SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED M&G RESINS USA, LLC PROJECT ON THE FINANCES OF THE TULOSO-MIDWAY INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION

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Final Report

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TEXAS SCHOOL FINANCE EXPERTS

Estimated Impact of the Proposed M&G Resins USA, LLC Project on the Finances of the Tuloso-Midway Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

M&G Resins USA, LLC (M&G Resins) has requested that the Tuloso-Midway Independent School District (TMISD) 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 TMISD on February 13, 2013, M&G Resins proposes to invest $751 million to construct a new polyethlene terephthalate plastics project in TMISD.

The M&G Resins 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, TMISD may offer a minimum value limitation of $30 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2014-15 and 2015-16 school years. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2014-15 and 2015-16 school years. Beginning with the 2016-17 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 could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with TMISD currently levying a $0.2636 per $100 I&S tax rate. The full value of the investment is expected to reach $712 million in the 2016-17 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement. Based on the assumptions presented below, the I&S tax rate could be reduced by as much as $0.073 per $100 in the 2016-17 school year, relative to the I&S tax rate that would be in place without the M&G Resins project on the tax roll.

In the case of the M&G Resins 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. TMISD would experience revenue losses as a result of the implementation of the value limitation in the 2016-17 school year that are expected to total $7.4 million over the eight value -limitation years. The District is compensated by the Company for any revenue losses under the value limitation agreement.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement to M&G Resins could reach an estimated $42.3 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District, as well as an estimated $5.3 million in supplemental payments to TMISD.

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, assuming a similar deduction is made in the state property values.

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 formulas. As a result of these changes, the number of ASATR districts fell to 421, with an estimated 603 formula districts in operation.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The 2011 legislative session 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.

Based on the analysis presented below, it appears that TMISD became a formula district beginning with the 2011-12 school year. The District is not expected to qualify for ASATR funding in the 2012-13 school year or thereafter. Based on the analysis presented below, it appears that TMISD could re-qualify for ASATR funding when the value limitation takes effect in the 2016-17 school year, under what is now current law. ASATR funding is now under significant legislative scrutiny, so its status in the 2016-17 school year is yet to be determined. This issue is discussed in more detail below.

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 M&G Resins 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 show moderate enrollment and property value growth in order to establish a base model that can be used 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. There is 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. The projected taxable values of the M&G Resins project are added into the base model used here. The impact of the limitation value for the proposed M&G Resins project is isolated separately and the focus of this analysis.

Student enrollment counts are increased by one percent annually in average daily attendance (ADA) in analyzing the effects of the M&G Resins project on the finances of TMISD. The District's local tax base reached $1.83 billion for the 2012 tax year. For purposes of these estimates, it is assumed that the TMISD local tax base will increase by five percent for the 2013 tax year, with three percent annual value increases expected for the remainder of the forecast period. An M&O tax rate of $1.0686 per $100 is used throughout this analysis. TMISD has estimated state property wealth per weighted ADA or WADA of approximately $410,309 for the 2013-14 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

School Finance Impact

School finance models were prepared for TMISD under the assumptions outlined above through the 2028-29 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 M&G Resins 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 M&G Resins value but imposes the proposed property value limitation effective in the third year, which in this case is the 2016-17 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, TMISD would experience revenue losses as a result of the implementation of the value limitation that are expected to total $7.4 million over the course of the agreement, with $6.7 million expected in the initial 2016-17 value limitation year. As noted previously, M&G Resins would compensate TMISD for any formula losses as a result of the implementation of the value limitation agreement.

No attempt was made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year. It is assumed that ASATR will be eliminated beginning in the 2017-18 school year, based on the 2011 statement of legislative intent.

One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2016-17 school year. The formula loss of $6.7 million cited above between the base and the limitation models for the 2016-17 school year is based on an assumption of $7.3 million in M&O tax savings for M&G Resins when the $30 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, an increase in ASATR funding of $0.6 million is expected to offset the remaining reduction in M&O taxes in the first year the value limitation is in effect.

In general, the ASATR offset poses no financial risk to TMISD as a result of the adoption of the value limitation agreement. But a significant reduction of ASATR funding prior to the assumed 2017-18 school year elimination of these funds could reduce the residual tax savings for M& G Resins in the first year that the $30 million value limitation takes effect.

