



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

July 6, 2015

Dr. James Cowley
Superintendent
Calhoun County Independent School District
525 North Commerce Street
Port Lavaca, Texas 77979

Dear Superintendent Cowley:

On April 7, 2015, the Comptroller issued written notice that Formosa Plastics Corporation, Texas (the applicant) submitted a completed application (Application #1048) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on March 4, 2015, to the Calhoun County Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 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 issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1048.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

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

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of April 7, 2015, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Robert Wood, Associate Deputy Comptroller, by email at robert.wood@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller’s economic impact analysis of Formosa Plastics Corporation, Texas (the project) applying to Calhoun County Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Formosa Plastics Corporation, Texas.

Applicant	Formosa Plastics Corporation, Texas
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Calhoun ISD
2011-12 Enrollment in School District	4278
County	Calhoun
Proposed Total Investment in District	\$1,600,000,000
Proposed Qualified Investment	\$1,135,000,000
Limitation Amount	\$30,000,000
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$978
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$978
Minimum annual wage committed to by applicant for qualified jobs	\$50,866
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$160,000,000
Estimated M&O levy without any limit (15 years)	\$60,963,777
Estimated M&O levy with Limitation (15 years)	\$16,454,144
Estimated gross M&O tax benefit (15 years)	\$44,509,633
<i>* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).</i>	

Table 2 is the estimated statewide economic impact of Formosa Plastics Corporation, Texas (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	78	75	153	\$4,382,784	\$4,617,216	\$9,000,000
2016	335	341	676	\$18,815,671	\$25,184,329	\$44,000,000
2017	335	356	691	\$18,815,671	\$30,184,329	\$49,000,000
2018	335	405	740	\$18,815,671	\$35,184,329	\$54,000,000
2019	138	184	322	\$8,446,970	\$20,553,030	\$29,000,000
2020	138	145	283	\$8,446,970	\$18,553,030	\$27,000,000
2021	138	120	258	\$8,446,970	\$16,553,030	\$25,000,000
2022	138	100	238	\$8,446,970	\$15,553,030	\$24,000,000
2023	138	91	229	\$8,446,970	\$14,553,030	\$23,000,000
2024	138	85	223	\$8,446,970	\$13,553,030	\$22,000,000
2025	138	75	213	\$8,446,970	\$12,553,030	\$21,000,000
2026	138	75	213	\$8,446,970	\$12,553,030	\$21,000,000
2027	138	77	215	\$8,446,970	\$12,553,030	\$21,000,000
2028	138	53	191	\$8,446,970	\$11,553,030	\$20,000,000
2029	138	48	186	\$8,446,970	\$11,553,030	\$20,000,000
2030	138	46	184	\$8,446,970	\$11,553,030	\$20,000,000

Source: CPA, REMI, Formosa Plastics Corporation, Texas

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Calhoun ISD I&S Tax Levy	Calhoun ISD M&O Tax Levy	Calhoun ISD M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun County Navigation District Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.07500	1.0401		0.4900	0.0031	
2015	\$496,200	\$496,200		\$372	\$5,161	\$5,533	\$2,431	\$15	\$7,980
2016	\$14,496,200	\$14,496,200		\$10,872	\$150,775	\$161,647	\$71,031	\$449	\$233,128
2017	\$600,496,200	\$600,496,200		\$450,372	\$6,245,761	\$6,696,133	\$2,942,431	\$18,615	\$9,657,180
2018	\$570,496,200	\$570,496,200		\$427,872	\$5,933,731	\$6,361,603	\$2,795,431	\$17,685	\$9,174,720
2019	\$541,996,200	\$541,996,200		\$406,497	\$5,637,302	\$6,043,800	\$2,655,781	\$16,802	\$8,716,383
2020	\$514,921,200	\$514,921,200		\$386,191	\$5,355,695	\$5,741,886	\$2,523,114	\$15,963	\$8,280,963
2021	\$489,199,950	\$489,199,950		\$366,900	\$5,088,169	\$5,455,069	\$2,397,080	\$15,165	\$7,867,314
2022	\$464,764,763	\$464,764,763		\$348,574	\$4,834,018	\$5,182,592	\$2,277,347	\$14,408	\$7,474,347
2023	\$441,551,334	\$441,551,334		\$331,164	\$4,592,575	\$4,923,739	\$2,163,602	\$13,688	\$7,101,029
2024	\$419,498,578	\$419,498,578		\$314,624	\$4,363,205	\$4,677,829	\$2,055,543	\$13,004	\$6,746,376
2025	\$398,548,459	\$398,548,459		\$298,911	\$4,145,303	\$4,444,214	\$1,952,887	\$12,355	\$6,409,456
2026	\$378,645,846	\$378,645,846		\$283,984	\$3,938,295	\$4,222,280	\$1,855,365	\$11,738	\$6,089,382
2027	\$359,738,364	\$359,738,364		\$269,804	\$3,741,639	\$4,011,442	\$1,762,718	\$11,152	\$5,785,312
2028	\$341,776,255	\$341,776,255		\$256,332	\$3,554,815	\$3,811,147	\$1,674,704	\$10,595	\$5,496,446
2029	\$324,712,253	\$324,712,253		\$243,534	\$3,377,332	\$3,620,866	\$1,591,090	\$10,066	\$5,222,022
					Total	\$65,359,780	\$28,720,556	\$181,701	\$94,262,038

