

S U S A N  
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



August 29, 2013

Randy Miksch  
Superintendent  
Sweeny Independent School District  
1310 N. Elm St.  
Sweeny, Texas 77480

Dear Superintendent Miksch:

On May 31, 2013, the Comptroller received the completed application (Application # 286) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in April 2013 to the Sweeny Independent School District (the school district) by Phillips 66 Company (the applicant). 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.

The school district 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 (\$600 million) 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.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a manufacturing facility in Brazoria County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described in 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 the applicant, the Comptroller's recommendation is that this 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 to only approve an application if the school district finds that the information in the application is true and correct, finds that the applicant is eligible for a limitation and determines that granting the application is

<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

in the best interest of the school district and this state. As stated above, the Comptroller's recommendation is prepared 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 May 31, 2013, 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 submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district 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 ten (10) days prior to the meeting scheduled by the school 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 must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at [robert.wood@cpa.state.tx.us](mailto: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	Phillips 66 Company
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Sweeny ISD
2011-12 Enrollment in School District	1,938
County	Brazoria
Total Investment in District	\$600,000,000
Qualified Investment	\$600,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	26
Number of qualifying jobs committed to by applicant	20
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,136
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,136
Minimum Annual Wage committed to by applicant for qualified jobs	\$59,082
Investment per Qualifying Job	\$30,000,000
Estimated 15 year M&O levy without any limit or credit:	\$56,768,705
Estimated gross 15 year M&O tax benefit	\$40,293,140
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):	\$36,511,847
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$7,145,469
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$20,256,859
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	64.3%
Percentage of tax benefit due to the limitation	82.3%
Percentage of tax benefit due to the credit	17.7%

This presents the Comptroller's economic impact evaluation of Phillips (the project) applying to Sweeny 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 26 new jobs when fully operational. 20 jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council Region, where Brazoria County is located was \$53,711 in 2011. The annual average manufacturing wage for 2011 for Brazoria County is \$92,560. That same year, the county annual average wage for all industries was \$49,712. In addition to a salary of \$59,082, each qualifying position will receive benefits such as medical insurance, dental insurance, short-term disability, long-term disability, life insurance, occupational accidental insurance, etc. The project's total investment is \$600 million, resulting in a relative level of investment per qualifying job of \$30 million.

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

According to Phillips's application, "Five sites were evaluated (all outside the region, two outside the state) before selecting this preferred location. Final approval is pending."

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

During the past two years, 35 projects in the Houston-Galveston Area Council 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 Phillips 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 I depicts Phillips'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.

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	500	597	1097	\$33,046,000	\$38,954,000	\$72,000,000
2015	726	938	1664	\$47,800,532	\$68,199,468	\$116,000,000
2016	26	148	174	\$1,536,132	\$20,463,868	\$22,000,000
2017	26	93	119	\$1,536,132	\$15,463,868	\$17,000,000
2018	26	87	113	\$1,536,132	\$14,463,868	\$16,000,000
2019	26	79	105	\$1,536,132	\$12,463,868	\$14,000,000
2020	26	83	109	\$1,536,132	\$12,463,868	\$14,000,000
2021	26	95	121	\$1,536,132	\$12,463,868	\$14,000,000
2022	26	101	127	\$1,536,132	\$12,463,868	\$14,000,000
2023	26	113	139	\$1,536,132	\$14,463,868	\$16,000,000
2024	26	119	145	\$1,536,132	\$14,463,868	\$16,000,000
2025	26	130	156	\$1,536,132	\$16,463,868	\$18,000,000
2026	26	119	145	\$1,536,132	\$17,463,868	\$19,000,000
2027	26	120	146	\$1,536,132	\$17,463,868	\$19,000,000
2028	26	122	148	\$1,536,132	\$18,463,868	\$20,000,000
2029	26	126	152	\$1,536,132	\$18,463,868	\$20,000,000

