

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



September 5, 2013

Dr. Thomas Wallis
Superintendent
Bryan Independent School District
101 N. Texas Avenue
Bryan, Texas 77803

Dear Superintendent Wallis:

On June 14, 2013, the Comptroller received the completed application (Application # 285) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in April 2013 to the Bryan Independent School District (the school district) by Prolamsa, Inc. (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 1 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 (\$119.8 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 Brazos 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 correct, finds that the applicant is eligible for a limitation and determines that granting the application is

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

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 June 14, 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, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Economic Impact for Chapter 313 Project

Applicant	Prolamsa, Inc.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Bryan ISD
2011-2012 Enrollment in School District	15,611
County	Brazos
Total Investment in District	\$120,000,000
Qualified Investment	\$119,824,822
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	285
Number of qualifying jobs committed to by applicant	220
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$691
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$691
Minimum Annual Wage committed to by applicant for qualified jobs	\$37,090
Investment per Qualifying Job	\$545,455
Estimated 15 year M&O levy without any limit or credit:	\$14,504,360
Estimated gross 15 year M&O tax benefit	\$7,378,811
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$6,455,267
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$1,156,000
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$8,049,093
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	44.5%
Percentage of tax benefit due to the limitation	84.3%
Percentage of tax benefit due to the credit.	15.7%

This presents the Comptroller's economic impact evaluation of Prolamsa, Inc. (the project) applying to Bryan 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 285 new jobs when fully operational. Only 228 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 Brazos Valley Council of Governments Region, where Brazos County is located was \$33,718 in 2011. The annual average manufacturing wage for 2012 for Brazos County is \$46,735. That same year, the county annual average wage for all industries was \$36,998. In addition to a salary of \$37,090, each qualifying position will receive health insurance. The project's total investment is \$120 million, resulting in a relative level of investment per qualifying job of \$545,455.

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

According to Prolamsa, Inc.'s application, "This project can be located at sites in multiple states in the Southern and Southeastern United States. The site in Bryan, Texas has been considered a finalist site. The availability and various real estate and economic incentives will be primary determining factors in the final site selection."

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

During the past two years, no projects in the Brazos Valley 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 Prolamsa, Inc. 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 Prolamsa, Inc.'s estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Prolamsa, Inc.

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	50	54	104	\$2,500,000	\$3,500,000	\$6,000,000
2014	130	91	221	\$5,467,184	\$6,532,816	\$12,000,000
2015	160	75	235	\$5,934,368	\$7,065,632	\$13,000,000
2016	255	108	363	\$9,457,899	\$11,542,101	\$21,000,000
2017	255	112	367	\$9,457,899	\$13,542,101	\$23,000,000
2018	255	108	363	\$9,457,899	\$14,542,101	\$24,000,000
2019	255	102	357	\$9,457,899	\$15,542,101	\$25,000,000
2020	255	97	352	\$9,457,899	\$16,542,101	\$26,000,000
2021	255	93	348	\$9,457,899	\$17,542,101	\$27,000,000
2022	255	83	338	\$9,457,899	\$17,542,101	\$27,000,000
2023	255	79	334	\$9,457,899	\$18,542,101	\$28,000,000
2024	255	67	322	\$9,457,899	\$17,542,101	\$27,000,000
2025	255	67	322	\$9,457,899	\$17,542,101	\$27,000,000
2026	255	61	316	\$9,457,899	\$18,542,101	\$28,000,000
2027	255	61	316	\$9,457,899	\$19,542,101	\$29,000,000
2028	255	61	316	\$9,457,899	\$20,542,101	\$30,000,000

Source: CPA, REMI, Prolamsa, Inc.

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011-2012. Bryan ISD's ad valorem tax base in 2011-2012 was \$4.97 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Bryan ISD's estimated wealth per WADA was \$262,073. 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, Brazos County, and Emergency Services District #4 with all property tax incentives sought being granted using estimated market value from Prolamsa, Inc.'s application. Prolamsa, Inc. has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the Prolamsa, Inc. project on the region if all taxes are assessed.

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Bryan ISD I&S Levy	Barbers Hill ISD M&O Levy	Bryan ISD M&O and I&S Tax Levies (Before Credit Credited)	Bryan ISD M&O and I&S Tax Levies (After Credit Credited)	Brazos County Tax Levy	Emergency Services District #4 Tax Levy	Estimated Total Property Taxes
				0.2500	1.0400			0.4850	0.3000	
2014	\$90,000,000	\$90,000,000		\$225,000	\$936,000	\$1,161,000	\$1,161,000	\$0	\$270,000	\$1,431,000
2015	\$120,000,000	\$120,000,000		\$300,000	\$1,248,000	\$1,548,000	\$1,548,000	\$0	\$360,000	\$1,908,000
2016	\$115,000,000	\$30,000,000		\$287,500	\$312,000	\$599,500	\$599,500	\$0	\$345,000	\$944,500
2017	\$110,250,000	\$30,000,000		\$275,625	\$312,000	\$587,625	\$364,768	\$0	\$330,750	\$695,518
2018	\$105,737,500	\$30,000,000		\$264,344	\$312,000	\$576,344	\$353,487	\$102,565	\$317,213	\$773,265
2019	\$101,450,625	\$30,000,000		\$253,627	\$312,000	\$565,627	\$342,770	\$147,611	\$304,352	\$794,732
2020	\$97,378,094	\$30,000,000		\$243,445	\$312,000	\$555,445	\$332,588	\$141,685	\$292,134	\$766,408
2021	\$93,509,189	\$30,000,000		\$233,773	\$312,000	\$545,773	\$322,916	\$226,760	\$280,528	\$830,203
2022	\$89,833,730	\$30,000,000		\$224,584	\$312,000	\$536,584	\$313,727	\$261,416	\$269,501	\$844,645
2023	\$86,342,043	\$30,000,000		\$215,855	\$312,000	\$527,855	\$304,998	\$293,131	\$259,026	\$857,155
2024	\$83,024,941	\$83,024,941		\$207,562	\$863,459	\$1,071,022	\$1,071,022	\$402,671	\$249,075	\$1,722,768
2025	\$79,873,694	\$79,873,694		\$199,684	\$830,686	\$1,030,371	\$1,030,371	\$387,387	\$239,621	\$1,657,379
2026	\$76,880,009	\$76,880,009		\$192,200	\$799,552	\$991,752	\$991,752	\$372,868	\$230,640	\$1,595,260
2027	\$74,036,009	\$74,036,009		\$185,090	\$769,974	\$955,065	\$955,065	\$359,075	\$222,108	\$1,536,247
2028	\$71,334,208	\$71,334,208		\$178,336	\$741,876	\$920,211	\$920,211	\$345,971	\$214,003	\$1,480,185
						Total	\$10,612,174	\$3,041,140	\$4,183,950	\$17,837,265

