

Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Enterprise Products Operating, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Barbers Hill ISD
2008-2009 Enrollment in School District	3,890
County	Chambers
Total Investment in District	\$235,000,000
Qualified Investment	\$235,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	4*
Number of qualifying jobs committed to by applicant	4
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,644
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,008
Minimum Annual Wage committed to by applicant for qualified jobs	\$85,500
Investment per Qualifying Job	\$58,750,000
Estimated 15 year M&O levy without any limit or credit:	\$24,826,150
Estimated gross 15 year M&O tax benefit	\$14,191,135
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):	\$13,971,433
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$0
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$10,854,717
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	56.3%
Percentage of tax benefit due to the limitation	100.0%
Percentage of tax benefit due to the credit.	0.0%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

This presents the Comptroller's economic impact evaluation of Enterprise Products (the project) applying to Barbers Hill 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 four new jobs when fully operational. All four 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 Chambers County is located was \$47,629 in 2009. The annual average manufacturing wage for 2009 for Chambers County was \$74,438. That same year, the county annual average wage for all industries was \$48,035. In addition to a salary of \$85,500, each qualifying position will receive benefits such as health care, paid sick leave and vacation, education, and a 401(k). The project's total investment is \$235 million, resulting in a relative level of investment per qualifying job of approximately \$58.8 million.

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

According to Enterprise's application, "The Company currently operates in two states, and 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 the Company could redirect its expenditures to its plants in:

- Hobbs – West Texas
- Norco – South Louisiana."

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

During the past two years, three projects in the Houston-Galveston Area Council of Governments Region have 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 Enterprise project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

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

Table 1 depicts Enterprise'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 15 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 Enterprise

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	504	733	1237	\$26,413,429	\$55,006,571	\$81,420,000
2012	504	760	1264	\$26,413,429	\$63,796,571	\$90,210,000
2013	4	102	106	\$342,000	\$15,528,000	\$15,870,000
2014	4	59	63	\$342,000	\$11,988,000	\$12,330,000
2015	4	33	37	\$342,000	\$9,058,000	\$9,400,000
2016	4	23	27	\$342,000	\$7,588,000	\$7,930,000
2017	4	17	21	\$342,000	\$6,128,000	\$6,470,000
2018	4	18	22	\$342,000	\$5,888,000	\$6,230,000
2019	4	21	25	\$342,000	\$5,638,000	\$5,980,000
2020	4	24	28	\$342,000	\$5,638,000	\$5,980,000
2021	4	23	27	\$342,000	\$5,518,000	\$5,860,000
2022	4	24	28	\$342,000	\$6,008,000	\$6,350,000
2023	4	26	30	\$342,000	\$6,008,000	\$6,350,000
2024	4	24	28	\$342,000	\$6,008,000	\$6,350,000
2025	4	29	33	\$342,000	\$6,498,000	\$6,840,000

