



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 8, 2017

AMENDED CERTIFICATION

Leon Freeman
Superintendent
Lohn Independent School District
P.O. Box 277
Lohn, Texas 76852

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Lohn Independent School District and Rattlesnake Power, LLC, Application 1096

Dear Superintendent Freeman:

This application (Application 1096) was originally submitted on August 10, 2015, to the Lohn Independent School District (school district) by Rattlesnake Power, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On November 17, 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 February 5, 2016. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on March 28, 2016.

On August 11, 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.

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

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'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 Rattlesnake Power, LLC (project) applying to Lohn 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 Rattlesnake Power, LLC.

Applicant	Rattlesnake Power, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Lohn ISD
Estimated 2014-2015 Average Daily Attendance	114
County	McCulloch
Proposed Total Investment in District	\$35,000,000
Proposed Qualified Investment	\$35,000,000
Limitation Amount	\$15,000,000
Qualifying Time Period (Full Years)	2016-2017
Number of new qualifying jobs committed to by applicant	*1
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$846
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$823
Minimum annual wage committed to by applicant for qualified jobs	\$44,000
Minimum weekly wage required for non-qualifying jobs	\$793
Minimum annual wage required for non-qualifying jobs	\$41,211
Investment per Qualifying Job	\$35,000,000
Estimated M&O levy without any limit (15 years)	\$3,866,990
Estimated M&O levy with Limitation (15 years)	\$2,655,233
Estimated gross M&O tax benefit (15 years)	\$1,211,757

* 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 Rattlesnake Power, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2017	40	47	87	\$1,501,360	\$3,877,440	\$5,378,800
2018	1	9	9.7164	\$44,000	\$951,300	\$995,300
2019	1	5	6	\$44,000	\$695,100	\$739,100
2020	1	2	3	\$44,000	\$464,100	\$508,100
2021	1	1	2	\$44,000	\$301,200	\$345,200
2022	1	(0)	1	\$44,000	\$199,900	\$243,900
2023	1	(0)	1	\$44,000	\$141,400	\$185,400
2024	1	(0)	1	\$44,000	\$116,100	\$160,100
2025	1	(0)	1	\$44,000	\$118,400	\$162,400
2026	1	0	1	\$44,000	\$133,900	\$177,900
2027	1	1	2	\$44,000	\$156,400	\$200,400
2028	1	1	2	\$44,000	\$175,000	\$219,000
2029	1	1	2	\$44,000	\$198,700	\$242,700
2030	1	1	2	\$44,000	\$223,300	\$267,300
2031	1	1	2	\$44,000	\$244,500	\$288,500
2032	1	2	3	\$44,000	\$262,000	\$306,000

Source: CPA REMI, Rattlesnake Power, 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*	Lohn ISD I&S Tax Levy	Lohn ISD M&O Tax Levy	Lohn ISD M&O and I&S Tax Levies	McCulloch County Tax Levy	Heart of Texas Hospital District Tax Levy	Hickory Underground Water Conservation District #1 Tax Levy	Estimated Total Property Taxes
			0.0613	1.1700			0.4831	0.1223	0.0350	
2018	\$34,398,000	\$34,398,000		\$21,086	\$402,457	\$423,543	\$166,187	\$42,053	\$12,039	\$631,782
2019	\$31,990,000	\$31,990,000		\$19,610	\$374,283	\$393,893	\$154,553	\$39,109	\$11,197	\$587,555
2020	\$29,751,000	\$29,751,000		\$18,237	\$348,087	\$366,324	\$143,736	\$36,372	\$10,413	\$546,432
2021	\$27,668,000	\$27,668,000		\$16,960	\$323,716	\$340,676	\$133,672	\$33,825	\$9,684	\$508,173
2022	\$25,731,000	\$25,731,000		\$15,773	\$301,053	\$316,826	\$124,314	\$31,457	\$9,006	\$472,597
2023	\$23,930,000	\$23,930,000		\$14,669	\$279,981	\$294,650	\$115,613	\$29,255	\$8,376	\$439,518
2024	\$22,255,000	\$22,255,000		\$13,642	\$260,384	\$274,026	\$107,520	\$27,208	\$7,789	\$408,754
2025	\$20,697,000	\$20,697,000		\$12,687	\$242,155	\$254,842	\$99,993	\$25,303	\$7,244	\$380,138
2026	\$19,248,000	\$19,248,000		\$11,799	\$225,202	\$237,001	\$92,993	\$23,531	\$6,737	\$353,525
2027	\$17,901,000	\$17,901,000		\$10,973	\$209,442	\$220,415	\$86,485	\$21,885	\$6,265	\$328,785
2028	\$17,006,000	\$17,006,000		\$10,425	\$198,970	\$209,395	\$82,161	\$20,791	\$5,952	\$312,346
2029	\$16,156,000	\$16,156,000		\$9,904	\$189,025	\$198,929	\$78,054	\$19,751	\$5,655	\$296,735
2030	\$15,348,000	\$15,348,000		\$9,408	\$179,572	\$188,980	\$74,151	\$18,764	\$5,372	\$281,894
2031	\$14,581,000	\$14,581,000		\$8,938	\$170,598	\$179,536	\$70,445	\$17,826	\$5,103	\$267,807
2032	\$13,852,000	\$13,852,000		\$8,491	\$162,068	\$170,560	\$66,923	\$16,935	\$4,848	\$254,417
			Total	\$202,604	\$3,866,990	\$4,069,594	\$1,596,799	\$404,064	\$115,679	\$6,070,458

