

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



September 30, 2014

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

Dear Superintendent Allen:

On August 22, 2014, the Comptroller issued written notice that West Texas Solar 1, LLC (the applicant) submitted a completed application (Application #1020) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted on May 12, 2014, to the Iraan-Sheffield Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application 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)**

- |                   |                                                                                                                                                                                                                                              |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sec. 313.024(a)   | Applicant is subject to tax imposed by Chapter 171.                                                                                                                                                                                          |
| Sec. 313.024(b)   | Applicant is proposing to use the property for an eligible project.                                                                                                                                                                          |
| Sec. 313.024(d)   | Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located. |
| Sec. 313.024(d-2) | Not applicable to Application #1020.                                                                                                                                                                                                         |

Based on the information provided by the applicant, 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)

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.

<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

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. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

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 50-286) 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 agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of August 22, 2014, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at [robert.wood@cpa.state.tx.us](mailto:robert.wood@cpa.state.tx.us) or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert  
Deputy Comptroller

Enclosure

cc: Robert Wood

### Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller’s economic impact analysis of West Texas Solar 1, 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 West Texas Solar 1, LLC.

Applicant	West Texas Solar 1, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Iraan-Sheffield ISD
2012-13 Enrollment in School District	530
County	Pecos
Proposed Total Investment in District	\$275,000,000
Proposed Qualified Investment	\$275,000,000
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	\$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	\$137,500,000
Estimated M&O levy without any limit (15 years)	\$18,522,407
Estimated M&O levy with Limitation (15 years)	\$5,565,000
Estimated gross M&O tax benefit (15 years)	\$12,957,407
<i>* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).</i>	

**Table 2** is the estimated statewide economic impact of West Texas Solar 1, LLC (modeled).

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2015	200	181	381	\$7,506,800	\$13,367,223	\$20,874,023	\$1,190,186	-\$625,610	\$1,815,796
2016	2	17	19	\$74,000	\$2,977,758	\$3,051,758	\$228,882	\$282,288	-\$53,406
2017	2	16	18	\$74,000	\$2,367,406	\$2,441,406	\$221,252	\$259,399	-\$38,147
2018	2	10	12	\$74,000	\$1,757,055	\$1,831,055	\$183,105	\$267,029	-\$83,924
2019	2	8	10	\$74,000	\$1,268,773	\$1,342,773	\$160,217	\$251,770	-\$91,553
2020	2	6	8	\$74,000	\$1,268,773	\$1,342,773	\$144,958	\$228,882	-\$83,924
2021	2	4	6	\$74,000	\$780,492	\$854,492	\$106,812	\$175,476	-\$68,664
2022	2	4	6	\$74,000	\$902,563	\$976,563	\$83,923	\$144,958	-\$61,035
2023	2	4	6	\$74,000	\$536,352	\$610,352	\$83,923	\$99,182	-\$15,259
2024	2	2	4	\$74,000	\$658,422	\$732,422	\$99,182	\$83,923	\$15,259
2025	2	6	8	\$74,000	\$536,352	\$610,352	\$61,035	\$53,406	\$7,629
2026	2	2	4	\$74,000	\$292,211	\$366,211	\$68,665	\$7,629	\$61,036
2027	2	(0)	2	\$74,000	\$170,141	\$244,141	\$53,406	-\$30,518	\$83,924
2028	2	2	4	\$74,000	\$170,141	\$244,141	\$68,665	-\$45,776	\$114,441
2029	2	(4)	-2	\$74,000	-\$74,000	\$0	\$45,776	-\$45,776	\$91,552

