

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



August 10, 2012

Nathaniel Richardson
Superintendent
Royal Independent School District
3714 FM 359
Pattison, Texas 77466

Dear Superintendent Richardson:

On May 31, 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 May, 2012 to the Royal Independent School District (Royal ISD) by Goya Foods Inc. (Goya). 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.

Royal ISD is currently classified as a rural school district in Category 2 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 (\$30,000,000) is consistent with the proposed appraised value limitation sought (\$20 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. Goya is proposing the construction of a manufacturing facility in Waller County. Goya 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 Goya, the Comptroller's recommendation is that Goya'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 31, 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 Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
3. The district must approve and execute a limitation agreement that has been reviewed by this office within a year from the date of this letter; and
4. Section 313.025 requires the district to provide to the Comptroller a copy of the signed limitation agreement within 7 days after execution.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Economic Impact for Chapter 313 Project

Applicant	Goya Foods, Inc.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Royal ISD
2010-11 Enrollment in School District	2,034
County	Waller
Total Investment in District	\$30,000,000
Qualified Investment	\$30,000,000
Limitation Amount	\$20,000,000
Number of total jobs committed to by applicant	25
Number of qualifying jobs committed to by applicant	20
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,079
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,079
Minimum Annual Wage committed to by applicant for qualified jobs	\$56,102
Investment per Qualifying Job	\$1,500,000
Estimated 15 year M&O levy without any limit or credit:	\$3,567,261
Estimated gross 15 year M&O tax benefit	\$604,082
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):	\$504,262
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$104,000
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$3,063,000
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	14.1%
Percentage of tax benefit due to the limitation	82.8%
Percentage of tax benefit due to the credit	17.2%

This presents the Comptroller's economic impact evaluation of Goya Foods (the project) applying to Royal Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create 25 new jobs when fully operational. 20 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 Houston-Galveston Area Council Region, where Waller County is located was \$51,002 in 2010. The annual average manufacturing wage for 2011 for Waller County is \$56,654. That same year, the county annual average wage for all industries was \$43,875. In addition to a salary of \$56,102, each qualifying position will receive the following benefits: medical, dental, vision, 401k savings plan, life insurance, short-term disability, paid vacation & sick leave. The project's total investment is \$30 million, resulting in a relative level of investment per qualifying job of \$1.5 million.

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

According to Goya Foods's application, "Goya Foods, Inc. is an international company with distribution and manufacturing sites throughout the United States, Puerto Rico, Dominican Republic and Spain. Goya Foods is based in New Jersey and has the ability to build manufacturing facilities in the world as well as different regions of the country. Goya Foods has the ability to expand its canning operations at its existing facilities in Angola, New York or Bayamon, Puerto Rico; New York could offer Goya Foods tax incentives as well. However, Goya Foods would like to build its manufacturing facility in Waller County and make a substantial investment in Waller County, Texas of over \$30 million in just building and improvements."

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

During the past two years, 13 projects in the Houston-Galveston Area Council 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 Goya Foods 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 Goya Foods'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.

This economic impact estimate does not include deductions for the movement of activity from the existing Harris County facility to the new Waller County facility. The company has stated that the future use of the Harris County facility is unknown. While it is possible that the future economic impact of the existing facility may be reduced, the net impact on the state should remain positive, even if the impact of the existing facility is reduced or eliminated.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Goya Foods

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	40	36	76	\$2,090,975	\$1,909,025	\$4,000,000
2013	65	68	133	\$3,415,975	\$4,584,025	\$8,000,000
2014	25	35	60	\$1,325,000	\$2,675,000	\$4,000,000
2015	25	32	57	\$1,364,750	\$2,635,250	\$4,000,000
2016	25	37	62	\$1,405,700	\$3,594,300	\$5,000,000
2017	25	32	57	\$1,447,875	\$3,552,125	\$5,000,000
2018	25	36	61	\$1,491,300	\$3,508,700	\$5,000,000
2019	25	34	59	\$1,536,050	\$3,463,950	\$5,000,000
2020	25	34	59	\$1,582,125	\$4,417,875	\$6,000,000
2021	25	34	59	\$1,629,575	\$4,370,425	\$6,000,000
2022	25	38	63	\$1,678,475	\$5,321,525	\$7,000,000
2023	25	38	63	\$1,728,825	\$5,271,175	\$7,000,000
2024	25	41	66	\$1,780,700	\$5,219,300	\$7,000,000
2025	25	38	63	\$1,834,100	\$5,165,900	\$7,000,000
2026	25	38	63	\$1,889,125	\$5,110,875	\$7,000,000
2027	25	41	66	\$1,945,800	\$6,054,200	\$8,000,000

Source: CPA, REMI, Goya Foods

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Royal ISD's ad valorem tax base in 2010 was \$666 million. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Royal ISD's estimated wealth per WADA was \$242,385. 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, Waller County, Brookshire-Katy Drainage District, and Waller-Harris Emergency Services District, with all property tax incentives sought being granted using estimated market value from Goya Foods' application. Goya Foods has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the county. Table 3 illustrates the estimated tax impact of the Goya Foods project on the region if all taxes are assessed.