Assumes School Value Limitation and Tax Abatements from the county.

Source: CPA, Prolamsa, Inc.

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Bryan ISD I&S Levy	Bryan ISD M&O Levy	Bryan ISD M&O and I&S Tax Levies	Brazos County Tax Levy	Emergency Services District #4 Tax Levy	Estimated Total Property Taxes	
				0.2500	1.0400		0.4850	0.3000		
2014	\$90,000,000	\$90,000,000		\$225,000	\$936,000	\$1,161,000	\$436,500	\$270,000	\$1,867,500	
2015	\$120,000,000	\$120,000,000		\$300,000	\$1,248,000	\$1,548,000	\$582,000	\$360,000	\$2,490,000	
2016	\$115,000,000	\$115,000,000		\$287,500	\$1,196,000	\$1,483,500	\$557,750	\$345,000	\$2,386,250	
2017	\$110,250,000	\$110,250,000		\$275,625	\$1,146,600	\$1,422,225	\$534,713	\$330,750	\$2,287,688	
2018	\$105,737,500	\$105,737,500		\$264,344	\$1,099,670	\$1,364,014	\$512,827	\$317,213	\$2,194,053	
2019	\$101,450,625	\$101,450,625		\$253,627	\$1,055,087	\$1,308,713	\$492,036	\$304,352	\$2,105,100	
2020	\$97,378,094	\$97,378,094		\$243,445	\$1,012,732	\$1,256,177	\$472,284	\$292,134	\$2,020,595	
2021	\$93,509,189	\$93,509,189		\$233,773	\$972,496	\$1,206,269	\$453,520	\$280,528	\$1,940,316	
2022	\$89,833,730	\$89,833,730		\$224,584	\$934,271	\$1,158,855	\$435,694	\$269,501	\$1,864,050	
2023	\$86,342,043	\$86,342,043		\$215,855	\$897,957	\$1,113,812	\$418,759	\$259,026	\$1,791,597	
2024	\$83,024,941	\$83,024,941		\$207,562	\$863,459	\$1,071,022	\$402,671	\$249,075	\$1,722,768	
2025	\$79,873,694	\$79,873,694		\$199,684	\$830,686	\$1,030,371	\$387,387	\$239,621	\$1,657,379	
2026	\$76,880,009	\$76,880,009		\$192,200	\$799,552	\$991,752	\$372,868	\$230,640	\$1,595,260	
2027	\$74,036,009	\$74,036,009		\$185,090	\$769,974	\$955,065	\$359,075	\$222,108	\$1,536,247	
2028	\$71,334,208	\$71,334,208		\$178,336	\$741,876	\$920,211	\$345,971	\$214,003	\$1,480,185	
						Total	\$17,990,986	\$6,764,053	\$4,183,950	\$28,938,988

Source: CPA, Prolamsa, Inc.

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 \$14,504,360. The estimated gross 15 year M&O tax benefit, or levy loss, is \$7,378,812.

Attachment 3 is an economic overview of Brazos 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

Schedule A (Rev. May 2010): Investment

Form 60-296

Applicant Name
 ISD Name
 Proforma, Inc.
 Brien

PROPERTY INVESTMENT AMOUNTS											
(Estimated investment in each year. Do not put cumulative totals.)											
	Year	School Year (YYYY-YYYY)	Tax Year (Fall 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: Clear 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		0	
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)		2013	0	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)		2013-2014	2013	0	0		0		0	
	Complete tax years of qualifying time period	1	2014-2015	2014	\$ 70,000,000	\$ 18,824,872	\$ 88,824,872	\$ 175,178	\$ 90,000,000		\$ 30,000,000
		2	2015-2016	2015	\$ 30,000,000	\$	\$ 30,000,000	\$	\$ 30,000,000		\$
		3	2016-2017	2016	0	0	0	0	0		0
		4	2017-2018	2017	0	0	0	0	0		0
5		2018-2019	2018	0	0	0	0	0		0	
Value Limitation Period	6	2019-2020	2019	0	0	0	0	0		0	
	7	2020-2021	2020	0	0	0	0	0		0	
	8	2021-2022	2021	0	0	0	0	0		0	
	9	2022-2023	2022	0	0	0	0	0		0	
	10	2023-2024	2023	0	0	0	0	0		0	
Credit Settle-Up Period	Continue to Maintain Visible Presence	11	2024-2025	0	0	0	0	0		0	
		12	2025-2026	0	0	0	0	0		0	
		13	2026-2027	0	0	0	0	0		0	
Post-Settle-Up Period		14	2027-2028	0	0	0	0	0		0	
		15	2028-2029	0	0	0	0	0		0	

