Chapter 313 Annual Eligibility Report Form

Economic Development and Analysis
Form 50-772-A

SECTION 1: Applicant and District Information

1. Tax year covered by this report: 2013

   NOTE: This report must be completed and submitted to the school district by May 15 of every year using information from the previous tax (calendar) year.

2. Application number: 7

   NOTE: You can find your application number and all agreement documents and reports on the website www.texasahead.org/tax_programs/chapter313/applicants

3. Name of school district: Port Arthur ISD

4. Name of project on original application *(or short description of facility)*: Gas Hydrotreater Project

5. Name of applicant on original application: The Premcor Refining Group Inc

6. Name the company entering into original agreement with distrct: The Premcor Refining Group Inc.

7. Amount of limitation at time of application approval: $30,000,000

8. If you are one of two or more companies originally applying for a limitation, list all other applicants here and describe their relationships. *(Use attachments if necessary.)*

SECTION 2: Current Agreement Information

1. Name of current agreement holder(s) The Premcor Refining Group

2. Complete mailing address of current agreement holder One Valero Way, San Antonio, TX 78249

3. Company contact person for agreement holder *(same as signatory for this form)*:

   Russell Minor — Name
   Director Property Tax Compliance — Title
   (210) 345-4312 — Phone
   russell.minor@valero.com — Email

4. Texas franchise tax ID number of current agreement holder: 14314912305

5. If the current agreement holder does not report under the franchise tax law, please include name and tax ID of reporting entity:

   Name
   Tax ID

6. If the authorized company representative is different from the contact person listed above, complete the following:

   Name
   Title
   Complete Mailing Address
   Phone
   Email

7. If you are a current agreement holder who was not an original applicant, please list all other current agreement holders. Please describe the chain of ownership from the original applicant to the new entities. *(Use attachments if necessary.)*

SECTION 3: Applicant Eligibility Information

1. Does the business entity have the right to transact business with respect to Tax Code, Chapter 171? *(Attach printout from Comptroller Web site: http://www.window.state.tx.us/taxinfo/coasintr.html)* ☑ Yes ☐ No
2. Is the business entity current on all taxes due to the State of Texas? ☑ Yes ☐ No
3. Is the business activity of the project an eligible business activity under Section 313.024(b)? ☑ Yes ☐ No

   3a. Please identify business activity: Manufacturing

SECTION 4: Qualified Property Information

1. Market value from previous tax year: $ 56,663,100.00
2. I&S taxable value from previous tax year: $ 56,663,100.00
3. M&O taxable value from previous tax year: $ 56,663,100.00

SECTION 5A: Wage and Employment Information for Applications Prior to Jan. 1, 2014 (#1 Through 999)

ONLY COMPLETE THE WAGE SECTION (5A or 5B) THAT APPLIES TO YOUR APPLICATION. You can find your application number on the website at www.texasahead.org/tax_programs/chapter313/applicants.

NOTE: All statutory references in Section 5A are for statute as it existed prior to Jan. 1, 2014. For job definitions see TAC §9.1051(14) and Tax Code, §313.021(3). If the agreement includes a definition of "new job" other than TAC §9.1051(14)(C), then please provide the definition "new job" as used in the agreement. Notwithstanding any waiver by the district of the requirement for the creation of a minimum number of new jobs, or any other job commitment in the agreement, Tax Code §313.024(d) requires that 80 percent of all new jobs be qualifying jobs.

1. How many new jobs were based on the qualified property in the year covered by this report? *(See note above)* 12
2. What is the number of new jobs required for a project in this school district according to §313.021(2)(A)(iv)(b), §313.051(b), as appropriate? 10
3. Did the applicant request that the governing body waive the minimum job requirement, as provided under Tax Code §313.025(f-1)? ☐ Yes ☑ No

   3a. If yes, how many new jobs must the approved applicant create under the waiver?
4. Calculate 80 percent of new jobs (0.80 x number of new jobs based on the qualified property in the year covered by this report.) 9.6
5. What is the minimum required annual wage for each qualifying job in the year covered by the report? $ 57,480.50
6. Identify which of the four Tax Code sections is used to determine the wage standard required by the agreement:
   ☐ §313.021(5)(A) or ☐ §313.021(5)(B) or ☐ §313.021(3)(E)(ii) or ☑ §313.051(b)

   6a. Attach calculations and cite exact Texas Workforce Commission data source as defined in TAC §9.1051.
7. Does the agreement require the applicant to provide a specified number of jobs at a specified wage? ☐ Yes ☑ No

   7a. If yes, how many qualifying jobs did the approved applicant commit to create in the year covered by the report?

   7b. If yes, what annual wage did the approved applicant commit to pay in the year covered by the report? $

   7c. If yes, how many qualifying jobs were created at the specified wage in the year covered by the report?
8. How many qualifying jobs (employees of this entity and employees of a contractor with this entity) were based on the qualified property in the year covered by the report? 12

   8a. Of the qualifying job-holders last year, how many were employees of the approved applicant?

