

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



December 19, 2012

Karin Holacka
Superintendent
Brazosport ISD
P. O. Drawer Z
Freeport, Texas 77542

Dear Superintendent Holacka:

On September 21, 2012, the Comptroller received the completed application (Application #244) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on August 31, 2012 to the Brazosport Independent School District (Brazosport ISD) by Freeport LNG Development, L.P. 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.

Brazosport ISD is currently classified as a rural school district in Category 1 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$1.25 billion) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement. Freeport LNG Development, L.P. is proposing the construction of a manufacturing facility in Brazoria County. Freeport LNG Development, L.P. 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 Freeport LNG Development, L.P., the Comptroller's recommendation is that Freeport LNG Development, L.P.'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

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

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 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 September 21, 2012, or any tangible personal property placed in service prior to that date may not become "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	Freeport LNG Development, L.P. 2016
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Brazosport
2010-11 Enrollment in School District	12,671
County	Brazoria
Total Investment in District	\$1,700,000,000
Qualified Investment	\$1,250,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	88
Number of qualifying jobs committed to by applicant	70
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,250.00
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,033.00
Minimum Annual Wage committed to by applicant for qualified jobs	\$65,000
Investment per Qualifying Job	\$24,285,714
Estimated 15 year M&O levy without any limit or credit:	\$181,336,002
Estimated gross 15 year M&O tax benefit	\$126,826,861
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):	\$106,225,052
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$10,495,270
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$75,110,950
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	58.6%
Percentage of tax benefit due to the limitation	91.7%
Percentage of tax benefit due to the credit	8.3%

This presents the Comptroller's economic impact evaluation of Freeport LNG Development, L.P. (the project) applying to Brazosport 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 88 new jobs when fully operational. Seventy 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 of Governments Region, where Brazoria County is located was \$53,711 in 2011. The annual average manufacturing wage for 2011-2012 for Brazoria County is \$91,429. That same year, the county annual average wage for all industries was \$49,374. In addition to a salary of \$65,000, each qualifying position will receive benefits including medical coverage (company pays 80% of employee health insurance premiums), dental plan, group life insurance, paid holidays, paid vacation and 401(k) retirement savings plan. The project's total investment is \$1.7 billion, resulting in a relative level of investment per qualifying job of \$24.3 million.

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

According to Freeport LNG Development, L.P.'s application, "Freeport LNG (FLNG) is keen to invest in LNG liquefaction and export facilities at its Quintana Island terminal because of its pre-existing assets there that would enable such an investment and the generally favorable business environment in Brazoria County and Texas. However, there are no other fundamental advantages to the location and FLNG could seek to invest in such facilities elsewhere. The three existing LNG terminals in Louisiana, which are similar to FLNG's, are all considering developing liquefaction and export facilities and would enjoy that state's 100% across-the-board 10-year industrial tax abatement. Those facilities enjoy a shipping advantage because they are somewhat closer to both the Atlantic and Pacific Basin markets (the latter, though the expanded Panama Canal, being the world's fastest growing energy markets). FLNG could partner with the owners of one of those terminals to co-develop new facilities with them on their site.

Alternatively, FLNG is aware of several completely undeveloped greenfield sites along the Texas and Louisiana coasts that could be suitable for LNG liquefaction and export facilities. FLNG could seek to acquire and develop on those sites. In any case, competition to develop new LNG liquefaction and export facilities is likely to be intense, especially in light of well advanced plans to do so in Australia, Russia, Africa and Middle East. To maximize its competitiveness, FLNG has selected the most energy-efficient liquefaction technology available, would leverage off its pre-existing assets to the greatest extent practicable, and would endeavor to economize on operations and maintenance costs as much as possible. Any economic development incentives received from Brazosport ISD or other Brazoria County jurisdictions would facilitate FLNG's competitiveness in this global marketplace and could be decisive towards the success of this project. A successful project development on Quintana Island would benefit not just FLNG but the entire Brazoria County economy and the Texas natural gas market, which would deliver very substantial quantities to the new facilities for decades to come."

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

During the past two years, 22 projects in the Houston-Galveston Area Council of Governments 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 Freeport LNG Development, L.P., 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 Freeport LNG Development, L.P.'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 18 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Freeport LNG Development, L.P.

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	60	57	117	\$3,744,000	\$3,256,000	\$7,000,000
2014	1000	956	1956	\$62,400,000	\$59,600,000	\$122,000,000
2015	1200	1165	2365	\$74,880,000	\$85,120,000	\$160,000,000
2016	1220	1235	2455	\$76,112,000	\$102,888,000	\$179,000,000
2017	860	988	1848	\$53,616,000	\$97,384,000	\$151,000,000
2018	88	349	437	\$5,420,800	\$57,579,200	\$63,000,000
2019	88	382	470	\$5,420,800	\$56,579,200	\$62,000,000
2020	88	369	457	\$5,420,800	\$53,579,200	\$59,000,000
2021	88	416	504	\$5,420,800	\$55,579,200	\$61,000,000
2022	88	449	537	\$5,420,800	\$58,579,200	\$64,000,000
2023	88	480	568	\$5,420,800	\$61,579,200	\$67,000,000
2024	88	514	602	\$5,420,800	\$65,579,200	\$71,000,000
2025	88	533	621	\$5,420,800	\$70,579,200	\$76,000,000
2026	88	484	572	\$5,420,800	\$68,579,200	\$74,000,000
2027	88	480	568	\$5,420,800	\$70,579,200	\$76,000,000
2028	88	484	572	\$5,420,800	\$72,579,200	\$78,000,000
2029	88	488	576	\$5,420,800	\$75,579,200	\$81,000,000
2030	88	488	576	\$5,420,800	\$78,579,200	\$84,000,000

Source: CPA, REMI, Freeport LNG Development, L.P.

