



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

March 16, 2015

Lloyd Graham
Superintendent
La Porte Independent School District
1002 San Jacinto St.
La Porte, Texas 77571-6496

Dear Superintendent Graham:

On December 23, 2014, the Comptroller issued written notice that Enterprise Products Operating LLC (the applicant) submitted a completed application (Application #1049) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on Dec. 9, 2014, to the La Porte 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 #1049. |

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.

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

Certificate decision required by 313.025(d)

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).

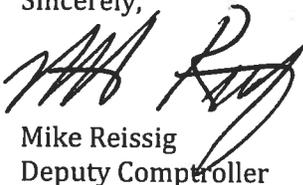
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed 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 Dec. 23, 2014, 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 Enterprise Products Operating LLC (the project) applying to La Porte 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 Enterprise Products Operating LLC.

Applicant	Enterprise Products Operating LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	La Porte ISD
2012-13 Enrollment in School District	7605
County	Harris
Proposed Total Investment in District	\$1,300,000,000
Proposed Qualified Investment	\$1,300,000,000
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	\$1,250
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$1,150
Minimum annual wage committed to by applicant for qualified jobs	\$65,000
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$130,000,000
Estimated M&O levy without any limit (15 years)	\$158,863,860
Estimated M&O levy with Limitation (15 years)	\$50,901,185
Estimated gross M&O tax benefit (15 years)	\$107,962,675

Table 2 is the estimated statewide economic impact of Enterprise Products Operating LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	510	695	1205	\$30,667,160	\$50,332,840	\$81,000,000
2017	514	826	1340	\$30,934,024	\$67,065,976	\$98,000,000
2018	514	851	1365	\$30,934,024	\$76,065,976	\$107,000,000
2019	10	211	221	\$650,000	\$30,350,000	\$31,000,000
2020	10	121	131	\$650,000	\$21,350,000	\$22,000,000
2021	10	64	74	\$650,000	\$15,350,000	\$16,000,000
2022	10	35	45	\$650,000	\$11,350,000	\$12,000,000
2023	10	31	41	\$650,000	\$9,350,000	\$10,000,000
2024	10	33	43	\$650,000	\$9,350,000	\$10,000,000
2025	10	37	47	\$650,000	\$8,350,000	\$9,000,000
2026	10	49	59	\$650,000	\$8,350,000	\$9,000,000
2027	10	23	33	\$650,000	\$6,350,000	\$7,000,000
2028	10	21	31	\$650,000	\$6,350,000	\$7,000,000
2029	10	27	37	\$650,000	\$6,350,000	\$7,000,000
2030	10	27	37	\$650,000	\$7,350,000	\$8,000,000
2031	10	41	51	\$650,000	\$7,350,000	\$8,000,000

