Illustrative Purposes Only

Lamar Cons. Independent School District

Tesla, Inc.
(#J0050)

Chapter 403 (JETI) Value Limitation Financial Impact

August 25, 2026

MoakCasey™
PROVEN LEADERS ADVANCING TEXAS SCHOOLS

Executive Summary

The Jobs, Energy, Technology and Innovation Act (JETI), enacted in 2023 by the 88th Texas Legislature, enables a company, school district, and the Governor's office to enter into an economic development agreement. JETI specifies a 10-year school district Maintenance and Operations (M&O) appraised value limitation pursuant to statutorily mandated job creation and investment minimums. All manufacturing projects and dispatchable electric-generation facilities are eligible and must have a North American Industry Classification System (NAICS) code assigned. The standard value limitation is 50 percent of the market value. Projects completely located within a qualified federal opportunity zone would be eligible for a 75 percent discount in taxable value. There is **no taxable value during the construction period** (other than land) and utility service projects are **not subject to the job requirements** as an additional incentive for these projects.

Tesla, Inc. (Tesla) submitted an application to the Comptroller that was posted on the Comptroller's website August 6, 2026. Tesla intends to invest $10.1 billion, meeting statute's required $200 million investment based on Fort Bend County population of 822,779, to build a solar cell manufacturing facility. Tesla commits to an average annual wage of $134,149 and a minimum of 75 jobs, but 9,712 new full-time, permanent jobs are expected. Construction will commence in 2026 for three years and the value limitation will begin in 2029. The project is not located in an Opportunity Zone and will be taxed at 50 percent of the market value for each of the 10 incentive years, becoming fully taxed for M&O after the incentive period ends. The entire project value will remain taxable for Interest and Sinking Fund (I&S) or debt service purposes for the term of the agreement and thereafter.

MoakCasey, LLC (MC) has been retained by LCISD to prepare a financial analysis of this value limitation and help the District navigate the overall application and agreement process. MC's initial school finance analysis is detailed in this report and incorporates current school finance provisions. Future legislative action on school funding formulas could affect these calculations. The overall conclusions based on current law are as follows, but please read all of the subsequent details in the report for more information.

Key Project Details:

- Investment totals an estimated $10.1 billion[1], which meets $200 minimum required
- Annual wage commitment of $134,149, minimum of 75 jobs **required and 9,712 jobs are expected**
- Construction begins in 2026 with **no M&O taxes** on non-land value and up to 1,147 construction jobs
- 50% of the Market Value will be **taxed for M&O beginning 2029 for 10 years**

Key M&O Take Aways:

- $113.8 million in additional M&O taxes (non-land) tax years 2026 – 2041, the term of an agreement
- Lamar CISD would not be negatively impacted by construction of the Tesla project and would realize a small Tier 2 gain of $89,070 ($3,600 to $9,800 per year) through the 16 years of an agreement.
- $110.4 million M&O net tax savings to company

Key I&S Take Aways:

- $3.9 billion peak value (non-land) in 2030, year two of the incentive, and $20 million in I&S taxes
- Total I&S taxes of $335.5 million through tax year 2063 and $180.3 million of additional bond capacity

[1] Application, Schedule A

Application Process

Where are we now?

The process began when Tesla submitted an application to the Comptroller for consideration on July 22, 2026, which was posted to the Comptroller's website on August 6, 2026. A Completeness Letter issued on August 21, 2006, triggered a 90-day period before **determination of agreeability** by the Governor's office and the District.

1. New Application

2. Send to Comptroller

3. Completeness Letter

Next Steps

You are here!

4. Comptroller Recommendation

5. Public Hearing

6. Governor and CISD Determination

The Comptroller recommendation concerning approval of the application is expected on August 31, 2026. By issuing the recommendation, the Comptroller determines: the project would be good for both the state and the District; it passed the 20-year test (whereby it brings in more taxes than the company saves over 20 years); and the limitation is a compelling factor in the company's decision to locate in LCISD.

