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

SEPTEMBER 10, 2013

Board Findings of the La Porte Independent School District

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STATE OF TEXAS §

COUNTY OF HARRIS §

On the 10th day of September, 2013, 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 Noltex LLC (Noltex) 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 Noltex, and the economic impact of that application:

On March 28, 2013, 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 Noltex for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Amended Application is attached as **Attachment A**.

The Applicant, Noltex (Texas Taxpayer Id. 17525463307), 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 July 26, 2013. 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 Noltex, 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.

In support of Finding 1, the economic impact evaluation states:

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 Noltex 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 the state's analysis of Harris County data.

Based on information provided by the Comptroller's Office that focused on the county level, Harris County is largest county in the state in terms of population. Population growth in Harris County is up; the population of Harris County grew by 1.8 percent between 2009 and 2010, equal to the state average of 1.8 percent.

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, based on information provided by the Comptroller's Office. Even with the increase in total employment, however, the unemployment rate in Harris County was 8.6 percent in September 2011, slightly higher than the state average of 8.5 percent.

Board Findings of the La Porte Independent School District

Harris County has a higher per capita personal income than the state as a whole. In terms of per capita income, Harris 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 the population growth and employment growth are generally positive trends, the higher unemployment rate reported in the analysis prepared by the Comptroller's Office indicates the need for long-term economic growth in the area served by La Porte ISD. The local economy in Harris County will benefit from economic activity like that associated with the Noltex 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 \$59,470 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. Noltex indicates that total employment will be approximately 8 new jobs, 8 of which will be qualifying jobs.

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

After construction, the project will create eight new jobs when fully operational. All eight 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 Harris County is located was \$53,711 in 2011. The annual average manufacturing wage for 2011-2012 for Harris County is \$78,910. That same year, the county annual average wage for all industries was \$63,648. In addition to a salary of \$59,470, each qualifying position will receive benefits including but not limited to the following: medical coverage equal to or greater than 80% of the associated premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage

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 \$180.0 million on the basis of the goal of 8 new qualifying positions for the entire Noltex project.

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

The project's total investment is \$180.0 million resulting in a relative level of investment per qualifying job of \$22.5 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.

In support of Finding 5, the economic impact evaluation states:

Table 1 depicts Noltex'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 Noltex

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	128	166	294	\$7,675,760	\$10,324,240	\$18,000,000
2014	88	127	215	\$5,335,864	\$9,664,136	\$15,000,000
2015	8	38	46	\$591,600	\$4,408,400	\$5,000,000
2016	8	33	41	\$591,600	\$3,408,400	\$4,000,000
2017	8	29	37	\$591,600	\$3,408,400	\$4,000,000
2018	8	27	35	\$591,600	\$3,408,400	\$4,000,000
2019	8	27	35	\$591,600	\$3,408,400	\$4,000,000
2020	8	31	39	\$591,600	\$3,408,400	\$4,000,000
2021	8	35	43	\$591,600	\$4,408,400	\$5,000,000
2022	8	35	43	\$591,600	\$3,408,400	\$4,000,000
2023	8	37	45	\$591,600	\$4,408,400	\$5,000,000
2024	8	31	39	\$591,600	\$4,408,400	\$5,000,000
2025	8	35	43	\$591,600	\$4,408,400	\$5,000,000
2026	8	33	41	\$591,600	\$5,408,400	\$6,000,000
2027	8	33	41	\$591,600	\$4,408,400	\$5,000,000
2028	8	33	41	\$591,600	\$5,408,400	\$6,000,000

Source: CPA, REMI, Noltex

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011-2012. La Porte ISD’s ad valorem tax base in 2011-2012 was \$6.1 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, La Porte ISD’s estimated wealth per WADA was \$667,833. 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 Equistar Chemicals, L.P.’s application. Noltex has applied only for a value limitation under Chapter 313, Tax Code. Table 3 illustrates the estimated tax impact of the Noltex project on the region if all taxes are assessed.