Source: CPA, Formosa Plastics Corporation, Texas

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Calhoun County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with Calhoun County and Calhoun County Navigation District.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought									
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Calhoun ISD I&S Tax Levy	Calhoun ISD M&O Tax Levy	Calhoun ISD M&O and I&S Tax Levies	Calhoun County Tax Levy	Calhoun County Navigation District Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.07500	1.0401		0.4900	0.0031	
2015	\$496,200	\$496,200		\$372	\$5,161	\$5,533	\$2,431	\$15	\$7,980
2016	\$14,496,200	\$14,496,200		\$10,872	\$150,775	\$161,647	\$0	\$0	\$161,647
2017	\$600,496,200	\$600,496,200		\$450,372	\$6,245,761	\$6,696,133	\$0	\$0	\$6,696,133
2018	\$570,496,200	\$30,000,000		\$427,872	\$312,030	\$739,902	\$0	\$0	\$739,902
2019	\$541,996,200	\$30,000,000		\$406,497	\$312,030	\$718,527	\$0	\$0	\$718,527
2020	\$514,921,200	\$30,000,000		\$386,191	\$312,030	\$698,221	\$0	\$0	\$698,221
2021	\$489,199,950	\$30,000,000		\$366,900	\$312,030	\$678,930	\$0	\$0	\$678,930
2022	\$464,764,763	\$30,000,000		\$348,574	\$312,030	\$660,604	\$0	\$0	\$660,604
2023	\$441,551,334	\$30,000,000		\$331,164	\$312,030	\$643,194	\$0	\$0	\$643,194
2024	\$419,498,578	\$30,000,000		\$314,624	\$312,030	\$626,654	\$0	\$0	\$626,654
2025	\$398,548,459	\$30,000,000		\$298,911	\$312,030	\$610,941	\$0	\$0	\$610,941
2026	\$378,645,846	\$30,000,000		\$283,984	\$312,030	\$596,014	\$1,855,365	\$11,738	\$2,463,117
2027	\$359,738,364	\$30,000,000		\$269,804	\$312,030	\$581,834	\$1,762,718	\$11,152	\$2,355,704
2028	\$341,776,255	\$341,776,255		\$256,332	\$3,554,815	\$3,811,147	\$1,674,704	\$10,595	\$5,496,446
2029	\$324,712,253	\$324,712,253		\$243,534	\$3,377,332	\$3,620,866	\$1,591,090	\$10,066	\$5,222,022
					Total	\$20,850,147	\$6,886,308	\$43,566	\$27,780,022
					Diff	\$44,509,633	\$21,834,249	\$138,135	\$66,482,016

Source: CPA, Formosa Plastics Corporation, Texas

¹Tax Rate per \$100 Valuation

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.

Attachment B – Tax Revenue over 25 Years

This represents the Comptroller's determination that FORMOSA PLASTICS CORPORATION TEXAS (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2015	\$5,161	\$5,161	\$0	\$0
	2016	\$150,775	\$155,936	\$0	\$0
	2017	\$6,245,761	\$6,401,697	\$0	\$0
Limitation Period (10 Years)	2018	\$312,030	\$6,713,727	\$5,621,701	\$5,621,701
	2019	\$312,030	\$7,025,757	\$5,325,272	\$10,946,973
	2020	\$312,030	\$7,337,787	\$5,043,665	\$15,990,639
	2021	\$312,030	\$7,649,817	\$4,776,139	\$20,766,778
	2022	\$312,030	\$7,961,847	\$4,521,988	\$25,288,766
	2023	\$312,030	\$8,273,877	\$4,280,545	\$29,569,311
	2024	\$312,030	\$8,585,907	\$4,051,175	\$33,620,486
	2025	\$312,030	\$8,897,937	\$3,833,273	\$37,453,758
	2026	\$312,030	\$9,209,967	\$3,626,265	\$41,080,024
	2027	\$312,030	\$9,521,997	\$3,429,609	\$44,509,633
Maintain Viable Presence (5 Years)	2028	\$3,554,815	\$13,076,812	\$0	\$44,509,633
	2029	\$3,377,332	\$16,454,144	\$0	\$44,509,633
	2030	\$3,208,724	\$19,662,867	\$0	\$44,509,633
	2031	\$3,048,545	\$22,711,413	\$0	\$44,509,633
	2032	\$2,896,376	\$25,607,789	\$0	\$44,509,633
Additional Years as Required by 313.026(c)(1) (10 Years)	2033	\$2,751,815	\$28,359,605	\$0	\$44,509,633
	2034	\$2,614,483	\$30,974,087	\$0	\$44,509,633
	2035	\$2,484,017	\$33,458,104	\$0	\$44,509,633
	2036	\$2,360,074	\$35,818,178	\$0	\$44,509,633
	2037	\$2,242,328	\$38,060,506	\$0	\$44,509,633
	2038	\$2,130,470	\$40,190,976	\$0	\$44,509,633
	2039	\$2,024,204	\$42,215,180	\$0	\$44,509,633
	2040	\$1,923,252	\$44,138,433	\$0	\$44,509,633
	2041	\$1,827,348	\$45,965,780	\$0	\$44,509,633
	2042	\$1,736,238	\$47,702,019	\$0	\$44,509,633