The process culminates in the School Board and Governor indicating, within 30 days after the Comptroller's recommendation, whether they are willing to enter into an agreement. The District must hold a public hearing during this period and provide notice of the public hearing no later than 15 days before the date of the public hearing. The public hearing and the determination of the District's **willingness to enter into an agreement** and is currently scheduled for September 15, 2026.

Final Step

7. Agreement Execution

After determination of willingness to enter into an agreement, the Governor's Office will initiate agreement discussions. There is a year from the recommendation date for an agreement to be executed. Once an agreement is finalized and within seven days of execution, the agreement must be submitted to the Comptroller.

Current Law Funding Impact

The Foundation School Program (FSP) establishes the amount of state and local funding owed to a school district under Texas school finance law, using current year Comptroller values. The FSP has two main funding categories, Maintenance and Operations (M&O) and Interest and Sinking Fund for debt service (I&S). M&O state aid consists of two components: Tier I (based on student populations) and Tier II (based on tax effort). Recapture of excess revenue above the entitlement level is also a component but primarily as a Tier I issue, although Tier II can also involve recapture at the copper penny level. I&S consists of debt taxes and facilities state aid, if eligible.

Numerous changes were made to school finance with the passage of HB 2 by the 89th Legislature in 2025. These calculations incorporate as many of the school finance changes as possible, including the increased homestead exemption to $140,000 approved by a majority of voters in November. Funding changes reflected in this analysis also include a significant teacher pay raise; a slight increase in the basic allotment to $6,215; and small and mid-size weight increases. The golden penny yield remains at $129.52 and the copper penny yield remains at $49.72 for the 2026-27 school year.

The established amounts within these categories are determined based on district characteristics and size. Local taxes fund both M&O and I&S, although any difference between the established amounts as determined by the FSP and that which can be raised locally through taxes is covered by additional state aid.

Because of the compelling factor requirement in statute, the analysis of Tesla's impact on the district compares LCISD's total funding using two models: (1) as though the project were not built; and (2) with the project being built with a JETI Agreement in place. **Land is not included in the incentive and is assumed to be taxed in both scenarios.**

M&O Funding and Chapter 403

KEY M&O Take Away: With construction of the Tesla project, $731.6 million to $2.0 billion additional value (non-land) will be added to the local M&O tax roll and Lamar CISD would collect an additional $115.2 million of M&O taxes. Increased M&O compressed taxes are completely offset by Tier I reduction in state aid. Increased Tier II taxes are largely offset with a reduction in Tier II and Other state aid, resulting in a small gain of $89,071 in Tier II taxes.

With the equalized school finance system, school districts can expect to be revenue-neutral with the addition of taxable value to their local tax roll.

The Tesla project will add $1.6 billion (50 percent of market value) of non-land taxable value to the $34.3 billion projected LCISD M&O tax base in 2029-30, generating $10 million in taxes not associated with land during the first year of the incentive. The project is expected to reach a peak value of $2.0 billion in 2030-31, the second year of the incentive, and then depreciate each year thereafter. At the end of the limitation period, the project would return to full value of $1.4 billion and will be taxed at 100 percent for M&O purposes.[2]

Lamar CISD is not impacted by recapture and receives approximately 60% of its M&O revenue from state aid. The additional income generated through M&O taxes from the project increases the overall proportion of the school budget generated through local collections and reduces the state aid by a commensurate amount.

