

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



March 13, 2014

Lloyd Graham  
Superintendent  
La Porte Independent School District  
1002 San Jacinto St.  
La Porte, Texas 77571-6496

Dear Superintendent Graham:

On December 11, 2013, the Comptroller received the completed application (Application # 370) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in November 2012 to the La Porte ISD Independent School District (the school district) by Lub-Line Corp (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 (\$80 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 Harris 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

<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

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

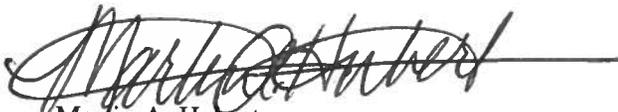
Note that any new building or other improvement existing as of the application review start date of December 11, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

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 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 limitation agreement must contain provisions that require:
  - a. the applicant to provide sufficient information to the Central Appraisal District (CAD) to distinguish between and separately appraise qualified property (as defined by 313.021(2)) from any property that is not qualified;
  - b. the school district to confirm with the CAD that the applicant has provided such information; and
  - c. that the Comptroller is provided with the CAD approved information no later than the first annual reporting period following the execution of the agreement;
- 3) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 4) 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
- 5) 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](mailto: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   | Lub-Line Corp. |
| Tax Code, 313.024 Eligibility Category  | Manufacturing  |
|   |                |
| School District   | La Porte ISD   |
| 2012-13 Enrollment in School District   | 7,723          |
| County  | Harris County  |
|   |                |
| Total Investment in District  | \$80,000,000   |
| Qualified Investment  | \$80,000,000   |
| Limitation Amount   | \$30,000,000   |
|   |                |
| Number of total jobs committed to by applicant  | 10             |
| Number of qualifying jobs committed to by applicant   | 8              |
| Average Weekly Wage of Qualifying Jobs committed to by applicant  | \$1,170        |
| Minimum Weekly Wage Required Tax Code, 313.021(5)(B)  | \$1,170        |
| Minimum Annual Wage committed to by applicant for qualified jobs  | \$60,849       |
| Investment per Qualifying Job   | \$10,000,000   |
|   |                |
| Estimated 15 year M&O levy without any limit or credit:   | \$9,866,420    |
| Estimated gross 15 year M&O tax benefit   | \$3,871,024    |
| 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): | \$3,337,963    |
| Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)   | \$520,439      |
|   |                |
| Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:  | \$6,528,457    |
|   |                |
| Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)  | 33.8%          |
| Percentage of tax benefit due to the limitation   | 86.6%          |
| Percentage of tax benefit due to the credit   | 13.4%          |
| * 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 Lub-Line Corporation (the project) applying to La Porte 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 ten new jobs when fully operational. Eight jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council of Governments Region, where Harris County is located was \$55,317 in 2013. The annual average manufacturing wage for 2012-2013 for Harris County is \$80,912. That same year, the county annual average wage for all industries was \$66,716. In addition to an annual average salary of \$60,849 each qualifying position will receive benefits such as health insurance necessary to be in compliance with the Affordable Care Act, area wide competitive 401(k) retirement savings plan, vacation time, sick leave and skills training. The project's total investment is \$80 million, resulting in a relative level of investment per qualifying job of \$10 million.

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

According to Lub-Line Corporation's application, "Lub-Line is currently the largest purchaser of base oil from two major oil companies. Over the last three years (2010-2012) Lub-Line sales exceeded approximately \$85 million. Lub-Line has the ability to locate the Project in multiple states in the U.S. as well as foreign countries."

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

During the past two years, 44 projects in the Houston-Galveston Area Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

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

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Lub-Line Corporation 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 Lub-Line Corporation'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 Lub-Line Corporation**

| Year | Employment |                    |       | Personal Income |                    |              |
|------|------------|--------------------|-------|-----------------|--------------------|--------------|
|      | Direct     | Indirect + Induced | Total | Direct          | Indirect + Induced | Total        |
| 2014 | 500        | 511                | 1011  | \$25,000,000    | \$35,000,000       | \$60,000,000 |
| 2015 | 500        | 523                | 1023  | \$25,000,000    | \$41,000,000       | \$66,000,000 |
| 2016 | 10         | 114                | 124   | \$608,490       | \$16,391,510       | \$17,000,000 |
| 2017 | 10         | 88                 | 98    | \$608,490       | \$13,391,510       | \$14,000,000 |
| 2018 | 10         | 72                 | 82    | \$608,490       | \$11,391,510       | \$12,000,000 |
| 2019 | 10         | 68                 | 78    | \$608,490       | \$10,391,510       | \$11,000,000 |
| 2020 | 10         | 68                 | 78    | \$608,490       | \$10,391,510       | \$11,000,000 |
| 2021 | 10         | 74                 | 84    | \$608,490       | \$9,391,510        | \$10,000,000 |
| 2022 | 10         | 78                 | 88    | \$608,490       | \$10,391,510       | \$11,000,000 |
| 2023 | 10         | 84                 | 94    | \$608,490       | \$11,391,510       | \$12,000,000 |
| 2024 | 10         | 84                 | 94    | \$608,490       | \$11,391,510       | \$12,000,000 |
| 2025 | 10         | 97                 | 107   | \$608,490       | \$12,391,510       | \$13,000,000 |
| 2026 | 10         | 99                 | 109   | \$608,490       | \$12,391,510       | \$13,000,000 |
| 2027 | 10         | 103                | 113   | \$608,490       | \$14,391,510       | \$15,000,000 |
| 2028 | 10         | 101                | 111   | \$608,490       | \$14,391,510       | \$15,000,000 |
| 2029 | 10         | 101                | 111   | \$608,490       | \$14,391,510       | \$15,000,000 |

Source: CPA, REMI, Lub-Line Corporation

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. La Porte ISD's ad valorem tax base in 2012-2013 was \$6.1 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, La Porte ISD's estimated wealth per WADA was \$665,566. 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, Harris County, Harris County Hospital District and San Jacinto Junior College with all property tax incentives sought being granted using estimated market value from Lub-Line Corporation's application. Lub-Line Corporation has applied for a value limitation under Chapter 313, Tax Code and has not applied for tax abatement. Table 3 illustrates the estimated tax impact of the Lub-Line Corporation project on the region if all taxes are assessed.

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | Tax Rate <sup>1</sup> | La Porte ISD I&S Tax Levy | La Porte ISD M&O Tax Levy | M&O and I&S Tax (Before Credit Credited) | La Porte ISD M&O and I&S Tax Levies (After Credit Credited) | Harris County Tax Levy | Harris County Hospital District Tax Levy | San Jacinto Junior College District Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|-----------------------|---------------------------|---------------------------|--|---|------------------------|--|--|--------------------------------|
|      |                                 |                                 | 0.290000              | 0.290000                  | 1.040000                  |  |   | 0.400210               | 0.182160                                 | 0.185602                                     |                                |
| 2015 | \$16,472,616                    | \$16,472,616                    |                       | \$47,771                  | \$171,315                 | \$219,086                                | \$219,086   | \$65,925               | \$30,007                                 | \$30,574                                     | \$345,591                      |
| 2016 | \$80,042,241                    | \$80,042,241                    |                       | \$232,122                 | \$832,439                 | \$1,064,562                              | \$1,064,562   | \$320,337              | \$145,805                                | \$148,560                                    | \$1,679,264                    |
| 2017 | \$77,715,841                    | \$30,000,000                    |                       | \$225,376                 | \$312,000                 | \$537,376                                | \$537,376   | \$311,027              | \$141,567                                | \$144,242                                    | \$1,134,212                    |
| 2018 | \$75,459,266                    | \$30,000,000                    |                       | \$218,832                 | \$312,000                 | \$530,832                                | \$456,484   | \$301,996              | \$137,457                                | \$140,054                                    | \$1,035,990                    |
| 2019 | \$73,269,591                    | \$30,000,000                    |                       | \$212,482                 | \$312,000                 | \$524,482                                | \$450,134   | \$293,232              | \$133,468                                | \$135,990                                    | \$1,012,824                    |
| 2020 | \$71,145,741                    | \$30,000,000                    |                       | \$206,323                 | \$312,000                 | \$518,323                                | \$443,975   | \$284,732              | \$129,599                                | \$132,048                                    | \$990,354                      |
| 2021 | \$69,084,891                    | \$30,000,000                    |                       | \$200,346                 | \$312,000                 | \$512,346                                | \$437,998   | \$276,485              | \$125,845                                | \$128,223                                    | \$968,551                      |
| 2022 | \$67,085,966                    | \$30,000,000                    |                       | \$194,549                 | \$312,000                 | \$506,549                                | \$432,201   | \$276,485              | \$122,204                                | \$124,513                                    | \$947,403                      |
| 2023 | \$65,146,041                    | \$30,000,000                    |                       | \$188,924                 | \$312,000                 | \$500,924                                | \$426,576   | \$260,721              | \$118,670                                | \$120,912                                    | \$926,879                      |
| 2024 | \$63,264,241                    | \$30,000,000                    |                       | \$183,466                 | \$312,000                 | \$495,466                                | \$421,118   | \$253,190              | \$115,242                                | \$117,420                                    | \$906,970                      |
| 2025 | \$61,438,516                    | \$61,438,516                    |                       | \$178,172                 | \$638,961                 | \$817,132                                | \$817,132   | \$245,883              | \$111,916                                | \$114,031                                    | \$1,288,963                    |
| 2026 | \$59,667,891                    | \$59,667,891                    |                       | \$173,037                 | \$620,546                 | \$793,583                                | \$793,583   | \$238,797              | \$108,691                                | \$110,745                                    | \$1,251,816                    |
| 2027 | \$57,950,416                    | \$57,950,416                    |                       | \$168,056                 | \$602,684                 | \$770,741                                | \$770,741   | \$231,923              | \$105,562                                | \$107,557                                    | \$1,215,784                    |
| 2028 | \$56,284,041                    | \$56,284,041                    |                       | \$163,224                 | \$585,354                 | \$748,578                                | \$748,578   | \$225,254              | \$102,527                                | \$104,464                                    | \$1,180,823                    |
| 2029 | \$54,666,916                    | \$54,666,916                    |                       | \$158,534                 | \$568,536                 | \$727,070                                | \$727,070   | \$218,782              | \$99,581                                 | \$101,463                                    | \$1,146,897                    |
|      |                                 |                                 |                       |                           |                           | <b>Total</b>                             | <b>\$8,746,613</b>  | <b>\$3,796,769</b>     | <b>\$1,728,141</b>                       | <b>\$1,760,795</b>                           | <b>\$16,032,319</b>            |

Assumes School Value Limitation with Harris County, Harris County Hospital District, San Jacinto Community College and no Tax Abatements.

