



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 14, 2016

AMENDED CERTIFICATION

Dane Kerns  
Superintendent  
Smyer Independent School District  
P.O. Box 206  
Smyer, Texas 79367-0206

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Smyer Independent School District and Red Raider Wind, LLC Application #1057

Dear Superintendent Kerns:

This application (Application #1057) was originally submitted on January 29, 2015, to the Smyer Independent School District (the school district) by Red Raider Wind, LLC (the applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>[1]</sup>. On May 06, 2015, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a Certificate for a limitation on appraised value on August 04, 2015. The applicant and school district executed an agreement for a limitation on appraised value (the agreement) on November 19, 2015.

On October 05, 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.

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<sup>[1]</sup> 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](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or 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 Red Raider Wind, LLC (the project) applying to Smyer 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 Red Raider Wind, LLC.

Applicant	Red Raider Wind, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy-Wind
School District	Smyer ISD
2014-2015 Average Daily Attendance	380
County	Hockley
Proposed Total Investment in District	\$247,000,000
Proposed Qualified Investment	\$240,000,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2017-2018
Number of new qualifying jobs committed to by applicant *	4
Number of new non-qualifying jobs estimated by applicant	1
Average weekly wage of qualifying jobs committed to by applicant	\$731
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$727
Minimum annual wage committed to by applicant for qualified jobs	\$38,000
Minimum weekly wage required for non-qualifying jobs	\$949
Minimum annual wage required for non-qualifying jobs	\$49,348
Investment per Qualifying Job	\$61,750,000
Estimated M&O levy without any limit (15 years)	\$22,368,249
Estimated M&O levy with Limitation (15 years)	\$6,704,016
Estimated gross M&O tax benefit (15 years)	\$15,664,233
* 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 Red Raider Wind, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	0	0	0	\$0	\$0	\$0
2017	0	0	0	\$0	\$0	\$0
2018	150	141	291	\$6,000,000	\$14,000,000	\$20,000,000
2019	5	22	27	\$201,348	\$2,798,652	\$3,000,000
2020	5	17	22	\$201,348	\$2,798,652	\$3,000,000
2021	5	12	17	\$201,348	\$1,798,652	\$2,000,000
2022	5	9	14	\$201,348	\$1,798,652	\$2,000,000
2023	5	7	12	\$201,348	\$1,798,652	\$2,000,000
2024	5	5	10	\$201,348	\$798,652	\$1,000,000
2025	5	4	9	\$201,348	\$798,652	\$1,000,000
2026	5	3	8	\$201,348	\$798,652	\$1,000,000
2027	5	3	8	\$201,348	\$798,652	\$1,000,000
2028	5	3	8	\$201,348	\$798,652	\$1,000,000
2029	5	1	6	\$201,348	\$798,652	\$1,000,000
2030	5	0	5	\$201,348	-\$201,348	\$0
2031	5	0	5	\$201,348	-\$201,348	\$0
2032	5	0	5	\$201,348	-\$201,348	\$0
2033	5	0	5	\$201,348	-\$201,348	\$0