As shown in the table below, from construction through viable presence, LCISD would have an increase in M&O taxes with almost a complete offset of reduced state aid. As a result, there would be a small net revenue gain that

[2] Appendix A, Table A3.

is attributable to increased Tier II collections. **Construction of the Tesla project would not negatively impact the school district's finances.**

Estimated M&O Funding Summary Comparison for Duration of Agreement (TY 2026-2041)

	Project Not Built	Project Built with Agreement	Project Impact
Project M&O **Peak** Value	$13,045,555	$1,978,693,390	$1,965,647,835
Project I&S **Peak** Value	$13,045,555	$3,944,341,224	$3,931,295,669
Total M&O Taxes	$3,263,167,401	$3,377,000,458	$113,833,057
Recapture	$0	$0	$0
Total M&O State Aid	$4,873,965,330	$4,760,221,343	-$113,743,987
Total M&O Revenue	**$8,137,132,731**	**$8,137,221,801**	**$89,070**

**Land value only*

As shown in the table below, Tesla would save an estimated $110 million in M&O taxes for the 10 years of the incentive and three years of construction. There is an estimated increase to the District's General Fund of $89,070 over the duration of an agreement.[3]

Estimated Annual M&O Impact of Tesla Motor Manufacturing Project Property Value Limitation

Year of Agreement	School Year	Project Taxable Value for I&S	Project Taxable Value for M&O*	Assumed M&O Tax Rate	Tax Savings to Company	LCISD Revenue Gain
CP1	2026-27	$13,045,555	$13,045,555	$0.6390	$0	
CP2	2027-28	$1,004,897,805	$13,045,555	$0.6390	$6,337,936	
CP3	2028-29	$2,402,935,305	$13,045,555	$0.6390	$15,271,396	
IP1	2029-30	$3,155,239,343	$1,584,142,449	$0.6390	$10,039,309	$7,855
IP2	2030-31	$3,944,341,224	$1,978,693,390	$0.6390	$12,560,490	$9,828
IP3	2031-32	$3,674,037,497	$1,843,541,526	$0.6390	$11,696,869	$9,152
IP4	2032-33	$3,391,349,102	$1,702,197,329	$0.6390	$10,793,680	$8,446
IP5	2033-34	$3,095,888,775	$1,554,467,165	$0.6390	$9,849,684	$7,707
IP6	2034-35	$2,787,258,714	$1,400,152,135	$0.6390	$8,863,611	$6,935
IP7	2035-36	$2,465,050,313	$1,239,047,934	$0.6390	$7,834,155	$6,130
IP8	2036-37	$2,128,843,890	$1,070,944,723	$0.6390	$6,759,976	$5,290
IP9	2037-38	$1,809,395,032	$911,220,294	$0.6390	$5,739,337	$4,491
IP10	2038-39	$1,476,321,900	$744,683,728	$0.6390	$4,675,168	$3,658
VP1	2039-40	$1,388,779,802	$1,388,779,802	$0.6390	$0	$6,879
VP2	2040-41	$1,297,150,709	$1,297,150,709	$0.6390	$0	$6,421
VP3	2041-42	$1,268,820,967	$1,268,820,967	$0.6390	$0	$6,279
TOTALS					**$110,421,610**	**$89,070**

**Only 50% of non-land market value included during the incentive period (IP1 – IP10)*

[3] Appendix B, Tables B1 – B3.

I&S Funding and Chapter 403

KEY I&S Take Away: With construction of the Tesla Motor Manufacturing project, $3.9 billion (non-land) at peak project value would be added to the local I&S tax roll. Lamar CISD would collect an additional $20 million in I&S taxes on the peak value at the current rate. Total additional I&S taxes through 25 years past the incentive (or tax year 2063), would be an additional $335.5 million I&S taxes and LCISD would have approximately $180.3 million of additional bonding capacity for no tax rate increase.

Any increase in appraised value due to the project will add value for I&S tax purposes. It is assumed that the land value is currently being taxed and is not included in the analysis. The additional income generated through I&S taxes from construction of the Tesla solar cell manufacturing facility will increase bond capacity. LCISD does not currently receive facilities Instructional Facility Allotment (IFA) or Existing Debt Allotment (EDA) state aid, although the District receives hold-harmless state aid due to the increases in the homestead exemptions approved by Texas voters.

