

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



April 16, 2013

Dr. Patricia Montgomery  
Superintendent  
Angleton Independent School District  
1900 N. Downing Road  
Angleton, Texas 77515

Dear Superintendent Montgomery:

On January 18, 2013, the Comptroller received the completed application (Application # 263) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in November 2012 to the Angleton Independent School District (the school district) by Ascend Performance Materials Operations, LLC (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 (\$1.11 billion) 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

<sup>1</sup> 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 January 18, 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 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 limitation agreement must contain provisions that require:
  - a. the applicant to provide sufficient information to the Central Appraisal District (CAD) to distinguish between and separately appraise qualified property (as defined by 313.021(2)) from any property that is not qualified;
  - b. the school district to confirm with the CAD that the applicant has provided such information; and
  - c. that the Comptroller is provided with the CAD approved information no later than the first annual reporting period following the execution of the agreement;
- 3) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 4) 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
- 5) 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](mailto: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   | Ascend Performance Materials Operations, LLC |
| Tax Code, 313.024 Eligibility Category  | Manufacturing                                |
| School District   | Angleton                                     |
| 2011-12 Enrollment in School District   | 6,375  |
| County  | Brazoria                                     |
| Total Investment in District  | \$1,370,000,000                              |
| Qualified Investment  | \$1,110,000,000                              |
| Limitation Amount   | \$30,000,000                                 |
| Number of total jobs committed to by applicant  | 100  |
| Number of qualifying jobs committed to by applicant   | 80   |
| Average Weekly Wage of Qualifying Jobs committed to by applicant  | \$1,154                                      |
| Minimum Weekly Wage Required Tax Code, 313.051(b)   | \$1,136                                      |
| Minimum Annual Wage committed to by applicant for qualified jobs  | \$60,000                                     |
| Investment per Qualifying Job   | \$17,125,000                                 |
| Estimated 15 year M&O levy without any limit or credit:   | \$115,963,470                                |
| Estimated gross 15 year M&O tax benefit   | \$80,329,570                                 |
| 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): | \$72,757,246                                 |
| Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)   | \$4,808,685                                  |
| Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:  | \$43,206,224                                 |
| Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)  | 62.7%  |
| Percentage of tax benefit due to the limitation   | 94.0%  |
| Percentage of tax benefit due to the credit   | 6.0%   |

This presents the Comptroller's economic impact evaluation of Ascend Performance Materials Operations, LLC (the project) applying to Angleton 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 100 new jobs when fully operational. 80 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 of Governments Region, where Brazoria County is located was \$53,711 in 2011. The annual average manufacturing wage for 2011-2012 for Brazoria County is \$92,092. That same year, the county annual average wage for all industries was \$47,359. In addition to a salary of \$60,000, each qualifying position will receive benefits including three medical plan options, pharmacy benefits, two dental plan options, participation in a health care and / or dependent care flexible spending Account, basic life, voluntary life and voluntary accidental death and dismemberment insurance, short and long term disability, a variety of voluntary insurance products (identity theft, vision, legal, life/long-term care, accident insurance, hospital indemnity, and cancer benefits), savings and investment plan. The project's total investment is \$1.37 billion, resulting in a relative level of investment per qualifying job of \$17 million.

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

According to Ascend Performance Materials Operations, LLC's application, "One factor in determining whether the project will proceed is the internal competition for capital among the various project opportunities for the Ascend's affiliated entities, both nationally and globally. Since this factor is financial in nature, Ascend is seeking assistance in the way of incentives to help ensure that the project advances. Ascend's parent company allocates capital investment to projects and locations that create the best economic return. The existence of a limitation on tax value is a significant factor in calculating the economic return and allocation of reserves to the project. However, Ascend could redirect its expenditures or relocate the project to jurisdictions in Louisiana that have offered incentives related to this project."

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

During the past two years, 26 projects in the Houston-Galveston Area Council of Governments 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 Ascend Performance Materials Operations, LLC, 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 I depicts Ascend Performance Materials Operations, LLC'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 16 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 Ascend Performance Materials Operations, LLC**

| Year | Employment |                    |       | Personal Income |                    |              |
|------|------------|--------------------|-------|-----------------|--------------------|--------------|
|      | Direct     | Indirect + Induced | Total | Direct          | Indirect + Induced | Total        |
| 2013 | 235        | 334                | 569   | \$13,100,000    | \$20,900,000       | \$34,000,000 |
| 2014 | 670        | 893                | 1563  | \$37,200,000    | \$61,800,000       | \$99,000,000 |
| 2015 | 300        | 588                | 888   | \$17,000,000    | \$48,000,000       | \$65,000,000 |
| 2016 | 100        | 375                | 475   | \$6,000,000     | \$35,000,000       | \$41,000,000 |
| 2017 | 100        | 398                | 498   | \$6,000,000     | \$38,000,000       | \$44,000,000 |
| 2018 | 100        | 404                | 504   | \$6,000,000     | \$39,000,000       | \$45,000,000 |
| 2019 | 100        | 408                | 508   | \$6,000,000     | \$41,000,000       | \$47,000,000 |
| 2020 | 100        | 412                | 512   | \$6,000,000     | \$43,000,000       | \$49,000,000 |
| 2021 | 100        | 423                | 523   | \$6,000,000     | \$46,000,000       | \$52,000,000 |
| 2022 | 100        | 431                | 531   | \$6,000,000     | \$48,000,000       | \$54,000,000 |
| 2023 | 100        | 441                | 541   | \$6,000,000     | \$51,000,000       | \$57,000,000 |
| 2024 | 100        | 398                | 498   | \$6,000,000     | \$49,000,000       | \$55,000,000 |
| 2025 | 100        | 394                | 494   | \$6,000,000     | \$51,000,000       | \$57,000,000 |
| 2026 | 100        | 388                | 488   | \$6,000,000     | \$52,000,000       | \$58,000,000 |
| 2027 | 100        | 390                | 490   | \$6,000,000     | \$54,000,000       | \$60,000,000 |
| 2028 | 100        | 396                | 496   | \$6,000,000     | \$57,000,000       | \$63,000,000 |

