

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



August 1, 2013

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

Dear Superintendent Miksch:

On May 3, 2013, the Comptroller received the completed application (Application # 281) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in April 2013 to the Sweeny Independent School District (the school district) by Chevron Phillips Chemical Company LP (the applicant). This letter presents the results of the Comptroller's review of the application:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category I according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$636.6 million) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a manufacturing facility in Brazoria County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described in the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by the applicant, the Comptroller's recommendation is that this application under Tax Code Chapter 313 be approved.

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements; the school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to only approve an application if the school district finds that the information in the application is true and

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

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

Note that any new building or other improvement existing as of the application review start date of May 3, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

- 1) The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
- 2) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Economic Impact for Chapter 313 Project

Applicant	Chevron Phillips Chemical Company LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Sweeny ISD
2011-12 Enrollment in School District	1,938
County	Brazoria
Total Investment in District	\$636,600,000
Qualified Investment	\$636,600,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	55
Number of qualifying jobs committed to by applicant	46
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,136
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,136
Minimum Annual Wage committed to by applicant for qualified jobs	\$59,076
Investment per Qualifying Job	\$13,839,130
Estimated 15 year M&O levy without any limit or credit:	\$74,735,673
Estimated gross 15 year M&O tax benefit	\$50,627,080
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$46,927,897
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$9,227,962
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$27,807,776
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	62.8%
Percentage of tax benefit due to the limitation	81.8%
Percentage of tax benefit due to the credit	18.2%

This presents the Comptroller's economic impact evaluation of Chevron (the project) applying to Sweeny Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create 55 new jobs when fully operational. 46 jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council Region, where Brazoria County is located was \$53,711 in 2011. The annual average manufacturing wage for 2011 for Brazoria County is \$91,702. That same year, the county annual average wage for all industries was \$47,073. In addition to a salary of \$59,076, each qualifying position will receive benefits such as savings & pension plan, health care benefits, income and survivor protection. The project's total investment is \$636.6 million, resulting in a relative level of investment per qualifying job of \$13.8 million.

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

According to Chevron's application, "Chevron Phillips Chemical Company LP is a leading chemicals and plastics manufacturer that provides products worldwide to many essential consumer markets. Chevron Phillips' global manufacturing presence provides substantial flexibility in plant locations."

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

During the past two years, 31 projects in the Houston-Galveston Area Council Region applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Chevron project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts Chevron's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 18 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	181	205	386	\$10,687,292	\$13,312,708	\$24,000,000
2015	291	344	635	\$17,738,267	\$25,261,733	\$43,000,000
2016	254	359	613	\$16,441,655	\$29,558,345	\$46,000,000
2017	85	231	316	\$6,723,765	\$21,276,235	\$28,000,000
2018	55	185	240	\$4,959,735	\$19,040,265	\$24,000,000
2019	55	187	242	\$5,108,510	\$18,891,490	\$24,000,000
2020	55	211	266	\$5,261,740	\$20,738,260	\$26,000,000
2021	55	226	281	\$5,419,590	\$23,580,410	\$29,000,000
2022	55	232	287	\$5,582,170	\$25,417,830	\$31,000,000
2023	55	246	301	\$5,749,645	\$27,250,355	\$33,000,000
2024	55	248	303	\$5,922,125	\$28,077,875	\$34,000,000
2025	55	259	314	\$6,099,830	\$30,900,170	\$37,000,000
2026	55	263	318	\$6,282,815	\$32,717,185	\$39,000,000
2027	55	269	324	\$6,471,300	\$34,528,700	\$41,000,000
2028	55	254	309	\$6,665,450	\$34,334,550	\$41,000,000
2029	55	256	311	\$6,865,375	\$35,134,625	\$42,000,000
2030	55	254	309	\$7,071,350	\$36,928,650	\$44,000,000
2031	55	259	314	\$7,283,485	\$38,716,515	\$46,000,000

Source: CPA, REMI, Chevron

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011. Sweeny ISD's ad valorem tax base in 2011 was \$1.3 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Sweeny ISD's estimated wealth per WADA was \$543,556. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Brazoria County, Sweeny Hospital District, West Brazoria County Drainage District #11, Brazoria County Emergency District #2, Port Freeport, and Brazoria County Road & Bridge Fund, with all property tax incentives sought being granted using estimated market value from Chevron's application. Chevron has applied for a value limitation under Chapter 313, Tax Code, and tax abatements with the county, hospital district, and port. Table 3 illustrates the estimated tax impact of the Chevron project on the region if all taxes are assessed.

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$74,735,673. The estimated gross 15 year M&O tax benefit, or levy loss, is \$50,627,080.

Attachment 3 is an economic overview of Brazoria County.

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachments

1. Schedules A, B, C, and D provided by applicant in application
2. School finance and tax benefit provided by district
3. County Economic Overview