The statewide average ad valorem tax base for school districts in Texas was \$1.7 billion in 2011-2012. Brazosport ISD's ad valorem tax base in 2011-2012 was \$6.3 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Brazosport ISD's estimated wealth per WADA was \$417,778. 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, Brazoria County, Velasco Drainage District, Port of Freeport, and Brazosport Junior College District, with all property tax incentives sought being granted using estimated market value from Freeport LNG Development, L.P.'s application. Freeport LNG Development, L.P. has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county, drainage district, port, and college district. Table 3 illustrates the estimated tax impact of the Freeport LNG Development, L.P. 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	Brazosport ISD I&S Levy	Brazosport ISD M&O Levy	Brazosport ISD M&O and I&S Tax Levies (Before Credit Credited)	Brazosport ISD M&O and I&S Tax Levies (After Credit Credited)	Brazoria County Tax Levy	Velasco Drainage District Tax Levy	Brazosport Junior College District Tax Levy	Port of Freeport Tax Levy	Estimated Total Property Taxes
			0.2015	1.0400				0.4731	0.0942	0.2392	0.0535	
2016	\$430,961,524	\$430,961,524		\$868,387	\$4,482,000	\$5,350,387	\$5,350,387	\$0	\$0	\$0	\$0	\$5,350,387
2017	\$638,199,059	\$638,199,059		\$1,285,971	\$6,637,270	\$7,923,241	\$7,923,241	\$0	\$0	\$0	\$0	\$7,923,241
2018	\$1,647,590,850	\$30,000,000		\$3,319,896	\$312,000	\$3,631,896	\$3,631,896	\$0	\$0	\$0	\$0	\$3,631,896
2019	\$1,590,161,420	\$30,000,000		\$3,204,175	\$312,000	\$3,516,175	\$2,016,851	\$0	\$0	\$0	\$0	\$2,016,851
2020	\$1,534,742,045	\$30,000,000		\$3,092,505	\$312,000	\$3,404,505	\$1,905,181	\$0	\$0	\$0	\$0	\$1,905,181
2021	\$1,481,262,333	\$30,000,000		\$2,984,744	\$312,000	\$3,296,744	\$1,797,419	\$0	\$0	\$0	\$0	\$1,797,419
2022	\$1,393,057,339	\$30,000,000		\$2,807,011	\$312,000	\$3,119,011	\$1,619,686	\$0	\$0	\$0	\$0	\$1,619,686
2023	\$1,337,656,292	\$30,000,000		\$2,695,377	\$312,000	\$3,007,377	\$1,508,053	\$0	\$0	\$0	\$0	\$1,508,053
2024	\$1,258,049,383	\$30,000,000		\$2,534,970	\$312,000	\$2,846,970	\$1,423,485	\$5,951,844	\$1,185,259	\$3,009,229	\$673,056	\$12,242,873
2025	\$1,183,210,271	\$30,000,000		\$2,384,169	\$312,000	\$2,696,169	\$1,348,084	\$5,597,780	\$1,114,750	\$2,830,215	\$633,017	\$11,523,846
2026	\$1,112,853,101	\$1,112,853,101		\$2,242,399	\$1,573,672	\$3,816,071	\$3,588,992	\$5,264,919	\$1,048,463	\$2,661,922	\$595,376	\$23,159,673
2027	\$1,046,709,276	\$1,046,709,276		\$2,109,119	\$1,085,776	\$3,194,896	\$2,994,896	\$4,951,992	\$986,147	\$2,503,708	\$559,989	\$21,996,732
2028	\$984,526,380	\$984,526,380		\$1,983,821	\$1,029,074	\$3,012,895	\$2,822,895	\$4,657,804	\$927,562	\$2,354,967	\$526,722	\$20,689,950
2029	\$926,066,916	\$926,066,916		\$1,866,025	\$963,109	\$2,829,134	\$2,636,025	\$4,381,232	\$872,485	\$2,215,134	\$495,446	\$19,461,417
2030	\$871,107,814	\$871,107,814		\$1,755,282	\$909,521	\$2,664,803	\$2,475,282	\$4,121,220	\$820,706	\$2,083,672	\$466,043	\$18,306,444
						Total	\$89,642,991	\$34,926,791	\$6,955,370	\$17,658,848	\$3,949,650	\$153,133,649

Assumes School Value Limitation and Tax Abatements with the County, Drainage District, College District, and Port.

Source: CPA, Freeport LNG Development, L.P.

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	Brazosport ISD I&S Levy	Brazosport ISD M&O Levy	Brazosport ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Velasco Drainage District Tax Levy	Brazosport Junior College District Tax Levy	Port of Freeport Tax Levy	Estimated Total Property Taxes	
			0.2015	1.0400			0.4731	0.0942	0.2392	0.0535		
2016	\$430,961,524	\$430,961,524		\$868,387	\$4,482,000	\$5,350,387	\$2,038,883	\$406,026	\$1,030,851	\$230,564	\$9,056,712	
2017	\$638,199,059	\$638,199,059		\$1,285,971	\$6,637,270	\$7,923,241	\$3,019,326	\$601,273	\$1,526,559	\$341,436	\$13,411,836	
2018	\$1,647,590,850	\$1,647,590,850		\$3,319,896	\$17,134,945	\$20,454,840	\$7,794,769	\$1,552,261	\$3,941,004	\$881,461	\$34,624,336	
2019	\$1,590,161,420	\$1,590,161,420		\$3,204,175	\$16,537,679	\$19,741,854	\$7,523,070	\$1,498,155	\$3,803,634	\$850,736	\$33,417,449	
2020	\$1,534,742,045	\$1,534,742,045		\$3,092,505	\$15,961,317	\$19,053,822	\$7,260,880	\$1,445,942	\$3,671,072	\$821,087	\$32,252,804	
2021	\$1,481,262,333	\$1,481,262,333		\$2,984,744	\$15,405,128	\$18,389,872	\$7,007,867	\$1,395,556	\$3,543,150	\$792,475	\$31,128,920	
2022	\$1,393,057,339	\$1,393,057,339		\$2,807,011	\$14,487,796	\$17,294,807	\$6,590,568	\$1,312,455	\$3,332,165	\$745,286	\$29,275,281	
2023	\$1,337,656,292	\$1,337,656,292		\$2,695,377	\$13,911,625	\$16,607,003	\$6,328,465	\$1,260,259	\$3,199,647	\$715,646	\$28,111,021	
2024	\$1,258,049,383	\$1,258,049,383		\$2,534,970	\$13,083,714	\$15,618,683	\$5,951,844	\$1,185,259	\$3,009,229	\$673,056	\$26,438,071	
2025	\$1,183,210,271	\$1,183,210,271		\$2,384,169	\$12,305,387	\$14,689,556	\$5,597,780	\$1,114,750	\$2,830,215	\$633,017	\$24,865,318	
2026	\$1,112,853,101	\$1,112,853,101		\$2,242,399	\$11,573,672	\$13,816,071	\$5,264,919	\$1,048,463	\$2,661,922	\$595,376	\$23,386,753	
2027	\$1,046,709,276	\$1,046,709,276		\$2,109,119	\$10,885,776	\$12,994,896	\$4,951,992	\$986,147	\$2,503,708	\$559,989	\$21,996,732	
2028	\$984,526,380	\$984,526,380		\$1,983,821	\$10,239,074	\$12,222,895	\$4,657,804	\$927,562	\$2,354,967	\$526,722	\$20,689,950	
2029	\$926,066,916	\$926,066,916		\$1,866,025	\$9,631,096	\$11,497,121	\$4,381,232	\$872,485	\$2,215,134	\$495,446	\$19,461,417	
2030	\$871,107,814	\$871,107,814		\$1,755,282	\$9,059,521	\$10,814,804	\$4,121,220	\$820,706	\$2,083,672	\$466,043	\$18,306,444	
						Total	\$216,469,852	\$82,490,619	\$16,427,298	\$41,706,932	\$9,328,342	\$366,423,043

Source: CPA, Freeport LNG Development, L.P.

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 \$181,336,002. The estimated gross 15 year M&O tax benefit, or levy loss, is \$126,826,861.

Attachment 3 is an economic overview of Brazoria 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 B (Rev. May 2010): Estimated Market And Taxable Value

Form 50-296

Applicant Name: Freepoint LNG Development, LP and its affiliates (Applicant,)

