

Gregory-Portland ISD

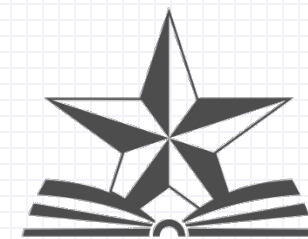
Ch313 Agreements and JETI Update



August 12, 2024



MOAKCASEY
PROVEN LEADERS ADVANCING TEXAS SCHOOLS



— O'HANLON —
DEMERATH & CASTILLO

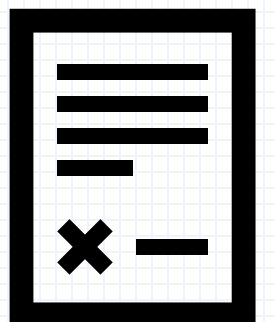


Existing Ch313 Agreements



Gregory-Portland ISD has 15 Agreements:

<i>Projects In Limitation</i>	<i>Expires</i>	<i>Projects Not Yet in Limitation</i>	<i>Starts</i>
#296 CC Liquefaction Train 1	2025	#1179 CC Liquefaction Train 4	2025
#297 CC Liquefaction Train 2	2025	#1180 CC Liquefaction Train 5	2025
#298 CC Liquefaction Train 3	2028	#1757 Padre Solar	2028
#1091 Apex Midway Wind	2026	#1916 CC Liquefaction (Stage 3C)	2038
#1154 SABIC US Projects	2031	#1917 CC Liquefaction (Stage 4A)	2042
#1155 GCGV Asset Holding	2031	#1918 CC Liquefaction (Stage 4B)	2042
#1156 Exxon Mobil	2031	#1938 CGRP 04	2028
#299 ArcelorMittal (fka voestalpine)	N/A		
<i>Limitation expired 2023, no further payments</i>			





Total Estimated 2024-25 Payments



Project	Amount Carried over from 2023-24	<u>Estimated</u> 2024-25 RPP + Supplemental**	TOTAL <u>Estimated</u> 2024-25
#296 CC Liquefaction Train 1	\$0	\$1,488,533	\$1,488,533
#297 CC Liquefaction Train 2	* \$3,789,748	\$664,646	\$4,454,394
#298 CC Liquefaction Train 3	* \$4,428,119	\$441,299	\$5,066,886
#1091 Apex Midway Wind	\$0	\$169,934	\$169,934
#1154 SABIC US Projects	\$0	\$441,298	\$441,298
#1155 GCGV Asset Holding	\$0	\$1,671,355	\$1,671,355
#1156 Exxon Mobil	\$0	\$441,298	\$441,298
TOTAL ESTIMATED PAYMENTS	\$8,217,867	\$5,318,363	\$13,733,698

**Carryover still subject to 28% payment limitation*

***RPP includes 2023-24 carryover and is not final for 2024-25.
Data request in late August*



2024 Payment Calculations



- Must be issued no later than November 1, 2024
- Data will be requested mid to late August
 - Certified values (both M&O and I&S), including each project value
 - State Aid template with students and taxes
 - Adopted M&O and I&S tax rates
- Tax Credits – only for those projects with 8-year limitations



#296 CC Liquefaction Train 1



First Year of Limitation of 8 years	Tax Year 2018
Last Year of Limitation	Tax Year 2025
Payment Terms	RPP + Supplemental (40% or Aggregate Limit)
Payment Limitation	Cumulative payments cannot exceed 28% of cumulative savings
Total Payments through 2023-24	\$51,210,488
Amount carried forward to 2024-25	\$0
Estimated 2024-25 RPP + Supplemental	\$1,488,533
Total <u>Estimated</u> 2024-25 Payment with Carry Over	* \$1,488,533

** Any carryover amount is still subject to the 28% limitation;
RPP is estimated only for 2024-25. Data request in late August*



#297 CC Liquefaction Train 2



First Year of Limitation of 8 years	Tax Year 2018
Last Year of Limitation	Tax Year 2025
Payment Terms	RPP + Supplemental (40% or Aggregate Limit)
Payment Limitation	Cumulative payments cannot exceed 28% of cumulative savings
Total Payments through 2023-24	\$26,296,417
Amount carried forward to 2024-25	\$3,789,748
Estimated 2024-25 RPP + Supplemental	\$664,646
Total <u>Estimated</u> 2024-25 Payment with Carry Over	* \$4,454,394

