



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

May 9, 2016

AMENDED CERTIFICATION

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

Dear Superintendent Allen:

This application (Application #1059) was originally submitted on February 9, 2015, to the Iraan-Sheffield Independent School District (the school district) by East Pecos Solar, LLC (the applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>[1]</sup>. On June 19, 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 September 11, 2015. The applicant and school district executed an agreement for a limitation on appraised value (the agreement) on December 8, 2015.

On January 6, 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

<sup>[1]</sup> 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 information provided by the applicant related to the limitation on appraised value as a determining factor has not changed and therefore, the Comptroller has determined the applicant's decision to invest capital and construct the project in this state.

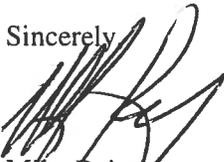
Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value for the amendment.

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](mailto: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 East Pecos Solar, 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 East Pecos Solar, LLC.

Applicant	East Pecos Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Iraan-Sheffield ISD
2011-12 Enrollment in School District	543
County	Pecos
Proposed Total Investment in District	\$215,000,000
Proposed Qualified Investment	\$215,000,000
Limitation Amount	\$30,000,000
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	\$731
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$713
Minimum annual wage committed to by applicant for qualified jobs	\$38,000
Minimum weekly wage required for non-qualifying jobs	\$894
Minimum annual wage required for non-qualifying jobs	\$46,488
Investment per Qualifying Job	\$107,500,000
Estimated M&O levy without any limit (15 years)	\$14,481,155
Estimated M&O levy with Limitation (15 years)	\$5,459,000
Estimated gross M&O tax benefit (15 years)	\$9,022,155
* 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 East Pecos Solar, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	0	0	0	\$0	\$0	\$0
2016	200	193	393	\$7,507,400	\$17,492,600	\$25,000,000
2017	2	29	31	\$74,000	\$3,926,000	\$4,000,000
2018	2	19	21	\$74,000	\$2,926,000	\$3,000,000
2019	2	10	12	\$74,000	\$1,926,000	\$2,000,000
2020	2	5	7	\$74,000	\$1,926,000	\$2,000,000
2021	2	2	4	\$74,000	\$926,000	\$1,000,000
2022	2	0	2	\$74,000	\$926,000	\$1,000,000
2023	2	(1)	1	\$74,000	\$926,000	\$1,000,000
2024	2	(1)	1	\$74,000	-\$74,000	\$0
2025	2	(1)	1	\$74,000	-\$74,000	\$0
2026	2	(1)	1	\$74,000	-\$74,000	\$0
2027	2	(1)	1	\$74,000	-\$74,000	\$0
2028	2	0	2	\$74,000	-\$74,000	\$0
2029	2	0	2	\$74,000	-\$74,000	\$0
2030	2	1	3	\$74,000	-\$74,000	\$0
2031	2	1	3	\$74,000	-\$74,000	\$0

