

Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Inteplast Group, Ltd.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Industrial ISD
2008-09 Enrollment in School District	1,096
County	Jackson
Total Investment in District	\$130,820,000
Qualified Investment	\$79,714,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	103
Number of qualifying jobs committed to by applicant	82
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$883
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$873
Minimum Annual Wage committed to by applicant for qualified jobs	\$45,931
Investment per Qualifying Job	\$1,595,366
Estimated 15 year M&O levy without any limit or credit:	\$9,201,685
Estimated gross 15 year M&O tax benefit	\$4,063,326
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$4,020,605
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$473,074
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$5,181,080
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	43.7%
Percentage of tax benefit due to the limitation	88.4%
Percentage of tax benefit due to the credit.	11.6%

This presents the Comptroller's economic impact evaluation of the Intoplast Group BOPP Plant (the project) applying to Industrial 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 103 new jobs when fully operational. 82 of these 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 Golden Crescent Regional Planning Commission Region, where Jackson County is located was \$41,273 in 2009. The annual average manufacturing wage for 2009 for Jackson County was \$37,947. That same year, the county annual average wage for all industries was \$33,241. In addition to a salary of \$45,931, each qualifying position will receive benefits such as medical and dental plans, basic life insurance, accidental death & dismemberment insurance, optional supplementary employee and dependent life insurance, optional supplementary accidental death & dismemberment insurance, flexible spending accounts, employee shuttle service, a defined contribution pension plan, and a 401(k) with employer matching contributions. The project's total investment is \$131 million, resulting in a relative level of investment per qualifying job of \$1.6 million.

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

According to Inteplast Group's application, "Fortunately, because of the wide range of our customer locations, we are in a position to search for the most business savvy site for our new BOPP plant. To date we have received incentive offerings from Virginia and Pennsylvania at \$8.9 million and \$10 million respectively, should we commit to building our new BOPP plant there. We currently have one of our largest existing facilities in Lolita, Texas, and the ease of creating an expansion over building a new facility helps keep Lolita in the running as a favorable location."

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

During the past two years, no projects in the Golden Crescent Regional Planning Commission Region have applied for value limitation agreements under Tax Code, Chapter 313.

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

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Inteplast Group 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 the Inteplast Group BOPP Plant'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 Inteplast Group

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2010	2	5	7	\$120,000	\$310,000	\$430,000
2011	440	661	1101	\$26,132,910	\$48,207,090	\$74,340,000
2012	139	235	374	\$7,146,998	\$22,763,002	\$29,910,000
2013	294	445	739	\$16,179,908	\$41,930,092	\$58,110,000
2014	160	256	416	\$7,801,594	\$30,158,406	\$37,960,000
2015	107	170	277	\$4,585,982	\$23,974,018	\$28,560,000
2016	107	157	264	\$4,585,982	\$23,854,018	\$28,440,000
2017	107	150	257	\$4,585,982	\$23,734,018	\$28,320,000
2018	107	152	259	\$4,585,982	\$24,584,018	\$29,170,000
2019	103	146	249	\$4,345,982	\$25,194,018	\$29,540,000
2020	103	148	251	\$4,345,982	\$25,924,018	\$30,270,000
2021	103	152	255	\$4,345,982	\$27,634,018	\$31,980,000
2022	103	156	259	\$4,345,982	\$29,344,018	\$33,690,000
2023	103	162	265	\$4,345,982	\$30,934,018	\$35,280,000
2024	103	162	265	\$4,345,982	\$33,004,018	\$37,350,000
2025	103	169	272	\$4,345,982	\$35,444,018	\$39,790,000

Source: CPA, REMI, Inteplast Group, Ltd.

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2009. Industrial ISD's ad valorem tax base in 2009 was \$0.52 billion. The statewide average wealth per WADA was estimated at \$352,755 for fiscal 2009-2010. During that same year, Industrial ISD's estimated wealth per WADA was \$408,720. 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, Jackson County, the Jackson County Hospital District, the Jackson County Flood Control District, and the Jackson County Emergency Services District, with all property tax incentives sought being granted using estimated market value from Inteplast Group's application. Inteplast Group has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county, hospital district, flood district, and emergency services district. Table 3 illustrates the estimated tax impact of the Inteplast Group project on the region if all taxes are assessed.



TEXAS EDUCATION AGENCY

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Robert Scott
Commissioner

December 7, 2010

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

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Inteplast Group, Ltd., project on the number and size of school facilities in Industrial Independent School District (IISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and conversations with the IISD superintendent, Mr. Tony Williams, the TEA has found that the Inteplast Group, Ltd., project would not have a significant impact on the number or size of school facilities in IISD.

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



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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 Inteplast Group, Ltd., project for the Industrial Independent School District (IISD). Projections prepared by our Forecasting and Fiscal Analysis Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Inteplast Group, Ltd., project on IISD 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 cursive script that reads "Helen Daniels".

Helen Daniels
Director of State Funding

HD/hd