Attachment 1

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

Form 50-296

Applicant Name
ISD Name

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value		Estimated Taxable Value	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of intangible personal property in the new building or "in or on the new improvements"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O--after all reductions	
	pre-year 1	2013-2014	2013	390,000	0	0	0	0	390,000	0
	pre-year 1	2014-2015	2014	390,000	0	0	0	0	390,000	0
	pre-year 2	2015-2016	2015	390,000	450,000	48,000,000	0	0	48,840,000	48,840,000
	pre-year 3	2016-2017	2016	390,000	1,800,000	159,810,000	3,810,000	0	158,190,000	158,190,000
Complete tax years of qualifying time period	1	2017-2018	2017	390,000	12,180,000	311,400,000	7,800,000	0	316,170,000	316,170,000
	2	2018-2019	2018	390,000	24,360,000	621,984,000	15,600,000	0	631,134,000	631,134,000
	3	2019-2020	2019	390,000	23,385,600	597,104,640	14,976,000	0	605,904,240	30,000,000
	4	2020-2021	2020	390,000	22,450,176	573,220,454	14,376,960	0	581,683,670	30,000,000
	5	2021-2022	2021	390,000	21,552,169	550,291,636	13,801,882	0	558,431,924	30,000,000
	6	2022-2023	2022	390,000	20,690,082	528,279,971	13,249,806	0	536,110,247	30,000,000
Tax Credit Period (with 50% cap on credit)	7	2023-2024	2023	390,000	19,862,479	507,148,772	12,719,814	0	514,681,437	30,000,000
	8	2023-2025	2024	390,000	19,067,980	486,862,821	12,211,022	0	494,109,779	30,000,000
	9	2025-2026	2025	390,000	18,305,261	467,388,308	11,722,581	0	474,360,988	30,000,000
	10	2026-2027	2026	390,000	17,573,050	448,692,776	11,253,677	0	455,402,149	30,000,000
Credit Settle-Up Period	11	2027-2028	2027	390,000	16,870,128	430,745,065	10,803,530	0	437,201,663	437,201,663
	12	2028-2029	2028	390,000	16,195,323	413,515,262	10,371,389	0	419,729,196	419,729,196
Post- Settle-Up Period	13	2029-2030	2029	390,000	15,547,510	396,974,652	9,956,534	0	402,955,628	402,955,628
	14	2030--2031	2030	390,000	14,925,610	381,095,666	9,558,272	0	386,853,003	386,853,003
Post- Settle-Up Period	15	2031--2032	2031	390,000	14,328,585	365,851,839	9,175,941	0	371,394,483	371,394,483

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.



SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

2-28-13

DATE

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

Form 50-296

Applicant Name	ISD Name		Sales Tax Information		Other Property Tax Abatements Sought				
	Franchise Tax	Franchise Tax	Franchise Tax	Franchise Tax	County	City	Hospital	Other	
	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2013-2014	2013	8,309,974	29,940,026	0	0%	0%	0%	
	2014-2015	2014	30,827,568	111,072,432	0	0%	0%	0%	
	2015-2016	2015	41,673,399	186,986,601	0	0%	0%	0%	
	2016-2017	2016	32,848,710	147,391,290	0	0%	0%	0%	
	1	2017-2018	2017	11,994,828	11,195,172	17	100%	100%	100%
	2	2018-2019	2018	2,460,600	2,296,200	653,400	100%	100%	100%
	3	2019-2020	2019	2,509,800	2,342,400	693,000	100%	100%	100%
	4	2020-2021	2020	2,559,600	2,389,200	641,400	100%	100%	100%
	5	2021-2022	2021	2,611,200	2,436,000	611,400	100%	100%	100%
	6	2022-2023	2022	2,334,600	2,179,200	589,800	100%	100%	100%
	7	2023-2024	2023	2,381,400	2,223,000	431,400	100%	100%	100%
	8	2024-2025	2024	2,429,400	2,267,400	559,200	100%	100%	100%
	9	2025-2026	2025	2,478,000	2,312,400	559,200	100%	100%	100%
	10	2026-2027	2026	2,527,200	2,358,600	515,400	100%	100%	100%
	11	2027-2028	2027	2,260,200	2,109,600	516,000	0%	0%	0%
12	2028-2029	2028	2,305,200	2,151,600	346,200	0%	0%	0%	
13	2029-2030	2029	2,351,400	2,194,800	503,400	0%	0%	0%	
14	2030-2031	2030	2,398,200	2,238,600	492,000	0%	0%	0%	
15	2031-2032	2031	2,398,200	2,238,600	492,000	0%	0%	0%	

*For planning, construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE 2-28-13

Attachment 2

July 30, 2013

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Chevron Phillips project (Application 281) for the Sweeny Independent School District (SISD). Projections prepared by our Office of School Finance confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Chevron Phillips project on SISD are correct.

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

Sincerely,



Al McKenzie, Manager
Foundation School Program Support

AM/rk

July 30, 2013

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Chevron Phillips project (Application 281) on the number and size of school facilities in Sweeny Independent School District (SISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the SISD superintendent, Randy Miksch, the TEA has found that the Chevron Phillips Chemical Company LP project would not have a significant impact on the number or size of school facilities in SISD.

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

Sincerely,



Al McKenzie, Manager
Foundation School Program Support

AM/rk

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED CHEVRON
PHILLIPS PROJECT (APPLICATION NO. 281) ON THE FINANCES
OF THE SWEENEY INDEPENDENT SCHOOL DISTRICT UNDER A
REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

May 31, 2013

Final Report

PREPARED BY



Estimated Impact of the Proposed Chevron Phillips Project (Application No. 281) on the Finances of the Sweeny Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Chevron Phillips (Chevron) has requested that the Sweeny Independent School District (SISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to SISD on April 4, 2013, which is listed by the State Comptroller's Office as Application No. 281, Chevron proposes to invest \$637 million to construct a new polyethylene manufacturing plant in SISD.

