343	\$33,650	\$301,504	\$2,008,414
2017	\$326,400.450	\$10,000,000		\$549,006	\$104,000	\$653,006	\$462,285	\$1,769,743	\$551,617	\$32,640	\$292,455	\$3,108,740
2018	\$316,700.450	\$10,000,000		\$532,690	\$104,000	\$636,690	\$446,925	\$1,717,150	\$535,224	\$31,670	\$283,764	\$3,014,733
2019	\$307,200.450	\$10,000,000		\$516,711	\$104,000	\$620,711	\$433,543	\$1,665,641	\$519,169	\$30,720	\$275,252	\$2,924,324
2020	\$297,900.450	\$10,000,000		\$501,069	\$104,000	\$605,069	\$419,013	\$1,615,216	\$503,452	\$29,790	\$266,919	\$2,834,390
2021	\$289,000.450	\$10,000,000		\$486,099	\$104,000	\$590,099	\$405,159	\$1,566,960	\$488,411	\$28,900	\$258,944	\$2,748,374
2022	\$280,400.450	\$10,000,000		\$471,634	\$104,000	\$575,634	\$391,845	\$1,520,331	\$473,877	\$28,040	\$251,239	\$2,665,332
2023	\$272,000.450	\$272,000.450		\$457,505	\$2,828,805	\$3,286,309	\$196,384	\$1,474,786	\$459,681	\$27,200	\$243,712	\$2,401,764
2024	\$263,800.450	\$263,800.450		\$443,712	\$2,743,525	\$3,187,237	\$1,523,480	\$1,430,326	\$445,823	\$26,380	\$236,365	\$3,662,373
2025	\$255,900.450	\$255,900.450		\$430,425	\$2,661,365	\$3,091,789	\$3,091,789	\$1,387,492	\$432,472	\$25,590	\$229,287	\$5,166,630
2026	\$248,300.450	\$248,300.450		\$417,641	\$2,582,325	\$2,999,966	\$2,999,966	\$1,346,285	\$419,628	\$24,830	\$222,477	\$5,013,186
2027	\$240,800.450	\$240,800.450		\$405,026	\$2,504,325	\$2,909,351	\$2,909,351	\$1,305,620	\$406,953	\$24,080	\$215,757	\$4,861,761
						Total	\$21,736,598	\$20,288,614	\$6,323,821	\$438,541	\$3,929,324	\$52,716,897

Assumes School Value Limitation and Tax Abatements with the County and Hospital District.

Source: CPA, ETC

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Ganado ISD I&S Levy	Ganado ISD M&O Levy	Ganado ISD M&O and I&S Tax Levies	Jackson County Tax Levy	Jackson County Hospital District Tax Levy	Texas Groundwater Conservation District Tax Levy	Jackson County Flood Control District	Estimated Total Property Taxes	
				0.1682	1.0400		0.5422	0.1690	0.0100	0.0896		
2013	\$270,200.450	\$270,200.450		\$454,477	\$2,810,085	\$3,264,562	\$1,465,027	\$456,639	\$27,020	\$242,100	\$5,455,347	
2014	\$333,400.450	\$333,400.450		\$560,780	\$3,467,365	\$4,028,144	\$1,807,697	\$563,447	\$33,340	\$298,727	\$6,731,355	
2015	\$346,900.450	\$346,900.450		\$583,487	\$3,607,765	\$4,191,251	\$1,880,894	\$586,262	\$34,690	\$310,823	\$7,003,920	
2016	\$336,500.450	\$336,500.450		\$565,994	\$3,499,605	\$4,065,598	\$1,824,505	\$568,686	\$33,650	\$301,504	\$6,793,944	
2017	\$326,400.450	\$326,400.450		\$549,006	\$3,394,565	\$3,943,570	\$1,769,743	\$551,617	\$32,640	\$292,455	\$6,590,025	
2018	\$316,700.450	\$316,700.450		\$532,690	\$3,293,685	\$3,826,375	\$1,717,150	\$535,224	\$31,670	\$283,764	\$6,394,182	
2019	\$307,200.450	\$307,200.450		\$516,711	\$3,194,885	\$3,711,596	\$1,665,641	\$519,169	\$30,720	\$275,252	\$6,202,377	
2020	\$297,900.450	\$297,900.450		\$501,069	\$3,098,165	\$3,599,233	\$1,615,216	\$503,452	\$29,790	\$266,919	\$6,014,610	
2021	\$289,000.450	\$289,000.450		\$486,099	\$3,005,605	\$3,491,703	\$1,566,960	\$488,411	\$28,900	\$258,944	\$5,834,919	
2022	\$280,400.450	\$280,400.450		\$471,634	\$2,916,165	\$3,387,798	\$1,520,331	\$473,877	\$28,040	\$251,239	\$5,661,285	
2023	\$272,000.450	\$272,000.450		\$457,505	\$2,828,805	\$3,286,309	\$1,474,786	\$459,681	\$27,200	\$243,712	\$5,491,689	
2024	\$263,800.450	\$263,800.450		\$443,712	\$2,743,525	\$3,187,237	\$1,430,326	\$445,823	\$26,380	\$236,365	\$5,326,131	
2025	\$255,900.450	\$255,900.450		\$430,425	\$2,661,365	\$3,091,789	\$1,387,492	\$432,472	\$25,590	\$229,287	\$5,166,630	
2026	\$248,300.450	\$248,300.450		\$417,641	\$2,582,325	\$2,999,966	\$1,346,285	\$419,628	\$24,830	\$222,477	\$5,013,186	
2027	\$240,800.450	\$240,800.450		\$405,026	\$2,504,325	\$2,909,351	\$1,305,620	\$406,953	\$24,080	\$215,757	\$4,861,761	
						Total	\$52,984,484	\$23,777,675	\$7,411,337	\$438,541	\$3,929,324	\$88,541,362

