

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



May 22, 2013

Dr. Greg Poole
Superintendent
Barbers Hill Independent School District
P. O. Box 1108
Mont Belvieu, Texas 77580

Dear Superintendent Poole:

On Feb. 22, 2013, the Comptroller received the completed application (Application # 264) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in January 2013 to the Barbers Hill Independent School District (the school district) by Exxon Mobil Corporation (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 (\$782 million) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

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

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

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

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

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

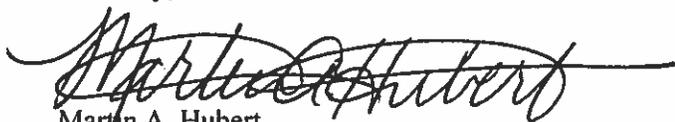
Note that any new building or other improvement existing as of the application review start date of Feb. 22, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

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

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

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, at robert.wood@cpa.state.tx.us or 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	Exxon Mobil Corporation
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Barbers Hill ISD
2011-12 Enrollment in School District	4,398
County	Chambers
Total Investment in District	\$1,190,000,000
Qualified Investment	\$782,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	40
Number of qualifying jobs committed to by applicant	40
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,136
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,136
Minimum Annual Wage committed to by applicant for qualified jobs	\$75,000
Investment per Qualifying Job	\$29,750,000
Estimated 15 year M&O levy without any limit or credit:	\$116,324,453
Estimated gross 15 year M&O tax benefit	\$67,348,213
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):	\$52,839,721
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$2,247,836
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$63,484,732
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	45.4%
Percentage of tax benefit due to the limitation	96.7%
Percentage of tax benefit due to the credit.	3.3%

This presents the Comptroller's economic impact evaluation of ExxonMobil (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 40 new jobs when fully operational. All 40 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 \$53,711 in 2011. The annual average manufacturing wage for 2011-2012 for Chambers County is \$79,352. That same year, the county annual average wage for all industries was \$53,027. In addition to a salary of \$59,076, each qualifying position will receive benefits such as 401(k) savings plan, pension plan, group health benefit for which Exxon Mobil offers to pay at least 80% of the premiums or other charges for employee-only coverage, dental and vision plans, pre-tax spending plans for medical, dental and vision plans, disability plan, life insurance plan, vacation & holiday pay, educational refund program. The project's total investment is \$1.19 billion, resulting in a relative level of investment per qualifying job of \$29.75 million.

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

According to ExxonMobil's application, "ExxonMobil's unmatched integration of natural gas, refining and chemical operations uniquely positions the chemical company to benefit from ExxonMobil's significant investment in American natural gas production. The new facilities could be constructed at any of our fully integrated refining manufacturing locations in Sarnia (Canada), Baton Rouge (LA), Beaumont (TX) or non-integrated refining manufacturing locations in Joliet (IL), Torrance (CA), Billings (MT) and Chalmette (LA). Competitive abatement programs exist in alternate locations. The impact of tax burden on the economic return of any given project is one factor that influences the viability of projects and their ultimate location."

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

During the past two years, 27 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 ExxonMobil 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 ExxonMobil'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. In years 2019 to 2025, the negative results are due to the sharp drop-off in construction following the end of the construction phase of the project.

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	200	235	435	\$12,000,000	\$15,000,000	\$27,000,000
2014	1000	1,166	2166	\$61,200,000	\$78,800,000	\$140,000,000
2015	4018	4,685	8703	\$250,686,930	\$334,313,070	\$585,000,000
2016	5040	6,081	11121	\$320,550,160	\$480,449,840	\$801,000,000
2017	2040	2,792	4832	\$132,584,920	\$289,415,080	\$422,000,000
2018	40	267	307	\$2,959,040	\$107,040,960	\$110,000,000
2019	40	(110)	-70	\$2,999,840	\$63,000,160	\$66,000,000
2020	40	(259)	-219	\$2,999,840	\$37,000,160	\$40,000,000
2021	40	(290)	-250	\$2,999,840	\$21,000,160	\$24,000,000
2022	40	(245)	-205	\$2,999,840	\$13,000,160	\$16,000,000
2023	40	(161)	-121	\$2,999,840	\$13,000,160	\$16,000,000
2024	40	(124)	-84	\$2,999,840	\$10,000,160	\$13,000,000
2025	40	(46)	-6	\$2,999,840	\$13,000,160	\$16,000,000
2026	40	28	68	\$2,999,840	\$18,000,160	\$21,000,000
2027	40	99	139	\$2,999,840	\$24,000,160	\$27,000,000
2028	40	161	201	\$2,999,840	\$31,000,160	\$34,000,000

