



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 12, 2016

Kevin Allen
Superintendent
Iraan-Sheffield Independent School District
PO Box 486
Iraan, Texas 79744-0486

AMENDED CERTIFICATION

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Iraan-Sheffield Independent School District and OCI Solar 6 LLC & OCI Solar TRE LLC, Application 1020

Dear Superintendent Allen:

This application (Application 1020) was originally submitted on May 12, 2014, to the Iraan-Sheffield Independent School District (school district) by OCI Solar 6 LLC & OCI Solar TRE LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313^[1]. On August 22, 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 September 30, 2014. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on December 8, 2014.

On November 28, 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.

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

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 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 has 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 Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or direct in Austin at 512-936-0758.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of OCI Alamo 6 LLC & OCI Solar TRE LLC (the project) applying to Iraan-Sheffield 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 OCI Alamo 6 LLC & OCI Solar TRE LLC.

Applicant	OCI Alamo 6 LLC & OCI Solar TRE LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Iraan-Sheffield ISD
2014-2015 Average Daily Attendance	496
County	Pecos
Proposed Total Investment in District	\$469,000,000
Proposed Qualified Investment	\$469,000,000
Limitation Amount	\$25,000,000
Qualifying Time Period (Full Years)	2015-2016
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	\$711
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$710
Minimum annual wage committed to by applicant for qualified jobs	\$37,000
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$234,500,000
Estimated M&O levy without any limit (15 years)	\$35,110,980
Estimated M&O levy with Limitation (15 years)	\$11,239,944
Estimated gross M&O tax benefit (15 years)	\$23,871,036
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

Table 2 is the estimated statewide economic impact of OCI Alamo 6 LLC & OCI Solar TRE LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	0	0	0	\$0	\$0	\$0
2015	450	447	896.76	\$16,890,300	\$37,904,000	\$54,794,300
2016	200	243	443	\$7,506,800	\$23,965,900	\$31,472,700
2017	2	64	66	\$74,000	\$9,136,000	\$9,210,000
2018	2	36	38	\$74,000	\$6,647,400	\$6,721,400
2019	2	16	18	\$74,000	\$4,721,000	\$4,795,000
2020	2	6	8	\$74,000	\$3,360,700	\$3,434,700
2021	2	0	2	\$74,000	\$2,439,300	\$2,513,300
2022	2	(2)	0	\$74,000	\$1,865,700	\$1,939,700
2023	2	(2)	0	\$74,000	\$1,490,000	\$1,564,000
2024	2	(2)	0	\$74,000	\$1,267,500	\$1,341,500
2025	2	0	2	\$74,000	\$1,234,600	\$1,308,600
2026	2	2	4	\$74,000	\$1,278,500	\$1,352,500
2027	2	2	4	\$74,000	\$1,115,600	\$1,189,600
2028	2	3	5	\$74,000	\$1,139,700	\$1,213,700
2029	2	4	6	\$74,000	\$1,202,300	\$1,276,300