Source: CPA, Lub-Line Corporation

<sup>1</sup>Tax Rate per \$100 Valuation

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | Tax Rate <sup>1</sup> | La Porte ISD I&S Tax Levy | La Porte ISD M&O Tax Levy | La Porte ISD M&O and I&S Tax Levies | Harris County Tax Levy | Harris County Hospital District Tax Levy | San Jacinto Junior College District Tax Levy | Estimated Total Property Taxes |                     |
|------|---------------------------------|---------------------------------|-----------------------|---------------------------|---------------------------|-------------------------------------|------------------------|--|--|--------------------------------|---------------------|
|      |                                 |                                 | 0.290000              | 0.290000                  | 1.040000                  |                                     | 0.400210               | 0.182160                                 | 0.185602                                     |                                |                     |
| 2015 | \$16,472,616                    | \$16,472,616                    |                       | \$47,771                  | \$171,315                 | \$219,086                           | \$65,925               | \$30,007                                 | \$30,574                                     | \$345,591                      |                     |
| 2016 | \$80,042,241                    | \$80,042,241                    |                       | \$232,122                 | \$832,439                 | \$1,064,562                         | \$320,337              | \$145,805                                | \$148,560                                    | \$1,679,264                    |                     |
| 2017 | \$77,715,841                    | \$77,715,841                    |                       | \$225,376                 | \$808,245                 | \$1,033,621                         | \$311,027              | \$141,567                                | \$144,242                                    | \$1,630,457                    |                     |
| 2018 | \$75,459,266                    | \$75,459,266                    |                       | \$218,832                 | \$784,776                 | \$1,003,608                         | \$301,996              | \$137,457                                | \$140,054                                    | \$1,583,114                    |                     |
| 2019 | \$73,269,591                    | \$73,269,591                    |                       | \$212,482                 | \$762,004                 | \$974,486                           | \$293,232              | \$133,468                                | \$135,990                                    | \$1,537,176                    |                     |
| 2020 | \$71,145,741                    | \$71,145,741                    |                       | \$206,323                 | \$739,916                 | \$946,238                           | \$284,732              | \$129,599                                | \$132,048                                    | \$1,492,618                    |                     |
| 2021 | \$69,084,891                    | \$69,084,891                    |                       | \$200,346                 | \$718,483                 | \$918,829                           | \$276,485              | \$125,845                                | \$128,223                                    | \$1,449,382                    |                     |
| 2022 | \$67,085,966                    | \$67,085,966                    |                       | \$194,549                 | \$697,694                 | \$892,243                           | \$268,485              | \$122,204                                | \$124,513                                    | \$1,407,445                    |                     |
| 2023 | \$65,146,041                    | \$65,146,041                    |                       | \$188,924                 | \$677,519                 | \$866,442                           | \$260,721              | \$118,670                                | \$120,912                                    | \$1,366,746                    |                     |
| 2024 | \$63,264,241                    | \$63,264,241                    |                       | \$183,466                 | \$657,948                 | \$841,414                           | \$253,190              | \$115,242                                | \$117,420                                    | \$1,327,266                    |                     |
| 2025 | \$61,438,516                    | \$61,438,516                    |                       | \$178,172                 | \$638,961                 | \$817,132                           | \$245,883              | \$111,916                                | \$114,031                                    | \$1,288,963                    |                     |
| 2026 | \$59,667,891                    | \$59,667,891                    |                       | \$173,037                 | \$620,546                 | \$793,583                           | \$238,797              | \$108,691                                | \$110,745                                    | \$1,251,816                    |                     |
| 2027 | \$57,950,416                    | \$57,950,416                    |                       | \$168,056                 | \$602,684                 | \$770,741                           | \$231,923              | \$105,562                                | \$107,557                                    | \$1,215,784                    |                     |
| 2028 | \$56,284,041                    | \$56,284,041                    |                       | \$163,224                 | \$585,354                 | \$748,578                           | \$225,254              | \$102,527                                | \$104,464                                    | \$1,180,823                    |                     |
| 2029 | \$54,666,916                    | \$54,666,916                    |                       | \$158,534                 | \$568,536                 | \$727,070                           | \$218,782              | \$99,581                                 | \$101,463                                    | \$1,146,897                    |                     |
|      |                                 |                                 |                       |                           |                           | <b>Total</b>                        | <b>\$12,617,637</b>    | <b>\$3,796,769</b>                       | <b>\$1,728,141</b>                           | <b>\$1,760,795</b>             | <b>\$19,903,339</b> |

Source: CPA, Lub-Line Corporation

<sup>1</sup>Tax 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 \$9,866,420. The estimated gross 15 year M&O tax benefit, or levy loss, is \$3,871,024.

Attachment 3 is an economic overview of Harris 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. January 2013): Investment

Applicant Name: LUB-LINE CORP  
 ISD Name: LA PORTE USD

Form 50-296

| PROPERTY INVESTMENT AMOUNTS  |   |                                    |   |   |  |  |                                    |               |               |
|--|---|------------------------------------|---|---|--|--|------------------------------------|---------------|---------------|
| (Estimated investment in each year. Do not put cumulative totals)                                    |   |                                    |   |   |  |  |                                    |               |               |
| Year   | School Year (YYYY-YYYY)   | Tax Year (Fiscal year before YYYY) | Column A: Tangible Personal Property (The amount of new investment (original cost) placed in service during the year) | Column B: Building or permanent nonremovable component of building (original cost only) | Column C: Sum of A and B Qualifying Investment (during the qualifying time period) | Column D: Cost of 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)   |                                    |   |   |  |  |                                    |               |               |
|  | Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)   | 2014-2015                          | 2014  | \$ -  | \$ -   |  | \$ -                               | \$ -          |               |
|  | 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) |                                    |   | \$ 18,934,000   | \$ -   | \$ 18,934,000  | \$ -                               | \$ 18,934,000 |               |
| Tax Credit Period (with 50% cap on credit)   | Value Limitation Period   | 1                                  | 2015-2016   | 2015  | \$ 40,641,000  | \$ 1,463,000   | \$ 42,104,000                      | \$ -          | \$ 42,104,000 |
|  |   | 2                                  | 2016-2017   | 2016  | \$ -   | \$ -   | \$ -                               | \$ -          | \$ -          |
|  |   | 3                                  | 2017-2018   | 2017  | \$ -   | \$ -   | \$ -                               | \$ -          | \$ -          |
|  |   | 4                                  | 2018-2019   | 2018  | \$ -   | \$ -   | \$ -                               | \$ -          | \$ -          |
|  |   | 5                                  | 2019-2020   | 2019  | \$ -   | \$ -   | \$ -                               | \$ -          | \$ -          |
|  |   | 6                                  | 2020-2021   | 2020  | \$ -   | \$ -   | \$ -                               | \$ -          | \$ -          |
|  |   | 7                                  | 2021-2022   | 2021  | \$ -   | \$ -   | \$ -                               | \$ -          | \$ -          |
|  |   | 8                                  | 2022-2023   | 2022  | \$ -   | \$ -   | \$ -                               | \$ -          | \$ -          |
|  |   | 9                                  | 2023-2024   | 2023  | \$ -   | \$ -   | \$ -                               | \$ -          | \$ -          |
|  |   | 10                                 | 2024-2025   | 2024  | \$ -   | \$ -   | \$ -                               | \$ -          | \$ -          |
| Credit Set-Up Period   | Continue to Maintain Viable Presence  | 11                                 | 2025-2026   | 2025  | \$ -   | \$ -   | \$ -                               | \$ -          | \$ -          |
|  |   | 12                                 | 2026-2027   | 2026  | \$ -   | \$ -   | \$ -                               | \$ -          | \$ -          |
|  |   | 13                                 | 2027-2028   | 2027  | \$ -   | \$ -   | \$ -                               | \$ -          | \$ -          |
|  | Post-Settle-Up Period   | 14                                 | 2028-2029   | 2028  | \$ -   | \$ -   | \$ -                               | \$ -          | \$ -          |
|  | Post-Settle-Up Period   | 15                                 | 2029-2030   | 2029  | \$ -   | \$ -   | \$ -                               | \$ -          | \$ -          |

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. [For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property.]

**Column B** The total dollar amount of estimated 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-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 "two-year" time period. It cannot be part of qualifying investment.

**Notes:** For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with most 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 OF AUTHORIZED COMPANY REPRESENTATIVE

404-7-13  
 DATE

**Schedule B (Rev. January 2013): Estimated Market And Taxable Value**  
**LUB-LINE CORP.**

Applicant Name  
 ISD Name

LA PORTE ISD

Form 50-298

|                             |   | Year        | School Year<br>(YYYY-YYYY) | Tax Year<br>(F&E actual<br>tax year)<br>YYYY | Qualified Property                |  |  | Reductions from<br>Market Value | Estimated Taxable Value                               |  |
|-----------------------------|---|-------------|----------------------------|--|-----------------------------------|--|--|---------------------------------|---|--|
|                             |   |             |                            |  | Estimated Market<br>Value of Land | Estimated Total<br>Market Value of new<br>buildings or other new<br>improvements | Estimated Total Market<br>Value of tangible personal<br>property in the new<br>building or "in or on the<br>new improvement" | Exempted Value                  | Final taxable value for<br>IAS - after all reductions | Final taxable value<br>for MAO - after all<br>reductions |
|                             |   | pre- year 1 | 2014-2015                  | 2014   | \$ 2,005,616                      | \$ -   | \$ -   | \$ -                            | \$ -  | \$ -   |
|                             | Complete tax<br>years of qualifying<br>time period  | 1           | 2015-2016                  | 2015   | \$ 2,005,616                      | \$ -   | \$ 14,467,000  | \$ -                            | \$ 16,472,616   | \$ 16,472,616  |
|                             |   | 2           | 2016-2017                  | 2016   | \$ 2,005,616                      | \$ 1,465,000   | \$ 78,535,000  | \$ 1,963,375                    | \$ 80,042,241   | \$ 80,042,241  |
|                             | Tax Credit<br>Period (with<br>50% cap on<br>credit) | 3           | 2017-2018                  | 2017   | \$ 2,005,616                      | \$ 1,435,700   | \$ 76,179,000  | \$ 1,004,475                    | \$ 77,716,841   | \$ 30,000,000  |
|                             |   | 4           | 2018-2019                  | 2018   | \$ 2,005,616                      | \$ 1,407,000   | \$ 73,894,000  | \$ 1,847,350                    | \$ 75,459,268   | \$ 30,000,000  |
|                             |   | 5           | 2019-2020                  | 2019   | \$ 2,005,616                      | \$ 1,378,900   | \$ 71,677,000  | \$ 1,791,925                    | \$ 73,269,591   | \$ 30,000,000  |
|                             |   | 6           | 2020-2021                  | 2020   | \$ 2,005,616                      | \$ 1,351,300   | \$ 69,527,000  | \$ 1,738,176                    | \$ 71,145,741   | \$ 30,000,000  |
|                             |   | 7           | 2021-2022                  | 2021   | \$ 2,005,616                      | \$ 1,324,300   | \$ 67,441,000  | \$ 1,686,025                    | \$ 69,084,891   | \$ 30,000,000  |
|                             |   | 8           | 2022-2023                  | 2022   | \$ 2,005,616                      | \$ 1,297,800   | \$ 65,418,000  | \$ 1,635,450                    | \$ 67,085,966   | \$ 30,000,000  |
|                             |   | 9           | 2023-2024                  | 2023   | \$ 2,005,616                      | \$ 1,271,800   | \$ 63,455,000  | \$ 1,588,375                    | \$ 65,146,041   | \$ 30,000,000  |
|                             |   | 10          | 2024-2025                  | 2024   | \$ 2,005,616                      | \$ 1,246,400   | \$ 61,551,000  | \$ 1,538,775                    | \$ 63,264,241   | \$ 30,000,000  |
| Credit Settle-<br>Up Period | Continue to<br>Maintain Viable<br>Presence          | 11          | 2025-2026                  | 2025   | \$ 2,005,616                      | \$ 1,221,500   | \$ 59,704,000  | \$ 1,492,600                    | \$ 61,438,516   | \$ 61,438,516  |
|                             |   | 12          | 2026-2027                  | 2026   | \$ 2,005,616                      | \$ 1,197,100   | \$ 57,813,000  | \$ 1,447,825                    | \$ 59,667,891   | \$ 59,667,891  |
|                             |   | 13          | 2027-2028                  | 2027   | \$ 2,005,616                      | \$ 1,173,200   | \$ 56,178,000  | \$ 1,404,400                    | \$ 57,950,416   | \$ 57,950,416  |
| Post- Settle-Up Period      |   | 14          | 2028-2029                  | 2028   | \$ 2,005,616                      | \$ 1,149,700   | \$ 54,491,000  | \$ 1,362,275                    | \$ 56,284,041   | \$ 56,284,041  |
| Post- Settle-Up Period      |   | 15          | 2029-2030                  | 2029   | \$ 2,005,616                      | \$ 1,126,700   | \$ 52,856,000  | \$ 1,321,400                    | \$ 54,668,916   | \$ 54,668,916  |