Source: CPA REMI, Red Raider Wind, 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>	Smyer ISD I&S Tax Levy	Smyer ISD M&O Tax Levy	Smyer ISD M&O and I&S Tax Levies	Hockley County Tax Levy	Lubbock County Tax Levy	South Plains College Tax Levy	High Plains Underground Water Conservation District Tax Levy	Lubbock County Hospital District	Estimated Total Property Taxes
			0.1500	1.1700			0.4573	0.3582	0.3664	0.4367	0.1168	
2019	230,645,000	\$230,645,000		\$345,968	\$2,698,547	\$3,044,514	\$1,054,809	\$826,074	\$826,074	\$826,074	\$826,074	\$7,403,617
2020	211,682,500	\$211,682,500		\$317,524	\$2,476,685	\$2,794,209	\$968,088	\$758,158	\$758,158	\$758,158	\$758,158	\$6,794,928
2021	193,698,732	\$193,698,732		\$290,548	\$2,266,275	\$2,556,823	\$885,842	\$693,748	\$693,748	\$693,748	\$693,748	\$6,217,656
2022	175,775,421	\$175,775,421		\$263,663	\$2,056,572	\$2,320,236	\$803,874	\$629,554	\$629,554	\$629,554	\$629,554	\$5,642,324
2023	158,680,556	\$158,680,556		\$238,021	\$1,856,563	\$2,094,583	\$725,694	\$568,327	\$568,327	\$568,327	\$568,327	\$5,093,586
2024	142,347,783	\$142,347,783		\$213,522	\$1,665,469	\$1,878,991	\$650,999	\$509,830	\$509,830	\$509,830	\$509,830	\$4,569,310
2025	125,876,253	\$125,876,253		\$188,814	\$1,472,752	\$1,661,567	\$575,670	\$450,836	\$450,836	\$450,836	\$450,836	\$4,040,580
2026	110,889,888	\$110,889,888		\$166,335	\$1,297,412	\$1,463,747	\$507,133	\$397,161	\$397,161	\$397,161	\$397,161	\$3,559,523
2027	99,017,001	\$99,017,001		\$148,526	\$1,158,499	\$1,307,024	\$452,834	\$354,637	\$354,637	\$354,637	\$354,637	\$3,178,408
2028	90,210,229	\$90,210,229		\$135,315	\$1,055,460	\$1,190,775	\$412,558	\$323,095	\$323,095	\$323,095	\$323,095	\$2,895,714
2029	84,425,807	\$84,425,807		\$126,639	\$987,782	\$1,114,421	\$386,105	\$302,378	\$302,378	\$302,378	\$302,378	\$2,710,036
2030	79,103,662	\$79,103,662		\$118,655	\$925,513	\$1,044,168	\$361,765	\$283,316	\$283,316	\$283,316	\$283,316	\$2,539,197
2031	74,206,737	\$74,206,737		\$111,310	\$868,219	\$979,529	\$339,370	\$265,777	\$265,777	\$265,777	\$265,777	\$2,382,008
2032	69,701,130	\$69,701,130		\$104,552	\$815,503	\$920,055	\$318,764	\$249,640	\$249,640	\$249,640	\$249,640	\$2,237,380
2033	65,555,460	\$65,555,460		\$98,333	\$766,999	\$865,332	\$299,805	\$234,792	\$234,792	\$234,792	\$234,792	\$2,104,305
			<b>Total</b>	<b>\$2,867,724</b>	<b>\$22,368,249</b>	<b>\$25,235,973</b>	<b>\$8,743,309</b>	<b>\$6,847,323</b>	<b>\$6,847,323</b>	<b>\$8,349,092</b>	<b>\$6,847,323</b>	<b>\$61,368,572</b>

Source: CPA, Red Raider Wind, LLC

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

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district, Hockley and Lubbock counties, South Plains College District and the Lubbock County Hospital District, 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.