The Chevron project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

Under the provisions of Chapter 313, SISD may offer a minimum value limitation of \$30 million. The provisions of Chapter 313 call for the project to be fully taxable through the 2018-19 school year, assuming the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2017-18 and 2018-19 school years. Beginning in the 2019-20 school year, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with SISD currently levying a \$0.1717 per \$100 I&S tax rate. The full taxable value of the investment is expected to reach \$631 million in the 2018-19 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

In the case of the Chevron project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. SISD would experience a \$3.7 million revenue loss as a result of the implementation of the value limitation in the 2019-20 school year. No out-year revenue losses are anticipated under current law.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$46.9 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

School Finance Mechanics

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct its property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation may result in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated at the compressed M&O tax rate when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study. In the case of M&O tax effort in excess of the compressed tax rate, a recurring revenue loss may be incurred.

Under the HB 1 system adopted in 2006, most school districts received additional state aid for tax reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation agreements, adjustments to ASATR funding often moderated the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 781 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 243 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formulas. This resulted in 336 districts receiving ASATR funding, with an estimated 688 districts operating on state funding formulas.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The 2011 legislative session also saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year. It is expected that ASATR state funding will be reduced in future years and eliminated by the 2017-18 school year, based on current state policy.

In the case of SISD, the District has a target revenue level of \$5,639 per WADA, which is about \$400 above the state average. At the same time, the target revenue level for SISD is at a level that

it is met out of current state and local resources without ASATR funding. As a result, SISD has been operating as a “formula” school district for several years and not receiving ASATR funds.

The initial legislation in the 2013 legislative session shows a further reduction in the number of ASATR districts. It is expected that the Texas Education Agency will be presenting information on recent legislative action in the next month or so. As a result, current law will be the basis for the estimates presented below.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Chevron project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The general approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. Student enrollment counts are held at approximately 1,800 in average daily attendance (ADA) in analyzing the effects of the Chevron project on the finances of SISD. The District’s local tax base reached \$1.39 billion for the 2012 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. The projected taxable values of the Chevron Phillips project are factored into the base model used here. The impact of the limitation value for the proposed Chevron project is isolated separately and the focus of this analysis. The District’s current Conoco-Phillips Chapter 313 agreement is expected to expire after the 2014-15 school year, so it is not a factor in the estimates for the Chevron value limitation. An M&O tax rate of \$1.04 is used throughout this analysis. While Chevron Application No. 283 is also under consideration by the Board, these estimates do not incorporate the values associated with that project prior to formal school board action on the application.

SISD has estimated state property wealth per weighted ADA or WADA of approximately \$573,659 for the 2012-13 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

School Finance Impact

School finance models were prepared for SISD under the assumptions outlined above through the 2031-32 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding beyond the projected level for that school year. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property

value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a model is established to make a calculation of the “Baseline Revenue” by adding the value of the proposed Chevron facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A second model is developed which adds the Chevron value but imposes the proposed property value limitation effective in the third year, which in this case is the 2019-20 school year. The results of this model are identified as “Value Limitation Revenue Model” under the revenue protection provisions of the proposed agreement (see Table 3). A summary of the differences between these models is shown in Table 4.

Under these assumptions, SISD would experience a revenue loss of \$3.7 million as a result of the implementation of the value limitation in the 2019-20 school year. The revenue reduction results primarily from the mechanics of the one-year lag in value associated with the state property value study. M&O tax savings for Chevron are expected to reach \$6 million in the 2019-20 school year when the value limitation takes effect. This reduction in M&O taxes is partially offset by a \$2.3 million reduction in recapture costs, leaving the \$3.7 million loss.

Beginning with the 2020-21 school year, the state property value study reflects the \$30 million limitation amount, and recapture costs offset the M&O tax reduction for the first \$1.00 of tax effort. Additional state aid offsets the M&O tax reduction for the remaining four cents of tax effort. This information is summarized in Table 4.

The Comptroller’s state property value study influences these calculations, as noted previously. At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect. Two state property value determinations are made for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.04 per \$100 of taxable value M&O rate is assumed in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$41.4 million over the life of the agreement. In addition, Chevron would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years, which are expected to total approximately \$9.2 million over the life of the agreement, with no unpaid tax credits anticipated. The District is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key SISD revenue losses are expected to total approximately \$3.7 million in the first year of the agreement. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$46.9 million over the life of the agreement.

Facilities Funding Impact

The Chevron project remains fully taxable for debt services taxes, with SISD currently levying a \$0.1717 per \$100 I&S rate. While the value of the Chevron project is expected to depreciate over the life of the agreement and beyond, full access to the additional project value in its peak 2018-19 school year is expected to increase the District's I&S tax base by nearly 40 percent. This will assist SISD in meeting its future debt service needs.

The Chevron project is not expected to affect SISD in terms of enrollment. While the Company anticipates 92 full-time jobs associated with the project when it begins operation, how many new students that may enroll in the District would depend on the family characteristics of the new employees and the availability of housing within the District. Given the deferral of the qualifying time period requested in the application, it is difficult to project what impact the project would have on these factors six or seven years from now.

Conclusion

The proposed Chevron polyethylene manufacturing project enhances the tax base of SISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 agreement could reach an estimated \$46.9 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the I&S tax base of SISD in meeting its future debt service obligations.