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 §313.021(1)(A)-(D).
 For the purposes of investment, please list amount invested each year, not cumulative totals.
 Column B:
 [For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].
 Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.
 The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).
 Column C:
 For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.
 Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value for planning, construction and operation of the facility.
 The most significant example for many projects would be land. Other examples may be items such as professional services, etc.
 Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.
 Column D:
 For advanced clean energy projects, nuclear projects, projects with cleared 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 these amounts for future years.

Signature:  DATE: 04/22/2013

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

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

Form 50-296

Applicant Name
 ISD Name

Bryen

	Year	School Year (YYYY-YYYY)	Tax Year (File in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	Final taxable value for MAO - after all reductions
				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"			
	pre-year 1	2013-2014	2013	\$ 175,178	0	0	\$ -	\$ -	\$ -
Complete tax years of qualifying time period	1	2014-2015	2014	\$ 175,178	\$ 19,824,822	\$ 70,000,000	\$ -	\$ 90,000,000	\$ 90,000,000
	2	2015-2016	2015	\$ 175,178	\$ 19,824,822	\$ 100,000,000	\$ -	\$ 120,000,000	\$ 120,000,000
	3	2016-2017	2016	\$ 175,178	\$ 19,824,822	\$ 95,000,000	\$ -	\$ 115,000,000	\$ 30,000,000
	4	2017-2018	2017	\$ 175,178	\$ 19,824,822	\$ 90,250,000	\$ -	\$ 110,250,000	\$ 30,000,000
	5	2018-2019	2018	\$ 175,178	\$ 19,824,822	\$ 85,737,500	\$ -	\$ 105,737,500	\$ 30,000,000
Value Limitation Period	6	2019-2020	2019	\$ 175,178	\$ 19,824,822	\$ 81,450,625	\$ -	\$ 101,450,625	\$ 30,000,000
	7	2020-2021	2020	\$ 175,178	\$ 19,824,822	\$ 77,378,094	\$ -	\$ 97,378,094	\$ 30,000,000
	8	2021-2022	2021	\$ 175,178	\$ 19,824,822	\$ 73,509,189	\$ -	\$ 93,509,189	\$ 30,000,000
	9	2022-2023	2022	\$ 175,178	\$ 19,824,822	\$ 69,833,730	\$ -	\$ 89,833,730	\$ 30,000,000
	10	2023-2024	2023	\$ 175,178	\$ 19,824,822	\$ 66,342,043	\$ -	\$ 86,342,043	\$ 30,000,000
Credit Settle-Up Period	11	2024-2025	2024	\$ 175,178	\$ 19,824,822	\$ 63,024,941	\$ -	\$ 83,024,941	\$ 83,024,941
	12	2025-2026	2025	\$ 175,178	\$ 19,824,822	\$ 59,873,694	\$ -	\$ 79,873,694	\$ 79,873,694
	13	2026-2027	2026	\$ 175,178	\$ 19,824,822	\$ 56,880,009	\$ -	\$ 76,880,009	\$ 76,880,009
Post-Settle-Up Period	14	2027-2028	2027	\$ 175,178	\$ 19,824,822	\$ 54,036,009	\$ -	\$ 74,036,009	\$ 74,036,009
Post-Settle-Up Period	15	2028-2029	2028	\$ 175,178	\$ 19,824,822	\$ 51,334,208	\$ -	\$ 71,334,208	\$ 71,334,208

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.

04/24/2013

DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Schedule C- Application: Employment Information

Form 50-296

Applicant Name
ISD Name

Prolamsa, Inc.
Bryan

	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 or 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	50 FTE	\$ 50,000		\$ 37,089.80	0	\$ 37,089.80
	1	2014-2015	2014	50 FTE	\$ 50,000	80	\$ 37,089.80	64	\$ 37,089.80
	2	2015-2016	2015			160	\$ 37,089.80	128	\$ 37,089.80
	3	2016-2017	2016			255	\$ 37,089.80	204	\$ 37,089.80
	4	2017-2018	2017			255	\$ 37,089.80	204	\$ 37,089.80
	5	2018-2019	2018			255	\$ 37,089.80	204	\$ 37,089.80
	6	2019-2020	2019			255	\$ 37,089.80	204	\$ 37,089.80
	7	2020-2021	2020			255	\$ 37,089.80	204	\$ 37,089.80
	8	2021-2022	2021			255	\$ 37,089.80	204	\$ 37,089.80
	9	2022-2023	2022			255	\$ 37,089.80	204	\$ 37,089.80
	10	2023-2024	2023			255	\$ 37,089.80	204	\$ 37,089.80
	11	2024-2025	2024			255	\$ 37,089.80	204	\$ 37,089.80
	12	2025-2026	2025			255	\$ 37,089.80	204	\$ 37,089.80
	13	2026-2027	2026			255	\$ 37,089.80	204	\$ 37,089.80
	14	2027-2028	2027			255	\$ 37,089.80	204	\$ 37,089.80
	15	2028-2029	2028			255	\$ 37,089.80	204	\$ 37,089.80
Tax Credit Period (with 50% cap on credit)									
Value Limitation Period									
Credit Settle-Up Period									
Post- Settle-Up Period									
Post- Settle-Up Period									

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

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.



SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

07/22/2013

DATE

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

Applicant Name: **ProLimes, Inc.** ISD Name: **Bryan** Form 50-296
 Other Property Tax Abatements Sought

	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought				
				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		County	City	Hospital	Other	
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2013-2014	2013	1,500,000	6,200,000	-	0	0	0	0	0
Tax Credit Period (with 50% cap on credit)	1	2014-2015	2014	19,500,000	240,000,000	190,000	100	100	0	0	0
	2	2015-2016	2015	15,500,000	285,500,000	360,000	100	100	0	0	0
	3	2016-2017	2016	11,200,000	289,800,000	350,000	100	50	0	0	0
	4	2017-2018	2017	11,200,000	277,900,000	340,000	100	50	0	0	0
	5	2018-2019	2018	11,000,000	265,600,000	320,000	80	50	0	0	0
	6	2019-2020	2019	11,000,000	265,600,000	320,000	70	50	0	0	0
	7	2020-2021	2020	11,000,000	265,600,000	320,000	70	50	0	0	0
	8	2021-2022	2021	11,000,000	265,600,000	320,000	50	50	0	0	0
	9	2022-2023	2022	11,000,000	265,600,000	320,000	40	50	0	0	0
	10	2023-2024	2023	11,000,000	265,600,000	320,000	30	50	0	0	0
	11	2024-2025	2024	11,000,000	265,600,000	320,000	0	0	0	0	0
	12	2025-2026	2025	11,000,000	265,600,000	320,000	0	0	0	0	0
	13	2026-2027	2026	11,000,000	265,600,000	320,000	0	0	0	0	0
	14	2027-2028	2027	11,000,000	265,600,000	320,000	0	0	0	0	0
	15	2028-2029	2028	11,000,000	265,600,000	320,000	0	0	0	0	0

*For planning, construction and operation of the facility.

[Handwritten Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

09/22/2013

DATE

Attachment 2

August 2, 2013

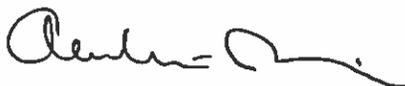
Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Prolamsa USA project for the Bryan Independent School District (BISD). Projections prepared by our Office of School Finance 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 Prolamsa USA project on BISD 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,



Al McKenzie, Manager
Foundation School Program Support

AM/rk

August 2, 2013

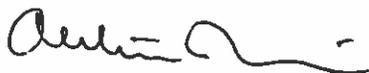
Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

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 Prolamsa USA project on the number and size of school facilities in Bryan Independent School District (BISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the BISD business manager, Amy Drozd, the TEA has found that the Prolamsa USA project would not have a significant impact on the number or size of school facilities in BISD.

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

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED
PROLAMSA USA PROJECT ON THE FINANCES OF THE BRYAN
INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED
CHAPTER 313 PROPERTY VALUE LIMITATION**

May 31, 2013

Final Report

PREPARED BY



Estimated Impact of the Proposed Prolamsa USA Project on the Finances of the Bryan Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Prolamsa USA (Prolamsa) has requested that the Bryan Independent School District (BISD) 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 BISD on April 22, 2013, Prolamsa proposes to invest \$120 million to construct a new pipe and tube manufacturing project in BISD.

The Prolamsa 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, BISD 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 with 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 will be assessed for debt service taxes on voter-approved bond issues throughout the limitation period and thereafter, with BISD currently levying a \$0.25 per \$100 I&S tax rate. The full value of the investment is expected to reach \$120 million in the 2015-16 school year, with depreciation expected to reduce the taxable value of the project in future years.

In the case of the Prolamsa 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. BISD would experience a revenue loss as a result of the implementation of the value limitation in the initial 2016-17 school year (-\$923,545). No out-year revenue losses are anticipated under current law.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$6.5 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 the planned audits of appraisal district operations. 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 or no 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.

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 781 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 243 districts operating directly on the state formulas. BISD became a formula district in the 2011-12 school year.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formulas. This resulted in 336 districts receiving ASATR funding, with an estimated 688 districts operating on state funding formulas.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The 2011 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 expected that ASATR state funding will be reduced in future years and eliminated by the 2017-18 school year, based on current state policy.

In the case of BISD, the District has a target revenue level of \$5,054 per WADA, which is about \$200 below the state average. The last year that BISD received ASATR funding was the 2010-11

school year. It is not expected that BISD will receive ASATR in future years even with the adoption of a value limitation agreement, based on the estimates presented below.

The initial legislation in the 2013 legislative session shows a further reduction in the number of ASATR districts being reduced to 308 districts under the Senate language, compared with an estimated 266 districts under the initial House language. The final bill language is in the process of being adopted and it will probably a month or so before TEA publishes information on recent legislative action. As a result, current law will be the basis for the estimates presented below.