Source: CPA, REMI, East Pecos Solar, 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	Iraan General Hospital District Tax Levy	Middle Pecos Groundwater District Tax Levy	Estimated Total Property Taxes	
			0.1100	0.10600			0.6999	0.0255	0.1896	0.0250		
2017	\$ 215,000,000	\$ 215,000,000		\$236,500	\$2,279,000	\$2,515,500	\$1,504,785	\$54,825	\$407,640	\$53,750	\$4,536,500	
2018	\$ 182,750,000	\$ 182,750,000		\$201,025	\$1,937,150	\$2,138,175	\$1,279,067	\$46,601	\$346,494	\$45,688	\$3,856,025	
2019	\$ 155,337,500	\$ 155,337,500		\$170,871	\$1,646,578	\$1,817,449	\$1,087,207	\$39,611	\$294,520	\$38,834	\$3,277,621	
2020	\$ 132,036,875	\$ 132,036,875		\$145,241	\$1,399,591	\$1,544,831	\$924,126	\$33,669	\$250,342	\$33,009	\$2,785,978	
2021	\$ 112,231,344	\$ 112,231,344		\$123,454	\$1,189,652	\$1,313,107	\$785,507	\$28,619	\$212,791	\$28,058	\$2,368,081	
2022	\$ 95,396,642	\$ 95,396,642		\$104,936	\$1,011,204	\$1,116,141	\$667,681	\$24,326	\$180,872	\$23,849	\$2,012,869	
2023	\$ 81,087,146	\$ 81,087,146		\$89,196	\$859,524	\$948,720	\$567,529	\$20,677	\$153,741	\$20,272	\$1,710,939	
2024	\$ 68,924,074	\$ 68,924,074		\$75,816	\$730,595	\$806,412	\$482,400	\$17,576	\$130,680	\$17,231	\$1,454,298	
2025	\$ 58,585,463	\$ 58,585,463		\$64,444	\$621,006	\$685,450	\$410,040	\$14,939	\$111,078	\$14,646	\$1,236,153	
2026	\$ 49,797,643	\$ 49,797,643		\$54,777	\$527,855	\$582,632	\$348,534	\$12,698	\$94,416	\$12,449	\$1,050,730	
2027	\$ 43,000,000	\$ 43,000,000		\$47,300	\$455,800	\$503,100	\$300,957	\$10,965	\$81,528	\$10,750	\$907,300	
2028	\$ 43,000,000	\$ 43,000,000		\$47,300	\$455,800	\$503,100	\$300,957	\$10,965	\$81,528	\$10,750	\$907,300	
2029	\$ 43,000,000	\$ 43,000,000		\$47,300	\$455,800	\$503,100	\$300,957	\$10,965	\$81,528	\$10,750	\$907,300	
2030	\$ 43,000,000	\$ 43,000,000		\$47,300	\$455,800	\$503,100	\$300,957	\$10,965	\$81,528	\$10,750	\$907,300	
2031	\$ 43,000,000	\$ 43,000,000		\$47,300	\$455,800	\$503,100	\$300,957	\$10,965	\$81,528	\$10,750	\$907,300	
						Total	\$15,983,916	\$9,561,661	\$348,367	\$2,590,214	\$341,537	\$28,825,695

Source: CPA, East Pecos Solar, LLC

<sup>1</sup>Tax 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 Pecos County, Midland College, Iraan General Hospital District and Middle Pecos Groundwater District.

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 <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	Iraan General Hospital District Tax Levy	Middle Pecos Groundwater District Tax Levy	Estimated Total Property Taxes	
				0.1100	1.0600		0.6999	0.0255	0.1896	0.0250		
2017	\$ 215,000,000	\$30,000,000		\$236,500	\$318,000	\$554,500	\$737,345	\$54,825	\$199,744	\$26,338	\$1,572,751	
2018	\$ 182,750,000	\$30,000,000		\$201,025	\$318,000	\$519,025	\$626,743	\$46,601	\$169,782	\$22,387	\$1,384,538	
2019	\$ 155,337,500	\$30,000,000		\$170,871	\$318,000	\$488,871	\$532,732	\$39,611	\$144,315	\$19,029	\$1,224,557	
2020	\$ 132,036,875	\$30,000,000		\$145,241	\$318,000	\$463,241	\$452,822	\$33,669	\$122,668	\$16,175	\$1,088,574	
2021	\$ 112,231,344	\$30,000,000		\$123,454	\$318,000	\$441,454	\$384,899	\$28,619	\$104,267	\$13,748	\$972,988	
2022	\$ 95,396,642	\$30,000,000		\$104,936	\$318,000	\$422,936	\$327,164	\$24,326	\$88,627	\$11,686	\$874,740	
2023	\$ 81,087,146	\$30,000,000		\$89,196	\$318,000	\$407,196	\$278,089	\$20,677	\$75,333	\$9,933	\$791,229	
2024	\$ 68,924,074	\$30,000,000		\$75,816	\$318,000	\$393,816	\$236,376	\$17,576	\$64,033	\$8,443	\$720,244	
2025	\$ 58,585,463	\$30,000,000		\$64,444	\$318,000	\$382,444	\$200,919	\$14,939	\$54,428	\$7,177	\$659,908	
2026	\$ 49,797,643	\$30,000,000		\$54,777	\$318,000	\$372,777	\$348,534	\$12,698	\$94,416	\$12,449	\$840,875	
2027	\$ 43,000,000	\$43,000,000		\$47,300	\$455,800	\$503,100	\$300,957	\$10,965	\$81,528	\$10,750	\$907,300	
2028	\$ 43,000,000	\$43,000,000		\$47,300	\$455,800	\$503,100	\$300,957	\$10,965	\$81,528	\$10,750	\$907,300	
2029	\$ 43,000,000	\$43,000,000		\$47,300	\$455,800	\$503,100	\$300,957	\$10,965	\$81,528	\$10,750	\$907,300	
2030	\$ 43,000,000	\$43,000,000		\$47,300	\$455,800	\$503,100	\$300,957	\$10,965	\$81,528	\$10,750	\$907,300	
2031	\$ 43,000,000	\$43,000,000		\$47,300	\$455,800	\$503,100	\$300,957	\$10,965	\$81,528	\$10,750	\$907,300	
						<b>Total</b>	<b>\$6,961,761</b>	<b>\$5,630,406</b>	<b>\$348,367</b>	<b>\$1,525,254</b>	<b>\$201,115</b>	<b>\$14,666,903</b>
						<b>Diff</b>	<b>\$9,022,155</b>	<b>\$3,931,254</b>	<b>\$0</b>	<b>\$1,064,960</b>	<b>\$140,422</b>	<b>\$14,158,792</b>

