



Chapter 313 Annual Eligibility Report Form

Form 50-772
(May 2010)

2011

Tax Year covered in this report

1.04

M&O Tax Rate

Port Arthur ISD

School district name

Gas Hydrotreater Project

Project Name

One Valero Way, San Antonio, TX 78249

Company Address

.3276

I&S Tax Rate

The Premcor Refining Group Inc.

Company Name

Russell Minor; Tax Manager (210)345-4312

Company Contact Information

NOTE: This form must be completed by an authorized representative of each approved applicant and each entity with property subject to the limitation agreement. It must be submitted to the school district by May 15th of every year using information from the previous tax (calendar) year. For limitation agreements where there are multiple company entities that receive a part of the limitation provided by the agreement: 1) each business entity not having a full interest in the agreement should complete a separate form for their proportionate share of required employment and investment information; and, 2) separately, the school district is required to complete an Annual Eligibility Report that provides for each question in this form a sum of the individual answers from reports submitted by each entity so that there is a cumulative Annual Eligibility Report reflecting the entire agreement.

14314912305

Texas Taxpayer ID of Applicant

December 19, 2002

Date of Agreement Approval

2003

First complete tax year of the qualifying time period

2005

First tax year of the limitation

Texas Taxpayer ID Reporting Entity (if appropriate)

The Premcor Refining Group Inc.

Original Applicant Name

2004

Last tax year of the qualifying time period

\$30,000,000

Amount of the limitation at the time of application approval

QUALIFIED PROPERTY INFORMATION

\$44,900,040

Market Value

\$44,900,040

I&S Taxable Value

\$30,000,000

M&O Taxable Value

Is the business entity in good standing with respect to Tax Code, Chapter 171?

(Attach printout from Comptroller Web site: <http://www.window.state.tx.us/taxinfo/coasintr.html>)

Yes No

Is the business entity current on all taxes due to the State of Texas?

Yes No

Is the business activity of the project an eligible business activity under Section 313.024(b)?

Yes No

Please identify business activity: Manufacturing

What was the application review start date for your application (the date your application was determined to be complete)?

(This question must only be answered for projects with applications approved after June 1, 2010.)

n/a

How many new jobs were based on the qualified property in the year covered by this report? (See note on page 3.)

12

What is the number of new jobs required for a project in this school district according to 313.021(2)(A)(iv)(b), 313.051(b), as appropriate?

10

If the applicant requested a waiver of minimum jobs requirement, how many new jobs must the approved applicant create under the waiver?

n/a

80 percent of New Jobs (0.80 x number of new jobs based on the qualified property in the year covered by this report.)

9.6



What is the minimum required annual wage for each qualifying job in the year covered by the report? \$57,480.5

For agreements executed prior to June 19, 2009, please identify which of the two Tax Code sections is used to determine the wage standard required by the agreement: §313.021(5)(A) or §313.051(b). For agreements executed after June 19, 2009, please identify which of the four Tax Code sections is used to determine the wage standard required by the agreement: §313.021(5)(A), §313.021(5)(B), §313.021(3)(E)(ii), or §313.051(b)..... 313.051(b)

Attach calculations and cite (or attach) exact Texas Workforce Commission data sources. See attached

How many qualifying jobs (employees of this entity and employees of a contractor with this entity) were based on the qualified property in the year covered by the report? 12

Of the qualifying job-holders last year, how many were employees of the approved applicant? 12

Of the qualifying job-holders last year, how many were employees of an entity contracting with the approved applicant?..... 0

If any qualifying job-holders were employees of an entity contracting with the applicant, does the approved applicant or assignee have documentation from the contractor supporting the conclusion that those jobs are qualifying jobs? NA Yes No

THE FOLLOWING QUESTIONS APPLY ONLY TO APPROVED APPLICANTS WITH AGREEMENTS THAT REQUIRE THE APPROVED APPLICANT TO PROVIDE A SPECIFIED NUMBER OF JOBS AT A SPECIFIED WAGE.