Source: CPA, ETC

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. This attachment shows the estimated M&O tax levy without the value limitation agreement would be \$40,521,581. The estimated gross M&O tax benefit, or levy loss, is \$31,247,887.

Attachment 3 is an economic overview of Jackson County.

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

Attachments

1. Schedules A, B, C, and D provided by applicant in application
2. School finance and tax benefit provided by district
3. County Economic Overview

Attachment 1

Schedule A (Rev. May 2010): Investment

Form 50-296

Applicant Name ETC Texas Processing, LTD
 ISD Name Ganado ISD

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) YYYY	Column A: Tangible Personal Property (The amount of new investment (original cost) placed in service during this year)	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investing 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)	2012-2013	2012	\$ 16,008,000	\$ -		\$ -	\$ 16,008,000			
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	2012-2013	2012	\$ 65,000,000	\$ -		\$ -	\$ 65,000,000			
	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	\$ 199,000,000	\$ -	\$ 199,000,000	\$ -	\$ 199,000,000			
	Complete tax years of qualifying time period	1	2013-2014	2013	\$ 75,000,000	\$ -	\$ 75,000,000	\$ -	\$ 75,000,000		
		2	2014-2015	2014	\$ 25,000,000	\$ -	\$ 25,000,000	\$ -	\$ 25,000,000		
		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							
	Value Limitation Period	11	2023-2024	2023							
		12	2024-2025	2024							
13		2025-2026	2025								
Continue to Maintain Viable Presence	14	2026-2027	2026								
	15	2027-2028	2027								
Credit Settle-Up Period	Post- Settle-Up Period										
	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.

Column B: (For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property). Include estimates of investment for "replacement" property that is part of original agreement but scheduled for probable replacement during limitation period.

Column C: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column D: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Signature: *Alan David* DATE: 18 May 2012

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE DATE

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

Form 50-296

Applicant Name: ETC Texas Processing, LTD
 ISD Name: Ganado ISD

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	Final taxable value for M&O—after all reductions
				Estimated Market Value of 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"			
	pre-year 1	2012-2013	2012	400,450	-	-	Exempted Value	400,450	400,450
Tax Credit Period (with 50% cap on credit)	1	2013-2014	2013	400,450	-	284,000,000	14,200,000	270,200,450	270,200,450
	2	2014-2015	2014	400,450	-	350,500,000	17,500,000	333,400,450	333,400,450
	3	2015-2016	2015	400,450	-	364,700,000	18,200,000	346,900,450	10,000,000
	4	2016-2017	2016	400,450	-	353,800,000	17,700,000	336,500,450	10,000,000
	5	2017-2018	2017	400,450	-	343,200,000	17,200,000	326,400,450	10,000,000
	6	2018-2019	2018	400,450	-	332,900,000	16,600,000	316,700,450	10,000,000
	7	2019-2020	2019	400,450	-	322,900,000	16,100,000	307,200,450	10,000,000
	8	2020-2021	2020	400,450	-	313,200,000	15,700,000	297,900,450	10,000,000
	9	2021-2022	2021	400,450	-	303,800,000	15,200,000	289,000,450	10,000,000
	10	2022-2023	2022	400,450	-	294,700,000	14,700,000	280,400,450	10,000,000
	11	2023-2024	2023	400,450	-	285,900,000	14,300,000	272,000,450	272,000,450
	12	2024-2025	2024	400,450	-	277,300,000	13,900,000	263,800,450	263,800,450
	13	2025-2026	2025	400,450	-	269,000,000	13,500,000	255,900,450	255,900,450
	14	2026-2027	2026	400,450	-	260,900,000	13,000,000	248,300,450	248,300,450
	15	2027-2028	2027	400,450	-	253,100,000	12,700,000	240,800,450	240,800,450

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.