** Any carryover amount is still subject to the 28% limitation;
RPP is estimated only for 2024-25. Data request in late August*



#298 CC Liquefaction Train 3



First Year of Limitation of 8 years	Tax Year 2021
Last Year of Limitation	Tax Year 2028
Payment Terms	RPP + Supplemental (40% or Aggregate Limit)
Payment Limitation	Cumulative payments cannot exceed 28% of cumulative savings
Total Payments through 2023-24	\$13,840,868
Amount carried forward to 2024-25	\$4,428,119
Estimated 2024-25 RPP + Supplemental	\$441,299
Total <u>Estimated</u> 2024-25 Payment with Carry Over	* \$5,066,886

** Any carryover amount is still subject to the 28% limitation;
RPP is estimated only for 2024-25. Data request in late August*



#1091 Apex Midway Wind



First Year of Limitation of 10 years	Tax Year 2017
Last Year of Limitation	Tax Year 2026
Payment Terms	RPP + Supplemental (40%)
Payment Limitation	None
Total Payments through 2023-24	\$1,685,673
Amount carried forward to 2024-25	\$0
Estimated 2024-25 RPP + Supplemental	\$169,934 (Supplemental only)
Total <u>Estimated</u> 2024-25 Payment with Carry Over	\$169,934

RPP is unknown for 2024-25. Data request in late August



#1154 SABIC US Projects



First Year of Limitation of 10 years	Tax Year 2022
Last Year of Limitation	Tax Year 2031
Payment Terms	RPP + Supplemental (40% or Aggregate Limit)
Payment Limitation	None
Total Payments through 2023-24	\$1,319,699
Amount carried forward to 2024-25	\$0
Estimated 2024-25 RPP + Supplemental	\$441,298 (Supplemental only)
Total <u>Estimated</u> 2024-25 Payment with Carry Over	\$441,298

RPP is unknown for 2024-25. Data request in late August



#1155 GCGV Asset Holdings



First Year of Limitation of 10 years	Tax Year 2022
Last Year of Limitation	Tax Year 2031
Payment Terms	RPP + Supplemental (40% or Aggregate Limit)
Payment Limitation	None
Total Payments through 2023-24	\$13,873,962
Amount carried forward to 2024-25	\$0
Estimated 2024-25 RPP + Supplemental	\$1,671,355
Total <u>Estimated</u> 2024-25 Payment with Carry Over	\$1,671,355

RPP is unknown for 2024-25. Data request in late August



#1156 Exxon Mobil



First Year of Limitation of 10 years	Tax Year 2022
Last Year of Limitation	Tax Year 2031
Payment Terms	RPP + Supplemental (40% or Aggregate Limit)
Payment Limitation	None
Total Payments through 2023-24	\$1,319,699
Amount carried forward to 2024-25	\$0
Estimated 2024-25 RPP + Supplemental	\$441,298 (Supplemental only)
Total <u>Estimated</u> 2024-25 Payment with Carry Over	\$441,298

RPP is unknown for 2024-25. Data request in late August



Ch313 Agreements – No Payments Yet



Project	First Year of Limitation	Last Year of Limitation	Payment Terms	Payment Limitation
#1179 CC Liquefaction Train 4	2025	2034	RPP + Supplemental (40% or Aggregate Limit)	Cumulative payments cannot exceed 35%/28% of cumulative savings
#1180 CC Liquefaction Train 5	2025	2034	RPP + Supplemental (40% or Aggregate Limit)	Cumulative payments cannot exceed 35%/28% of cumulative savings
#1757 Padre Solar	2028	2037	RPP + Supplemental (40% or Aggregate Limit)	None
#1916 CC Liquefaction (Stage 3C)	2038	2047	RPP + Supplemental (40% or Aggregate Limit)	Cumulative payments cannot exceed 28% of cumulative savings
#1917 CC Liquefaction (Stage 4A)	2042	2051	RPP + Supplemental (40% or Aggregate Limit)	Cumulative payments cannot exceed 28% of cumulative savings
#1918 CC Liquefaction (Stage 4B)	2042	2051	RPP + Supplemental (40% or Aggregate Limit)	Cumulative payments cannot exceed 28% of cumulative savings
#1938 CGRP 04	2028	2037	RPP + Supplemental (40% or Aggregate Limit)	Cumulative payments cannot exceed 28% of cumulative savings