Source: CPA, REMI, Phillips

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011. Sweeny ISD's ad valorem tax base in 2011 was \$1.3 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Sweeny ISD's estimated wealth per WADA was \$543,556. 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, Sweeny Hospital District, and Port Freeport, with all property tax incentives sought being granted using estimated market value from Phillips's application. Phillips has applied for a value limitation under Chapter 313, Tax Code, and tax abatements with the county, hospital district, and port. Table 3 illustrates the estimated tax impact of the Phillips 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 <sup>1</sup>	Sweeny ISD I&S Levy	Sweeny ISD M&O Levy	Sweeny ISD M&O and I&S Tax Levies (Before Credit Credited)	Sweeny ISD M&O and I&S Tax Levies (After Credit Credited)	Brazoria County Tax Levy	Sweeny Hospital District Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes
			0.1717	0.1717	1.0400			0.4859	0.4291	0.7000	
2015	\$200,031,370	\$200,031,370		\$343,454	\$2,080,326	\$2,423,780	\$2,423,780	\$0	\$0	\$0	\$2,423,780
2016	\$547,033,000	\$547,033,000		\$939,256	\$5,689,143	\$6,628,399	\$6,628,399	\$0	\$0	\$0	\$6,628,399
2017	\$521,033,000	\$30,000,000		\$894,614	\$312,000	\$1,206,614	\$1,206,614	\$0	\$0	\$0	\$1,206,614
2018	\$494,033,000	\$30,000,000		\$848,255	\$312,000	\$1,160,255	\$580,127	\$0	\$0	\$0	\$580,127
2019	\$468,033,000	\$30,000,000		\$803,613	\$312,000	\$1,115,613	\$557,806	\$0	\$0	\$0	\$557,806
2020	\$442,035,000	\$30,000,000		\$758,974	\$312,000	\$1,070,974	\$535,487	\$0	\$0	\$0	\$535,487
2021	\$415,035,000	\$30,000,000		\$712,615	\$312,000	\$1,024,615	\$512,308	\$0	\$0	\$0	\$512,308
2022	\$389,035,000	\$30,000,000		\$667,973	\$312,000	\$979,973	\$489,987	\$1,890,165	\$0	\$2,723,245	\$2,380,152
2023	\$362,035,000	\$30,000,000		\$621,614	\$312,000	\$933,614	\$466,807	\$1,758,983	\$0	\$2,534,245	\$2,225,790
2024	\$336,037,000	\$30,000,000		\$576,976	\$312,000	\$888,976	\$444,488	\$1,632,669	\$0	\$2,352,259	\$2,077,157
2025	\$310,037,000	\$310,037,000		\$532,334	\$3,224,385	\$3,756,718	\$1,982,258	\$1,506,346	\$1,330,397	\$2,170,259	\$3,035,001
2026	\$283,037,000	\$283,037,000		\$485,975	\$2,943,585	\$3,429,559	\$3,429,559	\$1,375,164	\$1,214,537	\$1,981,259	\$6,019,260
2027	\$257,037,000	\$257,037,000		\$441,333	\$2,673,185	\$3,114,517	\$3,114,517	\$1,248,840	\$1,102,969	\$1,799,259	\$5,466,326
2028	\$230,039,000	\$230,039,000		\$394,977	\$2,392,406	\$2,787,383	\$2,787,383	\$1,117,667	\$987,118	\$1,610,273	\$4,892,168
2029	\$204,039,000	\$204,039,000		\$350,335	\$2,122,006	\$2,472,341	\$2,472,341	\$991,344	\$875,550	\$1,428,273	\$4,339,234
						<b>Total</b>	<b>\$25,847,861</b>	<b>\$11,521,179</b>	<b>\$5,510,571</b>	<b>\$16,599,072</b>	<b>\$42,879,610</b>

Assumes School Value Limitation and Tax Abatements from the County, Hospital District, and Port.

Source: CPA, Phillips

<sup>1</sup>Tax 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 <sup>1</sup>	Sweeny ISD I&S Levy	Sweeny ISD M&O Levy	Sweeny ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Sweeny Hospital District Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes	
			0.1717	0.1717	1.0400		0.4859	0.4291	0.7000		
2015	\$200,031,370	\$200,031,370		\$343,454	\$2,080,326	\$2,423,780	\$971,872	\$858,353	\$1,400,220	\$4,254,005	
2016	\$547,033,000	\$547,033,000		\$939,256	\$5,689,143	\$6,628,399	\$2,657,815	\$2,347,368	\$3,829,231	\$11,633,581	
2017	\$521,033,000	\$521,033,000		\$894,614	\$5,418,743	\$6,313,357	\$2,531,491	\$2,235,799	\$3,647,231	\$11,080,647	
2018	\$494,033,000	\$494,033,000		\$848,255	\$5,137,943	\$5,986,198	\$2,400,309	\$2,119,940	\$3,458,231	\$10,506,447	
2019	\$468,033,000	\$468,033,000		\$803,613	\$4,867,543	\$5,671,156	\$2,273,985	\$2,008,372	\$3,276,231	\$9,953,513	
2020	\$442,035,000	\$442,035,000		\$758,974	\$4,597,164	\$5,356,138	\$2,147,671	\$1,896,812	\$3,094,245	\$9,400,621	
2021	\$415,035,000	\$415,035,000		\$712,615	\$4,316,364	\$5,028,979	\$2,016,489	\$1,780,953	\$2,905,245	\$8,826,421	
2022	\$389,035,000	\$389,035,000		\$667,973	\$4,045,964	\$4,713,937	\$1,890,165	\$1,669,384	\$2,723,245	\$8,273,487	
2023	\$362,035,000	\$362,035,000		\$621,614	\$3,765,164	\$4,386,778	\$1,758,983	\$1,553,525	\$2,534,245	\$7,699,286	
2024	\$336,037,000	\$336,037,000		\$576,976	\$3,494,785	\$4,071,760	\$1,632,669	\$1,441,965	\$2,352,259	\$7,146,395	
2025	\$310,037,000	\$310,037,000		\$532,334	\$3,224,385	\$3,756,718	\$1,506,346	\$1,330,397	\$2,170,259	\$6,593,461	
2026	\$283,037,000	\$283,037,000		\$485,975	\$2,943,585	\$3,429,559	\$1,375,164	\$1,214,537	\$1,981,259	\$6,019,260	
2027	\$257,037,000	\$257,037,000		\$441,333	\$2,673,185	\$3,114,517	\$1,248,840	\$1,102,969	\$1,799,259	\$5,466,326	
2028	\$230,039,000	\$230,039,000		\$394,977	\$2,392,406	\$2,787,383	\$1,117,667	\$987,118	\$1,610,273	\$4,892,168	
2029	\$204,039,000	\$204,039,000		\$350,335	\$2,122,006	\$2,472,341	\$991,344	\$875,550	\$1,428,273	\$4,339,234	
						<b>Total</b>	<b>\$66,141,000</b>	<b>\$26,520,811</b>	<b>\$23,423,041</b>	<b>\$38,209,706</b>	<b>\$116,084,852</b>

Source: CPA, Phillips

<sup>1</sup>Tax 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 \$56,768,705. The estimated gross 15 year M&O tax benefit, or levy loss, is \$40,293,140.