Source: CPA, REMI, ExxonMobil

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011. Barbers Hill ISD's ad valorem tax base in 2011 was \$3.39 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Barbers Hill ISD's estimated wealth per WADA was \$669,576. 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 the City of Mont Belvieu, with all property tax incentives sought being granted using estimated market value from ExxonMobil's application. ExxonMobil has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the city and county. Table 3 illustrates the estimated tax impact of the ExxonMobil 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
2014	\$16,000,000	\$16,000,000		0.2698	1.0600			0.6466	0.4367	
2015	\$242,060,000	\$242,060,000		\$43,168	\$169,600	\$212,768	\$212,768	\$0	\$0	\$212,768
2016	\$379,270,000	\$30,000,000		\$653,078	\$2,565,836	\$3,218,914	\$3,218,914	\$0	\$0	\$3,218,914
2017	\$512,525,000	\$30,000,000		\$1,023,270	\$318,000	\$1,341,270	\$1,341,270	\$0	\$0	\$1,341,270
2018	\$503,350,000	\$30,000,000		\$1,382,792	\$318,000	\$1,700,792	\$1,379,673	\$0	\$0	\$1,379,673
2019	\$1,033,900,000	\$30,000,000		\$1,358,038	\$318,000	\$1,676,038	\$1,354,919	\$0	\$0	\$1,354,919
2020	\$1,033,900,000	\$30,000,000		\$2,789,462	\$318,000	\$3,107,462	\$2,786,343	\$0	\$0	\$2,786,343
2021	\$1,010,600,000	\$30,000,000		\$2,726,599	\$318,000	\$3,044,599	\$2,723,479	\$0	\$0	\$2,723,479
2022	\$1,011,300,000	\$30,000,000		\$2,728,487	\$318,000	\$3,046,487	\$2,725,368	\$0	\$0	\$2,725,368
2023	\$976,700,000	\$30,000,000		\$2,635,137	\$318,000	\$2,953,137	\$2,632,017	\$0	\$0	\$2,632,017
2024	\$953,900,000	\$30,000,000		\$2,573,622	\$318,000	\$2,891,622	\$2,570,503	\$0	\$0	\$2,570,503
2025	\$931,000,000	\$931,000,000		\$2,511,838	\$9,868,600	\$12,380,438	\$12,380,438	\$6,020,218	\$4,065,770	\$22,466,427
2026	\$896,800,000	\$896,800,000		\$2,419,566	\$9,506,080	\$11,925,646	\$11,925,646	\$5,799,068	\$3,916,415	\$21,641,129
2027	\$862,200,000	\$862,200,000		\$2,326,216	\$9,139,320	\$11,465,536	\$11,465,536	\$5,575,330	\$3,765,314	\$20,806,179
2028	\$839,300,000	\$839,300,000		\$2,264,431	\$8,896,580	\$11,161,011	\$11,161,011	\$5,427,250	\$3,665,307	\$20,253,568
2028	\$805,100,000	\$805,100,000		\$2,172,160	\$8,534,060	\$10,706,220	\$10,706,220	\$5,206,099	\$3,515,952	\$19,428,271
						Total	\$78,584,105	\$28,027,964	\$18,928,758	\$125,540,828

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

Source: CPA, ExxonMobil

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	
2014	\$16,000,000	\$16,000,000		0.2698	1.0600		0.6466	0.4367		
2015	\$242,060,000	\$242,060,000		\$43,168	\$169,600	\$212,768	\$103,462	\$69,874	\$386,104	
2016	\$379,270,000	\$379,270,000		\$653,078	\$2,565,836	\$3,218,914	\$1,565,257	\$1,057,100	\$5,841,271	
2017	\$512,525,000	\$512,525,000		\$1,023,270	\$4,020,262	\$5,043,532	\$2,452,512	\$1,656,310	\$9,152,354	
2018	\$503,350,000	\$503,350,000		\$1,382,792	\$5,432,765	\$6,815,557	\$3,314,192	\$2,238,248	\$12,367,997	
2019	\$503,350,000	\$503,350,000		\$1,358,038	\$5,335,510	\$6,693,548	\$3,254,862	\$2,198,180	\$12,146,591	
2020	\$1,033,900,000	\$1,033,900,000		\$2,789,462	\$10,959,340	\$13,748,802	\$6,685,611	\$4,515,145	\$24,949,558	
2021	\$1,010,600,000	\$1,010,600,000		\$2,726,599	\$10,712,360	\$13,438,959	\$6,534,944	\$4,413,391	\$24,387,294	
2022	\$1,011,300,000	\$1,011,300,000		\$2,728,487	\$10,719,780	\$13,448,267	\$6,539,470	\$4,416,448	\$24,404,186	
2023	\$976,700,000	\$976,700,000		\$2,635,137	\$10,353,020	\$12,988,157	\$6,315,733	\$4,265,347	\$23,569,236	
2024	\$953,900,000	\$953,900,000		\$2,573,622	\$10,111,340	\$12,684,962	\$6,168,299	\$4,165,777	\$23,019,038	
2025	\$931,000,000	\$931,000,000		\$2,511,838	\$9,868,600	\$12,380,438	\$6,020,218	\$4,065,770	\$22,466,427	
2026	\$896,800,000	\$896,800,000		\$2,419,566	\$9,506,080	\$11,925,646	\$5,799,068	\$3,916,415	\$21,641,129	
2027	\$862,200,000	\$862,200,000		\$2,326,216	\$9,139,320	\$11,465,536	\$5,575,330	\$3,765,314	\$20,806,179	
2028	\$839,300,000	\$839,300,000		\$2,264,431	\$8,896,580	\$11,161,011	\$5,427,250	\$3,665,307	\$20,253,568	
2028	\$805,100,000	\$805,100,000		\$2,172,160	\$8,534,060	\$10,706,220	\$5,206,099	\$3,515,952	\$19,428,271	
						Total	\$145,932,318	\$70,962,306	\$47,924,577	\$264,819,202

Source: CPA, ExxonMobil

¹Tax Rate per \$100 Valuation

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 \$116,324,453. The estimated gross 15 year M&O tax benefit, or levy loss, is \$67,348,213.