Source: CPA, REMI, Ascend Performance Materials Operations, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.7 billion in 2011-2012. Angleton ISD's ad valorem tax base in 2011-2012 was \$2.18 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Angleton ISD's estimated wealth per WADA was \$284,027. 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, Brazoria County Conservation & Reclamation (C&R) District, Alvin Community College District, and Brazoria County Road & Bridge Fund, with all property tax incentives sought being granted using estimated market value from Ascend Performance Materials Operations, LLC's application. Ascend Performance Materials Operations, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county, C&R district, college district, and road & bridge fund. Table 3 illustrates the estimated tax impact of the Ascend Performance Materials Operations, LLC 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 \$115,963,470. The estimated gross 15 year M&O tax benefit, or levy loss, is \$80,329,570.

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**

Applicant Name: Ascend Performance Materials Operations LLC  
 ISD Name: Angleton ISD

PROPERTY INVESTMENT AMOUNTS

|  |   | (Estimated investment in each year. Do not put cumulative totals.) |             |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|--|---|--|-------------|-------------------|-------------------------------|----------------------------|---------------------------------|------------------|------------|-----------------------|---------------------------------|------------------|--|--|
|  |   | Tax Year   | School Year | Column A:         | Column B:                     | Column C:                  | Column D:                       | Column E:        | Column F:  | Column G:             | Column H:                       | Column I:        |  |  |
|  |   | Year   | Year        | Personal Property | Building or permanent         | Sum of A and B             | Investment that is not          | Total Investment | Other      | Qualifying investment | economic impact and             | Total Investment |  |  |
|  |   | Year   | Year        | placed in service | nonremovable component of     | during the qualifying time | investment affecting            | (A+B+D)          | investment | period)               | total value                     | (A+B+D)          |  |  |
|  |   | Year   | Year        | during this year  | building (annual amount only) | period)                    | economic impact and total value | Total Investment | Other      | Qualifying investment | economic impact and total value | Total Investment |  |  |
|  |   | Year   | Year        | during this year  | building (annual amount only) | period)                    | investment affecting            | (A+B+D)          | investment | period)               | total value                     | Total Investment |  |  |
|  |   | Year   | Year        | during this year  | building (annual amount only) | period)                    | investment affecting            | (A+B+D)          | investment | period)               | total value                     | Total Investment |  |  |
| The year preceding the first complete tax year of the qualifying time period (assuming no deferrals) | Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)   |  | 2013-2014   |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|  | Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)   |  | 2013        |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|  | Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property) |  |             |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|  | Complete tax years of qualifying time period  | 1  | 2014-2015   |                   | 228,384,244                   |                            |                                 |                  |            | 228,384,244           |                                 | 228,384,244      |  |  |
|  |   | 2  | 2015-2016   |                   |                               | 607,977,349                |                                 |                  |            | 607,977,349           | 60,800,000                      | 668,777,349      |  |  |
|  |   | 3  | 2016-2017   |                   |                               | 277,853,006                |                                 |                  |            | 277,853,006           | 76,500,000                      | 354,353,006      |  |  |
|  |   | 4  | 2017-2018   |                   |                               |                            |                                 |                  |            |                       | 119,100,000                     | 119,100,000      |  |  |
|  |   | 5  | 2018-2019   |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|  |   | 6  | 2019-2020   |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|  |   | 7  | 2020-2021   |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|  |   | 8  | 2021-2022   |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|  |   | 9  | 2022-2023   |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|  |   | 10   | 2023-2024   |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|  |   | 11   | 2024-2025   |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|  |   | 12   | 2025-2026   |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|  | 13  | 2026-2027  |             |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|  | 14  | 2027-2028  |             |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|  | 15  | 2028-2029  |             |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
| Tax Credit Period (with 50% cap on credit)   | Value Limitation Period   |  |             |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
| Credit Settle-Up Period  | Continuous to Maintain Viable Presence  |  |             |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|  | Post-Settle-Up Period   |  |             |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |
|  | Post-Settle-Up Period   |  |             |                   |                               |                            |                                 |                  |            |                       |                                 |                  |  |  |

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years. This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

Column A: For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property. Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period. The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column B: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Column C: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. 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 operational district data for past years and update estimates for current and future years. If original estimates have not changed, enter these amounts for future years.

*Andrew Kelso*  
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE: 12-20-2012