Source: CPA, REMI, Enterprise Products Operating LLC

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

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 ¹	La Porte ISD I&S Tax Levy	La Porte ISD M&O Tax Levy	La Porte ISD M&O and I&S Tax Levies	Harris County Tax Levy	Harris County Hospital District Tax Levy	City of Morgans Point	Harris County Flood Control	Estimated Total Property Taxes
			0.41	1.040000			0.41455	0.170000	0.636175	0.02827	
2017	\$1,145,888,050	\$1,145,888,050		\$4,698,141	\$11,917,236	\$16,615,377	\$4,750,279	\$1,948,010	\$7,289,853.30	\$323,942.55	\$30,603,519
2018	\$1,147,068,881	\$1,147,068,881		\$4,702,982	\$11,929,516	\$16,632,499	\$4,755,174	\$1,950,017	\$7,297,365	\$324,276.37	\$30,635,055
2019	\$1,124,127,503	\$1,124,127,503		\$4,608,923	\$11,690,926	\$16,299,849	\$4,660,071	\$1,911,017	\$7,151,418	\$317,790.85	\$30,022,354
2020	\$1,101,644,953	\$1,101,644,953		\$4,516,744	\$11,457,108	\$15,973,852	\$4,566,869	\$1,872,796	\$7,008,390	\$311,435.03	\$29,421,907
2021	\$1,079,612,054	\$1,079,612,054		\$4,426,409	\$11,227,965	\$15,654,375	\$4,475,532	\$1,835,340	\$6,868,222	\$305,206.33	\$28,833,469
2022	\$1,058,019,813	\$1,058,019,813		\$4,337,881	\$11,003,406	\$15,341,287	\$4,386,021	\$1,798,634	\$6,730,858	\$299,102.20	\$28,256,800
2023	\$1,036,859,417	\$1,036,859,417		\$4,251,124	\$10,783,338	\$15,034,462	\$4,298,301	\$1,762,661	\$6,596,240	\$293,120.16	\$27,691,664
2024	\$1,016,122,229	\$1,016,122,229		\$4,166,101	\$10,567,671	\$14,733,772	\$4,212,335	\$1,727,408	\$6,464,316	\$287,257.75	\$27,137,830
2025	\$995,799,784	\$995,799,784		\$4,082,779	\$10,356,318	\$14,439,097	\$4,128,088	\$1,692,860	\$6,335,029	\$281,512.60	\$26,595,074
2026	\$975,883,788	\$975,883,788		\$4,001,124	\$10,149,191	\$14,150,315	\$4,045,526	\$1,659,002	\$6,208,329	\$275,882.35	\$26,063,172
2027	\$956,366,113	\$956,366,113		\$3,921,101	\$9,946,208	\$13,867,309	\$3,964,616	\$1,625,822	\$6,084,162	\$270,364.70	\$25,541,909
2028	\$937,238,790	\$937,238,790		\$3,842,679	\$9,747,283	\$13,589,962	\$3,885,323	\$1,593,306	\$5,962,479	\$264,957.41	\$25,031,071
2029	\$918,494,014	\$918,494,014		\$3,765,825	\$9,552,338	\$13,318,163	\$3,807,617	\$1,561,440	\$5,843,229	\$259,658.26	\$24,530,449
2030	\$900,124,134	\$900,124,134		\$3,690,509	\$9,361,291	\$13,051,800	\$3,731,465	\$1,530,211	\$5,726,365	\$254,465.09	\$24,039,840
2031	\$882,121,652	\$882,121,652		\$3,616,699	\$9,174,065	\$12,790,764	\$3,656,835	\$1,499,607	\$5,611,837	\$249,375.79	\$23,559,043
			Total	\$62,629,022	\$158,863,860	\$221,492,882	\$63,324,051	\$25,968,131	\$97,178,093	\$4,318,347	\$407,963,157

Source: CPA, Enterprise Products Operating LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Harris 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.