Attachment 3 is an economic overview of Chambers 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
ISD Name

EXXON MOBIL CORPORATION
BARBERS HILL ISD

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total investment (A+B+D)	
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)			0	0		0	0	
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	2013-2014	2013	0	0		0	0	
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	462,000,000	0	462,000,000	0	462,000,000	
		2	2015-2016	283,000,000	5,000,000	288,000,000	0	288,000,000	
		3	2016-2017	293,000,000	4,000,000		0	297,000,000	
		4	2017-2018	110,000,000	1,000,000		0	111,000,000	
		5	2018-2019				0	0	
		6	2019-2020				0	0	
		7	2020-2021				0	0	
		8	2021-2022				0	0	
		9	2022-2023				0	0	
		10	2023-2024				0	0	
		11	2024-2025				0	0	
		12	2025-2026				0	0	
		13	2026-2027				0	0	
		14	2027-2028				0	0	
		15	2028-2029				0	0	
Tax Credit Period (with 50% cap on credit)	Value Limitation Period								
Credit Settle-Up Period	Continue 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.

Column A:
This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.02(1)(A)-(D).
For the purposes of investment, please list amount invested each year, not cumulative totals.
[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].
Includes estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column B:
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 §313.02(1)(E).

Column D:
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.

Notes: 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 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.

William John Cole
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

1/9/13
DATE

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

Form 50-296

Applicant Name
ISD Name

EXXON MOBIL CORPORATION
BARBERS HILL ISD

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of 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	0	0	0	0	0	0
Complete tax years of qualifying time period	1	2014-2015	2014	0	16,000,000	0	0	16,000,000	16,000,000
	2	2015-2016	2015	0	242,060,000	0	0	242,060,000	242,060,000
Value Limitation Period	3	2016-2017	2016	0	376,845,000	2,425,000	0	379,270,000	30,000,000
	4	2017-2018	2017	0	508,250,000	4,275,000	0	512,525,000	30,000,000
Tax Credit Period (with 50% cap on credit)	5	2018-2019	2018	0	548,700,000	4,650,000	50,000,000	503,350,000	30,000,000
	6	2019-2020	2019	0	1,073,800,000	9,100,000	49,000,000	1,033,900,000	30,000,000
Credit Settle-Up Period	7	2020-2021	2020	0	1,050,200,000	8,900,000	48,500,000	1,010,600,000	30,000,000
	8	2021-2022	2021	0	1,050,200,000	8,600,000	47,500,000	1,011,300,000	30,000,000
Post- Settle-Up Period	9	2022-2023	2022	0	1,014,800,000	8,400,000	46,500,000	976,700,000	30,000,000
	10	2023-2024	2023	0	991,200,000	8,200,000	45,500,000	953,900,000	30,000,000
Continue to Maintain Viable Presence	11	2024-2025	2024	0	967,600,000	7,900,000	44,500,000	931,000,000	931,000,000
	12	2025-2026	2025	0	932,200,000	7,600,000	43,000,000	896,800,000	896,800,000
Post- Settle-Up Period	13	2026-2027	2026	0	896,800,000	7,400,000	42,000,000	862,200,000	862,200,000
	14	2027-2028	2027	0	873,200,000	7,100,000	41,000,000	839,300,000	839,300,000
Post- Settle-Up Period	15	2028-2029	2028	0	837,800,000	6,800,000	39,500,000	805,100,000	805,100,000

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

[Signature]

1/9/13

DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Schedule C- Application: Employment Information

Applicant Name
ISD Name

EXXON MOBIL CORPORATION
BARBERS HILL ISD

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTE's of man-hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2013-2014	2013	200 FTE	60,000	0	\$0	0	\$0
Complete tax years of qualifying time period	1	2014-2015	2014	1000 FTE	61,200	0	\$0	0	\$0
	2	2015-2016	2015	4000 FTE	62,400	18	\$60,385	18	\$60,385
Value Limitation Period	3	2016-2017	2016	5000 FTE	63,600	40	\$63,754	40	\$63,754
	4	2017-2018	2017	2000 FTE	64,900	40	\$69,823	40	\$69,823
Tax Credit Period (with 50% cap on credit)	5	2018-2019	2018			40	\$73,976	40	\$73,976
	6	2019-2020	2019			40	\$74,996	40	\$74,996
Credit Settle-Up Period	7	2020-2021	2020			40	\$74,996	40	\$74,996
	8	2021-2022	2021			40	\$74,996	40	\$74,996
Post- Settle-Up Period	9	2022-2023	2022			40	\$74,996	40	\$74,996
	10	2023-2024	2023			40	\$74,996	40	\$74,996
Post- Settle-Up Period	11	2024-2025	2024			40	\$74,996	40	\$74,996
	12	2025-2026	2025			40	\$74,996	40	\$74,996
Post- Settle-Up Period	13	2026-2027	2026			40	\$74,996	40	\$74,996
	14	2027-2028	2027			40	\$74,996	40	\$74,996
Post- Settle-Up Period	15	2028-2029	2028			40	\$74,996	40	\$74,996

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.