An agreement with Tesla would be in place for 16 years through tax year 2041. It is expected the impact of the project will be felt for many years after the agreement expires and the Economic Benefit Statement submitted with the application projects taxable values through tax year 2063, twenty-five years past the incentive period. The peak value of $3.9 billion occurs in tax year 2030, the second year of the incentive and LCISD would collect $19.7 million in additional I&S taxes. Total I&S taxes through the agreement and up through tax year 2063 are estimated to be $335.5 million at the current I&S tax rate of $0.5000. See Appendix B, Table B4 for additional detail.

With $335.5 million in additional I&S taxes, Post Oak Municipal Advisors LLC (Post Oak) estimates LCISD would have approximately $180.3 million of additional bonding capacity for no tax rate increase with construction of the Tesla manufacturing project.

It should be noted that Lamar CISD is a fast-growing school district and has experienced 4 to 8 percent annual growth. With construction of the Tesla facility, new, full-time and permanent jobs will peak at 9,712 by year five of the incentive and growth in the district is expected to accelerate. A demographic study will be needed for the full impact of the Tesla facility on school district enrollment and future facility needs.

Estimated New, Full-time, Permanent Jobs

Year of Project	Tax Year	Net New Job Creation	Total Headcount
CP1	2026*	596	596
CP2	2027*	244	840
CP3	2028*	307	1,147
IP1	2029	795	1,942
IP2	2030	1942	3,885
IP3	2031	1942	5,827
IP4	2032	1942	7,770
IP5	**2033**	**1942**	**9,712**

Source: Economic Benefit Statement provided in JETI application
**includes temporary construction jobs.*

Appendix A. Base District and Project Information

Table A1 summarizes the enrollment and property value assumptions for the years that are the subject of this analysis. Current student counts, property values, and tax rates were provided by the district and are held constant for the duration of the agreement and this analysis.

Table A1 - Assumptions

Enrollment and Property Value Assumptions	
ADA	47,540
WADA	70,522
Local M&O Projected Tax Base	See Appendix B
Local I&S Projected Tax Base	See Appendix B
M&O Tax Rate	$0.6390 per $100 of Taxable Value
I&S Tax Rate	$0.5000 per $100 of Taxable Value

CP = Construction Period
IP = Incentive Period
VP = Viable Presence

Table A2 – Investment Schedule[4]

Eligible Investment Amounts [Per Year]					
			Column A	Column B	Column C
Year	School Year	Tax Year	New Eligible investment made during this year for tangible personal property as defined in Section (403.602(9)(B)) placed into service after the date the agreement was entered into	New eligible investment as defined in Section 403.602(13) made during this year and after the date the agreement was entered into.	Total Investment
CP1	2026-2027	2026	$1,983,704,500	$350,065,500	$2,333,770,000
CP2	2027-2028	2027	$2,796,075,000	$493,425,000	$3,289,500,000
CP3	2028-2029	2028	$3,818,905,500	$673,924,500	$4,492,830,000
					$10,116,100,000

[4] Application Schedule A

Table A3 – Estimated Taxable Value[5]