Albert

18 May 2012

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

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

Applicant Name: ETC Texas Processing, LTD

Form 50-296

ISD Name: Ganado ISD

Other Property Tax Abatements Sought

	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought					
				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	County	City	Hospital	Other	
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2012-2013	2012	19,880,000	264,120,000	-	50%			50%		Fill in percentage exemption requested or granted in each year of the Agreement
Complete tax years of qualifying time period	1	2013-2014	2013	5,250,000	69,750,000	200,000	50%			50%		
	2	2014-2015	2014	2,000,000	23,500,000	400,000	50%			50%		
	3	2015-2016	2015	400,000	800,000	600,000	50%			50%		
	4	2016-2017	2016	400,000	800,000	750,000	50%			50%		
	5	2017-2018	2017	400,000	800,000	825,000	50%			50%		
Value Limitation Period	6	2018-2019	2018	400,000	800,000	850,000						
	7	2019-2020	2019	400,000	800,000	875,000						
	8	2020-2021	2020	400,000	800,000	900,000						
	9	2021-2022	2021	400,000	800,000	900,000						
	10	2022-2023	2022	400,000	800,000	900,000						
Credit Settle-Up Period	11	2023-2024	2023	400,000	800,000	925,000						
	12	2024-2025	2024	400,000	800,000	950,000						
	13	2025-2026	2025	400,000	800,000	950,000						
Post-Settle-Up Period	14	2026-2027	2026	400,000	800,000	975,000						
	15	2027-2028	2027	400,000	800,000	1,000,000						

*For planning, construction and operation of the facility.

Next
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE
 18 May 2012
 DATE

Attachment 2

June 29, 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 ETC Texas Pipeline project for the Ganado Independent School District (GISD). Projections prepared by our Office of School Finance confirm the analysis that was prepared by Douglas L. Karr and provided to us by your division. We believe his assumptions regarding the potential revenue gain are valid, and his estimates of the impact of the ETC Texas Pipeline 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

July 23, 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 ETC Texas Pipeline project on the number and size of school facilities in Ganado Independent School District (GISD). Based on our analysis of the project and a conversation with the GISD superintendent, Jeff Black, the TEA has found that the ETC Texas Pipeline 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,



Belinda Dyer
Division Manager
Office of School Finance

BD/bd

FINAL REPORT

Summary of the Financial Impact of the Proposed ETC Texas Pipeline, LTD Gas Processing Plant on the Ganado ISD Under a Requested Chapter 313 Property Value Limitation

**Prepared By
Douglas L. Karr, Ed.D.
Contracted Services in School Finance**

May 26, 2012

Introduction

ETC Texas Pipeline, LTD (ETC) has requested that the Ganado ISD (GISD) grant a property value limitation under Chapter 313 of the Texas Tax Code for the construction and operation of a gas processing plant. An application has been submitted by ETC to GISD and the GISD Board of Trustees approved that application on April 19, 2012. ETC proposes a minimum qualified investment of \$10 million in this project with a total estimated qualified investment of \$299 million as set forth in the application. This project is consistent with the state's goal for economic development, the expanded intent of House Bill 1200 as passed by the Texas Legislature in 2001, and Chapter 313 of the Texas Tax Code.

Background

In accordance with the application, this project will be fully taxable for both maintenance and operations (M&O) and debt service (I&S) purposes in the first two years (school years 2013-14 and 2014-15) which represent the project's qualifying time period. GISD intends to offer a value limitation for this project of \$10 million effective school year 2015-16 through 2022-23. As a result, the project will impact the local tax roll of the school district at that same amount for M&O taxes only. Taxes for debt service, voter approved projects financed by the sale of bonds, will continue at the full taxable value. I&S taxes for any future projects approved by the voters of the district will also be assessed against the full taxable value. Depreciation will reduce the taxable value of the project over time.

While taxes are collected by the district on the current year county appraisal district (CAD) value, the state funding formulas use the comptroller's property tax division (CPTD) value for the purpose of calculating the district's required local shares within the funding tiers of that formula. The CPTD is a reflection of last year's CAD value; therefore, it lags behind the CAD value in all years. As a result, state and local revenues are generated by two different values in any given year.

With the passage of House Bill 1 in the 2006 special legislative session, the school finance system in Texas moved from one that was formula driven with a maximum M&O tax rate of \$1.50 to one that was, and continues to be, target revenue driven at a maximum tax rate of generally \$1.04, voter approval for a higher tax rate up to \$1.17 notwithstanding. This means that most districts now receive additional state aid for tax reduction (ASATR) to offset the loss in state and local funds at the new maximum \$1.04 M&O tax cap vs. what was previously generated at the \$1.50 maximum M&O tax cap.

With the passage of Senate Bill 1 in the 2011 special legislative session, funding reductions to the school finance system in Texas amounted to \$4 billion for the biennium or \$2 billion each year of the biennium. To accomplish these reductions, schools' regular program allotments are reduced by 7.61 percent in school year 2011-12 while those same calculated allotments are reduced by 2 percent in school year 2012-13 in addition to the ASATR funding also being reduced by 7.65%. The stated goal is for ASATR revenue to be completely eliminated by school year 2017-18. Currently filed legal challenges and

future legislative sessions will determine the course of school finance beginning in school year 2013-14 and beyond.

