



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

September 12, 2016

Danny Massey
Superintendent
Brazosport Independent School District
301 West Brazoswood Drive
Clute, Texas 77531

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Brazosport Independent School District and Praxair, Inc., Application #1144

Dear Superintendent Massey:

On September 06, 2016, the Comptroller issued written notice that Praxair, Inc. (the applicant) submitted a completed application (Application #1144) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on July 26, 2016, to the Brazosport 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; 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 requested a waiver 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 #1144.

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.

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).

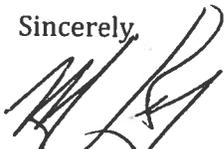
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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 September 06, 2016, 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 Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure
cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Praxair, Inc. (the project) applying to Brazosport 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 Praxair, Inc.

Applicant	Praxair, Inc.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Brazosport ISD
2014-2015 Average Daily Attendance	11,573
County	Brazoria
Proposed Total Investment in District	\$104,000,000
Proposed Qualified Investment	\$104,000,000
Limitation Amount	\$80,000,000
Qualifying Time Period (Full Years)	2019-2020
Number of new qualifying jobs committed to by applicant	15
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,163.15
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,163.15
Minimum annual wage committed to by applicant for qualified jobs	\$60,484
Minimum weekly wage required for non-qualifying jobs	\$1,081
Minimum annual wage required for non-qualifying jobs	\$56,212
Investment per Qualifying Job	\$6,933,333
Estimated M&O levy without any limit (15 years)	\$11,653,691
Estimated M&O levy with Limitation (15 years)	\$10,913,358
Estimated gross M&O tax benefit (15 years)	\$740,333
<i>* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).</i>	

Table 2 is the estimated statewide economic impact of Praxair, Inc. (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	50	53	103	\$2,880,000	\$5,120,000	\$8,000,000
2019	70	78	148	\$4,032,000	\$7,968,000	\$12,000,000
2020	15	48	63	\$907,260	\$5,092,740	\$6,000,000
2021	15	49	64	\$907,260	\$5,092,740	\$6,000,000
2022	15	49	64	\$907,260	\$5,092,740	\$6,000,000
2023	15	49	64	\$907,260	\$6,092,740	\$7,000,000
2024	15	49	64	\$907,260	\$6,092,740	\$7,000,000
2025	15	49	64	\$907,260	\$6,092,740	\$7,000,000
2026	15	50	65	\$907,260	\$7,092,740	\$8,000,000
2027	15	50	65	\$907,260	\$7,092,740	\$8,000,000
2028	15	51	66	\$907,260	\$8,092,740	\$9,000,000
2029	15	53	68	\$907,260	\$8,092,740	\$9,000,000
2030	15	54	69	\$907,260	\$9,092,740	\$10,000,000
2031	15	56	71	\$907,260	\$9,092,740	\$10,000,000

Source: CPA REMI, Praxair, Inc.

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	Brazosport ISD I&S Tax Levy	Brazosport ISD M&O Tax Levy	Brazosport M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazosport College Tax Levy	Velasco Drainage District Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes
				0.2153	1.0400		0.4985	0.2775	0.0939	0.0413	
2020	\$103,500,000	\$103,500,000		\$222,836	\$1,076,400	\$1,299,236	\$515,948	\$287,223	\$97,164	\$42,787	\$2,242,356
2021	\$98,850,000	\$98,850,000		\$212,824	\$1,028,040	\$1,240,864	\$492,767	\$274,319	\$92,798	\$40,865	\$2,141,613
2022	\$93,956,300	\$93,956,300		\$202,288	\$977,146	\$1,179,433	\$468,372	\$260,738	\$88,204	\$38,842	\$2,035,590
2023	\$89,305,800	\$89,305,800		\$192,275	\$928,780	\$1,121,056	\$445,189	\$247,833	\$83,838	\$36,919	\$1,934,835
2024	\$84,886,500	\$84,886,500		\$182,761	\$882,820	\$1,065,580	\$423,159	\$235,569	\$79,690	\$35,092	\$1,839,090
2025	\$80,687,300	\$80,687,300		\$173,720	\$839,148	\$1,012,868	\$402,226	\$223,915	\$75,748	\$33,356	\$1,748,113
2026	\$76,697,200	\$76,697,200		\$165,129	\$797,651	\$962,780	\$382,336	\$212,842	\$72,002	\$31,707	\$1,661,666
2027	\$72,905,200	\$72,905,200		\$156,965	\$758,214	\$915,179	\$363,432	\$202,319	\$68,442	\$30,139	\$1,579,512
2028	\$69,302,300	\$69,302,300		\$149,208	\$720,744	\$869,952	\$345,472	\$192,321	\$65,060	\$28,650	\$1,501,454
2029	\$65,878,500	\$65,878,500		\$141,836	\$685,136	\$826,973	\$328,404	\$182,819	\$61,845	\$27,234	\$1,427,276
2030	\$62,624,700	\$62,624,700		\$134,831	\$651,297	\$786,128	\$312,184	\$173,790	\$58,791	\$25,889	\$1,356,782
2031	\$59,531,900	\$59,531,900		\$128,172	\$619,132	\$747,304	\$296,767	\$165,207	\$55,887	\$24,610	\$1,289,775
2032	\$56,593,100	\$56,593,100		\$121,845	\$588,568	\$710,413	\$282,117	\$157,052	\$53,128	\$23,396	\$1,226,105
2033	\$53,800,200	\$53,800,200		\$115,832	\$559,522	\$675,354	\$268,194	\$149,301	\$50,507	\$22,241	\$1,165,596
2034	\$52,028,200	\$52,028,200		\$112,017	\$541,093	\$653,110	\$259,361	\$144,383	\$48,843	\$21,508	\$1,127,206
			Total	\$2,412,538	\$11,653,691	\$14,066,229	\$5,585,928	\$3,109,631	\$899,469	\$396,089	\$20,758,062