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

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Royal ISD I&S Levy	Royal ISD M&O Levy	Royal ISD M&O and I&S Tax Levies (Before Credit Credited)	Royal ISD M&O and I&S Tax Levies (After Credit Credited)	Waller County	Brookshire-Katy Drainage District	Waller-Harris Emergency Services District	Estimated Total Property Taxes
			0.5450	1.0400				0.6958	0.0934	0.0944	
2013	\$4,800,000	\$4,800,000		\$26,160	\$49,920	\$76,080	\$76,080	\$0	\$4,481	\$4,531	\$85,092
2014	\$30,000,000	\$30,000,000		\$163,500	\$312,000	\$475,500	\$475,500	\$0	\$28,005	\$28,320	\$531,825
2015	\$29,396,000	\$20,000,000		\$160,208	\$208,000	\$368,208	\$368,208	\$0	\$27,441	\$27,750	\$423,399
2016	\$28,368,161	\$20,000,000		\$154,606	\$208,000	\$362,606	\$347,749	\$0	\$26,482	\$26,780	\$401,011
2017	\$27,635,982	\$20,000,000		\$150,616	\$208,000	\$358,616	\$343,759	\$0	\$25,798	\$26,088	\$395,646
2018	\$26,648,399	\$20,000,000		\$145,234	\$208,000	\$353,234	\$338,377	\$0	\$24,876	\$25,156	\$388,409
2019	\$25,533,696	\$20,000,000		\$139,159	\$208,000	\$347,159	\$332,302	\$0	\$23,836	\$24,104	\$380,241
2020	\$24,479,872	\$20,000,000		\$133,415	\$208,000	\$341,415	\$326,558	\$0	\$22,852	\$23,109	\$372,519
2021	\$23,485,080	\$20,000,000		\$127,994	\$208,000	\$335,994	\$321,137	\$0	\$21,923	\$22,170	\$365,230
2022	\$22,537,578	\$20,000,000		\$122,830	\$208,000	\$330,830	\$315,973	\$0	\$21,039	\$21,275	\$358,287
2023	\$21,635,723	\$21,635,723		\$117,915	\$225,012	\$342,926	\$342,926	\$150,547	\$20,197	\$20,424	\$534,094
2024	\$20,787,978	\$20,787,978		\$113,294	\$216,195	\$329,489	\$329,489	\$144,648	\$19,406	\$19,624	\$513,167
2025	\$19,982,901	\$19,982,901		\$108,907	\$207,822	\$316,729	\$316,729	\$139,046	\$18,654	\$18,864	\$493,293
2026	\$19,219,128	\$19,219,128		\$104,744	\$199,879	\$304,623	\$304,623	\$133,731	\$17,941	\$18,143	\$474,439
2027	\$18,495,383	\$18,495,383		\$100,800	\$192,352	\$293,152	\$293,152	\$128,695	\$17,265	\$17,460	\$456,572
						Total	\$4,832,562	\$696,668	\$320,196	\$323,798	\$6,173,223

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Goya Foods

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Royal ISD I&S Levy	Royal ISD M&O Levy	Royal ISD M&O and I&S Tax Levies	Waller County	Brookshire-Katy Drainage District	Waller-Harris Emergency Services District	Estimated Total Property Taxes	
			0.5450	1.0400			0.6958	0.0934	0.0944		
2013	\$4,800,000	\$4,800,000		\$26,160	\$49,920	\$76,080	\$33,400	\$4,481	\$4,531	\$118,492	
2014	\$30,000,000	\$30,000,000		\$163,500	\$312,000	\$475,500	\$208,748	\$28,005	\$28,320	\$740,573	
2015	\$29,396,000	\$29,396,000		\$160,208	\$305,718	\$465,927	\$204,545	\$27,441	\$27,750	\$725,662	
2016	\$28,368,161	\$28,368,161		\$154,606	\$295,029	\$449,635	\$197,393	\$26,482	\$26,780	\$700,289	
2017	\$27,635,982	\$27,635,982		\$150,616	\$287,414	\$438,030	\$192,298	\$25,798	\$26,088	\$682,215	
2018	\$26,648,399	\$26,648,399		\$145,234	\$277,143	\$422,377	\$185,426	\$24,876	\$25,156	\$657,836	
2019	\$25,533,696	\$25,533,696		\$139,159	\$265,550	\$404,709	\$177,670	\$23,836	\$24,104	\$630,318	
2020	\$24,479,872	\$24,479,872		\$133,415	\$254,591	\$388,006	\$170,337	\$22,852	\$23,109	\$604,304	
2021	\$23,485,080	\$23,485,080		\$127,994	\$244,245	\$372,239	\$163,415	\$21,923	\$22,170	\$579,747	
2022	\$22,537,578	\$22,537,578		\$122,830	\$234,391	\$357,221	\$156,822	\$21,039	\$21,275	\$556,357	
2023	\$21,635,723	\$21,635,723		\$117,915	\$225,012	\$342,926	\$150,547	\$20,197	\$20,424	\$534,094	
2024	\$20,787,978	\$20,787,978		\$113,294	\$216,195	\$329,489	\$144,648	\$19,406	\$19,624	\$513,167	
2025	\$19,982,901	\$19,982,901		\$108,907	\$207,822	\$316,729	\$139,046	\$18,654	\$18,864	\$493,293	
2026	\$19,219,128	\$19,219,128		\$104,744	\$199,879	\$304,623	\$133,731	\$17,941	\$18,143	\$474,439	
2027	\$18,495,383	\$18,495,383		\$100,800	\$192,352	\$293,152	\$128,695	\$17,265	\$17,460	\$456,572	
						Total	\$5,436,643	\$2,386,721	\$320,196	\$323,798	\$8,467,357