Source: CPA, REMI, Enterprise Products Operating, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2009. Barbers Hill ISD's ad valorem tax base in 2009 was \$2.9 billion. The statewide average wealth per WADA was estimated at \$352,755 for fiscal 2009-2010. During that same year, Barbers Hill ISD's estimated wealth per WADA was \$731,092. 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, Chambers County, and Mont Belvieu, with all property tax incentives sought being granted using estimated market value from Enterprise's application. Enterprise has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and city. Table 3 illustrates the estimated tax impact of the Enterprise project on the region if all taxes are assessed.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Barbers Hill ISD I&S Levy	Barbers Hill ISD M&O Levy	Barbers Hill ISD M&O and I&S Tax Levies (Before Credit Credited)	Barbers Hill ISD M&O and I&S Tax Levies (After Credit Credited)	Chambers County Tax Levy	City of Mont Belvieu Tax Levy	Estimated Total Property Taxes
				0.2698	1.0601			0.4518	0.4613	
2010	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2011	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2012	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2013	\$218,380,000	\$30,000,000		\$589,189	\$318,030	\$907,219	\$907,219	\$246,660	\$251,847	\$1,405,726
2014	\$212,250,000	\$30,000,000		\$572,651	\$318,030	\$890,681	\$890,681	\$383,578	\$391,644	\$1,665,902
2015	\$205,580,000	\$30,000,000		\$554,655	\$318,030	\$872,685	\$872,685	\$464,405	\$474,170	\$1,811,260
2016	\$201,450,000	\$30,000,000		\$543,512	\$318,030	\$861,542	\$861,542	\$455,076	\$464,644	\$1,781,262
2017	\$194,970,000	\$30,000,000		\$526,029	\$318,030	\$844,059	\$844,059	\$440,437	\$449,698	\$1,734,195
2018	\$188,490,000	\$30,000,000		\$508,546	\$318,030	\$826,576	\$826,576	\$851,598	\$869,504	\$2,547,678
2019	\$182,010,000	\$30,000,000		\$491,063	\$318,030	\$809,093	\$809,093	\$822,321	\$839,612	\$2,471,026
2020	\$175,530,000	\$30,000,000		\$473,580	\$318,030	\$791,610	\$791,610	\$793,045	\$809,720	\$2,394,374
2021	\$169,050,000	\$169,050,000		\$456,097	\$1,792,099	\$2,248,196	\$2,248,196	\$763,768	\$779,828	\$3,791,792
2022	\$162,760,000	\$162,760,000		\$439,126	\$1,725,419	\$2,164,545	\$2,164,545	\$735,350	\$750,812	\$3,650,707
2023	\$153,461,000	\$153,461,000		\$414,038	\$1,626,840	\$2,040,878	\$2,040,878	\$693,337	\$707,916	\$3,442,130
2024	\$143,629,000	\$143,629,000		\$387,511	\$1,522,611	\$1,910,122	\$1,910,122	\$648,916	\$662,561	\$3,221,598
2025	\$134,308,660	\$134,308,660		\$362,365	\$1,423,806	\$1,786,171	\$1,786,171	\$606,807	\$619,566	\$3,012,543
						Total	\$16,953,377	\$7,905,297	\$8,071,521	\$32,930,195

Assumes School Value Limitation and Tax Abatements from City of Mont Belvieu and Chambers County

Source: CPA, Enterprise Products Operating, LLC

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Barbers Hill ISD I&S Levy	Barbers Hill ISD M&O Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Mont Belvieu Tax Levy	Estimated Total Property Taxes	
				0.2698	1.0601		0.4518	0.4613		
2010	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	
2011	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	
2012	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	
2013	\$218,380,000	\$218,380,000		\$589,189	\$2,315,046	\$2,904,236	\$986,641	\$1,007,387	\$4,898,263	
2014	\$212,250,000	\$212,250,000		\$572,651	\$2,250,062	\$2,822,713	\$958,946	\$979,109	\$4,760,768	
2015	\$205,580,000	\$205,580,000		\$554,655	\$2,179,354	\$2,734,008	\$928,810	\$948,341	\$4,611,159	
2016	\$201,450,000	\$201,450,000		\$543,512	\$2,135,571	\$2,679,084	\$910,151	\$929,289	\$4,518,524	
2017	\$194,970,000	\$194,970,000		\$526,029	\$2,066,877	\$2,592,906	\$880,874	\$899,397	\$4,373,177	
2018	\$188,490,000	\$188,490,000		\$508,546	\$1,998,182	\$2,506,729	\$851,598	\$869,504	\$4,227,831	
2019	\$182,010,000	\$182,010,000		\$491,063	\$1,929,488	\$2,420,551	\$822,321	\$839,612	\$4,082,484	
2020	\$175,530,000	\$175,530,000		\$473,580	\$1,860,794	\$2,334,373	\$793,045	\$809,720	\$3,937,138	
2021	\$169,050,000	\$169,050,000		\$456,097	\$1,792,099	\$2,248,196	\$763,768	\$779,828	\$3,791,792	
2022	\$162,760,000	\$162,760,000		\$439,126	\$1,725,419	\$2,164,545	\$735,350	\$750,812	\$3,650,707	
2023	\$153,461,000	\$153,461,000		\$414,038	\$1,626,840	\$2,040,878	\$693,337	\$707,916	\$3,442,130	
2024	\$143,629,000	\$143,629,000		\$387,511	\$1,522,611	\$1,910,122	\$648,916	\$662,561	\$3,221,598	
2025	\$134,308,660	\$134,308,660		\$362,365	\$1,423,806	\$1,786,171	\$606,807	\$619,566	\$3,012,543	
						Total	\$31,144,511	\$10,580,563	\$10,803,040	\$52,528,114