Board Findings of the La Porte Independent School District

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	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 Jr. College District Tax Levy	Estimated Total Property Taxes
				0.2900	1.0400			0.4002	0.0281	0.0195	0.1822	0.0066	0.1856	
2014	\$22,500,000	\$22,500,000		\$65,250	\$234,000	\$299,250	\$299,250	\$90,047	\$6,320	\$4,392	\$40,986	\$1,489	\$41,760	\$484,245
2015	\$165,110,135	\$165,110,135		\$478,819	\$1,717,145	\$2,195,965	\$2,195,965	\$660,787	\$46,379	\$32,229	\$300,765	\$10,925	\$306,448	\$3,553,499
2016	\$159,339,545	\$30,000,000		\$462,085	\$312,000	\$774,085	\$774,085	\$637,693	\$44,758	\$31,103	\$290,253	\$10,543	\$295,737	\$2,084,173
2017	\$153,545,159	\$30,000,000		\$445,281	\$312,000	\$757,281	\$556,546	\$614,503	\$43,131	\$29,972	\$279,698	\$10,160	\$284,983	\$1,818,993
2018	\$147,719,367	\$30,000,000		\$428,386	\$312,000	\$740,386	\$539,651	\$591,188	\$41,494	\$28,835	\$269,086	\$9,775	\$274,170	\$1,754,198
2019	\$141,854,013	\$30,000,000		\$411,377	\$312,000	\$723,377	\$522,642	\$567,714	\$39,847	\$27,690	\$258,401	\$9,386	\$263,284	\$1,688,964
2020	\$135,940,786	\$30,000,000		\$394,228	\$312,000	\$706,228	\$505,493	\$544,049	\$38,186	\$26,536	\$247,630	\$8,995	\$252,309	\$1,623,197
2021	\$129,971,132	\$30,000,000		\$376,916	\$312,000	\$688,916	\$488,181	\$520,157	\$36,509	\$25,370	\$236,755	\$8,600	\$241,229	\$1,556,803
2022	\$123,935,739	\$30,000,000		\$359,414	\$312,000	\$671,414	\$470,679	\$496,003	\$34,814	\$24,192	\$225,761	\$8,201	\$230,027	\$1,489,677
2023	\$117,825,083	\$30,000,000		\$341,693	\$312,000	\$653,693	\$452,958	\$471,548	\$33,097	\$22,999	\$214,630	\$7,796	\$218,686	\$1,421,714
2024	\$111,053,950	\$111,053,950		\$322,056	\$1,154,961	\$1,477,018	\$1,477,018	\$444,449	\$31,195	\$21,678	\$202,296	\$7,348	\$206,118	\$2,390,102
2025	\$104,254,989	\$104,254,989		\$302,339	\$1,084,252	\$1,386,591	\$1,386,591	\$417,239	\$29,285	\$20,351	\$189,911	\$6,899	\$193,499	\$2,243,775
2026	\$97,418,272	\$97,418,272		\$282,513	\$1,013,150	\$1,295,663	\$1,295,663	\$389,878	\$27,365	\$19,016	\$177,457	\$6,446	\$180,810	\$2,096,635
2027	\$90,533,837	\$90,533,837		\$262,548	\$941,552	\$1,204,100	\$1,204,100	\$362,325	\$25,431	\$17,672	\$164,916	\$5,991	\$168,033	\$1,948,468
2028	\$83,591,022	\$83,591,022		\$242,414	\$869,347	\$1,111,761	\$1,111,761	\$334,540	\$23,481	\$16,317	\$152,269	\$5,531	\$155,147	\$1,799,045
						Total	\$13,280,581	\$7,142,120	\$501,292	\$348,353	\$3,250,815	\$118,087	\$3,312,240	\$27,953,487

Assumes School Value Limitation.