Source: CPA, REMI, West Texas Solar 1, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	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	Middle Pecos Groundwater District Tax Levy	Estimated Total Property Taxes	
			0.1100		1.0600		0.6999	0.0255	0.0250		
2016	\$275,000,000	\$275,000,000		\$302,500	\$2,915,000	\$3,217,500	\$1,924,725	\$70,125	\$68,750	\$5,281,100	
2017	\$233,750,000	\$233,750,000		\$257,125	\$2,477,750	\$2,734,875	\$1,636,016	\$59,606	\$58,438	\$4,488,935	
2018	\$198,687,500	\$198,687,500		\$218,556	\$2,106,088	\$2,324,644	\$1,390,614	\$50,665	\$49,672	\$3,815,595	
2019	\$168,884,375	\$168,884,375		\$185,773	\$1,790,174	\$1,975,947	\$1,182,022	\$43,066	\$42,221	\$3,243,256	
2020	\$143,551,719	\$143,551,719		\$157,907	\$1,521,648	\$1,679,555	\$1,004,718	\$36,606	\$35,888	\$2,756,767	
2021	\$122,018,961	\$122,018,961		\$134,221	\$1,293,401	\$1,427,622	\$854,011	\$31,115	\$30,505	\$2,343,252	
2022	\$103,716,117	\$103,716,117		\$114,088	\$1,099,391	\$1,213,479	\$725,909	\$26,448	\$25,929	\$1,991,764	
2023	\$88,158,699	\$88,158,699		\$96,975	\$934,482	\$1,031,457	\$617,023	\$22,480	\$22,040	\$1,693,000	
2024	\$74,934,894	\$74,934,894		\$82,428	\$794,310	\$876,738	\$524,469	\$19,108	\$18,734	\$1,439,050	
2025	\$63,694,660	\$63,694,660		\$70,064	\$675,163	\$745,228	\$445,799	\$16,242	\$15,924	\$1,223,192	
2026	\$55,000,000	\$55,000,000		\$60,500	\$583,000	\$643,500	\$384,945	\$14,025	\$13,750	\$1,056,220	
2027	\$55,000,000	\$55,000,000		\$60,500	\$583,000	\$643,500	\$384,945	\$14,025	\$13,750	\$1,056,220	
2028	\$55,000,000	\$55,000,000		\$60,500	\$583,000	\$643,500	\$384,945	\$14,025	\$13,750	\$1,056,220	
2029	\$55,000,000	\$55,000,000		\$60,500	\$583,000	\$643,500	\$384,945	\$14,025	\$13,750	\$1,056,220	
2030	\$55,000,000	\$55,000,000		\$60,500	\$583,000	\$643,500	\$384,945	\$14,025	\$13,750	\$1,056,220	
						<b>Total</b>	<b>\$20,444,544</b>	<b>\$12,230,031</b>	<b>\$445,586</b>	<b>\$436,849</b>	<b>\$33,557,011</b>

Source: CPA, West Texas Solar 1, LLC

<sup>1</sup>Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district, Midland College, Middle Pecos Groundwater 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 abatements 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 <sup>1</sup>	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	Middle Pecos Groundwater District Tax Levy	Estimated Total Property Taxes	
			0.1100	0.1100	1.0600		0.6999	0.0255	0.0250		
2016	\$275,000,000	\$25,000,000		\$302,500	\$265,000	\$567,500	\$943,115	\$34,361	\$33,688	\$1,578,664	
2017	\$233,750,000	\$25,000,000		\$257,125	\$265,000	\$522,125	\$801,648	\$29,207	\$28,634	\$1,381,614	
2018	\$198,687,500	\$25,000,000		\$218,556	\$265,000	\$483,556	\$681,401	\$24,826	\$24,339	\$1,214,122	
2019	\$168,884,375	\$25,000,000		\$185,773	\$265,000	\$450,773	\$579,191	\$21,102	\$20,688	\$1,071,754	
2020	\$143,551,719	\$25,000,000		\$157,907	\$265,000	\$422,907	\$492,312	\$17,937	\$17,585	\$950,741	
2021	\$122,018,961	\$25,000,000		\$134,221	\$265,000	\$399,221	\$418,465	\$15,246	\$14,947	\$847,880	
2022	\$103,716,117	\$25,000,000		\$114,088	\$265,000	\$379,088	\$355,695	\$12,959	\$12,705	\$760,448	
2023	\$88,158,699	\$25,000,000		\$96,975	\$265,000	\$361,975	\$302,341	\$11,015	\$10,799	\$686,131	
2024	\$74,934,894	\$25,000,000		\$82,428	\$265,000	\$347,428	\$256,990	\$9,363	\$9,180	\$622,961	
2025	\$63,694,660	\$25,000,000		\$70,064	\$265,000	\$335,064	\$218,441	\$7,959	\$7,803	\$569,267	
2026	\$55,000,000	\$55,000,000		\$60,500	\$583,000	\$643,500	\$384,945	\$14,025	\$13,750	\$1,056,220	
2027	\$55,000,000	\$55,000,000		\$60,500	\$583,000	\$643,500	\$384,945	\$14,025	\$13,750	\$1,056,220	
2028	\$55,000,000	\$55,000,000		\$60,500	\$583,000	\$643,500	\$384,945	\$14,025	\$13,750	\$1,056,220	
2029	\$55,000,000	\$55,000,000		\$60,500	\$583,000	\$643,500	\$384,945	\$14,025	\$13,750	\$1,056,220	
2030	\$55,000,000	\$55,000,000		\$60,500	\$583,000	\$643,500	\$384,945	\$14,025	\$13,750	\$1,056,220	
						<b>Total</b>	<b>\$7,487,137</b>	<b>\$6,974,325</b>	<b>\$254,101</b>	<b>\$249,119</b>	<b>\$14,964,681</b>
						<b>Diff</b>	<b>\$12,957,407</b>	<b>\$5,255,706</b>	<b>\$191,485</b>	<b>\$187,731</b>	<b>\$18,592,329</b>