Assumptions

As required of chapter 313 projects, 15 years of data must be assimilated in order to produce revenue projections for that same number of years. The revenue projections for the GISD that accompany this project, therefore, adhere the following general assumptions:

1. The current school funding system and formulas as set forth in Senate Bill 1 were used to project state aid; although, no guarantee exists that this system or these formulas will remain in effect after the 2012-13 school year.
2. This system and its formulas are driven by student data, property values, and tax collections. As a result, certain assumptions were made concerning each of these details.
3. The student counts were held constant across the 15 years.
4. The preliminary CAD taxable value for school year 2012-13 as released on or about April 30, 2012 was used as the base value to which the estimated project values for each year as set forth in schedule B of the application were added. These projected CAD values were then used for the CPTD values in each of the following years based on the lag between these two values as heretofore explained.
5. Tax collections each year were based on the district's 2012-13 projected M&O rate of \$1.04, projected I&S rates each year ranging from \$0.063 to \$0.215, and an assumed collection rate of 100 percent each year.

These assumptions allow for the isolation of the effects of the property value limitation on the district's finances. The detail of these assumptions are summarized and depicted in Table I.

School Finance Impact on the District

In accordance with the proposed agreement and under the assumptions heretofore outlined, two models were prepared for comparison purposes in an effort to determine the projected financial impact, if any, to GISD resulting from this agreement.

The first model projects state and local revenue to the district under the agreement. In it, the taxable value of the project each year is added to the district's baseline taxable value including those years in which the value limitation is applicable.

The second model projects state and local revenue to the district without the provisions of the agreement. In this model, no value limitation is applied to the district's base taxable value; instead, the full taxable value of the project when added to the district's base year taxable value is used in place of the value limitation.

A summary of the differences is depicted in separate spreadsheet entitled "Exhibit B." A loss to the district is noted only in year 3 resulting from the agreement due to the value lag between the CPTD and CAD values during the first year of the value limitation and

due to recapture. Gains are noted in years 4-11. The larger gain noted in year 11 is due primarily to another value lag between the CPTD and CAD values, the inverse of that observed in year 3. ASATR funding is not a factor for GISD as the district's revenue is completely formula driven in school year 2012-13 and beyond. It should be noted, however, that this source of funding will come under future legislative review as early as the 2013 legislative session. **NOTE:** Because ASATR funding has the effect of offsetting school district revenue losses arising from limitations on the value of a qualified investment, any reduction of ASATR funding after the 2012-13 school year, if applicable, may result in significant increases in the amount of estimated revenue protection payable by the applicant to the district pursuant to the tax limitation agreement.

Impact on the Taxpayer (ETC)

As heretofore mentioned, the property resulting from this project is fully taxable in the first two years under this agreement. In year three, the tax value limitation applies, but only to the M&O taxes collected at the assumed M&O tax rate of \$1.04 per \$100 of taxable value.

Under the assumptions used herein, the potential tax savings resulting from the value limitation total \$25,178,437. In addition, ETC is eligible for a tax credit on taxes paid on value in excess of the value limitation in each of the first two years. The cumulative tax credits are projected to be approximately \$6,069,449; although, the Texas Education Agency (TEA) issues the reminder that these estimates will be recalculated based on current data prior to any issuance of the tax credits. The school district is to be reimbursed by the state for tax credit payments.

A separate spreadsheet entitled "Ganado ISD & ETC Texas Pipeline (Comptroller's Beta Spreadsheet)" illustrates both the projected tax savings and tax credits.

Facilities Funding Impact

The ETC project remains fully taxable for I&S taxes. This stipulation applies not only to the district's current debt, but also to any future debt the district's voters may choose to incur.

GISD is currently eligible for facilities assistance from the state in the form of existing debt allotment (EDA) and instructional facilities allotment (IFA). Increasing CPTD values resulting from taxable value added by the project will obliterate future EDA and IFA state share payments beginning in school year 2014-15 and thereafter until GISD final year of debt service in 2026-27. As modeled, however, the increase in taxable value net of depreciation resulting from the project and the fact that the full value of this project remains fully taxable will more than offset, any loss of state facilities assistance at a projected tax rate of approximately \$0.063 beginning in year 2 ranging up to \$0.101 in 2026-27. By comparison, the projected I&S tax rate for school year 2012-13 is \$0.215.

Summary

While some uncertainty exists with regard to the future of the state's public school finance system, the following points appear to currently apply to the ETC project and the GISD:

1. It meets the intent of the economic development initiative for the State of Texas.
2. It increases the district's I&S tax base without creating substantial financial loss for the district with regard to M&O earnings over the term of the project.
3. It produces substantial tax incentives and savings for ETC.