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 A (Rev. May 2010): Investment

Form 50-296

Applicant Name  
ISD Name  
Phillips 66 Company  
Sweeney

PROPERTY INVESTMENT AMOUNTS										
(Estimated investment in each year. Do not put cumulative totals.)										
	Year	School Year (YYYY-YYYY)	Tax Year (FIA in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Investment that is not qualified investment but investment affecting economic impact and total value	Other Investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)	
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)	2013-14	2013	0	0	0	0	0	0	
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	2013-15	2013	0	0	0	0	0	0	
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)	2014-15	2014	0	300,000,000	300,000,000	0	0	300,000,000	
	Tax Credit Period (with 50% cap on credit)	Value Limitation Period	1	2015	240,000,000	60,000,000	300,000,000	0	0	300,000,000
			2	2016	0	0	0	0	0	0
			3	2017	0	0	0	0	0	0
			4	2018	0	0	0	0	0	0
			5	2019	0	0	0	0	0	0
			6	2020	0	0	0	0	0	0
			7	2021	0	0	0	0	0	0
			8	2022	0	0	0	0	0	0
			9	2023	0	0	0	0	0	0
			10	2024	0	0	0	0	0	0
	Credit Settle-Up Period	Post-Settle-Up Period	11	2025	0	0	0	0	0	0
			12	2026	0	0	0	0	0	0
13			2027	0	0	0	0	0	0	
14			2028	0	0	0	0	0	0	
15			2029	0	0	0	0	0	0	

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property. Include estimates of investment for "replacement" property that is part of original agreement but scheduled for probable replacement during limitation period.

Column C: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column D: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value for planning, construction and operation of the facility.

Column E: The most significant example for many projects would be land. Other examples may be items such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. 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

*[Signature]*

DATE

4/26/13

**Schedule B (Rev. May 2010): Estimated Market And Taxable Value**

Form 50-296

Applicant Name: Phillips 66 Company  
 ISD Name: Sweeny

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Qualified Property		Reductions from Market Value	Estimated Taxable Value	
					Estimated Total Market Value of new buildings or other new improvements	Total Market Value of tangible personal property in the new building or "in or on the		Final taxable value for IS - after all reductions	Final taxable value for MLO - after all reductions
	pre-year 1	2014-15	2014	31,370	0	0	0	31,370	31,370
Tax Credit Period (with 50% cap on credit)	1	2015-16	2015	31,370	200,000,000	0	0	200,031,370	200,031,370
	2	2016-17	2016	33,000	331,000,000	216,000,000	0	547,033,000	547,033,000
	3	2017-18	2017	33,000	317,000,000	204,000,000	0	521,033,000	30,000,000
	4	2018-19	2018	33,000	302,000,000	192,000,000	0	494,033,000	30,000,000
	5	2019-20	2019	33,000	288,000,000	180,000,000	0	468,033,000	30,000,000
Credit Settle-Up Period	6	2020-21	2020	35,000	274,000,000	168,000,000	0	442,035,000	30,000,000
	7	2021-22	2021	35,000	259,000,000	156,000,000	0	415,035,000	30,000,000
	8	2022-23	2022	35,000	245,000,000	144,000,000	0	389,035,000	30,000,000
	9	2023-24	2023	35,000	230,000,000	132,000,000	0	362,035,000	30,000,000
	10	2024-25	2024	37,000	216,000,000	120,000,000	0	336,037,000	30,000,000
Post-Settle-Up Period	11	2025-26	2025	37,000	202,000,000	108,000,000	0	310,037,000	310,037,000
	12	2026-27	2026	37,000	187,000,000	96,000,000	0	283,037,000	283,037,000
	13	2027-28	2027	37,000	173,000,000	84,000,000	0	257,037,000	257,037,000
	14	2028-29	2028	39,000	158,000,000	72,000,000	0	230,039,000	230,039,000
	15	2029-30	2029	39,000	144,000,000	60,000,000	0	204,039,000	204,039,000

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]*

4/26/13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule C- Application: Employment Information