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	La Porte ISD I&S Tax Levy	La Porte ISD M&O Tax Levy	La Porte ISD M&O and I&S Tax Levies	Harris County Tax Levy	Harris County Hospital District Tax Levy	City of Morgans Point	Harris County Flood Control	Estimated Total Property Taxes
				0.41	1.040000		0.41455	0.170000	0.636175	0.02827	
2017	\$1,145,888,050	\$30,000,000		\$4,698,141	\$312,000	\$5,010,141	\$4,750,279	\$1,948,010	\$7,289,853	\$323,943	\$18,998,283
2018	\$1,147,068,881	\$30,000,000		\$4,702,982	\$312,000	\$5,014,982	\$4,755,174	\$1,950,017	\$7,297,365	\$324,276	\$19,017,539
2019	\$1,124,127,503	\$30,000,000		\$4,608,923	\$312,000	\$4,920,923	\$4,660,071	\$1,911,017	\$7,151,418	\$317,791	\$18,643,428
2020	\$1,101,644,953	\$30,000,000		\$4,516,744	\$312,000	\$4,828,744	\$4,566,869	\$1,872,796	\$7,008,390	\$311,435	\$18,276,800
2021	\$1,079,612,054	\$30,000,000		\$4,426,409	\$312,000	\$4,738,409	\$4,475,532	\$1,835,340	\$6,868,222	\$305,206	\$17,917,504
2022	\$1,058,019,813	\$30,000,000		\$4,337,881	\$312,000	\$4,649,881	\$4,386,021	\$1,798,634	\$6,730,858	\$299,102	\$17,565,394
2023	\$1,036,859,417	\$30,000,000		\$4,251,124	\$312,000	\$4,563,124	\$4,298,301	\$1,762,661	\$6,596,240	\$293,120	\$17,220,326
2024	\$1,016,122,229	\$30,000,000		\$4,166,101	\$312,000	\$4,478,101	\$4,212,335	\$1,727,408	\$6,464,316	\$287,258	\$16,882,159
2025	\$995,799,784	\$30,000,000		\$4,082,779	\$312,000	\$4,394,779	\$4,128,088	\$1,692,860	\$6,335,029	\$281,513	\$16,550,756
2026	\$975,883,788	\$30,000,000		\$4,001,124	\$312,000	\$4,313,124	\$4,045,526	\$1,659,002	\$6,208,329	\$275,882	\$16,225,981
2027	\$956,366,113	\$956,366,113		\$3,921,101	\$9,946,208	\$13,867,309	\$3,964,616	\$1,625,822	\$6,084,162	\$270,365	\$25,541,909
2028	\$937,238,790	\$937,238,790		\$3,842,679	\$9,747,283	\$13,589,962	\$3,885,323	\$1,593,306	\$5,962,479	\$264,957	\$25,031,071
2029	\$918,494,014	\$918,494,014		\$3,765,825	\$9,552,338	\$13,318,163	\$3,807,617	\$1,561,440	\$5,843,229	\$259,658	\$24,530,449
2030	\$900,124,134	\$900,124,134		\$3,690,509	\$9,361,291	\$13,051,800	\$3,731,465	\$1,530,211	\$5,726,365	\$254,465	\$24,039,840
2031	\$882,121,652	\$882,121,652		\$3,616,699	\$9,174,065	\$12,790,764	\$3,656,835	\$1,499,607	\$5,611,837	\$249,376	\$23,559,043
			Total	\$62,629,022	\$50,901,185	\$113,530,207	\$63,324,051	\$25,968,131	\$97,178,093	\$4,318,347	\$300,000,482
			Diff	\$0	\$107,962,675	\$107,962,675	\$0	\$0	\$0	\$0	\$107,962,675

Source: CPA, Enterprise Products Operating LLC

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 Enterprise Products Operating LLC (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	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$1,013,191	\$1,013,191	\$0	\$0
Limitation Period (10 Years)	2017	\$312,000	\$1,325,191	\$11,605,236	\$11,605,236
	2018	\$312,000	\$1,637,191	\$11,617,516	\$23,222,752
	2019	\$312,000	\$1,949,191	\$11,378,926	\$34,601,678
	2020	\$312,000	\$2,261,191	\$11,145,108	\$45,746,786
	2021	\$312,000	\$2,573,191	\$10,915,965	\$56,662,751
	2022	\$312,000	\$2,885,191	\$10,691,406	\$67,354,157
	2023	\$312,000	\$3,197,191	\$10,471,338	\$77,825,495
	2024	\$312,000	\$3,509,191	\$10,255,671	\$88,081,166
	2025	\$312,000	\$3,821,191	\$10,044,318	\$98,125,484
	2026	\$312,000	\$4,133,191	\$9,837,191	\$107,962,675
Maintain Viable Presence (5 Years)	2027	\$9,946,208	\$14,079,399	\$0	\$107,962,675
	2028	\$9,747,283	\$23,826,682	\$0	\$107,962,675
	2029	\$9,552,338	\$33,379,020	\$0	\$107,962,675
	2030	\$9,361,291	\$42,740,311	\$0	\$107,962,675
	2031	\$9,174,065	\$51,914,376	\$0	\$107,962,675
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$8,990,584	\$60,904,960	\$0	\$107,962,675
	2033	\$8,810,772	\$69,715,732	\$0	\$107,962,675
	2034	\$8,634,557	\$78,350,289	\$0	\$107,962,675
	2035	\$8,461,866	\$86,812,155	\$0	\$107,962,675
	2036	\$8,292,628	\$95,104,783	\$0	\$107,962,675
	2037	\$8,126,776	\$103,231,559	\$0	\$107,962,675
	2038	\$7,964,240	\$111,195,799	\$0	\$107,962,675
	2039	\$7,804,955	\$119,000,754	\$0	\$107,962,675
	2040	\$7,648,856	\$126,649,611	\$0	\$107,962,675
	2041	\$7,495,879	\$134,145,490	\$0	\$107,962,675