Source: CPA, Praxair, Inc.

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 the county, Brazosport College, Velasco Drainage District and Port Freeport.

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

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Brazosport ISD I&S Tax Levy	Brazosport ISD M&O Tax Levy	Brazosport M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazosport College Tax Levy	Velasco Drainage District Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.2153	1.0400		0.4985	0.2775	0.0939	0.0413	
2020	\$103,500,000	\$80,000,000		\$222,836	\$832,000	\$1,054,836	\$0	\$0	\$0	\$0	\$1,054,836
2021	\$98,850,000	\$80,000,000		\$212,824	\$832,000	\$1,044,824	\$0	\$0	\$0	\$0	\$1,044,824
2022	\$93,956,300	\$80,000,000		\$202,288	\$832,000	\$1,034,288	\$0	\$0	\$0	\$0	\$1,034,288
2023	\$89,305,800	\$80,000,000		\$192,275	\$832,000	\$1,024,275	\$0	\$0	\$0	\$0	\$1,024,275
2024	\$84,886,500	\$80,000,000		\$182,761	\$832,000	\$1,014,761	\$0	\$0	\$0	\$0	\$1,014,761
2025	\$80,687,300	\$80,000,000		\$173,720	\$832,000	\$1,005,720	\$0	\$0	\$0	\$0	\$1,005,720
2026	\$76,697,200	\$76,697,200		\$165,129	\$797,651	\$962,780	\$0	\$0	\$0	\$0	\$962,780
2027	\$72,905,200	\$72,905,200		\$156,965	\$758,214	\$915,179	\$363,432	\$202,319	\$68,442	\$30,139	\$1,480,931
2028	\$69,302,300	\$69,302,300		\$149,208	\$720,744	\$869,952	\$345,472	\$192,321	\$65,060	\$28,650	\$1,407,745
2029	\$65,878,500	\$65,878,500		\$141,836	\$685,136	\$826,973	\$328,404	\$182,819	\$61,845	\$27,234	\$1,338,197
2030	\$62,624,700	\$62,624,700		\$134,831	\$651,297	\$786,128	\$312,184	\$173,790	\$58,791	\$25,889	\$1,272,102
2031	\$59,531,900	\$59,531,900		\$128,172	\$619,132	\$747,304	\$296,767	\$165,207	\$55,887	\$24,610	\$1,209,277
2032	\$56,593,100	\$56,593,100		\$121,845	\$588,568	\$710,413	\$282,117	\$157,052	\$53,128	\$23,396	\$1,149,581
2033	\$53,800,200	\$53,800,200		\$115,832	\$559,522	\$675,354	\$268,194	\$149,301	\$50,507	\$22,241	\$1,092,849
2034	\$52,028,200	\$52,028,200		\$112,017	\$541,093	\$653,110	\$259,361	\$144,383	\$48,843	\$21,508	\$1,056,854
			Total	\$2,412,538	\$10,913,358	\$13,325,896	\$2,455,931	\$1,367,192	\$462,503	\$203,667	\$17,149,018
			Diff	\$0	\$740,333	\$740,333	\$3,129,997	\$1,742,438	\$436,966	\$192,422	\$3,609,043

Source: CPA, Praxair, Inc.