Table I - Data Assumptions for GISD & ETC Texas Pipeline, LTD Chapter.313 Project

Year of Agreement	School Year	Tax Year	ADA	WADA	M&O Tax Rate		I&S Tax Rate		CAD Value		CPTD Value		CPTD Value	
					Rate	Rate	With Limitation	Without Limitation	With Limitation	Without Limitation	With Limitation	Without Limitation		
0	2012-13	2012	659.653	1013.669	\$1.04	\$0.215	\$154,428,689	\$154,428,689	\$170,866,493	\$170,866,493	\$170,866,493	\$170,866,493	\$170,866,493	\$170,866,493
1	2013-14	2013	659.653	1013.669	\$1.04	\$0.063	\$424,228,689	\$424,228,689	\$154,428,689	\$154,428,689	\$154,428,689	\$154,428,689	\$154,428,689	\$154,428,689
2	2014-15	2014	659.653	1013.669	\$1.04	\$0.084	\$487,428,689	\$487,428,689	\$424,228,689	\$424,228,689	\$424,228,689	\$424,228,689	\$424,228,689	\$424,228,689
3	2015-16	2015	659.653	1013.669	\$1.04	\$0.082	\$164,028,239	\$164,028,239	\$500,928,689	\$487,428,689	\$487,428,689	\$487,428,689	\$487,428,689	\$487,428,689
4	2016-17	2016	659.653	1013.669	\$1.04	\$0.084	\$164,028,239	\$164,028,239	\$490,528,689	\$164,028,239	\$164,028,239	\$164,028,239	\$164,028,239	\$500,928,689
5	2017-18	2017	659.653	1013.669	\$1.04	\$0.085	\$164,028,239	\$164,028,239	\$480,428,689	\$164,028,239	\$164,028,239	\$164,028,239	\$164,028,239	\$490,528,689
6	2018-19	2018	659.653	1013.669	\$1.04	\$0.087	\$164,028,239	\$164,028,239	\$470,728,689	\$164,028,239	\$164,028,239	\$164,028,239	\$164,028,239	\$480,428,689
7	2019-20	2019	659.653	1013.669	\$1.04	\$0.088	\$164,028,239	\$164,028,239	\$461,228,689	\$164,028,239	\$164,028,239	\$164,028,239	\$164,028,239	\$470,728,689
8	2020-21	2020	659.653	1013.669	\$1.04	\$0.090	\$164,028,239	\$164,028,239	\$451,928,689	\$164,028,239	\$164,028,239	\$164,028,239	\$164,028,239	\$461,228,689
9	2021-22	2021	659.653	1013.669	\$1.04	\$0.092	\$164,028,239	\$164,028,239	\$443,028,689	\$164,028,239	\$164,028,239	\$164,028,239	\$164,028,239	\$451,928,689
10	2022-23	2022	659.653	1013.669	\$1.04	\$0.094	\$164,028,239	\$164,028,239	\$434,468,689	\$164,028,239	\$164,028,239	\$164,028,239	\$164,028,239	\$443,028,689
11	2023-24	2023	659.653	1013.669	\$1.04	\$0.096	\$426,028,689	\$426,028,689	\$426,028,689	\$164,028,239	\$164,028,239	\$164,028,239	\$164,028,239	\$434,468,689
12	2024-25	2024	659.653	1013.669	\$1.04	\$0.098	\$417,828,689	\$417,828,689	\$417,828,689	\$426,028,689	\$426,028,689	\$426,028,689	\$426,028,689	\$434,468,689
13	2025-26	2025	659.653	1013.669	\$1.04	\$0.100	\$409,328,689	\$409,328,689	\$409,328,689	\$417,828,689	\$417,828,689	\$417,828,689	\$417,828,689	\$426,028,689
14	2026-27	2026	659.653	1013.669	\$1.04	\$0.101	\$402,328,689	\$402,328,689	\$402,328,689	\$409,928,689	\$409,928,689	\$409,928,689	\$409,928,689	\$417,828,689
15	2027-28	2027	659.653	1013.669	\$1.04	\$0.0	\$394,828,689	\$394,828,689	\$394,828,689	\$394,828,689	\$394,828,689	\$394,828,689	\$394,828,689	\$402,328,689

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
	Line	Column B Agreement Year	Column C School Year	Column D	Column E District Taxable Value Not Including Project	Column F M&O Taxes Not Including Project	Column G State Funds Including Project	Column H Taxable Value Per ETC	Column I Total Taxable Value	Column J Total M&O Funds Combined Value	Column K Total State Funds with Combined Values	Column L Total Funds Combined Values	Column M Projected Recapture	Column N Net Funds Combined Values Alter Recapture	Column O Total Projected (Lossy)Gain Before Recapture From Agreement
1															
2	EXHIBIT B														
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Note: ADA growth is shown at 0% and the Base District Taxable Value growth is shown at 0%.

