



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

March 23, 2016

AMENDED CERTIFICATION

Dr. Rene Gutierrez
Superintendent
Edinburg Consolidated Independent School District
411 North 8th Street
Edinburg, Texas 78541

Dear Superintendent Gutierrez:

This application (Application #1003) was originally submitted April 2014, to the Edinburg Consolidated Independent School District (the school district) by Hidalgo Wind Farm, LLC (the applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313^[1]. On May 19, 2014, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a Certificate for a limitation on appraised value on July 17, 2014. The applicant and school district executed an agreement for a limitation on appraised value (the agreement) on December 10, 2014.

On February 12, 2016, the Comptroller received an amendment to the agreement. This presents the Comptroller's review of that amendment per Section 10.2 of the agreement and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

The information provided by the applicant related to eligibility has not changed and therefore, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

Based on the amended information provided by the applicant, the Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue

^[1] All statutory references are to the Texas Tax Code, unless otherwise noted.

lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller previously determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value for the amendment.

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the amendment to the agreement by December 31, 2016.

Should you have any questions, please contact Korry Castillo, Director, Data Analysis & Transparency, by email at korry.castillo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller’s economic impact analysis of Hidalgo Wind Farm, LLC (the project) applying to Edinburg Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Hidalgo Wind Farm, LLC.

Applicant	Hidalgo Wind Farm, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy – Wind
School District	Edinburg ISD
2012-13 Enrollment in School District	33,582
County	Hidalgo
Proposed Total Investment in District	\$339,524,403
Proposed Qualified Investment	\$339,524,403
Limitation Amount	\$25,000,000
Number of new qualifying jobs committed to by applicant	2*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$808
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$772
Minimum annual wage committed to by applicant for qualified jobs	\$42,000
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$169,762,202
Estimated M&O levy without any limit (15 years)	\$24,445,398
Estimated M&O levy with Limitation (15 years)	\$7,795,400
Estimated gross M&O tax benefit (15 years)	\$16,649,998
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Hidalgo County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county. The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Edinburg ISD I&S Tax Levy	Edinburg ISD M&O Tax Levy	Edinburg ISD M&O and I&S Tax Levies	Hidalgo County Tax Levy	South Texas Colelge Tax Levy	South Texas ISD Tax Levy	Estimated Total Property Taxes	
				0.0698	1.1700		0.5900	0.1500	0.0492		
2016	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2017	\$226,960,000	\$25,000,000		\$158,418	\$292,500	\$450,918	\$1,339,064	\$340,440	\$111,664	\$2,242,086	
2018	\$211,072,800	\$25,000,000		\$147,329	\$292,500	\$439,829	\$249,066	\$316,609	\$103,848	\$1,109,352	
2019	\$196,297,704	\$25,000,000		\$137,016	\$292,500	\$429,516	\$231,631	\$294,447	\$96,578	\$1,052,172	
2020	\$182,556,865	\$25,000,000		\$127,425	\$292,500	\$419,925	\$215,417	\$273,835	\$89,818	\$998,995	
2021	\$169,777,884	\$25,000,000		\$118,505	\$292,500	\$411,005	\$200,338	\$254,667	\$83,531	\$949,540	
2022	\$157,893,432	\$25,000,000		\$110,210	\$292,500	\$402,710	\$186,314	\$236,840	\$77,684	\$903,548	
2023	\$146,840,892	\$25,000,000		\$102,495	\$292,500	\$394,995	\$173,272	\$220,261	\$72,246	\$860,774	
2024	\$136,562,030	\$25,000,000		\$95,320	\$292,500	\$387,820	\$161,143	\$204,843	\$67,189	\$820,995	
2025	\$127,002,688	\$25,000,000		\$88,648	\$292,500	\$381,148	\$149,863	\$190,504	\$62,485	\$784,000	
2026	\$118,112,499	\$25,000,000		\$82,443	\$292,500	\$374,943	\$139,373	\$177,169	\$58,111	\$749,595	
2027	\$112,206,874	\$112,206,874		\$78,320	\$1,312,820	\$1,391,141	\$132,404	\$168,310	\$55,206	\$1,747,061	
2028	\$106,596,531	\$106,596,531		\$74,404	\$1,247,179	\$1,321,584	\$628,920	\$159,895	\$52,445	\$2,162,844	
2029	\$101,266,704	\$101,266,704		\$70,684	\$1,184,820	\$1,255,505	\$597,474	\$151,900	\$49,823	\$2,054,701	
2030	\$ 96,203,369	\$96,203,369		\$67,150	\$1,125,579	\$1,192,729	\$567,600	\$144,305	\$47,332	\$1,951,966	
						Total	\$9,253,766	\$4,971,879	\$3,134,025	\$1,027,960	\$18,387,631
						Diff	\$16,649,998	\$7,355,288	\$0	\$0	\$24,005,286

Source: CPA, Hidalgo Wind Farm, LLC
¹Tax Rate per \$100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue over 25 Years

