



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 9, 2016

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 (the 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 October 3, 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.

^[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 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, 2016.

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

Applicant	Rattlesnake Power, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Lohn ISD
2014-2015 Average Daily Attendance	114
County	McCulloch
Proposed Total Investment in District	\$43,050,000
Proposed Qualified Investment	\$38,250,000
Limitation Amount	\$15,000,000
Qualifying Time Period (Full Years)	2017-2018
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)	\$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	\$41,210
Investment per Qualifying Job	\$43,050,000
Estimated M&O levy without any limit (15 years)	\$4,214,118
Estimated M&O levy with Limitation (15 years)	\$2,736,057
Estimated gross M&O tax benefit (15 years)	\$1,478,061
* 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	0	0	0	\$0	\$0	\$0
2018	40	37	76.981	\$1,501,360	\$3,617,614	\$5,118,974
2019	1	4	5	\$44,000	\$655,658	\$699,658
2020	1	3	4	\$44,000	\$482,166	\$526,166
2021	1	1	2	\$44,000	\$326,104	\$370,104
2022	1	0	1	\$44,000	\$215,380	\$259,380
2023	1	(0)	1	\$44,000	\$135,531	\$179,531
2024	1	(0)	1	\$44,000	\$78,254	\$122,254
2025	1	(1)	0	\$44,000	\$43,842	\$87,842
2026	1	(1)	0	\$44,000	\$21,579	\$65,579
2027	1	(0)	1	\$44,000	\$7,021	\$51,021
2028	1	(0)	1	\$44,000	-\$2,453	\$41,547
2029	1	(0)	1	\$44,000	-\$21,370	\$22,630
2030	1	(0)	1	\$44,000	-\$28,127	\$15,873
2031	1	(0)	1	\$44,000	-\$28,535	\$15,465
2032	1	(0)	1	\$44,000	-\$27,476	\$16,524
2033	1	(0)	1	\$44,000	-\$26,065	\$17,935
2034	1	(0)	1	\$44,000	-\$27,202	\$16,798
2035	1	(0)	1	\$44,000	-\$28,627	\$15,373

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.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives										
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	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 Memorial Hospital District	Hickory Underground Water Conservation District #1	Estimated Total Property Taxes
				0.0613	1.1700		0.4831	0.1223	0.0350	
2019	\$37,485,000	\$37,485,000		\$22,994	\$438,575	\$461,569	\$181,101	\$45,827	\$13,120	\$701,616
2020	\$34,861,000	\$34,861,000		\$21,384	\$407,874	\$429,258	\$168,424	\$42,619	\$12,201	\$652,502
2021	\$32,421,000	\$32,421,000		\$19,888	\$379,326	\$399,213	\$156,635	\$39,636	\$11,347	\$606,832
2022	\$30,152,000	\$30,152,000		\$18,496	\$352,778	\$371,274	\$145,673	\$36,862	\$10,553	\$564,363
2023	\$28,041,000	\$28,041,000		\$17,201	\$328,080	\$345,281	\$135,474	\$34,281	\$9,814	\$524,850
2024	\$26,078,000	\$26,078,000		\$15,997	\$305,113	\$321,109	\$125,990	\$31,881	\$9,127	\$488,108
2025	\$24,253,000	\$24,253,000		\$14,877	\$283,760	\$298,637	\$117,173	\$29,650	\$8,489	\$453,949
2026	\$22,555,000	\$22,555,000		\$13,836	\$263,894	\$277,729	\$108,970	\$27,574	\$7,894	\$422,168
2027	\$20,976,000	\$20,976,000		\$12,867	\$245,419	\$258,286	\$101,341	\$25,644	\$7,342	\$392,613
2028	\$19,508,000	\$19,508,000		\$11,967	\$228,244	\$240,210	\$94,249	\$23,849	\$6,828	\$365,136
2029	\$18,533,000	\$18,533,000		\$11,369	\$216,836	\$228,205	\$89,538	\$22,657	\$6,487	\$346,887
2030	\$17,606,000	\$17,606,000		\$10,800	\$205,990	\$216,790	\$85,060	\$21,524	\$6,162	\$329,536
2031	\$16,726,000	\$16,726,000		\$10,260	\$195,694	\$205,954	\$80,808	\$20,448	\$5,854	\$313,065
2032	\$15,890,000	\$15,890,000		\$9,747	\$185,913	\$195,660	\$76,769	\$19,426	\$5,562	\$297,417
2033	\$15,096,000	\$15,096,000		\$9,260	\$176,623	\$185,883	\$72,933	\$18,455	\$5,284	\$282,556
			Total	\$220,942	\$4,214,118	\$4,435,060	\$1,740,139	\$440,336	\$126,063	\$6,741,598