[Signature]
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

1/9/13
DATE

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

Form 50-296

BARBERS HILL, ISD
Other Property Tax Abatements Sought

Applicant Name
EXXON MOBIL CORPORATION

ISD Name
Franchise Tax

Sales Tax Information

Franchise Tax

County

City

Hospital

Other

Applicant Name	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Sales Tax Information		Franchise Tax	County	City	Hospital	Other
				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					
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2013-2014	2013	\$2,000,000	\$30,000,000	\$70,000,000	0%	0%	0%	0%
	Complete tax years of qualifying time period	1	2014-2015	2014	\$23,000,000	\$439,000,000	\$70,000,000	100%	0%	0%
		2	2015-2016	2015	\$14,000,000	\$274,000,000	\$70,000,000	100%	0%	0%
	Value Limitation Period	3	2016-2017	2016	\$15,000,000	\$282,000,000	\$70,000,000	100%	0%	0%
		4	2017-2018	2017	\$6,000,000	\$105,000,000	\$70,000,000	100%	0%	0%
	Tax Credit Period (with 50% cap on credit)	5	2018-2019	2018	\$42,700,000	\$42,700,000	\$70,000,000	100%	0%	0%
		6	2019-2020	2019	\$42,700,000	\$42,700,000	\$70,000,000	100%	0%	0%
	Credit Settle-Up Period	7	2020-2021	2020	\$42,700,000	\$42,700,000	\$70,000,000	100%	0%	0%
		8	2021-2022	2021	\$42,700,000	\$42,700,000	\$70,000,000	100%	0%	0%
	Post-Settle-Up Period	9	2022-2023	2022	\$42,700,000	\$42,700,000	\$70,000,000	100%	0%	0%
		10	2023-2024	2023	\$42,700,000	\$42,700,000	\$70,000,000	100%	0%	0%
	Continue to Maintain Viable Presence	11	2024-2025	2024	\$42,700,000	\$42,700,000	\$70,000,000			
		12	2025-2026	2025	\$42,700,000	\$42,700,000	\$70,000,000			
	Post-Settle-Up Period	13	2026-2027	2026	\$42,700,000	\$42,700,000	\$70,000,000			
		14	2027-2028	2027	\$42,700,000	\$42,700,000	\$70,000,000			
Post-Settle-Up Period	15	2028-2029	2028	\$42,700,000	\$42,700,000	\$70,000,000				

*For planning, construction and operation of the facility

 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE
 1/19/13

Attachment 2

May 17, 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 Exxon Mobil 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 a conversation with the BHISD assistant superintendent for finance, Rebecca McManus, the TEA has found that the Exxon Mobil 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) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,



Al McKenzie, Manager
Foundation School Program Support

AM/rk



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

Michael L. Williams
Commissioner

May 17, 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 Exxon Mobil project for the Barbers Hill Independent School District (BHISD). 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 Exxon Mobil project on BHISD are correct.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie", written over a horizontal line.

Al McKenzie, Manager
Foundation School Program Support

AM/rk

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED
EXXONMOBIL PROJECT ON THE FINANCES OF THE BARBERS
HILL ISD INDEPENDENT SCHOOL DISTRICT UNDER A
REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

February 4, 2013

Final Report

PREPARED BY



Estimated Impact of the Proposed ExxonMobil Project on the Finances of the Barbers Hill Isd Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

ExxonMobil has requested that the Barbers Hill Independent School District (BHISD) 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 BHISD on January 9, 2013, ExxonMobil proposes to invest \$1 billion to construct a new polyethylene manufacturing plant in BHISD.

The ExxonMobil 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, BHISD 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, with BHISD currently levying a \$0.2698 per \$100 I&S tax rate. The full value of the investment is expected to reach \$1.034 billion in the 2019-20 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

In the case of the Exxon 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. BHISD would experience revenue losses over the eight value-limitation years that are expected to total \$14.5 million.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$52.8 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 require some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated 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. In instances where there is a significant increase in project value during the limitation period from an earlier year, a pattern similar to that for the third year does emerge under these estimates.

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 formula. As a result of these changes, the number of ASATR districts is expected to be reduced to 421 in the 2012-13 school year, with 603 districts expected to be operating on state formulas.

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

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 Exxon 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 assume modest enrollment increases and relatively static base 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. There is a statement of legislative intent 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. Previously-approved Chapter 313 value limitation agreements and those under current consideration are factored into the base property values. The projected taxable values of the ExxonMobil project are factored into the base and limitation models used here. The impact of the limitation value for the proposed ExxonMobil project is isolated separately and the focus of this analysis.

Student enrollment counts begin with an estimated 4,537 students in average daily attendance (ADA) in analyzing the effects of the ExxonMobil project on the finances of BHISD. The District's local tax base reached \$3.01 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 \$1.06 per \$100 is used throughout this analysis. BHISD has estimated state property wealth per weighted ADA or WADA of approximately \$624,106 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 BHISD under the assumptions outlined above through the 2028-29 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding beyond the projected level for that school year. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed ExxonMobil 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 ExxonMobil 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, BHISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$209,387). 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.

Overall, the revenue losses are expected to total \$14.5 million over the course of the agreement. The most significant loss is in the 2019-20 school year, when the project value more than doubles and there is no formula offset under current law, resulting in a \$6.0 million revenue loss.