Source: CPA, Goya Foods

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$3,567,261. The estimated gross 15 year M&O tax benefit, or levy loss, is \$604,082.

Attachment 3 is an economic overview of Waller County.

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

Attachments

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

Attachment 1

Schedule A (Rev. May 2010): Investment

Applicant Name: Coyne Foods Inc.
 ISD Name: Royal ISD

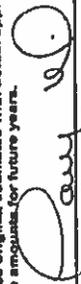
Form 50-298

		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	Tangible Personal Property Investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)			
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)	2012-2013	2012								
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	1	2013-2014	2013							
	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)	2	2014-2015	2014							
	Complete tax years of qualifying time 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	\$ 17,000,000	13,000,000		\$4,800,000	4,800,000		
		9	2021-2022	2021							
	Tax Credit Period (with 50% cap on credit)	10	2022-2023	2022							
		11	2023-2024	2023							
		12	2024-2025	2024							
	Credit Settle-Up Period	13	2025-2026	2025							
		14	2026-2027	2026							
15		2027-2028	2026					30,000,000			
Post-Settle-Up Period											

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.
 Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D).
 For the purposes of investment, please list amount invested each year, not cumulative totals.
 For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property.
 Include estimates of investment for "replacement" property that is part of original agreement but scheduled for probable replacement during limitation period.
 The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column B: 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.

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

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE:  DATE: 5/3/12

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

Form 50-296

Applicant Name
ISD Name

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value		Estimated Taxable Value	
				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 IRS - after all reductions	Final taxable value for M&O - after all reductions	
	pre-year 1	2012-2013	2012	4,800,000					4,800,000	4,800,000
Complete tax years of qualifying time period	1	2013-2014	2013	4,800,000	6,000,000				4,800,000	4,800,000
	2	2014-2015	2014	4,800,000	10,000,000	15,200,000			30,000,000	30,000,000
	3	2015-2016	2015	4,800,000	9,700,000	14,896,000			29,396,000	20,000,000
	4	2016-2017	2016	4,800,000	9,308,161	14,260,000			28,368,161	20,000,000
	5	2017-2018	2017	4,800,000	8,935,982	13,900,000			27,635,982	20,000,000
Tax Credit Period (with 50% cap on credit)	6	2018-2019	2018	4,800,000	8,578,399	13,270,000			26,648,399	20,000,000
	7	2019-2020	2019	4,800,000	8,063,696	12,670,000			25,533,696	20,000,000
	8	2019-2021	2020	4,800,000	7,579,872	12,100,000			24,479,872	20,000,000
	9	2021-2022	2021	4,800,000	7,125,080	11,560,000			23,485,080	20,000,000
	10	2022-2023	2022	4,800,000	6,697,578	11,040,000			22,537,578	20,000,000
Credit Settle-Up Period	11	2023-2024	2023	4,800,000	6,295,723	10,540,000			21,635,723	21,635,723
	12	2024-2025	2024	4,800,000	5,917,978	10,070,000			20,787,978	20,787,978
	13	2025-2026	2025	4,800,000	5,562,901	9,620,000			19,982,901	19,982,901
Post-Settle-Up Period	14	2026-2027	2026	4,800,000	5,229,128	9,190,000			19,219,128	19,219,128
Post-Settle-Up Period	15	2027-2028	2027	4,800,000	4,915,383	8,780,000			18,495,383	18,495,383

