

## **Total announces \$1.7B local investment**

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Total petrochemicals have announced a \$1.7 billion investment to expand the company's activities in Texas on Monday.

Total is entering in a partnership with Borealis and Nora to form a joint venture with the aim of building an ethane steam cracker and a new Borstar polyethylene unit on the U.S. Gulf Coast. Total is expected to hold a 50 percent interest in the new joint venture, according to a press release from Total.

For Port Arthur this means building anew ethane steam cracker that is scheduled to start up in 2020 and will create 1,500 jobs during peak engineering and construction activity. CB&I was awarded the engineering, procurement and construction contract. The project will also bring about 45 permanent jobs at the facility.

Jefferson County Judge Jeff Branick said the expansion project will be a positive for the area.

"Obviously the employment and permanent full time positions will be a great asset to the local economy," Branick said. "It should increase local sales tax as more workers move in and be a boon to local retailer's and restaurants during and after construction. This will also make our local plants more efficient which will help make Jefferson County a location of choice for industrial infrastructure for the oil and gas industry."

Port Neches-Groves Independent School District Superintendent Rodney Cavness said the announcement is much anticipated and very welcome addition.

"We have, for months, been anticipating the project and are very excited it will come online now," Cavness said. "We're excited and they are good neighbors and look forward to working with their current and future endeavors."

Incentives from local entities likely sweetened the pot when the energy giant was mulling locations. Back in 2015, several entities put tax abatements on the table to lure Total to the Port Arthur site as opposed to a Louisiana site.

Jefferson County commissioners ironed out a contract two years ago where, if the proposed project came in at \$500 million or less, the tax abatement would be for six years; 100 percent for years one and two, 9 percent for years three and four, 80 percent for year five and 60 percent for year six.

The project is way above the \$500 million mark so the abatement is for 100 percent for 10 years.

The city of Port Arthur's abatement, according to information from the city, is a bit different from the county's. There is a 25 percent abatement for each tax year of the construction period; 10 percent for the first tax year after the construction period, 20 percent for the second year after, 30 percent for the third year, 40 percent for the fourth year and 50 percent for the fifth year after construction.

While some taxing entities such as municipalities can offer businesses ad industry tax abatements to attract new taxable property, school districts must follow other guidelines such as a Chapter 313 agreement through the state comptroller's office.

PN-GISD entered into an agreement as well where Total would see a \$108 million tax benefit over the course of the 15 year agreement while the district would see a benefit of \$7.5 million over the life of the agreement.

Cavness said that agreement was penned in 2015 and believes Total will be back with updated info for an updated agreement and both parties will have to go back to the table for minor adjustments.

According to a press release from Total, the new cracker will be built alongside Total's Port Arthur refinery and Total/BASF existing steam cracker. Total claims they will deliver one of the most competitive cracker projects in the U.S.