Source: CPA, Noltex

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	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 Jr. College District Tax Levy	Estimated Total Property Taxes	
				0.2900	1.0400		0.4002	0.0281	0.0195	0.1822	0.0066	0.1856		
2014	\$22,500,000	\$22,500,000		\$65,250	\$234,000	\$299,250	\$90,047	\$6,320	\$4,392	\$40,986	\$1,489	\$41,760	\$484,245	
2015	\$165,110,135	\$165,110,135		\$478,819	\$1,717,145	\$2,195,965	\$660,787	\$46,379	\$32,229	\$300,765	\$10,925	\$306,448	\$3,553,499	
2016	\$159,339,545	\$159,339,545		\$462,085	\$1,657,131	\$2,119,216	\$637,693	\$44,758	\$31,103	\$290,253	\$10,543	\$295,737	\$3,429,304	
2017	\$153,545,159	\$153,545,159		\$445,281	\$1,596,870	\$2,042,151	\$614,503	\$43,131	\$29,972	\$279,698	\$10,160	\$284,983	\$3,304,597	
2018	\$147,719,367	\$147,719,367		\$428,386	\$1,536,281	\$1,964,668	\$591,188	\$41,494	\$28,835	\$269,086	\$9,775	\$274,170	\$3,179,215	
2019	\$141,854,013	\$141,854,013		\$411,377	\$1,475,282	\$1,886,658	\$567,714	\$39,847	\$27,690	\$258,401	\$9,386	\$263,284	\$3,052,981	
2020	\$135,940,786	\$135,940,786		\$394,228	\$1,413,784	\$1,808,012	\$544,049	\$38,186	\$26,536	\$247,630	\$8,995	\$252,309	\$2,925,716	
2021	\$129,971,132	\$129,971,132		\$376,916	\$1,351,700	\$1,728,616	\$520,157	\$36,509	\$25,370	\$236,755	\$8,600	\$241,229	\$2,797,237	
2022	\$123,935,739	\$123,935,739		\$359,414	\$1,288,932	\$1,648,345	\$496,003	\$34,814	\$24,192	\$225,761	\$8,201	\$230,027	\$2,667,344	
2023	\$117,825,083	\$117,825,083		\$341,693	\$1,225,381	\$1,567,074	\$471,548	\$33,097	\$22,999	\$214,630	\$7,796	\$218,686	\$2,535,830	
2024	\$111,053,950	\$111,053,950		\$322,056	\$1,154,961	\$1,477,018	\$444,449	\$31,195	\$21,678	\$202,296	\$7,348	\$206,118	\$2,390,102	
2025	\$104,254,989	\$104,254,989		\$302,339	\$1,084,252	\$1,386,591	\$417,239	\$29,285	\$20,351	\$189,911	\$6,899	\$193,499	\$2,243,775	
2026	\$97,418,272	\$97,418,272		\$282,513	\$1,013,150	\$1,295,663	\$389,878	\$27,365	\$19,016	\$177,457	\$6,446	\$180,810	\$2,096,635	
2027	\$90,533,837	\$90,533,837		\$262,548	\$941,552	\$1,204,100	\$362,325	\$25,431	\$17,672	\$164,916	\$5,991	\$168,033	\$1,948,468	
2028	\$83,591,022	\$83,591,022		\$242,414	\$869,347	\$1,111,761	\$334,540	\$23,481	\$16,317	\$152,269	\$5,531	\$155,147	\$1,799,045	
						Total	\$23,735,087	\$7,142,120	\$501,292	\$348,353	\$3,250,815	\$118,087	\$3,312,240	\$38,407,993

Source: CPA, Noltex

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.

The Noltex project remains fully taxable for debt services taxes, with LPISD currently levying a \$0.290 per\$100 I&S rate. The value of the Noltex project is

Board Findings of the La Porte Independent School District

expected to depreciate over the life of the agreement and beyond, although it should provide modest assistance in meeting the District's debt service needs. At its peak value, the project will add about two percent to the LPISD tax base for debt service.

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 Noltex 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 Noltex's application, "Noltex is capable of constructing a new facility versus expanding its current La Porte 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, 29 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 Noltex. 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 2012 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2012 industrial value for La Porte ISD is \$4.79 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" district due to its demographic characteristics. 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. 17525463307) 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 under current law in the first year 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

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protection provisions agreed to by the Applicant and the District. Revenue protection measures are in place for the duration of the Agreement.

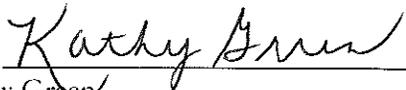
Board Finding Number 14.

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.

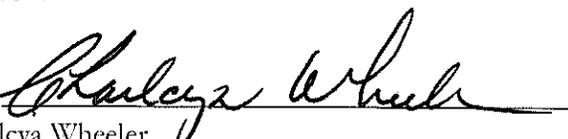
It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the La Porte Independent School District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the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

Dated the 10th day of September 2013.

LA PORTE INDEPENDENT SCHOOL DISTRICT

By: 
Kathy Green
President, Board of Trustees

ATTEST:

By: 
Charleya Wheeler
Secretary, Board of Trustees