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

  
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

NOV-7-13  
 DATE

**Schedule C- Application: Employment Information**

Applicant Name  
ISD Name

LUB-LINE CORP  
LA PORTE ISD

Form 80-296

|  |   | Year  | School Year<br>(YYYY-YYYY) | Tax Year<br>(Fill in actual tax<br>year)<br>YYYY | Construction   |   | New Jobs  |   | Qualifying Jobs  |  |           |
|--|---|---|----------------------------|--|--|---|---|---|--|--|-----------|
|  |   |   |                            |  | Column A:<br>Number of<br>Construction<br>FTE's or man-<br>hours (specify) | Column B:<br>Average wage<br>rates for<br>construction<br>workers | Column C:<br>Number of<br>new<br>jobs applicant<br>commits to<br>create<br>(cumulative) | Column D:<br>Average<br>annual wage<br>rate for all<br>new jobs | Column E:<br>Number of qualifying<br>jobs applicant<br>commits to create<br>meeting all criteria of<br>Sec. 313.021(3)<br>(cumulative) | Column F:<br>Average<br>annual wage<br>of qualifying<br>jobs |           |
|  |   | pre-year 1                                  | 2014-2015                  | 2014   | 500 FTEs   | \$ 50,000   | 0   | \$ -  | 0  | \$ -   |           |
|  | Complete tax<br>years of<br>qualifying time<br>period | 1   | 2015-2016                  | 2015   | 500 FTEs   | \$ 50,000   | 0   | \$ -  | 0  | \$ -   |           |
|  |   | 2   | 2016-2017                  | 2016   |  |   | 10  | \$ 60,849   | 8  | \$ 60,849  |           |
|  | Tax Credit Period<br>(with 50% cap on<br>credit)      | Value Limitation<br>Period                  | 3                          | 2017-2018  | 2017   |   |   | 10  | \$ 60,849  | 8  | \$ 60,849 |
|  |   |   | 4                          | 2018-2019  | 2018   |   |   | 10  | \$ 60,849  | 8  | \$ 60,849 |
|  |   |   | 5                          | 2019-2020  | 2019   |   |   | 10  | \$ 60,849  | 8  | \$ 60,849 |
|  |   |   | 6                          | 2020-2021  | 2020   |   |   | 10  | \$ 60,849  | 8  | \$ 60,849 |
|  |   |   | 7                          | 2021-2022  | 2021   |   |   | 10  | \$ 60,849  | 8  | \$ 60,849 |
|  |   |   | 8                          | 2022-2023  | 2022   |   |   | 10  | \$ 60,849  | 8  | \$ 60,849 |
|  |   |   | 9                          | 2023-2024  | 2023   |   |   | 10  | \$ 60,849  | 8  | \$ 60,849 |
|  |   |   | 10                         | 2024-2025  | 2024   |   |   | 10  | \$ 60,849  | 8  | \$ 60,849 |
|  | Credit Settle-Up<br>Period                            | Continue to<br>Maintain Visible<br>Presence | 11                         | 2025-2026  | 2025   |   |   | 10  | \$ 60,849  | 8  | \$ 60,849 |
|  |   |   | 12                         | 2026-2027  | 2026   |   |   | 10  | \$ 60,849  | 8  | \$ 60,849 |
|  |   |   | 13                         | 2027-2028  | 2027   |   |   | 10  | \$ 60,849  | 8  | \$ 60,849 |
|  | Post-Settle-Up Period                                 |   | 14                         | 2028-2029  | 2028   |   |   | 10  | \$ 60,849  | 8  | \$ 60,849 |
|  | Post-Settle-Up Period                                 |   | 15                         | 2029-2030  | 2029   |   |   | 10  | \$ 60,849  | 8  | \$ 60,849 |

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 the years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

NOV-7-13  
DATE

Schedule D: (Rev. January 2013): Other Tax Information

Applicant Name

LUB-LINE CORP

ISD Name

LA PORTE ISD

Form 50-298

|  |                                      |           |                         |                         | Sales Tax Information   |   | Franchise Tax   | Other Property Tax Abatements Sought  |   |   |   |
|--|--------------------------------------|-----------|-------------------------|-------------------------|---|---|---|---|---|---|---|
|  |                                      |           |                         |                         | Sales Taxable Expenditures  |   | Franchise Tax   | County  | City  | Hospital  | Other   |
|  |                                      | Year      | School Year (YYYY-YYYY) | Tax/ Calendar Year YYYY | 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 | Fill in percentage exemption requested or granted in each year of the Agreement | Fill in percentage exemption requested or granted in each year of the Agreement | Fill in percentage exemption requested or granted in each year of the Agreement | Fill in percentage exemption requested or granted in each year of the Agreement |
| The year preceding the first complete tax year of the qualifying time period (assuming no deferrals) |                                      |           | 2014-2015               | 2014                    |   |   |   |   |   |   |   |
|  |                                      |           |                         |                         | 3,816,750   | 25,317,250  | \$ -  | n/a   | n/a   | n/a   | n/a   |
| Complete tax years of qualifying time period   | 1                                    | 2015-2016 | 2015                    |                         | 5,383,250   | 44,082,750  | \$ -  | n/a   | n/a   | n/a   | n/a   |
|  | 2                                    | 2016-2017 | 2016                    |                         | \$ -  | \$ -  | \$ 10,000   | n/a   | n/a   | n/a   | n/a   |
| Tax Credit Period (with 50% cap on credit)   | Value Limitation Period              | 3         | 2017-2018               | 2017                    | \$ -  | \$ -  | \$ 10,000   | n/a   | n/a   | n/a   | n/a   |
|  |                                      | 4         | 2018-2019               | 2018                    | \$ -  | \$ -  | \$ 10,000   | n/a   | n/a   | n/a   | n/a   |
|  |                                      | 5         | 2019-2020               | 2019                    | \$ -  | \$ -  | \$ 10,000   | n/a   | n/a   | n/a   | n/a   |
|  |                                      | 6         | 2020-2021               | 2020                    | \$ -  | \$ -  | \$ 10,000   | n/a   | n/a   | n/a   | n/a   |
|  |                                      | 7         | 2021-2022               | 2021                    | \$ -  | \$ -  | \$ 10,000   | n/a   | n/a   | n/a   | n/a   |
|  |                                      | 8         | 2022-2023               | 2022                    | \$ -  | \$ -  | \$ 10,000   | n/a   | n/a   | n/a   | n/a   |
|  |                                      | 9         | 2023-2024               | 2023                    | \$ -  | \$ -  | \$ 10,000   | n/a   | n/a   | n/a   | n/a   |
|  |                                      | 10        | 2024-2025               | 2024                    | \$ -  | \$ -  | \$ 10,000   | n/a   | n/a   | n/a   | n/a   |
| Credit Settle-Up Period  | Continue to Maintain Viable Presence | 11        | 2025-2026               | 2025                    | \$ -  | \$ -  | \$ 10,000   | n/a   | n/a   | n/a   | n/a   |
|  |                                      | 12        | 2026-2027               | 2026                    | \$ -  | \$ -  | \$ 10,000   | n/a   | n/a   | n/a   | n/a   |
|  |                                      | 13        | 2027-2028               | 2027                    | \$ -  | \$ -  | \$ 10,000   | n/a   | n/a   | n/a   | n/a   |
| Post-Settle-Up Period  | 14                                   | 2028-2029 | 2028                    | \$ -                    | \$ -  | \$ 10,000   | n/a   | n/a   | n/a   | n/a   |   |
| Post-Settle-Up Period  | 15                                   | 2029-2030 | 2029                    | \$ -                    | \$ -  | \$ 10,000   | n/a   | n/a   | n/a   | n/a   |   |

\*For planning construction and operation of property

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

NOV-7-13  
DATE

# Attachment 2



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Michael Williams  
Commissioner

February 25, 2014

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 Lub-Line Corporation project on the number and size of school facilities in La Porte Independent School District (LPISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the LPISD superintendent, Lloyd Graham, the TEA has found that the Lub-Line Corporation project would not have a significant impact on the number or size of school facilities in LPISD.

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

Sincerely,

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

Al McKenzie, Manager  
Foundation School Program Support

AM/rk



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Michael Williams  
Commissioner

February 25, 2014

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

Dear Mr. Wood:

The Texas Education Agency (TEA) has analyzed the revenue gains that would be realized by the proposed Lub-Line Corporation project for the La Porte Independent School District (LPISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Lub-Line Corporation project on LPISD are correct.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie".

Al McKenzie, Manager  
Foundation School Program Support

AM/rk

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED LUB-LINE  
CORPORATION PROJECT ON THE FINANCES OF THE LA PORTE  
INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED  
CHAPTER 313 PROPERTY VALUE LIMITATION**

**December 20, 2013**

**Final Report**

**PREPARED BY**



# Estimated Impact of the Proposed Lub-Line Corporation Project on the Finances of the La Porte Independent School District under a Requested Chapter 313 Property Value Limitation

## Introduction

Lub-Line Corporation (Lub-Line) has requested that the La Porte Independent School District (LPISD) 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 LPISD on November 12, 2013, Lub-Line proposes to invest \$80 million to construct a new manufacturing project in LPISD.

The Lub-Line 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, LPISD may offer a minimum value limitation of \$30 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2015-16 and 2016-17 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 2015-16 and 2016-17 school years. Beginning with the 2017-18 school year, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with LPISD currently levying a \$0.29 per \$100 I&S tax rate. The full value of the investment is expected to reach \$80 million in 2016-17, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

In the case of the Lub-Line 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. LPISD would experience a revenue loss as a result of the implementation of the value limitation in the 2017-18 school year (-\$441,198). Smaller revenue losses are anticipated under current law for the remaining seven limitation years.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$3.3 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 audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation periods (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state M&O 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 during the First Called Session in 2011 made \$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 operated directly on the state formulas. For the 2012-13 school year, the changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula, with 689 districts operating on formula and 335 districts still receiving ASATR funding.

Senate Bill 1 and House Bill 1025 as passed by the 83<sup>rd</sup> Legislature made significant increases to the basic allotment and other formula changes by appropriation. The ASATR reduction percentage is increased slightly to 92.63 percent, while the basic allotment is increased by \$325 and \$365, respectively, for the 2013-14 and 2014-15 school years. A slight increase in the guaranteed yield for the 6 cents above compressed—known as the Austin yield—is also included. With the basic allotment increase, it is estimated that approximately 300 school districts will still receive ASATR in the 2013-14 school year and 273 districts would do so in the 2014-15 school year. Current state policy calls for ASATR funding to be eliminated by the 2017-18 school year.