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

5/3/12

DATE

Schedule C- Application: Employment Information

Applicant Name
ISD Name

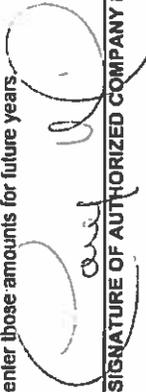
Goya Foods Inc.
Royal ISD

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				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	83,639	\$ 52,000		\$ -		\$ -
Tax Credit Period (with 50% cap on credit)	1	2013-2014	2013	83,639	52,000	25	53,000	20	56,102
	2	2014-2015	2014			25	53,000	20	56,102
	3	2015-2016	2015			25	54,590	20	56,102
	4	2016-2017	2016			25	56,228	20	56,102
	5	2017-2018	2017			25	57,915	20	56,102
Value Limitation Period	6	2018-2019	2018			25	59,652	20	56,102
	7	2019-2020	2019			25	61,442	20	56,102
	8	2018-2021	2020			25	63,285	20	56,102
	9	2021-2022	2021			25	65,183	20	56,102
	10	2022-2023	2022			25	67,139	20	56,102
Credit Settle-Up Period	11	2023-2024	2023			25	69,153	20	56,102
	12	2024-2025	2024			25	71,228	20	56,102
	13	2025-2028	2025			25	73,364	20	56,102
Post- Settle-Up Period	14	2026-2027	2026			25	75,565	20	56,102
	15	2027-2028	2027			25	77,832	20	56,102

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

7-24-2012
DATE

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

Applicant Name: **Goya Foods, Inc.** ISD Name: **Royal ISD** Form 50-296
 Franchise Tax: **Other Property Tax Abatements Sought**

Sales Tax Information		Other Property Tax Abatements Sought						
Sales Taxable Expenditures		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
		2012						
		2013	100,000	17,000,000	25,000			
		2014			25,000			
		2015			25,000			
		2016			25,000			
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Attachment 2

August 7, 2012

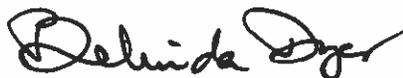
Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Goya Foods Inc. project for the Royal Independent School District (RISD). 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 Goya Foods Inc. project on RISD 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



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

Robert Scott
Commissioner

August 7, 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 Goya Foods Inc. project on the number and size of school facilities in Royal Independent School District (RISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the RISD superintendent, Tom Tasma, the TEA has found that the Goya Foods Inc. project would not have a significant impact on the number or size of school facilities in RISD.

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

Sincerely,

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

Belinda Dyer
Division Manager
Office of School Finance

BD/bd

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED GOYA
FOODS, INC. PROJECT ON THE FINANCES OF THE ROYAL
INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED
CHAPTER 313 PROPERTY VALUE LIMITATION**

June 13, 2012

Final Report

PREPARED BY:



Estimated Impact of the Proposed Goya Foods, Inc. Project on the Finances of the Royal Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Goya Foods, Inc. (Goya) has requested that the Royal Independent School District (RISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to RISD on May 9, 2012, Goya proposes to invest \$30 million to construct a new bean processing and canning facility project to be located in RISD.

The Goya 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, RISD may offer a minimum value limitation of \$20 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 the 2015-16 school year, the project would go on the local tax roll at \$20 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 RISD currently levying a \$0.545 per \$100 I&S tax rate. The full value of the investment is expected to reach \$30 million in the 2015-16 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

In the case of the Goya 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. RISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-\$99,820).

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$500,000 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 financially 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.

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

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

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula. This is expected to result in 403 districts receiving ASATR funds, with 624 districts funded on state formulas. Based on the revenue estimates presented in this report, RISD will become a formula district beginning in the 2012-13 school and remain so, with or without the value limitation being approved.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The last 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 Goya 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. ASATR funding does not appear to be a factor in these estimates. The projected taxable values of the Goya project are added to the base model used here. The impact of the limitation value for the proposed Goya project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 1,894 students in average daily attendance (ADA) in analyzing the effects of the Goya project on the finances of RISD. The District's local tax base reached \$786.4 million for the 2011 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.04 is used throughout this analysis. RISD has estimated state property wealth per weighted ADA or WADA of approximately \$278,292 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 RISD 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 Goya 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 Goya 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 \$15.3 million a year in annual net General Fund revenue.

Under these assumptions, RISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-\$99,820). 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, which reflect the one-year lag in value associated with the property value study.

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. As noted previously, ASATR funding does not appear to be a factor in any of the estimates presented here.

The Comptroller's state property value study influences these calculations, as noted previously. At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect. The Comptroller's Property Tax Assistance Division 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 \$500,000 over the life of the agreement. In addition, Goya 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 \$104,000 over the life of the agreement, with no unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key RISD revenue losses are expected to total approximately -\$99,820 in the first year the value limitation takes effect, the 2015-16 school year. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$500,000 over the life of the agreement.

Facilities Funding Impact

The Goya project remains fully taxable for debt services taxes, with RISD currently levying a \$0.545 per \$100 I&S rate. The value of the Goya project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to provide a benefit for RISD, since its current wealth per ADA exceeds the \$350,000 per ADA guarantee provided by the state's facility funding programs. At its peak taxable value, the project is expected to result in minimal change to the RISD I&S tax rate.