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

Applicant Name  
ISD Name

Ascend Performance Materials Operations LLC  
Angleton ISD

Form 50-296

|  | Year       | School Year (YYYY-YYYY) | Tax Year (Fill in actual tax year) YYYY | Estimated Market Value of Land | Qualified Property  |  | Reductions from Market Value | Estimated Taxable Value                          |  |
|--|------------|-------------------------|---|--------------------------------|---|--|------------------------------|--|--|
|  |            |                         |   |                                | Estimated Total Market Value of new buildings or other new improvements | Market Value of tangible personal property in the new building or "in or on the new improvement" |                              | Final taxable value for ISD after all reductions | Final taxable value for M&O after all reductions |
|  | pre-year 1 | 2013-2014               | 2013                                    | 25,000                         | -   | -  | -                            | -  | -  |
| Complete tax years of qualifying time period | 1          | 2014-2015               | 2014                                    | 25,000                         | 113,192,122   | -  | -                            | 113,217,122                                      | 113,217,122                                      |
|  | 2          | 2015-2016               | 2015                                    | 25,000                         | 420,010,599   | -  | 10,879,202                   | 409,156,397                                      | 409,156,397                                      |
|  | 3          | 2016-2017               | 2016                                    | 25,000                         | 1,104,573,286   | -  | 33,626,977                   | 1,070,971,310                                    | 30,000,000                                       |
|  | 4          | 2017-2018               | 2017                                    | 25,000                         | 1,063,832,064   | -  | 31,595,491                   | 1,032,261,573                                    | 30,000,000                                       |
|  | 5          | 2016-2019               | 2018                                    | 25,000                         | 1,033,587,709   | -  | 29,952,276                   | 1,003,640,433                                    | 30,000,000                                       |
| Tax Credit Period (with 50% cap on credit)   | 6          | 2019-2020               | 2019                                    | 25,000                         | 991,095,828   | -  | 28,024,792                   | 963,096,036                                      | 30,000,000                                       |
|  | 7          | 2020-2021               | 2020                                    | 25,000                         | 947,871,229   | -  | 26,152,775                   | 921,743,455                                      | 30,000,000                                       |
|  | 8          | 2021-2022               | 2021                                    | 25,000                         | 904,087,255   | -  | 24,336,224                   | 879,776,030                                      | 30,000,000                                       |
|  | 9          | 2022-2023               | 2022                                    | 25,000                         | 859,457,805   | -  | 22,575,142                   | 836,907,664                                      | 30,000,000                                       |
|  | 10         | 2023-2024               | 2023                                    | 25,000                         | 814,071,622   | -  | 20,869,528                   | 793,227,097                                      | 30,000,000                                       |
| Credit Settle-Up Period                      | 11         | 2024-2025               | 2024                                    | 25,000                         | 756,927,447   | -  | 18,928,175                   | 738,024,272                                      | 738,024,272                                      |
|  | 12         | 2025-2026               | 2025                                    | 25,000                         | 699,091,263   | -  | 17,058,157                   | 682,060,106                                      | 682,060,106                                      |
|  | 13         | 2026-2027               | 2026                                    | 25,000                         | 640,944,397   | -  | 15,253,474                   | 625,715,923                                      | 625,715,923                                      |
| Post-Settle-Up Period                        | 14         | 2027-2028               | 2027                                    | 25,000                         | 582,315,005   | -  | 13,520,125                   | 568,819,881                                      | 568,819,881                                      |
|  | 15         | 2028-2029               | 2028                                    | 25,000                         | 523,547,416   | -  | 11,856,109                   | 511,716,307                                      | 511,716,307                                      |

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 these amounts for future years.

*[Handwritten Signature]*

12-20-2012

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

**Schedule C- Application: Employment Information**

Applicant Name  
ISD Name

Ascend Performance Materials Operations LLC  
Angleton ISD

Form 50-296

|  | Year       | School Year<br>(YYYY-YYYY) | Tax Year<br>(Fill in actual tax<br>year)<br>YYYY | Construction   |  |   | New Jobs   |  | Qualifying Jobs   |  |
|--|------------|----------------------------|--|--|--|---|--|--|---|--|
|  |            |                            |  | Column A: Number<br>of Construction<br>FTE's or man-hours<br>(specify) | Column B:<br>Average annual<br>wage rates for<br>construction<br>workers | Column C:<br>Number of<br>new<br>jobs applicant<br>commits to<br>create<br>(cumulative) | Column D:<br>Average<br>annual wage<br>rate for all new<br>jobs. | Column E:<br>Number of qualifying<br>jobs applicant commits<br>to create meeting all<br>criteria of Sec.<br>313.021(3)<br>(cumulative) | Column F:<br>Average<br>annual wage of<br>qualifying jobs |  |
|  | pre-year 1 | 2013-2014                  | 2013   | 200 FTE  | 55,000   | 35  | 60,000   | 28   | 60,000  |  |
|  | 1          | 2014-2015                  | 2014   | 600 FTE  | 55,000   | 70  | 60,000   | 58   | 60,000  |  |
|  | 2          | 2015-2016                  | 2015   | 200 FTE  | 55,000   | 100   | 60,000   | 80   | 60,000  |  |
|  | 3          | 2016-2017                  | 2016   | -  | -  | 100   | 60,000   | 80   | 60,000  |  |
|  | 4          | 2017-2018                  | 2017   | -  | -  | 100   | 60,000   | 80   | 60,000  |  |
|  | 5          | 2018-2019                  | 2018   | -  | -  | 100   | 60,000   | 80   | 60,000  |  |
|  | 6          | 2019-2020                  | 2019   | -  | -  | 100   | 60,000   | 80   | 60,000  |  |
|  | 7          | 2020-2021                  | 2020   | -  | -  | 100   | 60,000   | 80   | 60,000  |  |
|  | 8          | 2021-2022                  | 2021   | -  | -  | 100   | 60,000   | 80   | 60,000  |  |
|  | 9          | 2022-2023                  | 2022   | -  | -  | 100   | 60,000   | 80   | 60,000  |  |
|  | 10         | 2023-2024                  | 2023   | -  | -  | 100   | 60,000   | 80   | 60,000  |  |
|  | 11         | 2024-2025                  | 2024   | -  | -  | 100   | 60,000   | 80   | 60,000  |  |
|  | 12         | 2025-2026                  | 2025   | -  | -  | 100   | 60,000   | 80   | 60,000  |  |
|  | 13         | 2026-2027                  | 2026   | -  | -  | 100   | 60,000   | 80   | 60,000  |  |
|  | 14         | 2027-2028                  | 2027   | -  | -  | 100   | 60,000   | 80   | 60,000  |  |
|  | 15         | 2028-2029                  | 2028   | -  | -  | 100   | 60,000   | 80   | 60,000  |  |
| Tax Credit Period<br>(with 50% cap on<br>credit) |            |                            |  |  |  |   |  |  |   |  |
| Credit Settle-Up<br>Period                       |            |                            |  |  |  |   |  |  |   |  |
| Post-Settle-Up Period                            |            |                            |  |  |  |   |  |  |   |  |
| Post-Settle-Up Period                            |            |                            |  |  |  |   |  |  |   |  |

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

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.