\$47,702,019

is greater than

\$44,509,633

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

Source: CPA, FORMOSA PLASTICS CORPORATION TEXAS

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.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in the Formosa Plastics Corporation decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- According to the company documentation dated January 16, 2014, Formosa Plastics is planning to invest in a new ethylene plant in Louisiana using shale gas feedstock, according to local reports. Formosa is already developing a 1.2 million MT/year ethylene plant at Point Comfort, TX.
- Documents retrieved online and dated November 28, 2014, the PDH plan, which will have a capacity to produce 545,000 tons of propylene per year, is part of the Point Comfort petrochemical complex expansion announced by Formosa in February 2012.
- Documents retrieved online and dated March 1, 2012, Formosa Plastics Corporation, USA announced to invest more than \$1.7 billion at its Point Comfort, Texas site, USA, in new Olefins and Low Density Polyethylene (LDPE) facility. This will be the third major expansion at the Point Comfort site and will consist of a:
 - a. New, grass-root 800,000 MT/Y olefins cracker
 - b. Associated 600,000 MT/Y propane dehydrogenation (PDH) unit
 - c. New 300,000 MT/Y low density polyethylene (LDPE) resin plant
- Documents retrieved online and dated September 26, 2014, ThyssenKrupp Industrial Solutions awarded a contract for propane dehydrogenation plant September 26, 2014.
- Documents retrieved online and dated December 23, 2014, Calhoun County was presented with a \$2 million check from Formosa Plastics Corp.; the payment is part of a tax abatement agreement between the Calhoun County government and Formosa that calls for forgiveness of property tax on a \$2 billion expansion at the Formosa plant. The agreement was negotiated is to be 100 percent abated for 10 years beginning in 2016.

- Per Texas Wide Open for Business, published by the Governor's Office Economic Development & Tourism in 2014, Formosa Plastics Plans \$2 billion petrochemical expansion in Point Comfort.
- The applicant provided supporting documentation that favorable property tax conditions have been part of the decision to invest capital in Texas or Louisiana. The applicant also provided a recent cost comparison for property tax on investment in Texas and Louisiana. In all scenarios, the property taxes would be less in Louisiana than Texas.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

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.

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for one of the following activities:
 - (1) manufacturing ☒ Yes ☐ No
 - (2) research and development ☐ Yes ☒ No
 - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
 - (5) renewable energy electric generation ☐ Yes ☒ No
 - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
 - (7) nuclear electric power generation ☐ Yes ☒ No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

☒ Land has no existing improvements
☐ Expansion of existing operation on the land (*complete Section 13*)

☐ Land has existing improvements (*complete Section 13*)
☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☒ Yes ☐ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☒ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☒ Yes ☐ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☒ Yes ☐ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☒ Yes ☐ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☒ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☒ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☐ Yes ☒ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

**Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value**

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Jindal holds meetings in Taiwan



MICHELLE MILLHOLLON
mmillhollon@theadvocate.com
Feb. 20, 2014

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COMMENTS

Gov. Bobby Jindal sent a postcard from Taiwan on Monday, sharing snapshots from the **first leg of his Asia trip**.

So far, Jindal has met with Taiwan President Ma Ying-Jeou and Formosa executives, according to the governor's press office. No media was allowed to accompany the governor. His press office emailed a short statement early Monday morning.

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Jindal and Ma discussed economics. According to Jindal's office, Taiwan imports agricultural, energy and chemical products from Louisiana.

The **Central News Agency in Taipei** reported that Jindal pledged friendship and sharing. The governor stressed that Taiwan was an important trading partner for Louisiana and in the U.S. Taiwanese news coverage also noted that Jindal's first visit on his first trip abroad as governor was to Taiwan, which calls itself the Republic of China.

Ma apparently used the meeting to highlight Taiwan's efforts to join the Trans-Pacific Partnership. The U.S., Japan, Mexico, Singapore and other world powers are negotiating TPP as a massive trade agreement. Taiwan expressed interest last year but has not been invited to participate in the talks.