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>	Smyer ISD I&S Tax Levy	Smyer ISD M&O Tax Levy	Smyer ISD M&O and I&S Tax Levies	Hockley County Tax Levy	Lubbock County Tax Levy	South Plains College Tax Levy	High Plains Underground Water Conservation District Tax Levy	Lubbock County Hospital District	Estimated Total Property Taxes
2019	230,645,000	20,000,000	0.1500	\$345,968	\$234,000	\$579,968	\$0	\$826,074	\$826,074	\$826,074	\$826,074	\$3,884,262
2020	211,682,500	20,000,000	0.1500	\$317,524	\$234,000	\$551,524	\$0	\$758,158	\$758,158	\$758,158	\$758,158	\$3,584,155
2021	193,698,732	20,000,000	0.1500	\$290,548	\$234,000	\$524,548	\$0	\$693,748	\$693,748	\$693,748	\$693,748	\$3,299,538
2022	175,775,421	20,000,000	0.1500	\$263,663	\$234,000	\$497,663	\$0	\$629,554	\$629,554	\$629,554	\$629,554	\$3,015,878
2023	158,680,556	20,000,000	0.1500	\$238,021	\$234,000	\$472,021	\$0	\$568,327	\$568,327	\$568,327	\$568,327	\$2,745,329
2024	142,347,783	20,000,000	0.1500	\$213,522	\$234,000	\$447,522	\$0	\$509,830	\$509,830	\$509,830	\$509,830	\$2,486,842
2025	125,876,253	20,000,000	0.1500	\$188,814	\$234,000	\$422,814	\$0	\$450,836	\$450,836	\$450,836	\$450,836	\$2,226,158
2026	110,889,888	20,000,000	0.1500	\$166,335	\$234,000	\$400,335	\$0	\$397,161	\$397,161	\$397,161	\$397,161	\$1,988,979
2027	99,017,001	20,000,000	0.1500	\$148,526	\$234,000	\$382,526	\$0	\$354,637	\$354,637	\$354,637	\$354,637	\$1,801,075
2028	90,210,229	20,000,000	0.1500	\$135,315	\$234,000	\$369,315	\$0	\$323,095	\$323,095	\$323,095	\$323,095	\$1,661,696
2029	84,425,807	84,425,807	0.1500	\$126,639	\$987,782	\$1,114,421	\$386,105	\$302,378	\$302,378	\$302,378	\$302,378	\$2,710,036
2030	79,103,662	79,103,662	0.1500	\$118,655	\$925,513	\$1,044,168	\$361,765	\$283,316	\$283,316	\$283,316	\$283,316	\$2,539,197
2031	74,206,737	74,206,737	0.1500	\$111,310	\$868,219	\$979,529	\$339,370	\$265,777	\$265,777	\$265,777	\$265,777	\$2,382,008
2032	69,701,130	69,701,130	0.1500	\$104,552	\$815,503	\$920,055	\$318,764	\$249,640	\$249,640	\$249,640	\$249,640	\$2,237,380
2033	65,555,460	65,555,460	0.1500	\$98,333	\$766,999	\$865,332	\$299,805	\$234,792	\$234,792	\$234,792	\$234,792	\$2,104,305
			<b>Total</b>	<b>\$2,867,724</b>	<b>\$6,704,016</b>	<b>\$9,571,740</b>	<b>\$1,705,808</b>	<b>\$6,847,323</b>	<b>\$6,847,323</b>	<b>\$8,349,092</b>	<b>\$6,847,323</b>	<b>\$38,666,838</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$15,664,233</b>	<b>\$15,664,233</b>	<b>\$7,037,501</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$22,701,734</b>

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Red Raider Wind, 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 before 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that Red Raider Wind, 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)
<b>Limitation Pre-Years</b>	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2019	\$234,000	\$234,000	\$2,464,547	\$2,464,547
	2020	\$234,000	\$468,000	\$2,242,685	\$4,707,232
	2021	\$234,000	\$702,000	\$2,032,275	\$6,739,507
	2022	\$234,000	\$936,000	\$1,822,572	\$8,562,079
	2023	\$234,000	\$1,170,000	\$1,622,563	\$10,184,642
	2024	\$234,000	\$1,404,000	\$1,431,469	\$11,616,111
	2025	\$234,000	\$1,638,000	\$1,238,752	\$12,854,863
	2026	\$234,000	\$1,872,000	\$1,063,412	\$13,918,275
	2027	\$234,000	\$2,106,000	\$924,499	\$14,842,774
	2028	\$234,000	\$2,340,000	\$821,460	\$15,664,233
<b>Maintain Viable Presence (5 Years)</b>	2029	\$987,782	\$3,327,782	\$0	\$15,664,233
	2030	\$925,513	\$4,253,295	\$0	\$15,664,233
	2031	\$868,219	\$5,121,514	\$0	\$15,664,233
	2032	\$815,503	\$5,937,017	\$0	\$15,664,233
	2033	\$766,999	\$6,704,016	\$0	\$15,664,233
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2034	\$722,369	\$7,426,385	\$0	\$15,664,233
	2035	\$681,304	\$8,107,689	\$0	\$15,664,233
	2036	\$643,519	\$8,751,208	\$0	\$15,664,233
	2037	\$608,751	\$9,359,959	\$0	\$15,664,233
	2038	\$576,760	\$9,936,719	\$0	\$15,664,233
	2039	\$547,323	\$10,484,041	\$0	\$15,664,233
	2040	\$520,236	\$11,004,278	\$0	\$15,664,233
	2041	\$495,312	\$11,499,590	\$0	\$15,664,233
	2042	\$472,378	\$11,971,967	\$0	\$15,664,233
	2043	\$451,273	\$12,423,240	\$0	\$15,664,233