Payments do not start until first year of the limitation

JETI*

(Ch403; HB 5)

*Texas Jobs, Energy, Technology, and Innovation Act

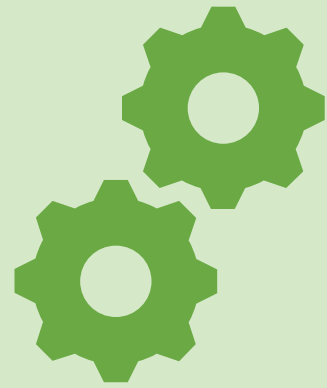




How is JETI the same as Ch313?

Same Overall Structure

- 10-year incentive
- Limited Value for M&O only
- Fully taxed for I&S
- Property value study deduction
- School district must approve
- After 10 years, fully taxed for M&O purposes
- Application fee to district



Same
Features

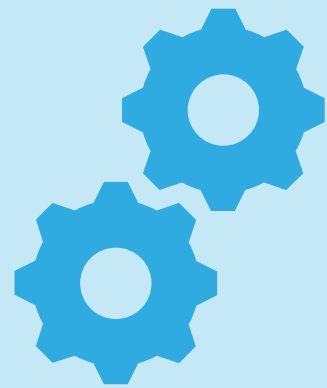
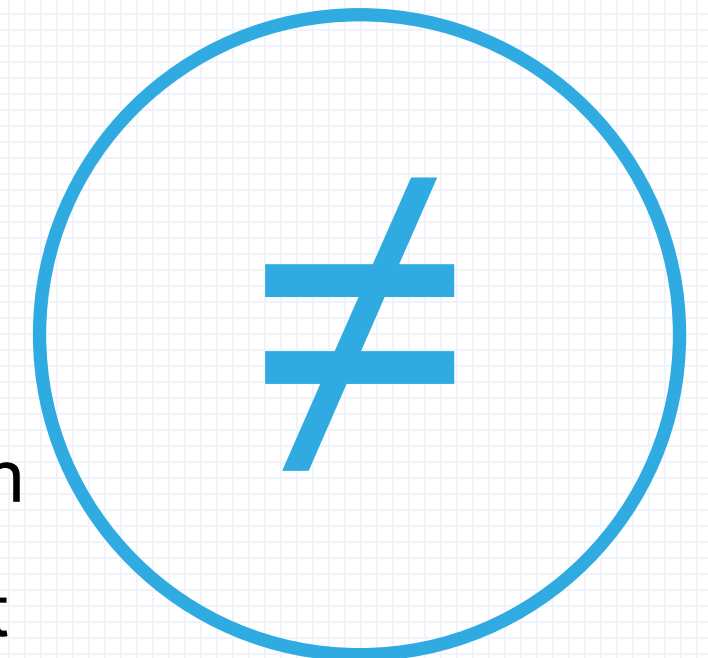




How is JETI different from Ch313?

Key Differences

- No indemnity (revenue protection) payments
 - Payments to school districts prohibited (no supplemental payments)
 - Internships are allowed
- Renewables not eligible
- Construction period not taxed
- No job waivers
- Application submitted to *Comptroller*
- Investment levels and Jobs based on county population
 - San Patricio County: 10 jobs; \$20 million investment
- Opportunity zone (2017 Federal law) designation provides for larger value deduction



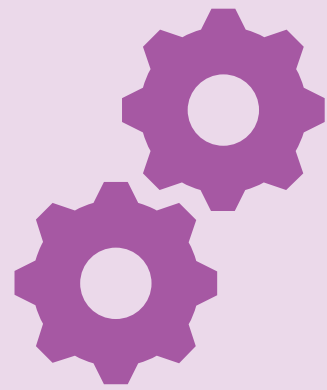
Different
Features



How is JETI similar to Ch313?