\$134,145,490

is greater than

\$107,962,675

Analysis Summary

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

Yes

Source: CPA, Enterprise Products Operating LLC

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 Enterprise Products Operating LLC’s 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 applicant, it initially intended to build the same project in the Orangefield ISD (Application 359) and received a recommendation from the Comptroller for its approval. However, transportation issues resulted in the change of location to the La Porte ISD.
- The Comptroller had initially denied issuing a certificate to this project in Application 1014. The applicant has refiled this application and provided further explanation of its press releases. The applicant also stated that this is the same project as the previously approved project in Application #359 and the reasons for the location change.
- Per the applicant, it is also evaluating sites in Calcasieu Parish, Louisiana and has filed a notification there.
- Per the applicant’s calculation, without the Chapter 313 limitation, the La Porte ISD location in Texas would have significant tax disadvantage comparing to the Louisiana alternative.

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

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**

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:

<input type="checkbox"/> Land has no existing improvements	<input checked="" type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> 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**

Tab # 5

**Limitation as Determining
Factor**

Tab 5

Limitation as a Determining Factor

- 1. Does the applicant currently own the land on which the proposed project will occur?**

Applicant owns the land upon which the two manufacturing trains identified in Tab 7 will be constructed. That land is described in Tab 9, Item 1.

Applicant leases the land upon which a ship dock currently exists and another will be constructed, as set forth in Tab 7. That land is described in Tab 9, Item 2.

- 2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?**

Applicant is the successor in interest to Tennessee Gas Transmission Company in a 99-year lease from the predecessor of the Port of Houston Authority of Harris County, Texas for the existing ship dock identified in Tab 7 and 3.9889 acres of land under a lease dated March 21, 1956. Pursuant to an amendment to the 1956 lease entered into on May 29, 2014, an additional 4.5 acres of land was added to the leased premises. The 3.9889 acre tract of land and the 4.5 acre tract of land are depicted on the map attached as Item 2 to Tab 5.

- 3. Does the applicant have current business activities at the location where the proposed project will occur?**

Attached as Item 3 to Tab 5 is a depiction of the proposed project site. The area shaded in red is the location of the proposed project. This area was formerly used for the production of MTB, a gasoline additive which has been banned for use in the USA. The project site has been out of service and has remained dormant for over 10 years. All existing property at the proposed site -- except for a clarifier tank, a process water tank, a firewater tank and a lab building -- are to be (or have been) demolished leaving an otherwise vacant site where the proposed project would then be located. The 4 items excluded from the demolition will be re-purposed at the project and have been specifically excluded from the description of qualified property for the project in this application.

The area shaded in green on Item 3 to Tab 5 shows applicant's existing refined products terminal, known as Morgan's Point Terminal. Morgan's Point Terminal is adjacent to the site for the proposed project, but it is not a part of and will not be operated in conjunction with the proposed project.

4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?

Applicant has made public statements regarding its intentions regarding the proposed project location. Copies of the relevant press releases are attached hereto as Item 4 to Tab 5.