Applicant Name Phillips 66 Company  
 ISD Name Sweeney

Form 50-296

	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)	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	2014-15	2014	500	\$66,092	0		0	
	1	2015-16	2015	700	\$66,092	26	\$59,082	20	\$59,082
	2	2016-17	2016	0	\$0	26	\$59,082	20	\$59,082
	3	2017-18	2017	0	\$0	26	\$59,082	20	\$59,082
	4	2018-19	2018	0	\$0	26	\$59,082	20	\$59,082
	5	2019-20	2019	0	\$0	26	\$59,082	20	\$59,082
	6	2020-21	2020	0	\$0	26	\$59,082	20	\$59,082
	7	2021-22	2021	0	\$0	26	\$59,082	20	\$59,082
	8	2022-23	2022	0	\$0	26	\$59,082	20	\$59,082
	9	2023-24	2023	0	\$0	26	\$59,082	20	\$59,082
	10	2024-25	2024	0	\$0	26	\$59,082	20	\$59,082
	11	2025-26	2025	0	\$0	26	\$59,082	20	\$59,082
	12	2026-27	2026	0	\$0	26	\$59,082	20	\$59,082
	13	2027-28	2027	0	\$0	26	\$59,082	20	\$59,082
	14	2028-29	2028	0	\$0	26	\$59,082	20	\$59,082
	15	2029-30	2029	0	\$0	26	\$59,082	20	\$59,082
Tax Credit Period (with 50% cap on credit)									
Credit Settle-Up Period									
Post-Settle-Up Period									
Post-Settle-Up Period									

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.

*B.D. Sweeney*

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

4/26/13

DATE

Schedule D: (Rev. May 2010): Other Tax Information

Form 50-296

Applicant Name: Phillips 66 Company

Sweeney

ISD Name

Other Property Tax Abateements Sought

Sales Tax Information

Franchise Tax

The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Sales Taxable Expenditures		Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Franchise Tax	County	City	Hospital	Other
				Column F: Estimate of total annual expenditures* subject to state sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant						
		2014-15	2014	\$60,000,000	\$540,000,000	\$0	\$0				
Complete tax years of qualifying time period	1	2015-16	2015	\$4,000,000	\$0	\$18,000	100%	n/a		100%	100%
	2	2016-17	2016	\$4,000,000	\$0	\$46,000	100%	n/a		100%	100%
	3	2017-18	2017	\$4,000,000	\$0	\$47,000	100%	n/a		100%	100%
	4	2018-19	2018	\$4,000,000	\$0	\$49,000	100%	n/a		100%	100%
	5	2019-20	2019	\$4,000,000	\$0	\$51,000	100%	n/a		100%	100%
	6	2020-21	2020	\$4,000,000	\$0	\$53,000	100%	n/a		100%	100%
	7	2021-22	2021	\$4,000,000	\$0	\$55,000	100%	n/a		100%	100%
	8	2022-23	2022	\$4,000,000	\$0	\$57,000	0%	n/a		100%	0%
	9	2023-24	2023	\$4,000,000	\$0	\$60,000	0%	n/a		100%	0%
	10	2024-25	2024	\$4,000,000	\$0	\$62,000	0%	n/a		100%	0%
	11	2025-26	2025	\$4,000,000	\$0	\$64,000	0%	n/a		0%	0%
	12	2026-27	2026	\$4,000,000	\$0	\$68,000	0%	n/a		0%	0%
	13	2027-28	2027	\$4,000,000	\$0	\$70,000	0%	n/a		0%	0%
	14	2028-29	2028	\$4,000,000	\$0	\$73,000	0%	n/a		0%	0%
	15	2029-30	2029	\$4,000,000	\$0	\$75,000	0%	n/a		0	0

\*For planning, construction and operation of the facility.

*BB Odwin*

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

4/26/13

DATE

# **Attachment 2**

August 2, 2013

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 has analyzed the revenue gains that would be realized by the proposed Phillips 66 Company project (Application 286) for the Sweeny Independent School District (SISD). Projections prepared by our Office of School Finance confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Phillips 66 Company project on SISD are correct.

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

Sincerely,



Al McKenzie, Manager  
Foundation School Program Support

AM/rk



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Michael L. Williams  
Commissioner

August 2, 2013

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 Phillips 66 Company project (Application 286) on the number and size of school facilities in Sweeny Independent School District (SISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the SISD superintendent, Randy Miksch, the TEA has found that this Phillips 66 Company project would not have a significant impact on the number or size of school facilities in SISD.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie".

Al McKenzie, Manager  
Foundation School Program Support

AM/rk

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED PHILLIPS  
66 COMPANY PROJECT ON THE FINANCES OF THE SWEENY  
INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED  
CHAPTER 313 PROPERTY VALUE LIMITATION**

**June 23, 2013**

**Final Report**

**PREPARED BY**



# **Estimated Impact of the Proposed Phillips 66 Company Project on the Finances of the Sweeny Independent School District under a Requested Chapter 313 Property Value Limitation**

## **Introduction**

Phillips 66 Company (Phillips 66) 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 9, 2013, Phillips 66 proposes to invest \$600 million to construct a new “midstream” fractionator and related equipment in SISD.

The Phillips 66 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 in the 2014-15 and 2015-16 school years, unless 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 a one-year extension will be granted and the qualifying time period will be the 2015-16 and 2016-17 school years. Beginning in the 2017-18 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 expected to reach \$547 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 and beyond. At its peak value, the Phillips 66 project would increase the District’s I&S tax base by approximately 37 percent, which will assist SISD in meeting its future debt service obligations.

In the case of the Phillips 66 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 \$3.5 million revenue loss as a result of the implementation of the value limitation in the 2017-18 school year, with a \$305,111 loss anticipated in one of the out-years.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$36.5 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 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 M&O 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 during the First Called Session in 2011 made \$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 operated directly on the state formulas. For the 2012-13 school year, the 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, with 689 districts operating on formula and 335 districts still receiving ASATR funding.