Table 1 – Base District Information with Chevron Phillips Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2017-18	1,790.43	2,543.04	\$1.0400	\$0.1717	\$1,767,386,752	\$1,767,386,752	\$1,530,083,980	\$1,530,083,980	\$601,676	\$601,676
2	2018-19	1,784.42	2,511.01	\$1.0400	\$0.1717	\$2,074,567,829	\$2,074,567,829	\$1,679,216,025	\$1,679,216,025	\$668,740	\$668,740
3	2019-20	1,784.42	2,511.01	\$1.0400	\$0.1717	\$2,042,491,979	\$1,466,587,739	\$1,986,397,102	\$1,986,397,102	\$791,074	\$791,074
4	2020-21	1,784.42	2,511.01	\$1.0400	\$0.1717	\$2,012,249,385	\$1,460,565,715	\$1,954,321,252	\$1,378,417,012	\$778,300	\$548,948
5	2021-22	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,983,700,489	\$1,455,268,565	\$1,924,078,658	\$1,372,394,988	\$766,256	\$546,550
6	2022-23	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,956,719,282	\$1,450,609,035	\$1,895,529,762	\$1,367,097,838	\$754,886	\$544,441
7	2023-24	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,931,191,811	\$1,446,510,374	\$1,869,548,555	\$1,362,438,308	\$744,141	\$542,585
8	2024-25	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,907,014,849	\$1,442,905,070	\$1,843,021,084	\$1,358,339,647	\$733,975	\$540,953
9	2025-26	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,884,094,726	\$1,439,733,738	\$1,818,844,122	\$1,354,734,343	\$724,347	\$539,517
10	2026-27	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,862,346,289	\$1,436,944,140	\$1,795,923,999	\$1,351,563,011	\$715,219	\$538,254
11	2027-28	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,841,691,991	\$1,841,691,991	\$1,774,175,562	\$1,348,773,413	\$706,558	\$537,143
12	2028-29	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,822,061,077	\$1,822,061,077	\$1,753,521,264	\$1,348,773,413	\$698,332	\$698,332
13	2029-30	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,803,388,876	\$1,803,388,876	\$1,733,890,350	\$1,733,890,350	\$690,514	\$690,514
14	2030-31	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,785,616,157	\$1,785,616,157	\$1,715,218,149	\$1,715,218,149	\$683,078	\$683,078
15	2031-32	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,768,688,573	\$1,768,688,573	\$1,697,445,430	\$1,697,445,430	\$676,000	\$676,000

*Tier II Yield: \$47.65; AISD Yield: \$59.97; Equalized Wealth: \$476,500 per WADA

Table 2 – “Baseline Revenue Model” – Project Value Added with No Value Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2017-18	\$23,022,299	\$653,217	\$0	\$0	-\$4,550,209	\$919,695	\$0	\$0	\$20,045,002
2	2018-19	\$26,032,824	\$776,352	\$0	\$0	-\$7,232,459	\$1,039,959	\$0	\$0	\$20,616,677
3	2019-20	\$25,833,652	\$649,336	\$0	\$0	-\$10,021,758	\$1,032,003	\$0	\$0	\$17,493,233
4	2020-21	\$25,532,415	\$774,245	\$0	\$0	-\$9,649,553	\$1,019,969	\$0	\$0	\$17,677,077
5	2021-22	\$25,247,972	\$649,336	\$0	\$0	-\$9,296,292	\$1,008,606	\$0	\$0	\$17,609,622
6	2022-23	\$24,979,078	\$774,245	\$0	\$0	-\$8,960,661	\$997,864	\$0	\$0	\$17,790,527
7	2023-24	\$24,724,610	\$649,336	\$0	\$0	-\$8,641,463	\$987,699	\$0	\$0	\$17,720,182
8	2024-25	\$24,483,549	\$774,245	\$0	\$0	-\$8,337,612	\$978,069	\$0	\$0	\$17,898,251
9	2025-26	\$24,254,971	\$774,245	\$0	\$0	-\$8,048,119	\$968,938	\$0	\$0	\$17,950,035
10	2026-27	\$24,038,033	\$774,245	\$0	\$0	-\$7,772,079	\$960,271	\$0	\$0	\$18,000,471
11	2027-28	\$23,750,527	\$774,245	\$0	\$0	-\$7,482,151	\$948,786	\$0	\$0	\$17,991,408
12	2028-29	\$23,558,134	\$774,245	\$0	\$0	-\$7,232,372	\$941,100	\$0	\$0	\$18,041,108
13	2029-30	\$23,375,138	\$774,245	\$0	\$0	-\$6,993,659	\$933,790	\$0	\$0	\$18,089,514
14	2030-31	\$23,200,956	\$774,245	\$0	\$0	-\$6,765,385	\$926,832	\$0	\$0	\$18,136,649
15	2031-32	\$23,035,058	\$774,245	\$0	\$0	-\$6,546,969	\$920,205	\$0	\$0	\$18,182,539

Table 3-- "Value Limitation Revenue Model"--Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2017-18	\$23,022,299	\$653,217	\$0	\$0	-\$4,550,209	\$919,695	\$0	\$0	\$20,045,002
2	2018-19	\$26,032,824	\$776,352	\$0	\$0	-\$7,232,459	\$1,039,959	\$0	\$0	\$20,616,677
3	2019-20	\$20,074,322	\$649,336	\$0	\$0	-\$7,731,537	\$801,929	\$0	\$0	\$13,794,050
4	2020-21	\$20,015,303	\$774,245	\$0	\$0	-\$2,509,477	\$799,571	\$73,922	\$0	\$19,153,564
5	2021-22	\$19,963,388	\$649,336	\$0	\$0	-\$2,430,733	\$797,497	\$77,553	\$0	\$19,057,043
6	2022-23	\$19,917,722	\$774,245	\$0	\$0	-\$2,361,252	\$795,673	\$80,759	\$0	\$19,207,148
7	2023-24	\$19,877,553	\$649,336	\$0	\$0	-\$2,299,967	\$794,069	\$83,587	\$0	\$19,104,579
8	2024-25	\$19,842,220	\$774,245	\$0	\$0	-\$2,245,928	\$792,657	\$86,082	\$0	\$19,249,276
9	2025-26	\$19,811,139	\$774,245	\$0	\$0	-\$2,198,291	\$791,415	\$88,282	\$0	\$19,256,791
10	2026-27	\$19,783,800	\$774,245	\$0	\$0	-\$2,156,308	\$790,323	\$90,222	\$0	\$19,282,282
11	2027-28	\$23,750,527	\$774,245	\$0	\$0	-\$2,547,345	\$948,786	\$110,498	\$0	\$23,036,712
12	2028-29	\$23,558,134	\$774,245	\$0	\$0	-\$7,232,372	\$941,100	\$0	\$0	\$18,041,108
13	2029-30	\$23,375,138	\$774,245	\$0	\$0	-\$6,993,659	\$933,790	\$0	\$0	\$18,089,514
14	2030-31	\$23,200,956	\$774,245	\$0	\$0	-\$6,765,385	\$926,832	\$0	\$0	\$18,136,649
15	2031-32	\$23,035,058	\$774,245	\$0	\$0	-\$6,546,969	\$920,205	\$0	\$0	\$18,182,539

Table 4 - Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2017-18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2018-19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2019-20	-\$5,759,330	\$0	\$0	\$0	\$2,290,222	-\$230,074	\$0	\$0	-\$3,699,182
4	2020-21	-\$5,517,112	\$0	\$0	\$0	\$7,140,075	-\$220,398	\$73,922	\$0	\$1,476,487
5	2021-22	-\$5,284,584	\$0	\$0	\$0	\$6,865,560	-\$211,109	\$77,553	\$0	\$1,447,421
6	2022-23	-\$5,061,356	\$0	\$0	\$0	\$6,599,409	-\$202,191	\$80,759	\$0	\$1,416,621
7	2023-24	-\$4,847,057	\$0	\$0	\$0	\$6,341,496	-\$193,630	\$83,587	\$0	\$1,384,396
8	2024-25	-\$4,641,329	\$0	\$0	\$0	\$6,091,684	-\$185,412	\$86,082	\$0	\$1,351,026
9	2025-26	-\$4,443,832	\$0	\$0	\$0	\$5,849,828	-\$177,522	\$88,282	\$0	\$1,316,756
10	2026-27	-\$4,254,234	\$0	\$0	\$0	\$5,615,771	-\$169,948	\$90,222	\$0	\$1,281,811
11	2027-28	\$0	\$0	\$0	\$0	\$4,934,806	\$0	\$110,498	\$0	\$5,045,304
12	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2030-31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2031-32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial impact of the Chevron Phillips Project Property Value Limitation Request Submitted to SISD at \$1.04 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
1	2017-18	\$316,170,000	\$316,170,000	\$0	\$1.040	\$3,288,168	\$3,288,168	\$0	\$0	\$0	\$0	\$0
2	2018-19	\$631,134,000	\$631,134,000	\$0	\$1.040	\$6,563,794	\$6,563,794	\$0	\$0	\$0	\$0	\$0
3	2019-20	\$605,904,240	\$30,000,000	\$575,904,240	\$1.040	\$6,301,404	\$312,000	\$5,989,404	\$0	\$5,989,404	-\$3,699,182	\$2,290,222
4	2020-21	\$581,683,670	\$30,000,000	\$551,683,670	\$1.040	\$6,049,510	\$312,000	\$5,737,510	\$655,375	\$6,392,886	\$0	\$6,392,886
5	2021-22	\$558,431,924	\$30,000,000	\$528,431,924	\$1.040	\$5,807,692	\$312,000	\$5,495,692	\$635,414	\$6,131,106	\$0	\$6,131,106
6	2022-23	\$536,110,247	\$30,000,000	\$506,110,247	\$1.040	\$5,575,547	\$312,000	\$5,263,547	\$616,251	\$5,879,797	\$0	\$5,879,797
7	2023-24	\$514,681,437	\$30,000,000	\$484,681,437	\$1.040	\$5,352,687	\$312,000	\$5,040,687	\$597,854	\$5,638,541	\$0	\$5,638,541
8	2024-25	\$494,109,779	\$30,000,000	\$464,109,779	\$1.040	\$5,138,742	\$312,000	\$4,826,742	\$580,193	\$5,406,935	\$0	\$5,406,935
9	2025-26	\$474,360,988	\$30,000,000	\$444,360,988	\$1.040	\$4,933,354	\$312,000	\$4,621,354	\$563,239	\$5,184,593	\$0	\$5,184,593
10	2026-27	\$455,402,149	\$30,000,000	\$425,402,149	\$1.040	\$4,736,182	\$312,000	\$4,424,182	\$546,963	\$4,971,145	\$0	\$4,971,145
11	2027-28	\$437,201,663	\$437,201,663	\$0	\$1.040	\$4,546,897	\$4,546,897	\$0	\$5,032,673	\$5,032,673	\$0	\$5,032,673
12	2028-29	\$419,729,196	\$419,729,196	\$0	\$1.040	\$4,365,184	\$4,365,184	\$0	\$0	\$0	\$0	\$0
13	2029-30	\$402,955,628	\$402,955,628	\$0	\$1.040	\$4,190,739	\$4,190,739	\$0	\$0	\$0	\$0	\$0
14	2030-31	\$386,853,003	\$386,853,003	\$0	\$1.040	\$4,023,271	\$4,023,271	\$0	\$0	\$0	\$0	\$0
15	2031-32	\$371,394,483	\$371,394,483	\$0	\$1.040	\$3,862,503	\$3,862,503	\$0	\$0	\$0	\$0	\$0
Totals						\$74,735,673	\$33,336,555	\$41,399,118	\$9,227,962	\$50,627,060	-\$3,699,182	\$46,927,897
Tax Credits								Year 1	Year 2	Max Credits		
								\$2,976,168	\$6,251,794	\$9,227,962		
								Credits Earned		\$9,227,962		
								Credits Paid		<u>\$9,227,962</u>		
								Excess Credits Unpaid		\$0		

***Note:** School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

Attachment 3

Brazoria County

Population

- Total county population in 2010 for Brazoria County: 314,407 , up 1.7 percent from 2009. State population increased 1.8 percent in the same time period.
- Brazoria County was the state's 15th largest county in population in 2010 and the 50 th fastest growing county from 2009 to 2010.
- Brazoria County's population in 2009 was 56.0 percent Anglo (above the state average of 46.7 percent), 10.9 percent African-American (below the state average of 11.3 percent) and 26.6 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Brazoria County:

Pearland:	86,341	Lake Jackson:	28,980
Alvin:	23,284	Angleton:	19,123
Freeport:	12,618	Clute:	10,915
Manvel:	6,375	West Columbia:	4,203
Sweeny:	3,663	Richwood:	3,594

Economy and Income

Employment

- September 2011 total employment in Brazoria County: 137,947 , up 1.8 percent from September 2010. State total employment increased 0.9 percent during the same period.
(October 2011 employment data will be available November 18, 2011).
- September 2011 Brazoria County unemployment rate: 9.0 percent, up from 8.9 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

Pearland:	7.3 percent, up from 6.5 percent in September 2010.
Lake Jackson:	7.5 percent, down from 8.0 percent in September 2010.

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

- Brazoria County's ranking in per capita personal income in 2009: 54th with an average per capita income of \$37,523, down 1.3 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Brazoria County averaged \$97.62 million annually from 2007 to 2010. County total agricultural values in 2010 were up 14.7 percent from 2009. Major agriculture related commodities in Brazoria County during 2010 included:
 - Sorghum • Horses • Nursery • Rice • Other Beef
- 2011 oil and gas production in Brazoria County: 898,558.0 barrels of oil and 14.3 million Mcf of gas. In September 2011, there were 297 producing oil wells and 161 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).

Quarterly (September 2010 through December 2010)

- Taxable sales in Brazoria County during the fourth quarter 2010: \$670.47 million, up 7.2 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Pearland:	\$288.26 million, up 5.3 percent from the same quarter in 2009.
Lake Jackson:	\$113.83 million, up 2.5 percent from the same quarter in 2009.
Alvin:	\$77.36 million, up 6.0 percent from the same quarter in 2009.
Angleton:	\$36.45 million, up 0.1 percent from the same quarter in 2009.
Freeport:	\$18.95 million, up 9.5 percent from the same quarter in 2009.
Clute:	\$25.55 million, up 14.8 percent from the same quarter in 2009.
Manvel:	\$10.76 million, up 19.8 percent from the same quarter in 2009.
West Columbia:	\$10.48 million, up 13.2 percent from the same quarter in 2009.
Sweeny:	\$2.59 million, down 73.4 percent from the same quarter in 2009.
Richwood:	\$3.81 million, up 3.2 percent from the same quarter in 2009.
Brazoria:	\$9.22 million, up 14.4 percent from the same quarter in 2009.
Jones Creek:	\$273,198.00, up 2.9 percent from the same quarter in 2009.
Brookside Village:	\$1.08 million, up 118.1 percent from the same quarter in 2009.

Danbury:	\$662,540.00, up 13.5 percent from the same quarter in 2009.
Oyster Creek:	\$2.25 million, up 12.1 percent from the same quarter in 2009.
Holiday Lakes:	\$150,524.00, down 8.5 percent from the same quarter in 2009.
Iowa Colony:	\$13.50 million, down 1.7 percent from the same quarter in 2009.
Surfside Beach:	\$818,623.00, up 16.3 percent from the same quarter in 2009.
Bailey's Prairie:	\$34,200.00, down 2.7 percent from the same quarter in 2009.
Liverpool:	\$165,407.00, up 61.6 percent from the same quarter in 2009.
Quintana:	\$7,038.00

Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)

- Taxable sales in Brazoria County through the fourth quarter of 2010: \$2.46 billion, up 1.4 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Pearland:	\$1.04 billion, up 0.3 percent from the same period in 2009.
Lake Jackson:	\$402.67 million, down 0.2 percent from the same period in 2009.
Alvin:	\$289.95 million, up 0.3 percent from the same period in 2009.
Angleton:	\$145.19 million, up 0.8 percent from the same period in 2009.
Freeport:	\$74.78 million, up 10.4 percent from the same period in 2009.
Clute:	\$96.86 million, down 1.1 percent from the same period in 2009.
Manvel:	\$47.09 million, up 10.7 percent from the same period in 2009.
West Columbia:	\$39.73 million, up 14.0 percent from the same period in 2009.
Sweeny:	\$21.41 million, down 21.8 percent from the same period in 2009.
Richwood:	\$15.80 million, down 19.4 percent from the same period in 2009.
Brazoria:	\$34.75 million, down 1.6 percent from the same period in 2009.
Jones Creek:	\$1.08 million, down 4.4 percent from the same period in 2009.
Brookside Village:	\$3.79 million, up 78.2 percent from the same period in 2009.
Danbury:	\$2.53 million, up 26.1 percent from the same period in 2009.
Oyster Creek:	\$9.25 million, up 7.1 percent from the same period in 2009.
Holiday Lakes:	\$636,130.00, down 7.0 percent from the same period in 2009.
Iowa Colony:	\$52.04 million, down 18.0 percent from the same period in 2009.
Surfside Beach:	\$4.57 million, up 11.3 percent from the same period in 2009.
Bailey's Prairie:	\$87,007.00, down 37.8 percent from the same period in 2009.
Liverpool:	\$554,661.00, up 32.8 percent from the same period in 2009.
Quintana:	\$18,815.00