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 \$209,387 cited above between the base and the limitation models is based on an assumption that ExxonMobil would receive gross tax savings of \$3.7 million and, as highlighted in Table 4, an increase of \$2.3 million in ASATR funding and a reduction of \$1.2 million in recapture will offset most of the 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 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. Beginning with the 2011 state property value study, two value determinations are also made for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.06 per \$100 of taxable value M&O rate is assumed in the 2012-13 school year and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$65.1 million over the life of the agreement. In addition, ExxonMobil 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 \$2.2 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 BHISD revenue losses are expected to total approximately \$14.5 million over the course of the agreement. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$52.8 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 ExxonMobil under the value limitation agreement for the remaining years that the limitation is in effect.

Facilities Funding Impact

The ExxonMobil project remains fully taxable for debt services taxes, with BHISD currently levying a \$0.2698 per \$100 I&S rate. The value of the ExxonMobil project is expected to depreciate over the life of the agreement and beyond, but full access to the additional taxable value is expected to assist BHISD in meeting its future debt service needs.

The ExxonMobil project is not expected to affect BHISD in terms of enrollment. Forty full-time employees are anticipated once the plant begins operation. BHISD has a growing student population, so it is not expected that students from new households located in the community as a result of the ExxonMobil project would have a significant effect on the District's enrollment outlook.

Conclusion

The proposed ExxonMobil polyethylene manufacturing project enhances the tax base of BHISD. 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 \$52.8 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of BHISD in meeting its future debt service obligations.

Table 1 – Base District Information with ExxonMobil 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	4,537.08	5,272.27	\$1.0600	\$0.2698	\$3,458,159,969	\$3,458,159,969	\$3,427,725,436	\$3,427,725,436	\$650,142	\$650,142
1	2014-15	4,718.56	5,451.16	\$1.0600	\$0.2698	\$4,175,464,969	\$4,175,464,969	\$3,592,170,207	\$3,592,170,207	\$658,974	\$658,974
2	2015-16	4,907.30	5,741.88	\$1.0600	\$0.2698	\$4,644,064,969	\$4,644,064,969	\$4,309,475,207	\$4,309,475,207	\$750,534	\$750,534
3	2016-17	5,103.60	5,944.07	\$1.0600	\$0.2698	\$3,692,334,969	\$3,343,064,969	\$4,778,075,207	\$4,778,075,207	\$803,839	\$803,839
4	2017-18	5,307.74	6,154.45	\$1.0600	\$0.2698	\$3,825,589,969	\$3,343,064,969	\$3,826,345,207	\$3,477,075,207	\$621,721	\$564,970
5	2018-19	5,520.05	6,400.61	\$1.0600	\$0.2698	\$3,816,414,969	\$3,343,064,969	\$3,959,600,207	\$3,477,075,207	\$618,629	\$543,242
6	2019-20	5,740.85	6,656.61	\$1.0600	\$0.2698	\$4,346,964,969	\$3,343,064,969	\$3,950,425,207	\$3,477,075,207	\$593,459	\$522,349
7	2020-21	5,970.49	6,922.86	\$1.0600	\$0.2698	\$4,479,114,665	\$3,498,514,665	\$4,480,975,207	\$3,477,075,207	\$647,272	\$502,260
8	2021-22	6,209.31	7,199.75	\$1.0600	\$0.2698	\$4,625,749,107	\$3,644,449,107	\$4,813,124,903	\$3,632,524,903	\$640,734	\$504,535
9	2022-23	6,457.68	7,487.73	\$1.0600	\$0.2698	\$5,143,838,863	\$4,197,138,863	\$4,759,759,345	\$3,778,459,345	\$635,675	\$504,620
10	2023-24	6,715.99	7,787.22	\$1.0600	\$0.2698	\$5,071,454,363	\$4,147,554,363	\$5,277,849,101	\$4,331,149,101	\$677,758	\$556,187
11	2024-25	6,984.63	8,098.69	\$1.0600	\$0.2698	\$5,798,073,813	\$5,798,073,813	\$5,205,464,601	\$4,281,564,601	\$642,754	\$528,674
12	2025-26	7,264.01	8,422.62	\$1.0600	\$0.2698	\$5,686,055,689	\$5,686,055,689	\$5,932,084,051	\$5,932,084,051	\$704,304	\$704,304
13	2026-27	7,554.57	8,759.50	\$1.0600	\$0.2698	\$5,593,741,770	\$5,593,741,770	\$5,820,065,927	\$5,820,065,927	\$664,429	\$664,429
14	2027-28	7,856.75	9,109.87	\$1.0600	\$0.2698	\$5,507,144,560	\$5,507,144,560	\$5,727,752,008	\$5,727,752,008	\$628,742	\$628,742
15	2028-29	8,171.02	9,474.24	\$1.0600	\$0.2698	\$5,385,819,244	\$5,385,819,244	\$5,641,154,798	\$5,641,154,798	\$595,420	\$595,420