Jindal tweeted a picture of himself posing with Ma. The photograph shows that Jindal's wife, Supriya, accompanied the governor on the trip.

While in Taiwan, the governor also met with Formosa officials. Formosa Plastics, an offshoot of the Taiwan-based Formosa Plastics Group, operates a chemical manufacturing **subsidiary in north Baton Rouge**. The site produces feedstock materials, electricity and steam.

Jindal met with Susan Wang, vice chairman of the Formosa Plastics Group executive board, and C.T. Lee, chairman of the Formosa Plastics Corporation. They reportedly discussed business growth opportunities in Louisiana.

Jindal characterized his three-country visit to Asia as a job-creation mission. He said he is looking for business opportunities on Louisiana's behalf. From Taiwan, he heads to Seoul, South Korea, Tuesday before going to Japan. He returns to the U.S. on Saturday.

The total cost of the trip is unclear. Jindal's campaign paid for his plane ticket, but taxpayers appear to be picking up the bulk of the tab.

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Formosa Plastics plans to build ethylene plant in Louisiana

By GAIL ALBERT | January 16, 2014 | National Aluminum

Formosa Plastics is planning to invest in a new ethylene plant in Louisiana using shale gas feedstock, according to local reports citing Formosa Plastics' chairman Lee Chinsuen. Lee was speaking to Formosa employees in Kaohsiung, Taiwan, on Tuesday at the company's end-of-year party. Lee made the statement a day after the governor of Louisiana, Bobby Jindal, visited the company at Taipei.

Formosa Plastics is already developing a 1.2-million m.t./year ethylene plant at Point Comfort, TX. "The governor called on us to invest not only in Texas but also in Louisiana, because the tax rate in the state is the same as in Texas, while gas prices in Louisiana are actually lower," Lee says, according to local reports. Formosa does not as yet have estimates of how much the Louisiana project would cost because the company needs to make further studies to evaluate the project, the chairman says.

Formosa's Texas facility is expected to cost \$3 billion. The facility will include units producing 1.2 million m.t./year of ethylene; 600,000 m.t./year of propylene; and 400,000 m.t./year of high-density polyethylene and will come onstream in the first quarter of 2017, Lee says. "The costs of making ethylene with shale gas are one-third of the costs of making it using other raw materials," Lee says.

Global production of ethylene will rise by 5.8 million m.t. this year, which is relatively low, he says. The Mideast, which accounts for 17% of global ethylene production, is unlikely to grow above 20% of the global total in the future because there is not a lot of cheap gas there, Lee says. Formosa plans to spend \$13.2 billion on new plants in the United States, China, and Vietnam, he says.

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TEXAS EDUCATION AGENCY
Texas Academic Performance Report
2012-13 District Profile

District Name: BRAZOSPORT ISD
 County Name: BRAZORIA
 District Number: 020905

Student Information

	Count	District	Percent	Count	State	Percent
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Total Students:

	12,505		100.0%	5,058,939		100.0%
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Students by Grade:

Early Childhood Education	38		0.3%	13,416		0.3%
Pre-Kindergarten	485		3.9%	226,772		4.5%
Kindergarten	897		7.2%	390,300		7.7%
Grade 1	951		7.6%	396,661		7.8%
Grade 2	974		7.8%	388,982		7.7%
Grade 3	929		7.4%	382,780		7.6%
Grade 4	930		7.4%	378,526		7.5%
Grade 5	907		7.3%	376,252		7.4%
Grade 6	950		7.6%	380,055		7.5%
Grade 7	974		7.8%	377,084		7.5%
Grade 8	894		7.1%	366,690		7.2%
Grade 9	1,048		8.4%	402,264		8.0%
Grade 10	970		7.8%	350,372		6.9%
Grade 11	865		6.9%	327,540		6.5%
Grade 12	693		5.5%	301,245		6.0%

Ethnic Distribution:

African American	1,005		8.0%	644,357		12.7%
Hispanic	6,275		50.2%	2,597,524		51.3%
White	4,703		37.6%	1,515,859		30.0%
American Indian	55		0.4%	21,716		0.4%
Asian	197		1.6%	183,395		3.6%
Pacific Islander	11		0.1%	6,618		0.1%
Two or More Races	259		2.1%	89,470		1.8%

Economically Disadvantaged

Non-Educationally Disadvantaged	7,305		58.4%	3,054,741		60.4%
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English Language Learners (ELL)

Students w/ Disciplinary Placements (2011-2012)	5,200		41.6%	2,004,198		39.6%
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Students w/ Disciplinary Placements (2011-2012)

At-Risk	990		7.9%	863,974		17.1%
	328		2.4%	87,292		1.7%
	4,418		35.3%	2,260,864		44.7%

Graduates (Class of 2012):