   8b. Of the qualifying job-holders last year, how many were employees of an entity contracting with the approved applicant?

   8c. If any qualifying job-holders were employees of an entity contracting with the applicant, does the approved applicant or assignee have documentation from the contractor supporting the conclusion that those jobs are qualifying jobs? ☐ Yes ☐ No ☑ N/A

SECTION 5B: Wage and Employment Information for Applications After Jan. 1, 2014 (#1000 and Above)

ONLY COMPLETE THE WAGE SECTION (5A or 5B) THAT APPLIES TO YOUR APPLICATION. You can find your application number on the website at www.texasahead.org/tax_programs/chapter313/applicants.

NOTE: For job definitions see TAC §9.1051(14) and Tax Code, §313.021(3).

QUALIFYING JOBS

1. What is the number of new qualifying jobs the applicant committed to create in the year covered by this report? ..... _____
2. Did the applicant request that the governing body waive the minimum qualifying job requirement, as provided under Tax Code §313.025(f-1)? ..... ☐ Yes ☐ No
   2a. If yes, how many new qualifying jobs must the approved applicant create under the waiver? ..... _____
3. Which Tax Code section are you using to determine the wage standard required for this project? .... ☐ §313.021(5)(A) or ☐ §313.021(5)(B)
   3a. Attach calculations and cite exact Texas Workforce Commission data sources as defined in TAC §9.1051.
4. What is the minimum required annual wage for each qualifying job in the year covered by this report? ..... $_____
5. What is the annual wage the applicant committed to pay for each of the qualifying jobs in the year covered by this report? ..... $_____
6. Do the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ..... ☐ Yes ☐ No

NON-QUALIFYING JOBS

7. What is the number of non-qualifying jobs the applicant had on Dec. 31 of the year covered by this report? ..... _____
8. What was the average wage you were paying for non-qualifying jobs on Dec. 31 of the year covered by this report? .. $_____
9. What is the county average weekly wage for non-qualifying jobs, as defined in TAC §9.1051? ..... $_____

MISCELLANEOUS

10. Did the applicant rely on a determination by the Texas Workforce Commission under the provisions §313.024(3)(F) in meeting the qualifying job requirements? ..... ☐ Yes ☐ No
    10a. If yes, attach supporting documentation to evidence that the requirements of §313.021(3)(F) were met.
11. Are you part of a Single Unified Project (SUP) and relying on the provisions in Tax Code §313.024(d-2) to meet the qualifying job requirements? ..... ☐ Yes ☐ No
    11a. If yes, attach supporting documentation from the Texas Economic Development and Tourism Office including a list of the other school district(s) and the qualifying jobs located in each.

SECTION 6: Qualified Investment During Qualified Time Period

ENTITIES ARE NOT REQUIRED TO COMPLETE THIS SECTION IF THE YEAR COVERED BY THE REPORT IS AFTER THE QUALIFYING TIME PERIOD OF THEIR AGREEMENT.

1. What is the qualified investment expended by this entity from the beginning of the qualifying time period through the end of the year covered by this report? ..... $_____
2. Was any of the land classified as qualified investment? ..... ☐ Yes ☐ No
3. Was any of the qualified Investment leased under a capitalized lease? ..... ☐ Yes ☐ No
4. Was any of the qualified Investment leased under an operating lease? ..... ☐ Yes ☐ No
5. Was any property not owned by the applicant part of the qualified investment? ..... ☐ Yes ☐ No

SECTION 7: Partial Interest

THE FOLLOWING QUESTIONS MUST BE ANSWERED BY ENTITIES HAVING A PARTIAL INTEREST IN AN AGREEMENT. For limitation agreements where there are multiple company entities that receive a part of the limitation provided by the agreement: 1) each business entity not having a full interest in the agreement should complete a separate form for their proportionate share of required employment and investment information; and, 2) separately, the school district is required to complete an Annual Eligibility Report that provides for each question in this form a sum of the individual answers from reports submitted by each entity so that there is a cumulative Annual Eligibility Report reflecting the entire agreement.

1. What was your limitation amount (or portion of original limitation amount) during the year covered by this report? . . . . _____

2. Please describe your interest in the agreement and identify all the documents creating that interest.

SECTION 8: Approval

"I am the authorized representative for the Company submitting this Annual Eligibility Report. I understand that this Report is a government record as defined in Chapter 37 of the Texas Penal Code. The information I am providing on this Report is true and correct to the best of my knowledge and belief."

print here Russell Minor
Print Name *(Authorized Company Representative)*

Director, Ad Valorem Tax
Title

sign here
Signature *(Authorized Company Representative)*

06/06/2014
Date

print here Natalie Villarreal
Print Name of Preparer *(Person Who Completed the Form)*

THE ECONOMIC IMPACT

OF PREMCOR'S PORT ARTHUR EXPANSION

ATTACHMENT C

Introduction

In 2001, the 77th Regular Session of the Texas Legislature addressed the disproportionate burden placed on capital-intensive industries. Of concern was the competitive disadvantage that Texas communities faced when competing for economic development projects. Specifically, more aggressive incentive programs and investment tax credits offered by other states made investment in Texas too costly. The *Texas Strategic Economic Development Plan 1998-2008*[1] (Texas ED Plan) found that the lack of R&D and investment tax credits and relatively high property tax rates "place Texas at a significant disadvantage when competing with other states for high capital-intensive projects." The Texas Economic Development Act (House Bill 1200) amended the Texas Tax Code to allow businesses to apply for a reduction in local school district property tax; making the state more attractive for large-scale projects. As part of the Texas Economic Development Act, school districts considering a business's application for a reduction of taxes should engage a third party to perform an economic impact analysis.

