
**FINDINGS
OF THE
LA PORTE INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
OXITENO USA LLC**

DECEMBER 21, 2012

Board Findings of the La Porte Independent School District

FINDINGS OF THE LA PORTE INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
OXITENO USA LLC

STATE OF TEXAS §

COUNTY OF HARRIS §

On the 21st day of December, 2012, a public meeting of the Board of Trustees of the La Porte Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of the Oxiteno USA LLC (Oxiteno USA) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the La Porte Independent School District makes the following findings with respect to the application of Oxiteno USA, and the economic impact of that application:

On July 24, 2012, the Superintendent of Schools of the La Porte Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Oxiteno USA for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, Oxiteno USA (Texas Taxpayer Id. 32040032776), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

The Board of Trustees has acknowledged receipt of the Application, along with the requisite application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

Board Findings of the La Porte Independent School District

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Harris County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on October 31, 2012. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the La Porte Independent School District. A copy of a report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment E**.

The Board of Trustees has confirmed that the taxable value of property in the La Porte Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment F**.

After receipt of the Application, the District entered into negotiations with Oxiteno USA, over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed Agreement is attached to these findings as **Attachment G**.

Board Findings of the La Porte Independent School District

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

Board Finding Number 1.

There is a strong relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan for economic development (ED Plan) submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code.

With regard to Finding No. 1, the Comptroller's economic impact evaluation included the following information:

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 Oxiteno 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.

Board Finding Number 2.

The economic condition of La Porte, Texas is in need of long-term improvement, based on an analysis of Harris County data completed by the State Comptroller's Office.

Based on information provided by the Comptroller's Office, Harris County is the largest in the state in terms of population. Population growth in Harris County is positive and was the state's 46th fastest growing county from 2009 to 2010. The state population grew by 1.8 percent between 2009 and 2010, and the population of Harris County increased by the same 1.8 percent over the same period.

September 2011 employment for Harris County was up 1.8 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period. The

Board Findings of the La Porte Independent School District

unemployment rate in Harris County was 8.6 percent in September 2011, higher than the state average of 8.5 percent. It is noteworthy that the Harris County unemployment rate increased from 8.3 percent in the prior year to the 8.5 percent level in September 2011.

Harris County continues to have a higher per capita personal income than the state as a whole. In terms of per capita income, Harris County County's \$48,337 in 2009 ranked 7th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

While some of these indicators are positive, the local economy in La Porte will benefit from economic activity like that associated with the Oxiteno USA project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$56,102 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. Oxiteno USA indicates that total employment will be approximately sixty-five (65) new jobs, fifty-two (52) of which will be qualifying jobs.

In support of Finding 3, the economic impact evaluation states:

After construction, the project will create 65 new jobs when fully operational. 52 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 Harris County is located was \$51,002 in 2010. The annual average manufacturing wage for 2011 for Harris County is \$77,545. That same year, the county annual average wage for all industries was \$62,010. In addition to a salary of \$56,102, each qualifying position will receive benefits such as medical coverage (company

Board Findings of the La Porte Independent School District

pays 80% of employee health insurance premiums), dental plan, group life insurance, paid holidays, paid vacation, 401(k) retirement savings plan.

Board Finding Number 4.

The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$1.8 million on the basis of the goal of fifty-two (52) new qualifying positions for the entire Oxiteno USA project.

In support of Finding 4, the economic impact evaluation states:

The project's total investment is \$95.5 million, resulting in a relative level of investment per qualifying job of \$1.8 million.

Board Finding Number 5.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region.

Table 1 depicts Oxiteno'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.