While LPISD is expected to receive ASATR fund through the 2016-17 school year, the District is classified as a formula district under the estimates presented below. As a formula district, the

finances of LPISD are susceptible to changes in property values and M&O taxes like those attributable to the implementation of a value limitation agreement.

One concern in projecting into the future is that the underlying state statutes in the Education Code were not changed in order to provide these funding increases. All of the major formula changes were made by appropriation, which gives them only a two-year lifespan unless renewed in the 2015 legislative session. Despite this uncertainty, it is assumed that these changes will remain in effect for the forecast period for the purpose of these estimates, assuming a continued legislative commitment to these funding levels in future years.

A 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 Lub-Line 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 property values in order to isolate the effects of the value limitation under the school finance system. The SB 1 basic allotment increases are reflected in the underlying models. With regard to ASATR funding, a statement of legislative intent was adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below. The projected taxable values of the Lub-Line Corporation project are factored into the base model used here in order to simulate the financial impact of the construction of the project in the absence of a value limitation agreement. The impact of the limitation value for the proposed Lub-Line project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 7,218 students in average daily attendance (ADA) in the forecast years in analyzing the effects of the Lub-Line project on the finances of LPISD. The District's local tax base reached \$5.1 billion for the 2013 tax year and is maintained at that level for the forecast period in order to isolate the effects of the property value limitation. Previously-approved Chapter 313 agreements are factored into the base calculations for both models shown below. An M&O tax rate of \$1.04 per \$100 is used throughout this analysis. LPISD has estimated state property wealth per weighted ADA or WADA of approximately \$691,555 for the 2013-14 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 LPISD under the assumptions outlined above through the 2029-30 school year. Beyond the 2014-15 school year, no attempt was made to forecast the 88<sup>th</sup> percentile or Austin yield that influence future state funding beyond the projected level for that school year. In the analyses for other districts and applicants on earlier projects, these

changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a model is established to make a calculation of the “Baseline Revenue” by adding the value of the proposed Lub-Line 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 Lub-Line value but imposes the proposed property value limitation effective in the third year, which in this case is the 2017-18 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, LPISD would experience a revenue loss as a result of the implementation of the value limitation in the 2017-18 school year (-\$441,198). Smaller annual revenue losses are shown for the remaining seven years that the limitation is in effect. The revenue reductions result chiefly from the mechanics of the one-year lag in the state property value study. Another factor is tax effort up to six cents beyond the compressed M&O tax rate equalized to the Austin yield or not subject to recapture, which also reflects the one-year lag in value associated with the property value study.

The formula loss of \$441,198 cited above between the base and the limitation models for the 2017-18 school year is based on an assumption that Lub-Line would realize M&O tax savings of \$496,245 when the \$30 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, the only formula offset in 2017-18 is a recapture reduction of \$57,038. Once the value limitation is reflected in the state property value study for state-aid calculations in 2018-19, most of the revenue loss issue is addressed through reductions in recapture costs.

The Comptroller’s state property value study influences these calculations, as noted previously. At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect. Two state property-value determinations are also made for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

### **Impact on the Taxpayer**

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.04 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 \$3.4 million over the life of the agreement. In addition, Lub-Line 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 \$0.5 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 LPISD revenue losses are expected to total approximately -\$533,061 over the course of the agreement. The total net potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to reach \$3.3 million over the life of the agreement.

### **Facilities Funding Impact**

The Lub-Line project remains fully taxable for debt services taxes, with LPISD currently levying a \$0.29 per \$100 I&S rate. The value of the Lub-Line project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to enhance the District's ability to meet its future debt-service needs.

The Lub-Line project is not expected to affect LPISD in terms of enrollment, given that it is expected to create 10 permanent jobs once it begins operation. Continued expansion of the project and related development 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.

### **Conclusion**

The proposed Lub-Line manufacturing project enhances the tax base of LPISD. 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 \$3.3 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of LPISD in meeting its future debt-service obligations.

**Table 1 – Base District Information with Lub-Line Corporation 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        | 2014-15     | 7,590.44 | 9,350.22 | \$1.0400     | \$0.2850     | \$5,209,544,442        | \$5,209,544,442           | \$5,292,669,801   | \$5,292,669,801      | \$566,048                        | \$566,048                           |
| 1                 | 2015-16     | 7,590.44 | 9,350.22 | \$1.0400     | \$0.3150     | \$5,196,383,271        | \$5,196,383,271           | \$5,301,898,076   | \$5,301,898,076      | \$567,035                        | \$567,035                           |
| 2                 | 2016-17     | 7,590.44 | 9,350.22 | \$1.0400     | \$0.2900     | \$5,259,952,896        | \$5,259,952,896           | \$5,288,736,905   | \$5,288,736,905      | \$565,627                        | \$565,627                           |
| 3                 | 2017-18     | 7,590.44 | 9,350.22 | \$1.0400     | \$0.2900     | \$5,257,626,496        | \$5,209,910,655           | \$5,352,306,530   | \$5,352,306,530      | \$572,426                        | \$572,426                           |
| 4                 | 2018-19     | 7,217.93 | 9,350.22 | \$1.0400     | \$0.2900     | \$5,255,369,921        | \$5,209,910,655           | \$5,349,980,130   | \$5,302,264,289      | \$572,177                        | \$567,074                           |
| 5                 | 2019-20     | 7,217.93 | 9,350.22 | \$1.0400     | \$0.2900     | \$5,253,180,246        | \$5,209,910,655           | \$5,347,723,555   | \$5,302,264,289      | \$571,936                        | \$567,074                           |
| 6                 | 2020-21     | 7,217.93 | 9,350.22 | \$1.0400     | \$0.2900     | \$5,251,056,396        | \$5,209,910,655           | \$5,345,533,880   | \$5,302,264,289      | \$571,701                        | \$567,074                           |
| 7                 | 2021-22     | 7,217.93 | 9,350.22 | \$1.0400     | \$0.2900     | \$5,293,555,146        | \$5,254,470,255           | \$5,343,410,030   | \$5,302,264,289      | \$571,474                        | \$567,074                           |
| 8                 | 2022-23     | 7,217.93 | 9,350.22 | \$1.0400     | \$0.2900     | \$5,298,026,426        | \$5,260,940,460           | \$5,385,908,780   | \$5,346,823,889      | \$576,019                        | \$571,839                           |
| 9                 | 2023-24     | 7,217.93 | 9,350.22 | \$1.0400     | \$0.2900     | \$5,321,983,658        | \$5,286,837,617           | \$5,390,380,060   | \$5,353,294,094      | \$576,498                        | \$572,531                           |
| 10                | 2024-25     | 7,217.93 | 9,350.22 | \$1.0400     | \$0.2900     | \$5,312,057,459        | \$5,278,793,218           | \$5,414,337,292   | \$5,379,191,251      | \$579,060                        | \$575,301                           |
| 11                | 2025-26     | 7,217.93 | 9,350.22 | \$1.0400     | \$0.2900     | \$5,302,595,135        | \$5,302,595,135           | \$5,404,411,093   | \$5,371,146,852      | \$577,998                        | \$574,441                           |
| 12                | 2026-27     | 7,217.93 | 9,350.22 | \$1.0400     | \$0.2900     | \$5,293,574,470        | \$5,293,574,470           | \$5,394,948,770   | \$5,394,948,770      | \$576,986                        | \$576,986                           |
| 13                | 2027-28     | 7,217.93 | 9,350.22 | \$1.0400     | \$0.2900     | \$5,284,973,340        | \$5,284,973,340           | \$5,385,928,104   | \$5,385,928,104      | \$576,021                        | \$576,021                           |
| 14                | 2028-29     | 7,217.93 | 9,350.22 | \$1.0400     | \$0.2900     | \$5,276,759,433        | \$5,276,759,433           | \$5,377,326,974   | \$5,377,326,974      | \$575,102                        | \$575,102                           |
| 15                | 2029-30     | 7,217.93 | 9,350.22 | \$1.0400     | \$0.2900     | \$5,268,914,159        | \$5,268,914,159           | \$5,369,113,067   | \$5,369,113,067      | \$574,223                        | \$574,223                           |

**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 | 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        | 2014-15     | \$49,951,146                | \$2,440,206 | \$2,081,565                        | -\$5,313,723    | \$1,998,046                      | \$185,741                                     | \$0  | \$51,342,981       |
| 1                 | 2015-16     | \$49,822,166                | \$2,440,206 | \$2,271,171                        | -\$5,374,349    | \$1,992,887                      | \$206,249                                     | \$0  | \$51,358,330       |
| 2                 | 2016-17     | \$50,445,149                | \$2,440,206 | \$1,609,356                        | -\$5,335,517    | \$2,017,806                      | \$214,569                                     | \$0  | \$51,391,569       |
| 3                 | 2017-18     | \$50,431,893                | \$2,440,206 | \$0                                | -\$5,850,983    | \$2,017,276                      | \$187,793                                     | \$0  | \$49,226,184       |
| 4                 | 2018-19     | \$50,409,329                | \$2,440,206 | \$0                                | -\$5,829,599    | \$2,016,373                      | \$188,670                                     | \$0  | \$49,224,979       |
| 5                 | 2019-20     | \$50,387,431                | \$2,440,206 | \$0                                | -\$5,808,855    | \$2,015,497                      | \$189,521                                     | \$0  | \$49,223,800       |
| 6                 | 2020-21     | \$50,366,193                | \$2,440,206 | \$0                                | -\$5,788,729    | \$2,014,648                      | \$190,347                                     | \$0  | \$49,222,665       |
| 7                 | 2021-22     | \$50,782,267                | \$2,440,206 | \$0                                | -\$5,820,766    | \$2,031,291                      | \$192,669                                     | \$0  | \$49,625,667       |
| 8                 | 2022-23     | \$50,825,687                | \$2,440,206 | \$0                                | -\$6,168,427    | \$2,033,027                      | \$175,125                                     | \$0  | \$49,305,618       |
| 9                 | 2023-24     | \$51,060,079                | \$2,440,206 | \$0                                | -\$6,233,621    | \$2,042,403                      | \$174,360                                     | \$0  | \$49,483,427       |
| 10                | 2024-25     | \$50,962,426                | \$2,440,206 | \$0                                | -\$6,412,221    | \$2,038,497                      | \$163,972                                     | \$0  | \$49,192,880       |
| 11                | 2025-26     | \$50,863,043                | \$2,440,206 | \$0                                | -\$6,320,619    | \$2,034,522                      | \$167,704                                     | \$0  | \$49,184,855       |
| 12                | 2026-27     | \$50,774,640                | \$2,440,206 | \$0                                | -\$6,234,121    | \$2,030,986                      | \$171,262                                     | \$0  | \$49,182,973       |
| 13                | 2027-28     | \$50,690,349                | \$2,440,206 | \$0                                | -\$6,151,660    | \$2,027,614                      | \$174,654                                     | \$0  | \$49,181,163       |
| 14                | 2028-29     | \$50,609,853                | \$2,440,206 | \$0                                | -\$6,073,019    | \$2,024,394                      | \$177,888                                     | \$0  | \$49,179,321       |
| 15                | 2029-30     | \$50,532,969                | \$2,440,206 | \$0                                | -\$5,997,919    | \$2,021,319                      | \$180,976                                     | \$0  | \$49,177,550       |