Tweaked Characteristics:

- Agreement has three parties: School District, Company, **Governor**
- M&O taxable value: still limited but now 50% of market value or 25% if wholly located in an opportunity zone
- Manufacturing still eligible; new project types included – utility services, natural resources, critical infrastructure, high-tech R&D
- More stringent job and wage requirements
- Agreement must be a **compelling factor**
- Existing Ch313 Agreements
 - Payments still calculated using prior-year funding (T2) value

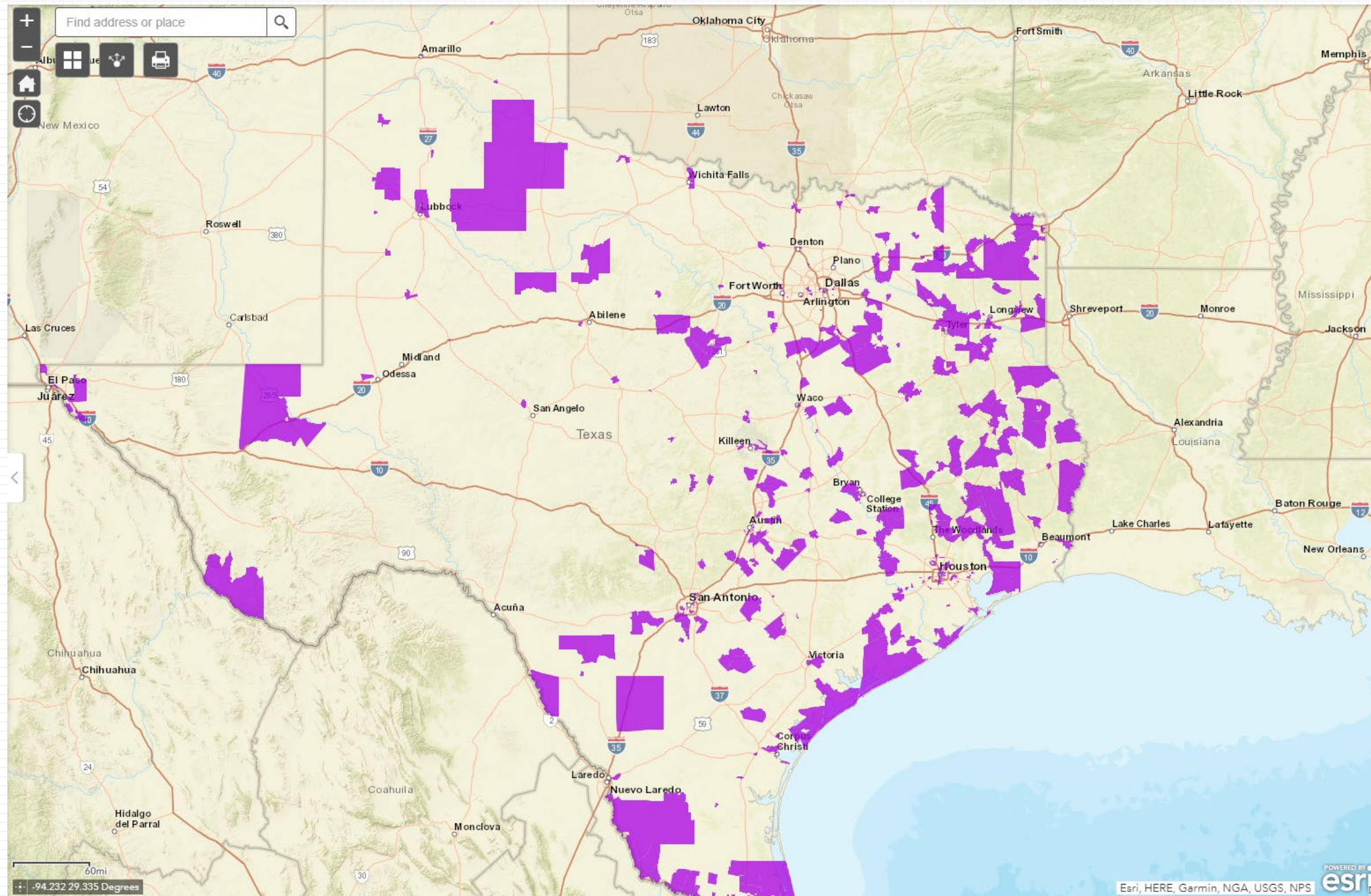


Similar
Features



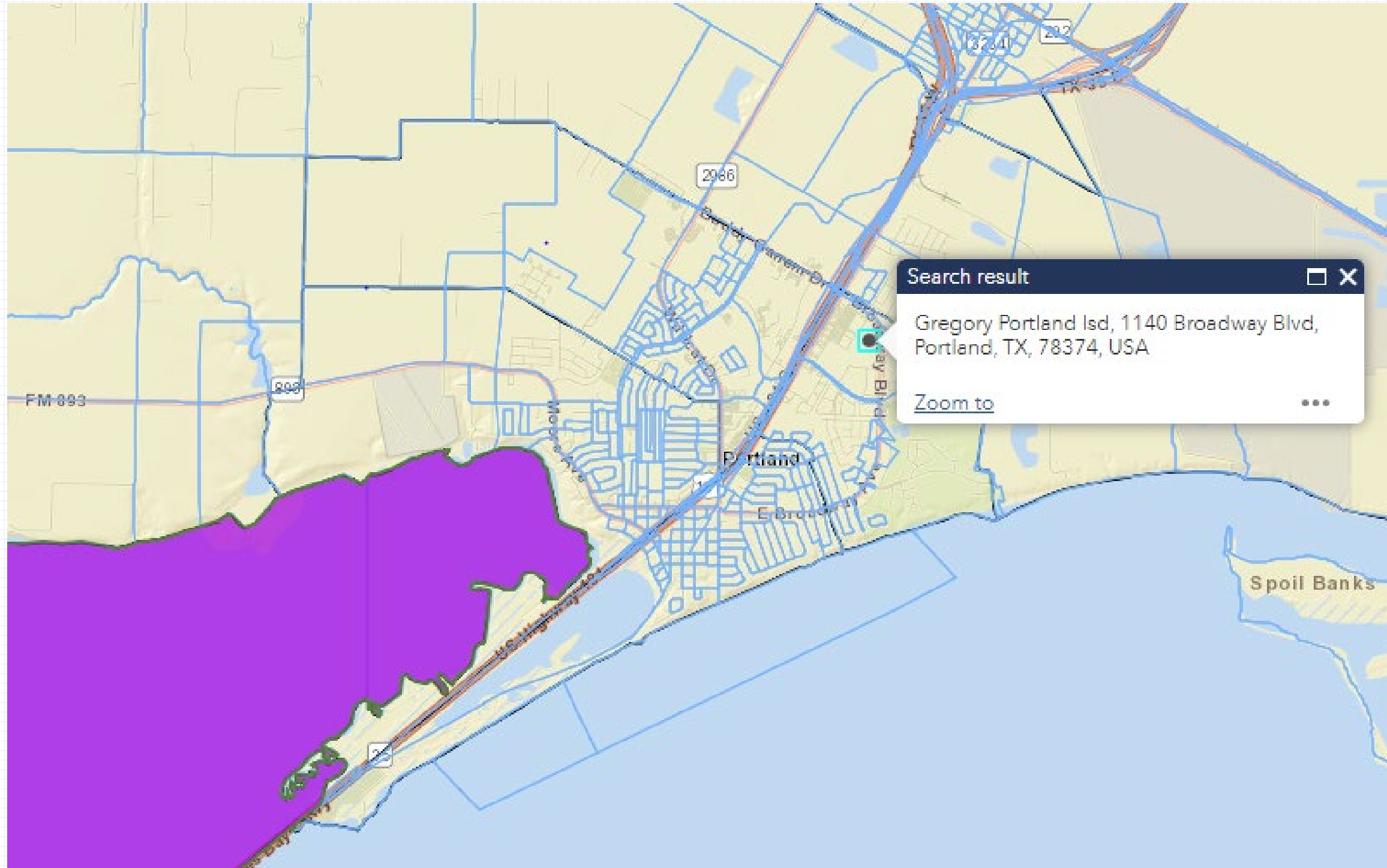


Opportunity Zones in Texas





Opportunity Zones - GPISD



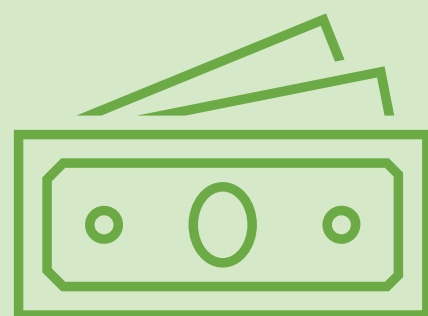


JETI Sample Impact on GPISD



Assuming \$1 billion project

- M&O Tax Rate: \$0.8126
- I&S Tax Rate: \$0.3000



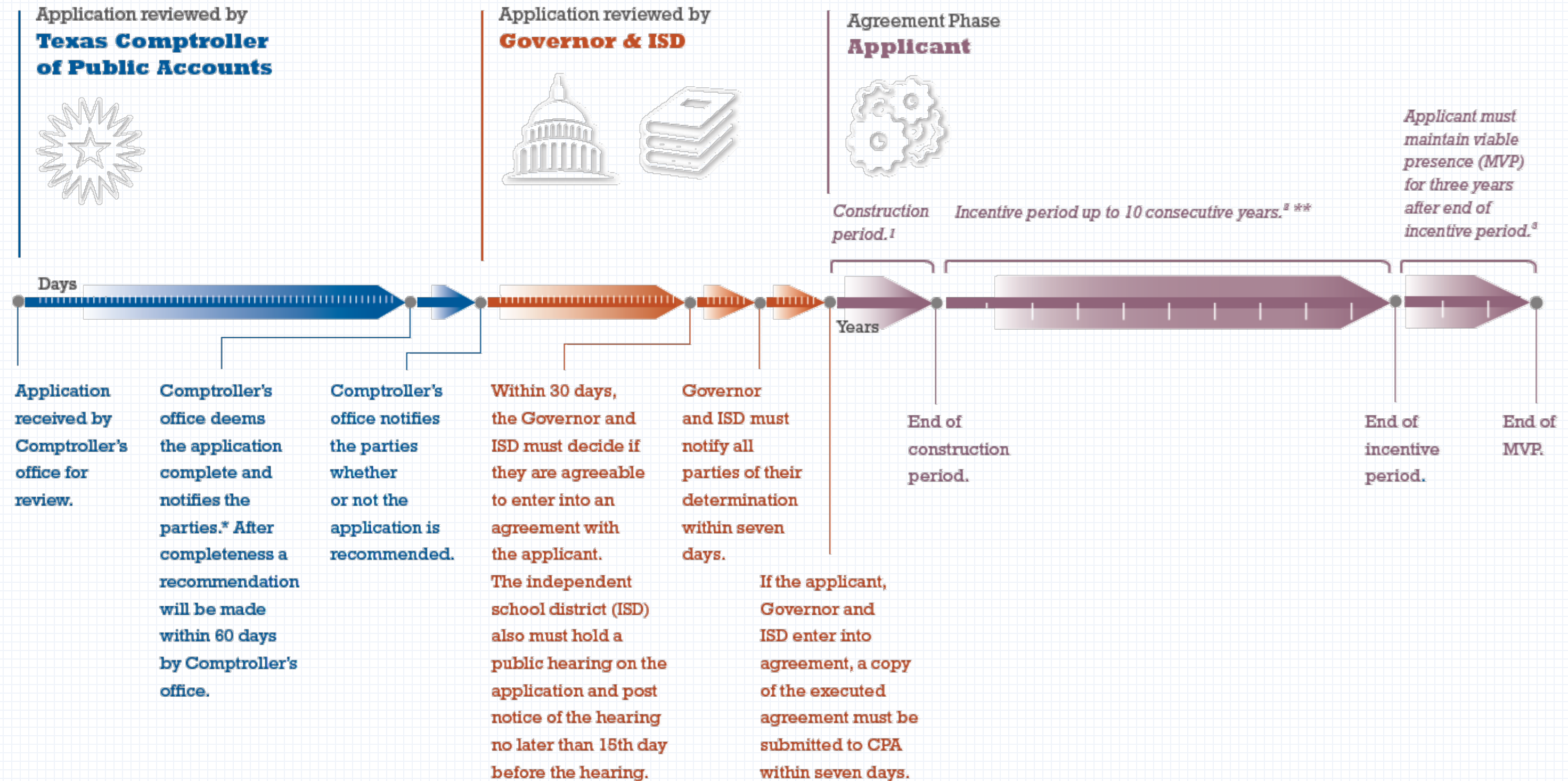
Impact Example

	No Incentive, Project Built	50% Incentive (No Opportunity Zone)	25% Incentive (Opportunity Zone)
Assumed M&O Value	\$1,000,000,000	\$500,000,000	\$250,000,000
M&O Taxes*	\$8,126,000	\$4,063,000	\$2,031,500
I&S Taxes	\$3,000,000	\$3,000,000	\$3,000,000
TOTAL Taxes	\$14,220,500	\$7,063,000	\$5,031,500

*State funding for M&O increases as property taxes/values decrease.



JETI Timeline





Questions & Comments

