SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED CHEVRON PHILLIPS PROJECT (APPLICATION NO. 283) ON THE FINANCES OF THE SWEENY INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION

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PREPARED BY

MOAK, CASEY & ASSOCIATES

TEXAS SCHOOL FINANCE EXPERTS

Estimated Impact of the Proposed Chevron Phillips Project (Application No. 283) on the Finances of the Sweeny Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Chevron Phillips (Chevron) has requested that the Sweeny Independent School District (SISD) 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 SISD on April 4, 2013, which is listed by the State Comptroller's Office as Application No. 283, Chevron proposes to invest $424 million to construct a new polyethylene manufacturing plant in SISD, the second phase of its SISD project.

The Chevron 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, SISD may offer a minimum value limitation of $30 million. The provisions of Chapter 313 call for the project to be fully taxable through the 2018-19 school year, assuming the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2017-18 and 2018-19 school years. Beginning in the 2019-20 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 SISD currently levying a $0.1717 per $100 I&S tax rate. The full value of the investment is anticipated to reach $424 million 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 Chevron 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. SISD would experience a $2.7 million revenue loss as a result of the implementation of the value limitation in the 2019-20 school year. No out-year revenue losses are anticipated under current law.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated $30.3 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 may result 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 at the compressed M&O tax rate 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 781 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 243 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. This resulted in 336 districts receiving ASATR funding, with an estimated 688 districts operating on state funding formulas.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The 2011 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 expected that ASATR state funding will be reduced in future years and eliminated by the 2017-18 school year, based on current state policy.

In the case of SISD, the District has a target revenue level of $5,639 per WADA, which is about $400 above the state average. At the same time, the target revenue level for SISD is at a level that it is met out of current state and local resources without ASATR funding. As a result, SISD has been operating as a "formula" school district for several years and not receiving ASATR funds.

The initial legislation in the 2013 legislative session shows a further reduction in the number of ASATR districts. It is expected that the Texas Education Agency will be presenting school finance information on recent legislative action in the next month or so. As a result, current law will be the basis for the estimates presented 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 Chevron 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. Student enrollment counts are held at approximately 1,800 in average daily attendance (ADA) in analyzing the effects of the Chevron project on the finances of SISD. The District's local tax base reached $1.39 billion for the 2012 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. The projected taxable values of the Chevron Phillips project are factored into the base model used here. The impact of the limitation value for the proposed Chevron project is isolated separately and the focus of this analysis. The District's current Conoco-Phillips Chapter 313 agreement is expected to expire after the 2014-15 school year, so it is not a factor in the estimates for the Chevron value limitation. An M&O tax rate of $1.04 is used throughout this analysis. While Chevron Application No. 281 is also under consideration by the Board, these estimates do not incorporate the values associated with that project prior to formal school board action on the application.

SISD has estimated state property wealth per weighted ADA or WADA of approximately $573,659 for the 2012-13 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 SISD under the assumptions outlined above through the 2031-32 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 Chevron 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 Chevron value but imposes the proposed property value limitation effective in the third year, which in this case is the 2019-20 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, SISD would experience a revenue loss of $2.7 million as a result of the implementation of the value limitation in the 2019-20 school year. The revenue reduction results primarily from the mechanics of the one-year lag in value associated with the state property value study. M&O tax savings for Chevron are expected to reach $3.9 million in the 2019-20 school year when the value limitation takes effect. This reduction in M&O taxes is partially offset by a $1.2 million reduction in recapture costs, leaving the $2.7 million revenue loss.

Beginning with the 2020-21 school year, the state property value study will reflect the $30 million limitation amount, and a reduction in recapture costs is expected to offset the M&O tax reduction for the first $1.00 of tax effort. Additional state aid offsets at least a portion of the M&O tax reduction for the remaining four cents of tax effort. This information is summarized in Table 4.

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

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A $1.04 per $100 of taxable value M&O rate is assumed in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total $27.0 million over the life of the agreement. In addition, Chevron 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, which are expected to total approximately $6.0 million over the life of the agreement, with no unpaid tax credits anticipated. The District is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key SISD revenue losses are expected to total approximately $2.7 million in the first year of the agreement. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total $30.3 million over the life of the agreement.

