

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



November 23, 2009

Dr. Paul Clore
Superintendent
Gregory-Portland Independent School District
608 College St.
Portland, Texas 78734-2021

Dear Superintendent Clore:

On Oct. 15, 2009, the agency received the completed application for a limitation on appraised value originally submitted to the Gregory-Portland Independent School District (Gregory-Portland ISD) by EC&R Papalote Creek II, LLC (EC&R) in July 2009, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding EC&R's application as required by Section 313.025(d), using the criteria set out by Section 313.026. Our review 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. Filing an application containing false information is a criminal offense under Texas Penal Code Chapter 37.

According to the provisions of Chapter 313, Gregory-Portland ISD is currently classified as a rural school district in Category 2. The applicant properly applied under the provisions of Subchapter C, as applicable to rural school districts, and the amount of proposed qualified investment (\$108.1 million) is consistent with the proposed appraised value limitation sought (\$20 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.

EC&R is proposing the construction of wind power electricity generating facility in San Patricio County. EC&R is an active franchise taxpayer, as required by Tax Code Section 313.024(a), and is in good standing. After reviewing the application using the criteria listed in Section 313.026, and the information provided by EC&R, the Comptroller's recommendation is that EC&R's application under Tax Code Chapter 313 be approved.

Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. Chapter 313 places the responsibility to verify that all requirements of the statute have been fulfilled on the school district. Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

Dr. Paul Clore
November 23, 2009
Page Two

The Comptroller's recommendation is based on the final, completed application that has been submitted to this office, and may not be used to support an approval if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. This recommendation is contingent on the district approving and executing a limitation agreement within a year from the date of this letter, and is valid only for a qualifying time period that begins in accordance with the approved application and a conforming limitation agreement. As required by Comptroller Rule 9.1055 (34 T.A.C. 9.1055), the signed limitation agreement must be forwarded to our office as soon as possible after execution. During the 81st Legislative Session, House Bill 3676 made a number of changes to the chapter. Please visit our Web site at www.window.state.tx.us/taxinfo/proptax/hb1200 to find an outline of the program and links to applicable rules and forms.

Should you have any questions, please contact Robert Wood, director of Local Government Assistance and Economic Development, by e-mail at robert.wood@cpa.state.tx.us or by phone at (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	EC&R Papalote Creek II
Tax Code, 313.024 Eligibility Category	Renewable energy electric generation - Wind
School District	Gregory-Portland Independent School District
2007-08 Enrollment in School District	4,334
County	San Patricio
Total Investment in District	\$108,100,000
Qualified Investment	\$108,100,000
Limitation Amount	\$20,000,000
Number of total jobs committed to by applicant	3
Number of qualifying jobs committed to by applicant	3*
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$958
Minimum Weekly Wage Required Tax Code, 313.025(A)	\$958
Minimum Annual Wage committed to by applicant for qualified jobs	\$49,832
Investment per Qualifying Job	\$36,033,333
Number of Turbines	47
Megawatts	108
Start of Construction	on or before December 2010
End of Construction	End of 2011
Estimated 15 year M&O levy without any limit or credit:	\$13,212,576
Estimated 15 year M&O tax benefit/levy loss	\$7,225,686
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for yet-to-be negotiated supplemental payments or extraordinary educational expenses):	\$6,872,915
Tax Credits Paid (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$979,290
Net Tax Paid After Limitation, Credits and Revenue Protection:	\$6,339,661
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	52.0%
Percentage of tax benefit due to the limitation	86.4%
Percentage of tax benefit due to the credit.	13.6%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

This presents the Comptroller's economic impact evaluation of EC&R Papalote Creek II (the project) applying to Gregory-Portland 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 three new jobs when fully operational. All three 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 Coastal Bend Council of Governments Region, where San Patricio County is located was \$45,302 in 2007. The average manufacturing wage for the most recent four quarters for San Patricio County is \$68,315. In addition to an annual average salary of \$49,832 each qualifying position will receive benefits such as health insurance and training. The project's total investment is \$108.1 million, resulting in a relative level of investment per qualifying job of \$36 million.

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

According to EC&R's application, "they are an international developer of wind projects and has operations in several regions and states within the U.S. ...and have the ability to locate projects of this type to the Southwest, Northwest, and Northeast as well as Canada and several European sites."

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

During the past two years, five projects applied under Chapter 313 in the Coastal Bend Council of Governments Region.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan does not mention Renewable Energy specifically. However, one theme of the plan is attracting and fostering industries in Texas using advanced technology. Renewable energy technology is an expanding industry and the skilled workers that the project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

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

Table 1 depicts the project'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 EC&R

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2009	0	0	0	\$0	\$0	\$0
2010	78	118	196	\$3,886,896	\$9,113,104	\$13,000,000
2011	3	15	18	\$149,496	\$1,850,504	\$2,000,000
2012	3	12	15	\$149,496	\$1,850,504	\$2,000,000
2013	3	7	10	\$149,496	\$1,850,504	\$2,000,000
2014	3	6	9	\$149,496	\$850,504	\$1,000,000
2015	3	6	9	\$149,496	\$850,504	\$1,000,000
2016	3	9	12	\$149,496	\$850,504	\$1,000,000
2017	3	3	6	\$149,496	\$850,504	\$1,000,000
2018	3	5	8	\$149,496	\$850,504	\$1,000,000
2019	3	8	11	\$149,496	\$850,504	\$1,000,000
2020	3	7	10	\$149,496	\$850,504	\$1,000,000
2021	3	8	11	\$149,496	\$850,504	\$1,000,000
2022	3	8	11	\$149,496	\$850,504	\$1,000,000
2023	3	7	10	\$149,496	\$850,504	\$1,000,000
2024	3	9	12	\$149,496	\$850,504	\$1,000,000