\*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

**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 | 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        | 2014-15     | \$49,951,146                | \$2,440,206 | \$2,081,565                        | -\$5,313,723    | \$1,998,046                      | \$185,741                                     | \$0  | \$51,342,981       |
| 1                 | 2015-16     | \$49,822,166                | \$2,440,206 | \$2,271,171                        | -\$5,374,349    | \$1,992,887                      | \$206,249                                     | \$0  | \$51,358,330       |
| 2                 | 2016-17     | \$50,445,149                | \$2,440,206 | \$1,609,356                        | -\$5,335,517    | \$2,017,806                      | \$214,569                                     | \$0  | \$51,391,569       |
| 3                 | 2017-18     | \$49,954,735                | \$2,440,206 | \$0                                | -\$5,793,946    | \$1,998,189                      | \$185,802                                     | \$0  | \$48,784,986       |
| 4                 | 2018-19     | \$49,954,735                | \$2,440,206 | \$0                                | -\$5,392,055    | \$1,998,189                      | \$206,659                                     | \$0  | \$49,207,733       |
| 5                 | 2019-20     | \$49,954,735                | \$2,440,206 | \$0                                | -\$5,392,055    | \$1,998,189                      | \$206,659                                     | \$0  | \$49,207,733       |
| 6                 | 2020-21     | \$49,954,735                | \$2,440,206 | \$0                                | -\$5,392,055    | \$1,998,189                      | \$206,659                                     | \$0  | \$49,207,733       |
| 7                 | 2021-22     | \$50,391,419                | \$2,440,206 | \$0                                | -\$5,440,626    | \$2,015,657                      | \$208,305                                     | \$0  | \$49,614,961       |
| 8                 | 2022-23     | \$50,454,827                | \$2,440,206 | \$0                                | -\$5,809,616    | \$2,018,193                      | \$189,860                                     | \$0  | \$49,293,469       |
| 9                 | 2023-24     | \$50,708,619                | \$2,440,206 | \$0                                | -\$5,892,039    | \$2,028,345                      | \$188,416                                     | \$0  | \$49,473,547       |
| 10                | 2024-25     | \$50,629,784                | \$2,440,206 | \$0                                | -\$6,090,372    | \$2,025,191                      | \$177,187                                     | \$0  | \$49,181,996       |
| 11                | 2025-26     | \$50,863,043                | \$2,440,206 | \$0                                | -\$6,054,655    | \$2,034,522                      | \$181,649                                     | \$0  | \$49,464,765       |
| 12                | 2026-27     | \$50,774,640                | \$2,440,206 | \$0                                | -\$6,234,121    | \$2,030,986                      | \$171,262                                     | \$0  | \$49,182,973       |
| 13                | 2027-28     | \$50,690,349                | \$2,440,206 | \$0                                | -\$6,151,660    | \$2,027,614                      | \$174,654                                     | \$0  | \$49,181,163       |
| 14                | 2028-29     | \$50,609,853                | \$2,440,206 | \$0                                | -\$6,073,019    | \$2,024,394                      | \$177,888                                     | \$0  | \$49,179,321       |
| 15                | 2029-30     | \$50,532,969                | \$2,440,206 | \$0                                | -\$5,997,919    | \$2,021,319                      | \$180,976                                     | \$0  | \$49,177,550       |

\*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

**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 | 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        | 2014-15     | \$0                         | \$0       | \$0                                | \$0             | \$0                              | \$0   | \$0  | \$0                |
| 1                 | 2015-16     | \$0                         | \$0       | \$0                                | \$0             | \$0                              | \$0   | \$0  | \$0                |
| 2                 | 2016-17     | \$0                         | \$0       | \$0                                | \$0             | \$0                              | \$0   | \$0  | \$0                |
| 3                 | 2017-18     | -\$477,158                  | \$0       | \$0                                | \$57,038        | -\$19,087                        | -\$1,991                                      | \$0  | -\$441,198         |
| 4                 | 2018-19     | -\$454,594                  | \$0       | \$0                                | \$437,543       | -\$18,184                        | \$17,989                                      | \$0  | -\$17,246          |
| 5                 | 2019-20     | -\$432,696                  | \$0       | \$0                                | \$416,800       | -\$17,308                        | \$17,138                                      | \$0  | -\$16,066          |
| 6                 | 2020-21     | -\$411,458                  | \$0       | \$0                                | \$396,673       | -\$16,459                        | \$16,312                                      | \$0  | -\$14,932          |
| 7                 | 2021-22     | -\$390,848                  | \$0       | \$0                                | \$380,140       | -\$15,634                        | \$15,636                                      | \$0  | -\$10,706          |
| 8                 | 2022-23     | -\$370,860                  | \$0       | \$0                                | \$358,811       | -\$14,834                        | \$14,735                                      | \$0  | -\$12,148          |
| 9                 | 2023-24     | -\$351,460                  | \$0       | \$0                                | \$341,582       | -\$14,058                        | \$14,058                                      | \$0  | -\$9,880           |
| 10                | 2024-25     | -\$332,642                  | \$0       | \$0                                | \$321,849       | -\$13,306                        | \$13,215                                      | \$0  | -\$10,884          |
| 11                | 2025-26     | \$0                         | \$0       | \$0                                | \$265,964       | \$0                              | \$13,945                                      | \$0  | \$279,909          |
| 12                | 2026-27     | \$0                         | \$0       | \$0                                | \$0             | \$0                              | \$0   | \$0  | \$0                |
| 13                | 2027-28     | \$0                         | \$0       | \$0                                | \$0             | \$0                              | \$0   | \$0  | \$0                |
| 14                | 2028-29     | \$0                         | \$0       | \$0                                | \$0             | \$0                              | \$0   | \$0  | \$0                |
| 15                | 2029-30     | \$0                         | \$0       | \$0                                | \$0             | \$0                              | \$0   | \$0  | \$0                |

**Table 5 - Estimated Financial Impact of the Lub-Line Corporation Project Property Value Limitation Request Submitted to LPISD 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        | 2014-15     | \$0           | \$0                     | \$0           | \$1.040              | \$0                      | \$0                     | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
| 1                 | 2015-16     | \$16,472,616  | \$16,472,616            | \$0           | \$1.040              | \$171,315                | \$171,315               | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
| 2                 | 2016-17     | \$80,042,241  | \$80,042,241            | \$0           | \$1.040              | \$832,439                | \$832,439               | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
| 3                 | 2017-18     | \$77,715,841  | \$30,000,000            | \$47,715,841  | \$1.040              | \$808,245                | \$312,000               | \$496,245                        | \$0   | \$496,245  | -\$441,198                     | \$55,046                   |
| 4                 | 2018-19     | \$75,459,266  | \$30,000,000            | \$45,459,266  | \$1.040              | \$784,776                | \$312,000               | \$472,776                        | \$74,348                                    | \$547,125  | -\$17,246                      | \$529,879                  |
| 5                 | 2019-20     | \$73,269,591  | \$30,000,000            | \$43,269,591  | \$1.040              | \$762,004                | \$312,000               | \$450,004                        | \$74,348                                    | \$524,352  | -\$16,066                      | \$508,286                  |
| 6                 | 2020-21     | \$71,145,741  | \$30,000,000            | \$41,145,741  | \$1.040              | \$739,916                | \$312,000               | \$427,916                        | \$74,348                                    | \$502,264  | -\$14,932                      | \$487,332                  |
| 7                 | 2021-22     | \$69,084,891  | \$30,000,000            | \$39,084,891  | \$1.040              | \$718,483                | \$312,000               | \$406,483                        | \$74,348                                    | \$480,831  | -\$10,706                      | \$470,125                  |
| 8                 | 2022-23     | \$67,085,966  | \$30,000,000            | \$37,085,966  | \$1.040              | \$697,694                | \$312,000               | \$385,694                        | \$74,348                                    | \$460,043  | -\$12,148                      | \$447,894                  |
| 9                 | 2023-24     | \$65,146,041  | \$30,000,000            | \$35,146,041  | \$1.040              | \$677,519                | \$312,000               | \$365,519                        | \$74,348                                    | \$439,867  | -\$9,880                       | \$429,987                  |
| 10                | 2024-25     | \$63,264,241  | \$30,000,000            | \$33,264,241  | \$1.040              | \$657,948                | \$312,000               | \$345,948                        | \$74,348                                    | \$420,297  | -\$10,884                      | \$409,412                  |
| 11                | 2025-26     | \$61,438,516  | \$61,438,516            | \$0           | \$1.040              | \$638,961                | \$638,961               | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
| 12                | 2026-27     | \$59,667,891  | \$59,667,891            | \$0           | \$1.040              | \$620,546                | \$620,546               | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
| 13                | 2027-28     | \$57,950,416  | \$57,950,416            | \$0           | \$1.040              | \$602,684                | \$602,684               | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
| 14                | 2028-29     | \$56,284,041  | \$56,284,041            | \$0           | \$1.040              | \$585,354                | \$585,354               | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
| 15                | 2029-30     | \$54,666,916  | \$54,666,916            | \$0           | \$1.040              | \$568,536                | \$568,536               | \$0                              | \$0   | \$0  | \$0                            | \$0                        |
|                   |             |               |                         |               |                      | \$9,866,420              | \$6,515,835             | \$3,350,584                      | \$520,439                                   | \$3,871,024                                      | -\$533,061                     | \$3,337,963                |

**Tax Credit for Value Over Limit in First 2 Years**

|                       | Year 1 | Year 2    | Max Credits |
|-----------------------|--------|-----------|-------------|
|                       | \$0    | \$520,439 | \$520,439   |
| Credits Earned        |        |           | \$520,439   |
| Credits Paid          |        |           | \$520,439   |
| 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. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

# Attachment 3

# Harris County

## Population

- Total county population in 2010 for Harris County: 4,147,218 , up 1.8 percent from 2009. State population increased 1.8 percent in the same time period.
- Harris County was the state's 11th largest county in population in 2010 and the 46th fastest growing county from 2009 to 2010.
- Harris County's population in 2009 was 35.3 percent Anglo (below the state average of 46.7 percent), 17.9 percent African-American (above the state average of 11.3 percent) and 39.8 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Harris County:

|                |           |                        |         |
|----------------|-----------|------------------------|---------|
| Houston:       | 2,257,926 | Pasadena:              | 145,789 |
| Baytown:       | 70,872    | La Porte:              | 34,191  |
| Deer Park:     | 30,938    | Bellaire:              | 18,176  |
| South Houston: | 16,346    | West University Place: | 15,613  |
| Humble:        | 14,865    | Katy:                  | 13,891  |

## Economy and Income

### *Employment*

- September 2011 total employment in Harris County: 1.9 million, up 1.8 percent from September 2010. State total employment increased 0.9 percent during the same period.  
(October 2011 employment data will be available November 18, 2011).
- September 2011 Harris County unemployment rate: 8.6 percent, up from 8.3 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:

|            |  |
|------------|--|
| Houston:   | 8.5 percent, up from 8.1 percent in September 2010.          |
| Pasadena:  | 10.0 percent, unchanged from 10.0 percent in September 2010. |
| Baytown:   | 11.6 percent, up from 11.3 percent in September 2010.        |
| La Porte:  | 8.9 percent, down from 9.4 percent in September 2010.        |
| Deer Park: | 8.4 percent, unchanged from 8.4 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*