Facilities Funding Impact

The Chevron project remains fully taxable for debt services taxes, with SISD currently levying a $0.1717 per $100 I&S rate. While the value of the Chevron project is expected to depreciate over the life of the agreement and beyond, full access to the additional project value in its peak 2018-19 school year is expected to increase the District's I&S tax base by nearly 27 percent. This will assist SISD in meeting its future debt service needs.

The Chevron project is not expected to affect SISD in terms of enrollment. The Company anticipates 35 full-time jobs associated with the second phase of the project when it begins operation. How many new students that enroll in the District would depend on the family characteristics of the new employees and the availability of housing within the District. Given the deferral of the qualifying time period requested in the application, it is difficult to project what impact the project would have on these factors six or seven years from now.

Conclusion

The proposed second phase of the Chevron polyethylene manufacturing project enhances the tax base of SISD. 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 $30.3 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the I&S tax base of SISD in meeting its future debt service obligations.

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

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2017-18	1,790.43	2,543.04	$1.0400	$0.1717	$1,661,996,752	$1,661,996,752	$1,477,353,980	$1,477,353,980	$580,941	$580,941
2	2018-19	1,784.42	2,511.01	$1.0400	$0.1717	$1,867,437,829	$1,867,437,829	$1,573,826,025	$1,573,826,025	$626,769	$626,769
3	2019-20	1,784.42	2,511.01	$1.0400	$0.1717	$1,843,641,979	$1,466,587,739	$1,779,267,102	$1,779,267,102	$708,585	$708,585
4	2020-21	1,784.42	2,511.01	$1.0400	$0.1717	$1,821,348,185	$1,460,565,715	$1,755,471,252	$1,378,417,012	$699,109	$548,948
5	2021-22	1,784.42	2,511.01	$1.0400	$0.1717	$1,800,430,137	$1,455,268,565	$1,733,177,458	$1,372,394,988	$690,230	$546,550
6	2022-23	1,784.42	2,511.01	$1.0400	$0.1717	$1,780,774,544	$1,450,609,035	$1,712,259,410	$1,367,097,838	$681,900	$544,441
7	2023-24	1,784.42	2,511.01	$1.0400	$0.1717	$1,762,279,662	$1,446,510,374	$1,692,603,817	$1,362,438,308	$674,072	$542,585
8	2024-25	1,784.42	2,511.01	$1.0400	$0.1717	$1,744,853,387	$1,442,905,070	$1,674,108,935	$1,358,339,647	$666,706	$540,953
9	2025-26	1,784.42	2,511.01	$1.0400	$0.1717	$1,728,415,098	$1,439,733,738	$1,656,682,660	$1,354,734,343	$659,767	$539,517
10	2026-27	1,784.42	2,511.01	$1.0400	$0.1717	$1,712,888,646	$1,436,944,140	$1,640,244,371	$1,351,563,011	$653,220	$538,254
11	2027-28	1,784.42	2,511.01	$1.0400	$0.1717	$1,698,207,454	$1,698,207,454	$1,624,717,919	$1,348,773,413	$647,037	$537,143
12	2028-29	1,784.42	2,511.01	$1.0400	$0.1717	$1,684,310,722	$1,684,310,722	$1,610,036,727	$1,610,036,727	$641,190	$641,190
13	2029-30	1,784.42	2,511.01	$1.0400	$0.1717	$1,671,143,335	$1,671,143,335	$1,596,139,995	$1,596,139,995	$635,656	$635,656
14	2030-31	1,784.42	2,511.01	$1.0400	$0.1717	$1,658,655,237	$1,658,655,237	$1,582,972,608	$1,582,972,608	$630,412	$630,412
15	2031-32	1,784.42	2,511.01	$1.0400	$0.1717	$1,646,800,890	$1,646,800,890	$1,570,484,510	$1,570,484,510	$625,438	$625,438