*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	\$34,992,211	\$1,413,820	\$4,587,849	\$0	-\$5,887,527	\$2,097,678	\$0	\$0	\$37,204,030
1	2014-15	\$42,022,151	\$1,457,006	\$332,637	\$0	-\$7,518,520	\$2,519,102	\$0	\$0	\$38,812,375
2	2015-16	\$46,614,661	\$1,668,756	\$2,922,787	\$0	-\$12,984,039	\$2,794,409	\$0	\$0	\$41,016,575
3	2016-17	\$37,357,098	\$2,079,019	\$12,453,769	\$0	-\$12,326,190	\$2,239,446	\$0	\$0	\$41,803,142
4	2017-18	\$38,689,714	\$1,804,927	\$0	\$0	-\$5,303,723	\$2,319,332	\$0	\$0	\$37,510,251
5	2018-19	\$38,597,960	\$2,248,666	\$0	\$0	-\$5,509,566	\$2,313,832	\$0	\$0	\$37,650,892
6	2019-20	\$43,903,724	\$1,952,209	\$0	\$0	-\$4,318,861	\$2,631,897	\$27,678	\$0	\$44,196,647
7	2020-21	\$45,194,198	\$2,432,158	\$0	\$0	-\$8,065,622	\$2,709,257	\$0	\$0	\$42,269,990
8	2021-22	\$46,631,427	\$2,111,509	\$0	\$0	-\$7,517,285	\$2,795,414	\$0	\$0	\$44,021,065
9	2022-23	\$51,702,040	\$2,630,621	\$0	\$0	-\$8,499,288	\$3,099,382	\$0	\$0	\$48,932,755
10	2023-24	\$50,988,076	\$2,283,809	\$0	\$0	-\$10,416,689	\$3,056,582	\$0	\$0	\$45,911,778
11	2024-25	\$57,924,513	\$2,845,280	\$0	\$0	-\$10,023,410	\$3,472,401	\$0	\$0	\$54,218,784
12	2025-26	\$56,826,681	\$2,959,092	\$0	\$0	-\$13,691,935	\$3,406,589	\$0	\$0	\$49,500,426
13	2026-27	\$55,921,959	\$3,077,456	\$0	\$0	-\$11,094,263	\$3,352,354	\$0	\$0	\$51,257,505
14	2027-28	\$55,073,264	\$3,200,554	\$0	\$0	-\$8,576,408	\$3,301,477	\$0	\$0	\$52,998,887
15	2028-29	\$53,884,216	\$3,328,576	\$0	\$0	-\$5,996,100	\$3,230,197	\$23,219	\$0	\$54,470,109

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	\$34,992,211	\$1,413,820	\$4,587,849	\$0	-\$5,887,527	\$2,097,678	\$0	\$0	\$37,204,030
1	2014-15	\$42,022,151	\$1,457,006	\$332,637	\$0	-\$7,518,520	\$2,519,102	\$0	\$0	\$38,812,375
2	2015-16	\$46,614,661	\$1,668,756	\$2,922,787	\$0	-\$12,984,039	\$2,794,409	\$0	\$0	\$41,016,575
3	2016-17	\$33,864,223	\$2,079,019	\$14,747,354	\$0	-\$11,126,900	\$2,030,059	\$0	\$0	\$41,593,755
4	2017-18	\$33,864,223	\$1,804,927	\$0	\$0	-\$1,876,979	\$2,030,059	\$124,794	\$0	\$35,947,024
5	2018-19	\$33,864,223	\$2,248,666	\$0	\$0	-\$1,040,196	\$2,030,059	\$210,981	\$0	\$37,313,733
6	2019-20	\$33,864,223	\$1,952,209	\$0	\$0	\$0	\$2,030,059	\$300,617	\$0	\$38,147,108
7	2020-21	\$35,387,707	\$2,432,158	\$0	\$0	\$0	\$2,121,387	\$411,555	\$0	\$40,352,807
8	2021-22	\$36,817,936	\$2,111,509	\$0	\$0	\$0	\$2,207,125	\$416,309	\$0	\$41,552,879
9	2022-23	\$42,234,566	\$2,630,621	\$0	\$0	\$0	\$2,531,836	\$477,044	\$0	\$47,874,067
10	2023-24	\$41,748,614	\$2,283,809	\$0	\$0	-\$1,724,266	\$2,502,704	\$195,798	\$0	\$45,006,658
11	2024-25	\$57,924,513	\$2,845,280	\$0	\$0	-\$312,005	\$3,472,401	\$466,509	\$0	\$64,396,698
12	2025-26	\$56,826,681	\$2,959,092	\$0	\$0	-\$13,691,935	\$3,406,589	\$0	\$0	\$49,500,426
13	2026-27	\$55,921,959	\$3,077,456	\$0	\$0	-\$11,094,263	\$3,352,354	\$0	\$0	\$51,257,505
14	2027-28	\$55,073,264	\$3,200,554	\$0	\$0	-\$8,576,408	\$3,301,477	\$0	\$0	\$52,998,887
15	2028-29	\$53,884,216	\$3,328,576	\$0	\$0	-\$5,996,100	\$3,230,197	\$23,219	\$0	\$54,470,109