October 2, 2013 Press Release

In this press release applicant announced the planned construction of a new liquefied petroleum gas export terminal on the Gulf Coast. The press release indicated that “[f]ollowing the completion of the site evaluation at potential locations in Louisiana and Texas, this new LPG marine terminal is expected to be in service in the fourth quarter of 2015.”

At that point in time, applicant was considering locations in Calcasieu Parish, Louisiana and Orange County, Texas. Subsequent to the press release, applicant filed a Louisiana Economic Development Advance Notification Form on October 14, 2013 for the Calcasieu Parish site and an application for a Chapter 313 Application for Appraised Value Limitation with the Orangefield ISD in Orange County, Texas (Application No. 359, which is the same project as the proposed project which is the subject of this application).

January 7, 2014 Press Release

Application 359 with Orangefield ISD described the project as a facility to manufacture and load *propane and ethane products* to ships on an undeveloped site at the Enterprise Beaumont Marine Terminal in Orange County, Texas. Due to customer needs and scheduling requirements, applicant made a decision to separate out the propane portion of the proposed project and build it in a different location. The site for the propane portion of the project as originally proposed in Application 359 was shifted to applicant’s existing liquefied petroleum gas export terminal on the Houston Ship Channel. That decision is reflected in the January 7, 2014 press release attached. The propane facility is not a part of this current application, and is not the subject of any application for appraised value limitation in Texas.

In the January 7, 2014 press release, applicant also announced the following: “On the ethane front, we continue to negotiate with several customers that would support the development of an ethane export terminal. Our site evaluation for this facility continues. Depending on the outcome of these discussions, estimated export demand and ship draft requirements, we expect the ethane export facility

will be sited either adjacent to our refined products export terminal in Beaumont or on the Houston Ship Channel.”

At the time of the January 7, 2014 press release, Enterprise had two pending applications with respect to the proposed ethane terminal, one in Louisiana and one with the Orangefield ISD in Texas. As stated in the press release, negotiations were in progress with customers and discussions were ongoing with respect to site evaluation. Site evaluation discussions were occurring at that time with the Louisiana Economic Development department, Orangefield ISD and Orange County, Texas. No siting decision had been made at that point, and the language of the press release is clear that Enterprise was continuing discussions with customers, doing site evaluation (which included incentive discussions), estimating export demand and ship draft requirements.

April 22, 2014 Press Release

In this press release, applicant announced that it “plans to build a fully refrigerated export facility on the Texas Gulf Coast.” As of April 22, 2014, applicant intended to build the project in the Orangefield ISD (Application 359) and had secured a recommendation from the Comptroller that its application be approved for that site (See, Item 6 to Tab 5 referenced below).

June 11, 2014 Press Release

In this press release, Applicant states that “it will build its recently announced ethane export facility on the Houston Ship Channel . . . and has signed a 30-year agreement with the Port of Houston Authority for use of facilities adjacent to the partnership’s existing Morgan’s Point terminal.”

Prior to the issuance of this press release, applicant had determined that the proposed site for Application 359 was not suitable for the project. There are two bridges on the route to the site proposed in Application 359 that were problematic for ship draft requirements. Additionally, a portion of the channel to the site proposed in Application 359 is so narrow that two ships cannot pass simultaneously, creating scheduling conflicts. Thus, on May 30, 2014, applicant filed Application No. 1014 for a site on the Houston Ship Channel (in Morgan’s Point, Texas within the LaPorte ISD) that would allow ships with the necessary draft specifications to port at the project location. Application 1014 is for the same project as Application 359. The 30-year agreement with the Port of Houston Authority is the lease amendment referenced in the answer to question 2 above.