- Harris County's ranking in per capita personal income in 2009: 7th with an average per capita income of \$48,337, down 6.1 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 Harris County averaged \$419.01 million annually from 2007 to 2010. County total agricultural values in 2010 were unchanged 0.0 percent from 2009. Major agriculture related commodities in Harris County during 2010 included:
  - Timber
  - Horses
  - Hay
  - Other Beef
  - Nursery
- 2011 oil and gas production in Harris County: 756,538.0 barrels of oil and 13.6 million Mcf of gas. In September 2011, there were 328 producing oil wells and 146 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 Harris County during the fourth quarter 2010: \$16.08 billion, up 11.5 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

|                        |  |
|------------------------|--|
| Houston:               | \$12.97 billion, up 12.2 percent from the same quarter in 2009.  |
| Pasadena:              | \$352.50 million, up 3.3 percent from the same quarter in 2009.  |
| Baytown:               | \$193.94 million, up 3.5 percent from the same quarter in 2009.  |
| La Porte:              | \$71.70 million, up 25.1 percent from the same quarter in 2009.  |
| Deer Park:             | \$93.27 million, up 13.2 percent from the same quarter in 2009.  |
| Bellaire:              | \$38.04 million, down 9.7 percent from the same quarter in 2009. |
| South Houston:         | \$27.61 million, up 0.7 percent from the same quarter in 2009.   |
| West University Place: | \$14.26 million, up 5.1 percent from the same quarter in 2009.   |
| Humble:                | \$272.85 million, up 3.3 percent from the same quarter in 2009.  |
| Katy:                  | \$161.63 million, up 6.3 percent from the same quarter in 2009.  |

|                               |  |
|-------------------------------|--|
| <b>Seabrook:</b>              | \$26.48 million, up 3.7 percent from the same quarter in 2009.   |
| <b>Webster:</b>               | \$152.51 million, up 1.5 percent from the same quarter in 2009.  |
| <b>Tomball:</b>               | \$97.38 million, up 4.3 percent from the same quarter in 2009.   |
| <b>Galena Park:</b>           | \$9.24 million, up 8.2 percent from the same quarter in 2009.    |
| <b>Jacinto City:</b>          | \$11.37 million, down 1.1 percent from the same quarter in 2009. |
| <b>Jersey Village:</b>        | \$37.18 million, up 4.2 percent from the same quarter in 2009.   |
| <b>Hunters Creek Village:</b> | \$3.51 million, up 1.7 percent from the same quarter in 2009.    |
| <b>Nassau Bay:</b>            | \$8.79 million, up 43.1 percent from the same quarter in 2009.   |
| <b>Spring Valley Village:</b> | \$20.66 million, up 26.7 percent from the same quarter in 2009.  |
| <b>Bunker Hill Village:</b>   | \$533,920.00, up 24.9 percent from the same quarter in 2009.     |
| <b>Taylor Lake Village:</b>   | \$490,161.00, down 18.9 percent from the same quarter in 2009.   |
| <b>Piney Point Village:</b>   | \$2.05 million, up 255.5 percent from the same quarter in 2009.  |
| <b>El Lago:</b>               | \$1.81 million, up 12.8 percent from the same quarter in 2009.   |
| <b>Hedwig Village:</b>        | \$46.87 million, up 6.5 percent from the same quarter in 2009.   |
| <b>Southside Place:</b>       | \$7.99 million, down 2.1 percent from the same quarter in 2009.  |
| <b>Shoreacres:</b>            | \$500,657.00, up 2.5 percent from the same quarter in 2009.      |
| <b>Hilshire Village:</b>      | \$139,643.00, down 3.3 percent from the same quarter in 2009.    |
| <b>Morgan's Point:</b>        | \$2.86 million, up 2.4 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 Harris County through the fourth quarter of 2010: \$58.57 billion, up 0.6 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

|                               |  |
|-------------------------------|--|
| <b>Houston:</b>               | \$46.99 billion, up 0.6 percent from the same period in 2009.    |
| <b>Pasadena:</b>              | \$1.33 billion, down 4.8 percent from the same period in 2009.   |
| <b>Baytown:</b>               | \$709.79 million, down 3.8 percent from the same period in 2009. |
| <b>La Porte:</b>              | \$254.55 million, up 7.9 percent from the same period in 2009.   |
| <b>Deer Park:</b>             | \$337.69 million, up 1.4 percent from the same period in 2009.   |
| <b>Bellaire:</b>              | \$164.62 million, down 1.4 percent from the same period in 2009. |
| <b>South Houston:</b>         | \$111.12 million, down 4.3 percent from the same period in 2009. |
| <b>West University Place:</b> | \$51.05 million, down 2.2 percent from the same period in 2009.  |
| <b>Humble:</b>                | \$936.31 million, up 0.4 percent from the same period in 2009.   |
| <b>Katy:</b>                  | \$528.44 million, up 6.1 percent from the same period in 2009.   |
| <b>Seabrook:</b>              | \$106.27 million, down 2.5 percent from the same period in 2009. |
| <b>Webster:</b>               | \$544.62 million, down 4.9 percent from the same period in 2009. |
| <b>Tomball:</b>               | \$364.93 million, up 1.7 percent from the same period in 2009.   |
| <b>Galena Park:</b>           | \$35.96 million, down 8.8 percent from the same period in 2009.  |
| <b>Jacinto City:</b>          | \$47.71 million, down 2.7 percent from the same period in 2009.  |
| <b>Jersey Village:</b>        | \$143.42 million, down 1.6 percent from the same period in 2009. |
| <b>Hunters Creek Village:</b> | \$12.44 million, down 7.4 percent from the same period in 2009.  |
| <b>Nassau Bay:</b>            | \$28.91 million, down 5.0 percent from the same period in 2009.  |
| <b>Spring Valley Village:</b> | \$71.86 million, up 5.3 percent from the same period in 2009.    |
| <b>Bunker Hill Village:</b>   | \$2.18 million, down 15.3 percent from the same period in 2009.  |
| <b>Taylor Lake Village:</b>   | \$1.60 million, up 1.4 percent from the same period in 2009.     |
| <b>Piney Point Village:</b>   | \$5.91 million, up 129.5 percent from the same period in 2009.   |
| <b>El Lago:</b>               | \$7.15 million, up 6.2 percent from the same period in 2009.     |
| <b>Hedwig Village:</b>        | \$157.84 million, up 8.4 percent from the same period in 2009.   |
| <b>Southside Place:</b>       | \$26.60 million, down 0.3 percent from the same period in 2009.  |
| <b>Shoreacres:</b>            | \$1.98 million, up 9.3 percent from the same period in 2009.     |
| <b>Hilshire Village:</b>      | \$551,837.00, down 51.7 percent from the same period in 2009.    |
| <b>Morgan's Point:</b>        | \$12.83 million, down 3.4 percent from the same period in 2009.  |

***Annual (2010)***

- Taxable sales in Harris County during 2010: \$58.57 billion, up 0.6 percent from 2009.
- Harris County sent an estimated \$3.66 billion (or 21.40 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

|                               |   |
|-------------------------------|---|
| <b>Houston:</b>               | \$46.99 billion, up 0.6 percent from 2009.    |
| <b>Pasadena:</b>              | \$1.33 billion, down 4.8 percent from 2009.   |
| <b>Baytown:</b>               | \$709.79 million, down 3.8 percent from 2009. |
| <b>La Porte:</b>              | \$254.55 million, up 7.9 percent from 2009.   |
| <b>Deer Park:</b>             | \$337.69 million, up 1.4 percent from 2009.   |
| <b>Bellaire:</b>              | \$164.62 million, down 1.4 percent from 2009. |
| <b>South Houston:</b>         | \$111.12 million, down 4.3 percent from 2009. |
| <b>West University Place:</b> | \$51.05 million, down 2.2 percent from 2009.  |
| <b>Humble:</b>                | \$936.31 million, up 0.4 percent from 2009.   |
| <b>Katy:</b>                  | \$528.44 million, up 6.1 percent from 2009.   |
| <b>Seabrook:</b>              | \$106.27 million, down 2.5 percent from 2009. |
| <b>Webster:</b>               | \$544.62 million, down 4.9 percent from 2009. |
| <b>Tomball:</b>               | \$364.93 million, up 1.7 percent from 2009.   |
| <b>Galena Park:</b>           | \$35.96 million, down 8.8 percent from 2009.  |
| <b>Jacinto City:</b>          | \$47.71 million, down 2.7 percent from 2009.  |
| <b>Jersey Village:</b>        | \$143.42 million, down 1.6 percent from 2009. |
| <b>Hunters Creek Village:</b> | \$12.44 million, down 7.4 percent from 2009.  |
| <b>Nassau Bay:</b>            | \$28.91 million, down 5.0 percent from 2009.  |
| <b>Spring Valley Village:</b> | \$71.86 million, up 5.3 percent from 2009.    |
| <b>Bunker Hill Village:</b>   | \$2.18 million, down 15.3 percent from 2009.  |
| <b>Taylor Lake Village:</b>   | \$1.60 million, up 1.4 percent from 2009.     |
| <b>Piney Point Village:</b>   | \$5.91 million, up 129.5 percent from 2009.   |
| <b>El Lago:</b>               | \$7.15 million, up 6.2 percent from 2009.     |
| <b>Hedwig Village:</b>        | \$157.84 million, up 8.4 percent from 2009.   |
| <b>Southside Place:</b>       | \$26.60 million, down 0.3 percent from 2009.  |
| <b>Shoreacres:</b>            | \$1.98 million, up 9.3 percent from 2009.     |
| <b>Hilshire Village:</b>      | \$551,837.00, down 51.7 percent from 2009.    |
| <b>Morgan's Point:</b>        | \$12.83 million, down 3.4 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 Harris County based on the sales activity month of August 2011: \$50.26 million, up 11.6 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

|                               |   |
|-------------------------------|---|
| <b>Houston:</b>               | \$41.60 million, up 12.2 percent from August 2010.    |
| <b>Pasadena:</b>              | \$1.88 million, up 0.6 percent from August 2010.      |
| <b>Baytown:</b>               | \$1.12 million, up 27.9 percent from August 2010.     |
| <b>La Porte:</b>              | \$496,096.00, down 1.1 percent from August 2010.      |
| <b>Deer Park:</b>             | \$337,908.46, down 12.2 percent from August 2010.     |
| <b>Bellaire:</b>              | \$151,464.38, up 1.9 percent from August 2010.        |
| <b>South Houston:</b>         | \$217,348.75, up 17.8 percent from August 2010.       |
| <b>West University Place:</b> | \$83,229.63, down 9.1 percent from August 2010.       |
| <b>Humble:</b>                | \$884,514.03, up 5.0 percent from August 2010.        |
| <b>Katy:</b>                  | \$712,343.61, up 9.7 percent from August 2010.        |
| <b>Seabrook:</b>              | \$156,900.34, unchanged 0.0 percent from August 2010. |
| <b>Webster:</b>               | \$1.13 million, up 25.1 percent from August 2010.     |
| <b>Tomball:</b>               | \$782,963.98, up 9.6 percent from August 2010.        |
| <b>Galena Park:</b>           | \$81,533.61, up 31.3 percent from August 2010.        |
| <b>Jacinto City:</b>          | \$43,105.63, up 6.7 percent from August 2010.         |
| <b>Jersey Village:</b>        | \$209,463.65, up 4.2 percent from August 2010.        |
| <b>Hunters Creek Village:</b> | \$23,962.64, up 2.7 percent from August 2010.         |
| <b>Nassau Bay*:</b>           | \$68,510.08, up 22.1 percent from August 2010.        |
| <b>Spring Valley Village:</b> | \$81,322.11, up 21.1 percent from August 2010.        |
| <b>Bunker Hill Village:</b>   | \$3,742.40, down 6.9 percent from August 2010.        |

|                             |   |
|-----------------------------|---|
| <b>Taylor Lake Village:</b> | \$3,504.55, down 8.0 percent from August 2010.  |
| <b>Piney Point Village:</b> | \$20,019.31, up 91.3 percent from August 2010.  |
| <b>El Lago:</b>             | \$10,406.16, up 2.7 percent from August 2010.   |
| <b>Hedwig Village:</b>      | \$110,761.01, up 4.8 percent from August 2010.  |
| <b>Southside Place:</b>     | \$24,973.30, up 0.1 percent from August 2010.   |
| <b>Shoreacres*:</b>         | \$5,381.38, up 16.4 percent from August 2010.   |
| <b>Hilshire Village:</b>    | \$3,000.30, up 13.7 percent from August 2010.   |
| <b>Morgan's Point:</b>      | \$22,653.71, down 3.0 percent from August 2010. |