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	-\$3,492,874	\$0	\$2,293,585	\$0	\$1,199,290	-\$209,387	\$0	\$0	-\$209,387
4	2017-18	-\$4,825,491	\$0	\$0	\$0	\$3,426,744	-\$289,274	\$124,794	\$0	-\$1,563,227
5	2018-19	-\$4,733,736	\$0	\$0	\$0	\$4,469,370	-\$283,773	\$210,981	\$0	-\$337,158
6	2019-20	-\$10,039,500	\$0	\$0	\$0	\$4,318,861	-\$601,838	\$272,938	\$0	-\$6,049,539
7	2020-21	-\$9,806,491	\$0	\$0	\$0	\$8,065,622	-\$587,870	\$411,555	\$0	-\$1,917,183
8	2021-22	-\$9,813,491	\$0	\$0	\$0	\$7,517,285	-\$588,289	\$416,309	\$0	-\$2,468,187
9	2022-23	-\$9,467,474	\$0	\$0	\$0	\$8,499,288	-\$567,547	\$477,044	\$0	-\$1,058,688
10	2023-24	-\$9,239,462	\$0	\$0	\$0	\$8,692,423	-\$553,878	\$195,798	\$0	-\$905,119
11	2024-25	\$0	\$0	\$0	\$0	\$9,711,405	\$0	\$466,509	\$0	\$10,177,914
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 ExxonMobil Project Property Value Limitation Request Submitted to BHISD at \$1.06 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
Pra-Year 1	2013-14	\$0	\$0	\$0	\$1.060	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$16,000,000	\$16,000,000	\$0	\$1.060	\$169,600	\$169,600	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$242,060,000	\$242,060,000	\$0	\$1.060	\$2,565,836	\$2,565,836	\$0	\$0	\$0	\$0	\$0
3	2016-17	\$379,270,000	\$30,000,000	\$349,270,000	\$1.060	\$4,020,262	\$318,000	\$3,702,262	\$0	\$3,702,262	-\$209,387	\$3,492,875
4	2017-18	\$512,525,000	\$30,000,000	\$482,525,000	\$1.060	\$5,432,765	\$318,000	\$5,114,765	\$321,119	\$5,435,884	-\$1,563,227	\$3,872,658
5	2018-19	\$503,350,000	\$30,000,000	\$473,350,000	\$1.060	\$5,335,510	\$318,000	\$5,017,510	\$321,119	\$5,338,629	-\$337,158	\$5,001,471
6	2019-20	\$1,033,900,000	\$30,000,000	\$1,003,900,000	\$1.060	\$10,959,340	\$318,000	\$10,641,340	\$321,119	\$10,962,459	-\$6,049,541	\$4,912,918
7	2020-21	\$1,010,600,000	\$30,000,000	\$980,600,000	\$1.060	\$10,712,360	\$318,000	\$10,394,360	\$321,119	\$10,715,479	-\$1,917,183	\$8,798,296
8	2021-22	\$1,011,300,000	\$30,000,000	\$981,300,000	\$1.060	\$10,719,780	\$318,000	\$10,401,780	\$321,119	\$10,722,899	-\$2,468,187	\$8,254,713
9	2022-23	\$976,700,000	\$30,000,000	\$946,700,000	\$1.060	\$10,353,020	\$318,000	\$10,035,020	\$321,119	\$10,356,139	-\$1,058,688	\$9,297,451
10	2023-24	\$953,900,000	\$30,000,000	\$923,900,000	\$1.060	\$10,111,340	\$318,000	\$9,793,340	\$321,119	\$10,114,459	-\$905,119	\$9,209,340
11	2024-25	\$931,000,000	\$931,000,000	\$0	\$1.060	\$9,868,600	\$9,868,600	\$0	\$0	\$0	\$0	\$0
12	2025-26	\$896,800,000	\$896,800,000	\$0	\$1.060	\$9,506,080	\$9,506,080	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$862,200,000	\$862,200,000	\$0	\$1.060	\$9,139,320	\$9,139,320	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$839,300,001	\$839,300,001	\$0	\$1.060	\$8,896,580	\$8,896,580	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$805,100,000	\$805,100,000	\$0	\$1.060	\$8,534,060	\$8,534,060	\$0	\$0	\$0	\$0	\$0
Totals						\$116,324,453	\$51,224,076	\$65,100,377	\$2,247,836	\$67,348,213	-\$14,508,492	\$52,839,721

Tax Credit for Value Over Limit in First 2 Years

	Year 1	Year 2	Max Credits
	\$0	\$2,247,836	\$2,247,836
Credits Earned			\$2,247,836
Credits Paid			<u>\$2,247,836</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

Chambers County

Population

- Total county population in 2010 for Chambers County: 32,332 , up 2.5 percent from 2009. State population increased 1.8 percent in the same time period.
- Chambers County was the state's 91th largest county in population in 2010 and the 25 th fastest growing county from 2009 to 2010.
- 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 2011 total employment in Chambers County: 14,359 , 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 Chambers County unemployment rate: 10.5 percent, up from 9.4 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:

(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 2009: 13th with an average per capita income of \$45,257, down 1.5 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 Chambers County averaged \$22.26 million annually from 2007 to 2010. County total agricultural values in 2010 were up 44.2 percent from 2009. Major agriculture related commodities in Chambers County during 2010 included:
 - Aquaculture
 - Rice
 - Hunting
 - Hay
 - Other Beef
- 2011 oil and gas production in Chambers County: 758,413.0 barrels of oil and 3.6 million Mcf of gas. In September 2011, there were 182 producing oil wells and 62 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 Chambers County during the fourth quarter 2010: \$53.17 million, up 18.5 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Mont Belvieu:	\$21.65 million, up 88.2 percent from the same quarter in 2009.
Anahuac:	\$2.21 million, up 1.5 percent from the same quarter in 2009.
Old River-Winfree:	\$0.00
Cove:	\$1.05 million, up 24.0 percent from the same quarter in 2009.