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 Prolamsa project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The general approach used here is to maintain static enrollment and 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. The projected taxable values of the Prolamsa USA project are factored into the base model used here. The impact of the limitation value for the proposed Prolamsa project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 14,414 students in average daily attendance (ADA) in analyzing the effects of the Prolamsa project on the finances of BISD. The District's local tax base reached \$5.4 billion for the 2012 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.04 is used throughout this analysis. BISD has estimated state property wealth per weighted ADA or WADA of approximately \$267,510 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 BISD 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 influences 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 Prolamsa 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 Prolamsa 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, BISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$923,545). The revenue reduction results chiefly from the one-year lag in the state property value study for the first \$1.00 of M&O tax effort and the mechanics of the four cents of tax effort beyond the compressed M&O tax rate equalized to the Austin yield, which also reflect the one-year state property value lag. Once the state property value becomes aligned with the local limitation value of \$30 million, the school district formula losses are eliminated under current law for the remainder of the value limitation period.

Table 4 summarizes the revenue loss impact in the 2016-17 school year. The Company would be expected to see \$884,000 in M&O tax savings under the \$30 million limitation at the \$1.04 per \$100 M&O tax rate. BISD would see no formula offsets for this amount until the following school year. In addition, the District would experience a state aid loss of \$39,545 under what is known as Tier II funding for the 2016-17 school year. As a result, the formula loss exceeds the tax savings by the \$39,545 amount for 2016-17.

As noted previously, the Comptroller’s state property value study influences these calculations. 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. Two state value determinations are 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 \$1.04 per \$100 of taxable value M&O rate is assumed in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$5.8 million over the life of the agreement. In addition, Prolamsa 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 \$1.6 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 BISD revenue losses are expected to total approximately -\$923,545 over the course of the agreement, all concentrated in the 2016-17 school year under current law. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are expected to reach \$6.5 million over the life of the agreement.

Facilities Funding Impact

The Prolamsa project remains fully taxable for debt services taxes, with BISD currently levying a \$0.25 per \$100 I&S rate. Full access to the additional value is expected to increase the District's projected wealth per ADA to \$371,693 in the peak year of I&S taxable project value, which will provide a modest benefit to BISD, since it exceeds the \$350,000 per ADA equivalent provided by the Instructional Facility Allotment (IFA) and Existing Debt Allotment (EDA) state aid programs.

One positive aspect of the Prolamsa project is that the Company anticipates employing 255 full-time employees once the facility begins operation. The impact on BISD will be determined in part by the housing decisions of new employees to the area, although a number of these positions could go to current local residents. Given an enrollment of more than 14,000 students, it is unlikely that the Prolamsa project will have much effect on student enrollment at BISD on a stand-alone basis.

Conclusion

The proposed Prolamsa manufacturing project enhances the tax base of BISD. 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 \$6.5 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value provides a modest enhancement to the tax base of BISD in meeting its future debt service obligations.

Table 1 – Base District Information with Prolamsa, USA 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	14,414.31	18,644.09	\$1.0400	\$0.2500	\$5,459,457,695	\$5,459,457,695	\$5,270,226,527	\$5,270,226,527	\$282,675	\$282,675
1	2014-15	14,414.31	18,638.80	\$1.0400	\$0.2500	\$5,549,457,695	\$5,549,457,695	\$5,270,226,527	\$5,270,226,527	\$282,756	\$282,756
2	2015-16	14,414.31	19,235.53	\$1.0400	\$0.2500	\$5,579,457,695	\$5,579,457,695	\$5,327,692,804	\$5,327,692,804	\$276,971	\$276,971
3	2016-17	14,414.31	19,338.05	\$1.0400	\$0.2500	\$5,574,457,695	\$5,489,457,695	\$5,357,692,804	\$5,357,692,804	\$277,054	\$277,054
4	2017-18	14,414.31	19,445.10	\$1.0400	\$0.2500	\$5,569,707,695	\$5,489,457,695	\$5,352,692,804	\$5,267,692,804	\$275,272	\$270,901
5	2018-19	14,414.31	19,556.83	\$1.0400	\$0.2500	\$5,565,195,195	\$5,489,457,695	\$5,347,942,804	\$5,267,692,804	\$273,456	\$269,353
6	2019-20	14,414.31	19,556.83	\$1.0400	\$0.2500	\$5,560,908,320	\$5,489,457,695	\$5,343,430,304	\$5,267,692,804	\$273,226	\$269,353
7	2020-21	14,414.31	19,556.83	\$1.0400	\$0.2500	\$5,556,835,789	\$5,489,457,695	\$5,339,143,429	\$5,267,692,804	\$273,007	\$269,353
8	2021-22	14,414.31	19,556.83	\$1.0400	\$0.2500	\$5,552,966,884	\$5,489,457,695	\$5,335,070,898	\$5,267,692,804	\$272,798	\$269,353
9	2022-23	14,414.31	19,556.83	\$1.0400	\$0.2500	\$5,549,291,425	\$5,489,457,695	\$5,331,201,993	\$5,267,692,804	\$272,600	\$269,353
10	2023-24	14,414.31	19,556.83	\$1.0400	\$0.2500	\$5,545,799,738	\$5,489,457,695	\$5,327,526,534	\$5,267,692,804	\$272,413	\$269,353
11	2024-25	14,414.31	19,556.83	\$1.0400	\$0.2500	\$5,542,482,636	\$5,542,482,636	\$5,324,034,847	\$5,267,692,804	\$272,234	\$269,353
12	2025-26	14,414.31	19,556.83	\$1.0400	\$0.2500	\$5,539,331,389	\$5,539,331,389	\$5,320,717,745	\$5,320,717,745	\$272,064	\$272,064
13	2026-27	14,414.31	19,556.83	\$1.0400	\$0.2500	\$5,536,337,704	\$5,536,337,704	\$5,317,566,498	\$5,317,566,498	\$271,903	\$271,903
14	2027-28	14,414.31	19,556.83	\$1.0400	\$0.2500	\$5,533,493,704	\$5,533,493,704	\$5,314,572,813	\$5,314,572,813	\$271,750	\$271,750
15	2028-29	14,414.31	19,556.83	\$1.0400	\$0.2500	\$5,530,791,903	\$5,530,791,903	\$5,311,728,813	\$5,311,728,813	\$271,605	\$271,605