Total Graduates	785		100.0%	292,636		100.0%
-----------------	-----	--	--------	---------	--	--------

By Ethnicity (incl. Special Ed.):

African American	73		9.3%	38,213		13.1%
Hispanic	307		39.1%	131,106		44.8%
White	380		48.4%	105,767		36.1%
American Indian	2		0.3%	1,427		0.5%
Asian	10		1.3%	10,871		3.7%
Pacific Islander	0		0.0%	396		0.1%
Two or More Races	13		1.7%	4,856		1.7%

By Graduation Type (incl. Special Ed.):

Minimum H.S. Program	151		19.2%	57,010		19.5%
Recommended H.S. Program/DAP	634		80.8%	235,626		80.5%

Special Education Graduates

	64		8.2%	25,213		8.6%
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From: Jerry Lai/TXTF
Sent: Tuesday, January 14, 2014 5:29 PM
To: Jack Wu/FTADSF
Subject: FW: Texas and Louisiana Property Tax Comparison

fyi

Jerry lai
Formosa Plastics Corporation, TX
Tel: 361-987-7720

From: George Johnson [<mailto:geojohnson@prodigy.net>]
Sent: Tuesday, January 14, 2014 5:15 PM
To: David Lin / FPC Chief Financial Officer
Cc: Jerry Lai/TXTF
Subject: Texas and Louisiana Property Tax Comparison

David,

In order to demonstrate the property tax differences between Texas and Louisiana please see the attached Analysis for a capitol investment scenario of \$100,000,000 for M&E and \$10,000,000 monthly inventory balance. The Texas calculations used the latest exemptions percentages obtained for our SPVC and CFB plants as the basis for determining the total property tax impact for the first 7 years, 10 years of the exemptions and the 11th year where no exemptions would be in effect. For Louisiana, I used the 5 year exemption and the 5 year extension that Louisiana allows.

At the bottom highlighted in gray you will see the estimated property taxes for both Texas and Louisiana. In every case the property taxes would be less in Louisiana as indicated by the Difference totals for 7 yrs., 10 yrs and the 11th year where all exemptions have expired.

Should you need clarification on any part feel free to call me at 281-257-2168.

Best regards,

George

TX and LA Property Tax Comparison

Item	Subject	TX		LA	Remarks
		January 1st every year	Same		
1	Appraisal Date	Real Property, Personal Property and Inventory	Same		
2	Taxable item		Same		
3	Appraisal Method				
	a. Real Property	RCN(Replacement Cost New) * Depreciation Rate * Service Factor = Taxable Value		Net Cost (Original Cost - Exemption) * Depreciation Rate * 15% = Taxable Value	LA can apply Manufacturing Property 100% Exemption for 5 years, and apply for extension another 5 years.
	b. Personal Property, mostly Administration and Office related, LA Specify Computer and Electronic property	RCN(Replacement Cost New) * Depreciation Rate * Service Factor = Taxable Value		Net Cost (Original Cost - Exemption) * Depreciation Rate * 15% = Taxable Value	LA can apply Manufacturing Property 100% Exemption for 5 years, and apply for extension another 5 years.
	c. Inventory - Product or Material	Render the actual cost or Market Value and refer to profitable situation		Render the actual cost with annual 12 month average * 15% = Taxable Value	
4	Tax Rate	2013 County Tax 0.49% School Tax 1.1151% Navigation Tax 0.0031% Total 1.6082% *City Tax 0.5299% if within City		2013 Rate 9.25%	
5	Tax Paid - Taxable Value * Rate	2013 Paid \$21M (0.347% against Acquired Value)		2013 Paid \$1.9M (0.298% against Acquired Value)	
6	Exemption	Pollution Control Property by application		First 5 year by application, and can apply extension 5 more years, on 100% of new construction.	
7	Other Legislation	Abatement to County and Navigation Tax at 0.4931% by application, normally due in 7 years. The first 2 years 100% exempt, and the rest years 85% exempt.			

Example
Impts Investment Inventory Monthly Avg.
100,000,000 10,000,000

TX and LA Property Tax Comparison

Item	Subject	TX	LA	Example	
				Impts Investment	Inventory Monthly Avg.
		HB1200 Tax Credit bill helped the new construction in first 2 years to pay School Tax based on 100% Actual Expenditure, and starting 3rd year, first \$30M be 100% taxable, and the amount access \$30M will pay only 50%. The Exemption need to apply and get local government approval. Currently CFB and SPVC approved to be effective 2008 and end 2017.			