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 before 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that Praxair, Inc. (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	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2020	\$832,000	\$832,000	\$244,400	\$244,400
	2021	\$832,000	\$1,664,000	\$196,040	\$440,440
	2022	\$832,000	\$2,496,000	\$145,146	\$585,586
	2023	\$832,000	\$3,328,000	\$96,780	\$682,366
	2024	\$832,000	\$4,160,000	\$50,820	\$733,185
	2025	\$832,000	\$4,992,000	\$7,148	\$740,333
	2026	\$797,651	\$5,789,651	\$0	\$740,333
	2027	\$758,214	\$6,547,865	\$0	\$740,333
	2028	\$720,744	\$7,268,609	\$0	\$740,333
	2029	\$685,136	\$7,953,745	\$0	\$740,333
Maintain Viable Presence (5 Years)	2030	\$651,297	\$8,605,042	\$0	\$740,333
	2031	\$619,132	\$9,224,174	\$0	\$740,333
	2032	\$588,568	\$9,812,742	\$0	\$740,333
	2033	\$559,522	\$10,372,264	\$0	\$740,333
	2034	\$541,093	\$10,913,358	\$0	\$740,333
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$540,728	\$11,454,086	\$0	\$740,333
	2036	\$540,373	\$11,994,458	\$0	\$740,333
	2037	\$540,026	\$12,534,485	\$0	\$740,333
	2038	\$539,688	\$13,074,173	\$0	\$740,333
	2039	\$539,359	\$13,613,531	\$0	\$740,333
	2040	\$539,037	\$14,152,569	\$0	\$740,333
	2041	\$538,724	\$14,691,293	\$0	\$740,333
	2042	\$538,418	\$15,229,711	\$0	\$740,333
	2043	\$538,121	\$15,767,832	\$0	\$740,333
	2044	\$537,831	\$16,305,663	\$0	\$740,333
		\$16,305,663	is greater than	\$740,333	
Analysis Summary					
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?					Yes

Source: CPA, Praxair, Inc.

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

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

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

- Per Praxair, Inc. in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Praxair’s pipeline complex allows it to have options for our investments. A variety of factors are considered in selecting site location, including the local pool of available skilled workers, costs for natural gas and ease of doing business as it relates to permitting and incentives to reduce risk in investments. We are evaluating Louisiana and Texas for our current investment options.”
 - B. “The applicant requires this appraised value limitation in order to move forward with the development of the project. Without this appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the project to compete for global customers against similar projects operated by competitors of Praxair in the U.S. and around the world.”
- According to the Praxair Inc. news release dated February 19, 2015, “Praxair is investing more than \$400 million to add hydrogen and nitrogen production capacity and extending its Gulf Coast pipeline systems approximately 46 miles from Texas City to the Freeport area.”
- A July 23, 2015 *The Facts (Clute, TX)* article states that Praxair Inc. “will pay Freeport more than a half-million dollars a year under an industrial agreement it signed with the city.” Freeport’s “city manager expects the creation of about 15 new jobs once the facility off Highway 332 opens.”
- Attached Railroad Commission of Texas Public GIS Viewer map depicting Carbon Dioxide pipelines.

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.

Praxair is a Fortune 500 company headquartered in Danbury, Connecticut. The company employs over 27,000 people worldwide and has key locations in Connecticut, Illinois, Indiana, New York, Texas, Georgia, Iowa, and California. It is a leading industrial gas producer in the Americas. Praxair products include atmospheric, process and specialty gases and related services and technologies. Having diverse sources of industrial gases helps attract other businesses that rely on such products; supply of industrial gases is a critical utility for many businesses. We expect to sell to liquid customers too, including medical grade oxygen for hospitals, carbon dioxide for beverages, especially the growing craft beer movement in Texas and liquid nitrogen for food safety and fire suppression (among other uses). Oil and fracking also require significant industrial gasses. Today, Praxair serves approximately 25 industries as diverse as healthcare and petroleum refining: computer-chip manufacturing and beverage carbonation; fiber-optics and steel making; aerospace, chemicals and water treatment.

Praxair's pipeline complex allows it to have options for our investments. A variety of factors are considered in selecting site location, including the local pool of available skilled workers, costs for natural gas and ease of doing business as it relates to permitting and incentives to reduce risk in investments. We are evaluating Louisiana and Texas for our current investment options.

