



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

April 6, 2017

AMENDED CERTIFICATION

Ralph Traynham
Superintendent
Fort Stockton Independent School District
101 West Division Street
Fort Stockton, Texas 79735

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Fort Stockton Independent School District and Buckthorn Westex, LLC, Application 1063

Dear Superintendent Traynham:

This application (Application 1063) was originally submitted on February 23, 2015, to the Fort Stockton Independent School District (school district) by Buckthorn Westex, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.^[1] On June 22, 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 July 24, 2015. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on September 28, 2015.

On March 7, 2017, 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's 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 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 that the applicant meets the requirement.

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, 2017.

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 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 Buckthorn Westex I, LLC (project) applying to Fort Stockton Independent School District (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 Buckthorn Westex, LLC.

Applicant	Buckthorn Westex, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Fort Stockton ISD
Estimated 2013-2014 Average Daily Attendance	2,486
County	Pecos County
Proposed Total Investment in District	\$172,500,000
Proposed Qualified Investment	\$172,500,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2016-2017
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	\$769
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$760
Minimum annual wage committed to by applicant for qualified jobs	\$40,000
Minimum weekly wage required for non-qualifying jobs	\$866
Minimum annual wage required for non-qualifying jobs	\$35,127
Investment per Qualifying Job	\$86,250,000
Estimated M&O levy without any limit (15 years)	\$11,399,346
Estimated M&O levy with Limitation (15 years)	\$4,914,000
Estimated gross M&O tax benefit (15 years)	\$6,485,346

* 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 Buckthorn Westex, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	0	0	0	\$0	\$0	\$0
2017	200	234	434.482	\$7,506,800	\$19,387,200	\$26,894,000
2018	2	43	45	\$76,000	\$4,767,000	\$4,843,000
2019	2	25	27	\$76,000	\$3,369,000	\$3,445,000
2020	2	9	11	\$76,000	\$2,116,000	\$2,192,000
2021	2	(0)	2	\$76,000	\$1,223,000	\$1,299,000
2022	2	(5)	-3	\$76,000	\$658,000	\$734,000
2023	2	(6)	-4	\$76,000	\$323,000	\$399,000
2024	2	(6)	-4	\$76,000	\$168,000	\$244,000
2025	2	(4)	-2	\$76,000	\$164,000	\$240,000
2026	2	(2)	0	\$76,000	\$234,000	\$310,000
2027	2	(0)	2	\$76,000	\$344,000	\$420,000
2028	2	1	3	\$76,000	\$455,000	\$531,000
2029	2	3	5	\$76,000	\$581,000	\$657,000
2030	2	4	6	\$76,000	\$703,000	\$779,000
2031	2	5	7	\$76,000	\$803,000	\$879,000
2032	2	5	7	\$76,000	\$880,000	\$956,000

Source: CPA REMI, Buckthorn Westex, 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 ¹	Fort Stockton ISD I&S Tax Levy	Fort Stockton ISD M&O Tax Levy	Fort Stockton ISD M&O and I&S Tax Levies	Pecos County Tax Levy	Middle Pecos Groundwater Conservation District t Tax Levy	Midland College Tax Levy	Estimated Total Property Taxes
				0.1992	1.0400		0.7190	0.0249	0.0280	
2018	\$172,500,000	\$172,500,000		\$343,620	\$1,794,000	\$2,137,620	\$1,240,275	\$42,953	\$48,300	\$3,420,848
2019	\$146,625,000	\$146,625,000		\$292,077	\$1,524,900	\$1,816,977	\$1,054,234	\$36,510	\$41,055	\$2,907,720
2020	\$124,631,000	\$124,631,000		\$248,265	\$1,296,162	\$1,544,427	\$896,097	\$31,033	\$34,897	\$2,471,557
2021	\$105,936,000	\$105,936,000		\$211,025	\$1,101,734	\$1,312,759	\$761,680	\$26,378	\$29,662	\$2,100,817
2022	\$90,046,000	\$90,046,000		\$179,372	\$936,478	\$1,115,850	\$647,431	\$22,421	\$25,213	\$1,785,702
2023	\$76,539,000	\$76,539,000		\$152,466	\$796,006	\$948,471	\$550,315	\$19,058	\$21,431	\$1,517,845
2024	\$65,058,000	\$65,058,000		\$129,596	\$676,603	\$806,199	\$467,767	\$16,199	\$18,216	\$1,290,165
2025	\$55,299,000	\$55,299,000		\$110,156	\$575,110	\$685,265	\$397,600	\$13,769	\$15,484	\$1,096,634
2026	\$47,004,000	\$47,004,000		\$93,632	\$488,842	\$582,474	\$337,959	\$11,704	\$13,161	\$932,136
2027	\$39,953,000	\$39,953,000		\$79,586	\$415,511	\$495,098	\$287,262	\$9,948	\$11,187	\$792,308
2028	\$34,500,000	\$34,500,000		\$68,724	\$358,800	\$427,524	\$248,055	\$8,591	\$9,660	\$684,170
2029	\$34,500,000	\$34,500,000		\$68,724	\$358,800	\$427,524	\$248,055	\$8,591	\$9,660	\$684,170
2030	\$34,500,000	\$34,500,000		\$68,724	\$358,800	\$427,524	\$248,055	\$8,591	\$9,660	\$684,170
2031	\$34,500,000	\$34,500,000		\$68,724	\$358,800	\$427,524	\$248,055	\$8,591	\$9,660	\$684,170
2032	\$34,500,000	\$34,500,000		\$68,724	\$358,800	\$427,524	\$248,055	\$8,591	\$9,660	\$684,170
			Total	\$2,183,413	\$11,399,346	\$13,582,760	\$7,880,894	\$272,927	\$306,905	\$21,736,581