Formosa Property Tax Comparison Texas Vs Louisiana

State	Description Investment Amount Plant Imps	2014	2015	2016-2020	2021-2023	2024
Texas	100,000,000	50,000,000	100,000,000	100,000,000	100,000,000	100,000,000
		Calhoun County	Calhoun County	Calhoun County	Calhoun County	Calhoun County
		Cost Index	1.00	1.027	1.045	1.434
		Depreciation	0.98	0.97	0.71	0.99
		Exemption	100%	100%	85%	0%
		Service factor	0.5	0.5	0.45	0.45
		Assessment Ratio	100%	100%	100%	100%
		Tax Rate	0.004931	0.004931	0.004931	0.004931
		Estimated Taxes	0	0	184,954	219,556

Texas	Inventory	10,000,000	0	0	10,000,000	10,000,000
		Cost Index	1.00	1.00	1.00	1.00
		Assessment Ratio	100%	100%	100%	100%
		Tax Rate	0.004931	0.004931	0.016082	0.016082
		Estimated Taxes	0	0	894,100	160,820

Total County w/ Exemption for 7 yrs \$ 971,054
County Total for 18 yrs \$ 2,117,851
Total for Year 2024 after exemptions \$ 390,376

State	Description Investment Amount Plant Imps	2014	2015	2016-2020	2021-2023	2024
Texas	100,000,000	50,000,000	100,000,000	30,000,000	30,000,000	100,000,000
		Calhoun ISD Value Limitation	1.00	1.027	1.045	1.434
		Cost Index	0.98	0.97	0.98	0.99
		Exemption	0	0	0	0
		Service factor	0.5	0.5	0.45	0.45
		Assessment Ratio	100%	100%	100%	100%
		Tax Rate	0.01151	0.01151	0.01151	0.01151
		Estimated Taxes	281,395	573,307	778,411	512,481

Calhoun ISD Value Contribution	70,000,000	70,000,000	70,000,000	70,000,000	70,000,000
Cost Index	1.045	1.045	1.045	1.045	1.045
Depreciation	0.98	0.98	0.98	0.98	0.98
Exemption	0	0	0	0	0
Service factor	0.50	0.50	0.50	0.50	0.50
Assessment Ratio	100%	100%	100%	100%	100%
Tax Rate	0.01151	0.01151	0.01151	0.01151	0.01151
Estimated Taxes	909,313	542,747	542,747	358,704	358,704

Summary of Taxes calculated for a \$100,000,000 capital investment and a \$10,000,000 average monthly inventory.

State	Description Investment Amount Plant and Inventory Plant and Inventory Plant and Inventory	2014	2015	2016-2020	2021-2023	2024
Texas	100,000,000	50,000,000	100,000,000	30,000,000	30,000,000	100,000,000
		Calhoun ISD Value Limitation	1.00	1.027	1.045	1.434
		Cost Index	0.98	0.97	0.98	0.99
		Exemption	0	0	0	0
		Service factor	0.5	0.5	0.45	0.45
		Assessment Ratio	100%	100%	100%	100%
		Tax Rate	0.01151	0.01151	0.01151	0.01151
		Estimated Taxes	281,395	573,307	778,411	512,481

Major Differences: 1. Louisiana offers a 5 year with an additional 6 year option 100% exemption for capital expenditures, whereas Texas has 7 year variable exemption % for Calhoun county and a value limitation exemption for Calhoun ISD.

2. Louisiana uses a 15 year life depreciation whereas Texas uses a range of 25-35 year life.

3. Each state uses a general cost approach. However Louisiana uses a state tax commission determined value manual for determining assessments and Texas employs valuation firms to use their own valuation models.

Overall Louisiana property taxes are significantly lower due to more favorable exemption benefits received for new capital investments and from assessment methods utilized after the exemptions expired. Please see the calculated estimated property taxes for the hypothetical scenario above.

State	Description	Investment Amount	10 Year Exemption	
			2014 - 2023	2024
Louisiana	Plant Imps	100,000,000		
			E. Baton Rouge	
			Cost Index	1.00
			Depreciation	1.00
			Exemption	0.37
			Service factor	100%
			Assessment Ratio	1.00
			15%	1.00
			Tax Rate	0.0025
			Estimated Taxes	\$ 717,185

Louisiana	Inventory	10,000,000	10,000,000
		Cost Index	1.00
		Assessment Ratio	15%
		Tax Rate	0.0025
		Estimated Taxes	1,387,500

Total Parish Exemption w/Exemption for 10 yrs 1,387,500
Total for Year 2024 after exemptions \$ 855,935

State	Description Investment Amount Plant and Inventory Plant and Inventory	7 Yrs	10 Yrs	11th Yr
Louisiana	100,000,000	871,350	1,387,500	855,935

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Formosa Plastics plans to build ethylene plant in Louisiana

10:06 AM MST | January 16, 2014 | Natasha Alperowicz

Formosa Plastics is planning to invest in a new ethylene plant in Louisiana using shale gas feedstock, according to local reports citing Formosa Plastics' chairman Lee Chin-tsun. Lee was speaking to Formosa employees in Kaohsiung, Taiwan, on Tuesday at the company's end-of-year party. Lee made the statement a day after the governor of Louisiana, Bobby Jindal, visited the company at Taipei.