*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	\$52,589,292	\$41,881,756	\$0	\$0	\$0	\$2,079,907	\$2,332,646	\$0	\$98,663,601
1	2014-15	\$53,471,336	\$41,651,685	\$0	\$0	\$0	\$2,115,143	\$2,370,889	\$0	\$99,609,053
2	2015-16	\$53,765,351	\$44,043,638	\$0	\$0	\$0	\$2,126,888	\$2,478,262	\$0	\$102,414,139
3	2016-17	\$53,733,349	\$44,267,104	\$0	\$0	\$0	\$2,125,610	\$2,475,394	\$0	\$102,601,457
4	2017-18	\$53,885,847	\$44,863,247	\$0	\$0	\$0	\$2,123,712	\$2,502,949	\$0	\$103,175,754
5	2018-19	\$53,640,719	\$45,480,285	\$0	\$0	\$0	\$2,121,910	\$2,531,516	\$0	\$103,774,429
6	2019-20	\$53,597,849	\$45,525,412	\$0	\$0	\$0	\$2,120,197	\$2,533,399	\$0	\$103,776,857
7	2020-21	\$53,557,121	\$45,568,283	\$0	\$0	\$0	\$2,118,570	\$2,535,189	\$0	\$103,779,162
8	2021-22	\$53,518,430	\$45,609,010	\$0	\$0	\$0	\$2,117,024	\$2,536,889	\$0	\$103,781,354
9	2022-23	\$53,481,674	\$45,647,701	\$0	\$0	\$0	\$2,115,556	\$2,538,504	\$0	\$103,783,436
10	2023-24	\$53,446,755	\$45,684,458	\$0	\$0	\$0	\$2,114,161	\$2,540,039	\$0	\$103,785,413
11	2024-25	\$53,402,977	\$45,719,377	\$0	\$0	\$0	\$2,112,412	\$2,540,988	\$0	\$103,775,754
12	2025-26	\$53,372,093	\$45,752,549	\$0	\$0	\$0	\$2,111,179	\$2,542,403	\$0	\$103,778,224
13	2026-27	\$53,342,754	\$45,784,063	\$0	\$0	\$0	\$2,110,006	\$2,543,748	\$0	\$103,780,571
14	2027-28	\$53,314,881	\$45,814,002	\$0	\$0	\$0	\$2,108,893	\$2,545,026	\$0	\$103,782,802
15	2028-29	\$53,288,402	\$45,842,443	\$0	\$0	\$0	\$2,107,835	\$2,546,240	\$0	\$103,784,920

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	\$52,589,292	\$41,661,756	\$0	\$0	\$0	\$2,079,907	\$2,332,646	\$0	\$98,663,601
1	2014-15	\$53,471,336	\$41,651,685	\$0	\$0	\$0	\$2,115,143	\$2,370,889	\$0	\$99,609,053
2	2015-16	\$53,765,351	\$44,043,638	\$0	\$0	\$0	\$2,126,888	\$2,478,262	\$0	\$102,414,139
3	2016-17	\$52,883,307	\$44,267,104	\$0	\$0	\$0	\$2,091,652	\$2,435,848	\$0	\$101,677,912
4	2017-18	\$52,883,307	\$45,713,289	\$0	\$0	\$0	\$2,091,652	\$2,538,693	\$0	\$103,226,941
5	2018-19	\$52,883,307	\$46,282,825	\$0	\$0	\$0	\$2,091,652	\$2,565,299	\$0	\$103,823,083
6	2019-20	\$52,883,307	\$46,282,825	\$0	\$0	\$0	\$2,091,652	\$2,565,299	\$0	\$103,823,083
7	2020-21	\$52,883,307	\$46,282,825	\$0	\$0	\$0	\$2,091,652	\$2,565,299	\$0	\$103,823,083
8	2021-22	\$52,883,307	\$46,282,825	\$0	\$0	\$0	\$2,091,652	\$2,565,299	\$0	\$103,823,083
9	2022-23	\$52,883,307	\$46,282,825	\$0	\$0	\$0	\$2,091,652	\$2,565,299	\$0	\$103,823,083
10	2023-24	\$52,883,307	\$46,282,825	\$0	\$0	\$0	\$2,091,652	\$2,565,299	\$0	\$103,823,083
11	2024-25	\$53,402,977	\$46,282,825	\$0	\$0	\$0	\$2,112,412	\$2,590,760	\$0	\$104,388,974
12	2025-26	\$53,372,093	\$45,752,549	\$0	\$0	\$0	\$2,111,179	\$2,542,403	\$0	\$103,778,224
13	2026-27	\$53,342,754	\$45,784,063	\$0	\$0	\$0	\$2,110,006	\$2,543,748	\$0	\$103,780,571
14	2027-28	\$53,314,881	\$45,814,002	\$0	\$0	\$0	\$2,108,893	\$2,545,026	\$0	\$103,782,802
15	2028-29	\$53,288,402	\$45,842,443	\$0	\$0	\$0	\$2,107,835	\$2,546,240	\$0	\$103,784,920