Source: CPA, REMI, EC&R

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2008. Gregory-Portland ISD's ad valorem tax base in 2008 was \$1.1 billion. The statewide average wealth per WADA was estimated at \$352,755 for fiscal 2009-2010. During that same year, Gregory-Portland ISD's estimated wealth per WADA was \$211,986. The impact on the facilities and finances of the district is presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and San Patricio County with all property tax incentives sought being granted using estimated market value from EC&R's application. EC&R has applied for both a value limitation under Chapter 313, Tax Code and a county tax abatement under Tax Code, Chapter 312 seeking 72.5 percent abatement per year for eight years. Table 3 illustrates the estimated tax impact of the 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	Gregory-Portland ISD I&S Levy	Gregory-Portland ISD M&O Levy	Gregory-Portland ISD M&O and I&S Tax Levies (Before Credit Credited)	Gregory-Portland ISD M&O and I&S Tax Levies (After Credit Credited)	San Patricio County	School and County Property Taxes
				0.1900	1.1700			0.5275	
2009	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
2010	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
2011	\$103,700,000	\$103,700,000		\$197,030	\$1,213,290	\$1,410,320	\$1,410,320	\$396,588	\$1,806,908
2012	\$99,620,000	\$20,000,000		\$189,278	\$234,000	\$423,278	\$423,278	\$360,984	\$804,262
2013	\$95,630,000	\$20,000,000		\$181,697	\$234,000	\$415,697	\$275,798	\$365,725	\$641,523
2014	\$91,810,000	\$20,000,000		\$174,439	\$234,000	\$408,439	\$268,540	\$351,116	\$619,656
2015	\$88,140,000	\$20,000,000		\$167,466	\$234,000	\$401,466	\$261,567	\$337,080	\$598,648
2016	\$84,610,000	\$20,000,000		\$160,759	\$234,000	\$394,759	\$254,860	\$323,580	\$578,441
2017	\$81,230,000	\$20,000,000		\$154,337	\$234,000	\$388,337	\$248,438	\$310,654	\$559,092
2018	\$77,980,000	\$20,000,000		\$148,162	\$234,000	\$382,162	\$242,263	\$298,225	\$540,488
2019	\$74,860,000	\$20,000,000		\$142,234	\$234,000	\$376,234	\$236,335	\$394,887	\$631,222
2020	\$71,860,000	\$71,860,000		\$136,534	\$840,762	\$977,296	\$977,296	\$379,062	\$1,356,358
2021	\$68,990,000	\$68,990,000		\$131,081	\$807,183	\$938,264	\$938,264	\$363,922	\$1,302,186
2022	\$66,230,000	\$66,230,000		\$125,837	\$774,891	\$900,728	\$900,728	\$349,363	\$1,250,091
2023	\$63,580,000	\$63,580,000		\$120,802	\$743,886	\$864,688	\$864,688	\$335,385	\$1,200,073
2024	\$61,040,000	\$61,040,000		\$115,976	\$714,168	\$830,144	\$830,144	\$321,986	\$1,152,130
						Total	\$8,132,522	\$4,908,556	\$13,041,078

Source: CPA, EC&R

*Assumes Chapter 313 Value Limitation and County Tax Abatement (72.5 percent for eight years)

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Gregory-Portland ISD I&S Levy	Gregory-Portland ISD M&O Levy	Gregory-Portland ISD M&O and I&S Tax Levies	San Patricio County	School and County Property Taxes	
				0.1900	1.1700		0.5275		
2009	\$0	\$0		\$0	\$0	\$0	\$0	\$0	
2010	\$0	\$0		\$0	\$0	\$0	\$0	\$0	
2011	\$103,700,000	\$103,700,000		\$197,030	\$1,213,290	\$1,410,320	\$547,018	\$1,957,338	
2012	\$99,620,000	\$20,000,000		\$189,278	\$234,000	\$423,278	\$525,496	\$948,774	
2013	\$95,630,000	\$20,000,000		\$181,697	\$234,000	\$415,697	\$504,448	\$920,145	
2014	\$91,810,000	\$20,000,000		\$174,439	\$234,000	\$408,439	\$484,298	\$892,737	
2015	\$88,140,000	\$20,000,000		\$167,466	\$234,000	\$401,466	\$464,939	\$866,405	
2016	\$84,610,000	\$20,000,000		\$160,759	\$234,000	\$394,759	\$446,318	\$841,077	
2017	\$81,230,000	\$20,000,000		\$154,337	\$234,000	\$388,337	\$428,488	\$816,825	
2018	\$77,980,000	\$20,000,000		\$148,162	\$234,000	\$382,162	\$411,345	\$793,507	
2019	\$74,860,000	\$20,000,000		\$142,234	\$234,000	\$376,234	\$394,887	\$771,121	
2020	\$71,860,000	\$71,860,000		\$136,534	\$840,762	\$977,296	\$379,062	\$1,356,358	
2021	\$68,990,000	\$68,990,000		\$131,081	\$807,183	\$938,264	\$363,922	\$1,302,186	
2022	\$66,230,000	\$66,230,000		\$125,837	\$774,891	\$900,728	\$349,363	\$1,250,091	
2023	\$63,580,000	\$63,580,000		\$120,802	\$743,886	\$864,688	\$335,385	\$1,200,073	
2024	\$61,040,000	\$61,040,000		\$115,976	\$714,168	\$830,144	\$321,986	\$1,152,130	
						Total	\$9,111,812	\$5,956,952	\$15,068,764

Source: CPA, EC&R

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, and C provided by the applicant in the application. Schedule A shows proposed investment and tax expenditures. Schedule B is the projected market value of the qualified property and Schedule C contains employment 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 \$13,212,576. The estimated gross 15 year M&O tax benefit, or levy loss, is \$7,225,686.

Attachment 3 is an economic overview of San Patricio 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 provided by applicant in application
2. School finance and tax benefit provided by district
3. Economic Overview

Attachment 1

SCHEDULE A-3676 (Temporary - July 2009): INVESTMENT & TAXES (in millions)
Gregory-Portland I.S.D.