Source: CPA REMI, OCI Alamo 6 LLC & OCI Solar TRE LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Iraan-Sheffield ISD I&S Tax Levy	Iraan-Sheffield ISD M&O Tax Levy	Iraan-Sheffield ISD M&O and I&S Tax Levies	Pecos County Tax Levy	Midland College Tax Levy	Iraan General Hospital Tax Levy	Middle Pecos Groundwater District Tax Levy	Estimated Total Property Taxes
				0.1100	1.0600		0.6999	0.0255	0.3730	0.0250	
2014	\$14,615,486	\$14,615,486		\$16,077	\$154,924	\$171,001	\$102,294	\$3,727	\$54,516	\$3,654	\$335,192
2015	\$155,467,678	\$155,467,678		\$171,014	\$1,647,957	\$1,818,972	\$1,088,118	\$39,644	\$579,894	\$38,867	\$3,565,496
2016	\$453,370,394	\$453,370,394		\$498,707	\$4,805,726	\$5,304,434	\$3,173,139	\$115,609	\$1,691,072	\$113,343	\$10,397,597
2017	\$467,296,376	\$467,296,376		\$514,026	\$4,953,342	\$5,467,368	\$3,270,607	\$119,161	\$1,743,015	\$116,824	\$10,716,975
2018	\$397,201,920	\$397,201,920		\$436,922	\$4,210,340	\$4,647,262	\$2,780,016	\$101,286	\$1,481,563	\$99,300	\$9,109,429
2019	\$337,621,632	\$337,621,632		\$371,384	\$3,578,789	\$3,950,173	\$2,363,014	\$86,094	\$1,259,329	\$84,405	\$7,743,015
2020	\$286,978,387	\$286,978,387		\$315,676	\$3,041,971	\$3,357,647	\$2,008,562	\$73,179	\$1,070,429	\$71,745	\$6,581,562
2021	\$243,931,629	\$243,931,629		\$268,325	\$2,585,675	\$2,854,000	\$1,707,277	\$62,203	\$909,865	\$60,983	\$5,594,328
2022	\$207,341,885	\$207,341,885		\$228,076	\$2,197,824	\$2,425,900	\$1,451,186	\$52,872	\$773,385	\$51,835	\$4,755,179
2023	\$176,240,602	\$176,240,602		\$193,865	\$1,868,150	\$2,062,015	\$1,233,508	\$44,941	\$657,377	\$44,060	\$4,041,902
2024	\$149,804,512	\$149,804,512		\$164,785	\$1,587,928	\$1,752,713	\$1,048,482	\$38,200	\$558,771	\$37,451	\$3,435,617
2025	\$127,333,835	\$127,333,835		\$140,067	\$1,349,739	\$1,489,806	\$891,210	\$32,470	\$474,955	\$31,833	\$2,920,274
2026	\$108,233,760	\$108,233,760		\$119,057	\$1,147,278	\$1,266,335	\$757,528	\$27,600	\$403,712	\$27,058	\$2,482,233
2027	\$93,459,275	\$93,459,275		\$102,805	\$990,668	\$1,093,474	\$654,121	\$23,832	\$348,603	\$23,365	\$2,143,395
2028	\$93,459,275	\$93,459,275		\$102,805	\$990,668	\$1,093,474	\$654,121	\$23,832	\$348,603	\$23,365	\$2,143,395
				Total	\$35,110,980	\$38,754,573	\$23,183,184	\$844,651	\$12,355,090	\$828,089	\$75,965,587

Source: CPA, OCI Alamo 6 LLC & OCI Solar TRE LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Pecos 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, Midland College and Middle Pecos Groundwater District.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Iraan-Sheffield ISD I&S Tax Levy	Iraan-Sheffield ISD M&O Tax Levy	Iraan-Sheffield ISD M&O and I&S Tax Levies	Pecos County Tax Levy	Midland College Tax Levy	Iraan General Hospital Tax Levy	Middle Pecos Groundwater District Tax Levy	Estimated Total Property Taxes
			0.1100	0.1100	1.0600		0.6999	0.0255	0.3730	0.0250	
2014	\$14,615,486	\$14,615,486		\$16,077	\$154,924	\$171,001	\$102,294	\$3,727	\$54,516	\$3,654	\$335,192
2015	\$155,467,678	\$155,467,678		\$171,014	\$1,647,957	\$1,818,972	\$54,406	\$1,982	\$28,995	\$1,943	\$1,906,298
2016	\$453,370,394	\$453,370,394		\$498,707	\$4,805,726	\$5,304,434	\$158,657	\$5,780	\$84,554	\$5,667	\$5,559,092
2017	\$467,296,376	\$25,000,000		\$514,026	\$265,000	\$779,026	\$163,530	\$5,958	\$87,151	\$5,841	\$1,041,506
2018	\$397,201,920	\$25,000,000		\$436,922	\$265,000	\$701,922	\$139,001	\$5,064	\$74,078	\$4,965	\$925,030
2019	\$337,621,632	\$25,000,000		\$371,384	\$265,000	\$636,384	\$118,151	\$4,305	\$62,966	\$4,220	\$826,026
2020	\$286,978,387	\$25,000,000		\$315,676	\$265,000	\$580,676	\$100,428	\$3,659	\$53,521	\$3,587	\$741,872
2021	\$243,931,629	\$25,000,000		\$268,325	\$265,000	\$533,325	\$85,364	\$3,110	\$45,493	\$3,049	\$670,341
2022	\$207,341,885	\$25,000,000		\$228,076	\$265,000	\$493,076	\$72,559	\$2,644	\$38,669	\$2,592	\$609,540
2023	\$176,240,602	\$25,000,000		\$193,865	\$265,000	\$458,865	\$61,675	\$2,247	\$32,869	\$2,203	\$557,859
2024	\$149,804,512	\$25,000,000		\$164,785	\$265,000	\$429,785	\$1,048,482	\$38,200	\$558,771	\$37,451	\$2,112,689
2025	\$127,333,835	\$25,000,000		\$140,067	\$265,000	\$405,067	\$891,210	\$32,470	\$474,955	\$31,833	\$1,835,536
2026	\$108,233,760	\$25,000,000		\$119,057	\$265,000	\$384,057	\$757,528	\$27,600	\$403,712	\$27,058	\$1,599,955
2027	\$93,459,275	\$93,459,275		\$102,805	\$990,668	\$1,093,474	\$654,121	\$23,832	\$348,603	\$23,365	\$2,143,395
2028	\$93,459,275	\$93,459,275		\$102,805	\$990,668	\$1,093,474	\$654,121	\$23,832	\$348,603	\$23,365	\$2,143,395
				Total	\$11,239,944	\$14,883,537	\$5,061,527	\$184,411	\$2,697,456	\$180,795	\$23,007,726
				Diff	\$23,871,036	\$23,871,036	\$18,121,657	\$660,240	\$9,657,634	\$647,294	\$52,957,861