The applicant requires this appraised value limitation in order to move forward with the development of the project. Without this appraised value limitation, the impact of comparatively high Texas property taxes on the cost of the project does not allow the project to compete for global customers against similar projects operated by competitors of Praxair in the U.S. and around the world. Without this appraised value limitation Praxair would have to strongly consider making this investment at another site outside of Texas rather than Brazoria County. Approval of this Value limitation application allows us to extend our relationships in Texas and be a contributor to the state's economic growth story.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Praxair Gulf Coast Expansion to Serve Freeport, Texas, and Supply New World-Scale Ammonia Project

PRAXAIR GULF COAST EXPANSION TO SERVE FREEPORT, TEXAS, AND SUPPLY NEW WORLD-SCALE AMMONIA PROJECT

 Share

February 19, 2015

DANBURY, Conn., February 19, 2015 — Praxair, Inc. (NYSE: PX) has signed a 20-year agreement to supply approximately 170 million standard cubic feet per day of hydrogen and 2,000 tons per day of nitrogen to a new 750,000 metric tons per year ammonia

complex being built by a new entity formed by Yara and BASF.

To help fulfill the raw material requirements of this world-scale ammonia project located in Freeport, Texas, Praxair is investing more than \$400 million to add hydrogen and nitrogen production capacity and extending its Gulf Coast pipeline systems approximately 46 miles from Texas City to the Freeport area. Praxair's pipeline systems are supported by multiple hydrogen and air separation plants and product storage capabilities including Praxair's innovative 2.5 billion standard cubic foot high-purity hydrogen storage cavern. The pipeline extensions are scheduled to be in operation in 2016 and the supply to the complex is expected to start in late 2017.

"This is an opportunity for Praxair to build out its presence in Freeport, Texas, one of the largest chemical complexes in the western hemisphere," said Eduardo Menezes, executive vice president, Praxair. "Praxair's ability to capture and process by-product hydrogen generated by multiple crackers that are being installed in the Gulf Coast and add this product to the hydrogen produced by our on-purpose steam methane reformer facilities to reliably deliver high-purity hydrogen was critical for this award. We are excited to be a part of this project and to be working alongside Yara and BASF."

Speaking on behalf of the newly-formed entity, Yara International President and Chief Executive Officer Torgeir Kvidal said, "Praxair has been working closely with us to ensure this project becomes a reality. There have been several advantages to working with Praxair including their long history of providing supply reliability along with the infrastructure and industrial gas innovations we need to run a world-class ammonia plant with a low-carbon footprint."

Praxair operates over 50 hydrogen production facilities and seven hydrogen pipeline systems worldwide. Refinery and chemical customers globally benefit from Praxair's complete portfolio of large-volume industrial gases, cylinder gases and specialized technologies and services.

About Praxair

Praxair, Inc., a Fortune 250 company with 2014 sales of \$12.3 billion, is the largest industrial gases company in North and South America and one of the largest [worldwide](#). The company produces, sells and distributes atmospheric, process and specialty [gases](#), and high-performance surface coatings. Praxair products, [services](#) and technologies are making our planet more productive by bringing efficiency and environmental benefits to a wide variety of industries, including [aerospace](#), [chemicals](#), [food and beverage](#), [electronics](#), [energy](#), [healthcare](#), manufacturing, primary metals and many others. More information about Praxair, Inc. is available at www.praxair.com.

 [Download this news release \(165.26 KB\)](#)

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Company's new facility to net Freeport \$9.9 million

Facts, The (Clute, TX) - July 23, 2015

- Author/Byline: ARIEL CARMONA, JR. ariel.carmona@thefacts.com
- Section: News
- Readability: >12 grade level (Lexile: 1360)

FREEPORT — A Delaware-based air gas processing company will pay Freeport more than a half-million dollars a year under an industrial agreement it signed with the city.

Praxair Inc. reached a 15-year contract with the city placing its value at roughly \$134 million, Freeport City Manager Jeff Pynes told City Council this week. The company will pay more than \$9.9 million over the life of the deal, or an average of about \$664,000 a year.

Industrial agreements are done in place of the companies paying taxes on the full appraisal value, foregoing municipal services such as fire protection. In exchange for the guaranteed revenue, cities agree not to annex the site.

"We have similar agreements with other companies which purchase land which the city controls. We do an industrial agreement saying they will remain within the boundaries of the city," Pynes said.

Freeport's agreement with Praxair runs from Oct. 1 until Sept. 30, 2030.

The city manager expects the creation of about 15 new jobs once the facility off Highway 332 opens. He said it could lead to more companies looking to move into the area and produce future employment opportunities for residents.

"We think there could be more to come with them. This is a significant sign that Freeport is looking to expand growth," Pynes said. "It's a great company. We're excited about it."