PROPERTY INVESTMENT AMOUNTS (\$)				TAX INFORMATION							
(Estimated investment in each year. Do not put cumulative totals.)				Column A: Tangible Personal Property: the amount of new investment (original cost) placed in service during this year	Column B: Building or 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)	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant
Year	Tax Year (fill in actual tax year below)	Investment made before filing application with district (neither qualified property nor eligible to become qualified investment)	Investment made after filing application with district, but before application approval (eligible to become qualified property)	Investment made after application approval 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	Qualifying Time Period	Qualifying Time Period	Qualifying Time Period	Qualifying Time Period	Qualifying Time Period	Qualifying Time Period
	2009	\$0.00	\$0.00	\$0.00	\$108.10	\$108.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	2010	\$0.00	\$0.00	\$0.00	\$108.10	\$108.10	\$0.00	\$0.00	\$32.40	\$129.70	\$0.00
	2011	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.14	\$7.01	\$0.00
	2012	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.15	\$7.45	\$0.00
	2013	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.14	\$8.78	\$0.00
	2014	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.13	\$6.38	\$0.00
	2015	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.13	\$6.49	\$0.00
	2016	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.14	\$6.99	\$0.00
	2017	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.15	\$7.13	\$0.00
	2018	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.16	\$7.64	\$0.00
	2019	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.17	\$7.66	\$0.00
	2020	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.17	\$8.06	\$0.00
	2021	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.16	\$8.03	\$0.00
	2022	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.17	\$8.10	\$0.00
	2023	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.17	\$8.28	\$0.00
	2024	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.18	\$9.12	\$0.00

Qualifying Time Period usually begins with the 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.

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.

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 §313.021(1)(E). For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value. 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.

* For planning, construction and operation of the facility.

Note: Information related to taxes in Columns F through H, for the year preceding the first complete year of the qualifying time period, need not be broken out by the time periods used for the requested investment information in Columns A through E. Note: 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.

The information on this schedule is required pursuant to the provisions of HB 3876, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

SCHEDULE B-3676 (Temporary - July 2009): ESTIMATED MARKET AND TAXABLE VALUE (in millions)
Gregory-Portland I.S.D.

All figures here are to be cumulative

	Year	Tax Year (fill in actual tax year)	Qualified Property			Reductions from market value (exemptions, etc)			Estimated Taxable Value	
			Column A: Estimated Market Value of Land	Column B: Estimated Total Market Value of new buildings or other new improvements	Column C: Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	D: Due to pollution control property (estimated or actual as appropriate)	E: Due to other exemptions	F: Estimated total taxable value for I&S: (A+B+C)-(D+E)	G: Estimated total taxable value for M&O: (Column F amount with the limitation value in years 3-10)	
	pre-year 1	2009	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	1	2010	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	2	2011	\$0.00	\$103.77	\$0.00	\$0.00	\$0.00	\$0.00	\$103.77	\$103.77
	3	2012	\$0.00	\$99.62	\$0.00	\$0.00	\$0.00	\$0.00	\$99.62	\$20.00
	4	2013	\$0.00	\$95.63	\$0.00	\$0.00	\$0.00	\$0.00	\$95.63	\$20.00
	5	2014	\$0.00	\$91.81	\$0.00	\$0.00	\$0.00	\$0.00	\$91.81	\$20.00
	6	2015	\$0.00	\$88.14	\$0.00	\$0.00	\$0.00	\$0.00	\$88.14	\$20.00
	7	2016	\$0.00	\$84.61	\$0.00	\$0.00	\$0.00	\$0.00	\$84.61	\$20.00
	8	2017	\$0.00	\$81.23	\$0.00	\$0.00	\$0.00	\$0.00	\$81.23	\$20.00
	9	2018	\$0.00	\$77.98	\$0.00	\$0.00	\$0.00	\$0.00	\$77.98	\$20.00
	10	2019	\$0.00	\$74.86	\$0.00	\$0.00	\$0.00	\$0.00	\$74.86	\$20.00
	11	2020	\$0.00	\$71.86	\$0.00	\$0.00	\$0.00	\$0.00	\$71.86	\$20.00
	12	2021	\$0.00	\$68.99	\$0.00	\$0.00	\$0.00	\$0.00	\$68.99	\$68.99
	13	2022	\$0.00	\$66.23	\$0.00	\$0.00	\$0.00	\$0.00	\$66.23	\$66.23
	14	2023	\$0.00	\$63.58	\$0.00	\$0.00	\$0.00	\$0.00	\$63.58	\$63.58
	15	2024	\$0.00	\$61.04	\$0.00	\$0.00	\$0.00	\$0.00	\$61.04	\$61.04
Complete tax years of qualifying time period										
Tax Credit Period (with 50% cap on credit)										
Credit Settle-Up Period										
Post-Settle-Up Period										

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

SCHEDULE C-3676 (Temporary - July 2009): EMPLOYMENT INFORMATION
Gregory-Portland I.S.D.

	Year	Tax Year (fill in actual tax year)	Existing Jobs		Construction		Permanent New Jobs		Qualifying Jobs	
			Column A: Number of permanent existing full time jobs prior to application	Column B: Number of Construction FTE's or man- hours (specify FTE)	Column C: Average annual wage rates for construction workers	Column D: Total number of permanent full- time new jobs applicant commits to create	Column E: Average annual wage rate for all permanent new jobs for each year	Column F: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3)	Column G: Avg. annual wage of qualifying jobs	
	pre-year 1	2009	0	0	N/A	0	N/A	0	N/A	
Complete tax years of qualifying time period	1	2010	0	75	\$49,832	3	\$49,832	3	\$49,832	
	2	2011	0	0	0	3	\$49,832	3	\$49,832	
	3	2012	0	0	0	3	\$49,832	3	\$49,832	
	4	2013	0	0	0	3	\$49,832	3	\$49,832	
	5	2014	0	0	0	3	\$49,832	3	\$49,832	
Value Limitation Period	6	2015	0	0	0	3	\$49,832	3	\$49,832	
	7	2016	0	0	0	3	\$49,832	3	\$49,832	
	8	2017	0	0	0	3	\$49,832	3	\$49,832	
	9	2018	0	0	0	3	\$49,832	3	\$49,832	
	10	2019	0	0	0	3	\$49,832	3	\$49,832	
Credit Settle-Up Period (with 50% cap on credit)	11	2020	0	0	0	3	\$49,832	3	\$49,832	
	12	2021	0	0	0	3	\$49,832	3	\$49,832	
	13	2022	0	0	0	3	\$49,832	3	\$49,832	
Post-Settle-Up Period	14	2023	0	0	0	3	\$49,832	3	\$49,832	
	15	2024	0	0	0	3	\$49,832	3	\$49,832	

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

Note: Section 313.024(d) Tax Code requires that, to be eligible for a limitation, 80 percent of all new jobs must be qualifying jobs.