ISD Name: Brazosport ISD

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value		Estimated Taxable Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O-offer all reductions
			Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	Exempted Value	Market Value			
pre-year 1	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
pre-year 2	2014-2015	2014	\$ 6,750,000	\$ 72,000	\$ 9,912,000	\$ 247,254	\$ 16,486,746	\$ 16,486,746	\$ 16,486,746	\$ 16,486,746
pre-year 3	2015-2016	2015	\$ 6,750,000	\$ 1,604,100	\$ 220,879,800	\$ 5,509,814	\$ 223,724,086	\$ 223,724,086	\$ 223,724,086	\$ 223,724,086
Complete tax years of qualifying time period	1	2016-2017	\$ 6,750,000	\$ 3,136,200	\$ 431,847,700	\$ 10,772,376	\$ 430,961,524	\$ 430,961,524	\$ 430,961,524	\$ 430,961,524
	2	2017-2018	\$ 6,750,000	\$ 4,668,400	\$ 642,815,600	\$ 16,034,941	\$ 638,199,059	\$ 638,199,059	\$ 638,199,059	\$ 638,199,059
	3	2018-2019	\$ 6,750,000	\$ 12,134,400	\$ 1,670,865,600	\$ 42,159,150	\$ 1,647,590,850	\$ 1,647,590,850	\$ 1,647,590,850	\$ 1,647,590,850
	4	2019-2020	\$ 6,750,000	\$ 11,709,700	\$ 1,612,385,300	\$ 40,683,580	\$ 1,590,161,420	\$ 1,590,161,420	\$ 1,590,161,420	\$ 1,590,161,420
	5	2020-2021	\$ 6,750,000	\$ 11,299,900	\$ 1,555,951,800	\$ 39,259,655	\$ 1,534,742,045	\$ 1,534,742,045	\$ 1,534,742,045	\$ 1,534,742,045
Value Limitation Period	6	2021-2022	\$ 6,750,000	\$ 10,904,400	\$ 1,501,493,500	\$ 37,885,567	\$ 1,481,262,333	\$ 1,481,262,333	\$ 1,481,262,333	\$ 1,481,262,333
	7	2022-2023	\$ 6,750,000	\$ 10,522,700	\$ 1,411,403,900	\$ 35,619,261	\$ 1,393,057,339	\$ 1,393,057,339	\$ 1,393,057,339	\$ 1,393,057,339
	8	2023-2024	\$ 6,750,000	\$ 10,154,400	\$ 1,354,947,700	\$ 34,195,808	\$ 1,337,656,292	\$ 1,337,656,292	\$ 1,337,656,292	\$ 1,337,656,292
	9	2024-2025	\$ 6,750,000	\$ 9,799,000	\$ 1,273,650,800	\$ 32,150,417	\$ 1,258,049,383	\$ 1,258,049,383	\$ 1,258,049,383	\$ 1,258,049,383
	10	2025-2026	\$ 6,750,000	\$ 9,456,000	\$ 1,197,231,800	\$ 30,227,529	\$ 1,183,210,271	\$ 1,183,210,271	\$ 1,183,210,271	\$ 1,183,210,271
Credit Settle-Up Period	11	2026-2027	\$ 6,750,000	\$ 9,125,000	\$ 1,125,397,900	\$ 28,419,799	\$ 1,112,853,101	\$ 1,112,853,101	\$ 1,112,853,101	\$ 1,112,853,101
	12	2027-2028	\$ 6,750,000	\$ 8,805,600	\$ 1,057,874,000	\$ 26,720,324	\$ 1,046,709,276	\$ 1,046,709,276	\$ 1,046,709,276	\$ 1,046,709,276
	13	2028-2029	\$ 6,750,000	\$ 8,497,400	\$ 994,401,600	\$ 25,122,620	\$ 984,526,380	\$ 984,526,380	\$ 984,526,380	\$ 984,526,380
Post-Settle-Up Period	14	2029-2030	\$ 6,750,000	\$ 8,200,000	\$ 934,737,500	\$ 23,620,584	\$ 926,066,916	\$ 926,066,916	\$ 926,066,916	\$ 926,066,916
	15	2030-2031	\$ 6,750,000	\$ 7,913,000	\$ 878,653,300	\$ 22,208,486	\$ 871,107,814	\$ 871,107,814	\$ 871,107,814	\$ 871,107,814

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

8-30-12
 DATE

Schedule C- Application: Employment Information

Form 50-296

Applicant Name: Freepart LNG Development, LP and its affiliates (Application 1)
 ISD Name: Brazosport ISD

	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 FTE)	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	2013-2014	2013	60 FTE's	\$62,400				
	pre-year 2	2014-2015	2014	1000 FTE's	\$62,400				
	pre-year 3	2015-2016	2015	1200 FTE's	\$62,400			0	
Complete tax years of qualifying time period	1	2016-2017	2016	1200 FTE's	\$62,400	20	\$ 81,600	16	\$ 65,000
	2	2017-2018	2017	800 FTE's	\$62,400	60	\$ 61,600	48	\$ 65,000
Tax Credit Period (with 50% cap on credit)	3	2018-2019	2018	-	-	88	\$ 61,600	70	\$ 65,000
	4	2019-2020	2019	-	-	88	\$ 61,600	70	\$ 65,000
	5	2020-2021	2020	-	-	88	\$ 61,600	70	\$ 65,000
	6	2021-2022	2021	-	-	88	\$ 61,600	70	\$ 65,000
	7	2022-2023	2022	-	-	88	\$ 61,600	70	\$ 65,000
	8	2023-2024	2023	-	-	88	\$ 61,600	70	\$ 65,000
	9	2024-2025	2024	-	-	88	\$ 61,600	70	\$ 65,000
	10	2025-2026	2025	-	-	88	\$ 61,600	70	\$ 65,000
	11	2026-2027	2026	-	-	88	\$ 61,600	70	\$ 65,000
	12	2027-2028	2027	-	-	88	\$ 61,600	70	\$ 65,000
Credit Settle-Up Period	13	2028-2029	2028	-	-	88	\$ 61,600	70	\$ 65,000
	14	2029-2030	2029	-	-	88	\$ 61,600	70	\$ 65,000
Post- Settle-Up Period	15	2030-2031	2030	-	-	88	\$ 61,600	70	\$ 65,000

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.


 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

8-30-12
 DATE

Attachment 2

December 14, 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 Freeport LNG Development (Phase 1) project on the number and size of school facilities in Brazosport Independent School District (BISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the BISD superintendent, Dr. Karin Holacka, the TEA has found that the Freeport LNG Development (Phase 1) project would not have a significant impact on the number or size of school facilities in BISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about this issue.

Sincerely,



Al McKenzie, Manager
Foundation School Program Support

AM/bd



TEXAS EDUCATION AGENCY

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

Michael L. Williams
Commissioner

December 14, 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 (TEA) has analyzed the revenue gains that would be realized by the proposed Freeport LNG Development (Phase 1) project for the Brazosport Independent School District (BISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe the firm's assumptions regarding the potential revenue gain are valid, and its estimates of the impact of the Freeport LNG Development (Phase 1) project on BISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie", with a long horizontal flourish extending to the right.

Al McKenzie, Manager
Foundation School Program Support

AM/bd

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED
FREEPORT LNG DEVELOPMENT, L.P. (PHASE 1) PROJECT ON
THE FINANCES OF THE BRAZOSPORT INDEPENDENT SCHOOL
DISTRICT UNDER A REQUESTED CHAPTER 313 PROPERTY
VALUE LIMITATION**

October 17, 2012

Final Report

PREPARED BY



Estimated Impact of the Proposed Freeport LNG Development, L.P. (Phase 1) Project on the Finances of the Brazosport Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Freeport LNG Development, L.P. (Freeport LNG) has requested that the Brazosport Independent School District (BISD) 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 BISD on August 31, 2012, the first phase of the Freeport LNG project calls for an investment of \$1.7 billion to construct a new natural gas liquefaction project in BISD. The entire three-phase project is expected to result in a total investment of \$4.8 billion.