Ganado ISD - M&O Revenue ETC Texas Pipeline (ETC) Agreement

Revenue with Agreement

REVENUE without Agreement

Year of Project	Year of Tax Credit	Year of Tax Credit Settle-Up	Year of Limit	School Year	Tax Year	Estimated Market Value with no Exemptions	Exemptions (Not Including Ch. 313 Value Limitation)(Est.)	I&S Taxable Value of Investment (Est.)
School District:			Ganado ISD		From schedule B of application	From schedule B of application		
Project:			ETG Texas Pipeline, LTD		Sum of 3 columns under heading "Qualified Property"	under heading "exempted value"		
County:			Jackson					
Eligibility Category:			Manufacturing					
• From Application; enter #1 - 10 in cell D to activate			1		Heading	Limitation Amount:	\$10,000,000	
0				2012-13	2012	\$400,450	\$0	\$400,450
1				2013-14	2013	\$284,400,450	\$14,200,000	\$270,200,450
2				2014-15	2014	\$350,900,450	\$17,500,000	\$333,400,450
3			1	2015-16	2015	\$363,100,450	\$18,200,000	\$346,900,450
4	1		2	2016-17	2016	\$354,200,450	\$17,700,000	\$336,500,450
5	2		3	2017-18	2017	\$343,600,450	\$17,200,000	\$326,400,450
6	3		4	2018-19	2018	\$333,300,450	\$16,600,000	\$316,700,450
7	4		5	2019-20	2019	\$323,300,450	\$16,100,000	\$307,200,450
8	5		6	2020-21	2020	\$313,600,450	\$15,700,000	\$297,900,450
9	6		7	2021-22	2021	\$304,200,450	\$15,200,000	\$289,000,450
10	7		8	2022-23	2022	\$295,100,450	\$14,700,000	\$280,400,450
11		1		2023-24	2023	\$286,300,450	\$14,300,000	\$272,000,450
12		2		2024-25	2024	\$277,700,450	\$13,900,000	\$263,800,450
13		3		2025-26	2025	\$269,400,450	\$13,500,000	\$255,900,450
						Column I should equal the final taxable value for I&S after all reductions on Schedule B of the application		

Difference from previous year's value	Annual Depreciation Rate	M&O Property Value Limitation Amount	M&O Exempt Value of Property	M&O Tax Base Years 1-13	M&O Tax Rate	M&O Tax Levy without Limitation	M&O Tax Levy with Limitation
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NOTE: This is a BETA test estimating spreadsheet for a Chapter 313 project with a qualifying time period in 2013. Variables to plug in are: Estimated Market Value (such as Pollution Control), the school district limitation amount, and M&O tax rate. This sheet generates estimated gross tax benefit BEFORE any reductions.

		\$0	\$0	\$400,450	\$1.0400	\$4,165	\$4,165
		\$0	\$0	\$270,200,450	\$1.0400	\$2,810,085	\$2,810,085
-\$63,200,000	-23.39%	\$0	\$0	\$333,400,450	\$1.0400	\$3,467,365	\$3,467,365
-\$19,500,000	-4.05%	\$10,000,000	\$336,900,450	\$10,000,000	\$1.0400	\$3,607,765	\$104,000
\$10,400,000	3.00%	\$10,000,000	\$326,500,450	\$10,000,000	\$1.0400	\$3,499,605	\$104,000
\$10,100,000	3.00%	\$10,000,000	\$316,400,450	\$10,000,000	\$1.0400	\$3,394,565	\$104,000
\$9,700,000	2.97%	\$10,000,000	\$306,700,450	\$10,000,000	\$1.0400	\$3,293,685	\$104,000
\$9,500,000	3.00%	\$10,000,000	\$297,200,450	\$10,000,000	\$1.0400	\$3,194,885	\$104,000
\$9,300,000	3.03%	\$10,000,000	\$287,900,450	\$10,000,000	\$1.0400	\$3,098,165	\$104,000
\$8,900,000	2.99%	\$10,000,000	\$279,000,450	\$10,000,000	\$1.0400	\$3,005,605	\$104,000
\$8,600,000	2.98%	\$10,000,000	\$270,400,450	\$10,000,000	\$1.0400	\$2,916,165	\$104,000
		\$0	\$0	\$272,000,450	\$1.0400	\$2,828,805	\$2,828,805
		\$0	\$0	\$263,800,450	\$1.0400	\$2,743,525	\$2,743,525
		\$0	\$0	\$255,900,450	\$1.0400	\$2,661,365	\$2,661,365

I&S Tax Rate	I&S Tax Levy	Sum of M&O and I&S Tax Levies BEFORE CREDIT CREDITED	Sum of M&O and I&S Tax Levies AFTER CREDIT CREDITED	Tax Savings Due to Limitation	Value upon which tax credits are based	M&O Tax amount applicant is eligible to receive as credits in years 4-13	Tax Credits possible to be received by company each year based on taxes paid and 50% cap
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with a first complete tax year of the lues, Non-Chapter 313 exemptions and I&S tax rates. VALUES HERE ARE reductions due to payments to the district