Attachment 2



TEXAS EDUCATION AGENCY

1701 North Congress Ave. ★ Austin, Texas 78701-1494 ★ 512/463-9734 ★ FAX: 512/463-9838 ★ <http://www.tea.state.tx.us>

Robert Scott
Commissioner

November 19, 2009

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

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed EC&R Papalote Creek II, LLC, project on the number and size of school facilities in Gregory-Portland Independent School District (GPISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and conversations with the GPISD superintendent, Dr. Paul Clore, the TEA has found that the EC&R Papalote Creek II, LLC, project would not have a significant impact on the number or size of school facilities in GPISD.

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

Sincerely,

Helen Daniels
Director of State Funding

HD/hd



TEXAS EDUCATION AGENCY

1701 North Congress Ave. ★ Austin, Texas 78701-1494 ★ 512/463-9734 ★ FAX: 512/463-9838 ★ <http://www.tea.state.tx.us>

Robert Scott
Commissioner

November 19, 2009

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

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed EC&R Papalote Creek II, LLC, project for the Gregory-Portland Independent School District (GPISD). Projections prepared by our Forecasting and Fiscal Analysis Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions are valid and their estimates of the impact of the EC&R Papalote Creek II, LLC, project on GPISD are correct.

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

Sincerely,

A handwritten signature in black ink that reads "Helen Daniels". The signature is written in a cursive, flowing style.

Helen Daniels
Director of State Funding

HD/hd

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED EC&R
PAPALOTE CREEK II, LLC PROJECT ON THE FINANCES OF
GREGORY-PORTLAND ISD UNDER A REQUESTED CHAPTER
313 PROPERTY VALUE LIMITATION**

October 26, 2009

Final Report

PREPARED BY



Estimated Impact of the Proposed EC&R Papalote Creek II, LLC Project on the Finances of Gregory-Portland ISD under a Requested Chapter 313 Property Value Limitation

Introduction

EC&R Papalote Creek II, LLC (EC&R) has requested that the Gregory-Portland Independent School District (GPISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a new renewable electric wind generation project. An application was submitted to GPISD on July 28, 2009. EC&R proposes to invest \$108.1 million to construct a new wind energy project in GPISD.

The EC&R 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, the original language in Chapter 313 of the Tax Code made companies engaged in manufacturing, research and development, and renewable electric energy production eligible 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.

School Finance Mechanics

Under the provisions of Chapter 313, GPISD may offer a minimum value limitation of \$20 million. Based on the application, the qualifying time period would begin with the 2010-11 school year. The full taxable value of the investment is expected to reach \$103.7 million in 2012-13, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

The provisions of Chapter 313 call for the project to be fully taxable in the 2010-11 and 2011-12 school years, unless the District and the Company agree to an extension of the start of the qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2010-11 and 2011-12 school years. Beginning in 2012-13, the project would go on the local tax roll at \$20 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 GPISD currently levying a \$0.190 I&S tax rate.

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 their 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. 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.

Under the school finance system that operated prior to the approval of House Bill 1 (HB 1) in the 2006 special session, the third year was typically problematical for a school district that approved a Chapter 313 value limitation. Based on the data provided in the application, EC&R indicates that \$103.7 million in taxable value would be in place in the second year under the agreement. In year three (2012-13) of the agreement, the project is expected to go on the tax roll at \$20 million or, if applicable, a higher value limitation amount approved by the GPISD Board of Trustees. This difference would result 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 in the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned with 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.

HB 1 established a "target" revenue system per student that has the effect of largely neutralizing the third-year revenue losses associated with Chapter 313 property value limitations, at least up to a district's compressed M&O tax rate. The additional four to six cents of tax effort that a district may levy are subject to an enriched level of equalization (or no recapture in the case of Chapter 41 school district) and operate more like the pre-HB 1 system. A value limitation must be analyzed for any potential revenue loss associated with this component of the M&O tax levy. For tax effort in excess of the compressed plus six cents rate, equalization and recapture occur at the level of \$319,500 per weighted student in average daily attendance (WADA).

Under HB 3646—the school finance system changes approved by the Legislature in 2009—the starting point is the target revenue provisions from HB 1, that are then expanded through the addition of a series of school funding provisions that had operated previously outside the basic allotment and the traditional formula structure. An additional \$120 per WADA guarantee is then added to the recalculated target revenue amount.

School districts do have the potential to earn revenue above the \$120 per WADA level under HB 3646, up to a maximum of \$350 per WADA above current law. Initial estimates indicate that about 700 school districts are funded at the minimum \$120 per WADA level, while approximately 300 school districts are expected to generate higher revenue amounts per WADA. This is significant because changes in property values and related tax collections under a Chapter 313 agreement once again have the potential to affect a school district's base revenue, although probably not to the degree experienced prior to the HB 1 target revenue system.

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 EC&R 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 approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. While the new target revenue system appears to limit the impact of property value changes for a majority of school districts, changes in underlying property value growth have the potential to influence the revenue stream of a number of school districts.

Student enrollment counts are held constant at 3,819 students in average daily attendance (ADA) in analyzing the effects of the EC&R project on the finances of GPISD. This represents about a 200-student decrease from the 2008-09 school year, in part a function of the closing of the nearby Naval Station Ingleside. (The original estimates of enrollment decreases due to the Base closure totaled nearly 600 students.) The District's local tax base reached \$1.2 billion for the 2009 tax year. While the district's tax base has experienced steady growth in recent years, it appears to be slowing and the underlying \$1.2 billion taxable value for 2009-10 is maintained for the forecast period in order to isolate the effects of the property value limitation. GPISD is not a property-wealthy district, with wealth per weighted ADA or WADA expected to average \$225,167 for the 2010-11 school year. These assumptions are summarized in Table 1.