The Freeport LNG 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, BISD may offer a minimum value limitation of \$30 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2016-17 and 2017-18 school years, anticipating that the District and the Company will 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 2016-17 and 2017-18 school years. Beginning in the 2018-19 school year, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project can be assessed for debt service taxes on voter-approved bond issues throughout the limitation period and after, with BISD currently levying a \$0.202 I&S tax rate. The full taxable value of the first phase of this investment is expected to reach \$1.6 billion in the 2018-19 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 Freeport LNG 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. BISD would experience a revenue loss as a result of the implementation of the value limitation in the 2018-19 school year (-\$14.7 million), with smaller additional revenue losses in subsequent years that result in a formula-loss total of -\$20.6 million for the eight value-limitation years.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$106.2 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

School Finance Mechanics

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct its property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

The third year is often problematical 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 815 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 209 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula. The result of these changes is that the number of ASATR districts is expected to be 421, with 603 formula districts.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The recent legislative session also saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year. It is likely that ASATR state funding will be reduced in future years and eliminated by the 2017-18 school year, based on current state policy.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Freeport LNG project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The general approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The current SB 1 reductions are reflected in the underlying models. With regard to ASATR funding the 92.35 percent reduction enacted for the 2012-13 school year and thereafter, until the 2017-18 school year. A statement of legislative intent adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below, to the extent this provision has any impact on the estimates presented. The projected taxable values of the Freeport LNG project are factored into the base model used here, as are the effects of previously approved Chapter 313 value limitation agreements. The impact of the limitation value for the proposed Freeport LNG project (Phase 1) is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 11,570 students in average daily attendance (ADA) in analyzing the effects of the Freeport LNG project on the finances of BISD. The District's local tax base reached \$6.2 billion for the 2011 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.04 is used throughout this analysis. BISD has estimated state property wealth per weighted ADA or WADA of approximately \$496,521 for the 2015-16 school year. It is estimated that BISD will be subject to recapture at the current equalized wealth level for several years under the agreement, although the amount owed for the project is reduced as a result of the value limitation agreement. 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 BISD under the assumptions outlined above through the 2030-31 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 Freeport LNG 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 Freeport LNG value but imposes the proposed property value limitation effective in the third year, which in this case is the 2018-19 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. Under these assumptions, BISD would experience a revenue loss as a result of the implementation of the value limitation in the 2018-19 school year (-\$14.7 million). The revenue reduction results from the mechanics of the up to six cents beyond the compressed M&O tax rate equalized to the Austin yield or not subject to recapture, which reflect the one-year lag in value associated with the state property value study. Smaller revenue losses are expected in several subsequent school years under the value limitation.

As noted previously, no attempt was made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year, although it is assumed that ASATR will be eliminated beginning in the 2017-18 school year, based on the 2011 statement of legislative intent. ASATR funding does not appear to have an impact on the estimates presented here.

Future school funding formula changes could have a potential impact on these estimates. For example, when the \$30 million value limitation takes effect in the 2018-19 school year, Freeport LNG would be expected to see initial tax savings of \$16.8 million. Recapture costs would be expected to be reduced by about \$2.2 million, but there are few other offsets, resulting in the hold-harmless loss amount of \$14.7 million. In the 2019-20 school year, state formula changes reflecting the lower state property value reduce recapture by \$14.6 million, offsetting most of the \$16.2 million in tax savings anticipated for the Company.

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 makes two value determinations for school districts granting Chapter 313 agreements, consistent with local practice.

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 prior to the start of the eight-year value limitation period. 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 gross tax savings from the value limitation total \$116.3 million over the life of the agreement. In addition, Freeport LNG would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the 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 \$10.5 million 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 BISD revenue losses are expected to total approximately -\$20.6 million over the course of the agreement. In total, the potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$106.2 million. While future legislative changes could affect the level of hold-harmless payments, the state property value study reflecting the reduced value reflected in the limitation agreement is expected to continue to offset most local revenue losses after the initial \$30 million limitation year.

Facilities Funding Impact

The Freeport LNG project remains fully taxable for debt services taxes, with BISD currently levying a \$0.202 I&S rate. The value of the Freeport LNG project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to assist BISD in meeting its debt service obligations.

The Freeport LNG project is not expected to have a major impact on BISD in terms of enrollment. When in full operation, the Freeport LNG plant is expected to employ a staff of 70 workers. Continued expansion of the project through its three phases and related development could result in additional employment in the area and an increase in the school-age population, but a variety of housing options exist in the Brazosport ISD area so it is difficult to determine if the workforce expected at the Freeport LNG site will have much impact on BISD's enrollment.

Conclusion

The proposed Freeport LNG natural gas liquefaction project enhances the tax base of BISD. 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 \$106.2 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of BISD in meeting its future debt service obligations.

Table 1 – Base District Information with Freeport LNG Development, L.P. Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
Pre-Year 1	2015-16	11,569.85	15,136.61	\$1.0400	\$0.2015	\$7,227,121,503	\$7,227,121,503	\$7,515,649,071	\$7,515,649,071	\$496,521	\$496,521
1	2016-17	11,569.85	15,136.61	\$1.0400	\$0.2015	\$7,991,794,102	\$7,991,794,102	\$7,317,121,503	\$7,317,121,503	\$483,406	\$483,406
2	2017-18	11,569.85	15,136.61	\$1.0400	\$0.2015	\$8,165,264,178	\$8,165,264,178	\$8,081,794,102	\$8,081,794,102	\$533,924	\$533,924
3	2018-19	11,569.85	15,136.61	\$1.0400	\$0.2015	\$11,169,174,455	\$9,551,583,605	\$8,255,264,178	\$8,255,264,178	\$545,384	\$545,384
4	2019-20	11,569.85	15,136.61	\$1.0400	\$0.2015	\$11,000,533,395	\$9,440,371,975	\$11,259,174,455	\$9,641,583,605	\$743,837	\$636,971
5	2020-21	11,569.85	15,136.61	\$1.0400	\$0.2015	\$8,306,310,524	\$6,801,568,479	\$11,090,533,395	\$9,530,371,975	\$732,696	\$629,624
6	2021-22	11,569.85	15,136.61	\$1.0400	\$0.2015	\$8,253,035,321	\$6,801,772,988	\$8,396,310,524	\$6,891,568,479	\$554,702	\$455,292
7	2022-23	11,569.85	15,136.61	\$1.0400	\$0.2015	\$8,165,142,749	\$6,802,085,410	\$8,343,035,321	\$6,891,772,988	\$551,183	\$455,305
8	2023-24	11,569.85	15,136.61	\$1.0400	\$0.2015	\$8,278,918,929	\$6,971,262,637	\$8,255,142,749	\$6,892,085,410	\$545,376	\$455,326
9	2024-25	11,569.85	15,136.61	\$1.0400	\$0.2015	\$8,640,072,620	\$7,412,023,237	\$8,368,918,929	\$7,061,262,637	\$552,893	\$466,502
10	2025-26	11,569.85	15,136.61	\$1.0400	\$0.2015	\$8,537,218,317	\$7,384,008,046	\$8,730,072,620	\$7,502,023,237	\$576,752	\$495,621
11	2026-27	11,569.85	15,136.61	\$1.0400	\$0.2015	\$8,988,542,371	\$8,988,542,371	\$8,627,218,317	\$7,474,008,046	\$569,957	\$493,770
12	2027-28	11,569.85	15,136.61	\$1.0400	\$0.2015	\$8,873,681,584	\$8,873,681,584	\$9,078,542,371	\$9,078,542,371	\$599,774	\$599,774
13	2028-29	11,569.85	15,136.61	\$1.0400	\$0.2015	\$10,583,193,183	\$10,583,193,183	\$8,963,681,584	\$8,963,681,584	\$592,186	\$592,186
14	2029-30	11,569.85	15,136.61	\$1.0400	\$0.2015	\$10,406,165,589	\$10,406,165,589	\$10,673,193,183	\$10,673,193,183	\$705,125	\$705,125
15	2030-31	11,569.85	15,136.61	\$1.0400	\$0.2015	\$10,237,513,036	\$10,237,513,036	\$10,496,165,589	\$10,496,165,589	\$693,429	\$693,429