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

Conclusion

The proposed Goya bean processing and canning facility project enhances the tax base of RISD. 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 \$500,000. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of RISD in meeting its future debt service obligations

Table 1 – Base District Information with Goya Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2013-14	1,894.36	2,780.50	\$1.0400	\$0.5450	\$791,226,934	\$791,226,934	\$774,410,503	\$774,410,503	\$278,515	\$278,515
2	2014-15	1,894.36	2,780.50	\$1.0400	\$0.5450	\$816,426,934	\$816,426,934	\$779,210,503	\$779,210,503	\$280,241	\$280,241
3	2015-16	1,894.36	2,820.27	\$1.0400	\$0.5450	\$815,822,934	\$806,426,934	\$804,410,503	\$804,410,503	\$285,225	\$285,225
4	2016-17	1,894.36	2,820.27	\$1.0400	\$0.5450	\$814,795,095	\$806,426,934	\$803,806,503	\$794,410,503	\$285,011	\$281,679
5	2017-18	1,894.36	2,820.27	\$1.0400	\$0.5450	\$814,062,916	\$806,426,934	\$802,778,664	\$794,410,503	\$284,646	\$281,679
6	2018-19	1,894.36	2,820.27	\$1.0400	\$0.5450	\$813,075,333	\$806,426,934	\$802,046,485	\$794,410,503	\$284,387	\$281,679
7	2019-20	1,894.36	2,820.27	\$1.0400	\$0.5450	\$811,960,630	\$806,426,934	\$801,058,902	\$794,410,503	\$284,037	\$281,679
8	2020-21	1,894.36	2,820.27	\$1.0400	\$0.5450	\$810,906,806	\$806,426,934	\$799,944,199	\$794,410,503	\$283,641	\$281,679
9	2021-22	1,894.36	2,820.27	\$1.0400	\$0.5450	\$809,912,014	\$806,426,934	\$798,890,375	\$794,410,503	\$283,268	\$281,679
10	2022-23	1,894.36	2,820.27	\$1.0400	\$0.5450	\$808,964,512	\$806,426,934	\$797,895,583	\$794,410,503	\$282,915	\$281,679
11	2023-24	1,894.36	2,820.27	\$1.0400	\$0.5450	\$808,062,657	\$808,062,657	\$796,948,081	\$794,410,503	\$282,579	\$281,679
12	2024-25	1,894.36	2,820.27	\$1.0400	\$0.5450	\$807,214,912	\$807,214,912	\$796,046,226	\$796,046,226	\$282,259	\$282,259
13	2025-26	1,894.36	2,820.27	\$1.0400	\$0.5450	\$806,409,835	\$806,409,835	\$795,198,481	\$795,198,481	\$281,959	\$281,959
14	2026-27	1,894.36	2,820.27	\$1.0400	\$0.5450	\$805,646,062	\$805,646,062	\$794,393,404	\$794,393,404	\$281,673	\$281,673
15	2027-28	1,894.36	2,820.27	\$1.0400	\$0.5450	\$804,922,317	\$804,922,317	\$793,629,631	\$793,629,631	\$281,402	\$281,402
1	2013-14	1,894.36	2,780.50	\$1.0400	\$0.5450	\$791,226,934	\$791,226,934	\$774,410,503	\$774,410,503	\$278,515	\$278,515

*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	\$7,844,092	\$6,542,577	\$0	\$0	\$0	\$313,356	\$361,905	\$0	\$15,061,930
1	2013-14	\$7,891,134	\$6,531,443	\$0	\$0	\$0	\$315,235	\$363,532	\$0	\$15,101,344
2	2014-15	\$8,138,107	\$6,483,440	\$0	\$0	\$0	\$325,101	\$370,597	\$0	\$15,317,245
3	2015-16	\$8,132,187	\$6,430,273	\$0	\$0	\$0	\$324,865	\$358,180	\$0	\$15,245,505
4	2016-17	\$8,122,114	\$6,436,313	\$0	\$0	\$0	\$324,462	\$358,249	\$0	\$15,241,138
5	2017-18	\$8,114,938	\$6,446,592	\$0	\$0	\$0	\$324,176	\$358,806	\$0	\$15,244,512
6	2018-19	\$8,105,259	\$6,453,914	\$0	\$0	\$0	\$323,789	\$359,000	\$0	\$15,241,963
7	2019-20	\$8,094,335	\$6,463,790	\$0	\$0	\$0	\$323,353	\$359,357	\$0	\$15,240,835
8	2020-21	\$8,084,007	\$6,474,938	\$0	\$0	\$0	\$322,940	\$359,849	\$0	\$15,241,734
9	2021-22	\$8,074,257	\$6,485,477	\$0	\$0	\$0	\$322,550	\$360,314	\$0	\$15,242,599
10	2022-23	\$8,064,971	\$6,495,425	\$0	\$0	\$0	\$322,179	\$360,750	\$0	\$15,243,326
11	2023-24	\$8,056,133	\$6,504,901	\$0	\$0	\$0	\$321,826	\$361,166	\$0	\$15,244,026
12	2024-25	\$8,047,824	\$6,513,920	\$0	\$0	\$0	\$321,495	\$361,566	\$0	\$15,244,806
13	2025-26	\$8,039,934	\$6,522,398	\$0	\$0	\$0	\$321,179	\$361,939	\$0	\$15,245,451
14	2026-27	\$8,032,449	\$6,530,449	\$0	\$0	\$0	\$320,880	\$362,294	\$0	\$15,246,073
15	2027-28	\$8,025,356	\$6,538,087	\$0	\$0	\$0	\$320,597	\$362,631	\$0	\$15,246,671