**Fiscal Year**

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Harris County based on sales activity months from September 2010 through August 2011: \$604.18 million, up 5.8 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

|                               |  |
|-------------------------------|--|
| <b>Houston:</b>               | \$499.83 million, up 6.1 percent from fiscal 2010. |
| <b>Pasadena:</b>              | \$23.73 million, up 4.0 percent from fiscal 2010.  |
| <b>Baytown:</b>               | \$12.14 million, up 2.9 percent from fiscal 2010.  |
| <b>La Porte:</b>              | \$5.62 million, up 4.4 percent from fiscal 2010.   |
| <b>Deer Park:</b>             | \$4.21 million, up 1.0 percent from fiscal 2010.   |
| <b>Bellaire:</b>              | \$2.04 million, down 9.6 percent from fiscal 2010. |
| <b>South Houston:</b>         | \$2.32 million, up 3.6 percent from fiscal 2010.   |
| <b>West University Place:</b> | \$971,835.68, down 7.3 percent from fiscal 2010.   |
| <b>Humble:</b>                | \$11.13 million, up 5.1 percent from fiscal 2010.  |
| <b>Katy:</b>                  | \$8.88 million, up 12.3 percent from fiscal 2010.  |
| <b>Seabrook:</b>              | \$2.12 million, up 1.2 percent from fiscal 2010.   |
| <b>Webster:</b>               | \$13.59 million, up 4.8 percent from fiscal 2010.  |
| <b>Tomball:</b>               | \$9.16 million, up 5.0 percent from fiscal 2010.   |
| <b>Galena Park:</b>           | \$835,705.85, up 15.4 percent from fiscal 2010.    |
| <b>Jacinto City:</b>          | \$586,319.01, up 2.4 percent from fiscal 2010.     |
| <b>Jersey Village:</b>        | \$2.50 million, up 5.9 percent from fiscal 2010.   |
| <b>Hunters Creek Village:</b> | \$280,913.52, up 1.4 percent from fiscal 2010.     |
| <b>Nassau Bay*:</b>           | \$697,089.68, up 0.9 percent from fiscal 2010.     |
| <b>Spring Valley Village:</b> | \$909,058.37, up 15.4 percent from fiscal 2010.    |
| <b>Bunker Hill Village:</b>   | \$70,751.11, up 2.6 percent from fiscal 2010.      |
| <b>Taylor Lake Village:</b>   | \$54,619.56, up 9.9 percent from fiscal 2010.      |
| <b>Piney Point Village:</b>   | \$117,523.19, up 2.1 percent from fiscal 2010.     |
| <b>El Lago:</b>               | \$127,088.67, down 4.6 percent from fiscal 2010.   |
| <b>Hedwig Village:</b>        | \$1.55 million, up 8.0 percent from fiscal 2010.   |
| <b>Southside Place:</b>       | \$295,068.35, up 0.1 percent from fiscal 2010.     |
| <b>Shoreacres*:</b>           | \$65,389.62, up 7.7 percent from fiscal 2010.      |
| <b>Hilshire Village:</b>      | \$33,321.98, up 0.3 percent from fiscal 2010.      |
| <b>Morgan's Point:</b>        | \$318,555.46, up 20.7 percent from fiscal 2010.    |

**January 2011 through August 2011 (Sales Activity Year-To-Date)**

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Harris County based on sales activity months through August 2011: \$397.02 million, up 6.5 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

|                               |   |
|-------------------------------|---|
| <b>Houston:</b>               | \$329.28 million, up 7.1 percent from the same period in 2010.  |
| <b>Pasadena:</b>              | \$15.53 million, up 3.3 percent from the same period in 2010.   |
| <b>Baytown:</b>               | \$8.03 million, up 3.4 percent from the same period in 2010.    |
| <b>La Porte:</b>              | \$3.63 million, up 0.9 percent from the same period in 2010.    |
| <b>Deer Park:</b>             | \$2.71 million, up 1.6 percent from the same period in 2010.    |
| <b>Bellaire:</b>              | \$1.30 million, down 13.9 percent from the same period in 2010. |
| <b>South Houston:</b>         | \$1.53 million, up 3.0 percent from the same period in 2010.    |
| <b>West University Place:</b> | \$637,456.21, down 10.9 percent from the same period in 2010.   |

|                               |  |
|-------------------------------|--|
| <b>Humble:</b>                | \$7.12 million, up 5.0 percent from the same period in 2010.   |
| <b>Katy:</b>                  | \$5.55 million, up 6.6 percent from the same period in 2010.   |
| <b>Seabrook:</b>              | \$1.38 million, down 0.1 percent from the same period in 2010. |
| <b>Webster:</b>               | \$8.77 million, up 6.6 percent from the same period in 2010.   |
| <b>Tomball:</b>               | \$5.98 million, up 4.1 percent from the same period in 2010.   |
| <b>Galena Park:</b>           | \$575,774.79, up 17.3 percent from the same period in 2010.    |
| <b>Jacinto City:</b>          | \$388,281.03, up 1.2 percent from the same period in 2010.     |
| <b>Jersey Village:</b>        | \$1.70 million, up 6.4 percent from the same period in 2010.   |
| <b>Hunters Creek Village:</b> | \$190,726.12, up 4.9 percent from the same period in 2010.     |
| <b>Nassau Bay*:</b>           | \$455,909.40, up 3.9 percent from the same period in 2010.     |
| <b>Spring Valley Village:</b> | \$640,187.56, up 18.7 percent from the same period in 2010.    |
| <b>Bunker Hill Village:</b>   | \$47,170.87, down 2.8 percent from the same period in 2010.    |
| <b>Taylor Lake Village:</b>   | \$35,502.33, up 9.6 percent from the same period in 2010.      |
| <b>Piney Point Village:</b>   | \$72,779.00, down 9.4 percent from the same period in 2010.    |
| <b>El Lago:</b>               | \$79,540.23, down 9.2 percent from the same period in 2010.    |
| <b>Hedwig Village:</b>        | \$976,432.35, up 7.9 percent from the same period in 2010.     |
| <b>Southside Place:</b>       | \$182,173.91, up 1.1 percent from the same period in 2010.     |
| <b>Shoreacres*:</b>           | \$44,169.76, up 7.7 percent from the same period in 2010.      |
| <b>Hilshire Village:</b>      | \$19,496.08, up 3.1 percent from the same period in 2010.      |
| <b>Morgan's Point:</b>        | \$185,767.94, down 7.8 percent from the same period in 2010.   |

*12 months ending in August 2011*

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Harris County based on sales activity in the 12 months ending in August 2011: \$604.18 million, up 5.8 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

|                               |   |
|-------------------------------|---|
| <b>Houston:</b>               | \$499.83 million, up 6.1 percent from the previous 12-month period. |
| <b>Pasadena:</b>              | \$23.73 million, up 4.0 percent from the previous 12-month period.  |
| <b>Baytown:</b>               | \$12.14 million, up 2.9 percent from the previous 12-month period.  |
| <b>La Porte:</b>              | \$5.62 million, up 4.4 percent from the previous 12-month period.   |
| <b>Deer Park:</b>             | \$4.21 million, up 1.0 percent from the previous 12-month period.   |
| <b>Bellaire:</b>              | \$2.04 million, down 9.6 percent from the previous 12-month period. |
| <b>South Houston:</b>         | \$2.32 million, up 3.6 percent from the previous 12-month period.   |
| <b>West University Place:</b> | \$971,835.68, down 7.3 percent from the previous 12-month period.   |
| <b>Humble:</b>                | \$11.13 million, up 5.1 percent from the previous 12-month period.  |
| <b>Katy:</b>                  | \$8.88 million, up 12.3 percent from the previous 12-month period.  |
| <b>Seabrook:</b>              | \$2.12 million, up 1.2 percent from the previous 12-month period.   |
| <b>Webster:</b>               | \$13.59 million, up 4.8 percent from the previous 12-month period.  |
| <b>Tomball:</b>               | \$9.16 million, up 5.0 percent from the previous 12-month period.   |
| <b>Galena Park:</b>           | \$835,705.85, up 15.4 percent from the previous 12-month period.    |
| <b>Jacinto City:</b>          | \$586,319.01, up 2.4 percent from the previous 12-month period.     |
| <b>Jersey Village:</b>        | \$2.50 million, up 5.9 percent from the previous 12-month period.   |
| <b>Hunters Creek Village:</b> | \$280,913.52, up 1.4 percent from the previous 12-month period.     |
| <b>Nassau Bay*:</b>           | \$697,089.68, up 0.9 percent from the previous 12-month period.     |
| <b>Spring Valley Village:</b> | \$909,058.37, up 15.4 percent from the previous 12-month period.    |
| <b>Bunker Hill Village:</b>   | \$70,751.11, up 2.6 percent from the previous 12-month period.      |
| <b>Taylor Lake Village:</b>   | \$54,619.56, up 9.9 percent from the previous 12-month period.      |
| <b>Piney Point Village:</b>   | \$117,523.19, up 2.1 percent from the previous 12-month period.     |
| <b>El Lago:</b>               | \$127,088.67, down 4.6 percent from the previous 12-month period.   |
| <b>Hedwig Village:</b>        | \$1.55 million, up 8.0 percent from the previous 12-month period.   |
| <b>Southside Place:</b>       | \$295,068.35, up 0.1 percent from the previous 12-month period.     |
| <b>Shoreacres*:</b>           | \$65,389.62, up 7.7 percent from the previous 12-month period.      |
| <b>Hilshire Village:</b>      | \$33,321.98, up 0.3 percent from the previous 12-month period.      |
| <b>Morgan's Point:</b>        | \$318,555.46, up 20.7 percent from the previous 12-month period.    |