*[Handwritten Signature]*

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

*12-20-2012*  
DATE

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

Applicant Name

Ascend Performance Materials Operations LLC

ISD Name

Angleton ISD

Form 50-296

Other Property Tax Abatements Sought

| Applicant Name   | Sales Tax Information   |                        |   | Franchise Tax   |   |        |      | Other Property Tax Abatements Sought |       |  |  |
|--|-------------------------|------------------------|---|---|---|--------|------|--------------------------------------|-------|--|--|
|  | 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 | County | City | Hospital                             | Other |  |  |
| The year preceding the first complete tax year of the qualifying time period (assuming no deferrals) | 2013-2014               | 2013                   | 45,276,849  | 181,107,395   | 2,000,000   | 100%   | 0%   | 0%                                   | 100%  |  |  |
| Tax Credit Period (with 50% cap on credit)   | 1                       | 2014-2015              | 121,595,470   | 486,381,879   | 2,000,000   | 100%   | 0%   | 0%                                   | 100%  |  |  |
|  | 2                       | 2015-2016              | 55,572,601  | 222,290,405   | 2,000,000   | 100%   | 0%   | 0%                                   | 100%  |  |  |
|  | 3                       | 2016-2017              | -   | -   | 2,000,000   | 100%   | 0%   | 0%                                   | 100%  |  |  |
|  | 4                       | 2017-2018              | -   | -   | 2,000,000   | 100%   | 0%   | 0%                                   | 100%  |  |  |
|  | 5                       | 2018-2019              | -   | -   | 2,000,000   | 100%   | 0%   | 0%                                   | 100%  |  |  |
|  | 6                       | 2019-2020              | -   | -   | 2,000,000   | 100%   | 0%   | 0%                                   | 100%  |  |  |
|  | 7                       | 2020-2021              | -   | -   | 2,000,000   | 0%     | 0%   | 0%                                   | 0%    |  |  |
|  | 8                       | 2021-2022              | -   | -   | 2,000,000   | 0%     | 0%   | 0%                                   | 0%    |  |  |
|  | 9                       | 2022-2023              | -   | -   | 2,000,000   | 0%     | 0%   | 0%                                   | 0%    |  |  |
|  | 10                      | 2023-2024              | -   | -   | 2,000,000   | 0%     | 0%   | 0%                                   | 0%    |  |  |
|  | 11                      | 2024-2025              | -   | -   | 2,000,000   | 0%     | 0%   | 0%                                   | 0%    |  |  |
|  | 12                      | 2025-2026              | -   | -   | 2,000,000   | 0%     | 0%   | 0%                                   | 0%    |  |  |
|  | 13                      | 2026-2027              | -   | -   | 2,000,000   | 0%     | 0%   | 0%                                   | 0%    |  |  |
|  | 14                      | 2027-2028              | -   | -   | 2,000,000   | 0%     | 0%   | 0%                                   | 0%    |  |  |
|  | 15                      | 2028-2029              | -   | -   | 2,000,000   | 0%     | 0%   | 0%                                   | 0%    |  |  |

12-20-2012

DATE

*[Signature]*  
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

For planning, construction and operation of the facility

# Attachment 2

April 16, 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 Ascend Performance Materials Operations, LLC project on the number and size of school facilities in Angleton Independent School District (AISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the AISD superintendent, Ms. Patricia Montgomery Walker, the TEA has found that the Ascend Performance Materials Operations, LLC project would not have a significant impact on the number or size of school facilities in AISD.

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

Sincerely,



Al McKenzie, Manager  
Foundation School Program Support

AM/rk



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Michael L. Williams  
Commissioner

April 16, 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 (TEA) has analyzed the revenue gains that would be realized by the proposed Ascend Performance Materials Operations, LLC project for the Angleton Independent School District (AISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe the firm's assumptions regarding the potential revenue gain are valid, and its estimates of the impact of the Ascend Performance Materials Operations, LLC project on AISD are correct.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie", with a stylized flourish at the end.

Al McKenzie, Manager  
Foundation School Program Support

AM/rk

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED ASCEND  
PERFORMANCE MATERIALS OPERATIONS, LLC PROJECT ON  
THE FINANCES OF THE ANGLETON INDEPENDENT SCHOOL  
DISTRICT UNDER A REQUESTED CHAPTER 313 PROPERTY  
VALUE LIMITATION**

**January 18, 2013**

**Final Report**

**PREPARED BY**



# **Estimated Impact of the Proposed Ascend Performance Materials Operations, LLC Project on the Finances of the Angleton Independent School District under a Requested Chapter 313 Property Value Limitation**

## **Introduction**

Ascend Performance Materials Operations, LLC (Ascend) has requested that the Angleton Independent School District (AISD) 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 AISD on January 2, 2013, Ascend proposes to invest \$1.1 billion to construct a new propylene plant project in AISD.

The Ascend 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, AISD may offer a minimum value limitation of \$30 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2014-15 and 2015-16 school years, unless 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 2014-15 and 2015-16 school years. Beginning in the 2016-17 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 and after, with AISD currently levying a \$0.4152 per \$100 I&S tax rate. The full taxable value of the investment is expected to reach \$1.1 billion in the 2016-17 school year, with depreciation expected to reduce the taxable value of the project in future years.

In the case of the Ascend 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. AISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$7.6 million), with no out-year losses anticipated, based on current law.

Under the assumptions outlined below, the potential tax benefits to Ascend under a Chapter 313 agreement could reach an estimated \$72.8 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 often results in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but requires 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 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, assuming a similar deduction is made in the state property values.

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 815 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 209 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. As a result of these changes, the number of ASATR districts fell to 421, with an estimated 603 formula districts in operation.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The 2011 legislative session 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 likely 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 the Ascend project, it appears that ASATR funding is only a factor for AISD in the 2016-17 school year, when the \$30 million value limitation takes effect.