**\$12,423,240**

is less than

**\$15,664,233**

### 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

Source: CPA, Red Raider Wind, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2016	0	0	0	\$0	\$0	\$0	0	0	\$0
2017	0	0	0	\$0	\$0	\$0	0	0	\$0
2018	150	1,217	1367	\$6,000,000	\$76,000,000	\$82,000,000	10490417.5	-2494812	\$12,985,230
2019	5	44	49	\$201,350	\$9,798,650	\$10,000,000	450134.3	953674.3	-\$503,540
2020	5	7	12	\$201,350	\$5,798,650	\$6,000,000	373840.3	961303.7	-\$587,463
2021	5	(13)	-8	\$201,350	\$2,798,650	\$3,000,000	221252.4	885009.8	-\$663,757
2022	5	(25)	-20	\$201,350	\$798,650	\$1,000,000	106811.5	778198.2	-\$671,387
2023	5	(30)	-25	\$201,350	-\$201,350	\$0	61035.2	679016.1	-\$617,981
2024	5	(26)	-21	\$201,350	-\$201,350	\$0	106811.5	579834	-\$473,023
2025	5	(17)	-12	\$201,350	-\$1,201,350	-\$1,000,000	76293.9	480651.9	-\$404,358
2026	5	(21)	-16	\$201,350	-\$1,201,350	-\$1,000,000	68664.6	396728.5	-\$328,064
2027	5	(19)	-14	\$201,350	-\$1,201,350	-\$1,000,000	15258.8	282287.6	-\$267,029
2028	5	(15)	-10	\$201,350	-\$1,201,350	-\$1,000,000	15258.8	221252.4	-\$205,994
2029	5	(15)	-10	\$201,350	-\$201,350	\$0	15258.8	167846.7	-\$152,588
2030	5	(11)	-6	\$201,350	-\$1,201,350	-\$1,000,000	22888.2	99182.1	-\$76,294
2031	5	(13)	-8	\$201,350	-\$1,201,350	-\$1,000,000	0	30517.6	-\$30,518
2032	5	(9)	-4	\$201,350	-\$1,201,350	-\$1,000,000	-22888.2	-7629.4	-\$15,259
2033	5	(11)	-6	\$201,350	-\$1,201,350	-\$1,000,000	-83923.3	-99182.1	\$15,259
2034	5	(15)	-10	\$201,350	-\$1,201,350	-\$1,000,000	-129699.7	-122070.3	-\$7,629
2035	5	(15)	-10	\$201,350	-\$1,201,350	-\$1,000,000	-129699.7	-198364.3	\$68,665
2036	5	(13)	-8	\$201,350	-\$2,201,350	-\$2,000,000	-167846.7	-282287.6	\$114,441
2037	5	(15)	-10	\$201,350	-\$2,201,350	-\$2,000,000	-190734.9	-343322.8	\$152,588
2038	5	(21)	-16	\$201,350	-\$3,201,350	-\$3,000,000	-228881.8	-396728.5	\$167,847
2039	5	(21)	-16	\$201,350	-\$2,201,350	-\$2,000,000	-259399.4	-457763.7	\$198,364
2040	5	(21)	-16	\$201,350	-\$4,201,350	-\$4,000,000	-305175.8	-518798.8	\$213,623
2041	5	(23)	-18	\$201,350	-\$4,201,350	-\$4,000,000	-335693.4	-556945.8	\$221,252
2042	5	(28)	-23	\$201,350	-\$4,201,350	-\$4,000,000	-350952.1	-579834	\$228,882
2043	5	(30)	-25	\$201,350	-\$4,201,350	-\$4,000,000	-289917	-648498.5	\$358,582
<b>Total</b>							<b>\$9,529,114</b>	<b>-\$190,735</b>	<b>\$9,719,849</b>
							<b>\$22,143,089</b>	is greater than	<b>\$15,664,233</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