July 31, 2014 Press Release

In this press release applicant states “. . . that it has executed an additional long-term contract to provide ethane storage, transportation, refrigeration and loading services from its new ethane export terminal that is currently under construction on the Houston Ship Channel.” The contract referenced in this press release is a services contract for the proposed facility. At the time this press release was issued, the Louisiana application was and is still pending. And since this very project had already been approved by the Comptroller for another Texas site (Application No. 359, as approved by the Comptroller on March 10, 2014), Enterprise had no reason to believe that Application No. 1014, or the instant application would not also be approved merely because the site location was changed. As stated previously, this application and Application No. 1014 is for the same project as Application No. 359, and all of the siting factors for Application 359 are applicable to Application No. 1014 and the instant application.

5. Has the applicant received any local or state permits for activities on the proposed project site?

On August 4, 2014, the applicant received a permit amendment from the Texas Commission on Environmental Quality for its air permit for the proposed project site (Permit No. 20289). A copy of the permit amendment is available upon request.

6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?

As indicated above, applicant submitted a Chapter 313 Application for Limitation on Appraised Value for this project with the Orangefield ISD in Texas, under Application No. 359. By letter dated March 10, 2014, the Comptroller recommended that Enterprise's Application No. 359 in the Orangefield ISD be approved. A copy of the Comptroller's recommendation of approval is attached hereto as Item 6 to Tab 5. As stated before, the project that is the subject of Application No. 359 and this proposed project are the same project, the proposed ethane terminal. Applicant is no longer pursuing the limitation for the site within Orangefield ISD, because, as discussed above, ship draft requirements for the project changed such that the site proposed in Application 359 was not a workable site.

7. Is the applicant evaluating other locations not in Texas for the proposed project?

Applicant is a leading midstream energy company with a large pipeline footprint in the United States. These pipelines provide substantial flexibility in plant location. Applicant has gas manufacturing locations in Texas, Louisiana, New Mexico, Colorado, and Wyoming. Applicant has significant assets in Louisiana including interstate pipelines that can and do move product to and from Texas. This allows potential manufacturing facilities to be managed via pipelines in neighboring states.

Applicant is evaluating sites in Calcasieu Parish, Louisiana, and has filed a Louisiana Economic Development Advance Notification form on October 14, 2013. A copy of LED Notification No. 20131206 is attached as Item 7 to Tab 5.

Capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation. If locations in Texas were finally determined to be economically infeasible, applicant could redirect its expenditures to construct the proposed project in Louisiana, which would include expenditures to construct a pipeline from applicant's facilities in Mont Belvieu, Texas to the proposed project in Calcasieu Parish, Louisiana. Information regarding applicant's economic evaluation of Louisiana for the proposed project can be found in the letter and exhibits attached as Item 10 to Tab 5, as referenced below in the answer to question 10 and incorporated herein.

8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with alternative investment opportunities?

Yes, see Item 10 to Tab 5, as referenced below in the answer to question 10.

9. Has the applicant provided information related to the applicant's inputs, transportation and market for the proposed project?

N/A

10. Are you submitting information to assist in the determinations 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?

See letter and exhibits from applicant attached here to as Item 10 to Tab 5.

**Ethane Export Project
Ad Valorem Tax Estimate
Harris County, Texas vs. Calcesieu Parish, LA**

Total Cost of Project	\$1,308,000,000		
Taxable Property	\$1,229,520,000		
Pollution Control	\$0		
Capitalized Interest	\$78,480,000		
	<u>\$1,308,000,000</u>		
* Exempt			

Harris Tax Rate	
City of MP	0.6362%
LaPorte ISD	1.3330%
Harris County	0.8222%
Total	2.7914%