Source: CPA, OCI Alamo 6 LLC & OCI Solar TRE 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 before 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that OCI SOLAR 6 LLC & OCI SOLAR TRE 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 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	\$154,924	\$154,924	\$0	\$0
	2015	\$1,647,957	\$1,802,882	\$0	\$0
	2016	\$4,805,726	\$6,608,608	\$0	\$0
Limitation Period (10 Years)	2017	\$265,000	\$6,873,608	\$4,688,342	\$4,688,342
	2018	\$265,000	\$7,138,608	\$3,945,340	\$8,633,682
	2019	\$265,000	\$7,403,608	\$3,313,789	\$11,947,471
	2020	\$265,000	\$7,668,608	\$2,776,971	\$14,724,442
	2021	\$265,000	\$7,933,608	\$2,320,675	\$17,045,117
	2022	\$265,000	\$8,198,608	\$1,932,824	\$18,977,941
	2023	\$265,000	\$8,463,608	\$1,603,150	\$20,581,092
	2024	\$265,000	\$8,728,608	\$1,322,928	\$21,904,020
	2025	\$265,000	\$8,993,608	\$1,084,739	\$22,988,758
	2026	\$265,000	\$9,258,608	\$882,278	\$23,871,036
Maintain Viable Presence (5 Years)	2027	\$990,668	\$10,249,276	\$0	\$23,871,036
	2028	\$990,668	\$11,239,944	\$0	\$23,871,036
	2029	\$990,668	\$12,230,613	\$0	\$23,871,036
	2030	\$990,668	\$13,221,281	\$0	\$23,871,036
	2031	\$990,668	\$14,211,949	\$0	\$23,871,036
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$990,668	\$15,202,618	\$0	\$23,871,036
	2033	\$990,668	\$16,193,286	\$0	\$23,871,036
	2034	\$990,668	\$17,183,954	\$0	\$23,871,036
	2035	\$990,668	\$18,174,623	\$0	\$23,871,036
	2036	\$990,668	\$19,165,291	\$0	\$23,871,036
	2037	\$990,668	\$20,155,959	\$0	\$23,871,036
	2038	\$990,668	\$21,146,628	\$0	\$23,871,036
	2039	\$990,668	\$22,137,296	\$0	\$23,871,036
	2040	\$990,668	\$23,127,964	\$0	\$23,871,036
	2041	\$990,668	\$24,118,632	\$0	\$23,871,036
		\$24,118,632	is greater than	\$23,871,036	
Analysis Summary					
Is the project reasonably likely to generate M&O tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?					Yes
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.					

Source: CPA, OCI SOLAR 6 LLC & OCI SOLAR TRE LLC

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.