Source: CPA, Rattlesnake Power, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, McCulloch County, Heart of Texas Hospital District and Hickory Underground Water Conservation District #1, with all property tax incentives 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 hospital 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*	Lohn ISD I&S Tax Levy	Lohn ISD M&O Tax Levy	Lohn ISD M&O and I&S Tax Levies	McCulloch County Tax Levy	Heart of Texas Hospital District Tax Levy	Hickory Underground Water Conservation District #1 Tax Levy	Estimated Total Property Taxes
				0.0613	1.1700		0.4831	0.1223	0.0350	
2018	\$34,398,000	\$15,000,000		\$21,086	\$175,500	\$196,586	\$45,701	\$0	\$12,039	\$242,287
2019	\$31,990,000	\$15,000,000		\$19,610	\$175,500	\$195,110	\$44,357	\$0	\$11,197	\$239,467
2020	\$29,751,000	\$15,000,000		\$18,237	\$175,500	\$193,737	\$42,833	\$0	\$10,413	\$236,571
2021	\$27,668,000	\$15,000,000		\$16,960	\$175,500	\$192,460	\$41,572	\$0	\$9,684	\$234,033
2022	\$25,731,000	\$15,000,000		\$15,773	\$175,500	\$191,273	\$40,278	\$0	\$9,006	\$231,551
2023	\$23,930,000	\$15,000,000		\$14,669	\$175,500	\$190,169	\$38,962	\$0	\$8,376	\$229,131
2024	\$22,255,000	\$15,000,000		\$13,642	\$175,500	\$189,142	\$37,740	\$0	\$7,789	\$226,882
2025	\$20,697,000	\$15,000,000		\$12,687	\$175,500	\$188,187	\$36,598	\$0	\$7,244	\$224,785
2026	\$19,248,000	\$15,000,000		\$11,799	\$175,500	\$187,299	\$35,430	\$0	\$6,737	\$222,729
2027	\$17,901,000	\$15,000,000		\$10,973	\$175,500	\$186,473	\$34,335	\$0	\$6,265	\$220,808
2028	\$17,006,000	\$17,006,000		\$10,425	\$198,970	\$209,395	\$82,161	\$20,791	\$5,952	\$312,346
2029	\$16,156,000	\$16,156,000		\$9,904	\$189,025	\$198,929	\$78,054	\$19,751	\$5,655	\$296,735
2030	\$15,348,000	\$15,348,000		\$9,408	\$179,572	\$188,980	\$74,151	\$18,764	\$5,372	\$281,894
2031	\$14,581,000	\$14,581,000		\$8,938	\$170,598	\$179,536	\$70,445	\$17,826	\$5,103	\$267,807
2032	\$13,852,000	\$13,852,000		\$8,491	\$162,068	\$170,560	\$66,923	\$16,935	\$4,848	\$254,417
			Total	\$202,604	\$2,655,233	\$2,857,837	\$769,538	\$94,066	\$115,679	\$3,721,441
			Diff	\$0	\$1,211,757	\$1,211,757	\$827,261	\$309,998	\$0	\$2,349,017

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

Source: CPA, Rattlesnake Power, LLC

*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 25th Anniversary of Limitation Start

This represents the Comptroller's determination that Rattlesnake Power, 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	\$175,500	\$175,500	\$226,957	\$226,957
	2019	\$175,500	\$351,000	\$198,783	\$425,740
	2020	\$175,500	\$526,500	\$172,587	\$598,326
	2021	\$175,500	\$702,000	\$148,216	\$746,542
	2022	\$175,500	\$877,500	\$125,553	\$872,095
	2023	\$175,500	\$1,053,000	\$104,481	\$976,576
	2024	\$175,500	\$1,228,500	\$84,884	\$1,061,459
	2025	\$175,500	\$1,404,000	\$66,655	\$1,128,114
	2026	\$175,500	\$1,579,500	\$49,702	\$1,177,816
	2027	\$175,500	\$1,755,000	\$33,942	\$1,211,757
Maintain Viable Presence (5 Years)	2028	\$198,970	\$1,953,970	\$0	\$1,211,757
	2029	\$189,025	\$2,142,995	\$0	\$1,211,757
	2030	\$179,572	\$2,322,567	\$0	\$1,211,757
	2031	\$170,598	\$2,493,165	\$0	\$1,211,757
	2032	\$162,068	\$2,655,233	\$0	\$1,211,757
Additional Years as Required by 313.026(c)(1) (10 Years)	2033	\$153,960	\$2,809,193	\$0	\$1,211,757
	2034	\$146,262	\$2,955,455	\$0	\$1,211,757
	2035	\$138,949	\$3,094,404	\$0	\$1,211,757
	2036	\$131,999	\$3,226,404	\$0	\$1,211,757
	2037	\$125,401	\$3,351,804	\$0	\$1,211,757
	2038	\$119,129	\$3,470,934	\$0	\$1,211,757
	2039	\$113,174	\$3,584,108	\$0	\$1,211,757
	2040	\$107,511	\$3,691,619	\$0	\$1,211,757
	2041	\$102,668	\$3,794,287	\$0	\$1,211,757
	2042	\$102,668	\$3,896,954	\$0	\$1,211,757

\$3,896,954

is greater than

\$1,211,757

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, Rattlesnake Power, 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.