This represents the Comptroller’s determination that Hidalgo Wind Farm, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2017	\$292,500	\$292,500	\$2,362,932	\$2,362,932
	2018	\$292,500	\$585,000	\$2,177,052	\$4,539,984
	2019	\$292,500	\$877,500	\$2,004,183	\$6,544,167
	2020	\$292,500	\$1,170,000	\$1,843,415	\$8,387,582
	2021	\$292,500	\$1,462,500	\$1,693,901	\$10,081,483
	2022	\$292,500	\$1,755,000	\$1,554,853	\$11,636,337
	2023	\$292,500	\$2,047,500	\$1,425,538	\$13,061,875
	2024	\$292,500	\$2,340,000	\$1,305,276	\$14,367,151
	2025	\$292,500	\$2,632,500	\$1,193,431	\$15,560,582
	2026	\$292,500	\$2,925,000	\$1,089,416	\$16,649,998
Maintain Viable Presence (5 Years)	2027	\$131,282	\$3,056,282	\$0	\$16,649,998
	2028	\$1,247,179	\$4,303,461	\$0	\$16,649,998
	2029	\$1,184,820	\$5,488,282	\$0	\$16,649,998
	2030	\$1,125,579	\$6,613,861	\$0	\$16,649,998
	2031	\$1,069,300	\$7,683,162	\$0	\$16,649,998
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$1,015,835	\$8,698,997	\$0	\$16,649,998
	2033	\$965,044	\$9,664,041	\$0	\$16,649,998
	2034	\$916,791	\$10,580,832	\$0	\$16,649,998
	2035	\$870,952	\$11,451,784	\$0	\$16,649,998
	2036	\$827,404	\$12,279,188	\$0	\$16,649,998
	2037	\$786,034	\$13,065,222	\$0	\$16,649,998
	2038	\$746,732	\$13,811,955	\$0	\$16,649,998
	2039	\$709,396	\$14,521,351	\$0	\$16,649,998
	2040	\$673,926	\$15,195,277	\$0	\$16,649,998
	2041	\$640,230	\$15,835,506	\$0	\$16,649,998

\$15,835,506

is less than

\$16,649,998

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

No

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2015	0	0	0	\$0	\$0	\$0	0	0	\$0
2016	170	158	328	\$7,656,150	\$12,343,850	\$20,000,000	1083370	-564580	\$1,647,950
2017	2	20	22	\$84,000	\$2,916,000	\$3,000,000	198360	221250	-\$22,890
2018	2	12	14	\$84,000	\$1,916,000	\$2,000,000	137330	221250	-\$83,920
2019	2	8	10	\$84,000	\$916,000	\$1,000,000	129700	221250	-\$91,550
2020	2	6	8	\$84,000	\$916,000	\$1,000,000	122070	213620	-\$91,550
2021	2	8	10	\$84,000	\$916,000	\$1,000,000	129700	183110	-\$53,410
2022	2	8	10	\$84,000	\$916,000	\$1,000,000	129700	160220	-\$30,520
2023	2	8	10	\$84,000	\$916,000	\$1,000,000	114440	144960	-\$30,520
2024	2	6	8	\$84,000	\$916,000	\$1,000,000	137330	129700	\$7,630
2025	2	12	14	\$84,000	\$916,000	\$1,000,000	144960	106810	\$38,150
2026	2	8	10	\$84,000	\$916,000	\$1,000,000	160220	114440	\$45,780
2027	2	10	12	\$84,000	\$916,000	\$1,000,000	83920	76290	\$7,630
2028	2	6	8	\$84,000	\$916,000	\$1,000,000	83920	68660	\$15,260
2029	2	(2)	0	\$84,000	\$916,000	\$1,000,000	76290	91550	-\$15,260
2030	2	2	4	\$84,000	-\$84,000	\$0	45780	53410	-\$7,630
2031	2	0	2	\$84,000	-\$84,000	\$0	61040	45780	\$15,260
2032	2	2	4	\$84,000	-\$84,000	\$0	38150	45780	-\$7,630
2033	2	2	4	\$84,000	-\$84,000	\$0	30520	-22890	\$53,410
2034	2	2	4	\$84,000	-\$84,000	\$0	-22890	-22890	\$0
2035	2	0	2	\$84,000	-\$84,000	\$0	-22890	-45780	\$22,890
2036	2	2	4	\$84,000	-\$84,000	\$0	-61040	-91550	\$30,510
2037	2	(2)	0	\$84,000	-\$84,000	\$0	-76290	-114440	\$38,150
2038	2	(4)	-2	\$84,000	-\$84,000	\$0	-91550	-144960	\$53,410
2039	2	(4)	-2	\$84,000	-\$84,000	\$0	-106810	-175480	\$68,670
2040	2	(4)	-2	\$84,000	-\$1,084,000	-\$1,000,000	-152590	-228880	\$76,290
2041	2	(4)	-2	\$84,000	-\$1,084,000	-\$1,000,000	-183110	-259400	\$76,290
2042	0	0	0	\$0	\$0	\$0	0	0	\$0
						Total	\$2,189,630	\$427,230	\$1,762,400
							\$17,597,906	is greater than	\$16,649,998

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes