



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 12, 2015

Dr. Patricia Montgomery
Superintendent
Angleton Independent School District
1900 N. Downing Rd.
Angleton, TX 77515

Dear Superintendent Montgomery:

On November 3, 2015, the Comptroller issued written notice that INEOS USA, LLC (the applicant) submitted a completed application (Application #1099) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on August 20, 2015, to the Angleton 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 #1099. |

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 November 3, 2015, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Korry Castillo, Director, Data Analysis & Transparency, by email at korry.castillo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller’s economic impact analysis of INEOS USA, LLC (the project) applying to Angleton 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 INEOS USA, LLC.

Applicant	INEOS USA, LLC
Tax Code, 313.024 Eligibility Category	Chemical Manufacturing
School District	Angleton ISD
2014-15 Enrollment in School District	6,125
County	Brazoria
Proposed Total Investment in District	\$500,000,000
Proposed Qualified Investment	\$500,000,000
Limitation Amount	\$30,000,000
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	70
Average weekly wage of qualifying jobs committed to by applicant	\$1,153.85
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,153.39
Minimum annual wage committed to by applicant for qualified jobs	\$60,000
Minimum weekly wage required for non-qualifying jobs	\$1,060.25
Minimum annual wage required for non-qualifying jobs	\$55,133
Investment per Qualifying Job	\$50,000,000
Estimated M&O levy without any limit (15 years)	\$48,234,076
Estimated M&O levy with Limitation (15 years)	\$12,823,514
Estimated gross M&O tax benefit (15 years)	\$35,410,562
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

Table 2 is the estimated statewide economic impact of INEOS USA, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	132	(62)	70	\$9,266,400	-\$1,266,400	\$8,000,000
2017	495	(241)	254	\$34,749,000	-\$6,749,000	\$28,000,000
2018	71	(18)	53	\$4,984,200	\$1,015,800	\$6,000,000
2019	80	227	307	\$4,459,280	\$19,540,720	\$24,000,000
2020	80	257	337	\$4,459,280	\$23,540,720	\$28,000,000
2021	80	273	353	\$4,459,280	\$27,540,720	\$32,000,000
2022	80	279	359	\$4,459,280	\$29,540,720	\$34,000,000
2023	80	282	362	\$4,459,280	\$32,540,720	\$37,000,000
2024	80	283	363	\$4,459,280	\$34,540,720	\$39,000,000
2025	80	281	361	\$4,459,280	\$36,540,720	\$41,000,000
2026	80	281	361	\$4,459,280	\$38,540,720	\$43,000,000
2027	80	281	361	\$4,459,280	\$40,540,720	\$45,000,000
2028	80	282	362	\$4,459,280	\$42,540,720	\$47,000,000
2029	80	277	357	\$4,459,280	\$43,540,720	\$48,000,000
2030	80	279	359	\$4,459,280	\$45,540,720	\$50,000,000

Source: CPA, REMI, NGC Industries

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Angleton ISD I&S Tax Levy	Angleton ISD M&O Tax Levy	Angleton ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Alvin Community College Tax Levy	Brazoria County Conservation & Reclamation District # 3 Tax Levy	Estimated Total Property Taxes	
			0.4152	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2016	\$ -	\$ -		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2017	\$ 42,534,700	\$ 42,534,700		\$176,604	\$442,361	\$618,965	\$212,248	\$8,677	\$63,802	\$839,891	
2018	\$ 313,368,100	\$ 313,368,100		\$1,301,104	\$3,259,028	\$4,560,133	\$1,563,707	\$63,930	\$470,052	\$6,187,769	
2019	\$ 441,686,000	\$ 441,686,000		\$1,833,880	\$4,593,534	\$6,427,415	\$2,204,013	\$90,108	\$662,529	\$8,721,536	
2020	\$ 424,121,500	\$ 424,121,500		\$1,760,952	\$4,410,864	\$6,171,816	\$2,116,366	\$86,525	\$636,182	\$8,374,707	
2021	\$ 407,256,900	\$ 407,256,900		\$1,690,931	\$4,235,472	\$5,926,402	\$2,032,212	\$83,084	\$610,885	\$8,041,698	
2022	\$ 391,064,500	\$ 391,064,500		\$1,623,700	\$4,067,071	\$5,690,771	\$1,951,412	\$79,781	\$586,597	\$7,721,963	
2023	\$ 375,517,200	\$ 375,517,200		\$1,559,147	\$3,905,379	\$5,464,526	\$1,873,831	\$76,609	\$563,276	\$7,414,966	
2024	\$ 360,589,500	\$ 360,589,500		\$1,497,168	\$3,750,131	\$5,247,298	\$1,799,342	\$73,564	\$540,884	\$7,120,204	
2025	\$ 346,256,500	\$ 346,256,500		\$1,437,657	\$3,601,068	\$5,038,725	\$1,727,820	\$70,639	\$519,385	\$6,837,184	
2026	\$ 332,494,700	\$ 332,494,700		\$1,380,518	\$3,457,945	\$4,838,463	\$1,659,149	\$67,832	\$498,742	\$6,565,443	
2027	\$ 319,281,100	\$ 319,281,100		\$1,325,655	\$3,320,523	\$4,646,179	\$1,593,213	\$65,136	\$478,922	\$6,304,527	
2028	\$ 306,593,800	\$ 306,593,800		\$1,272,977	\$3,188,576	\$4,461,553	\$1,529,903	\$62,548	\$459,891	\$6,054,004	
2029	\$ 294,412,000	\$ 294,412,000		\$1,222,399	\$3,061,885	\$4,284,283	\$1,469,116	\$60,063	\$441,618	\$5,813,462	
2030	\$ 282,715,400	\$ 282,715,400		\$1,173,834	\$2,940,240	\$4,114,075	\$1,410,750	\$57,676	\$424,073	\$5,582,501	
						Total	\$67,490,603	\$23,143,081	\$946,172	\$6,956,838	\$91,579,855

Source: CPA, INEOS USA, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Brazoria County, with all property tax incentives sought being granted using estimated market value from the application. The project has

applied for a value limitation under Chapter 313, Tax Code and tax abatements with Brazoria County, Alvin Community College and Brazoria County Conservation & Reclamation District #3. .

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	Angleton ISD I&S Tax Levy	Angleton ISD M&O Tax Levy	Angleton ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Alvin Community College Tax Levy	Brazoria County Conservation & Reclamation District # 3 Tax Levy	Estimated Total Property Taxes	
			0.4152	1.0400	1.4552	0.499	0.0204	0.1500		
2016	\$ -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2017	\$ 42,534,700	\$42,534,700	\$176,604	\$442,361	\$618,965	\$0	\$5,640	\$41,471	\$666,077	
2018	\$ 313,368,100	\$313,368,100	\$1,301,104	\$3,259,028	\$4,560,133	\$0	\$41,554	\$305,534	\$4,907,221	
2019	\$ 441,686,000	\$30,000,000	\$1,833,880	\$312,000	\$2,145,880	\$0	\$58,570	\$430,644	\$2,635,094	
2020	\$ 424,121,500	\$30,000,000	\$1,760,952	\$312,000	\$2,072,952	\$0	\$56,241	\$413,518	\$2,542,712	
2021	\$ 407,256,900	\$30,000,000	\$1,690,931	\$312,000	\$2,002,931	\$0	\$54,005	\$397,075	\$2,454,011	
2022	\$ 391,064,500	\$30,000,000	\$1,623,700	\$312,000	\$1,935,700	\$0	\$79,781	\$586,597	\$2,602,077	
2023	\$ 375,517,200	\$30,000,000	\$1,559,147	\$312,000	\$1,871,147	\$0	\$76,609	\$563,276	\$2,511,032	
2024	\$ 360,589,500	\$30,000,000	\$1,497,168	\$312,000	\$1,809,168	\$1,799,342	\$73,564	\$540,884	\$4,222,957	
2025	\$ 346,256,500	\$30,000,000	\$1,437,657	\$312,000	\$1,749,657	\$1,727,820	\$70,639	\$519,385	\$4,067,501	
2026	\$ 332,494,700	\$30,000,000	\$1,380,518	\$312,000	\$1,692,518	\$1,659,149	\$67,832	\$498,742	\$3,918,241	
2027	\$ 319,281,100	\$30,000,000	\$1,325,655	\$312,000	\$1,637,655	\$1,593,213	\$65,136	\$478,922	\$3,774,926	
2028	\$ 306,593,800	\$30,000,000	\$1,272,977	\$312,000	\$1,584,977	\$1,529,903	\$62,548	\$459,891	\$3,637,319	
2029	\$ 294,412,000	\$294,412,000	\$1,222,399	\$3,061,885	\$4,284,283	\$1,469,116	\$60,063	\$441,618	\$6,255,080	
2030	\$ 282,715,400	\$282,715,400	\$1,173,834	\$2,940,240	\$4,114,075	\$1,410,750	\$57,676	\$424,073	\$6,006,574	
					Total	\$32,080,041	\$11,189,292	\$829,858	\$6,101,630	\$50,200,821
					Diff	\$35,410,562	\$11,953,789	\$116,313	\$855,208	\$41,379,034