					Estimated Taxable Value			
	Year of Project	Year of Incentive	School Year	Tax Year	Estimated Market Value of Land	Estimated Taxable Value of Real Property	Final Taxable Value for I&S after all reductions (Land plus Real Property)	Final Taxable Value for M&O after all reductions (Land plus Real Property)
Construction	1		2026-2027	2026	$13,045,555	$0	$13,045,555	$13,045,555
	2		2027-2028	2027	$13,045,555	$991,852,250	$1,004,897,805	$13,045,555
	3		2028-2029	2028	$13,045,555	$2,389,889,750	$2,402,935,305	$13,045,555
Incentive Period	4	1	2029-2030	2029	$13,045,555	$3,142,193,788	$3,155,239,343	$1,584,142,449
	5	2	2030-2031	2030	$13,045,555	$3,931,295,669	$3,944,341,224	$1,978,693,390
	6	3	2031-2032	2031	$13,045,555	$3,660,991,942	$3,674,037,497	$1,843,541,526
	7	4	2032-2033	2032	$13,045,555	$3,378,303,547	$3,391,349,102	$1,702,197,329
	8	5	2033-2034	2033	$13,045,555	$3,082,843,220	$3,095,888,775	$1,554,467,165
	9	6	2034-2035	2034	$13,045,555	$2,774,213,159	$2,787,258,714	$1,400,152,135
	10	7	2035-2036	2035	$13,045,555	$2,452,004,758	$2,465,050,313	$1,239,047,934
	11	8	2036-2037	2036	$13,045,555	$2,115,798,335	$2,128,843,890	$1,070,944,723
	12	9	2037-2038	2037	$13,045,555	$1,796,349,477	$1,809,395,032	$911,220,294
	13	10	2038-2039	2038	$13,045,555	$1,463,276,345	$1,476,321,900	$744,683,728
Required Viable Presence	14		2039-2040	2039	$13,045,555	$1,375,734,247	$1,388,779,802	$1,388,779,802
	15		2040-2041	2040	$13,045,555	$1,284,105,154	$1,297,150,709	$1,297,150,709
	16		2041-2042	2041	$13,045,555	$1,255,775,412	$1,268,820,967	$1,268,820,967

[5] Application Schedule B.

Appendix B. Revenue Models

The Baseline Revenue Model (Table B1) is established assuming the project is not built.

Table B1– "Baseline Revenue Model" –No Project

Year of Agreement	School Year	Projected M&O Local Value	TOTAL M&O Taxes	TOTAL State Aid	TOTAL Recapture	TOTAL General Fund
CP1	2026-27	$34,316,944,848	$203,947,963	$309,441,120	$0	$513,389,083
CP2	2027-28	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
CP3	2028-29	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
IP1	2029-30	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
IP2	2030-31	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
IP3	2031-32	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
IP4	2032-33	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
IP5	2033-34	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
IP6	2034-35	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
IP7	2035-36	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
IP8	2036-37	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
IP9	2037-38	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
IP10	2038-39	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
VP1	2039-40	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
VP2	2040-41	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
VP3	2041-42	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577

Table B2 models the revenue generated with the project's limited value.

Table B2– "Incentive Revenue Model" –Project Value Added to DPV with Value Limitation in Effect

Year of Agreement	School Year	Projected M&O Local Value	TOTAL M&O Taxes	TOTAL State Aid	TOTAL Recapture	TOTAL General Fund
CP1	2026-27	$34,316,944,848	$203,947,963	$309,441,120	$0	$513,389,083
CP2	2027-28	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
CP3	2028-29	$34,316,944,848	$203,947,963	$304,301,614	$0	$508,249,577
IP1	2029-30	$35,888,041,742	$213,987,272	$294,270,160	$0	$508,257,432
IP2	2030-31	$36,282,592,682	$216,508,452	$291,750,952	$0	$508,259,404
IP3	2031-32	$36,147,440,819	$215,644,832	$292,613,897	$0	$508,258,729
IP4	2032-33	$36,006,096,621	$214,741,642	$293,516,380	$0	$508,258,022
IP5	2033-34	$35,858,366,458	$213,797,647	$294,459,637	$0	$508,257,284
IP6	2034-35	$35,704,051,427	$212,811,574	$295,444,938	$0	$508,256,512
IP7	2035-36	$35,542,947,227	$211,782,118	$296,473,589	$0	$508,255,707
IP8	2036-37	$35,374,844,015	$210,707,938	$297,546,928	$0	$508,254,866
IP9	2037-38	$35,215,119,586	$209,687,299	$298,566,768	$0	$508,254,067
IP10	2038-39	$35,048,583,020	$208,623,130	$299,630,104	$0	$508,253,234
VP1	2039-40	$35,692,679,095	$212,738,904	$295,517,551	$0	$508,256,455
VP2	2040-41	$35,601,050,002	$212,153,394	$296,102,603	$0	$508,255,997
VP3	2041-42	$35,572,720,260	$211,972,367	$296,283,488	$0	$508,255,855