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

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

|                               |   |
|-------------------------------|---|
| <b>Houston:</b>               | \$419.51 million, up 6.8 percent from the same period in 2010.  |
| <b>Pasadena:</b>              | \$19.86 million, up 3.6 percent from the same period in 2010.   |
| <b>Baytown:</b>               | \$10.23 million, up 2.9 percent from the same period in 2010.   |
| <b>La Porte:</b>              | \$4.63 million, up 2.5 percent from the same period in 2010.    |
| <b>Deer Park:</b>             | \$3.47 million, up 3.9 percent from the same period in 2010.    |
| <b>Bellaire:</b>              | \$1.69 million, down 10.0 percent from the same period in 2010. |
| <b>South Houston:</b>         | \$1.92 million, up 3.2 percent from the same period in 2010.    |
| <b>West University Place:</b> | \$798,014.35, down 10.3 percent from the same period in 2010.   |
| <b>Humble:</b>                | \$9.41 million, up 4.2 percent from the same period in 2010.    |
| <b>Katy:</b>                  | \$7.51 million, up 12.2 percent from the same period in 2010.   |
| <b>Seabrook:</b>              | \$1.74 million, up 0.5 percent from the same period in 2010.    |
| <b>Webster:</b>               | \$11.53 million, up 8.2 percent from the same period in 2010.   |
| <b>Tomball:</b>               | \$7.71 million, up 5.3 percent from the same period in 2010.    |
| <b>Galena Park:</b>           | \$704,147.86, up 16.0 percent from the same period in 2010.     |
| <b>Jacinto City:</b>          | \$482,029.54, up 0.5 percent from the same period in 2010.      |
| <b>Jersey Village:</b>        | \$2.12 million, up 6.5 percent from the same period in 2010.    |
| <b>Hunters Creek Village:</b> | \$234,813.77, up 2.1 percent from the same period in 2010.      |
| <b>Nassau Bay*:</b>           | \$599,365.98, up 9.7 percent from the same period in 2010.      |
| <b>Spring Valley Village:</b> | \$781,620.50, up 17.6 percent from the same period in 2010.     |
| <b>Bunker Hill Village:</b>   | \$59,987.49, down 0.3 percent from the same period in 2010.     |
| <b>Taylor Lake Village:</b>   | \$45,492.06, up 6.6 percent from the same period in 2010.       |
| <b>Piney Point Village:</b>   | \$103,038.24, up 5.6 percent from the same period in 2010.      |
| <b>El Lago:</b>               | \$104,396.51, down 3.5 percent from the same period in 2010.    |
| <b>Hedwig Village:</b>        | \$1.30 million, up 8.0 percent from the same period in 2010.    |
| <b>Southside Place:</b>       | \$250,112.33, up 2.1 percent from the same period in 2010.      |
| <b>Shoreacres*:</b>           | \$54,222.77, up 6.2 percent from the same period in 2010.       |
| <b>Hilshire Village:</b>      | \$26,900.10, up 9.3 percent from the same period in 2010.       |
| <b>Morgan's Point:</b>        | \$250,864.49, up 10.1 percent from the same period in 2010.     |

*Annual (2010)*

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Harris County based on sales activity months in 2010: \$579.94 million, up 0.7 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

|                               |  |
|-------------------------------|--|
| <b>Houston:</b>               | \$478.01 million, up 0.8 percent from 2009.  |
| <b>Pasadena:</b>              | \$23.23 million, down 3.5 percent from 2009. |
| <b>Baytown:</b>               | \$11.87 million, down 2.7 percent from 2009. |
| <b>La Porte:</b>              | \$5.59 million, up 11.1 percent from 2009.   |
| <b>Deer Park:</b>             | \$4.16 million, down 1.9 percent from 2009.  |
| <b>Bellaire:</b>              | \$2.25 million, up 3.1 percent from 2009.    |
| <b>South Houston:</b>         | \$2.28 million, down 3.4 percent from 2009.  |
| <b>West University Place:</b> | \$1.05 million, up 10.9 percent from 2009.   |
| <b>Humble:</b>                | \$10.78 million, down 1.2 percent from 2009. |
| <b>Katy:</b>                  | \$8.54 million, up 14.1 percent from 2009.   |
| <b>Seabrook:</b>              | \$2.12 million, down 2.9 percent from 2009.  |
| <b>Webster:</b>               | \$13.05 million, down 3.2 percent from 2009. |
| <b>Tomball:</b>               | \$8.93 million, up 0.4 percent from 2009.    |
| <b>Galena Park:</b>           | \$750,580.78, up 6.6 percent from 2009.      |
| <b>Jacinto City:</b>          | \$581,584.28, up 3.1 percent from 2009.      |
| <b>Jersey Village:</b>        | \$2.40 million, up 1.2 percent from 2009.    |
| <b>Hunters Creek Village:</b> | \$271,978.08, down 5.2 percent from 2009.    |
| <b>Nassau Bay*:</b>           | \$679,854.28, down 6.5 percent from 2009.    |
| <b>Spring Valley Village:</b> | \$807,981.43, up 2.0 percent from 2009.      |
| <b>Bunker Hill Village:</b>   | \$72,086.00, up 17.7 percent from 2009.      |
| <b>Taylor Lake Village:</b>   | \$51,516.47, up 16.2 percent from 2009.      |

|                             |   |
|-----------------------------|---|
| <b>Piney Point Village:</b> | \$125,031.28, up 26.0 percent from 2009.  |
| <b>El Lago:</b>             | \$135,168.06, up 4.4 percent from 2009.   |
| <b>Hedwig Village:</b>      | \$1.48 million, up 8.0 percent from 2009. |
| <b>Southside Place:</b>     | \$293,163.92, down 0.3 percent from 2009. |
| <b>Shoreacres*:</b>         | \$62,215.94, up 23.4 percent from 2009.   |
| <b>Hilshire Village:</b>    | \$32,733.90, down 16.1 percent from 2009. |
| <b>Morgan's Point:</b>      | \$334,244.58, up 71.7 percent from 2009.  |

\*On 1/1/2009, the city of Nassau Bay's local sales tax rate increased by 0.00 from 1.750 percent to 1.750 percent.

\*On 10/1/2009, the city of Shoreacres's local sales tax rate increased by 0.00 from 1.250 percent to 1.250 percent.

### ***Property Tax***

- As of January 2009, property values in Harris County: \$337.95 billion, up 1.3 percent from January 2008 values. The property tax base per person in Harris County is \$83,014, below the statewide average of \$85,809. About 0.1 percent of the property tax base is derived from oil, gas and minerals.

### **State Expenditures**

- Harris County's ranking in state expenditures by county in fiscal year 2010: 1st. State expenditures in the county for FY2010: \$14.82 billion, up 0.2 percent from FY2009.
- In Harris County, 50 state agencies provide a total of 46,388 jobs and \$690.59 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
  - University of Texas (MD Anderson)
  - University of Houston
  - University of Texas Health Science Center
  - Department of Family and Protective Services

### **Higher Education**

- Community colleges in Harris County fall 2010 enrollment:
  - Tomball College, a Public Community College (part of Lone Star College System), had 10,791 students.
  - South Campus (San Jacinto Community College), a Public Community College (part of San Jacinto Community College), had 10,497 students.
  - North Harris College, a Public Community College (part of Lone Star College System), had 15,213 students.
  - North Campus (San Jacinto Community College), a Public Community College (part of San Jacinto Community College), had 6,573 students.
  - Lee College, a Public Community College, had 6,719 students.
  - Kingwood College, a Public Community College (part of Lone Star College System), had 9,807 students.
  - Houston Community College, a Public Community College, had 49,717 students.
  - Cy-Fair College, a Public Community College (part of Lone Star College System), had 16,861 students.
  - Central Campus (San Jacinto Community College), a Public Community College (part of San Jacinto Community College), had 15,035 students.
- Harris County is in the service area of the following:
  - Houston Community College with a fall 2010 enrollment of 49,717 . Counties in the service area include:
    - Fort Bend County
    - Harris County
    - Waller County
  - Lee College with a fall 2010 enrollment of 6,719 . Counties in the service area include:
    - Chambers County
    - Hardin County
    - Harris County
    - Liberty County
  - Lone Star College System with a fall 2010 enrollment of 63,826 . Counties in the service area include:
    - Harris County
    - Liberty County
    - Montgomery County
    - San Jacinto County
    - Walker County
  - San Jacinto Community College with a fall 2010 enrollment of 32,105 . Counties in the service area include:
    - Chambers County
    - Harris County

■ Institutions of higher education in Harris County fall 2010 enrollment:

- University of St. Thomas, an Independent University, had 3,437 students.
- University of Houston-Downtown, a Public University (part of University of Houston System), had 12,900 students.
- University of Houston-Clear Lake, a Public University (part of University of Houston System), had 8,099 students.
- University of Houston, a Public University (part of University of Houston System), had 38,752 students.
- The University of Texas M.D. Anderson Cancer Center, a Public Health-Related Institution (part of The University of Texas System), had 248 students.
- The University of Texas Health Science Center at Houston, a Public Health-Related Institution (part of The University of Texas System), had 4,485 students.
- Texas Southern University, a Public University, had 9,557 students.
- Texas Chiropractic College, an Independent Senior College/University, had 292 students.
- South Texas College of Law, an Independent Senior College/University, had 1,295 students.
- Rice University, an Independent University, had 5,879 students.
- Houston Baptist University, an Independent University, had 2,597 students.
- Baylor College of Medicine, an Independent Health-Related Institution, had 1,485 students.

## School Districts

- Harris County had 20 school districts with 897 schools and 773,881 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.)**

- Aldine ISD had 62,532 students in the 2009-10 school year. The average teacher salary was \$51,698. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
- Alief ISD had 45,410 students in the 2009-10 school year. The average teacher salary was \$51,983. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.
- Channelview ISD had 8,628 students in the 2009-10 school year. The average teacher salary was \$51,435. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.
- Crosby ISD had 4,997 students in the 2009-10 school year. The average teacher salary was \$47,973. The percentage of students meeting the 2010 TAKS passing standard for all tests was 74 percent.
- Cypress-Fairbanks ISD had 103,897 students in the 2009-10 school year. The average teacher salary was \$48,160. The percentage of students meeting the 2010 TAKS passing standard for all tests was 83 percent.
- Deer Park ISD had 12,436 students in the 2009-10 school year. The average teacher salary was \$54,620. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.
- Galena Park ISD had 21,409 students in the 2009-10 school year. The average teacher salary was \$49,054. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
- Goose Creek ISD had 20,819 students in the 2009-10 school year. The average teacher salary was \$50,503. The percentage of students meeting the 2010 TAKS passing standard for all tests was 76 percent.
- Houston ISD had 200,944 students in the 2009-10 school year. The average teacher salary was \$52,535. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.
- Huffman ISD had 3,150 students in the 2009-10 school year. The average teacher salary was \$46,579. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.
- Humble ISD had 34,689 students in the 2009-10 school year. The average teacher salary was \$46,844. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
- Katy ISD had 58,444 students in the 2009-10 school year. The average teacher salary was \$50,374. The percentage of students meeting the 2010 TAKS passing standard for all tests was 88 percent.
- Klein ISD had 44,695 students in the 2009-10 school year. The average teacher salary was \$51,719. The percentage of students meeting the 2010 TAKS passing standard for all tests was 82 percent.
- La Porte ISD had 7,818 students in the 2009-10 school year. The average teacher salary was \$50,976. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.
- North Forest ISD had 7,662 students in the 2009-10 school year. The average teacher salary was \$47,706. The percentage of students meeting the 2010 TAKS passing standard for all tests was 61 percent.
- Pasadena ISD had 51,923 students in the 2009-10 school year. The average teacher salary was \$48,436. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.
- Sheldon ISD had 6,525 students in the 2009-10 school year. The average teacher salary was \$48,991. The percentage of students meeting the 2010 TAKS passing standard for all tests was 68 percent.
- Spring ISD had 35,276 students in the 2009-10 school year. The average teacher salary was \$48,690. The percentage of students meeting the 2010 TAKS passing standard for all tests was 69 percent.
- Spring Branch ISD had 32,415 students in the 2009-10 school year. The average teacher salary was \$50,971. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
- Tomball ISD had 10,212 students in the 2009-10 school year. The average teacher salary was \$51,337. The percentage of students meeting the 2010 TAKS passing standard for all tests was 85 percent.