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. Two value determinations are now made for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

Impact on Recapture

The impact the M&G Resins project and the requested value limitation would have on TMISD in terms of recapture costs is a topic of concern with the District. Under current law, recapture occurs for the first $1.00 of M&O tax effort—the compressed tax rate—for districts with state property wealth in excess of $476,500 per WADA. For the next six cents of tax effort, a district is either equalized to the Austin yield—equivalent to the guarantee of a tax base of $599,700 per WADA—or not subject to recapture for districts with wealth above this level.

For the last 11 cents of M&O tax effort—from $1.07 to $1.17—equalized funding is provided for districts with property wealth below $319,500 per WADA and recapture commences at that level for districts with property wealth in excess of $319,500 per WADA. This is critical for TMISD, since voters previously approved a $1.17 M&O tax rate for the District. Truth-in-taxation rollback calculations have kept the rate below this level in response to increases in the District's tax base.

Tables 1-4 provide information on the impact of the M&G Resins project. In Table 1, the last two columns show the state property wealth per WADA assuming the full value of the project and assuming the value limitation is in place. In the absence of a value limitation agreement, TMISD would exceed the $476,500 per WADA level for recapture on the first $1.00 of tax effort beginning with the 2017-18 school year. In the case of the District's wealth with the limitation, the current Tier I recapture level is not exceeded through most of the limitation period and crosses the current threshold in the 2023-24 school year.

The amount of recapture reduction as a result of the limitation is highlighted in Table 4. Compared with adding the project in the absence of a limitation, the limitation saves TMISD about $39 million in recapture, beginning with the 2017-18 school year and running through the 2024-25 school year. While the $319,500 recapture level for Tier II can require recapture costs, the bulk of recapture for Chapter 41 districts occurs on the first $1.00 tax rate at the $476,500 per WADA recapture level.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A $1.07 per $100 of taxable value M&O rate is assumed in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total $52.4 million over the life of the agreement. In addition, M&G Resins would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately $2.7 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 TMISD revenue losses are expected to total approximately $7.4 million over the course of the agreement, which the Company will reimburse the District for under the proposed agreement. In addition, TMISD is eligible for maximum supplemental payments of $5.3 million under the proposed agreement. In total, the potential net tax benefits (inclusive of tax credits but after hold-harmless payments and supplemental payments are made) are estimated to total $42.3 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the initial year of the agreement, there would still be a substantial tax benefit to M&G Resins under the value limitation agreement for the remaining years that the limitation is in effect.

Facilities Funding Impact

The M&G Resins project remains fully taxable for debt services taxes, with TMISD currently levying a $0.2636 per $100 I&S rate. While the taxable value of the M&G Resins project is expected to depreciate over the life of the agreement and beyond, it has the potential to provide substantial tax relief to the taxpayers of TMISD.

Based on the estimates presented here, I&S tax rate reductions associated with adding the M&G Resins project to the local tax base range as high as $0.07 in the 2016-17 school year, when the project is at its peak estimated taxable value.

The M&G Resins project is expected to add about 200 permanent positions once the plant begins operations. The Company indicated a desire to hire locally, which may minimize the impact on student enrollments. The availability of housing will be a factor for employees who migrate to the area. TMISD admits a substantial number of transfer students, so it has greater flexibility than most districts in enrolling new student residents within its existing facilities.

Conclusion

The proposed M&G Resins polyethlene terephthalate plastics project enhances the tax base of TMISD. 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 $42.3 million. (This amount is net of any anticipated revenue losses and supplemental payments for the District.) The additional taxable value also enhances the tax base of TMISD in meeting its future debt service obligations, providing the opportunity for tax relief for local taxpayers.

