Chapter 313 Agreements: Gregory-Portland ISD

Summary of Presentation from Moak, Casey & Associates @ G-PISD Board Meeting | June 20, 2017

CURRENT STATUS ➔ G-PISD’s Existing Chapter 313 Agreements

- ExxonMobil | SABIC | GCGV
- EC&R Paplote Creek II, LLC
- CC Liquefaction (Cheniere) Trains 1-3
- voestalpine
- APEX Clean Energy Holdings, LLC

Financial Impact thru 2037-38

District’s Net M&O Revenue
Including Hold Harmless/Supplemental Payments*

- $1.21 Billion

Reduction of Recapture as a result of existing, approved Ch. 313 Agreements

- $1.06 Billion

State Recapture Payments
Lost revenue when wealth per student exceeds allowable value

$729 Million •

NEXT DECISION: To Approve or Deny a Ch. 313 for Cheniere (CC Liquefaction) Trains 4 & 5

WITH a 313 Agreement

State Recapture Payments
Lost Revenue for G-PISD

$923 Million •

District’s Net M&O Revenue
Incl. Hold Harmless/Supplemental Payments*

- $1.295 Billion

Reduction of Recapture as a result of all approved Ch. 313 Agreements (w/ Cheniere Trains 4/5)

- $1.4 Billion

Savings related to Cheniere Trains 4/5: $352 Million

With Hold Harmless/Supplemental Payments, the district is protected from reduced funding for annual needs/operations & Sufficient funding is available to maintain a healthy fund balance for the district

Boost in I&S tax collections resulting from $4 Billion in taxable value*

*This revenue cannot be used for operational costs or to make recapture payments. It is separate from the local Maintenance & Operations (M&O) tax revenue, which funds district operations incl. payroll, instruction, maintenance, etc. The I&S tax revenue is restricted to paying off school bonds (land, construction, etc.).

= SAVINGS for Taxpayers

WHAT A CHAPTER 313 AGREEMENT IS NOT:

- It is not a building permit. Other gov’t entities manage private land sales and building permits. A school district has no jurisdiction. A company can build with or without a 313 agreement.

- It is not a “giveaway” of tax dollars. With a 313 in place, districts are reimbursed for reduced local taxes by increased state aid, reduced recapture, and/or hold harmless and supplemental payments from companies.

- See “Terms to Know” on Page 2 for definitions of “Recapture,” “Hold Harmless & Supplemental Payments,” and “Rollback Elections.”
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**TERMS TO KNOW**

- **RECAPTURE:** Payments made to the State of Texas when a school district’s wealth per student exceeds the state’s allowable value. G-PISD will begin making recapture payments within the next two years.

- **"HOLD HARMLESS" & SUPPLEMENTAL PAYMENTS:** Payments made to a school district when in a Chapter 313 Agreement to ensure the district receives the full amount of funding due to it.

- **ROLLBACK ELECTIONS:** When the state funding formula automatically drives M&O tax rate down, it may become necessary to hold a community election to adjust the M&O tax rate to maintain funding for district operations.

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**State Recapture Payments by Year (in Millions) thru 2037-38**

Chapter 313 Agreements limit Recapture (and protect the district from a lack of funding for operations).

- **Current Status (w/ Existing Projects)**
- **Cheniere Trains 4/5 WITH Ch. 313s**
- **Cheniere Trains 4/5 WITHOUT Ch. 313s**

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**Net M&O Revenue, Less Recapture by Year (in Millions) thru 2037-38**

(w/ State Aid & Hold Harmless/Supplemental Payments)

New projects can boost district income, however state school funding calculations, including Recapture, will continue to limit Net M&O Revenue (which funds local school district operations). Without Ch. 313 agreements, it may be necessary to hold community rollback elections in some years.

- **Current Status (w/ Existing Projects)**
- **Cheniere Trains 4/5 WITH Ch. 313s**
- **Cheniere Trains 4/5 WITHOUT Ch. 313s**

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For More Information: View the complete report presented to the G-PISD School Board from Moak, Casey & Associates at [www.g-pisd.org](http://www.g-pisd.org).

**PLEASE NOTE:** All financial data is estimated and based on the latest information available as of June 20, 2017.