Senate Bill 1 and House Bill 1025 as passed by the 83<sup>rd</sup> Legislature made significant increases to the basic allotment and other formula changes by appropriation. The ASATR reduction percentage is increased slightly to 92.63 percent, while the basic allotment is increased by \$325 and \$365, respectively, for the 2013-14 and 2014-15 school years. A slight increase in the guaranteed yield for the 6 cents above compressed—known as the Austin yield—is also included. With the basic allotment increase, it is estimated that approximately 300 school districts will still receive ASATR in the 2013-14 school year and 273 districts would do so in the 2014-15 school year. Current state policy calls for ASATR funding to be eliminated by the 2017-18 school year. SISR is classified as a formula district under the estimates presented below.

One concern in projecting into the future is that the underlying state statutes in the Education Code were not changed in order to provide these funding increases. All of the major formula changes were made by appropriation, which gives them only a two-year lifespan unless renewed in the 2015 legislative session. Despite this uncertainty, it is assumed that these changes will remain in effect for the forecast period for the purpose of these estimates, assuming a continued legislative commitment to these funding levels in future years.

A 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 Phillips 66 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 base property values in order to isolate the effects of the value limitation under the school finance system. The SB 1 and HB 1025 basic allotment increases and recapture changes are reflected in the underlying models. With regard to ASATR funding, the 92.63 percent reduction enacted for the 2013-14 school year is retained until the 2017-18 school year. A statement of legislative intent was adopted in 2011 to no longer fund target revenue by the 2017-18 school year. No ASATR funding is assumed for SISD through the 2016-17 school year in the estimates shown below.

Student enrollment counts are held constant at 1,804 students in average daily attendance (ADA) in analyzing the effects of the Phillips 66 project on the finances of SISD. The District's local tax base reached \$1.4 billion for the 2012 tax year and is maintained at that level for the forecast period in order to isolate the effects of the property value limitation. The most recent Chevron Phillips Chapter 313 value limitation that commences with the 2022-23 school year is also added into the base model. (The original Conoco Phillips Chapter 313 value limitation is scheduled to expire in the 2015-16 school year.) The projected taxable values of the Phillips 66 project are also factored into the base model used here. The impact of the limitation value for the proposed Phillips 66 project is isolated separately and the focus of this analysis.

An M&O tax rate of \$1.04 per \$1.00 is used throughout this analysis. SISD has estimated state property wealth per weighted ADA or WADA of approximately \$522,340 for the 2014-15 school year, which would make the District subject to Tier 1 recapture at the \$504,000 per WADA level. 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 2029-30 school year. Beyond the 2014-15 school year, no attempt was made to forecast the 88<sup>th</sup>

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 Phillips 66 facility to the model, but without assuming that a value limitation is approved. The results of that model are shown in Table 2.

A second model is developed which adds the Phillips 66 value but imposes the proposed property value limitation effective with the 2017-18 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 an estimated \$3.5 million as a result of the implementation of the value limitation in the 2017-18 school year. Phillips 66 would be expected to see \$5.1 million M&O tax savings as a result of the value limitation in the 2017-18 school year. This reduction in M&O tax collections would be partially offset by a \$1.6 million reduction in SISD recapture owed to the state. There would be no further state formula offset, due to the one-year lag in the state property value study and the absence of ASATR funding. Once the state M&O property value reflecting the \$30 million limitation is used in the state formula calculations for the 2018-19 school year, only a small \$305,111 revenue loss is expected in the 2022-23 school year as a result of the Chapter 313 value limitation for Phillips 66, with no other out-year losses expected.

The Comptroller’s state property value study clearly 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. 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 for the 2012-13 school year and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$33.1 million over the life of the agreement. In addition, Phillips 66 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 \$7.2 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 SISD revenue losses are expected to total approximately \$3.8 million over the course of the agreement, with nearly all of that occurring in the initial 2017-18 value limitation school year. The potential total net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$36.5 million over the life of the agreement.

#### **Facilities Funding Impact**

The Phillips 66 project remains fully taxable for debt services taxes, with SISD currently levying a \$0.1717 per \$100 I&S rate. While the project value will depreciate over time, its peak value in the 2016-17 school year is expected to increase SISD's I&S tax base by approximately 37 percent. This will assist SISD in meeting its future debt service needs.

The Phillips 66 project is not expected to affect SISD in terms of long-term enrollment. Once the plant is operational, 26 new permanent jobs will be created. It is anticipated that there will be 700 construction jobs in place in the peak construction year, which may merit consideration of language in the agreement to cover extraordinary education expenses associated with children of construction workers who reside within SISD.

#### **Conclusion**

The proposed Phillips 66 manufacturing project significantly 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 \$36.5 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of SISD in meeting its future debt service obligations.