How many qualifying jobs did the approved applicant commit to create in the year covered by the report? N/A

At what annual wage?..... N/A

How many qualifying jobs were created at the specified wage?..... N/A

ENTITIES ARE NOT REQUIRED TO ANSWER THE FOLLOWING FIVE QUESTIONS IF THE YEAR COVERED BY THE REPORT IS AFTER THE QUALIFYING TIME PERIOD OF THEIR AGREEMENT.

What is the qualified investment expended by this entity from the beginning of the qualifying time period through the end of the year covered by this report? N/A

Was any of the land classified as qualified investment?..... Yes No

Was any of the qualified Investment leased under a capitalized lease?..... Yes No

Was any of the qualified Investment leased under and operating lease?..... Yes No

Was any property not owned by the applicant part of the qualified investment?..... Yes No

THE FOLLOWING QUESTIONS MUST BE ANSWERED BY ENTITIES HAVING A PARTIAL INTEREST IN AN AGREEMENT.

What was your limitation amount (or portion of original limitation amount) during the year covered by this report?..... N/A

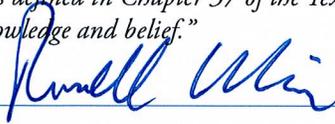
Please describe your interest in the agreement and identify all the documents creating that interest.

NOTE: For job definitions see TAC §9.1051(14) and Tax Code, §313.021(3). If the agreement includes a definition of "new job" other than TAC §9.1051(14)(C), then please provide the definition "new job" as used in the agreement.

Notwithstanding any waiver by the district of the requirement for the creation of a minimum number of new jobs, or any other job commitment in the agreement, Tax Code 313.024(d) requires that 80 percent of all new jobs be qualifying jobs.

APPROVAL.

"I am the authorized representative for the Company submitting this Annual Eligibility Report. I understand that this Report is a government record as defined in Chapter 37 of the Texas Penal Code. The information I am providing on this Report is true and correct to the best of my knowledge and belief."



Signature

Russell Minor

Printed name of authorized company representative

Tax Manager

Title

15 May 2012

Date

CONTACT INFORMATION FOR AUTHORIZED REPRESENTATIVE

PO Box 690110 San Antonio, TX 78269

Address

(210) 345-4312

Phone

russell.minor@valero.com

E-mail

THE ECONOMIC IMPACT
OF PREMCOR'S PORT ARTHUR EXPANSION

Introduction

In 2001, the 77th Regular Session of the Texas Legislature addressed the disproportionate burden placed on capital-intensive industries. Of concern was the competitive disadvantage that Texas communities faced when competing for economic development projects. Specifically, more aggressive incentive programs and investment tax credits offered by other states made investment in Texas too costly. The *Texas Strategic Economic Development Plan 1998-2008*¹ (Texas ED Plan) found that the lack of R&D and investment tax credits and relatively high property tax rates "place Texas at a significant disadvantage when competing with other states for high capital-intensive projects." The Texas Economic Development Act (House Bill 1200) amended the Texas Tax Code to allow businesses to apply for a reduction in local school district property tax; making the state more attractive for large-scale projects. As part of the Texas Economic Development Act, school districts considering a business's application for a reduction of taxes should engage a third party to perform an economic impact analysis.

Texas Perspectives, Inc. (TXP) was retained as part of a team with Moak, Casey & Associates, LLP in October, 2002 to assist the Port Arthur Independent School District (Port Arthur I.S.D.) with its evaluation of the Premcor Refining Group's (Premcor) expansion. For this report, TXP has focused on the economic impact of Premcor's proposed Gas Hydrotreater. TXP has spent the past two months collecting data on the Jefferson County area, researching the petroleum and refining industries, and building econometric models to simulate the regional economy. The end result is a detailed report that will assist Port Arthur, the City of Port Arthur, and Jefferson County leaders in determining the short and long-term economic benefits generated by Premcor.