School Finance Impact

A baseline model was prepared for GPISD under the assumptions outlined above through the 2024-25 school year. Beyond the 2010-11 school year, no attempt was made to forecast the 88th percentile or Austin ISD yields that influence future state funding. 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 second model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed EC&R project to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A third model is developed which adds the EC&R value but imposes the proposed property value limitation effective in the third year, which in this case is the 2012-13 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). An M&O tax rate of \$1.17 is used throughout this analysis.

A summary of the differences between these models is shown in Table 4. The model results show approximately \$28 million a year in net General Fund revenue, after property wealth equalization and other adjustments have been made.

Under these assumptions, GPISD would experience a revenue loss as a result of the implementation of the value limitation in the 2012-13 school year (-\$224,064). There are two major sources of this reduction: (1) a reduction of \$133,355 in M&O tax collections for tax effort above the \$1.00 M&O compressed rate; and (2) reduced state aid of \$90,709 in response to the lower M&O tax effort that results from the implementation of the value limitation. These differences begin to roughly balance out in 2013-14 and in the years that follow under the value limitation.

One change that has been incorporated into these models is a more precise estimate of the deduction from the property value study conducted by the Comptroller's Office. 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.

Under the property value study conducted by the Comptroller's Office, a single deduction amount is calculated for a property value limitation and the same value is assigned for the M&O and I&S calculations under the school funding formulas. This methodology has been incorporated into these estimates and a typical result is an increase in the hold-harmless formula amounts owed to the school district by the company that receives the value limitation. The extent to which this affects a school district's finances appears to be influenced by the scale of the value limitation reduction relative to the district's underlying tax base, as well as its I&S tax rate. In the case of GPISD, the calculated lower reduction in the state property value relative to the M&O benefit to be received by the taxpayer does not appear to be substantial. In large part this results because the underlying tax base is substantially larger than the proposed project.

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 \$1.17 per \$100 of taxable value M&O rate is assumed in 2010-11 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$6.2 million over the life of the agreement. In addition, EC&R would be eligible for a tax credit for taxes paid on value in excess of the value limitation in each of the first two 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, if necessary. The tax credits for the EC&R project are expected to total approximately \$979,290 over the life of the agreement, with no unpaid tax credits anticipated. (Tax credits to the company are reimbursed by the state.) The key GPISD revenue losses are associated with changes in enrichment funding for tax effort in excess of the \$1.00 compressed M&O tax rate, as noted previously, which are expected to total approximately -\$352,771 over the course of the agreement. The potential total net tax benefits are estimated to reach \$6.9 million over the life of the agreement.

Facilities Funding Impact

The EC&R project remains fully taxable for debt services taxes, with GPISD currently levying a \$0.190 I&S rate. The value of the EC&R project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's projected wealth per ADA. The additional value is expected to help reduce the District's current I&S tax rate to \$0.178 per \$100 in the 2011-12 school year. In the 2012-13 school year, the decrease would disappear once the state values were adjusted to reflect the 2011 tax year increases in value, with the values per WADA for GPISD still falling below the equalization provided by the \$35 yield provided for under the Existing Debt Allotment (EDA).

The EC&R project is not expected to affect GPISD in terms of enrollment. Continued expansion of the renewable energy industry could result in additional employment in the area and an

increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis. In terms of school facilities, the closure of Naval Station Ingleside is expected to prompt some reduction in enrollment in GPISD, although it is hoped that this phenomenon is short-lived.

Conclusion

The proposed EC&R wind energy project enhances the tax base of GPISD. It reflects continued capital investment in renewable electric energy generation, one of the goals of Chapter 313 of the Tax Code, also known as the Texas Economic Development Act.

Under the assumptions outlined above, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$6.9 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District. The additional taxable value also enhances the tax base of GPISD in meeting its future debt service obligations, chiefly in the first year that the project value appears on the local tax base.

Table 1 – Base District Information with EC&R Papalote Creek II, LLC Project Value and Limitation Values

School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTAD with Project	CPTAD With Limitation	CPTAD Value with Project per WADA	CPTAD Value with Limitation per WADA
2010-11	3,819.00	4,890.12	\$1.1700	\$0.1900	\$1,156,862,116	\$1,156,862,116	\$1,101,093,542	\$1,101,093,542	\$225,167	\$225,167
2011-12	3,819.00	4,890.12	\$1.1700	\$0.1780	\$1,260,562,116	\$1,260,562,116	\$1,114,091,161	\$1,114,091,161	\$227,825	\$227,825
2012-13	3,819.00	4,890.12	\$1.1700	\$0.1950	\$1,256,482,116	\$1,176,862,116	\$1,217,791,161	\$1,217,791,161	\$249,031	\$249,031
2013-14	3,819.00	4,890.12	\$1.1700	\$0.1950	\$1,252,492,116	\$1,176,862,116	\$1,213,711,161	\$1,145,465,447	\$248,196	\$234,241
2014-15	3,819.00	4,890.12	\$1.1700	\$0.1950	\$1,248,672,116	\$1,176,862,116	\$1,209,721,161	\$1,144,895,447	\$247,381	\$234,124
2015-16	3,819.00	4,890.12	\$1.1700	\$0.1950	\$1,245,002,116	\$1,176,862,116	\$1,205,901,161	\$1,144,349,732	\$246,599	\$234,012
2016-17	3,819.00	4,890.12	\$1.1700	\$0.1950	\$1,241,472,116	\$1,176,862,116	\$1,202,231,161	\$1,143,825,447	\$245,849	\$233,905
2017-18	3,819.00	4,890.12	\$1.1700	\$0.1950	\$1,238,092,116	\$1,176,862,116	\$1,198,701,161	\$1,143,321,161	\$245,127	\$233,802
2018-19	3,819.00	4,890.12	\$1.1700	\$0.1950	\$1,234,842,116	\$1,176,862,116	\$1,195,321,161	\$1,142,838,304	\$244,436	\$233,703
2019-20	3,819.00	4,890.12	\$1.1700	\$0.1950	\$1,231,722,116	\$1,176,862,116	\$1,192,071,161	\$1,142,374,018	\$243,771	\$233,608
2020-21	3,819.00	4,890.12	\$1.1700	\$0.1950	\$1,228,722,116	\$1,228,722,116	\$1,188,951,161	\$1,141,928,304	\$243,133	\$233,517
2021-22	3,819.00	4,890.12	\$1.1700	\$0.1950	\$1,225,852,116	\$1,225,852,116	\$1,185,951,161	\$1,185,951,161	\$242,520	\$242,520
2022-23	3,819.00	4,890.12	\$1.1700	\$0.1950	\$1,223,092,116	\$1,223,092,116	\$1,183,081,161	\$1,183,081,161	\$241,933	\$241,933
2023-24	3,819.00	4,890.12	\$1.1700	\$0.1950	\$1,220,442,116	\$1,220,442,116	\$1,180,321,161	\$1,180,321,161	\$241,368	\$241,368
2024-25	3,819.00	4,890.12	\$1.1700	\$0.1950	\$1,217,902,116	\$1,217,902,116	\$1,177,671,161	\$1,177,671,161	\$240,827	\$240,827