Texas Perspectives, Inc. (TXP) was retained as part of a team with Moak, Casey & Associates, LLP in October, 2002 to assist the Port Arthur Independent School District (Port Arthur I.S.D.) with its evaluation of the Premcor Refining Group's (Premcor) expansion. For this report, TXP has focused on the economic impact of Premcor's proposed Gas Hydrotreater. TXP has spent the past two months collecting data on the Jefferson County area, researching the petroleum and refining industries, and building econometric models to simulate the regional economy. The end result is a detailed report that will assist Port Arthur, the City of Port Arthur, and Jefferson County leaders in determining the short and long-term economic benefits generated by Premcor.

This report has been divided into five sections:

- Section 1 – Oil, Gas, & Chemicals Industries & the Texas Economy
- Section 2 – Jefferson County Economic Climate
- Section 3 – Premcor's Investment in the Port Arthur I.S.D.
- Section 4 – Premcor's Economic Impact on the Port Arthur I.S.D. and Jefferson County
- Section 5 – Conclusions

The first two sections of the report focus on the historic role of the oil and chemical industries on the State of Texas and the Jefferson County region. A thorough economic and fiscal impact analysis, Sections 3 and 4, details the benefits gained by the Premcor project. The report closes with a review of the competitive economic development landscape when it comes to recruiting capital-intensive industries, followed by the report's conclusions.

[1] Texas Strategic Economic Development Planning Commission. *Texas Strategic Economic Development Plan: 1998-2008*. Austin: State of Texas, 1998.

Regional Tax Revenue Impact

Beyond the direct, indirect, and induced economic impacts detailed above, Premcor's expansion will generate a tremendous amount of tax revenue for local taxing jurisdictions. All levels of government – school districts, city, county, and special taxing authorities – would be positively impacted by the attraction of Premcor. In fact, the biggest winner would be the Port Arthur I.S.D. In this section, TXP has quantified the amount of direct and indirect tax revenue attributable to the Premcor development project.

For this study, TXP paid special attention to collecting accurate information to ensure a thorough and statistically valid analysis of Premcor's impact on the local economy. Tax rates for 2002 were obtained from the Jefferson County Tax Office. Note, tax abatements with local jurisdictions are not considered.

A number of important considerations should be taken into account when reviewing the economic impacts of Premcor's expansion. One issue, for example, is that part of Premcor's economic impact transcends local taxing jurisdictions. Port Arthur and Jefferson County are part of the much larger Beaumont-Port Arthur MSA economy that extends beyond their immediate borders. It is not unreasonable to expect workers at Premcor to commute from surrounding counties, shop in neighboring cities, and spend dollars outside of Port Arthur and Jefferson County. It is difficult, if not impossible, to accurately determine the amount of tax revenue that individual communities will receive from increased retail sales activity. In addition, employees at the Premcor facility will commute from cities throughout Jefferson County. Therefore, TXP has focused its efforts on determining the amount of ad valorem tax revenue the Port Arthur I.S.D., Port Arthur, and Jefferson County will receive. TXP has also conservatively projected the total amount of increased sales tax revenue that Port Arthur and Jefferson County will receive. In addition, TXP has forecast the total amount of ad valorem tax revenue that will be generated for Port Arthur and Jefferson County as a result of increased regional employment.

To put this project's economic impact into perspective, the following table compares Premcor's salary and investment projections per job with Jefferson County. Clearly, Premcor's wages and investment levels are far greater than the Jefferson County averages.

Table 7: Premcor's Expansion vs. Jefferson County

Direct	Jefferson County (2000)	Texas (2000)	Premcor Expansion (Average)	% Difference vs. Jefferson
Average Salary Per Manufacturing Job	$52,255	$45,070	$114,138	+118%
Investment Per Job	$111,087	NA	$5,250,000	+4626%

* Investment per job for Jefferson County = Total Jefferson County Taxable Value / Total Employment

**52,255*110% =

Franchise Tax Account Status

As of: 05/15/2014 02:02:08 PM

This Page is Not Sufficient for Filings with the Secretary of State

THE PREMCOR REFINING GROUP INC.	
Texas Taxpayer Number	14314912305
Mailing Address	PO BOX 696000 SAN ANTONIO, TX 78269-6000
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	10/24/1988
Texas SOS File Number	0007803606
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	1999 BRYAN ST., STE. 900 DALLAS, TX 75201