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	\$7,844,092	\$6,542,577	\$0	\$0	\$0	\$313,356	\$361,905	\$0	\$15,061,930
1	2013-14	\$7,891,134	\$6,531,443	\$0	\$0	\$0	\$315,235	\$363,532	\$0	\$15,101,344
2	2014-15	\$8,138,107	\$6,483,440	\$0	\$0	\$0	\$325,101	\$370,597	\$0	\$15,317,245
3	2015-16	\$8,040,102	\$6,430,273	\$0	\$0	\$0	\$321,186	\$354,124	\$0	\$15,145,685
4	2016-17	\$8,040,102	\$6,530,278	\$0	\$0	\$0	\$321,186	\$362,625	\$0	\$15,254,191
5	2017-18	\$8,040,102	\$6,530,278	\$0	\$0	\$0	\$321,186	\$362,625	\$0	\$15,254,191
6	2018-19	\$8,040,102	\$6,530,278	\$0	\$0	\$0	\$321,186	\$362,625	\$0	\$15,254,191
7	2019-20	\$8,040,102	\$6,530,278	\$0	\$0	\$0	\$321,186	\$362,625	\$0	\$15,254,191
8	2020-21	\$8,040,102	\$6,530,278	\$0	\$0	\$0	\$321,186	\$362,625	\$0	\$15,254,191
9	2021-22	\$8,040,102	\$6,530,278	\$0	\$0	\$0	\$321,186	\$362,625	\$0	\$15,254,191
10	2022-23	\$8,040,102	\$6,530,278	\$0	\$0	\$0	\$321,186	\$362,625	\$0	\$15,254,191
11	2023-24	\$8,056,133	\$6,530,278	\$0	\$0	\$0	\$321,826	\$363,348	\$0	\$15,271,585
12	2024-25	\$8,047,824	\$6,513,920	\$0	\$0	\$0	\$321,495	\$361,566	\$0	\$15,244,806
13	2025-26	\$8,039,934	\$6,522,398	\$0	\$0	\$0	\$321,179	\$361,939	\$0	\$15,245,451
14	2026-27	\$8,032,449	\$6,530,449	\$0	\$0	\$0	\$320,880	\$362,294	\$0	\$15,246,073
15	2027-28	\$8,025,356	\$6,538,087	\$0	\$0	\$0	\$320,597	\$362,631	\$0	\$15,246,671