*Tier II Yield: \$48.19; AISD Yield: \$59.97; Equalized Wealth: \$481,900 per WADA

Table 2--“Baseline Revenue Model”--Project Value Added with No Value Limitation

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
2010-11	\$11,037,316	\$13,882,948	\$0	\$0	\$0	\$1,875,698	\$1,608,036	\$0	\$28,403,999
2011-12	\$12,063,245	\$13,752,884	\$0	\$0	\$0	\$2,050,046	\$1,652,036	\$0	\$29,518,211
2012-13	\$12,017,539	\$12,715,832	\$90,907	\$0	\$0	\$2,042,279	\$1,389,171	\$0	\$28,255,728
2013-14	\$11,978,214	\$12,756,635	\$89,428	\$0	\$0	\$2,035,596	\$1,396,123	\$0	\$28,255,997
2014-15	\$11,940,566	\$12,796,537	\$87,175	\$0	\$0	\$2,029,198	\$1,403,018	\$0	\$28,256,494
2015-16	\$11,904,395	\$12,834,738	\$85,144	\$0	\$0	\$2,023,051	\$1,409,608	\$0	\$28,256,936
2016-17	\$11,869,605	\$12,871,440	\$83,233	\$0	\$0	\$2,017,138	\$1,415,936	\$0	\$28,257,352
2017-18	\$11,836,292	\$12,906,742	\$81,243	\$0	\$0	\$2,011,477	\$1,422,044	\$0	\$28,257,799
2018-19	\$11,804,261	\$12,940,544	\$79,472	\$0	\$0	\$2,006,034	\$1,427,878	\$0	\$28,258,190
2019-20	\$11,773,512	\$12,973,045	\$77,721	\$0	\$0	\$2,000,808	\$1,433,496	\$0	\$28,258,582
2020-21	\$11,743,945	\$13,004,247	\$76,086	\$0	\$0	\$1,995,784	\$1,438,886	\$0	\$28,258,947
2021-22	\$11,715,659	\$13,034,248	\$74,371	\$0	\$0	\$1,990,977	\$1,444,088	\$0	\$28,259,342
2022-23	\$11,688,457	\$13,062,950	\$72,870	\$0	\$0	\$1,986,354	\$1,449,048	\$0	\$28,259,680
2023-24	\$11,662,339	\$13,090,551	\$71,387	\$0	\$0	\$1,981,915	\$1,453,826	\$0	\$28,260,019
2024-25	\$11,637,306	\$13,117,053	\$69,918	\$0	\$0	\$1,977,661	\$1,458,420	\$0	\$28,260,359

Table 3--“Value Limitation Revenue Model”--Project Value Added with Value Limit

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
2010-11	\$11,037,316	\$13,882,948	\$0	\$0	\$0	\$1,875,698	\$1,608,036	\$0	\$28,403,999
2011-12	\$12,063,245	\$13,752,884	\$0	\$0	\$0	\$2,050,046	\$1,652,036	\$0	\$29,518,211
2012-13	\$11,232,828	\$12,715,832	\$875,617	\$0	\$0	\$1,908,924	\$1,298,463	\$0	\$28,031,664
2013-14	\$11,232,828	\$13,439,128	\$152,323	\$0	\$0	\$1,908,924	\$1,500,980	\$0	\$28,234,181
2014-15	\$11,232,828	\$13,444,826	\$146,623	\$0	\$0	\$1,908,924	\$1,502,678	\$0	\$28,235,879
2015-16	\$11,232,828	\$13,450,284	\$141,165	\$0	\$0	\$1,908,924	\$1,504,304	\$0	\$28,237,506
2016-17	\$11,232,828	\$13,455,527	\$135,922	\$0	\$0	\$1,908,924	\$1,505,869	\$0	\$28,239,070
2017-18	\$11,232,828	\$13,460,570	\$130,879	\$0	\$0	\$1,908,924	\$1,507,375	\$0	\$28,240,577
2018-19	\$11,232,828	\$13,465,399	\$126,050	\$0	\$0	\$1,908,924	\$1,508,819	\$0	\$28,242,020
2019-20	\$11,232,828	\$13,470,042	\$121,407	\$0	\$0	\$1,908,924	\$1,510,208	\$0	\$28,243,409
2020-21	\$11,743,945	\$13,474,499	\$0	\$0	\$0	\$1,995,784	\$1,560,041	\$0	\$28,774,268
2021-22	\$11,715,659	\$13,034,248	\$74,371	\$0	\$0	\$1,990,977	\$1,444,088	\$0	\$28,259,342
2022-23	\$11,688,457	\$13,062,950	\$72,870	\$0	\$0	\$1,986,354	\$1,449,048	\$0	\$28,259,680
2023-24	\$11,662,339	\$13,090,551	\$71,387	\$0	\$0	\$1,981,915	\$1,453,826	\$0	\$28,260,019
2024-25	\$11,637,306	\$13,117,053	\$69,918	\$0	\$0	\$1,977,661	\$1,458,420	\$0	\$28,260,359