Table 1 – Base District Information with M&G Resins USA, LLC Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	Current M&O Tax Rate	Projected I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2014-15	3,600.37	4,734.59	$1.0686	$0.3050	$1,989,298,930	$1,989,298,930	$1,942,644,613	$1,942,644,613	$410,309	$410,309
2	2015-16	3,636.37	4,883.99	$1.0686	$0.2600	$2,319,201,897	$2,319,201,897	$2,010,123,952	$2,010,123,952	$411,574	$411,574
3	2016-17	3,672.73	4,943.45	$1.0686	$0..2150	$2,812,681,954	$2,130,686,954	$2,340,651,670	$2,340,651,670	$473,485	$473,485
4	2017-18	3,709.46	5,003.95	$1.0686	$0.2140	$2,854,622,563	$2,193,707,563	$2,834,775,220	$2,152,780,220	$566,507	$430,216
5	2018-19	3,746.56	5,066.90	$1.0686	$0.2100	$2,899,077,790	$2,258,618,790	$2,877,378,627	$2,216,463,627	$567,878	$437,440
6	2019-20	3,784.02	5,112.74	$1.0686	$0.2070	$2,946,102,354	$2,325,477,354	$2,922,516,536	$2,282,057,536	$571,615	$446,347
7	2020-21	3,821.86	5,159.96	$1.0686	$0.2040	$2,995,726,674	$2,394,341,674	$2,970,244,262	$2,349,619,262	$575,633	$455,356
8	2021-22	3,860.08	5,207.61	$1.0686	$0.2000	$3,047,990,924	$2,465,271,924	$3,020,592,840	$2,419,207,840	$580,034	$464,552
9	2022-23	3,898.68	5,254.71	$1.0686	$0.1960	$3,102,940,082	$2,538,330,082	$3,073,603,075	$2,490,884,075	$584,923	$474,029
10	2023-24	3,937.67	5,303.24	$1.0686	$0.1930	$3,160,629,985	$2,613,579,985	$3,129,320,597	$2,564,710,597	$590,077	$483,612
11	2024-25	3,977.04	5,351.19	$1.0686	$0.1890	$3,221,099,384	$3,221,099,384	$3,187,801,915	$2,640,751,915	$595,718	$493,488
12	2025-26	4,016.81	5,400.60	$1.0686	$0.1860	$3,284,409,006	$3,284,409,006	$3,249,086,473	$3,249,086,473	$601,616	$601,616
13	2026-27	4,056.98	5,449.43	$1.0686	$0.1820	$3,350,603,606	$3,350,603,606	$3,313,235,707	$3,313,235,707	$607,997	$607,997
14	2027-28	4,097.55	5,498.69	$1.0686	$0.1780	$3,419,759,034	$3,419,759,034	$3,380,295,108	$3,380,295,108	$614,745	$614,745
15	2028-29	4,138.53	5,549.45	$1.0686	$0.1740	$3,491,914,295	$3,491,914,295	$3,450,341,281	$3,450,341,281	$621,744	$621,744

***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	2013-14	$18,839,608	$5,073,597	$0	$0	$0	$1,291,391	$586,287	-$29,210	$25,761,673
1	2014-15	$19,482,361	$4,396,288	$0	$0	$0	$1,335,449	$539,536	-$35,021	$25,718,613
2	2015-16	$22,715,981	$4,463,007	$0	$0	$0	$1,557,103	$622,964	-$41,275	$29,317,779
3	2016-17	$27,554,402	$1,582,379	$0	$0	$0	$1,888,760	$440,681	-$72,783	$31,393,438
4	2017-18	$27,958,934	$1,343,680	$0	$0	-$4,220,029	$1,916,489	$98,286	-$99,013	$26,998,346
5	2018-19	$28,387,684	$1,619,409	$0	$0	-$4,339,491	$1,945,878	$95,441	-$100,845	$27,608,077
6	2019-20	$28,841,166	$1,373,345	$0	$0	-$4,559,120	$1,976,963	$85,019	-$103,318	$27,614,055
7	2020-21	$29,320,596	$1,651,959	$0	$0	-$4,797,004	$2,009,826	$73,548	-$105,965	$28,152,961
8	2021-22	$29,825,204	$1,400,948	$0	$0	-$5,057,507	$2,044,416	$60,670	-$108,808	$28,164,923
9	2022-23	$30,356,135	$1,685,163	$0	$0	-$5,345,557	$2,080,809	$46,011	-$111,880	$28,710,680
10	2023-24	$30,913,434	$1,429,108	$0	$0	-$5,652,674	$2,119,010	$30,245	-$115,132	$28,723,990
11	2024-25	$31,497,717	$1,719,036	$0	$0	-$5,988,301	$2,159,061	$12,632	-$118,620	$29,281,525
12	2025-26	$32,109,842	$1,736,226	$0	$0	-$6,343,873	$2,201,020	$0	-$122,297	$29,580,917
13	2026-27	$32,749,705	$1,753,588	$0	$0	-$6,728,914	$2,244,880	$0	-$126,216	$29,893,042
14	2027-28	$33,418,589	$1,771,124	$0	$0	-$7,139,475	$2,290,730	$0	-$130,360	$30,210,608
15	2028-29	$34,116,600	$1,788,834	$0	$0	-$7,571,411	$2,338,576	$0	-$134,704	$30,537,895