Source: CPA, INEOS USA, 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 INEOS USA, 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	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2019	\$312,000	\$312,000	\$4,281,534	\$4,281,534
	2020	\$312,000	\$624,000	\$4,098,864	\$8,380,398
	2021	\$312,000	\$936,000	\$3,923,472	\$12,303,870
	2022	\$312,000	\$1,248,000	\$3,755,071	\$16,058,941
	2023	\$312,000	\$1,560,000	\$3,593,379	\$19,652,319
	2024	\$312,000	\$1,872,000	\$3,438,131	\$23,090,450
	2025	\$312,000	\$2,184,000	\$3,289,068	\$26,379,518
	2026	\$312,000	\$2,496,000	\$3,145,945	\$29,525,463
	2027	\$312,000	\$2,808,000	\$3,008,523	\$32,533,986
	2028	\$312,000	\$3,120,000	\$2,876,576	\$35,410,562
Maintain Viable Presence (5 Years)	2029	\$3,061,885	\$6,181,885	\$0	\$35,410,562
	2030	\$2,940,240	\$9,122,125	\$0	\$35,410,562
	2031	\$2,823,441	\$11,945,566	\$0	\$35,410,562
	2032	\$2,711,292	\$14,656,858	\$0	\$35,410,562
	2033	\$2,603,611	\$17,260,469	\$0	\$35,410,562
Additional Years as Required by 313.026(c)(1) (10 Years)	2034	\$2,500,217	\$19,760,686	\$0	\$35,410,562
	2035	\$2,400,942	\$22,161,628	\$0	\$35,410,562
	2036	\$2,305,618	\$24,467,246	\$0	\$35,410,562
	2037	\$2,214,088	\$26,681,334	\$0	\$35,410,562
	2038	\$2,126,204	\$28,807,538	\$0	\$35,410,562
	2039	\$2,041,817	\$30,849,356	\$0	\$35,410,562
	2040	\$1,960,789	\$32,810,145	\$0	\$35,410,562
	2041	\$1,882,986	\$34,693,130	\$0	\$35,410,562
	2042	\$1,808,279	\$36,501,409	\$0	\$35,410,562
	2043	\$1,736,545	\$38,237,955	\$0	\$35,410,562

\$38,237,955

is greater than

\$35,410,562

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

NOTE: The analysis above only takes into account this project’s estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, INEOS USA, 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 is has determined that the limitation on appraised value is a determining factor in the INEOS USA, LLC 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:

- Per the company the potential site selection had been narrowed down to Brazoria County, Geismar, Louisiana and Joffre Alberta, Canada.
- Per the company the final location for the proposed Project will, in part, depend on the ability to minimize the costs associated with the project.
- Per the company, the economic forecasts have declined over the past nine months when the proposed project was initially being considered. Should this project return fall below alternative INEOS investment options, the entire project will be terminated. The dramatic oil price swings and subsequent impacts on the financial community may also restrict fund availability or result in higher cost of borrowing.
- Per the company, the appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited.

Supporting Information

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

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

Supporting Information

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

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*Documentation to assist in determining if limitation is a determining factor.*

INEOS USA, LLC engages in manufacturing of petrochemicals, specialty and intermediate chemicals and polymers. The company was formerly known as Innovene USA LLC and changed its name in June 2006 due to its acquisition by INEOS Group, Ltd. It was incorporated in 2004 and is based in League City, Texas. INEOS USA, LLC operates as a subsidiary of Ineos Group Holdings SA and the top INEOS Group ownership by INEOS AG based in Rolle Switzerland.

INEOS is the 4th largest global chemical company and also has two refineries - in Lavera France and Grangemouth Scotland, UK. These refineries are the largest in both regions and operate as joint ventures with Petrochina. INEOS is a privately owned company with 3 principals -- primary ownership by Chairman Jim Ratcliffe along with John Reece and Andy Currie. INEOS are also the largest olefins producer in Europe. INEOS has 17,000 employees globally and 65 manufacturing sites worldwide. Annual turnover of the global business in excess of \$50 billion. For further details, refer to ineos.com.

The proposed Project is still in the evaluation stage; preliminary development activities have begun with plant design configuration. No formal permit filings have been made as of the date of this application. No engineering, procurement or construction contracts have been negotiated or signed to support the proposed Project other than the design. No public announcements of a definitive intent to construct the proposed Project have been made and the location has not been finalized. Reviews continue to be made on various site locations including INEOS' existing North American facility in Joffre Alberta Canada. La Porte Texas as well as third party sites both in Texas and Louisiana are also being considered.

Agreements pertaining to preliminary design and engineering work and the development of other technical studies and estimates have been entered into; however, this work is necessary for purposes of determining whether the proposed Project is technically viable and can be cost-competitive in the global marketplace.

The site selection for this Project has competitive global options. Final location for the proposed Project will, in part, depend on the ability to minimize the costs associated with the project. INEOS has narrowed the potential site selection down to three locations; Brazoria County, Geismar, Louisiana and Joffre, Alberta, Canada.

The Project has been impacted by the recent dramatic changes in oil price which impact not only our feedstock pricing but also competitors. The lower oil provides cheaper naphtha pricing which many of our competitors use especially in the European and Asian markets. As INEOS will be exporting into these markets from the proposed project, the economic forecast have declined over the past 9 months when the proposed project was initially being considered.

INEOS also has a limited amount of capital investment monies available and internally all project returns are vetted. Should this project return fall below alternative INEOS investment options, INEOS Group will not provide approval and the entire project will be terminated.

Besides internal equity and capital approvals, project financing will be required. The dramatic oil price swings and subsequent impacts on the financial community may also restrict fund availability or result in higher cost of borrowing.

For this reason, INEOS is requesting economic development support through Brazoria County, the Angleton Independent School District, and the State of Texas. INEOS also intends to enter into a Chapter 312 Tax Abatement Agreement with Brazoria County before the end of the application year. This appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited.

Supporting Information

Additional information
provided by
by the Comptroller

NONE