Table 4 – Value Limit less Project Value with No Limit

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
2010-11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2011-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2012-13	-\$784,710	\$0	\$784,710	\$0	\$0	-\$133,355	\$90,709	\$0	-\$224,064
2013-14	-\$745,386	\$682,491	\$62,895	\$0	\$0	-\$126,672	\$104,857	\$0	-\$21,815
2014-15	-\$707,737	\$648,289	\$59,448	\$0	\$0	-\$120,274	\$99,659	\$0	-\$20,615
2015-16	-\$671,567	\$615,546	\$56,021	\$0	\$0	-\$114,127	\$94,697	\$0	-\$19,430
2016-17	-\$636,776	\$584,087	\$52,689	\$0	\$0	-\$108,215	\$89,933	\$0	-\$18,282
2017-18	-\$603,464	\$553,828	\$49,636	\$0	\$0	-\$102,554	\$85,331	\$0	-\$17,222
2018-19	-\$571,433	\$524,855	\$46,578	\$0	\$0	-\$97,110	\$80,940	\$0	-\$16,170
2019-20	-\$540,683	\$496,997	\$43,686	\$0	\$0	-\$91,885	\$76,711	\$0	-\$15,173
2020-21	\$0	\$470,252	-\$76,086	\$0	\$0	\$0	\$121,155	\$0	\$515,321
2021-22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022-23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023-24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024-25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial impact of the EC&R Papalote Creek II, LLC Project Property Value Limitation Request Submitted to GPISD at \$1.17 M&O Tax Rate

School Year	Project Value	Estimated Taxable Value	Value Savings	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	
2010-11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2011-12	\$103,700,000	\$103,700,000	\$0	\$1,213,290	\$1,213,290	\$0	\$0	\$0	\$0	\$0	
2012-13	\$99,620,000	\$20,000,000	\$79,620,000	\$1,165,554	\$234,000	\$931,554	\$0	\$931,554	-\$224,064	\$707,490	
2013-14	\$95,630,000	\$20,000,000	\$75,630,000	\$1,118,871	\$234,000	\$884,871	\$139,899	\$1,024,770	-\$21,815	\$1,002,954	
2014-15	\$91,810,000	\$20,000,000	\$71,810,000	\$1,074,177	\$234,000	\$840,177	\$139,899	\$980,076	-\$20,615	\$959,461	
2015-16	\$88,140,000	\$20,000,000	\$68,140,000	\$1,031,238	\$234,000	\$797,238	\$139,899	\$937,137	-\$19,430	\$917,706	
2016-17	\$84,610,000	\$20,000,000	\$64,610,000	\$989,937	\$234,000	\$755,937	\$139,899	\$895,836	-\$18,282	\$877,554	
2017-18	\$81,230,000	\$20,000,000	\$61,230,000	\$950,391	\$234,000	\$716,391	\$139,899	\$856,290	-\$17,222	\$839,067	
2018-19	\$77,980,000	\$20,000,000	\$57,980,000	\$912,366	\$234,000	\$678,366	\$139,899	\$818,265	-\$16,170	\$802,095	
2019-20	\$74,860,000	\$20,000,000	\$54,860,000	\$875,862	\$234,000	\$641,862	\$139,899	\$781,761	-\$15,173	\$766,587	
2020-21	\$71,860,000	\$71,860,000	\$0	\$840,762	\$840,762	\$0	\$0	\$0	\$0	\$0	
2021-22	\$68,990,000	\$68,990,000	\$0	\$807,183	\$807,183	\$0	\$0	\$0	\$0	\$0	
2022-23	\$66,230,000	\$66,230,000	\$0	\$774,891	\$774,891	\$0	\$0	\$0	\$0	\$0	
2023-24	\$63,580,000	\$63,580,000	\$0	\$743,886	\$743,886	\$0	\$0	\$0	\$0	\$0	
2024-25	\$61,040,000	\$61,040,000	\$0	\$714,168	\$714,168	\$0	\$0	\$0	\$0	\$0	
				\$13,212,576	\$6,966,180	\$6,246,396	\$979,290	\$7,225,686	-\$352,771	\$6,872,915	
				Tax Credit for Value Over Limit in First 2 Years			2010	2011	Max Credits		
						\$0	\$979,290	\$979,290			
								\$979,290			
								\$979,290			
								\$0			

Attachment 3

San Patricio County Overview Report

Population

Total county population in 2008 for San Patricio County: 68,399, up 0.0 percent from 2007.
State population increased 2.0 percent in the same time period.

San Patricio County was the state's 50th largest county in population in 2008 and the 174th fastest growing county from 2007 to 2008.

San Patricio County population in 2008 was: 42.7 percent White (below the state average of 47.4 percent.)
2.1 percent Black (below the state average of 11.3 percent.)
53.1 percent Hispanic (above the state average of 36.5 percent.)

2008 population of the largest cities and places in San Patricio County:

Portland:	16,408
Ingleside:	9,060
Aransas Pass:	8,864
Sinton:	5,392
Mathis:	5,336
Taft:	3,355
Lakeside:	2,644
Odem:	2,514
Gregory:	2,222
St. Paul:	947

Economy and Income

Employment

September 2009 total employment in San Patricio County: 27,875, down 3.0 percent from September 2008.
State total employment decreased 0.7 percent during the same period.

September 2009 San Patricio County unemployment rate was 9.6 percent, up from 5.4 percent in September 2008.
The statewide unemployment rate for September 2009 was 8.2 percent, up from 5.1 percent in September 2008.

September 2009 unemployment rate in the city of:

N/A

(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

San Patricio County's ranking in per capita personal income in 2007: 122nd with an average per capita income of \$29,272, up 8.3 percent from 2006.

Statewide average per capita personal income was \$37,083 in 2007 up 5.5 percent from 2006.

Industry

Agricultural cash values in San Patricio County averaged \$95.1 million annually from 2005 to 2008. County total agricultural values in 2008 were up 11.7 percent from 2007. Major agriculture related commodities in San Patricio County during 2008 included:

Beef Total	Cotton	Cottonseed	Fishing	Sorghum
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2007 preliminary oil and gas production in San Patricio County: 435,626 barrels of oil and 23,004,591 Mcf of gas.

In February 2009, there were 170 producing oil wells and 230 producing gas wells.