\$0.2150	\$861	\$5,026	\$5,026	\$0			\$0
\$0.0630	\$170,226	\$2,980,311	\$2,980,311	\$0	\$260,200,450	\$2,706,085	\$0
\$0.0840	\$280,056	\$3,747,421	\$3,747,421	\$0	\$323,400,450	\$3,363,365	\$0
\$0.0820	\$284,458	\$388,458	\$388,458	\$3,503,765			\$0
\$0.0840	\$282,660	\$386,660	\$193,330	\$3,895,605			\$193,330
\$0.0850	\$277,440	\$381,440	\$190,720	\$3,290,565			\$190,720
\$0.0870	\$275,529	\$379,529	\$189,765	\$3,189,685			\$189,765
\$0.0880	\$270,336	\$374,336	\$187,168	\$3,090,885			\$187,168
\$0.0900	\$268,110	\$372,110	\$186,055	\$2,994,165			\$186,055
\$0.0920	\$265,880	\$369,880	\$184,940	\$2,901,605			\$184,940
\$0.0940	\$263,576	\$367,576	\$183,788	\$2,812,165			\$183,788
\$0.0960	\$261,120	\$3,089,925	\$0	\$0			\$3,089,925
\$0.0980	\$258,524	\$3,002,049	\$1,338,292	\$0			\$3,002,049
\$0.1000	\$255,900	\$2,917,265	\$2,917,265	\$0			\$2,917,265

Bonded debt payment less EDA &/or IFA state share(s) divided by the combined base & project I&S taxable value	Limitation Tax Savings: \$25,178,437	Accrued Credits: \$6,069,449	Credits/7: \$867,064	Credits Savings: \$6,069,449	Sum of taxes paid in first two years on base > limit: \$6,069,449	Amount of tax credits "lost": \$0	M&O tax levy for the two years before tax benefits result in levy loss: \$6,277,449	13 year total levy without any limit or credit: \$40,521,581	13 year total tax savings/Levy Loss: \$31,247,887	Taxes actually paid: \$9,273,694	22.89% is the percentage	80.58% is the percentage	19.42% is the percentage
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Total Levy Loss from Tax credit amount per year	Cumulative Tax Credit Applied to Company's Total Taxes	Gross Tax Savings (Limitation Savings + Credit Savings)	Funds for				Other Supplemental Payments to District
			Protection of Future District Revenues ("Revenue Protection") (from school finance model)	Educational Expenses	Net Tax Savings	PILT/PILOT	

NOT INCL. HERE NOT INCL. HERE

NOT INCL. HERE NOT INCL. HERE

\$0		\$0	\$0	\$0	\$0	\$0
\$0		\$0	\$0	\$0	\$0	\$0
\$0		\$0	\$0	\$0	\$0	\$0
\$0		\$3,503,765	\$0	\$0	\$3,503,765	\$0
\$193,330	\$193,330	\$3,588,935	\$0	\$0	\$3,588,935	\$0
\$190,720	\$384,050	\$3,481,285	\$0	\$0	\$3,481,285	\$0
\$189,765	\$573,815	\$3,379,449	\$0	\$0	\$3,379,449	\$0
\$187,168	\$760,983	\$3,278,053	\$0	\$0	\$3,278,053	\$0
\$186,055	\$947,038	\$3,180,220	\$0	\$0	\$3,180,220	\$0
\$184,940	\$1,131,979	\$3,086,545	\$0	\$0	\$3,086,545	\$0
\$183,788	\$1,315,767	\$2,995,953	\$0	\$0	\$2,995,953	\$0
\$3,089,925	\$4,405,692	\$3,089,925	\$0	\$0	\$3,089,925	\$0
\$1,663,757	\$6,069,449	\$1,663,757	\$0	\$0	\$1,663,757	\$0
\$0	\$6,069,449	\$0	\$0	\$0	\$0	\$0
Totals:		\$31,247,887	\$0	\$0	\$31,247,887	\$0

of taxes applicant pays with 313 agreement compared to what they would have paid without 313 agreement
of the total savings due to the limitation
of the total savings due to the credit.

**Net Net Tax
Savings
(Savings for
Company)**

\$0

\$0

\$0

\$3,503,765

\$3,588,935

\$3,481,285

\$3,379,449

\$3,278,053

\$3,180,220

\$3,086,846

\$2,995,953

\$3,089,925

\$1,663,757

\$0

\$31,247,887

Attachment 3

Jackson County

Population

- Total county population in 2010 for Jackson County: 14,305 , unchanged 0.0 percent from 2009. State population increased 1.8 percent in the same time period.
- Jackson County was the state's 140th largest county in population in 2010 and the 194th fastest growing county from 2009 to 2010.
- Jackson County's population in 2009 was 62.2 percent Anglo (above the state average of 46.7 percent), 7.3 percent African-American (below the state average of 11.3 percent) and 29.0 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Jackson County:

Edna:	5,845	Ganado:	1,847
La Ward:	196		

Economy and Income

Employment

- September 2011 total employment in Jackson County: 6,567 , up 1.3 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 Jackson County unemployment rate: 7.3 percent, up from 7.2 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