Calcesieu Parish Tax Rate
1.5383%

TAXABLE PROPERTY
\$1,229,520,000

Tax Estimate Calculations without Abatement									
Year		Percent Good	Taxable Market Value	Est City Tax	Estimated School Tax	Estimate County Tax	Harris County Total Tax	Louisiana Tax Estimate	
1	2015	25.0%	307,380,000	1,955,459	4,097,375	2,527,260	8,580,095	4,728,427	
2	2016	75.0%	922,140,000	5,866,378	12,292,126	7,581,780	25,740,284	14,185,280	
3	2017	98.0%	1,204,929,600	7,665,401	16,061,712	9,906,859	33,633,971	18,535,432	
4	2018	96.0%	1,180,339,200	7,508,964	15,733,922	9,704,678	32,947,564	18,157,158	
5	2019	94.0%	1,155,748,800	7,352,527	15,406,132	9,502,497	32,261,156	17,778,884	
6	2020	92.0%	1,131,158,400	7,196,090	15,078,341	9,300,316	31,574,748	17,400,610	
7	2021	90.0%	1,106,568,000	7,039,654	14,750,551	9,098,136	30,888,341	17,022,336	
8	2022	88.0%	1,081,977,600	6,883,217	14,422,761	8,895,955	30,201,933	16,644,061	
9	2023	86.0%	1,057,387,200	6,726,780	14,094,971	8,693,774	29,515,526	16,265,787	
10	2024	84.0%	1,032,796,800	6,570,343	13,767,181	8,491,593	28,829,118	15,887,513	
TOTAL				\$64,764,814	\$135,705,073	\$83,702,848	\$284,172,735	\$156,605,487	

Tax Abatement Calculations									
Year		Percent Good	Abatement %	Taxable Market Value	City Tax Savings	School Tax Savings	County Tax Savings	Harris County Total Savings	Louisiana Tax Savings
1	2015	25.0%	0%	307,380,000	0	-75,000	0	-75,000	4,728,427
2	2016	75.0%	0%	922,140,000	0	0	0	0	14,185,280
3	2017	98.0%	0%	1,204,929,600	0	10,246,168	0	10,246,168	18,535,432
4	2018	96.0%	0%	1,180,339,200	0	11,438,828	0	11,438,828	18,157,158
5	2019	94.0%	0%	1,155,748,800	0	11,183,088	0	11,183,088	17,778,884
6	2020	92.0%	0%	1,131,158,400	0	10,927,347	0	10,927,347	17,400,610
7	2021	90.0%	0%	1,106,568,000	0	10,671,607	0	10,671,607	17,022,336
8	2022	88.0%	0%	1,081,977,600	0	10,415,867	0	10,415,867	16,644,061
9	2023	86.0%	0%	1,057,387,200	0	10,160,127	0	10,160,127	16,265,787
10	2024	84.0%	0%	1,032,796,800	0	13,433,916	0	13,433,916	15,887,513
TOTAL					\$0	\$88,401,948	\$0	\$88,401,948	156,605,487

10 Year Total Tax Estimate without Abatement	\$64,764,814	\$135,705,073	\$83,702,848	\$284,172,735	\$187,371,487
10 Year Total Abatement Savings	\$0	\$88,401,948	\$0	\$88,401,948	\$156,605,487
10 Year Total Tax Estimate net of Abatement	\$64,764,814	\$47,303,126	\$83,702,848	\$195,770,788	30,766,000

CHAPTER 313 IMPACT ANALYSIS

10 Year Out of Pocket Cost Analysis - No Chapter 313 Tax Abatement		
	Texas	Louisiana
Total 10 year Tax - No Chapter 313	284,172,735	30,766,000
Additional 75 Miles Pipeline/ Infrastructure - Cost	-	200,000,000
Total 10 year Cost - Tax plus Investment	284,172,735	230,766,000
Total Out of Pocket Cost - Annual	\$28,417,274	\$23,076,600

10 Year Out of Pocket Cost Analysis - Net of Tax Abatement		
	Texas	Louisiana
Total 10 Year Tax - Net of Abatements	195,770,788	30,766,000
Additional 75 Miles Pipeline/ Infrastructure - Cost	-	200,000,000
Total 10 year Cost - Tax plus Investment	195,770,788	230,766,000
Total Out of Pocket Cost - Annual	\$19,577,079	\$23,076,600