Assumes School Value Limitation and Tax Abatements with the County, Midland College and Middle Pecos Groundwater District.

Source: CPA, West Texas Solar 1, LLC

<sup>1</sup>Tax 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 West Texas Solar 1 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.

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2015	200	181	381	\$7,506,800	\$13,367,223	\$20,874,023	\$1,190,186	-\$625,610	\$1,815,796
2016	2	17	19	\$74,000	\$2,977,758	\$3,051,758	\$228,882	\$282,288	-\$53,406
2017	2	16	18	\$74,000	\$2,367,406	\$2,441,406	\$221,252	\$259,399	-\$38,147
2018	2	10	12	\$74,000	\$1,757,055	\$1,831,055	\$183,105	\$267,029	-\$83,924
2019	2	8	10	\$74,000	\$1,268,773	\$1,342,773	\$160,217	\$251,770	-\$91,553
2020	2	6	8	\$74,000	\$1,268,773	\$1,342,773	\$144,958	\$228,882	-\$83,924
2021	2	4	6	\$74,000	\$780,492	\$854,492	\$106,812	\$175,476	-\$68,664
2022	2	4	6	\$74,000	\$902,563	\$976,563	\$83,923	\$144,958	-\$61,035
2023	2	4	6	\$74,000	\$536,352	\$610,352	\$83,923	\$99,182	-\$15,259
2024	2	2	4	\$74,000	\$658,422	\$732,422	\$99,182	\$83,923	\$15,259
2025	2	6	8	\$74,000	\$536,352	\$610,352	\$61,035	\$53,406	\$7,629
2026	2	2	4	\$74,000	\$292,211	\$366,211	\$68,665	\$7,629	\$61,036
2027	2	(0)	2	\$74,000	\$170,141	\$244,141	\$53,406	-\$30,518	\$83,924
2028	2	2	4	\$74,000	\$170,141	\$244,141	\$68,665	-\$45,776	\$114,441
2029	2	(4)	-2	\$74,000	-\$74,000	\$0	\$45,776	-\$45,776	\$91,552
2030	2	(0)	2	\$74,000	-\$74,000	\$0	\$22,888	-\$83,923	\$106,811
2031	2	(2)	0	\$74,000	-\$318,141	-\$244,141	-\$15,259	-\$106,812	\$91,553
2032	2	(2)	0	\$74,000	-\$318,141	-\$244,141	-\$7,629	-\$122,070	\$114,441
2033	2	(2)	0	\$74,000	-\$562,281	-\$488,281	-\$22,888	-\$167,847	\$144,959
2034	2	(8)	-6	\$74,000	-\$806,422	-\$732,422	-\$99,182	-\$183,105	\$83,923
2035	2	(8)	-6	\$74,000	-\$1,294,703	-\$1,220,703	-\$122,070	-\$228,882	\$106,812
2036	2	(6)	-4	\$74,000	-\$1,538,844	-\$1,464,844	-\$183,105	-\$312,805	\$129,700
2037	2	(8)	-6	\$74,000	-\$1,782,984	-\$1,708,984	-\$190,735	-\$343,323	\$152,588
2038	2	(12)	-10	\$74,000	-\$2,515,406	-\$2,441,406	-\$183,105	-\$366,211	\$183,106
2039	2	(12)	-10	\$74,000	-\$1,782,984	-\$1,708,984	-\$183,105	-\$389,099	\$205,994
2040	2	(10)	-8	\$74,000	-\$2,515,406	-\$2,441,406	-\$228,882	-\$480,652	\$251,770
						<b>TOTAL</b>	<b>\$1,586,915</b>	<b>-\$1,678,467</b>	<b>\$3,265,382</b>
							<b>\$14,660,382</b>	is greater than	<b>\$13,545,249</b>

### 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
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Source: CPA, West Texas Solar 1 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.

## Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines 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.” This represents the basis for the Comptroller’s determination.

### Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

### Determination

The Comptroller is **has determined** that the limitation on appraised value is a determining factor in the West Texas Solar 1, LLC decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- According to the company they have the ability to locate projects of this type in other states in the US with strong solar characteristics.
- Per the company they are actively developing other projects throughout the US and internationally, and in other Texas Counties that are competing for limited investment funds.
- Per the applicant, the appraised value limitation in order to move forward with the project at this location.

### Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

**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.

# **Supporting Information**

**Section 8 of the Application for  
a Limitation on Appraised Value**

**SECTION 6: Eligibility Under Tax Code Chapter 313.024**

1. Are you an entity subject to the tax under Tax Code, Chapter 171?  Yes  No
2. The property will be used for one of the following activities:
  - (1) manufacturing  Yes  No
  - (2) research and development  Yes  No
  - (3) a clean coal project, as defined by Section 5.001, Water Code  Yes  No
  - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code  Yes  No
  - (5) renewable energy electric generation  Yes  No
  - (6) electric power generation using integrated gasification combined cycle technology  Yes  No
  - (7) nuclear electric power generation  Yes  No
  - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7)  Yes  No
  - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051  Yes  No
3. Are you requesting that any of the land be classified as qualified investment?  Yes  No
4. Will any of the proposed qualified investment be leased under a capitalized lease?  Yes  No
5. Will any of the proposed qualified investment be leased under an operating lease?  Yes  No
6. Are you including property that is owned by a person other than the applicant?  Yes  No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?  Yes  No

**SECTION 7: Project Description**

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
 

<input type="checkbox"/> Land has no existing improvements	<input checked="" type="checkbox"/> Land has existing improvements ( <i>complete Section 13</i> )
<input type="checkbox"/> Expansion of existing operation on the land ( <i>complete Section 13</i> )	<input type="checkbox"/> Relocation within Texas

**SECTION 8: Limitation as Determining Factor**

1. Does the applicant currently own the land on which the proposed project will occur?  Yes  No
2. Has the applicant entered into any agreements or contracts for work to be performed related to the proposed project?  Yes  No
3. Does the applicant have current business activities at the location where the proposed project will occur?  Yes  No
4. Has the applicant made public statements in SEC filings or other official documents regarding its intentions regarding the proposed project location?  Yes  No
5. Has the applicant received any local or state permits for activities on the proposed project site?  Yes  No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?  Yes  No
7. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?  Yes  No
8. Has the applicant considered or is the applicant considering other locations not in Texas for the proposed project?  Yes  No
9. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?  Yes  No
10. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?  Yes  No

If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

# **Supporting Information**

Attachments provided in Tab 5  
of the Application for a  
Limitation on Appraised Value

## TAB 5

### *Documentation to assist in determining if limitation is a determining factor*

The applicant for this project is a national solar developer with the ability to locate projects of this type in other states in the US with strong solar characteristics. The applicant is actively developing other projects throughout the US and internationally, and in other Texas Counties that are competing for the limited investment funds. The applicant requires this appraised value limitation in order to move forward with the project at this location.

Without the available tax incentives, the economics of the project become far less attractive and the likelihood of completing the project and selling the electricity at competitive prices becomes unlikely. Property taxes can be the highest operating expense for a solar generation facility as they do not have any associated fuel costs for the production of electricity. With electricity prices already below the national average in Texas, it is necessary to limit the property tax liabilities for the project in order to be able to offer electricity at prices that are marketable to Texas customers. Markets such as California that have state wide available subsidies for renewable energy and higher average electricity prices offer attractive incentives to develop in those markets. Solar developers would not be able to finance and build projects in this state without the economic development tax incentives offered here.