Formosa Plastics is already developing a 1.2-million m.t./year ethylene plant at Point Comfort, TX. "The governor called on us to invest not only in Texas but also in Louisiana, because the tax rate in the state is the same as in Texas, while gas prices in Louisiana are actually lower," Lee says, according to local reports. Formosa does not as yet have estimates of how much the Louisiana project would cost because the company needs to make further studies to evaluate the project, the chairman says.

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Global production of ethylene will rise by 5.8 million m.t. this year, which is relatively low, he says. The Mideast, which accounts for 17% of global ethylene production, is unlikely to grow above 20% of the global total in the future because there is not a lot of cheap gas there, Lee says. Formosa plans to spend \$13.2 billion on new plants in the

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Formosa teaming with ThyssenKrupp on propane dehydrogenation plant

November 28, 2014 By LP Gas

0 Comments

Formosa Plastics is planning to build a propane dehydrogenation (PDH) plant at its petrochemical complex in Point Comfort, Texas, with support from ThyssenKrupp Industrial Solutions.

According to information from a ThyssenKrupp press release, Formosa will use ThyssenKrupp's steam active reforming process for dehydrogenation of light hydrocarbons. The PDH plant, which will have the capacity to produce 545,000 tons of propylene per year, is part of the Point Comfort petrochemical complex expansion announced by Formosa in February 2012.

Formosa said it hopes to have the PDH plant online by 2017.

This article is tagged with Formosa Plastics, PDH, propane dehydrogenation, ThyssenKrupp Industrial Solutions and posted in News

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Formosa Plastics Plans \$1.7B Expansion at Point Comfort Site

03/01/2012

[Bruce Buckley](#)Text size **A** **A**

A \$1.7-billion expansion of Formosa Plastics' Point Comfort, Texas, site could create an estimated 1,800 construction jobs, according to the company. The Chinese petrochemical company announced the project this week, noting that the expansion would enable it to "take advantage of the increasingly reliable and low-cost domestic natural gas."



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The investment consists of a new 800,000 MT/Y olefins cracker, an associated 600,000 MT/Y propane dehydrogenation (PDH) unit and a new 300,000 MT/Y low density polyethylene (LDPE) resin plant. It will create an estimated 1800 construction jobs and, once completed, an additional 225 long-term operating and maintenance jobs, according to the company.

"We anticipate construction completion and start-up in 2016," said Randy Smith, site vice president/general manager. "This is a tremendous vote of confidence in the U.S. economy, the State of Texas and the Gulf Coast region's workforce."

The project marks the third major expansion of the Point Comfort site. The 1,600 acre petrochemical complex has thirteen production units and a variety of support facilities. The first plant went online in 1983. An additional investment of \$1.5 billion was made in 1994, followed by a \$900-million expansion in 1998.

Keywords: [Formosa Plastics](#), [Point Comfort, Texas](#), [Expansion](#)

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ThyssenKrupp awarded contract for propane dehydrogenation plant by Formosa ... (26-9-2014)

ThyssenKrupp Industrial Solutions will supply Steam Active Reforming (STAR) process to Formosa Plastics Corporation (FPC) for a propane dehydrogenation (PDH) plant in Texas, USA. The PDH plant, which will produce propylene that can be used to make polypropylene, is to be built at the petrochemical complex in Point Comfort, with capacity of 545,000 tpa propylene. This is part of the Point Comfort petrochemical complex expansion announced by FPC in February 2012.

The contract awarded to ThyssenKrupp Industrial Solutions includes licensing, basic engineering, detail engineering for the key equipment, delivery of the catalyst (STARcatalyst) and technical support during the entire project execution. Developed by Uhde, the STAR process for dehydrogenation of light hydrocarbons has a broad range of applications. The propylene produced is one of the most important base materials in the petrochemical industry. Among other things it is used to make polypropylene, a popular polymer used, for example, in the production of food packaging, toys, and textiles such as carpets.

Hans-Theo Kuhr, CEO of the Process Technologies business unit at ThyssenKrupp Industrial Solutions, said, "Having already acquired several major fertiliser plant contracts for as a result of the shale gas boom in the US, we are confident we can now profit from forthcoming investments in propane dehydrogenation plants. This contract is an important step. With our engineering expertise and technological capabilities, we help our customers make their production processes more efficient so as to gain an edge in their markets."

"The advantages of the STAR process lie in its high flexibility and robustness in operation and its efficiency in manufacturing the desired products. This significantly reduces investment, operating and maintenance costs for our customers," said Dr Benno Luke, head of the Chemicals/Oil & Gas operating unit at ThyssenKrupp Industrial Solutions.