Source: CPA, Enterprise Products Operating, LLC

¹Tax Rate per \$100 Valuation



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

December 7, 2010

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
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 Enterprise Operating Products, LLC, project on the number and size of school facilities in Barbers Hill Independent School District (BHISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and conversations with the BHISD superintendent, Dr. Greg Poole, the TEA has found that the Enterprise Operating Products, LLC, project would not have a significant impact on the number or size of school facilities in BHISD.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Helen Daniels
Director of State Funding

HD/hd



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

December 7, 2010

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

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Enterprise Operating Products, LLC, project for the Barbers Hill Independent School District (BHISD). Projections prepared by our Forecasting and Fiscal Analysis Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Enterprise Operating Products, LLC, project on BHISD are correct.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Helen Daniels
Director of State Funding

HD/hd

Chambers County

Population

Total county population in 2009 for Chambers County: 31,431, up 7.0 percent from 2008. State population increased 2.0 percent in the same time period. Chambers County was the state's 91st largest county in population in 2009 and the 2nd fastest growing county from 2008 to 2009. Chambers County's population in 2009 was 68.9 percent Anglo (above the state average of 46.7 percent), 10.5 percent African-American (below the state average of 11.3 percent) and 18.4 percent Hispanic (below the state average of 36.9 percent). 2009 population of the largest cities and places in Chambers County:

Mont Belvieu:	2,913	Anahuac:	2,081
Beach City:	2,058	Old River-Winfree:	1,812
Cove:	307		

Economy and Income

Employment

September 2010 total employment in Chambers County: 13,488, up 1.0 percent from September 2009. State total employment increased 1.2 percent during the same period.

September 2010 Chambers County unemployment rate: 9.3 percent, down from 10.3 percent in September 2009. The statewide unemployment rate for September 2010 was 8.1 percent, unchanged from 8.1 percent in September 2009.

September 2010 unemployment rate in the city of: NA

(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

Chambers County's ranking in per capita personal income in 2008: 12th with an average per capita income of \$43,605, up 4.6 percent from 2007. Statewide average per capita personal income was \$37,809 in 2008, up 2.6 percent from 2007.

Industry

Agricultural cash values in Chambers County averaged \$22.65 million annually from 2006 to 2009. County total agricultural values in 2009 were down 52.2 percent from 2008. Major agriculture related commodities in Chambers County during 2009 included:

Aquaculture	Rice	Hunting	Hay	Other Beef
-------------	------	---------	-----	------------

2010 oil and gas production in Chambers County: 512,720.0 barrels of oil and 5.5 million Mcf of gas. In September 2010, there were 192 producing oil wells and 74 producing gas wells.

Taxes

Sales Tax - Taxable Sales

Quarterly (January 2010 through March 2010)

Taxable sales in Chambers County during the first quarter 2010: \$42.09 million, down 19.8 percent from the same quarter in 2009.

Taxable sales during the first quarter 2010 in the city of:

Mont Belvieu:	\$12.30 million, down 22.9 percent from the same quarter in 2009.
Anahuac:	\$2.03 million, down 11.8 percent from the same quarter in 2009.
Old River-Winfree:	\$0.00
Cove:	\$680,742.00, up 5.8 percent from the same quarter in 2009.