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	-\$850,043	\$0	\$0	\$0	\$0	-\$33,958	-\$39,545	\$0	-\$923,545
4	2017-18	-\$802,540	\$850,042	\$0	\$0	\$0	-\$32,060	\$35,744	\$0	\$51,186
5	2018-19	-\$757,412	\$802,540	\$0	\$0	\$0	-\$30,257	\$33,783	\$0	\$48,654
6	2019-20	-\$714,542	\$757,413	\$0	\$0	\$0	-\$28,545	\$31,900	\$0	\$46,226
7	2020-21	-\$673,814	\$714,542	\$0	\$0	\$0	-\$26,918	\$30,110	\$0	\$43,921
8	2021-22	-\$635,124	\$673,815	\$0	\$0	\$0	-\$25,372	\$28,410	\$0	\$41,729
9	2022-23	-\$598,368	\$635,124	\$0	\$0	\$0	-\$23,904	\$26,795	\$0	\$39,647
10	2023-24	-\$563,448	\$598,367	\$0	\$0	\$0	-\$22,509	\$25,260	\$0	\$37,670
11	2024-25	\$0	\$563,448	\$0	\$0	\$0	\$0	\$49,772	\$0	\$613,220
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 Prolamsa, USA Project Property Value Limitation Request Submitted to BISD at \$1.04 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2013-14	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$90,000,000	\$90,000,000	\$0	\$1.040	\$936,000	\$936,000	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$120,000,000	\$120,000,000	\$0	\$1.040	\$1,248,000	\$1,248,000	\$0	\$0	\$0	\$0	\$0
3	2016-17	\$115,000,000	\$30,000,000	\$85,000,000	\$1.040	\$1,196,000	\$312,000	\$884,000	\$0	\$884,000	-\$923,545	-\$39,545
4	2017-18	\$110,250,000	\$30,000,000	\$80,250,000	\$1.040	\$1,146,600	\$312,000	\$834,600	\$222,857	\$1,057,457	\$0	\$1,057,457
5	2018-19	\$105,737,500	\$30,000,000	\$75,737,500	\$1.040	\$1,099,670	\$312,000	\$787,670	\$222,857	\$1,010,527	\$0	\$1,010,527
6	2019-20	\$101,450,625	\$30,000,000	\$71,450,625	\$1.040	\$1,055,087	\$312,000	\$743,087	\$222,857	\$965,944	\$0	\$965,944
7	2020-21	\$97,378,094	\$30,000,000	\$67,378,094	\$1.040	\$1,012,732	\$312,000	\$700,732	\$222,857	\$923,589	\$0	\$923,589
8	2021-22	\$93,509,189	\$30,000,000	\$63,509,189	\$1.040	\$972,496	\$312,000	\$660,496	\$222,857	\$883,353	\$0	\$883,353
9	2022-23	\$89,833,730	\$30,000,000	\$59,833,730	\$1.040	\$934,271	\$312,000	\$622,271	\$222,857	\$845,128	\$0	\$845,128
10	2023-24	\$86,342,043	\$30,000,000	\$56,342,043	\$1.040	\$897,957	\$312,000	\$585,957	\$222,857	\$808,814	\$0	\$808,814
11	2024-25	\$83,024,941	\$83,024,941	\$0	\$1.040	\$863,459	\$863,459	\$0	\$0	\$0	\$0	\$0
12	2025-26	\$79,873,694	\$79,873,694	\$0	\$1.040	\$830,686	\$830,686	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$76,880,009	\$76,880,009	\$0	\$1.040	\$799,552	\$799,552	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$74,036,009	\$74,036,009	\$0	\$1.040	\$769,974	\$769,974	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$71,334,208	\$71,334,208	\$0	\$1.040	\$741,876	\$741,876	\$0	\$0	\$0	\$0	\$0
						\$14,504,360	\$8,685,548	\$5,818,812	\$1,560,000	\$7,378,812	-\$923,545	\$6,455,267

Year 1	Year 2	Max Credits
\$624,000	\$936,000	\$1,560,000
Credits Earned		\$1,560,000
Credits Paid		<u>\$1,560,000</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

Brazos County

Population

- Total county population in 2010 for Brazos County: 183,144 , up 1.7 percent from 2009. State population increased 1.8 percent in the same time period.
- Brazos County was the state's 23th largest county in population in 2010 and the 49 th fastest growing county from 2009 to 2010.
- Brazos County's population in 2009 was 62.1 percent Anglo (above the state average of 46.7 percent), 10.5 percent African-American (below the state average of 11.3 percent) and 21.9 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Brazos County:

College Station:	86,680	Bryan:	74,656
Wixon Valley:	238	Kurten:	233
Millican town:	109		

Economy and Income

Employment

- September 2011 total employment in Brazos County: 95,032 , up 2.2 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 Brazos County unemployment rate: 6.5 percent, up from 6.1 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:

College Station:	6.3 percent, up from 5.8 percent in September 2010.
Bryan:	6.3 percent, up from 6.1 percent in September 2010.