**Table 1 – Base District Information with Phillips 66 Company 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	2014-15	1,804.41	2,543.15	\$1.0400	\$0.1717	\$1,416,558,620	\$1,416,558,620	\$1,328,387,893	\$1,328,387,893	\$522,340	\$522,340
1	2015-16	1,804.41	2,543.15	\$1.0400	\$0.1717	\$1,670,154,805	\$1,670,154,805	\$1,328,387,893	\$1,328,387,893	\$522,340	\$522,340
2	2016-17	1,804.41	2,543.15	\$1.0400	\$0.1717	\$2,007,097,707	\$2,007,097,707	\$1,581,984,078	\$1,581,984,078	\$622,058	\$622,058
3	2017-18	1,804.41	2,543.15	\$1.0400	\$0.1717	\$1,972,899,752	\$1,481,866,752	\$1,918,926,980	\$1,918,926,980	\$754,548	\$754,548
4	2018-19	1,804.41	2,543.15	\$1.0400	\$0.1717	\$2,018,866,829	\$1,554,833,829	\$1,884,729,025	\$1,393,696,025	\$741,101	\$548,020
5	2019-20	1,804.41	2,543.15	\$1.0400	\$0.1717	\$2,168,270,739	\$1,730,237,739	\$1,930,696,102	\$1,466,663,102	\$759,176	\$576,712
6	2020-21	1,804.41	2,543.15	\$1.0400	\$0.1717	\$2,399,550,715	\$1,987,515,715	\$2,080,100,012	\$1,642,067,012	\$817,924	\$645,683
7	2021-22	1,804.41	2,543.15	\$1.0400	\$0.1717	\$2,875,953,565	\$2,490,918,565	\$2,311,379,988	\$1,899,344,988	\$908,866	\$746,848
8	2022-23	1,804.41	2,543.15	\$1.0400	\$0.1717	\$1,839,644,035	\$1,480,609,035	\$2,787,782,838	\$2,402,747,838	\$1,096,194	\$944,793
9	2023-24	1,804.41	2,543.15	\$1.0400	\$0.1717	\$1,808,545,374	\$1,476,510,374	\$1,751,473,308	\$1,392,438,308	\$688,703	\$547,526
10	2024-25	1,804.41	2,543.15	\$1.0400	\$0.1717	\$1,778,942,070	\$1,472,905,070	\$1,720,374,647	\$1,388,339,647	\$676,475	\$545,914
11	2025-26	1,804.41	2,543.15	\$1.0400	\$0.1717	\$1,749,770,738	\$1,749,770,738	\$1,690,771,343	\$1,384,734,343	\$664,834	\$544,497
12	2026-27	1,804.41	2,543.15	\$1.0400	\$0.1717	\$1,719,981,140	\$1,719,981,140	\$1,661,600,011	\$1,661,600,011	\$653,364	\$553,364
13	2027-28	1,804.41	2,543.15	\$1.0400	\$0.1717	\$1,691,527,328	\$1,691,527,328	\$1,631,810,413	\$1,631,810,413	\$641,650	\$641,650
14	2028-29	1,804.41	2,543.15	\$1.0400	\$0.1717	\$1,662,370,881	\$1,662,370,881	\$1,603,356,601	\$1,603,356,601	\$630,462	\$630,462
15	2029-30	1,804.41	2,543.15	\$1.0400	\$0.1717	\$1,634,472,248	\$1,634,472,248	\$1,574,200,154	\$1,574,200,154	\$618,997	\$618,997

\*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 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	2014-15	\$19,584,012	\$620,524	\$0	\$0	-\$653,249	\$782,342	\$144,174	\$0	\$20,477,802
1	2015-16	\$22,069,379	\$620,524	\$0	\$0	-\$736,152	\$881,628	\$174,455	\$0	\$23,009,833
2	2016-17	\$25,371,584	\$620,524	\$0	\$0	-\$4,574,412	\$1,013,544	\$5,934	\$0	\$22,437,175
3	2017-18	\$25,134,638	\$620,524	\$0	\$0	-\$8,091,662	\$1,004,079	\$0	\$0	\$18,667,578
4	2018-19	\$25,579,739	\$620,524	\$0	\$0	-\$7,929,437	\$1,021,859	\$0	\$0	\$19,292,684
5	2019-20	\$27,038,770	\$620,524	\$0	\$0	-\$8,834,024	\$1,080,145	\$0	\$0	\$19,905,414
6	2020-21	\$29,300,227	\$620,524	\$0	\$0	-\$10,991,280	\$1,170,486	\$0	\$0	\$20,099,956
7	2021-22	\$33,963,808	\$620,524	\$0	\$0	-\$14,875,305	\$1,356,786	\$0	\$0	\$21,065,813
8	2022-23	\$23,802,267	\$620,524	\$0	\$0	-\$12,604,326	\$950,853	\$0	\$0	\$12,769,318
9	2023-24	\$23,492,084	\$620,524	\$0	\$0	-\$6,046,027	\$938,462	\$0	\$0	\$19,005,043
10	2024-25	\$23,196,758	\$620,524	\$0	\$0	-\$5,659,960	\$926,664	\$0	\$0	\$19,083,985
11	2025-26	\$22,849,654	\$620,524	\$0	\$0	-\$5,273,395	\$912,798	\$0	\$0	\$19,109,580
12	2026-27	\$22,557,701	\$620,524	\$0	\$0	-\$4,902,546	\$901,135	\$0	\$0	\$19,176,814
13	2027-28	\$22,278,840	\$620,524	\$0	\$0	-\$4,540,407	\$889,995	\$0	\$0	\$19,248,952
14	2028-29	\$21,993,092	\$620,524	\$0	\$0	-\$4,190,931	\$878,580	\$0	\$0	\$19,301,266
15	2029-30	\$21,719,672	\$620,524	\$0	\$0	-\$3,833,320	\$867,658	\$9,396	\$0	\$19,383,928

