



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 9, 2016

REVISED RECOMMENDATION

Dr. Rodney Cavness
Superintendent
Port Neches-Groves Independent School District
620 Avenue C
Port Neches, Texas 77651

Re: Amended Recommendation for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Port Neches-Groves Independent School District and Air Liquide Industries U.S., LP, Application 354

Dear Superintendent Cavness:

On December 11, 2013, the Comptroller received the completed application (Application 354) for a limitation on appraised value under the provisions of Tax Code Chapter 313⁽¹⁾. This application was originally submitted in November 2013 to the Port Neches-Groves Independent School District (the school district) by Air Liquide Industries U.S., LP (the applicant).

At the time of application, the school district was classified as a rural school district in Category 2 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts.

On November 3, 2016, the Comptroller received an amendment to the application to:

- (a) adopt the regional wage as it existed on the date of the initial agreement

The Comptroller's recommendation is based on the amended 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 amended property value limitation agreement if the amended application is modified, the information presented in the amended application changes, or the amended limitation agreement does not conform to the amended 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:

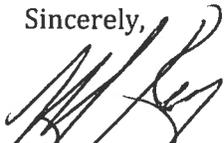
- 1) The applicant must provide the Comptroller a copy of the proposed amended limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for

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

- 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 amended agreement and affirm the recommendation made in this letter;
 - 3) The school district must approve and execute an amended limitation agreement that has been reviewed by the Comptroller; and
 - 4) The school district must provide a copy of the signed amended limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Economic Impact for Chapter 313 Project

Applicant	Air Liquide Large Industries U.S., LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Port-Neches Groves ISD
2012-13 Enrollment in School District	4,850
County	Jefferson County
Total Investment in District	\$117,000,000
Qualified Investment	\$117,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	8*
Number of qualifying jobs committed to by applicant	7
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,293
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,175
Minimum Annual Wage committed to by applicant for qualified jobs	\$67,230
Investment per Qualifying Job	\$16,714,286
Estimated 15 year M&O levy without any limit or credit:	\$14,366,976
Estimated gross 15 year M&O tax benefit	\$6,917,019
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):	\$6,037,766
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$904,800
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$8,329,210
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	42.0%
Percentage of tax benefit due to the limitation	86.9%
Percentage of tax benefit due to the credit	13.1%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	