*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	2015-16	\$63,919,276	\$4,136,235	\$5,961,177	\$0	-\$2,448,571	\$9,256,333	\$877,275	-\$1,705,226	\$79,996,500
1	2016-17	\$70,726,976	\$4,946,125	\$0	\$0	-\$959,854	\$10,242,176	\$1,123,787	-\$1,794,443	\$84,284,768
2	2017-18	\$72,271,340	\$4,136,235	\$0	\$0	-\$7,384,183	\$10,465,819	\$588,041	-\$2,171,811	\$77,905,442
3	2018-19	\$99,308,346	\$4,946,125	\$0	\$0	-\$11,915,875	\$14,381,126	\$653,225	-\$3,077,735	\$104,295,212
4	2019-20	\$97,796,540	\$4,136,235	\$0	\$0	-\$33,634,717	\$14,162,197	\$0	-\$4,174,640	\$78,285,616
5	2020-21	\$73,800,437	\$4,946,125	\$0	\$0	-\$24,514,966	\$10,687,252	\$0	-\$3,114,250	\$61,804,599
6	2021-22	\$73,316,424	\$4,136,235	\$0	\$0	-\$9,819,393	\$10,617,161	\$392,811	-\$2,326,190	\$76,317,049
7	2022-23	\$72,517,911	\$4,946,125	\$0	\$0	-\$9,334,550	\$10,501,526	\$421,598	-\$2,280,896	\$76,771,714
8	2023-24	\$73,520,768	\$4,136,235	\$0	\$0	-\$8,820,761	\$10,646,753	\$483,679	-\$2,278,486	\$77,688,188
9	2024-25	\$76,721,572	\$4,946,125	\$0	\$0	-\$10,070,527	\$11,110,270	\$428,985	-\$2,423,406	\$80,713,020
10	2025-26	\$75,792,286	\$4,946,125	\$0	\$0	-\$12,515,660	\$10,975,698	\$199,171	-\$2,529,631	\$76,867,989
11	2026-27	\$79,600,792	\$4,946,125	\$0	\$0	-\$12,399,717	\$11,527,218	\$274,352	-\$2,617,405	\$81,331,366
12	2027-28	\$78,578,213	\$4,946,125	\$0	\$0	-\$15,342,976	\$11,379,136	\$0	-\$2,747,638	\$76,812,861
13	2028-29	\$93,797,594	\$4,946,125	\$0	\$0	-\$17,407,529	\$13,583,098	\$78,609	-\$3,231,903	\$91,765,994
14	2029-30	\$92,221,559	\$4,946,125	\$0	\$0	-\$28,406,203	\$13,354,868	\$0	-\$3,773,927	\$78,342,422
15	2030-31	\$90,720,085	\$4,946,125	\$0	\$0	-\$26,961,439	\$13,137,435	\$0	-\$3,660,606	\$78,181,600

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	2015-16	\$63,919,276	\$4,136,235	\$5,961,177	\$0	-\$2,448,571	\$9,256,333	\$877,275	-\$1,705,226	\$79,996,500
1	2016-17	\$70,726,976	\$4,946,125	\$0	\$0	-\$959,854	\$10,242,176	\$1,123,787	-\$1,794,443	\$84,284,768
2	2017-18	\$72,271,340	\$4,136,235	\$0	\$0	-\$7,384,183	\$10,465,819	\$588,041	-\$2,171,811	\$77,905,442
3	2018-19	\$84,613,416	\$4,946,125	\$0	\$0	-\$10,152,650	\$12,253,111	\$556,565	-\$2,622,314	\$89,594,253
4	2019-20	\$83,623,325	\$4,136,235	\$0	\$0	-\$20,013,755	\$12,109,733	\$0	-\$3,118,705	\$76,736,833
5	2020-21	\$60,130,677	\$4,946,125	\$0	\$0	-\$13,892,550	\$8,707,695	\$0	-\$2,216,218	\$57,675,730
6	2021-22	\$60,132,498	\$7,789,297	\$0	\$0	\$0	\$8,707,959	\$1,259,693	-\$1,342,006	\$76,547,441
7	2022-23	\$60,135,279	\$7,787,439	\$0	\$0	\$0	\$8,708,362	\$1,259,596	-\$1,342,162	\$76,548,514
8	2023-24	\$61,641,424	\$7,784,601	\$0	\$0	\$0	\$8,926,471	\$1,290,901	-\$1,375,925	\$78,267,473
9	2024-25	\$65,565,413	\$6,247,718	\$0	\$0	\$0	\$9,494,715	\$1,236,431	-\$1,545,993	\$80,998,284
10	2025-26	\$65,316,000	\$4,946,125	\$0	\$0	-\$2,393,919	\$9,458,597	\$905,908	-\$1,736,775	\$76,495,936
11	2026-27	\$79,600,792	\$4,946,125	\$0	\$0	-\$2,644,958	\$11,527,218	\$1,127,878	-\$2,102,220	\$92,454,835
12	2027-28	\$78,578,213	\$4,946,125	\$0	\$0	-\$15,342,976	\$11,379,136	\$0	-\$2,747,638	\$76,812,861
13	2028-29	\$93,797,594	\$4,946,125	\$0	\$0	-\$17,407,529	\$13,583,098	\$78,609	-\$3,231,903	\$91,765,994
14	2029-30	\$92,221,559	\$4,946,125	\$0	\$0	-\$28,406,203	\$13,354,868	\$0	-\$3,773,927	\$78,342,422
15	2030-31	\$90,720,085	\$4,946,125	\$0	\$0	-\$26,961,439	\$13,137,435	\$0	-\$3,660,606	\$78,181,600