Board Findings of the La Porte Independent School District

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	95	152	247	\$5,993,000	\$9,007,000	\$15,000,000
2013	115	231	346	\$7,293,000	\$15,707,000	\$23,000,000
2014	135	314	449	\$8,593,000	\$22,407,000	\$31,000,000
2015	65	263	328	\$4,225,000	\$21,775,000	\$26,000,000
2016	65	271	336	\$4,225,000	\$23,775,000	\$28,000,000
2017	65	271	336	\$4,225,000	\$25,775,000	\$30,000,000
2018	65	281	346	\$4,225,000	\$27,775,000	\$32,000,000
2019	65	277	342	\$4,225,000	\$28,775,000	\$33,000,000
2020	65	285	350	\$4,225,000	\$30,775,000	\$35,000,000
2021	65	288	353	\$4,225,000	\$31,775,000	\$36,000,000
2022	65	295	360	\$4,225,000	\$33,775,000	\$38,000,000
2023	65	300	365	\$4,225,000	\$35,775,000	\$40,000,000
2024	65	306	371	\$4,225,000	\$37,775,000	\$42,000,000
2025	65	314	379	\$4,225,000	\$40,775,000	\$45,000,000
2026	65	316	381	\$4,225,000	\$41,775,000	\$46,000,000
2027	65	324	389	\$4,225,000	\$44,775,000	\$49,000,000

Source: CPA, REMI, Oxiteno

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. La Porte ISD’s ad valorem tax base in 2010 was \$6.1 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, La Porte ISD’s estimated wealth per WADA was \$648,889. 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, Harris County, Harris County Flood Control District, Port of Houston Authority, Harris County Hospital District, Harris County Education Department, and San Jacinto College District, with all property tax incentives sought being granted using estimated market value from Oxiteno’s application. Oxiteno has applied for a value limitation under Chapter 313, Tax Code, and no tax abatements. Table 3 illustrates the estimated tax impact of the Oxiteno project on the region if all taxes are assessed.

Board Findings of the La Porte Independent School District

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	La Porte ISD I&S Levy	La Porte ISD M&O Levy	La Porte ISD M&O and I&S Tax Levies (Before Credit Credited)	La Porte ISD M&O and I&S Tax Levies (After Credit Credited)	Harris County Tax Levy	Harris County Flood Control District Tax Levy	Port of Houston Authority Tax Levy	Harris County Hospital District Tax Levy	Harris County Education Department Tax Levy	San Jacinto College District Tax Levy	Estimated Total Property Taxes
				0.3150	1.0400			0.3912	0.0281	0.0186	0.1922	0.0066	0.1856	
2013	\$17,807,112	\$17,807,112		\$56,092	\$185,194	\$241,286	\$241,286	\$69,656	\$5,002	\$3,305	\$34,218	\$1,172	\$33,050	\$387,690
2014	\$59,633,787	\$59,633,787		\$187,846	\$620,191	\$808,038	\$808,038	\$233,269	\$16,751	\$11,068	\$114,592	\$3,924	\$110,682	\$1,298,325
2015	\$88,900,387	\$30,000,000		\$280,036	\$312,000	\$592,036	\$592,036	\$347,752	\$24,972	\$16,500	\$170,831	\$5,851	\$165,001	\$1,322,942
2016	\$86,319,787	\$30,000,000		\$271,907	\$312,000	\$583,907	\$539,880	\$337,657	\$24,247	\$16,021	\$165,872	\$5,681	\$160,211	\$1,249,569
2017	\$83,816,887	\$30,000,000		\$264,023	\$312,000	\$576,023	\$531,996	\$327,867	\$23,544	\$15,556	\$161,063	\$5,516	\$155,566	\$1,221,107
2018	\$81,389,387	\$30,000,000		\$256,377	\$312,000	\$568,377	\$524,349	\$318,371	\$22,862	\$15,106	\$156,398	\$5,356	\$151,060	\$1,193,503
2019	\$76,734,387	\$30,000,000		\$241,713	\$312,000	\$553,713	\$509,686	\$300,162	\$21,555	\$14,242	\$147,453	\$5,050	\$142,421	\$1,140,568
2020	\$72,357,387	\$30,000,000		\$227,926	\$312,000	\$539,926	\$495,898	\$283,040	\$20,325	\$13,430	\$139,042	\$4,762	\$134,297	\$1,090,794
2021	\$68,241,887	\$30,000,000		\$214,962	\$312,000	\$526,962	\$482,935	\$266,942	\$19,169	\$12,666	\$131,134	\$4,491	\$126,658	\$1,043,994
2022	\$64,371,887	\$30,000,000		\$202,771	\$312,000	\$514,771	\$470,744	\$251,804	\$18,082	\$11,947	\$123,697	\$4,236	\$119,476	\$999,986
2023	\$60,732,887	\$60,732,887		\$191,309	\$631,622	\$822,931	\$822,931	\$237,569	\$17,060	\$11,272	\$116,704	\$3,997	\$112,721	\$1,322,254
2024	\$57,311,087	\$57,311,087		\$180,530	\$596,035	\$776,565	\$776,565	\$224,184	\$16,099	\$10,637	\$110,129	\$3,772	\$106,371	\$1,247,756
2025	\$54,093,387	\$54,093,387		\$170,394	\$562,571	\$732,965	\$732,965	\$211,597	\$15,195	\$10,040	\$103,946	\$3,560	\$100,398	\$1,177,701
2026	\$51,067,687	\$51,067,687		\$160,863	\$531,104	\$691,967	\$691,967	\$199,761	\$14,345	\$9,478	\$98,132	\$3,361	\$94,783	\$1,111,827
2027	\$48,222,487	\$48,222,487		\$151,901	\$501,514	\$653,415	\$653,415	\$188,632	\$13,546	\$8,950	\$92,664	\$3,174	\$89,502	\$1,049,882
						Total	\$8,874,692	\$3,798,262	\$272,754	\$180,218	\$1,865,874	\$63,902	\$1,802,196	\$16,857,898