Taxes

Sales Tax - Taxable Sales

Quarterly (January through March 2009)

Taxable sales in San Patricio County during the first quarter of 2009: \$119,391,332, up 11.7 percent from the same quarter in 2008.

Taxable sales during the first quarter in the city of:

Aransas Pass	\$46,223,161,	up	10.9 percent from the same quarter in 2008.
Gregory	\$10,542,737,	down	14.4 percent from the same quarter in 2008.
Ingleside	\$6,870,109,	up	4.0 percent from the same quarter in 2008.
Ingleside on the Bay	\$153,952,	up	40.7 percent from the same quarter in 2008.
Mathis	\$5,864,221,	up	1.6 percent from the same quarter in 2008.
Odem	\$2,086,661,	up	7.8 percent from the same quarter in 2008.
Portland	\$32,383,906,	up	14.1 percent from the same quarter in 2008.
Sinton	\$7,158,573,	up	1.1 percent from the same quarter in 2008.
Taft	\$2,150,381,	down	0.8 percent from the same quarter in 2008.

Annual (2008)

Taxable sales in San Patricio County during 2008: \$466,231,806, up 9.5 percent from 2007.

Taxable sales during 2008 in the city of:

Aransas Pass	\$165,016,999,	up	0.2 percent from 2007.
Gregory	\$61,469,750,	up	34.9 percent from 2007.
Ingleside	\$28,251,206,	up	4.2 percent from 2007.
Ingleside on the Bay	\$667,426,	up	31.4 percent from 2007.
Mathis	\$23,572,087,	up	3.7 percent from 2007.
Odem	\$8,175,015,	up	7.3 percent from 2007.
Portland	\$122,532,136,	up	7.9 percent from 2007.
Sinton	\$29,655,033,	up	3.7 percent from 2007.
Taft	\$9,718,920,	up	15.2 percent from 2007.

"-" represent amounts subject to state sales tax values that are suppressed for confidentiality reasons.

Sales Tax - Local Sales Tax Allocations

Monthly (September 2009)

Statewide payments based on the sales activity month of September 2009: , down 8.7 percent from September 2008.

Annual (2008)

Statewide payments based on the sales activity months of 2008: \$6,026,220,888, up 5.8 percent from 2007.

No city sales tax was imposed.

Property Tax

As of 2007, property values in San Patricio County: \$4,330,371,781, up 14.8 percent from 2006 values. The property tax base per person in San Patricio County is \$63,310, below the statewide average of \$77,317. About 3.9 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

San Patricio County's ranking in state expenditures by county in state fiscal year (FY) 2008: 44th. State expenditures in the county for FY 2008: \$260,214,717, up 5.1 percent from FY 2007.

In San Patricio County, 10 state agencies provide a total of 166 jobs and \$1,619,972 in annualized wages (as of 1st quarter 2009).

Major state agencies in the county (as of 1st quarter 2009):

- Health & Human Services Commission
- Parks & Wildlife Department
- Department of Aging and Disability Services
- Department of Family and Protective Services
- Department of Transportation

School Districts

San Patricio County had 7 school districts with 36 schools and 15,181 students in the 2007-2008 school year.

(Statewide, the average teacher salary in school year 2007-2008 was \$46,179. The percentage of students, statewide, meeting the 2008 Texas Assessment of Knowledge and Skills (TAKS) passing standard for all 2007-2008 TAKS tests was 72 percent.)

ARANSAS PASS ISD	had 2,046 students in the 2007-2008 school year. The average teacher salary was \$45,019. The percentage of students meeting the 2008 TAKS passing standard for all tests was 60 percent.
GREGORY-PORTLAND ISD	had 4,334 students in the 2007-2008 school year. The average teacher salary was \$43,393. The percentage of students meeting the 2008 TAKS passing standard for all tests was 75 percent.
INGLESIDE ISD	had 2,296 students in the 2007-2008 school year. The average teacher salary was \$42,554. The percentage of students meeting the 2008 TAKS passing standard for all tests was 65 percent.
MATHIS ISD	had 1,856 students in the 2007-2008 school year. The average teacher salary was \$41,230. The percentage of students meeting the 2008 TAKS passing standard for all tests was 55 percent.
ODEM-EDROY ISD	had 1,165 students in the 2007-2008 school year. The average teacher salary was \$42,820. The percentage of students meeting the 2008 TAKS passing standard for all tests was 62 percent.
SINTON ISD	had 2,117 students in the 2007-2008 school year. The average teacher salary was \$43,255. The percentage of students meeting the 2008 TAKS passing standard for all tests was 67 percent.
TAFT ISD	had 1,367 students in the 2007-2008 school year. The average teacher salary was \$42,065. The percentage of students meeting the 2008 TAKS passing standard for all tests was 55 percent.

Higher Education

<http://www.texasahead.org/texasedge>

(Fall 2008 enrollment)

Community Colleges in San Patricio County:

None

San Patricio County is in the service area of the following:

Del Mar College

with a fall 2008 enrollment of 11,262 Students.
Countes in the service area include

Aransas

Kenedy

Kleberg

Nueces

San Patricio

Institutes of Higher Education in San Patricio County with a fall 2008 enrollment

None

References

Population uses data from the following source:
U.S. Census Bureau, as of 10/1/09

Employment uses data from the following sources:
Texas Workforce Commission, as of 11/19/09
Texas Comptroller of Public Accounts, as of 8/21/09

Income uses data from the following source:
U.S. Department of Commerce-Bureau of Economic Analysis, as of 6/11/09

Industry uses data from the following sources:
Texas AgriLife Extension Service, as of 6/29/09
Railroad Commission of Texas, as of 8/21/08

Taxable Sales uses data from the following source:
Texas Comptroller of Public Accounts, as of 10/8/09

Sales Tax Allocation uses data from the following source:
Texas Comptroller of Public Accounts, as of 11/20/09

Property Tax uses data from the following source:
Texas Comptroller of Public Accounts, as of 10/27/09

State Expenditures uses data from the following source:
Texas Comptroller of Public Accounts, as of 8/21/09

Higher Education uses data from the following source:
Texas Higher Education Coordinating Board, as of 5/14/09

School Districts uses data from the following source:
Texas Education Agency, as of 1/21/09

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