Annual (2010)

- Taxable sales in Brazoria County during 2010: \$2.46 billion, up 1.4 percent from 2009.
- Brazoria County sent an estimated \$153.68 million (or 0.90 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

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

Bailey's Prairie:	\$87,007.00, down 37.8 percent from 2009.
Liverpool:	\$554,661.00, up 32.8 percent from 2009.
Quintana:	\$18,815.00

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Brazoria County based on the sales activity month of August 2011: \$3.57 million, up 9.2 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Pearland*:	\$1.62 million, up 5.1 percent from August 2010.
Lake Jackson:	\$568,565.83, up 9.2 percent from August 2010.
Alvin:	\$486,410.35, up 16.2 percent from August 2010.
Angleton:	\$249,880.72, up 9.9 percent from August 2010.
Freeport:	\$173,510.53, up 18.7 percent from August 2010.
Clute:	\$154,235.75, up 22.5 percent from August 2010.
Manvel:	\$93,103.54, up 23.3 percent from August 2010.
West Columbia:	\$63,572.59, up 26.9 percent from August 2010.
Sweeny:	\$23,337.23, down 23.8 percent from August 2010.
Richwood:	\$25,511.08, up 10.0 percent from August 2010.
Brazoria:	\$62,718.11, up 13.0 percent from August 2010.
Jones Creek:	\$3,295.75, down 3.4 percent from August 2010.
Brookside Village:	\$2,387.38, down 20.5 percent from August 2010.
Danbury:	\$6,606.86, up 48.8 percent from August 2010.
Oyster Creek:	\$13,907.07, down 21.7 percent from August 2010.
Holiday Lakes:	\$573.54, down 13.3 percent from August 2010.
Iowa Colony:	\$10,575.40, down 15.9 percent from August 2010.
Surfside Beach:	\$7,278.22, up 18.4 percent from August 2010.
Bailey's Prairie:	\$396.90, down 1.6 percent from August 2010.
Liverpool:	\$1,835.61, down 63.3 percent from August 2010.
Quintana:	\$2,563.69, up 78.1 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Brazoria County based on sales activity months from September 2010 through August 2011: \$42.66 million, up 4.7 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

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

Bailey's Prairie:	\$5,454.70, down 28.7 percent from fiscal 2010.
Liverpool:	\$25,085.09, up 17.9 percent from fiscal 2010.
Quintana:	\$20,775.61, down 36.4 percent from fiscal 2010.

January 2011 through August 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Brazoria County based on sales activity months through August 2011: \$27.60 million, up 3.4 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Pearland*:	\$12.68 million, up 0.2 percent from the same period in 2010.
Lake Jackson:	\$4.49 million, up 2.8 percent from the same period in 2010.
Alvin:	\$3.58 million, up 8.2 percent from the same period in 2010.
Angleton:	\$1.95 million, up 2.0 percent from the same period in 2010.
Freeport:	\$1.32 million, up 14.3 percent from the same period in 2010.
Clute:	\$1.20 million, up 12.0 percent from the same period in 2010.
Manvel:	\$675,446.20, up 9.0 percent from the same period in 2010.
West Columbia:	\$439,718.95, up 0.5 percent from the same period in 2010.
Sweeny:	\$197,504.78, down 2.5 percent from the same period in 2010.
Richwood:	\$184,879.84, up 8.9 percent from the same period in 2010.
Brazoria:	\$474,043.43, up 6.3 percent from the same period in 2010.
Jones Creek:	\$27,593.02, up 2.8 percent from the same period in 2010.
Brookside Village:	\$22,157.56, down 23.2 percent from the same period in 2010.
Danbury:	\$48,106.28, up 22.6 percent from the same period in 2010.
Oyster Creek:	\$101,462.63, down 10.3 percent from the same period in 2010.
Holiday Lakes:	\$5,340.78, up 10.7 percent from the same period in 2010.
Iowa Colony:	\$118,301.95, up 50.3 percent from the same period in 2010.
Surfside Beach:	\$47,156.99, up 23.1 percent from the same period in 2010.
Bailey's Prairie:	\$3,774.23, up 7.4 percent from the same period in 2010.
Liverpool:	\$18,583.44, up 25.7 percent from the same period in 2010.
Quintana:	\$16,036.10, up 29.4 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Brazoria County based on sales activity in the 12 months ending in August 2011: \$42.66 million, up 4.7 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

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

Liverpool:	\$25,085.09, up 17.9 percent from the previous 12-month period.
Quintana:	\$20,775.61, down 36.4 percent from the previous 12-month period.