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	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2016-17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2017-18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2018-19	-\$14,694,930	\$0	\$0	\$0	\$1,763,225	-\$2,128,015	-\$96,659	\$455,421	-\$14,700,959
4	2019-20	-\$14,173,215	\$0	\$0	\$0	\$13,620,962	-\$2,052,464	\$0	\$1,055,935	-\$1,548,782
5	2020-21	-\$13,669,760	\$0	\$0	\$0	\$10,622,416	-\$1,979,557	\$0	\$898,032	-\$4,128,869
6	2021-22	-\$13,183,927	\$3,653,062	\$0	\$0	\$9,819,393	-\$1,909,202	\$866,882	\$984,183	\$230,392
7	2022-23	-\$12,382,632	\$2,841,314	\$0	\$0	\$9,334,550	-\$1,793,164	\$837,998	\$938,734	-\$223,200
8	2023-24	-\$11,879,343	\$3,648,366	\$0	\$0	\$8,820,761	-\$1,720,282	\$807,222	\$902,562	\$579,285
9	2024-25	-\$11,156,159	\$1,301,593	\$0	\$0	\$10,070,527	-\$1,615,555	\$807,445	\$877,413	\$285,263
10	2025-26	-\$10,476,286	\$0	\$0	\$0	\$10,121,741	-\$1,517,101	\$706,737	\$792,856	-\$372,053
11	2026-27	\$0	\$0	\$0	\$0	\$9,754,759	\$0	\$853,525	\$515,185	\$11,123,469
12	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2030-31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial impact of the Freeport LNG Development, L.P. Project Property Value Limitation Request Submitted to BISD at \$1.04 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	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	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2016-17	\$430,961,524	\$430,961,524	\$0	\$4,482,000	\$4,482,000	\$0	\$0	\$0	\$0	\$0
2	2017-18	\$638,199,059	\$638,199,059	\$0	\$6,637,270	\$6,637,270	\$0	\$0	\$0	\$0	\$0
3	2018-19	\$1,647,590,850	\$30,000,000	\$1,617,590,850	\$17,134,945	\$312,000	\$16,822,945	\$0	\$16,822,945	-\$14,700,959	\$2,121,986
4	2019-20	\$1,590,161,420	\$30,000,000	\$1,560,161,420	\$16,537,679	\$312,000	\$16,225,679	\$1,499,324	\$17,725,003	-\$1,548,782	\$16,176,221
5	2020-21	\$1,534,742,045	\$30,000,000	\$1,504,742,045	\$15,961,317	\$312,000	\$15,649,317	\$1,499,324	\$17,148,642	-\$4,128,869	\$13,019,773
6	2021-22	\$1,481,262,333	\$30,000,000	\$1,451,262,333	\$15,405,128	\$312,000	\$15,093,128	\$1,499,324	\$16,592,453	\$0	\$16,592,453
7	2022-23	\$1,393,057,339	\$30,000,000	\$1,363,057,339	\$14,487,796	\$312,000	\$14,175,796	\$1,499,324	\$15,675,121	-\$223,200	\$15,451,921
8	2023-24	\$1,337,656,292	\$30,000,000	\$1,307,656,292	\$13,911,625	\$312,000	\$13,599,625	\$1,499,324	\$15,098,950	\$0	\$15,098,950
9	2024-25	\$1,258,049,383	\$30,000,000	\$1,228,049,383	\$13,083,714	\$312,000	\$12,771,714	\$1,423,485	\$14,195,198	\$0	\$14,195,198
10	2025-26	\$1,183,210,271	\$30,000,000	\$1,153,210,271	\$12,305,387	\$312,000	\$11,993,387	\$1,348,084	\$13,341,471	\$0	\$13,341,471
11	2026-27	\$1,112,853,101	\$1,112,853,101	\$0	\$11,573,672	\$11,573,672	\$0	\$227,079	\$227,079	\$0	\$227,079
12	2027-28	\$1,046,709,276	\$1,046,709,276	\$0	\$10,885,776	\$10,885,776	\$0	\$0	\$0	\$0	\$0
13	2028-29	\$984,526,380	\$984,526,380	\$0	\$10,239,074	\$10,239,074	\$0	\$0	\$0	\$0	\$0
14	2029-30	\$926,066,916	\$926,066,916	\$0	\$9,631,096	\$9,631,096	\$0	\$0	\$0	\$0	\$0
15	2030-31	\$871,107,814	\$871,107,814	\$0	\$9,059,521	\$9,059,521	\$0	\$0	\$0	\$0	\$0
Totals					\$181,336,002	\$65,004,410	\$116,331,591	\$10,495,270	\$126,826,861	-\$20,601,810	\$106,225,052
Tax Credit for Value Over Limit in First 2 Years								Year 1	Year 2	Max Credits	
								\$4,170,000	\$6,325,270	\$10,495,270	
								Credits Earned		\$10,495,270	
								Credits Paid		<u>\$10,495,270</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

Brazoria County

Population

- Total county population in 2010 for Brazoria County: 314,407 , up 1.7 percent from 2009. State population increased 1.8 percent in the same time period.
- Brazoria County was the state's 15th largest county in population in 2010 and the 50 th fastest growing county from 2009 to 2010.
- Brazoria County's population in 2009 was 56.0 percent Anglo (above the state average of 46.7 percent), 10.9 percent African-American (below the state average of 11.3 percent) and 26.6 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Brazoria County:

Pearland:	86,341	Lake Jackson:	28,980
Alvin:	23,284	Angleton:	19,123
Freeport:	12,618	Clute:	10,915
Manvel:	6,375	West Columbia:	4,203
Sweeny:	3,663	Richwood:	3,594

Economy and Income

Employment

- September 2011 total employment in Brazoria County: 137,947 , 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 Brazoria County unemployment rate: 9.0 percent, up from 8.9 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:

Pearland:	7.3 percent, up from 6.5 percent in September 2010.
Lake Jackson:	7.5 percent, down from 8.0 percent in September 2010.

(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

- Brazoria County's ranking in per capita personal income in 2009: 54th with an average per capita income of \$37,523, down 1.3 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Brazoria County averaged \$97.62 million annually from 2007 to 2010. County total agricultural values in 2010 were up 14.7 percent from 2009. Major agriculture related commodities in Brazoria County during 2010 included:
 - Sorghum
 - Horses
 - Nursery
 - Rice
 - Other Beef
- 2011 oil and gas production in Brazoria County: 898,558.0 barrels of oil and 14.3 million Mcf of gas. In September 2011, there were 297 producing oil wells and 161 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 Brazoria County during the fourth quarter 2010: \$670.47 million, up 7.2 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Pearland:	\$288.26 million, up 5.3 percent from the same quarter in 2009.
Lake Jackson:	\$113.83 million, up 2.5 percent from the same quarter in 2009.
Alvin:	\$77.36 million, up 6.0 percent from the same quarter in 2009.
Angleton:	\$36.45 million, up 0.1 percent from the same quarter in 2009.
Freeport:	\$18.95 million, up 9.5 percent from the same quarter in 2009.
Clute:	\$25.55 million, up 14.8 percent from the same quarter in 2009.
Manvel:	\$10.76 million, up 19.8 percent from the same quarter in 2009.
West Columbia:	\$10.48 million, up 13.2 percent from the same quarter in 2009.
Sweeny:	\$2.59 million, down 73.4 percent from the same quarter in 2009.
Richwood:	\$3.81 million, up 3.2 percent from the same quarter in 2009.
Brazoria:	\$9.22 million, up 14.4 percent from the same quarter in 2009.
Jones Creek:	\$273,198.00, up 2.9 percent from the same quarter in 2009.
Brookside Village:	\$1.08 million, up 118.1 percent from the same quarter in 2009.

Danbury:	\$662,540.00, up 13.5 percent from the same quarter in 2009.
Oyster Creek:	\$2.25 million, up 12.1 percent from the same quarter in 2009.
Holiday Lakes:	\$150,524.00, down 8.5 percent from the same quarter in 2009.
Iowa Colony:	\$13.50 million, down 1.7 percent from the same quarter in 2009.
Surfside Beach:	\$818,623.00, up 16.3 percent from the same quarter in 2009.
Bailey's Prairie:	\$34,200.00, down 2.7 percent from the same quarter in 2009.
Liverpool:	\$165,407.00, up 61.6 percent from the same quarter in 2009.
Quintana:	\$7,038.00

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

- Taxable sales in Brazoria County through the fourth quarter of 2010: \$2.46 billion, up 1.4 percent from the same period in 2009.

- Taxable sales through the fourth quarter of 2010 in the city of:

Pearland:	\$1.04 billion, up 0.3 percent from the same period in 2009.
Lake Jackson:	\$402.67 million, down 0.2 percent from the same period in 2009.
Alvin:	\$289.95 million, up 0.3 percent from the same period in 2009.
Angleton:	\$145.19 million, up 0.8 percent from the same period in 2009.
Freeport:	\$74.78 million, up 10.4 percent from the same period in 2009.
Clute:	\$96.86 million, down 1.1 percent from the same period in 2009.
Manvel:	\$47.09 million, up 10.7 percent from the same period in 2009.
West Columbia:	\$39.73 million, up 14.0 percent from the same period in 2009.
Sweeny:	\$21.41 million, down 21.8 percent from the same period in 2009.
Richwood:	\$15.80 million, down 19.4 percent from the same period in 2009.
Brazoria:	\$34.75 million, down 1.6 percent from the same period in 2009.
Jones Creek:	\$1.08 million, down 4.4 percent from the same period in 2009.
Brookside Village:	\$3.79 million, up 78.2 percent from the same period in 2009.
Danbury:	\$2.53 million, up 26.1 percent from the same period in 2009.
Oyster Creek:	\$9.25 million, up 7.1 percent from the same period in 2009.
Holiday Lakes:	\$636,130.00, down 7.0 percent from the same period in 2009.
Iowa Colony:	\$52.04 million, down 18.0 percent from the same period in 2009.
Surfside Beach:	\$4.57 million, up 11.3 percent from the same period in 2009.
Bailey's Prairie:	\$87,007.00, down 37.8 percent from the same period in 2009.
Liverpool:	\$554,661.00, up 32.8 percent from the same period in 2009.
Quintana:	\$18,815.00

Annual (2010)

- Taxable sales in Brazoria County during 2010: \$2.46 billion, up 1.4 percent from 2009.