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

- Taxable sales in Chambers County through the fourth quarter of 2010: \$192.70 million, down 1.9 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Mont Belvieu:	\$64.92 million, up 14.8 percent from the same period in 2009.
Anahuac:	\$8.73 million, down 5.0 percent from the same period in 2009.
Old River-Winfree:	\$0.00
Cove:	\$3.77 million, up 5.7 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Chambers County during 2010: \$192.70 million, down 1.9 percent from 2009.
- Chambers County sent an estimated \$12.04 million (or 0.07 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.

- Taxable sales during 2010 in the city of:

Mont Belvieu:	\$64.92 million, up 14.8 percent from 2009.
Anahuac:	\$8.73 million, down 5.0 percent from 2009.
Old River-Winfree:	\$0.00
Cove:	\$3.77 million, up 5.7 percent from 2009.

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 Chambers County based on the sales activity month of August 2011: \$251,094.84, down 9.6 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Mont Belvieu:	\$237,085.85, down 10.2 percent from August 2010.
Anahuac:	\$5,641.51, down 26.2 percent from August 2010.
Old River-Winfree*:	\$4,805.15, up 184.3 percent from August 2010.
Cove:	\$3,562.33, down 17.8 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 Chambers County based on sales activity months from September 2010 through August 2011: \$3.65 million, up 68.9 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Mont Belvieu:	\$3.47 million, up 73.2 percent from fiscal 2010.
Anahuac:	\$87,555.03, down 15.7 percent from fiscal 2010.
Old River-Winfree*:	\$49,878.98, up 149.7 percent from fiscal 2010.
Cove:	\$46,617.53, up 27.9 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 Chambers County based on sales activity months through August 2011: \$2.81 million, up 89.1 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Mont Belvieu:	\$2.69 million, up 93.5 percent from the same period in 2010.
Anahuac:	\$53,193.97, down 8.5 percent from the same period in 2010.
Old River-Winfree*:	\$37,220.66, up 185.7 percent from the same period in 2010.
Cove:	\$28,490.84, up 19.7 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 Chambers County based on sales activity in the 12 months ending in August 2011: \$3.65 million, up 68.9 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Mont Belvieu:	\$3.47 million, up 73.2 percent from the previous 12-month period.
Anahuac:	\$87,555.03, down 15.7 percent from the previous 12-month period.
Old River-Winfree*:	\$49,878.98, up 149.7 percent from the previous 12-month period.
Cove:	\$46,617.53, up 27.9 percent from the previous 12-month period.

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

- Payment to the cities from January 2011 through October 2011:

Mont Belvieu:	\$3.08 million, up 82.7 percent from the same period in 2010.
Anahuac:	\$67,392.60, down 15.2 percent from the same period in 2010.
Old River-Winfree*:	\$44,170.61, up 170.2 percent from the same period in 2010.
Cove:	\$34,087.81, up 16.4 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 Chambers County based on sales activity months in 2010: \$2.33 million, up 8.0 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Mont Belvieu:	\$2.17 million, up 11.7 percent from 2009.
Anahuac:	\$92,526.01, down 38.1 percent from 2009.
Old River-Winfree*:	\$25,685.64, up 20.4 percent from 2009.
Cove:	\$41,933.79, down 3.1 percent from 2009.

*On 10/1/2010, the city of Old River-Winfree'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 Chambers County: \$6.94 billion, down 6.3 percent from January 2008 values. The property tax base per person in Chambers County is \$220,680, above the statewide average of \$85,809. About 2.0 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 2010: 87th. State expenditures in the county for FY2010: \$129.70 million, up 0.2 percent from FY2009.
- In Chambers County, 8 state agencies provide a total of 47 jobs and \$470,459.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):

• 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 2010 enrollment:
 - None.
- Chambers County is in the service area of the following:
 - Galveston College with a fall 2010 enrollment of 2,318 . Counties in the service area include:
 - Chambers County
 - Galveston County
 - Jefferson County
 - Lee College with a fall 2010 enrollment of 6,719 . Counties in the service area include:
 - Chambers County
 - Hardin County
 - Harris County
 - Liberty County
 - San Jacinto Community College with a fall 2010 enrollment of 32,105 . Counties in the service area include:
 - Chambers County
 - Harris County
- Institutions of higher education in Chambers County fall 2010 enrollment:
 - None.

School Districts

- Chambers County had 3 school districts with 17 schools and 6,678 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.)
 - Anahuac ISD had 1,286 students in the 2009-10 school year. The average teacher salary was \$44,844. The percentage of students meeting the 2010 TAKS passing standard for all tests was 82 percent.
 - Barbers Hill ISD had 4,096 students in the 2009-10 school year. The average teacher salary was \$55,305. The percentage of students meeting the 2010 TAKS passing standard for all tests was 90 percent.
 - East Chambers ISD had 1,296 students in the 2009-10 school year. The average teacher salary was \$45,678. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.