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	2014-15	\$19,584,012	\$620,524	\$0	\$0	-\$653,249	\$782,342	\$144,174	\$0	\$20,477,802
1	2015-16	\$22,069,379	\$620,524	\$0	\$0	-\$736,152	\$881,628	\$174,455	\$0	\$23,009,833
2	2016-17	\$25,371,584	\$620,524	\$0	\$0	-\$4,574,412	\$1,013,544	\$5,934	\$0	\$22,437,175
3	2017-18	\$20,224,063	\$620,524	\$0	\$0	-\$6,461,102	\$807,911	\$0	\$0	\$15,191,396
4	2018-19	\$20,939,176	\$620,524	\$0	\$0	-\$1,597,866	\$836,478	\$118,567	\$0	\$20,916,880
5	2019-20	\$22,658,221	\$620,524	\$0	\$0	-\$2,713,918	\$905,151	\$76,887	\$0	\$21,546,864
6	2020-21	\$25,179,671	\$620,524	\$0	\$0	-\$5,270,899	\$1,005,878	\$0	\$0	\$21,535,173
7	2021-22	\$30,113,266	\$620,524	\$0	\$0	-\$9,537,445	\$1,202,965	\$0	\$0	\$22,399,309
8	2022-23	\$20,211,737	\$620,524	\$0	\$0	-\$9,175,472	\$807,419	\$0	\$0	\$12,464,207
9	2023-24	\$20,171,568	\$620,524	\$0	\$0	-\$1,523,371	\$805,814	\$115,052	\$0	\$20,189,586
10	2024-25	\$20,136,234	\$620,524	\$0	\$0	-\$1,468,718	\$804,402	\$117,564	\$0	\$20,210,006
11	2025-26	\$22,849,654	\$620,524	\$0	\$0	-\$1,614,455	\$912,798	\$136,130	\$0	\$22,904,650
12	2026-27	\$22,557,701	\$620,524	\$0	\$0	-\$4,902,546	\$901,135	\$0	\$0	\$19,176,814
13	2027-28	\$22,278,840	\$620,524	\$0	\$0	-\$4,540,407	\$889,995	\$0	\$0	\$19,248,952
14	2028-29	\$21,993,092	\$620,524	\$0	\$0	-\$4,190,931	\$878,580	\$0	\$0	\$19,301,265
15	2029-30	\$21,719,672	\$620,524	\$0	\$0	-\$3,833,320	\$867,658	\$9,396	\$0	\$19,383,928