Assumes School Value Limitation.

Source: CPA, Oxiteno

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	La Porte ISD I&S Levy	La Porte ISD M&O Levy	La Porte ISD M&O and I&S Tax Levies	Harris County Tax Levy	Harris County Flood Control District Tax Levy	Port of Houston Authority Tax Levy	Harris County Hospital District Tax Levy	Harris County Education Department Tax Levy	San Jacinto College District Tax Levy	Estimated Total Property Taxes	
				0.3150	1.0400		0.3912	0.0281	0.0186	0.1922	0.0066	0.1856		
2013	\$17,807,112	\$17,807,112		\$56,092	\$185,194	\$241,286	\$69,656	\$5,002	\$3,305	\$34,218	\$1,172	\$33,050	\$387,690	
2014	\$59,633,787	\$59,633,787		\$187,846	\$620,191	\$808,038	\$233,269	\$16,751	\$11,068	\$114,592	\$3,924	\$110,682	\$1,298,325	
2015	\$88,900,387	\$88,900,387		\$280,036	\$924,564	\$1,204,600	\$347,752	\$24,972	\$16,500	\$170,831	\$5,851	\$165,001	\$1,935,506	
2016	\$86,319,787	\$86,319,787		\$271,907	\$897,726	\$1,169,633	\$337,657	\$24,247	\$16,021	\$165,872	\$5,681	\$160,211	\$1,879,322	
2017	\$83,816,887	\$83,816,887		\$264,023	\$871,696	\$1,135,719	\$327,867	\$23,544	\$15,556	\$161,063	\$5,516	\$155,566	\$1,824,830	
2018	\$81,389,387	\$81,389,387		\$256,377	\$846,450	\$1,102,826	\$318,371	\$22,862	\$15,106	\$156,398	\$5,356	\$151,060	\$1,771,980	
2019	\$76,734,387	\$76,734,387		\$241,713	\$798,038	\$1,039,751	\$300,162	\$21,555	\$14,242	\$147,453	\$5,050	\$142,421	\$1,670,633	
2020	\$72,357,387	\$72,357,387		\$227,926	\$752,517	\$980,443	\$283,040	\$20,325	\$13,430	\$139,042	\$4,762	\$134,297	\$1,575,338	
2021	\$68,241,887	\$68,241,887		\$214,962	\$709,716	\$924,678	\$266,942	\$19,169	\$12,666	\$131,134	\$4,491	\$126,658	\$1,485,737	
2022	\$64,371,887	\$64,371,887		\$202,771	\$669,468	\$872,239	\$251,804	\$18,082	\$11,947	\$123,697	\$4,236	\$119,476	\$1,401,481	
2023	\$60,732,887	\$60,732,887		\$191,309	\$631,622	\$822,931	\$237,569	\$17,060	\$11,272	\$116,704	\$3,997	\$112,721	\$1,322,254	
2024	\$57,311,087	\$57,311,087		\$180,530	\$596,035	\$776,565	\$224,184	\$16,099	\$10,637	\$110,129	\$3,772	\$106,371	\$1,247,756	
2025	\$54,093,387	\$54,093,387		\$170,394	\$562,571	\$732,965	\$211,597	\$15,195	\$10,040	\$103,946	\$3,560	\$100,398	\$1,177,701	
2026	\$51,067,687	\$51,067,687		\$160,863	\$531,104	\$691,967	\$199,761	\$14,345	\$9,478	\$98,132	\$3,361	\$94,783	\$1,111,827	
2027	\$48,222,487	\$48,222,487		\$151,901	\$501,514	\$653,415	\$188,632	\$13,546	\$8,950	\$92,664	\$3,174	\$89,502	\$1,049,882	
						Total	\$13,157,056	\$3,798,262	\$272,754	\$180,218	\$1,865,874	\$63,902	\$1,802,196	\$21,140,262