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	-\$92,085	\$0	\$0	\$0	\$0	-\$3,679	-\$4,056	\$0	-\$99,820
4	2016-17	-\$82,012	\$93,965	\$0	\$0	\$0	-\$3,276	\$4,376	\$0	\$13,053
5	2017-18	-\$74,836	\$83,686	\$0	\$0	\$0	-\$2,990	\$3,819	\$0	\$9,679
6	2018-19	-\$65,158	\$76,384	\$0	\$0	\$0	-\$2,603	\$3,624	\$0	\$12,228
7	2019-20	-\$54,233	\$66,488	\$0	\$0	\$0	-\$2,166	\$3,268	\$0	\$13,356
8	2020-21	-\$43,905	\$55,340	\$0	\$0	\$0	-\$1,754	\$2,776	\$0	\$12,457
9	2021-22	-\$34,155	\$44,801	\$0	\$0	\$0	-\$1,364	\$2,310	\$0	\$11,591
10	2022-23	-\$24,870	\$34,853	\$0	\$0	\$0	-\$993	\$1,874	\$0	\$10,864
11	2023-24	\$0	\$25,377	\$0	\$0	\$0	\$0	\$2,182	\$0	\$27,559
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 Goya Project Property Value Limitation Request Submitted to RISD 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	\$4,800,000	\$4,800,000	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2013-14	\$4,800,000	\$4,800,000	\$0	\$1.040	\$49,920	\$49,920	\$0	\$0	\$0	\$0	\$0
2	2014-15	\$30,000,000	\$30,000,000	\$0	\$1.040	\$312,000	\$312,000	\$0	\$0	\$0	\$0	\$0
3	2015-16	\$29,396,000	\$20,000,000	\$9,396,000	\$1.040	\$305,718	\$208,000	\$97,718	\$0	\$97,718	-\$99,820	-\$2,102
4	2016-17	\$28,368,161	\$20,000,000	\$8,368,161	\$1.040	\$295,029	\$208,000	\$87,029	\$14,857	\$101,886	\$0	\$101,886
5	2017-18	\$27,635,982	\$20,000,000	\$7,635,982	\$1.040	\$287,414	\$208,000	\$79,414	\$14,857	\$94,271	\$0	\$94,271
6	2018-19	\$26,648,399	\$20,000,000	\$6,648,399	\$1.040	\$277,143	\$208,000	\$69,143	\$14,857	\$84,000	\$0	\$84,000
7	2019-20	\$25,533,696	\$20,000,000	\$5,533,696	\$1.040	\$265,550	\$208,000	\$57,550	\$14,857	\$72,408	\$0	\$72,408
8	2020-21	\$24,479,872	\$20,000,000	\$4,479,872	\$1.040	\$254,591	\$208,000	\$46,591	\$14,857	\$61,448	\$0	\$61,448
9	2021-22	\$23,485,080	\$20,000,000	\$3,485,080	\$1.040	\$244,245	\$208,000	\$36,245	\$14,857	\$51,102	\$0	\$51,102
10	2022-23	\$22,537,578	\$20,000,000	\$2,537,578	\$1.040	\$234,391	\$208,000	\$26,391	\$14,857	\$41,248	\$0	\$41,248
11	2023-24	\$21,635,723	\$21,635,723	\$0	\$1.040	\$225,012	\$225,012	\$0	\$0	\$0	\$0	\$0
12	2024-25	\$20,787,978	\$20,787,978	\$0	\$1.040	\$216,195	\$216,195	\$0	\$0	\$0	\$0	\$0
13	2025-26	\$19,982,901	\$19,982,901	\$0	\$1.040	\$207,822	\$207,822	\$0	\$0	\$0	\$0	\$0
14	2026-27	\$19,219,128	\$19,219,128	\$0	\$1.040	\$199,879	\$199,879	\$0	\$0	\$0	\$0	\$0
15	2027-28	\$18,495,383	\$18,495,383	\$0	\$1.040	\$192,352	\$192,352	\$0	\$0	\$0	\$0	\$0
Totals						\$3,567,261	\$3,067,180	\$500,082	\$104,000	\$604,082	-\$99,820	\$504,262
Tax Credit for Value Over Limit in First 2 Years								Year 1	Year 2	Max Credits		
								\$0	\$104,000	\$104,000		
								Credits Earned		\$104,000		
								Credits Paid		<u>\$104,000</u>		
								Excess Credits Unpaid		\$0		

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

Attachment 3

Waller County

Population

- Total county population in 2010 for Waller County: 37,431 , up 2.0 percent from 2009. State population increased 1.8 percent in the same time period.
- Waller County was the state's 79th largest county in population in 2010 and the 34th fastest growing county from 2009 to 2010.
- Waller County's population in 2009 was 47.2 percent Anglo (above the state average of 46.7 percent), 25.5 percent African-American (above the state average of 11.3 percent) and 25.7 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Waller County:

Hempstead:	7,639	Prairie View:	4,514
Brookshire:	3,967	Waller:	2,218
Pine Island:	859	Pattison:	487

Economy and Income

Employment

- September 2011 total employment in Waller County: 15,480 , up 1.8 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 Waller County unemployment rate: 9.3 percent, up from 8.7 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

- Waller County's ranking in per capita personal income in 2009: 107th with an average per capita income of \$33,798, down 1.5 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 Waller County averaged \$71.04 million annually from 2007 to 2010. County total agricultural values in 2010 were down 11.9 percent from 2009. Major agriculture related commodities in Waller County during 2010 included:
 - Hay
 - Rice
 - Horses
 - Nursery
 - Other Beef
- 2011 oil and gas production in Waller County: 257,770.0 barrels of oil and 2.9 million Mcf of gas. In September 2011, there were 191 producing oil wells and 53 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 Waller County during the fourth quarter 2010: \$62.92 million, up 29.1 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Hempstead:	\$13.29 million, up 1.9 percent from the same quarter in 2009.
Prairie View:	\$1.07 million, down 28.2 percent from the same quarter in 2009.
Brookshire:	\$6.31 million, up 11.3 percent from the same quarter in 2009.
Waller:	\$9.00 million, up 6.0 percent from the same quarter in 2009.
Pattison:	\$272,552.00, up 102.3 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 Waller County through the fourth quarter of 2010: \$236.13 million, up 15.5 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Hempstead:	\$50.71 million, down 2.0 percent from the same period in 2009.
Prairie View:	\$6.02 million, down 29.2 percent from the same period in 2009.
Brookshire:	\$24.43 million, down 11.8 percent from the same period in 2009.
Waller:	\$35.07 million, down 2.1 percent from the same period in 2009.
Pattison:	\$998,860.00, up 72.1 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Waller County during 2010: \$236.13 million, up 15.5 percent from 2009.

- Waller County sent an estimated \$14.76 million (or 0.09 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.