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	2013-14	$18,834,414	$5,073,597	$0	$0	$0	$1,291,035	$586,126	-$29,202	$25,755,969
1	2014-15	$19,476,635	$4,396,288	$0	$0	$0	$1,335,057	$539,377	-$35,011	$25,712,346
2	2015-16	$22,713,115	$4,463,007	$0	$0	$0	$1,556,906	$622,885	-$41,270	$29,314,643
3	2016-17	$20,868,203	$1,582,379	$559,630	$0	$0	$1,430,444	$333,748	-$55,122	$24,719,282
4	2017-18	$21,479,478	$3,638,903	$0	$0	$0	$1,472,345	$507,687	-$44,897	$27,053,516
5	2018-19	$22,109,092	$3,318,026	$0	$0	$0	$1,515,502	$492,033	-$48,415	$27,386,237
6	2019-20	$22,758,737	$2,891,169	$0	$0	$0	$1,560,033	$469,133	-$52,532	$27,626,540
7	2020-21	$23,426,728	$2,451,478	$0	$0	$0	$1,605,822	$445,541	-$56,769	$27,872,801
8	2021-22	$24,114,759	$1,993,684	$0	$0	$0	$1,652,984	$420,908	-$61,156	$28,121,179
9	2022-23	$24,825,959	$1,685,163	$0	$0	$0	$1,701,734	$394,882	-$65,732	$28,542,008
10	2023-24	$25,555,967	$1,429,108	$0	$0	-$357,049	$1,751,774	$368,053	-$70,438	$28,677,416
11	2024-25	$31,504,978	$1,719,036	$0	$0	-$1,030,335	$2,159,558	$406,821	-$90,217	$34,669,841
12	2025-26	$32,117,591	$1,736,226	$0	$0	-$6,345,405	$2,201,551	$0	-$122,326	$29,587,638
13	2026-27	$32,758,244	$1,753,588	$0	$0	-$6,730,668	$2,245,465	$0	-$126,249	$29,900,379
14	2027-28	$33,427,671	$1,771,124	$0	$0	-$7,141,415	$2,291,352	$0	-$130,395	$30,218,336
15	2028-29	$34,129,364	$1,788,834	$0	$0	-$7,574,244	$2,339,451	$0	-$134,754	$30,548,652

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	2013-14	-$5,194	$0	$0	$0	$0	-$356	-$162	$8	-$5,704
1	2014-15	-$5,726	$0	$0	$0	$0	-$393	-$159	$10	-$6,267
2	2015-16	-$2,866	$0	$0	$0	$0	-$196	-$79	$5	-$3,136
3	2016-17	-$6,686,198	$0	$559,630	$0	$0	-$458,316	-$106,933	$17,661	-$6,674,156
4	2017-18	-$6,479,455	$2,295,223	$0	$0	$4,220,029	-$444,144	$409,401	$54,116	$55,170
5	2018-19	-$6,278,593	$1,698,617	$0	$0	$4,339,491	-$430,376	$396,591	$52,430	-$221,839
6	2019-20	-$6,082,429	$1,517,824	$0	$0	$4,559,120	-$416,930	$384,113	$50,786	$12,485
7	2020-21	-$5,893,868	$799,519	$0	$0	$4,797,004	-$404,004	$371,993	$49,196	-$280,160
8	2021-22	-$5,710,445	$592,736	$0	$0	$5,057,507	-$391,431	$360,238	$47,652	-$43,744
9	2022-23	-$5,530,175	$0	$0	$0	$5,345,557	-$379,075	$348,871	$46,148	-$168,673
10	2023-24	-$5,357,467	$0	$0	$0	$5,295,625	-$367,236	$337,808	$44,695	-$46,574
11	2024-25	$7,261	$0	$0	$0	$4,957,966	$498	$394,189	$28,403	$5,388,316
12	2025-26	$7,750	$0	$0	$0	-$1,531	$531	$0	-$30	$6,720
13	2026-27	$8,539	$0	$0	$0	-$1,754	$585	$0	-$33	$7,337
14	2027-28	$9,081	$0	$0	$0	-$1,940	$622	$0	-$35	$7,728
15	2028-29	$12,764	$0	$0	$0	-$2,833	$875	$0	-$50	$10,756