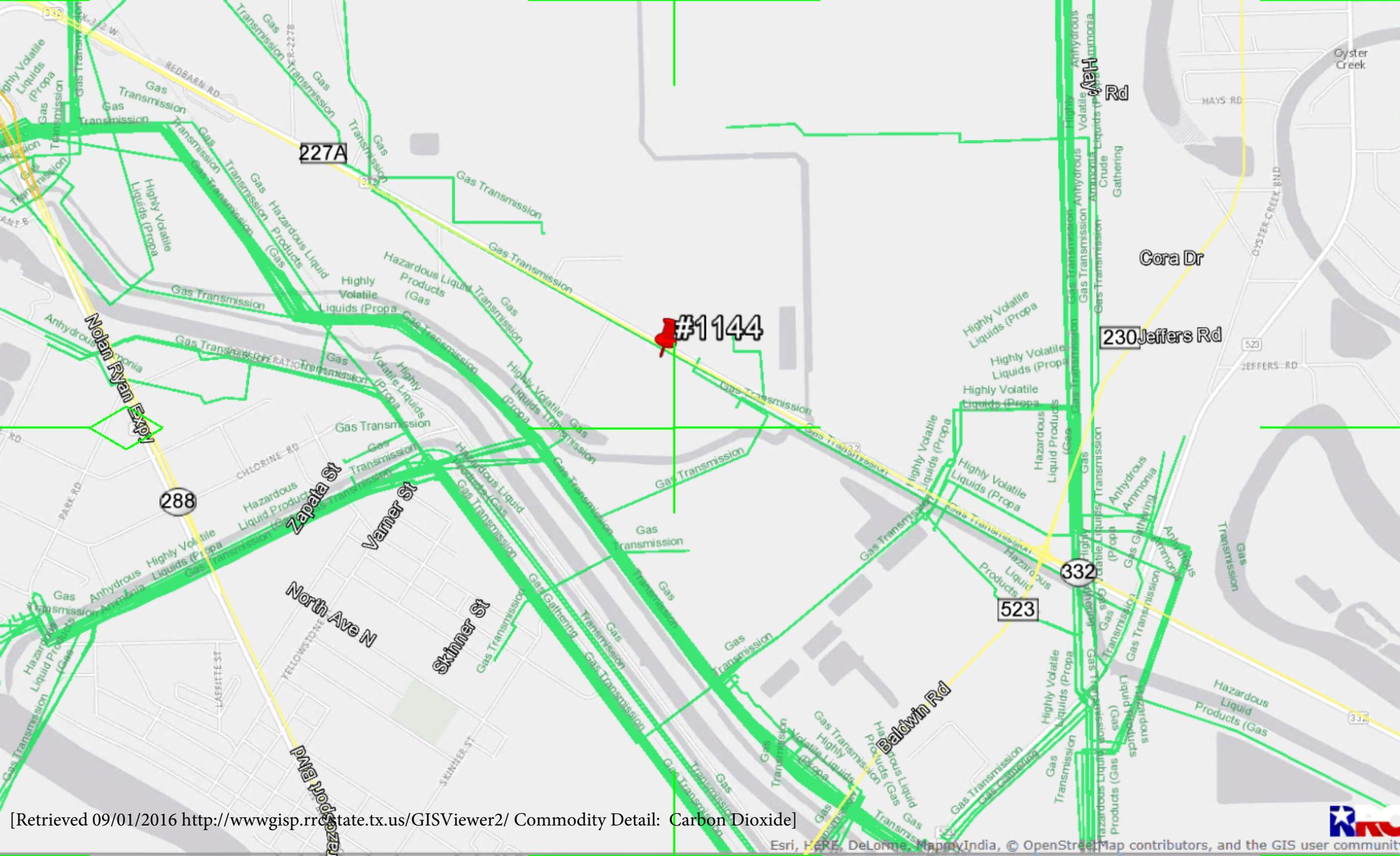
Mayor Norma Garcia said officials have yet to determine what the city will do with the extra money from the Praxair agreement.

"It's a little early to tell how we are going to use the revenues. There are a few projects in the city we need to expedite," she said.

Garcia said city staff are working on repairing roofs on city properties on Second Street, and infrastructure and other repairs throughout the city.

"Anything that we can get out of it tends to be good for the city," Councilman Larry McDonald said. "It will be great to utilize that income for infrastructure, drainage and other projects."

- Dateline: Clute, TX
- Record: ae274b22423f721ff55d86d4f42987d685ead26
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