Annual (2009)

Taxable sales in Chambers County during 2009: \$196.36 million, down 9.0 percent from 2008.

Chambers County sent an estimated \$12.27 million (or 0.07 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2009. Taxable sales during 2009 in the city of:

Mont Belvieu:	\$56.58 million, down 19.0 percent from 2008.
Anahuac:	\$9.19 million, up 9.0 percent from 2008.
Old River-Winfree:	\$0.00
Cove:	\$3.57 million, down 24.8 percent from 2008.

Sales Tax - Local Sales Tax Allocations

Monthly

Statewide payments based on the sales activity month of September 2010: \$541.48 million, up 8.1 percent from September 2009.

Payments to all cities in Chambers County based on the sales activity month of September 2010: \$193,756.92, up 13.2 percent from September 2009.

Payment based on the sales activity month of September 2010 to the city of:

Mont Belvieu:	\$171,941.19, up 11.9 percent from September 2009.
Anahuac:	\$11,579.29, down 7.5 percent from September 2009.
Old River-Winfree:	\$2,070.71, up 31.1 percent from September 2009.
Cove:	\$8,165.73, up 145.1 percent from September 2009.

Annual (2009)

Statewide payments based on sales activity months in 2009: \$5.59 billion, down 7.3 percent from 2008.

Payments to all cities in Chambers County based on sales activity months in 2009: \$2.64 million, down 18.3 percent from 2008.

Payment based on sales activity months in 2009 to the city of:

Mont Belvieu:	\$1.94 million, down 18.6 percent from 2008.
Anahuac:	\$149,399.69, down 14.9 percent from 2008.
Old River-Winfree:	\$21,330.45, down 1.8 percent from 2008.
Cove:	\$43,286.82, down 18.5 percent from 2008.

Property Tax

As of January 2008, property values in Chambers County: \$7.40 billion, up 6.8 percent from January 2007 values. The property tax base per person in Chambers County is \$251,964, above the statewide average of \$85,992. About 3.3 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

Chambers County's ranking in state expenditures by county in fiscal year 2009: 79th. State expenditures in the county for FY2009: \$148.69 million, up 41.6 percent from FY2008.

In Chambers County, 8 state agencies provide a total of 44 jobs and \$461,194.00 in annualized wages (as of 1st quarter 2010).

Major state agencies in the county (as of first quarter 2010):

- Department of Public Safety
- Department of Transportation
- Parks & Wildlife Department
- AgriLife Extension Service
- Health & Human Services Commission

Higher Education

Community colleges in Chambers County fall 2009 enrollment:

None.

Chambers County is in the service area of the following:

Galveston College with a fall 2009 enrollment of 2,167. Counties in the service area include:

- Chambers County
- Galveston County
- Jefferson County

Lee College with a fall 2009 enrollment of 6,542. Counties in the service area include:

- Chambers County
- Harris County
- Liberty County

San Jacinto Community College with a fall 2009 enrollment of 30,449. Counties in the service area include:

- Chambers County
- Harris County

Institutions of higher education in Chambers County fall 2009 enrollment:

None.

School Districts

Chambers County had 3 school districts with 16 schools and 6,494 students in the 2008-09 school year.

(Statewide, the average teacher salary in school year 2008-09 was \$47,158. The percentage of students, statewide, meeting the 2009 TAKS passing standard for all 2008-09 TAKS tests was 74 percent.)

Anahuac ISD had 1,338 students in the 2008-09 school year. The average teacher salary was \$44,378. The percentage of students meeting the 2009 TAKS passing standard for all tests was 80 percent.

Barbers Hill ISD had 3,890 students in the 2008-09 school year. The average teacher salary was \$53,328. The percentage of students meeting the 2009 TAKS passing standard for all tests was 89 percent.

East Chambers ISD had 1,266 students in the 2008-09 school year. The average teacher salary was \$44,260. The percentage of students meeting the 2009 TAKS passing standard for all tests was 79 percent.