***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
1	2017-18	$21,989,426	$653,217	$0	$0	-$3,755,581	$878,434	$28,365	$0	$19,793,861
2	2018-19	$24,002,849	$776,352	$0	$0	-$5,503,631	$958,866	$0	$0	$20,234,436
3	2019-20	$23,845,053	$649,336	$0	$0	-$7,558,946	$952,562	$0	$0	$17,888,006
4	2020-21	$23,623,308	$774,245	$0	$0	-$7,270,980	$943,704	$0	$0	$18,070,277
5	2021-22	$23,415,177	$649,336	$0	$0	-$6,999,423	$935,390	$0	$0	$18,000,480
6	2022-23	$23,219,543	$774,245	$0	$0	-$6,743,017	$927,574	$0	$0	$18,178,346
7	2023-24	$23,035,404	$649,336	$0	$0	-$6,500,625	$920,218	$0	$0	$18,104,334
8	2024-25	$22,861,854	$774,245	$0	$0	-$6,271,217	$913,285	$0	$0	$18,278,167
9	2025-26	$22,698,097	$774,245	$0	$0	-$6,053,858	$906,744	$0	$0	$18,325,228
10	2026-27	$22,543,383	$774,245	$0	$0	-$5,847,712	$900,563	$0	$0	$18,370,479
11	2027-28	$22,344,308	$774,245	$0	$0	-$5,638,092	$892,610	$0	$0	$18,373,072
12	2028-29	$22,208,113	$774,245	$0	$0	-$5,453,064	$887,170	$0	$0	$18,416,465
13	2029-30	$22,079,067	$774,245	$0	$0	-$5,277,062	$882,015	$0	$0	$18,458,265
14	2030-31	$21,956,677	$774,245	$0	$0	-$5,109,509	$877,125	$0	$0	$18,498,539
15	2031-32	$21,840,499	$774,245	$0	$0	-$4,949,875	$872,484	$0	$0	$18,537,354

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
1	2017-18	$21,989,426	$653,217	$0	$0	-$3,755,581	$878,434	$28,365	$0	$19,793,861
2	2018-19	$24,002,849	$776,352	$0	$0	-$5,503,631	$958,866	$0	$0	$20,234,436
3	2019-20	$20,074,322	$649,336	$0	$0	-$6,323,906	$801,929	$0	$0	$15,201,681
4	2020-21	$20,015,303	$774,245	$0	$0	-$2,509,477	$799,571	$73,922	$0	$19,153,564
5	2021-22	$19,963,388	$649,336	$0	$0	-$2,430,733	$797,497	$77,553	$0	$19,057,043
6	2022-23	$19,917,722	$774,245	$0	$0	-$2,361,252	$795,673	$80,759	$0	$19,207,148
7	2023-24	$19,877,553	$649,336	$0	$0	-$2,299,967	$794,069	$83,587	$0	$19,104,579
8	2024-25	$19,842,220	$774,245	$0	$0	-$2,245,928	$792,657	$86,082	$0	$19,249,276
9	2025-26	$19,811,139	$774,245	$0	$0	-$2,198,291	$791,415	$88,282	$0	$19,266,791
10	2026-27	$19,783,800	$774,245	$0	$0	-$2,156,308	$790,323	$90,222	$0	$19,282,282
11	2027-28	$22,344,308	$774,245	$0	$0	-$2,396,522	$892,610	$103,956	$0	$21,718,598
12	2028-29	$22,208,113	$774,245	$0	$0	-$5,453,064	$887,170	$0	$0	$18,416,465
13	2029-30	$22,079,067	$774,245	$0	$0	-$5,277,062	$882,015	$0	$0	$18,458,265
14	2030-31	$21,956,677	$774,245	$0	$0	-$5,109,509	$877,125	$0	$0	$18,498,539
15	2031-32	$21,840,499	$774,245	$0	$0	-$4,949,875	$872,484	$0	$0	$18,537,354