- Taxable sales during 2010 in the city of:

Hempstead:	\$50.71 million, down 2.0 percent from 2009.
Prairie View:	\$6.02 million, down 29.2 percent from 2009.
Brookshire:	\$24.43 million, down 11.8 percent from 2009.
Waller:	\$35.07 million, down 2.1 percent from 2009.
Pattison:	\$998,860.00, up 72.1 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 Waller County based on the sales activity month of August 2011: \$275,065.68, up 6.7 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Hempstead:	\$89,523.84, down 3.9 percent from August 2010.
Prairie View*:	\$22,026.33, up 48.0 percent from August 2010.
Brookshire:	\$72,477.51, up 7.7 percent from August 2010.
Waller:	\$88,277.01, up 9.8 percent from August 2010.
Pattison:	\$2,760.99, up 44.5 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 Waller County based on sales activity months from September 2010 through August 2011: \$3.47 million, up 3.8 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Hempstead:	\$1.20 million, up 4.4 percent from fiscal 2010.
Prairie View*:	\$307,445.86, up 1.5 percent from fiscal 2010.
Brookshire:	\$875,259.48, down 3.5 percent from fiscal 2010.
Waller:	\$1.06 million, up 10.2 percent from fiscal 2010.
Pattison:	\$26,479.07, up 19.0 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 Waller County based on sales activity months through August 2011: \$2.22 million, up 2.5 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Hempstead:	\$764,505.79, up 2.6 percent from the same period in 2010.
Prairie View*:	\$168,644.22, down 3.5 percent from the same period in 2010.
Brookshire:	\$583,424.87, down 0.4 percent from the same period in 2010.
Waller:	\$683,512.48, up 6.4 percent from the same period in 2010.
Pattison:	\$17,532.31, up 22.7 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 Waller County based on sales activity in the 12 months ending in August 2011: \$3.47 million, up 3.8 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Hempstead:	\$1.20 million, up 4.4 percent from the previous 12-month period.
Prairie View*:	\$307,445.86, up 1.5 percent from the previous 12-month period.
Brookshire:	\$875,259.48, down 3.5 percent from the previous 12-month period.
Waller:	\$1.06 million, up 10.2 percent from the previous 12-month period.
Pattison:	\$26,479.07, up 19.0 percent from the previous 12-month period.

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

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

Hempstead:	\$988,247.08, up 3.8 percent from the same period in 2010.
Prairie View*:	\$188,609.11, down 9.2 percent from the same period in 2010.
Brookshire:	\$726,028.74, down 6.5 percent from the same period in 2010.
Waller:	\$886,533.25, up 9.0 percent from the same period in 2010.
Pattison:	\$21,810.60, up 16.4 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 Waller County based on sales activity months in 2010: \$3.41 million, down 1.1 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Hempstead:	\$1.18 million, up 1.7 percent from 2009.
Prairie View*:	\$313,474.61, up 10.1 percent from 2009.
Brookshire:	\$877,696.58, down 8.0 percent from 2009.
Waller:	\$1.02 million, down 1.0 percent from 2009.
Pattison:	\$23,230.01, up 3.7 percent from 2009.

*On 10/1/2009, the city of Prairie View's local sales tax rate increased by 0.00 from 1.750 percent to 1.750 percent.

Property Tax

- As of January 2009, property values in Waller County: \$4.36 billion, up 10.0 percent from January 2008 values. The property tax base per person in Waller County is \$119,423, above the statewide average of \$85,809. About 3.3 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Waller County's ranking in state expenditures by county in fiscal year 2010: 79th. State expenditures in the county for FY2010: \$144.82 million, up 0.2 percent from FY2009.
- In Waller County, 17 state agencies provide a total of 2,375 jobs and \$19.03 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Prairie View A&M University
 - Department of Transportation
 - Engineering Experiment Station
 - Department of Public Safety

Higher Education

- Community colleges in Waller County fall 2010 enrollment:
 - None.
- Waller County is in the service area of the following:
 - Blinn College with a fall 2010 enrollment of 17,755 . Counties in the service area include:
 - Austin County
 - Bastrop County
 - Brazos County
 - Burleson County
 - Fayette County
 - Grimes County
 - Lee County
 - Madison County
 - Milam County
 - Montgomery County
 - Robertson County
 - Walker County
 - Waller County
 - Washington County
 - Williamson County
 - Houston Community College with a fall 2010 enrollment of 49,717 . Counties in the service area include:
 - Fort Bend County
 - Harris County
 - Waller County

- Institutions of higher education in Waller County fall 2010 enrollment:

- Prairie View A&M University, a Public University (part of Texas A&M University System), had 8,781 students.

School Districts

- Waller County had 3 school districts with 17 schools and 8,932 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.)

- Hempstead ISD had 1,500 students in the 2009-10 school year. The average teacher salary was \$47,153. The percentage of students meeting the 2010 TAKS passing standard for all tests was 70 percent.
- Royal ISD had 2,055 students in the 2009-10 school year. The average teacher salary was \$44,787. The percentage of students meeting the 2010 TAKS passing standard for all tests was 63 percent.
- Waller ISD had 5,377 students in the 2009-10 school year. The average teacher salary was \$47,409. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.