- Jackson County's ranking in per capita personal income in 2009: 167th with an average per capita income of \$30,515, down 4.1 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 Jackson County averaged \$75.00 million annually from 2007 to 2010. County total agricultural values in 2010 were up 31.9 percent from 2009. Major agriculture related commodities in Jackson County during 2010 included:
 - Aquaculture
 - Sorghum
 - Rice
 - Corn
 - Other Beef
- 2011 oil and gas production in Jackson County: 428,479.0 barrels of oil and 7.0 million Mcf of gas. In September 2011, there were 205 producing oil wells and 168 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 Jackson County during the fourth quarter 2010: \$25.50 million, up 11.9 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Edna:	\$13.90 million, up 13.4 percent from the same quarter in 2009.
Ganado:	\$3.85 million, up 3.4 percent from the same quarter in 2009.
La Ward:	\$188,391.00, down 52.1 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 Jackson County through the fourth quarter of 2010: \$101.01 million, up 7.1 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Edna:	\$53.34 million, up 5.6 percent from the same period in 2009.
Ganado:	\$15.12 million, down 2.4 percent from the same period in 2009.
La Ward:	\$1.15 million, down 42.7 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Jackson County during 2010: \$101.01 million, up 7.1 percent from 2009.
- Jackson County sent an estimated \$6.31 million (or 0.04 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Edna:	\$53.34 million, up 5.6 percent from 2009.
Ganado:	\$15.12 million, down 2.4 percent from 2009.

La Ward: \$1.15 million, down 42.7 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 Jackson County based on the sales activity month of August 2011: \$121,931.34, up 9.5 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
 - Edna: \$91,794.94, up 5.5 percent from August 2010.
 - Ganado: \$29,671.82, up 23.5 percent from August 2010.
 - La Ward: \$464.58, up 92.6 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 Jackson County based on sales activity months from September 2010 through August 2011: \$1.28 million, up 5.9 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
 - Edna: \$977,356.15, up 4.4 percent from fiscal 2010.
 - Ganado: \$295,874.66, up 9.9 percent from fiscal 2010.
 - La Ward: \$9,099.94, up 82.0 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 Jackson County based on sales activity months through August 2011: \$842,504.37, up 4.2 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 - Edna: \$632,047.94, up 0.6 percent from the same period in 2010.
 - Ganado: \$203,176.73, up 14.7 percent from the same period in 2010.
 - La Ward: \$7,279.70, up 126.2 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 Jackson County based on sales activity in the 12 months ending in August 2011: \$1.28 million, up 5.9 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 - Edna: \$977,356.15, up 4.4 percent from the previous 12-month period.
 - Ganado: \$295,874.66, up 9.9 percent from the previous 12-month period.
 - La Ward: \$9,099.94, up 82.0 percent from the previous 12-month period.

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

- Payment to the cities from January 2011 through October 2011:
 - Edna: \$812,250.74, up 4.3 percent from the same period in 2010.
 - Ganado: \$246,884.53, up 9.4 percent from the same period in 2010.
 - La Ward: \$8,067.44, up 100.6 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 Jackson County based on sales activity months in 2010: \$1.25 million, up 1.8 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
 - Edna: \$973,374.36, up 3.7 percent from 2009.
 - Ganado: \$269,900.45, down 4.2 percent from 2009.
 - La Ward: \$5,038.60, down 17.7 percent from 2009.

Property Tax

- As of January 2009, property values in Jackson County: \$1.93 billion, down 1.0 percent from January 2008 values. The property tax base per person in Jackson County is \$135,036, above the statewide average of \$85,809. About 14.2 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Jackson County's ranking in state expenditures by county in fiscal year 2010: 158th. State expenditures in the county for FY2010: \$43.13 million, up 0.1 percent from FY2009.
- In Jackson County, 6 state agencies provide a total of 39 jobs and \$383,454.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Department of Transportation
 - Department of Public Safety
 - AgriLife Extension Service
 - Parks & Wildlife Department
 - Health & Human Services Commission

Higher Education

- Community colleges in Jackson County fall 2010 enrollment:
 - None.
- Jackson County is in the service area of the following:
 - Victoria College with a fall 2010 enrollment of 4,290 . Counties in the service area include:
 - Calhoun County
 - DeWitt County
 - Gonzales County
 - Jackson County
 - Lavaca County
 - Refugio County
 - Victoria County
 - Wharton County Junior College with a fall 2010 enrollment of 6,922 . Counties in the service area include:
 - Austin County
 - Colorado County
 - Fort Bend County
 - Jackson County
 - Matagorda County
 - Wharton County
- Institutions of higher education in Jackson County fall 2010 enrollment:
 - None.

School Districts

- Jackson County had 3 school districts with 10 schools and 3,208 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.)

 - Edna ISD had 1,459 students in the 2009-10 school year. The average teacher salary was \$43,332. The percentage of students meeting the 2010 TAKS passing standard for all tests was 74 percent.
 - Ganado ISD had 649 students in the 2009-10 school year. The average teacher salary was \$43,098. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.
 - Industrial ISD had 1,100 students in the 2009-10 school year. The average teacher salary was \$44,908. The percentage of students meeting the 2010 TAKS passing standard for all tests was 92 percent.