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 Ascend 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. The current SB 1 reductions are reflected in the underlying models. With regard to ASATR funding the 92.35 percent reduction enacted for the 2012-13 school year and thereafter, until the 2017-18 school year. A statement of legislative intent was adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below. The projected taxable values of the Ascend project are factored into the base model used here. The impact of the limitation value for the proposed Ascend project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 5,925 students in average daily attendance (ADA) in analyzing the effects of the Ascend project on the finances of AISD. The District's local tax base reached \$2.23 billion for the 2012 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.04 is used throughout this analysis. AISD has estimated state property wealth per weighted ADA or WADA of approximately \$283,882 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 AISD under the assumptions outlined above through the 2028-29 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88<sup>th</sup> 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 Ascend 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 Ascend value but imposes the proposed property value limitation effective in the third year, which in this case is the 2016-17 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, AISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$7,572,324). The revenue reduction results from the mechanics of the up to six cents beyond the compressed M&O tax rate equalized to the Austin yield or not subject to recapture, which reflect the one-year lag in value associated with the property value study.

As noted previously, no attempt was made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year, although it is assumed that ASATR will be eliminated beginning in the 2017-18 school year, based on the 2011 statement of legislative intent.

One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2016-17 school year. The formula loss of \$7.5 million cited above between the base and the limitation models is based on an assumption of \$10.8 million in M&O tax savings for Ascend when the \$30 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, a \$3.5 million increase in ASATR funding offsets a significant amount of the AISD reduction in M&O taxes in the first year the value limitation is in effect.

In general, the ASATR offset poses little if any financial risk to the school district as a result of the adoption of the value limitation agreement. But a significant reduction of ASATR funding prior to the assumed 2017-18 school year elimination of these funds could reduce the residual tax savings under the value limitation in the first year that the \$30 million value limitation takes effect.

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. The Comptroller's Property Tax Assistance Division makes two value determinations 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 \$75.5 million over the life of the agreement. In addition, Ascend 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. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$4.8 million over the life of the agreement, with no unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key AISD revenue losses are expected to total approximately -\$7.5 million in the first limitation year under the agreement. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to reach \$72.8 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the initial year of the agreement, there would still be a substantial tax benefit to Ascend under the value limitation agreement for the remaining years that the limitation is in effect.

### **Facilities Funding Impact**

The Ascend project remains fully taxable for debt services taxes, with AISD currently levying a \$0.4152 per \$100 I&S rate. The value of the Ascend project is expected to add nearly 50 percent to the tax base of AISD, which should provide substantial help in meeting the District's debt service needs. Once the peak project value is on the local tax roll, current debt service needs could be met with a 12 to 13 cent reduction in the current I&S tax rate.

The Ascend project is not expected to have a significant impact on AISD in terms of enrollment. While 100 permanent jobs are expected once the Ascend plant is in operation, highway access to the Angleton area provides potential employees with a variety of housing options outside of the boundaries of AISD. Continued expansion of the project and related development could result in an increase in the school-age population, but this project is unlikely to have a significant impact on a stand-alone basis.

### **Conclusion**

The proposed Ascend propylene plant project enhances the tax base of AISD. 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 \$72.8 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of AISD in meeting its future debt service obligations.

**Table 1 – Base District Information with Ascend Performance Materials Operations LLC 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 |
|-------------------|-------------|----------|----------|--------------|--------------|------------------------|---------------------------|-------------------|----------------------|----------------------------------|-------------------------------------|
| Pre-Year 1        | 2013-14     | 5,925.00 | 7,694.37 | \$1.0400     | \$0.4152     | \$2,231,720,213        | \$2,231,720,213           | \$2,184,296,191   | \$2,184,296,191      | \$283,882                        | \$283,882                           |
| 1                 | 2014-15     | 5,925.00 | 7,694.37 | \$1.0400     | \$0.4152     | \$2,344,937,335        | \$2,344,937,335           | \$2,184,296,191   | \$2,184,296,191      | \$283,882                        | \$283,882                           |
| 2                 | 2015-16     | 5,925.00 | 7,811.54 | \$1.0400     | \$0.4152     | \$2,640,876,610        | \$2,640,876,610           | \$2,297,513,313   | \$2,297,513,313      | \$294,118                        | \$294,118                           |
| 3                 | 2016-17     | 5,925.00 | 7,811.54 | \$1.0400     | \$0.4152     | \$3,302,691,523        | \$2,261,720,213           | \$2,593,452,588   | \$2,593,452,588      | \$332,003                        | \$332,003                           |
| 4                 | 2017-18     | 5,925.00 | 7,811.54 | \$1.0400     | \$0.4152     | \$3,263,981,786        | \$2,261,720,213           | \$3,255,267,501   | \$2,214,296,191      | \$416,726                        | \$283,465                           |
| 5                 | 2018-19     | 5,925.00 | 7,811.54 | \$1.0400     | \$0.4152     | \$3,235,360,646        | \$2,261,720,213           | \$3,216,557,764   | \$2,214,296,191      | \$411,770                        | \$283,465                           |
| 6                 | 2019-20     | 5,925.00 | 7,811.54 | \$1.0400     | \$0.4152     | \$3,194,816,249        | \$2,261,720,213           | \$3,187,936,624   | \$2,214,296,191      | \$408,106                        | \$283,465                           |
| 7                 | 2020-21     | 5,925.00 | 7,811.54 | \$1.0400     | \$0.4152     | \$3,153,463,668        | \$2,261,720,213           | \$3,147,392,227   | \$2,214,296,191      | \$402,916                        | \$283,465                           |
| 8                 | 2021-22     | 5,925.00 | 7,811.54 | \$1.0400     | \$0.4152     | \$3,111,496,243        | \$2,261,720,213           | \$3,106,039,646   | \$2,214,296,191      | \$397,622                        | \$283,465                           |
| 9                 | 2022-23     | 5,925.00 | 7,811.54 | \$1.0400     | \$0.4152     | \$3,068,627,877        | \$2,261,720,213           | \$3,064,072,221   | \$2,214,296,191      | \$392,250                        | \$283,465                           |
| 10                | 2023-24     | 5,925.00 | 7,811.54 | \$1.0400     | \$0.4152     | \$3,024,947,310        | \$2,261,720,213           | \$3,021,203,855   | \$2,214,296,191      | \$386,762                        | \$283,465                           |
| 11                | 2024-25     | 5,925.00 | 7,811.54 | \$1.0400     | \$0.4152     | \$2,969,744,485        | \$2,969,744,485           | \$2,977,523,288   | \$2,214,296,191      | \$381,170                        | \$283,465                           |
| 12                | 2025-26     | 5,925.00 | 7,811.54 | \$1.0400     | \$0.4152     | \$2,913,780,319        | \$2,913,780,319           | \$2,922,320,463   | \$2,922,320,463      | \$374,103                        | \$374,103                           |
| 13                | 2026-27     | 5,925.00 | 7,811.54 | \$1.0400     | \$0.4152     | \$2,857,436,136        | \$2,857,436,136           | \$2,866,356,297   | \$2,866,356,297      | \$366,939                        | \$366,939                           |
| 14                | 2027-28     | 5,925.00 | 7,811.54 | \$1.0400     | \$0.4152     | \$2,800,540,094        | \$2,800,540,094           | \$2,810,012,114   | \$2,810,012,114      | \$359,726                        | \$359,726                           |
| 15                | 2028-29     | 5,925.00 | 7,811.54 | \$1.0400     | \$0.4152     | \$2,743,436,520        | \$2,743,436,520           | \$2,753,116,072   | \$2,753,116,072      | \$352,442                        | \$352,442                           |