This report has been divided into five sections:

- Section 1 – Oil, Gas, & Chemicals Industries & the Texas Economy
- Section 2 – Jefferson County Economic Climate
- Section 3 – Premcor's Investment in the Port Arthur I.S.D.
- Section 4 – Premcor's Economic Impact on the Port Arthur I.S.D. and Jefferson County
- Section 5 – Conclusions

The first two sections of the report focus on the historic role of the oil and chemical industries on the State of Texas and the Jefferson County region. A thorough economic and fiscal impact analysis, Sections 3 and 4, details the benefits gained by the Premcor project. The report closes with a review of the competitive economic development landscape when it comes to recruiting capital-intensive industries, followed by the report's conclusions.

¹ Texas Strategic Economic Development Planning Commission. *Texas Strategic Economic Development Plan: 1998-2008*. Austin: State of Texas, 1998.

Regional Tax Revenue Impact

Beyond the direct, indirect, and induced economic impacts detailed above, Premcor's expansion will generate a tremendous amount of tax revenue for local taxing jurisdictions. All levels of government – school districts, city, county, and special taxing authorities – would be positively impacted by the attraction of Premcor. In fact, the biggest winner would be the Port Arthur I.S.D. In this section, TXP has quantified the amount of direct and indirect tax revenue attributable to the Premcor development project.

For this study, TXP paid special attention to collecting accurate information to ensure a thorough and statistically valid analysis of Premcor's impact on the local economy. Tax rates for 2002 were obtained from the Jefferson County Tax Office. Note, tax abatements with local jurisdictions are not considered.

A number of important considerations should be taken into account when reviewing the economic impacts of Premcor's expansion. One issue, for example, is that part of Premcor's economic impact transcends local taxing jurisdictions. Port Arthur and Jefferson County are part of the much larger Beaumont-Port Arthur MSA economy that extends beyond their immediate borders. It is not unreasonable to expect workers at Premcor to commute from surrounding counties, shop in neighboring cities, and spend dollars outside of Port Arthur and Jefferson County. It is difficult, if not impossible, to accurately determine the amount of tax revenue that individual communities will receive from increased retail sales activity. In addition, employees at the Premcor facility will commute from cities throughout Jefferson County. Therefore, TXP has focused its efforts on determining the amount of ad valorem tax revenue the Port Arthur I.S.D., Port Arthur, and Jefferson County will receive. TXP has also conservatively projected the total amount of increased sales tax revenue that Port Arthur and Jefferson County will receive. In addition, TXP has forecast the total amount of ad valorem tax revenue that will be generated for Port Arthur and Jefferson County as a result of increased regional employment.

To put this project's economic impact into perspective, the following table compares Premcor's salary and investment projections per job with Jefferson County. Clearly, Premcor's wages and investment levels are far greater than the Jefferson County averages.

Table 7: Premcor's Expansion vs. Jefferson County

Direct	Jefferson County (2000)	Texas (2000)	Premcor Expansion (Average)	% Difference vs. Jefferson
Average Salary Per Manufacturing Job	\$52,255	\$45,070	\$114,138	+118%
Investment Per Job	\$111,087	NA	\$5,250,000	+4626%

* Investment per job for Jefferson County = Total Jefferson County Taxable Value / Total Employment

**52,255*110% =





TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

February 16, 2012

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO
HEREBY CERTIFY that according to the records of this office

THE PREMCOR REFINING GROUP INC.

is, as of this date, in good standing with this office having no franchise
tax reports or payments due at this time. This certificate is valid through
the date that the next franchise tax report will be due May 15, 2012.

This certificate does not make a representation as to the status of the
entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted
entity is subject to franchise tax as required by law. This certificate is
not valid for any other filing with the Texas Secretary of State.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of
Austin, this 16th day of
February 2012 A.D.

A handwritten signature in cursive script that reads "Susan Combs".

Susan Combs
Texas Comptroller

Taxpayer number: 14314912305
File number: 0007803606

Form 05-304 (Rev. 12-07/17)