- Brazoria County sent an estimated \$153.68 million (or 0.90 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.

- Taxable sales during 2010 in the city of:

Pearland:	\$1.04 billion, up 0.3 percent from 2009.
Lake Jackson:	\$402.67 million, down 0.2 percent from 2009.
Alvin:	\$289.95 million, up 0.3 percent from 2009.
Angleton:	\$145.19 million, up 0.8 percent from 2009.
Freeport:	\$74.78 million, up 10.4 percent from 2009.
Clute:	\$96.86 million, down 1.1 percent from 2009.
Manvel:	\$47.09 million, up 10.7 percent from 2009.
West Columbia:	\$39.73 million, up 14.0 percent from 2009.
Sweeny:	\$21.41 million, down 21.8 percent from 2009.
Richwood:	\$15.80 million, down 19.4 percent from 2009.
Brazoria:	\$34.75 million, down 1.6 percent from 2009.
Jones Creek:	\$1.08 million, down 4.4 percent from 2009.
Brookside Village:	\$3.79 million, up 78.2 percent from 2009.
Danbury:	\$2.53 million, up 26.1 percent from 2009.
Oyster Creek:	\$9.25 million, up 7.1 percent from 2009.
Holiday Lakes:	\$636,130.00, down 7.0 percent from 2009.
Iowa Colony:	\$52.04 million, down 18.0 percent from 2009.
Surfside Beach:	\$4.57 million, up 11.3 percent from 2009.

Bailey's Prairie:	\$87,007.00, down 37.8 percent from 2009.
Liverpool:	\$554,661.00, up 32.8 percent from 2009.
Quintana:	\$18,815.00

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 Brazoria County based on the sales activity month of August 2011: \$3.57 million, up 9.2 percent from August 2010.

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

Pearland*:	\$1.62 million, up 5.1 percent from August 2010.
Lake Jackson:	\$568,565.83, up 9.2 percent from August 2010.
Alvin:	\$486,410.35, up 16.2 percent from August 2010.
Angleton:	\$249,880.72, up 9.9 percent from August 2010.
Freeport:	\$173,510.53, up 18.7 percent from August 2010.
Clute:	\$154,235.75, up 22.5 percent from August 2010.
Manvel:	\$93,103.54, up 23.3 percent from August 2010.
West Columbia:	\$63,572.59, up 26.9 percent from August 2010.
Sweeny:	\$23,337.23, down 23.8 percent from August 2010.
Richwood:	\$25,511.08, up 10.0 percent from August 2010.
Brazoria:	\$62,718.11, up 13.0 percent from August 2010.
Jones Creek:	\$3,295.75, down 3.4 percent from August 2010.
Brookside Village:	\$2,387.38, down 20.5 percent from August 2010.
Danbury:	\$6,606.86, up 48.8 percent from August 2010.
Oyster Creek:	\$13,907.07, down 21.7 percent from August 2010.
Holiday Lakes:	\$573.54, down 13.3 percent from August 2010.
Iowa Colony:	\$10,575.40, down 15.9 percent from August 2010.
Surfside Beach:	\$7,278.22, up 18.4 percent from August 2010.
Bailey's Prairie:	\$396.90, down 1.6 percent from August 2010.
Liverpool:	\$1,835.61, down 63.3 percent from August 2010.
Quintana:	\$2,563.69, up 78.1 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 Brazoria County based on sales activity months from September 2010 through August 2011: \$42.66 million, up 4.7 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Pearland*:	\$19.83 million, up 2.3 percent from fiscal 2010.
Lake Jackson:	\$7.00 million, up 3.4 percent from fiscal 2010.
Alvin:	\$5.45 million, up 7.5 percent from fiscal 2010.
Angleton:	\$3.03 million, up 3.1 percent from fiscal 2010.
Freeport:	\$1.96 million, up 20.0 percent from fiscal 2010.
Clute:	\$1.82 million, up 9.9 percent from fiscal 2010.
Manvel:	\$983,543.45, up 11.2 percent from fiscal 2010.
West Columbia:	\$685,356.40, up 2.2 percent from fiscal 2010.
Sweeny:	\$302,452.77, down 0.4 percent from fiscal 2010.
Richwood:	\$274,954.27, up 10.7 percent from fiscal 2010.
Brazoria:	\$719,283.78, up 6.9 percent from fiscal 2010.
Jones Creek:	\$42,124.74, up 2.8 percent from fiscal 2010.
Brookside Village:	\$35,875.21, down 9.7 percent from fiscal 2010.
Danbury:	\$81,357.57, up 37.2 percent from fiscal 2010.
Oyster Creek:	\$158,682.12, down 2.0 percent from fiscal 2010.
Holiday Lakes:	\$7,727.20, up 5.9 percent from fiscal 2010.
Iowa Colony:	\$165,247.97, up 50.5 percent from fiscal 2010.
Surfside Beach:	\$62,657.63, up 21.0 percent from fiscal 2010.

Bailey's Prairie:	\$5,454.70, down 28.7 percent from fiscal 2010.
Liverpool:	\$25,085.09, up 17.9 percent from fiscal 2010.
Quintana:	\$20,775.61, down 36.4 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 Brazoria County based on sales activity months through August 2011: \$27.60 million, up 3.4 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Pearland*:	\$12.68 million, up 0.2 percent from the same period in 2010.
Lake Jackson:	\$4.49 million, up 2.8 percent from the same period in 2010.
Alvin:	\$3.58 million, up 8.2 percent from the same period in 2010.
Angleton:	\$1.95 million, up 2.0 percent from the same period in 2010.
Freeport:	\$1.32 million, up 14.3 percent from the same period in 2010.
Clute:	\$1.20 million, up 12.0 percent from the same period in 2010.
Manvel:	\$675,446.20, up 9.0 percent from the same period in 2010.
West Columbia:	\$439,718.95, up 0.5 percent from the same period in 2010.
Sweeny:	\$197,504.78, down 2.5 percent from the same period in 2010.
Richwood:	\$184,879.84, up 8.9 percent from the same period in 2010.
Brazoria:	\$474,043.43, up 6.3 percent from the same period in 2010.
Jones Creek:	\$27,593.02, up 2.8 percent from the same period in 2010.
Brookside Village:	\$22,157.56, down 23.2 percent from the same period in 2010.
Danbury:	\$48,106.28, up 22.6 percent from the same period in 2010.
Oyster Creek:	\$101,462.63, down 10.3 percent from the same period in 2010.
Holiday Lakes:	\$5,340.78, up 10.7 percent from the same period in 2010.
Iowa Colony:	\$118,301.95, up 50.3 percent from the same period in 2010.
Surfside Beach:	\$47,156.99, up 23.1 percent from the same period in 2010.
Bailey's Prairie:	\$3,774.23, up 7.4 percent from the same period in 2010.
Liverpool:	\$18,583.44, up 25.7 percent from the same period in 2010.
Quintana:	\$16,036.10, up 29.4 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 Brazoria County based on sales activity in the 12 months ending in August 2011: \$42.66 million, up 4.7 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Pearland*:	\$19.83 million, up 2.3 percent from the previous 12-month period.
Lake Jackson:	\$7.00 million, up 3.4 percent from the previous 12-month period.
Alvin:	\$5.45 million, up 7.5 percent from the previous 12-month period.
Angleton:	\$3.03 million, up 3.1 percent from the previous 12-month period.
Freeport:	\$1.96 million, up 20.0 percent from the previous 12-month period.
Clute:	\$1.82 million, up 9.9 percent from the previous 12-month period.
Manvel:	\$983,543.45, up 11.2 percent from the previous 12-month period.
West Columbia:	\$685,356.40, up 2.2 percent from the previous 12-month period.
Sweeny:	\$302,452.77, down 0.4 percent from the previous 12-month period.
Richwood:	\$274,954.27, up 10.7 percent from the previous 12-month period.
Brazoria:	\$719,283.78, up 6.9 percent from the previous 12-month period.
Jones Creek:	\$42,124.74, up 2.8 percent from the previous 12-month period.
Brookside Village:	\$35,875.21, down 9.7 percent from the previous 12-month period.
Danbury:	\$81,357.57, up 37.2 percent from the previous 12-month period.
Oyster Creek:	\$158,682.12, down 2.0 percent from the previous 12-month period.
Holiday Lakes:	\$7,727.20, up 5.9 percent from the previous 12-month period.
Iowa Colony:	\$165,247.97, up 50.5 percent from the previous 12-month period.
Surfside Beach:	\$62,657.63, up 21.0 percent from the previous 12-month period.
Bailey's Prairie:	\$5,454.70, down 28.7 percent from the previous 12-month period.