\*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 |
|-------------------|-------------|-----------------------------|--------------|------------------------------------|--------------------------|-----------------|----------------------------------|---|--|--------------------|
| Pre-Year 1        | 2013-14     | \$20,712,689                | \$16,777,065 | \$0                                | \$0                      | \$0             | \$2,119,746                      | \$1,566,126                                   | \$0  | \$41,175,625       |
| 1                 | 2014-15     | \$21,759,469                | \$16,777,065 | \$0                                | \$0                      | \$0             | \$2,226,874                      | \$1,645,275                                   | \$0  | \$42,408,683       |
| 2                 | 2015-16     | \$24,495,660                | \$16,262,244 | \$0                                | \$0                      | \$0             | \$2,506,897                      | \$1,700,463                                   | \$0  | \$44,965,265       |
| 3                 | 2016-17     | \$30,614,656                | \$13,470,213 | \$0                                | \$0                      | \$0             | \$3,133,118                      | \$1,569,874                                   | -\$42,435                                      | \$48,745,427       |
| 4                 | 2017-18     | \$30,256,754                | \$7,226,339  | \$0                                | \$0                      | \$0             | \$3,096,491                      | \$844,882                                     | -\$259,824                                     | \$41,164,642       |
| 5                 | 2018-19     | \$29,992,130                | \$7,591,545  | \$0                                | \$0                      | \$0             | \$3,069,409                      | \$870,526                                     | -\$247,366                                     | \$41,276,243       |
| 6                 | 2019-20     | \$29,617,265                | \$7,861,570  | \$0                                | \$0                      | \$0             | \$3,031,045                      | \$884,274                                     | -\$236,681                                     | \$41,157,473       |
| 7                 | 2020-21     | \$29,234,928                | \$8,244,085  | \$0                                | \$0                      | \$0             | \$2,991,916                      | \$908,053                                     | -\$222,773                                     | \$41,156,209       |
| 8                 | 2021-22     | \$28,846,906                | \$8,634,225  | \$0                                | \$0                      | \$0             | \$2,952,206                      | \$932,355                                     | -\$208,607                                     | \$41,157,085       |
| 9                 | 2022-23     | \$28,450,555                | \$9,030,165  | \$0                                | \$0                      | \$0             | \$2,911,643                      | \$956,921                                     | -\$194,216                                     | \$41,155,068       |
| 10                | 2023-24     | \$28,046,694                | \$9,434,606  | \$0                                | \$0                      | \$0             | \$2,870,312                      | \$982,031                                     | -\$179,529                                     | \$41,154,115       |
| 11                | 2024-25     | \$27,536,300                | \$9,846,709  | \$0                                | \$0                      | \$0             | \$2,818,078                      | \$1,003,995                                   | -\$163,979                                     | \$41,041,104       |
| 12                | 2025-26     | \$27,018,868                | \$10,367,518 | \$0                                | \$0                      | \$0             | \$2,765,124                      | \$1,036,197                                   | -\$145,151                                     | \$41,042,556       |
| 13                | 2026-27     | \$26,497,922                | \$10,895,511 | \$0                                | \$0                      | \$0             | \$2,711,810                      | \$1,068,962                                   | -\$126,090                                     | \$41,048,115       |
| 14                | 2027-28     | \$25,971,873                | \$11,427,088 | \$0                                | \$0                      | \$0             | \$2,657,974                      | \$1,101,868                                   | -\$106,897                                     | \$41,051,907       |
| 15                | 2028-29     | \$25,443,906                | \$11,963,872 | \$0                                | \$0                      | \$0             | \$2,603,941                      | \$1,135,218                                   | -\$87,534                                      | \$41,059,404       |