Source: CPA, East Pecos Solar, 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 East Pecos Solar, 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)
<b>Limitation Pre-Years</b>	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2017	\$318,000	\$318,000	\$1,961,000	\$1,961,000
	2018	\$318,000	\$636,000	\$1,619,150	\$3,580,150
	2019	\$318,000	\$954,000	\$1,328,578	\$4,908,728
	2020	\$318,000	\$1,272,000	\$1,081,591	\$5,990,318
	2021	\$318,000	\$1,590,000	\$871,652	\$6,861,971
	2022	\$318,000	\$1,908,000	\$693,204	\$7,555,175
	2023	\$318,000	\$2,226,000	\$541,524	\$8,096,699
	2024	\$318,000	\$2,544,000	\$412,595	\$8,509,294
	2025	\$318,000	\$2,862,000	\$303,006	\$8,812,300
	2026	\$318,000	\$3,180,000	\$209,855	\$9,022,155
<b>Maintain Viable Presence (5 Years)</b>	2027	\$455,800	\$3,635,800	\$0	\$9,022,155
	2028	\$455,800	\$4,091,600	\$0	\$9,022,155
	2029	\$455,800	\$4,547,400	\$0	\$9,022,155
	2030	\$455,800	\$5,003,200	\$0	\$9,022,155
	2031	\$455,800	\$5,459,000	\$0	\$9,022,155
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2032	\$455,800	\$5,914,800	\$0	\$9,022,155
	2033	\$455,800	\$6,370,600	\$0	\$9,022,155
	2034	\$455,800	\$6,826,400	\$0	\$9,022,155
	2035	\$455,800	\$7,282,200	\$0	\$9,022,155
	2036	\$455,800	\$7,738,000	\$0	\$9,022,155
	2037	\$455,800	\$8,193,800	\$0	\$9,022,155
	2038	\$455,800	\$8,649,600	\$0	\$9,022,155
	2039	\$455,800	\$9,105,400	\$0	\$9,022,155
	2040	\$455,800	\$9,561,200	\$0	\$9,022,155
	2041	\$455,800	\$10,017,000	\$0	\$9,022,155

**\$10,017,000**

is greater than

**\$9,022,155**

#### Analysis Summary

Is the project reasonably likely to generate school M & O tax revenue in an amount sufficient to offset the school M&O levy loss as a result of the limitation agreement within a 25 year period?

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, East Pecos Solar, 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.