Table B3 – Incentive Revenue Model Less Baseline Revenue Model with No Incentive

Year of Agreement	School Year	TOTAL M&O Taxes	TOTAL State Aid	TOTAL Recapture	TOTAL General Fund
CP1	2026-27	$0	$0	$0	$0
CP2	2027-28	$0	$0	$0	$0
CP3	2028-29	$0	$0	$0	$0
IP1	2029-30	$10,039,309	-$10,031,454	$0	$7,855
IP2	2030-31	$12,560,490	-$12,550,662	$0	$9,828
IP3	2031-32	$11,696,869	-$11,687,717	$0	$9,152
IP4	2032-33	$10,793,680	-$10,785,234	$0	$8,446
IP5	2033-34	$9,849,684	-$9,841,977	$0	$7,707
IP6	2034-35	$8,863,611	-$8,856,676	$0	$6,935
IP7	2035-36	$7,834,155	-$7,828,025	$0	$6,130
IP8	2036-37	$6,759,976	-$6,754,686	$0	$5,290
IP9	2037-38	$5,739,337	-$5,734,846	$0	$4,491
IP10	2038-39	$4,675,168	-$4,671,510	$0	$3,658
VP1	2039-40	$8,790,942	-$8,784,063	$0	$6,879
VP2	2040-41	$8,205,432	-$8,199,011	$0	$6,421
VP3	2041-42	$8,024,405	-$8,018,126	$0	$6,279

Table B4 – Estimated I&S Taxes of the Tesla Motor Manufacturing Project Property Value Limitation Request at Current Debt Rate of $0.5000

Tax Year	Project Taxable Value**	Additional I&S Taxes from Project
2026	$0	$0
2027	$991,852,250	$4,959,261
2028	$2,389,889,750	$11,949,449
2029	$3,142,193,788	$15,710,969
2030	$3,931,295,669	$19,656,478
2031	$3,660,991,942	$18,304,960
2032	$3,378,303,547	$16,891,518
2033	$3,082,843,220	$15,414,216
2034	$2,774,213,159	$13,871,066
2035	$2,452,004,758	$12,260,024
2036	$2,115,798,335	$10,578,992
2037	$1,796,349,477	$8,981,747
2038	$1,463,276,345	$7,316,382
2039	$1,375,734,247	$6,878,671
2040	$1,284,105,154	$6,420,526
2041	$1,255,775,412	$6,278,877
2042	$1,225,798,837	$6,128,994
2043	$1,194,120,890	$5,970,604
2044	$1,218,003,308	$6,090,017

Tax Year	Project Taxable Value**	Additional I&S Taxes from Project
2045	$1,242,363,374	$6,211,817
2046	$1,267,210,641	$6,336,053
2047	$1,292,554,854	$6,462,774
2048	$1,318,405,951	$6,592,030
2049	$1,344,774,070	$6,723,870
2050	$1,371,669,552	$6,858,348
2051	$1,399,102,943	$6,995,515
2052	$1,427,085,002	$7,135,425
2053	$1,455,626,702	$7,278,134
2054	$1,484,739,236	$7,423,696
2055	$1,514,434,020	$7,572,170
2056	$1,544,722,701	$7,723,614
2057	$1,575,617,155	$7,878,086
2058	$1,607,129,498	$8,035,647
2059	$1,639,272,088	$8,196,360
2060	$1,672,057,530	$8,360,288
2061	$1,705,498,680	$8,527,493
2062	$1,739,608,654	$8,698,043
2063	$1,774,400,827	$8,872,004
		$335,544,118

** Land value is not included*