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County commissioners receive \$2 million from Formosa for rural health clinic

Posted Tuesday, December 23, 2014 11:48 am

By JAY WORKMAN | 0 comments

Calhoun County was presented with a \$2 million check from Formosa Plastics Corp. at Monday's meeting of Commissioners' Court to be used for construction of a Rural Health Clinic.

The payment is part of a tax abatement agreement between the Calhoun County government and Formosa that calls for forgiveness of property tax on a \$2 billion expansion at the Formosa plant. The agreement was negotiated earlier this year. The tax is to be 100 percent abated for 10 years beginning in 2016. Formosa also agreed to make an unrestricted donation to the county of \$144,383 before Dec. 31 each year from 2015 to 2024.

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Posted in News on Tuesday, December 23, 2014 11:48 am.

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Big Stories from Texas 2014

The Largest Business Expansions and Relocations



TEXAS WIDE OPEN
BUSINESS

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This representational report profiles major Texas business expansions located primarily in the state's largest metro areas, based on the announced size of investment and number of jobs to be created.

Chemicals

BIG STORIES FROM TEXAS—2014

TEXAS WIDE OPEN
FOR BUSINESS

1 Chevron Phillips Chemical Plans \$6 billion petrochemical projects in Baytown and Old Ocean

In April 2014, The Woodlands-based Chevron Phillips Chemical Company LLC, a joint venture between California-based Chevron and Houston-based Phillips 66, initiated its \$6 billion “Gulf Coast Petrochemicals Project” with a groundbreaking for its new ethane cracker at its Cedar Bayou Plant in Baytown. Also this year, the company began construction on two polyethylene facilities in Old Ocean. The combined projects should create over 400 permanent jobs in the Houston area when completed in 2017.

**Chevron
Phillips**
Chemical Company LLC



2 Formosa Plastics Plans \$2 billion petrochemical expansion in Point Comfort

Taiwan-based Formosa Plastics won EPA permits to expand its petrochemical facility in Point Comfort in August 2014. The expansion will bring over \$2 billion in capital investment and create 225 long-term operations jobs. The company will add a new ethane cracker and propane dehydrogenation unit, as well as two new gas-fired turbines to the existing chemical utility unit.

3 BASF Plans \$270 million investment in Beaumont

In June 2014, Germany-based BASF announced plans to invest over \$270 million to expand production capacity for key herbicides at its Beaumont facility. BASF is the world's leading chemical company.

 **BASF**
The Chemical Company

4 Sasol North America Builds new North American HQ in Houston

Sasol North America, an integrated energy and chemical company based in South Africa, broke ground in March 2014 on a 175,000 sq. ft. building that will house its North American headquarters. The building will cost over \$10 million and is scheduled for completion in 2015.

SASOL
reaching new frontiers



5 Dow Chemical Builds ethylene manufacturing plant in Freeport

Chemicals giant Dow broke ground on its new multi-million-dollar production plant in Freeport in June 2014. The project is part of Dow's roughly \$4 billion performance plastics expansion on the U.S. Gulf Coast. Freeport is Dow's largest integrated manufacturing site, with over 4,200 employees.

Data sources: Texas Dept. of Licensing and Regulation AB Data at <http://www.license.state.tx.us/abdatasearch/>, company websites and press releases, American Business Journal articles



TEXAS WIDE OPEN
BUSINESS

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Formosa Plastics

Memorandum

Business Development/Communications

Date: 06/04/10
To: David Lin
From: Jack Wu
Subject: Property Tax

Property Tax – Tx vs. La

- 1) Tax = Taxable value x Tax Rate
- 2) Taxable Value

TX	LA
Fair Market Value 100%	Fair Market Value
With Exemption i.e.: Ag Land Pollution Control Equipment	*Percentage i.e.: Land 10% Machine, Real Improvement 15%

- 3) Tax Rate is Based on the Location
i.e.: Within City Limit additional tax entity such as Hospital, College, Fire

TX	LA
Point Comfort Complex	Baton Rouge
1. County 0.4900%	
School 1.1201%	9.35%
Navigation Dst. 0.0039%	
Total 1.6140%	
2. County 0.4900%	
School 1.1201%	
Navigation Dst. 0.0039%	
City/Pt Comfort 0.7200%	
Total 2.3340%	

In Texas: 1) The School Tax Reform bill passed in 2006 reduced the tax rate by 30%.
2) Statewide, the Robin Hood Tax is still in effect. It penalizes the Taxable Value Rich School District.



Business Development/Communications

4) Property Value Exemption

TX	LA
1. Pollution Control 2. Agriculture Use Land 3. Tax Abatement 7 yr. is commonly used Typical, but not 100% each year. i.e: 100% First 2 yr. and reduce 10-15% each year after that	5 yr. Exemption on all assets Capitalized, then deduct this Exemption from Fair Market Value. Then apply 15% rule to get the Taxable value. Can extend another 5 Yrs.

*HB 1200. Value Limitation Bill also can reduce the School Tax on
New Project.