Liverpool:	\$25,085.09, up 17.9 percent from the previous 12-month period.
Quintana:	\$20,775.61, down 36.4 percent from the previous 12-month period.

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

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

Pearland*:	\$16.53 million, up 1.7 percent from the same period in 2010.
Lake Jackson:	\$5.92 million, up 3.2 percent from the same period in 2010.
Alvin:	\$4.51 million, up 6.7 percent from the same period in 2010.
Angleton:	\$2.51 million, up 3.6 percent from the same period in 2010.
Freeport:	\$1.61 million, up 18.0 percent from the same period in 2010.
Clute:	\$1.51 million, up 12.8 percent from the same period in 2010.
Manvel:	\$822,290.83, up 11.4 percent from the same period in 2010.
West Columbia:	\$573,559.55, up 2.7 percent from the same period in 2010.
Sweeny:	\$249,336.88, down 0.9 percent from the same period in 2010.
Richwood:	\$229,245.62, up 14.6 percent from the same period in 2010.
Brazoria:	\$600,072.15, up 6.1 percent from the same period in 2010.
Jones Creek:	\$34,177.91, up 2.0 percent from the same period in 2010.
Brookside Village:	\$27,813.93, down 19.0 percent from the same period in 2010.
Danbury:	\$59,717.24, up 20.6 percent from the same period in 2010.
Oyster Creek:	\$129,141.24, down 5.6 percent from the same period in 2010.
Holiday Lakes:	\$6,525.94, up 9.2 percent from the same period in 2010.
Iowa Colony:	\$142,860.27, up 52.1 percent from the same period in 2010.
Surfside Beach:	\$53,230.26, up 21.4 percent from the same period in 2010.
Bailey's Prairie:	\$4,661.08, down 33.1 percent from the same period in 2010.
Liverpool:	\$21,746.84, up 20.5 percent from the same period in 2010.
Quintana:	\$18,275.03, down 42.7 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 Brazoria County based on sales activity months in 2010: \$41.77 million, up 0.9 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Pearland*:	\$19.80 million, up 2.2 percent from 2009.
Lake Jackson:	\$6.88 million, down 0.9 percent from 2009.
Alvin:	\$5.18 million, down 1.0 percent from 2009.
Angleton:	\$2.99 million, down 0.7 percent from 2009.
Freeport:	\$1.80 million, up 11.9 percent from 2009.
Clute:	\$1.69 million, down 3.6 percent from 2009.
Manvel:	\$928,016.24, up 5.5 percent from 2009.
West Columbia:	\$683,003.60, down 1.5 percent from 2009.
Sweeny:	\$307,562.66, down 5.1 percent from 2009.
Richwood:	\$259,772.39, down 8.8 percent from 2009.
Brazoria:	\$691,277.98, down 7.0 percent from 2009.
Jones Creek:	\$41,386.13, down 8.1 percent from 2009.
Brookside Village:	\$42,556.62, up 35.3 percent from 2009.
Danbury:	\$72,498.57, up 12.8 percent from 2009.
Oyster Creek:	\$170,345.11, up 5.4 percent from 2009.
Holiday Lakes:	\$7,212.68, down 10.7 percent from 2009.
Iowa Colony:	\$125,637.22, up 5.9 percent from 2009.
Surfside Beach:	\$53,802.40, up 10.0 percent from 2009.
Bailey's Prairie:	\$5,194.29, down 45.8 percent from 2009.
Liverpool:	\$21,280.04, up 15.2 percent from 2009.
Quintana:	\$17,136.83, down 54.6 percent from 2009.

*On 1/1/2009, the city of Pearland's local sales tax rate increased by 0.00 from 1.500 percent to 1.500 percent.

Property Tax

- As of January 2009, property values in Brazoria County: \$26.70 billion, down 1.7 percent from January 2008 values. The property

tax base per person in Brazoria County is \$86,351, above the statewide average of \$85,809. About 2.4 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Brazoria County's ranking in state expenditures by county in fiscal year 2010: 21st. State expenditures in the county for FY2010: \$996.28 million, up 0.5 percent from FY2009.
- In Brazoria County, 19 state agencies provide a total of 2,892 jobs and \$26.88 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Department of Criminal Justice
 - Department of Family and Protective Services
 - Department of Transportation
 - Department of Public Safety

Higher Education

- Community colleges in Brazoria County fall 2010 enrollment:
 - Brazosport College, a Public Community College, had 4,174 students.
 - Alvin Community College, a Public Community College, had 5,721 students.
- Brazoria County is in the service area of the following:
 - Alvin Community College with a fall 2010 enrollment of 5,721 . Counties in the service area include:
Brazoria County
 - Brazosport College with a fall 2010 enrollment of 4,174 . Counties in the service area include:
Brazoria County
- Institutions of higher education in Brazoria County fall 2010 enrollment:
 - None.

School Districts

- Brazoria County had 8 school districts with 93 schools and 59,838 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.)
 - Alvin ISD had 16,591 students in the 2009-10 school year. The average teacher salary was \$49,031. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
 - Angleton ISD had 6,282 students in the 2009-10 school year. The average teacher salary was \$50,412. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.
 - Brazosport ISD had 12,822 students in the 2009-10 school year. The average teacher salary was \$49,929. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
 - Columbia-Brazoria ISD had 3,070 students in the 2009-10 school year. The average teacher salary was \$46,937. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
 - Damon ISD had 168 students in the 2009-10 school year. The average teacher salary was \$41,023. The percentage of students meeting the 2010 TAKS passing standard for all tests was 75 percent.
 - Danbury ISD had 773 students in the 2009-10 school year. The average teacher salary was \$47,625. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.
 - Pearland ISD had 18,198 students in the 2009-10 school year. The average teacher salary was \$48,294. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.
 - Sweeny ISD had 1,934 students in the 2009-10 school year. The average teacher salary was \$49,272. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.