Source: CPA, Oxiteno

¹Tax Rate per \$100 Valuation

Board Finding Number 6.

The revenue gains that will be realized by the school district if the Application is approved will be significant in the long-term, with special reference to revenues used for supporting school district debt.

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$89 million to the tax base for debt service purposes at the peak investment level for the 2015-16 school year. The Oxiteno USA project remains fully taxable for debt services taxes, with La Porte ISD currently levying a \$0.315 per \$100 I&S rate. The value of the Oxiteno USA project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's tax base and assist it in meeting its debt service obligations.

Board Finding Number 7.

The effect of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the Oxiteno USA project.

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the new manufacturing project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in La Porte ISD as stated in **Attachment D**.

Board Finding Number 8.

The ability of the applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.

In support of Finding 8, the economic impact evaluation states:

According to Oxiteno's application, "Oxiteno, the parent company of Oxiteno USA LLC is a Brazilian chemical company that operates worldwide and is a leading manufacturer of surfactants and specialty chemicals. Present in eight countries in the Americas and Europe, Oxiteno has ten industrial

Board Findings of the La Porte Independent School District

units located in Brazil, Mexico and Venezuela and sales offices in Argentina, Belgium, Brazil, Colombia, United States, Mexico and Venezuela. Oxiteno has the ability to locate a new facility in many countries around the world as well as numerous potential locations in the United States.”

Board Finding Number 9.

During the past two years, 21 projects in the Houston-Galveston Area Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 10.

The Board of Trustees hired consultants to review and verify the information in the Application from Oxiteno USA. Based upon the consultants’ review, the Board has determined that the information provided by the Applicant is true and correct.

Board Finding Number 11.

The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Thirty Million Dollars, which is consistent with the minimum values currently set out by Tax Code, §§ 313.054(a).

According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2011 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2011 industrial value for La Porte ISD is \$4.516 billion. La Porte ISD is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. La Porte ISD is classified as a “rural” school district for these purposes on the basis of its population characteristics. Given that the total taxable value of industrial property in La Porte ISD is more than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Finding Number 12.

The Applicant (Taxpayer Id. 32040032776) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity.

Board Finding Number 13.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in the first and subsequent years that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Revenue protection measures are in place for the duration of the Agreement.

Board Finding Number 14.

Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the La Porte Independent School District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the La Porte Independent School District.

Board Findings of the La Porte Independent School District

Dated the 21st day of December 2012.

LA PORTE INDEPENDENT SCHOOL DISTRICT

By: 
Kathy Green, President, Board of Trustees

ATTEST:

By: 
Dee Anne Thomson, Secretary, Board of Trustees