**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 |
|-------------------|-------------|-----------------------------|--------------|------------------------------------|--------------------------|-----------------|----------------------------------|---|--|--------------------|
| Pre-Year 1        | 2013-14     | \$20,712,689                | \$16,777,065 | \$0                                | \$0                      | \$0             | \$2,119,746                      | \$1,566,126                                   | \$0  | \$41,175,625       |
| 1                 | 2014-15     | \$21,759,469                | \$16,777,065 | \$0                                | \$0                      | \$0             | \$2,226,874                      | \$1,645,275                                   | \$0  | \$42,408,683       |
| 2                 | 2015-16     | \$24,495,660                | \$16,262,244 | \$0                                | \$0                      | \$0             | \$2,506,897                      | \$1,700,463                                   | \$0  | \$44,965,265       |
| 3                 | 2016-17     | \$20,990,062                | \$13,470,213 | \$3,517,450                        | \$0                      | \$0             | \$2,148,133                      | \$1,076,339                                   | -\$29,094                                      | \$41,173,103       |
| 4                 | 2017-18     | \$20,990,062                | \$17,047,353 | \$0                                | \$0                      | \$0             | \$2,148,133                      | \$1,592,600                                   | \$0  | \$41,778,148       |
| 5                 | 2018-19     | \$20,990,062                | \$17,047,353 | \$0                                | \$0                      | \$0             | \$2,148,133                      | \$1,592,600                                   | \$0  | \$41,778,148       |
| 6                 | 2019-20     | \$20,990,062                | \$17,047,353 | \$0                                | \$0                      | \$0             | \$2,148,133                      | \$1,592,600                                   | \$0  | \$41,778,148       |
| 7                 | 2020-21     | \$20,990,062                | \$17,047,353 | \$0                                | \$0                      | \$0             | \$2,148,133                      | \$1,592,600                                   | \$0  | \$41,778,148       |
| 8                 | 2021-22     | \$20,990,062                | \$17,047,353 | \$0                                | \$0                      | \$0             | \$2,148,133                      | \$1,592,600                                   | \$0  | \$41,778,148       |
| 9                 | 2022-23     | \$20,990,062                | \$17,047,353 | \$0                                | \$0                      | \$0             | \$2,148,133                      | \$1,592,600                                   | \$0  | \$41,778,148       |
| 10                | 2023-24     | \$20,990,062                | \$17,047,353 | \$0                                | \$0                      | \$0             | \$2,148,133                      | \$1,592,600                                   | \$0  | \$41,778,148       |
| 11                | 2024-25     | \$27,536,300                | \$17,047,353 | \$0                                | \$0                      | \$0             | \$2,818,078                      | \$2,089,289                                   | \$0  | \$49,491,021       |
| 12                | 2025-26     | \$27,018,868                | \$10,367,518 | \$0                                | \$0                      | \$0             | \$2,765,124                      | \$1,036,197                                   | -\$145,151                                     | \$41,042,556       |
| 13                | 2026-27     | \$26,497,922                | \$10,895,511 | \$0                                | \$0                      | \$0             | \$2,711,810                      | \$1,068,962                                   | -\$126,090                                     | \$41,048,115       |
| 14                | 2027-28     | \$25,971,873                | \$11,427,088 | \$0                                | \$0                      | \$0             | \$2,657,974                      | \$1,101,868                                   | -\$106,897                                     | \$41,051,907       |
| 15                | 2028-29     | \$25,443,906                | \$11,963,872 | \$0                                | \$0                      | \$0             | \$2,603,941                      | \$1,135,218                                   | -\$87,534                                      | \$41,059,404       |

**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 |
|-------------------|-------------|-----------------------------|-------------|------------------------------------|--------------------------|-----------------|----------------------------------|---|--|--------------------|
| Pre-Year 1        | 2013-14     | \$0                         | \$0         | \$0                                | \$0                      | \$0             | \$0                              | \$0   | \$0  | \$0                |
| 1                 | 2014-15     | \$0                         | \$0         | \$0                                | \$0                      | \$0             | \$0                              | \$0   | \$0  | \$0                |
| 2                 | 2015-16     | \$0                         | \$0         | \$0                                | \$0                      | \$0             | \$0                              | \$0   | \$0  | \$0                |
| 3                 | 2016-17     | -\$9,624,594                | \$0         | \$3,517,450                        | \$0                      | \$0             | -\$984,986                       | -\$493,535                                    | \$13,341                                       | -\$7,572,324       |
| 4                 | 2017-18     | -\$9,266,692                | \$9,821,014 | \$0                                | \$0                      | \$0             | -\$948,358                       | \$747,718                                     | \$259,824                                      | \$613,506          |
| 5                 | 2018-19     | -\$9,002,067                | \$9,455,808 | \$0                                | \$0                      | \$0             | -\$921,276                       | \$722,074                                     | \$247,366                                      | \$501,905          |
| 6                 | 2019-20     | -\$8,627,203                | \$9,185,783 | \$0                                | \$0                      | \$0             | -\$882,912                       | \$708,326                                     | \$236,681                                      | \$620,675          |
| 7                 | 2020-21     | -\$8,244,866                | \$8,803,268 | \$0                                | \$0                      | \$0             | -\$843,783                       | \$684,546                                     | \$222,773                                      | \$621,939          |
| 8                 | 2021-22     | -\$7,856,844                | \$8,413,128 | \$0                                | \$0                      | \$0             | -\$804,073                       | \$660,245                                     | \$208,607                                      | \$621,063          |
| 9                 | 2022-23     | -\$7,460,493                | \$8,017,188 | \$0                                | \$0                      | \$0             | -\$763,510                       | \$635,679                                     | \$194,216                                      | \$623,080          |
| 10                | 2023-24     | -\$7,056,632                | \$7,612,747 | \$0                                | \$0                      | \$0             | -\$722,179                       | \$610,568                                     | \$179,529                                      | \$624,033          |
| 11                | 2024-25     | \$0                         | \$7,200,644 | \$0                                | \$0                      | \$0             | \$0                              | \$1,085,294                                   | \$163,979                                      | \$8,449,917        |
| 12                | 2025-26     | \$0                         | \$0         | \$0                                | \$0                      | \$0             | \$0                              | \$0   | \$0  | \$0                |
| 13                | 2026-27     | \$0                         | \$0         | \$0                                | \$0                      | \$0             | \$0                              | \$0   | \$0  | \$0                |
| 14                | 2027-28     | \$0                         | \$0         | \$0                                | \$0                      | \$0             | \$0                              | \$0   | \$0  | \$0                |
| 15                | 2028-29     | \$0                         | \$0         | \$0                                | \$0                      | \$0             | \$0                              | \$0   | \$0  | \$0                |