Table 5 - Estimated Financial impact of the M&G Resins USA, LLC Project Property Value Limitation Request Submitted to TMISD at $1.07 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2013-14	$0	$0	$0	$1.0686	$0	$0	$0	$0	$0	$0	$0
1	2014-15	$9,200,000	$9,200,000	$0	$1.0686	$98,311	$98,311	$0	$0	$0	$0	$0
2	2015-16	$279,700,000	$279,700,000	$0	$1.0686	$2,988,874	$2,988,874	$0	$0	$0	$0	$0
3	2016-17	$711,995,000	$30,000,000	$681,995,000	$1.0686	$7,608,379	$320,580	$7,287,799	$0	$7,287,799	-$6,674,156	$613,643
4	2017-18	$690,915,000	$30,000,000	$660,915,000	$1.0686	$7,383,118	$320,580	$7,062,538	$381,185	$7,443,723	$0	$7,443,723
5	2018-19	$670,459,000	$30,000,000	$640,459,000	$1.0686	$7,164,525	$320,580	$6,843,945	$381,185	$7,225,130	-$221,839	$7,003,290
6	2019-20	$650,625,000	$30,000,000	$620,625,000	$1.0686	$6,952,579	$320,580	$6,631,999	$381,185	$7,013,184	$0	$7,013,184
7	2020-21	$631,385,000	$30,000,000	$601,385,000	$1.0686	$6,746,980	$320,580	$6,426,400	$381,185	$6,807,585	-$280,160	$6,527,425
8	2021-22	$612,719,000	$30,000,000	$582,719,000	$1.0686	$6,547,515	$320,580	$6,226,935	$381,185	$6,608,120	-$43,744	$6,564,376
9	2022-23	$594,610,000	$30,000,000	$564,610,000	$1.0686	$6,354,002	$320,580	$6,033,422	$381,185	$6,414,607	-$168,673	$6,245,934
10	2023-24	$577,050,000	$30,000,000	$547,050,000	$1.0686	$6,166,356	$320,580	$5,845,776	$381,185	$6,226,961	-$46,574	$6,180,387
11	2024-25	$560,012,000	$560,012,000	$0	$1.0686	$5,984,288	$5,984,288	$0	$0	$0	$0	$0
12	2025-26	$543,489,000	$543,489,000	$0	$1.0686	$5,807,723	$5,807,723	$0	$0	$0	$0	$0
13	2026-27	$527,456,000	$527,456,000	$0	$1.0686	$5,636,395	$5,636,395	$0	$0	$0	$0	$0
14	2027-28	$511,917,000	$511,917,000	$0	$1.0686	$5,470,345	$5,470,345	$0	$0	$0	$0	$0
15	2028-29	$496,837,000	$496,837,000	$0	$1.0686	$5,309,200	$5,309,200	$0	$0	$0	$0	$0
				Totals		**$86,218,591**	**$33,859,777**	**$52,358,814**	**$2,668,294**	**$55,027,108**	**-$7,435,147**	**$47,591,961**

Tax Credit for Value Over Limit in First 2 Years	Year 1	Year 2	Max Credits
	$0	$2,668,294	$2,668,294
	Credits Earned		$2,668,294
	Credits Paid		$2,668,294
	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.**