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	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2016-17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2017-18	-\$4,910,575	\$0	\$0	\$0	\$1,630,560	-\$196,168	\$0	\$0	-\$3,476,182
4	2018-19	-\$4,640,562	\$0	\$0	\$0	\$6,331,571	-\$185,381	\$118,567	\$0	\$1,624,195
5	2019-20	-\$4,380,549	\$0	\$0	\$0	\$6,120,106	-\$174,994	\$76,887	\$0	\$1,641,449
6	2020-21	-\$4,120,556	\$0	\$0	\$0	\$5,720,381	-\$164,608	\$0	\$0	\$1,435,217
7	2021-22	-\$3,850,542	\$0	\$0	\$0	\$5,337,860	-\$153,821	\$0	\$0	\$1,333,496
8	2022-23	-\$3,590,530	\$0	\$0	\$0	\$3,428,854	-\$143,435	\$0	\$0	-\$305,111
9	2023-24	-\$3,320,516	\$0	\$0	\$0	\$4,522,655	-\$132,648	\$115,052	\$0	\$1,184,543
10	2024-25	-\$3,060,523	\$0	\$0	\$0	\$4,191,242	-\$122,262	\$117,564	\$0	\$1,126,021
11	2025-26	\$0	\$0	\$0	\$0	\$3,658,940	\$0	\$136,130	\$0	\$3,795,070
12	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Table 5 - Estimated Financial impact of the Phillips 66 Company 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
Pre-Year 1	2014-15	\$31,370	\$31,370	\$0	\$1.040	\$326	\$326	\$0	\$0	\$0	\$0	\$0
1	2015-16	\$200,031,370	\$200,031,370	\$0	\$1.040	\$2,080,326	\$2,080,326	\$0	\$0	\$0	\$0	\$0
2	2016-17	\$547,033,000	\$547,033,000	\$0	\$1.040	\$5,689,143	\$5,689,143	\$0	\$0	\$0	\$0	\$0
3	2017-18	\$521,033,000	\$30,000,000	\$491,033,000	\$1.040	\$5,418,743	\$312,000	\$5,106,743	\$0	\$5,106,743	-\$3,476,182	\$1,630,561
4	2018-19	\$494,033,000	\$30,000,000	\$464,033,000	\$1.040	\$5,137,943	\$312,000	\$4,825,943	\$580,127	\$5,406,071	\$0	\$5,406,071
5	2019-20	\$468,033,000	\$30,000,000	\$438,033,000	\$1.040	\$4,867,543	\$312,000	\$4,555,543	\$557,806	\$5,113,350	\$0	\$5,113,350
6	2020-21	\$442,035,000	\$30,000,000	\$412,035,000	\$1.040	\$4,597,164	\$312,000	\$4,285,164	\$535,487	\$4,820,651	\$0	\$4,820,651
7	2021-22	\$415,035,000	\$30,000,000	\$385,035,000	\$1.040	\$4,316,364	\$312,000	\$4,004,364	\$512,308	\$4,516,672	\$0	\$4,516,672
8	2022-23	\$389,035,000	\$30,000,000	\$359,035,000	\$1.040	\$4,045,964	\$312,000	\$3,733,964	\$489,987	\$4,223,951	-\$305,111	\$3,918,840
9	2023-24	\$362,035,000	\$30,000,000	\$332,035,000	\$1.040	\$3,765,164	\$312,000	\$3,453,164	\$466,807	\$3,919,971	\$0	\$3,919,971
10	2024-25	\$336,037,000	\$30,000,000	\$306,037,000	\$1.040	\$3,494,785	\$312,000	\$3,182,785	\$444,488	\$3,627,273	\$0	\$3,627,273
11	2025-26	\$310,037,000	\$310,037,000	\$0	\$1.040	\$3,224,385	\$3,224,385	\$0	\$3,558,460	\$3,558,460	\$0	\$3,558,460
12	2026-27	\$283,037,000	\$283,037,000	\$0	\$1.040	\$2,943,585	\$2,943,585	\$0	\$0	\$0	\$0	\$0
13	2027-28	\$257,037,000	\$257,037,000	\$0	\$1.040	\$2,673,185	\$2,673,185	\$0	\$0	\$0	\$0	\$0
14	2028-29	\$230,039,000	\$230,039,000	\$0	\$1.040	\$2,392,406	\$2,392,406	\$0	\$0	\$0	\$0	\$0
15	2029-30	\$204,039,000	\$204,039,000	\$0	\$1.040	\$2,122,006	\$2,122,006	\$0	\$0	\$0	\$0	\$0
						\$56,768,705	\$23,621,035	\$33,147,670	\$7,145,469	\$40,293,140	-\$3,781,293	\$36,511,847
Tax Credit for Value Over Limit in First 2 Years								Year 1	Year 2	Max Credits		
								\$1,768,326	\$5,377,143	\$7,145,469		
								Credits Eamed		\$7,145,469		
								Credits Paid		<u>\$7,145,469</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.

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

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

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

<b>Bailey's Prairie:</b>	\$87,007.00, down 37.8 percent from 2009.
<b>Liverpool:</b>	\$554,661.00, up 32.8 percent from 2009.
<b>Quintana:</b>	\$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:

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

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

<b>Bailey's Prairie:</b>	\$5,454.70, down 28.7 percent from fiscal 2010.
<b>Liverpool:</b>	\$25,085.09, up 17.9 percent from fiscal 2010.
<b>Quintana:</b>	\$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:
 

<b>Pearland*:</b>	\$12.68 million, up 0.2 percent from the same period in 2010.
<b>Lake Jackson:</b>	\$4.49 million, up 2.8 percent from the same period in 2010.
<b>Alvin:</b>	\$3.58 million, up 8.2 percent from the same period in 2010.
<b>Angleton:</b>	\$1.95 million, up 2.0 percent from the same period in 2010.
<b>Freeport:</b>	\$1.32 million, up 14.3 percent from the same period in 2010.
<b>Clute:</b>	\$1.20 million, up 12.0 percent from the same period in 2010.
<b>Manvel:</b>	\$675,446.20, up 9.0 percent from the same period in 2010.
<b>West Columbia:</b>	\$439,718.95, up 0.5 percent from the same period in 2010.
<b>Sweeny:</b>	\$197,504.78, down 2.5 percent from the same period in 2010.
<b>Richwood:</b>	\$184,879.84, up 8.9 percent from the same period in 2010.
<b>Brazoria:</b>	\$474,043.43, up 6.3 percent from the same period in 2010.
<b>Jones Creek:</b>	\$27,593.02, up 2.8 percent from the same period in 2010.
<b>Brookside Village:</b>	\$22,157.56, down 23.2 percent from the same period in 2010.
<b>Danbury:</b>	\$48,106.28, up 22.6 percent from the same period in 2010.
<b>Oyster Creek:</b>	\$101,462.63, down 10.3 percent from the same period in 2010.
<b>Holiday Lakes:</b>	\$5,340.78, up 10.7 percent from the same period in 2010.
<b>Iowa Colony:</b>	\$118,301.95, up 50.3 percent from the same period in 2010.
<b>Surfside Beach:</b>	\$47,156.99, up 23.1 percent from the same period in 2010.
<b>Bailey's Prairie:</b>	\$3,774.23, up 7.4 percent from the same period in 2010.
<b>Liverpool:</b>	\$18,583.44, up 25.7 percent from the same period in 2010.
<b>Quintana:</b>	\$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:
 

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

<b>Liverpool:</b>	\$25,085.09, up 17.9 percent from the previous 12-month period.
<b>Quintana:</b>	\$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:

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

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