■ **City Calendar Year-To-Date (RJ 2011)**

■ **Payment to the cities from January 2011 through October 2011:**

Pearland*:	\$16.53 million, up 1.7 percent from the same period in 2010.
Lake Jackson:	\$5.92 million, up 3.2 percent from the same period in 2010.
Alvin:	\$4.51 million, up 6.7 percent from the same period in 2010.
Angleton:	\$2.51 million, up 3.6 percent from the same period in 2010.
Freeport:	\$1.61 million, up 18.0 percent from the same period in 2010.
Clute:	\$1.51 million, up 12.8 percent from the same period in 2010.
Manvel:	\$822,290.83, up 11.4 percent from the same period in 2010.
West Columbia:	\$573,559.55, up 2.7 percent from the same period in 2010.
Sweeny:	\$249,336.88, down 0.9 percent from the same period in 2010.
Richwood:	\$229,245.62, up 14.6 percent from the same period in 2010.
Brazoria:	\$600,072.15, up 6.1 percent from the same period in 2010.
Jones Creek:	\$34,177.91, up 2.0 percent from the same period in 2010.
Brookside Village:	\$27,813.93, down 19.0 percent from the same period in 2010.
Danbury:	\$59,717.24, up 20.6 percent from the same period in 2010.
Oyster Creek:	\$129,141.24, down 5.6 percent from the same period in 2010.
Holiday Lakes:	\$6,525.94, up 9.2 percent from the same period in 2010.
Iowa Colony:	\$142,860.27, up 52.1 percent from the same period in 2010.
Surfside Beach:	\$53,230.26, up 21.4 percent from the same period in 2010.
Bailey's Prairie:	\$4,661.08, down 33.1 percent from the same period in 2010.
Liverpool:	\$21,746.84, up 20.5 percent from the same period in 2010.
Quintana:	\$18,275.03, down 42.7 percent from the same period in 2010.

Annual (2010)

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Brazoria County based on sales activity months in 2010: \$41.77 million, up 0.9 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Pearland*:	\$19.80 million, up 2.2 percent from 2009.
Lake Jackson:	\$6.88 million, down 0.9 percent from 2009.
Alvin:	\$5.18 million, down 1.0 percent from 2009.
Angleton:	\$2.99 million, down 0.7 percent from 2009.
Freeport:	\$1.80 million, up 11.9 percent from 2009.
Clute:	\$1.69 million, down 3.6 percent from 2009.
Manvel:	\$928,016.24, up 5.5 percent from 2009.
West Columbia:	\$683,003.60, down 1.5 percent from 2009.
Sweeny:	\$307,562.66, down 5.1 percent from 2009.
Richwood:	\$259,772.39, down 8.8 percent from 2009.
Brazoria:	\$691,277.98, down 7.0 percent from 2009.
Jones Creek:	\$41,386.13, down 8.1 percent from 2009.
Brookside Village:	\$42,556.62, up 35.3 percent from 2009.
Danbury:	\$72,498.57, up 12.8 percent from 2009.
Oyster Creek:	\$170,345.11, up 5.4 percent from 2009.
Holiday Lakes:	\$7,212.68, down 10.7 percent from 2009.
Iowa Colony:	\$125,637.22, up 5.9 percent from 2009.
Surfside Beach:	\$53,802.40, up 10.0 percent from 2009.
Bailey's Prairie:	\$5,194.29, down 45.8 percent from 2009.
Liverpool:	\$21,280.04, up 15.2 percent from 2009.
Quintana:	\$17,136.83, down 54.6 percent from 2009.

*On 1/1/2009, the city of Pearland's local sales tax rate increased by 0.00 from 1.500 percent to 1.500 percent.

Property Tax

- As of January 2009, property values in Brazoria County: \$26.70 billion, down 1.7 percent from January 2008 values. The property

tax base per person in Brazoria County is \$86,351, above the statewide average of \$85,809. About 2.4 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Brazoria County's ranking in state expenditures by county in fiscal year 2010: 21st. State expenditures in the county for FY2010: \$996.28 million, up 0.5 percent from FY2009.
- In Brazoria County, 19 state agencies provide a total of 2,892 jobs and \$26.88 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Department of Criminal Justice
 - Department of Family and Protective Services
 - Department of Transportation
 - Department of Public Safety

Higher Education

- Community colleges in Brazoria County fall 2010 enrollment:
 - Brazosport College, a Public Community College, had 4,174 students.
 - Alvin Community College, a Public Community College, had 5,721 students.
- Brazoria County is in the service area of the following:
 - Alvin Community College with a fall 2010 enrollment of 5,721. Counties in the service area include:
Brazoria County
 - Brazosport College with a fall 2010 enrollment of 4,174. Counties in the service area include:
Brazoria County
- Institutions of higher education in Brazoria County fall 2010 enrollment:
 - None.

School Districts

- Brazoria County had 8 school districts with 93 schools and 59,838 students in the 2009-10 school year.
(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)
 - Alvin ISD had 16,591 students in the 2009-10 school year. The average teacher salary was \$49,031. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
 - Angleton ISD had 6,282 students in the 2009-10 school year. The average teacher salary was \$50,412. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.
 - Brazosport ISD had 12,822 students in the 2009-10 school year. The average teacher salary was \$49,929. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
 - Columbia-Brazoria ISD had 3,070 students in the 2009-10 school year. The average teacher salary was \$46,937. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
 - Damon ISD had 168 students in the 2009-10 school year. The average teacher salary was \$41,023. The percentage of students meeting the 2010 TAKS passing standard for all tests was 75 percent.
 - Danbury ISD had 773 students in the 2009-10 school year. The average teacher salary was \$47,625. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.
 - Pearland ISD had 18,198 students in the 2009-10 school year. The average teacher salary was \$48,294. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.
 - Sweeny ISD had 1,934 students in the 2009-10 school year. The average teacher salary was \$49,272. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.