Source: CPA, Rattlesnake Power, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and McCulloch 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 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 ¹	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 Memorial Hospital District	Hickory Underground Water Conservation District #1	Estimated Total Property Taxes
				0.0613	1.1700		0.4831	0.1223	0.035	
2019	\$37,485,000	\$15,000,000		\$22,994	\$175,500	\$198,494	\$61,400	\$14,900	\$13,120	\$287,914
2020	\$34,861,000	\$15,000,000		\$21,384	\$175,500	\$196,884	\$61,400	\$14,900	\$12,201	\$285,386
2021	\$32,421,000	\$15,000,000		\$19,888	\$175,500	\$195,388	\$61,400	\$14,900	\$11,347	\$283,035
2022	\$30,152,000	\$15,000,000		\$18,496	\$175,500	\$193,996	\$61,400	\$14,900	\$10,553	\$280,849
2023	\$28,041,000	\$15,000,000		\$17,201	\$175,500	\$192,701	\$61,400	\$14,900	\$9,814	\$278,815
2024	\$26,078,000	\$15,000,000		\$15,997	\$175,500	\$191,497	\$61,400	\$14,900	\$9,127	\$276,924
2025	\$24,253,000	\$15,000,000		\$14,877	\$175,500	\$190,377	\$61,400	\$14,900	\$8,489	\$275,166
2026	\$22,555,000	\$15,000,000		\$13,836	\$175,500	\$189,336	\$61,400	\$14,900	\$7,894	\$273,530
2027	\$20,976,000	\$15,000,000		\$12,867	\$175,500	\$188,367	\$61,400	\$14,900	\$7,342	\$272,009
2028	\$19,508,000	\$15,000,000		\$11,967	\$175,500	\$187,467	\$61,400	\$14,900	\$6,828	\$270,594
2029	\$18,533,000	\$18,533,000		\$11,369	\$216,836	\$228,205	\$89,538	\$22,657	\$6,487	\$346,887
2030	\$17,606,000	\$17,606,000		\$10,800	\$205,990	\$216,790	\$85,060	\$21,524	\$6,162	\$329,536
2031	\$16,726,000	\$16,726,000		\$10,260	\$195,694	\$205,954	\$80,808	\$20,448	\$5,854	\$313,065
2032	\$15,890,000	\$15,890,000		\$9,747	\$185,913	\$195,660	\$76,769	\$19,426	\$5,562	\$297,417
2033	\$15,096,000	\$15,096,000		\$9,260	\$176,623	\$185,883	\$72,933	\$18,455	\$5,284	\$282,556
			Total:	\$220,942	\$2,736,057	\$2,956,999	\$1,019,108	\$251,511	\$126,063	\$4,353,682
			Diff	\$0	\$1,478,061	\$1,478,061	\$721,030	\$188,824	\$0	\$2,387,916

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

Source: CPA, Rattlesnake Power, 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 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	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2019	\$175,500	\$175,500	\$263,075	\$263,075
	2020	\$175,500	\$351,000	\$232,374	\$495,448
	2021	\$175,500	\$526,500	\$203,826	\$699,274
	2022	\$175,500	\$702,000	\$177,278	\$876,552
	2023	\$175,500	\$877,500	\$152,580	\$1,029,132
	2024	\$175,500	\$1,053,000	\$129,613	\$1,158,745
	2025	\$175,500	\$1,228,500	\$108,260	\$1,267,005
	2026	\$175,500	\$1,404,000	\$88,394	\$1,355,398
	2027	\$175,500	\$1,579,500	\$69,919	\$1,425,317
	2028	\$175,500	\$1,755,000	\$52,744	\$1,478,061
Maintain Viable Presence (5 Years)	2029	\$216,836	\$1,971,836	\$0	\$1,478,061
	2030	\$205,990	\$2,177,826	\$0	\$1,478,061
	2031	\$195,694	\$2,373,521	\$0	\$1,478,061
	2032	\$185,913	\$2,559,434	\$0	\$1,478,061
	2033	\$176,623	\$2,736,057	\$0	\$1,478,061
Additional Years as Required by 313.026(c)(1) (10 Years)	2034	\$167,790	\$2,903,846	\$0	\$1,478,061
	2035	\$159,401	\$3,063,247	\$0	\$1,478,061
	2036	\$151,433	\$3,214,680	\$0	\$1,478,061
	2037	\$143,863	\$3,358,544	\$0	\$1,478,061
	2038	\$136,668	\$3,495,211	\$0	\$1,478,061
	2039	\$129,835	\$3,625,046	\$0	\$1,478,061
	2040	\$123,341	\$3,748,388	\$0	\$1,478,061
	2041	\$117,176	\$3,865,563	\$0	\$1,478,061
	2042	\$111,881	\$3,977,444	\$0	\$1,478,061
	2043	\$111,881	\$4,089,326	\$0	\$1,478,061

\$4,089,326

is greater than

\$1,478,061

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

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.