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
1	2017-18	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	2018-19	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	2019-20	-$3,770,732	$0	$0	$0	$1,235,040	-$150,633	$0	$0	-$2,686,325
4	2020-21	-$3,608,005	$0	$0	$0	$4,761,503	-$144,133	$73,922	$0	$1,083,287
5	2021-22	-$3,451,789	$0	$0	$0	$4,568,690	-$137,892	$77,553	$0	$1,056,563
6	2022-23	-$3,301,821	$0	$0	$0	$4,381,765	-$131,901	$80,759	$0	$1,028,802
7	2023-24	-$3,157,851	$0	$0	$0	$4,200,658	-$126,150	$83,587	$0	$1,000,245
8	2024-25	-$3,019,634	$0	$0	$0	$4,025,289	-$120,628	$86,082	$0	$971,109
9	2025-26	-$2,886,958	$0	$0	$0	$3,855,567	-$115,328	$88,282	$0	$941,563
10	2026-27	-$2,759,584	$0	$0	$0	$3,691,404	-$110,240	$90,222	$0	$911,802
11	2027-28	$0	$0	$0	$0	$3,241,570	$0	$103,956	$0	$3,345,526
12	2028-29	$0	$0	$0	$0	$0	$0	$0	$0	$0
13	2029-30	$0	$0	$0	$0	$0	$0	$0	$0	$0
14	2030-31	$0	$0	$0	$0	$0	$0	$0	$0	$0
15	2031-32	$0	$0	$0	$0	$0	$0	$0	$0	$0

Table 5 - Estimated Financial impact of the Chevron Phillips Project Property Value Limitation Request Submitted to SISD at $1.04 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
1	2017-18	$210,780,000	$210,780,000	$0	$1.040	$2,192,112	$2,192,112	$0	$0	$0	$0	$0
2	2018-19	$424,004,000	$424,004,000	$0	$1.040	$4,409,642	$4,409,642	$0	$0	$0	$0	$0
3	2019-20	$407,054,240	$30,000,000	$377,054,240	$1.040	$4,233,364	$312,000	$3,921,364	$0	$3,921,364	-$2,686,325	$1,235,039
4	2020-21	$390,782,470	$30,000,000	$360,782,470	$1.040	$4,064,138	$312,000	$3,752,138	$491,487	$4,243,624	$0	$4,243,624
5	2021-22	$375,161,572	$30,000,000	$345,161,572	$1.040	$3,901,680	$312,000	$3,589,680	$478,076	$4,067,757	$0	$4,067,757
6	2022-23	$360,165,509	$30,000,000	$330,165,509	$1.040	$3,745,721	$312,000	$3,433,721	$465,202	$3,898,923	$0	$3,898,923
7	2023-24	$345,769,288	$30,000,000	$315,769,288	$1.040	$3,596,001	$312,000	$3,284,001	$452,843	$3,736,844	$0	$3,736,844
8	2024-25	$331,948,317	$30,000,000	$301,948,317	$1.040	$3,452,262	$312,000	$3,140,262	$440,978	$3,581,240	$0	$3,581,240
9	2025-26	$318,681,360	$30,000,000	$288,681,360	$1.040	$3,314,286	$312,000	$3,002,286	$429,588	$3,431,874	$0	$3,431,874
10	2026-27	$305,944,506	$30,000,000	$275,944,506	$1.040	$3,181,823	$312,000	$2,869,823	$418,653	$3,288,476	$0	$3,288,476
11	2027-28	$293,717,126	$293,717,126	$0	$1.040	$3,054,658	$3,054,658	$0	$2,800,927	$2,800,927	$0	$2,800,927
12	2028-29	$283,978,841	$283,978,841	$0	$1.040	$2,932,580	$2,932,580	$0	$0	$0	$0	$0
13	2029-30	$270,710,087	$270,710,087	$0	$1.040	$2,815,385	$2,815,385	$0	$0	$0	$0	$0
14	2030-31	$259,892,083	$259,892,083	$0	$1.040	$2,702,878	$2,702,878	$0	$0	$0	$0	$0
15	2031-32	$249,506,800	$249,506,800	$0	$1.040	$2,594,871	$2,594,871	$0	$0	$0	$0	$0
				Totals		$50,191,400	$23,198,125	$26,993,276	$5,977,754	$32,971,029	-$2,686,325	$30,284,704

Tax Credits	Year 1	Year 2	Max Credits
	$1,880,112	$4,097,642	$5,977,754
	Credits Earned		$5,977,754
	Credits Paid		$5,977,754
	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.**