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

- Brazos County's ranking in per capita personal income in 2009: 193rd with an average per capita income of \$29,151, up 0.2 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 Brazos County averaged \$133.98 million annually from 2007 to 2010. County total agricultural values in 2010 were up 4.9 percent from 2009. Major agriculture related commodities in Brazos County during 2010 included:
 - Com
 - Other Poultry
 - Eggs
 - Other Beef
 - Broilers
- 2011 oil and gas production in Brazos County: 1.1 million barrels of oil and 6.0 million Mcf of gas. In September 2011, there were 475 producing oil wells and 107 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 Brazos County during the fourth quarter 2010: \$514.77 million, up 4.7 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

College Station:	\$290.72 million, up 4.1 percent from the same quarter in 2009.
Bryan:	\$194.20 million, up 4.6 percent from the same quarter in 2009.
Wixon Valley:	\$878,803.00, up 49.0 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 Brazos County through the fourth quarter of 2010: \$1.95 billion, up 1.9 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

College Station:	\$1.06 billion, up 0.9 percent from the same period in 2009.
Bryan:	\$769.23 million, up 1.9 percent from the same period in 2009.
Wixon Valley:	\$3.18 million, up 13.3 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Brazos County during 2010: \$1.95 billion, up 1.9 percent from 2009.
- Brazos County sent an estimated \$122.04 million (or 0.71 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

College Station:	\$1.06 billion, up 0.9 percent from 2009.
Bryan:	\$769.23 million, up 1.9 percent from 2009.
Wixom Valley:	\$3.18 million, up 13.3 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 Brazos County based on the sales activity month of August 2011: \$2.97 million, up 6.1 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

College Station:	\$1.85 million, up 11.6 percent from August 2010.
Bryan:	\$1.11 million, down 2.1 percent from August 2010.
Wixom Valley:	\$3,057.70, up 28.9 percent from August 2010.
Kurten*:	\$65.95

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 Brazos County based on sales activity months from September 2010 through August 2011: \$32.38 million, up 2.5 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

College Station:	\$18.84 million, up 4.6 percent from fiscal 2010.
Bryan:	\$13.50 million, down 0.4 percent from fiscal 2010.
Wixom Valley:	\$37,626.91, up 39.4 percent from fiscal 2010.
Kurten*:	\$2,066.67

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 Brazos County based on sales activity months through August 2011: \$20.86 million, down 0.5 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

College Station:	\$12.12 million, up 4.2 percent from the same period in 2010.
Bryan:	\$8.72 million, down 6.4 percent from the same period in 2010.
Wixom Valley:	\$26,106.00, up 36.0 percent from the same period in 2010.
Kurten*:	\$1,904.17

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 Brazos County based on sales activity in the 12 months ending in August 2011: \$32.38 million, up 2.5 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

College Station:	\$18.84 million, up 4.6 percent from the previous 12-month period.
Bryan:	\$13.50 million, down 0.4 percent from the previous 12-month period.
Wixom Valley:	\$37,626.91, up 39.4 percent from the previous 12-month period.
Kurten*:	\$2,066.67

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

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

College Station:	\$15.67 million, up 4.6 percent from the same period in 2010.
Bryan:	\$11.13 million, down 3.0 percent from the same period in 2010.
Wixom Valley:	\$32,109.77, up 40.1 percent from the same period in 2010.
Kurten*:	\$1,977.64

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 Brazos County based on sales activity months in 2010: \$32.48 million, up 6.2 percent from 2009.

- Payment based on sales activity months in 2010 to the city of:

College Station:	\$18.35 million, up 2.6 percent from 2009.
Bryan:	\$14.09 million, up 11.2 percent from 2009.
Wixon Valley:	\$30,711.82, up 14.1 percent from 2009.
Kurten*:	

*On 10/1/2010, the city of Kurten's local sales tax rate increased by 0.00 from 1.000 percent to 1.000 percent.

Property Tax

- As of January 2009, property values in Brazos County: \$12.17 billion, up 5.7 percent from January 2008 values. The property tax base per person in Brazos County is \$67,625, below the statewide average of \$85,809. About 2.0 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Brazos County's ranking in state expenditures by county in fiscal year 2010: 16th. State expenditures in the county for FY2010: \$1.22 billion, up 0.1 percent from FY2009.
- In Brazos County, 30 state agencies provide a total of 23,238 jobs and \$224.77 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Texas A & M University
 - Texas A & M University System
 - AgriLife Research
 - Engineering Experiment Station

Higher Education

- Community colleges in Brazos County fall 2010 enrollment:
 - None.
- Brazos County is in the service area of the following:
 - Blinn College with a fall 2010 enrollment of 17,755. Counties in the service area include:
 - Austin County
 - Bastrop County
 - Brazos County
 - Burleson County
 - Fayette County
 - Grimes County
 - Lee County
 - Madison County
 - Milam County
 - Montgomery County
 - Robertson County
 - Walker County
 - Waller County
 - Washington County
 - Williamson County
- Institutions of higher education in Brazos County fall 2010 enrollment:
 - The Texas A&M University System Health Science Ctr, a Public Health-Related Institution (part of Texas A&M University System), had 1,958 students.
 - Texas A&M University, a Public University (part of Texas A&M University System), had 49,129 students.

School Districts

- Brazos County had 2 school districts with 40 schools and 25,597 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.)
 - Bryan ISD had 15,536 students in the 2009-10 school year. The average teacher salary was \$43,920. The percentage of students meeting the 2010 TAKS passing standard for all tests was 70 percent.
 - College Station ISD had 10,061 students in the 2009-10 school year. The average teacher salary was \$48,430. The percentage of students meeting the 2010 TAKS passing standard for all tests was 88 percent.