**Table 5 - Estimated Financial impact of the Ascend Performance Materials Operations LLC Project Property Value Limitation Request Submitted to AISD 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 |
|---|-------------|-----------------|-------------------------|-----------------|----------------------|--------------------------|-------------------------|----------------------------------|---|--|--------------------------------|----------------------------|
| Pre-Year 1  | 2013-14     | \$0             | \$0                     | \$0             | \$1.040              | \$0                      | \$0                     | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
| 1   | 2014-15     | \$113,217,122   | \$113,217,122           | \$0             | \$1.040              | \$1,177,458              | \$1,177,458             | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
| 2   | 2015-16     | \$409,156,397   | \$409,156,397           | \$0             | \$1.040              | \$4,255,227              | \$4,255,227             | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
| 3   | 2016-17     | \$1,070,971,310 | \$30,000,000            | \$1,040,971,310 | \$1.040              | \$11,138,102             | \$312,000               | \$10,826,102                     | \$0   | \$10,826,102                                     | -\$7,572,324                   | \$3,253,778                |
| 4   | 2017-18     | \$1,032,261,573 | \$30,000,000            | \$1,002,261,573 | \$1.040              | \$10,735,520             | \$312,000               | \$10,423,520                     | \$686,955                                   | \$11,110,475                                     | \$0                            | \$11,110,475               |
| 5   | 2018-19     | \$1,003,640,433 | \$30,000,000            | \$973,640,433   | \$1.040              | \$10,437,861             | \$312,000               | \$10,125,861                     | \$686,955                                   | \$10,812,815                                     | \$0                            | \$10,812,815               |
| 6   | 2019-20     | \$963,096,036   | \$30,000,000            | \$933,096,036   | \$1.040              | \$10,016,199             | \$312,000               | \$9,704,199                      | \$686,955                                   | \$10,391,154                                     | \$0                            | \$10,391,154               |
| 7   | 2020-21     | \$921,743,455   | \$30,000,000            | \$891,743,455   | \$1.040              | \$9,586,132              | \$312,000               | \$9,274,132                      | \$686,955                                   | \$9,961,087                                      | \$0                            | \$9,961,087                |
| 8   | 2021-22     | \$879,776,030   | \$30,000,000            | \$849,776,030   | \$1.040              | \$9,149,671              | \$312,000               | \$8,837,671                      | \$686,955                                   | \$9,524,626                                      | \$0                            | \$9,524,626                |
| 9   | 2022-23     | \$836,907,664   | \$30,000,000            | \$806,907,664   | \$1.040              | \$8,703,840              | \$312,000               | \$8,391,840                      | \$686,955                                   | \$9,078,795                                      | \$0                            | \$9,078,795                |
| 10  | 2023-24     | \$793,227,097   | \$30,000,000            | \$763,227,097   | \$1.040              | \$8,249,562              | \$312,000               | \$7,937,562                      | \$686,955                                   | \$8,624,517                                      | \$0                            | \$8,624,517                |
| 11  | 2024-25     | \$738,024,272   | \$738,024,272           | \$0             | \$1.040              | \$7,675,452              | \$7,675,452             | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
| 12  | 2025-26     | \$682,060,106   | \$682,060,106           | \$0             | \$1.040              | \$7,093,425              | \$7,093,425             | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
| 13  | 2026-27     | \$625,715,923   | \$625,715,923           | \$0             | \$1.040              | \$6,507,446              | \$6,507,446             | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
| 14  | 2027-28     | \$568,819,881   | \$568,819,881           | \$0             | \$1.040              | \$5,915,727              | \$5,915,727             | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
| 15  | 2028-29     | \$511,716,307   | \$511,716,307           | \$0             | \$1.040              | \$5,321,850              | \$5,321,850             | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
| <b>Total</b>  |             |                 |                         |                 |                      | <b>\$115,963,470</b>     | <b>\$40,442,584</b>     | <b>\$75,520,885</b>              | <b>\$4,808,685</b>                          | <b>\$80,329,570</b>                              | <b>-\$7,572,324</b>            | <b>\$72,757,246</b>        |
| <b>Tax Credit for Value Over Limit in First 2 Years</b> |             |                 |                         |                 |                      |                          |                         | <b>Year 1</b>                    | <b>Year 2</b>                               | <b>Max Credits</b>                               |                                |                            |
|   |             |                 |                         |                 |                      |                          |                         | \$865,458                        | \$3,943,227                                 | \$4,808,685                                      |                                |                            |
|   |             |                 |                         |                 |                      |                          |                         | Credits Earned                   |   | \$4,808,685                                      |                                |                            |
|   |             |                 |                         |                 |                      |                          |                         | Credits Paid                     |   | <u>\$4,808,685</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.  |

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

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

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

|                          |   |
|--------------------------|---|
| <b>Bailey's Prairie:</b> | \$87,007.00, down 37.8 percent from 2009. |
| <b>Liverpool:</b>        | \$554,661.00, up 32.8 percent from 2009.  |
| <b>Quintana:</b>         | \$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:

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

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

|                          |  |
|--------------------------|--|
| <b>Bailey's Prairie:</b> | \$5,454.70, down 28.7 percent from fiscal 2010.  |
| <b>Liverpool:</b>        | \$25,085.09, up 17.9 percent from fiscal 2010.   |
| <b>Quintana:</b>         | \$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:
 

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

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

|                   |   |
|-------------------|---|
| <b>Liverpool:</b> | \$25,085.09, up 17.9 percent from the previous 12-month period.   |
| <b>Quintana:</b>  | \$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:

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

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