Source: CPA, Buckthorn Westex, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Middle Pecos Groundwater Conservation District, Midland College and Pecos County, with all property tax incentives being sought 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 and conservation 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	Fort Stockton ISD I&S Tax Levy	Fort Stockton ISD M&O Tax Levy	Fort Stockton ISD M&O and I&S Tax Levies	Pecos County Tax Levy	Middle Pecos Groundwater Conservation District Tax Levy	Midland College Tax Levy	Estimated Total Property Taxes
				0.1992	1.0400		0.7190	0.0249	0.0280	
2018	\$172,500,000	\$30,000,000		\$343,620	\$312,000	\$655,620	\$620,138	\$21,476	\$48,300	\$1,297,234
2019	\$146,625,000	\$30,000,000		\$292,077	\$312,000	\$604,077	\$527,117	\$18,255	\$41,055	\$1,149,449
2020	\$124,631,000	\$30,000,000		\$248,265	\$312,000	\$560,265	\$448,048	\$15,517	\$34,897	\$1,023,830
2021	\$105,936,000	\$30,000,000		\$211,025	\$312,000	\$523,025	\$380,840	\$13,189	\$29,662	\$917,053
2022	\$90,046,000	\$30,000,000		\$179,372	\$312,000	\$491,372	\$323,715	\$11,211	\$25,213	\$826,298
2023	\$76,539,000	\$30,000,000		\$152,466	\$312,000	\$464,466	\$275,158	\$9,529	\$21,431	\$749,152
2024	\$65,058,000	\$30,000,000		\$129,596	\$312,000	\$441,596	\$233,884	\$8,100	\$18,216	\$683,579
2025	\$55,299,000	\$30,000,000		\$110,156	\$312,000	\$422,156	\$198,800	\$6,885	\$15,484	\$627,840
2026	\$47,004,000	\$30,000,000		\$93,632	\$312,000	\$405,632	\$168,979	\$5,852	\$13,161	\$580,463
2027	\$39,953,000	\$30,000,000		\$79,586	\$312,000	\$391,586	\$143,631	\$4,974	\$11,187	\$540,192
2028	\$34,500,000	\$34,500,000		\$68,724	\$358,800	\$427,524	\$248,055	\$8,591	\$9,660	\$684,170
2029	\$34,500,000	\$34,500,000		\$68,724	\$358,800	\$427,524	\$248,055	\$8,591	\$9,660	\$684,170
2030	\$34,500,000	\$34,500,000		\$68,724	\$358,800	\$427,524	\$248,055	\$8,591	\$9,660	\$684,170
2031	\$34,500,000	\$34,500,000		\$68,724	\$358,800	\$427,524	\$248,055	\$8,591	\$9,660	\$684,170
2032	\$34,500,000	\$34,500,000		\$68,724	\$358,800	\$427,524	\$248,055	\$8,591	\$9,660	\$684,170
			Total	\$2,183,413	\$4,914,000	\$7,097,413	\$4,560,585	\$157,940	\$306,905	\$11,815,937
			Diff	\$0	\$6,485,346	\$6,485,346	\$3,320,310	\$114,987	\$0	\$9,920,643

Assumes School Value Limitation and Tax Abatements with the County and Conservation District.

Source: CPA, Buckthorn Westex, 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 Buckthorn Westex, 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	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2018	\$312,000	\$312,000	\$1,482,000	\$1,482,000
	2019	\$312,000	\$624,000	\$1,212,900	\$2,694,900
	2020	\$312,000	\$936,000	\$984,162	\$3,679,062
	2021	\$312,000	\$1,248,000	\$789,734	\$4,468,797
	2022	\$312,000	\$1,560,000	\$624,478	\$5,093,275
	2023	\$312,000	\$1,872,000	\$484,006	\$5,577,281
	2024	\$312,000	\$2,184,000	\$364,603	\$5,941,884
	2025	\$312,000	\$2,496,000	\$263,110	\$6,204,994
	2026	\$312,000	\$2,808,000	\$176,842	\$6,381,835
	2027	\$312,000	\$3,120,000	\$103,511	\$6,485,346
Maintain Viable Presence (5 Years)	2028	\$358,800	\$3,478,800	\$0	\$6,485,346
	2029	\$358,800	\$3,837,600	\$0	\$6,485,346
	2030	\$358,800	\$4,196,400	\$0	\$6,485,346
	2031	\$358,800	\$4,555,200	\$0	\$6,485,346
	2032	\$358,800	\$4,914,000	\$0	\$6,485,346
Additional Years as Required by 313.026(c)(1) (10 Years)	2033	\$380,880	\$5,294,880	\$0	\$6,485,346
	2034	\$380,880	\$5,675,760	\$0	\$6,485,346
	2035	\$380,880	\$6,056,640	\$0	\$6,485,346
	2036	\$380,880	\$6,437,520	\$0	\$6,485,346
	2037	\$380,880	\$6,818,400	\$0	\$6,485,346
	2038	\$380,880	\$7,199,280	\$0	\$6,485,346
	2039	\$380,880	\$7,580,160	\$0	\$6,485,346
	2040	\$380,880	\$7,961,040	\$0	\$6,485,346
	2041	\$380,880	\$8,341,920	\$0	\$6,485,346
	2042	\$380,880	\$8,722,800	\$0	\$6,485,346

\$8,722,800

is greater than

\$6,485,346

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

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, Buckthorn Westex, 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.