



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

March 12, 2018

AMENDED CERTIFICATION

Steve Long
Superintendent
Reagan County Independent School District
702 NW 8th Street
Tulia, TX 79088

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Reagan County Independent School District and Santa Rita Wind Energy, LLC, Application 1103

Dear Superintendent Long:

This application (Application 1103) was originally submitted on August 27, 2015, to the Reagan County Independent School District (school district) by Santa Rita Wind Energy, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On October 26, 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 January 22, 2016. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on May 9, 2016.

On March 6, 2018, Comptroller received an amendment to revise the project's operating capacity and qualified investment 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 Comptroller previously 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, 2018.

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

Amended Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Santa Rita Wind Energy, LLC (project) applying to Reagan County 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 Santa Rita Wind Energy, LLC.

	Amendment No. 1	Amendment No. 2
Applicant	Santa Rita Wind Energy, LLC	Santa Rita Wind Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation	Renewable Energy Electric Generation
School District	Reagan County ISD	Reagan County ISD
2014-2015 Average Daily Attendance	804	804
County	Reagan	Reagan
Proposed Total Investment in District	\$226,200,000	\$294,500,000
Proposed Qualified Investment	\$226,200,000	\$294,500,000
Limitation Amount	\$25,000,000	\$25,000,000
Qualifying Time Period (Full Years)	2017-2018	2017-2018
Number of new qualifying jobs committed to by applicant	8*	8*
Number of new non-qualifying jobs estimated by applicant	1	1
Average weekly wage of qualifying jobs committed to by applicant	\$823	\$823
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$823	\$823
Minimum annual wage committed to by applicant for qualified jobs	\$42,775	\$42,775
Minimum weekly wage required for non-qualifying jobs	\$1,084	\$1,084
Minimum annual wage required for non-qualifying jobs	\$56,356	\$56,356
Investment per Qualifying Job	\$28,275,000	\$36,812,500
Estimated M&O levy without any limit (15 years)	\$21,927,021	\$28,547,779
Estimated M&O levy with Limitation (15 years)	\$7,618,758	\$9,088,857
Estimated gross M&O tax benefit (15 years)	\$14,308,262	\$19,458,922

* 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 Santa Rita Wind Energy, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2017	300	287	587	\$15,000,000	\$22,109,400	\$37,109,400
2018	9	24	33.2031	\$398,556	\$4,362,144	\$4,760,700
2019	9	12	21	\$398,556	\$3,019,444	\$3,418,000
2020	9	5	14	\$398,556	\$2,409,044	\$2,807,600
2021	9	5	14	\$398,556	\$1,554,544	\$1,953,100
2022	9	3	12	\$398,556	\$1,188,344	\$1,586,900
2023	9	3	12	\$398,556	\$944,244	\$1,342,800
2024	9	1	10	\$398,556	\$700,044	\$1,098,600
2025	9	7	16	\$398,556	\$700,044	\$1,098,600
2026	9	5	14	\$398,556	\$700,044	\$1,098,600
2027	9	5	14	\$398,556	\$822,144	\$1,220,700
2028	9	3	12	\$398,556	\$822,144	\$1,220,700
2029	9	(1)	8	\$398,556	\$333,844	\$732,400
2030	9	(1)	8	\$398,556	\$89,744	\$488,300
2031	9	(3)	6	\$398,556	\$89,744	\$488,300
2032	9	(1)	8	\$398,556	-\$642,656	-\$244,100

Source: CPA REMI, Santa Rita Wind Energy, 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	Reagan County ISD I&S Tax Levy	Reagan County ISD M&O Tax Levy	Reagan County ISD M&O and I&S Tax Levies	Reagan County Tax Levy	Reagan County Hospital Tax Levy	Reagan County Water District Tax Levy
				0.1000	1.1000	1.2000	0.2100	0.1984	0.1112
2018	\$273,885,000	\$273,885,000		\$273,885	\$3,012,735	\$3,286,620	\$575,159	\$543,410	\$304,670
2019	\$254,713,050	\$254,713,050		\$254,713	\$2,801,844	\$3,056,557	\$534,897	\$505,371	\$283,343
2020	\$236,883,137	\$236,883,137		\$236,883	\$2,605,715	\$2,842,598	\$497,455	\$469,995	\$263,509
2021	\$220,301,317	\$220,301,317		\$220,301	\$2,423,314	\$2,643,616	\$462,633	\$437,095	\$245,063
2022	\$204,880,225	\$204,880,225		\$204,880	\$2,253,682	\$2,458,563	\$430,248	\$406,499	\$227,909
2023	\$190,538,609	\$190,538,609		\$190,539	\$2,095,925	\$2,286,463	\$400,131	\$378,044	\$211,955
2024	\$177,200,906	\$177,200,906		\$177,201	\$1,949,210	\$2,126,411	\$372,122	\$351,581	\$197,118
2025	\$164,796,843	\$164,796,843		\$164,797	\$1,812,765	\$1,977,562	\$346,073	\$326,970	\$183,320
2026	\$153,261,064	\$153,261,064		\$153,261	\$1,685,872	\$1,839,133	\$321,848	\$304,082	\$170,488
2027	\$142,532,789	\$142,532,789		\$142,533	\$1,567,861	\$1,710,393	\$299,319	\$282,796	\$158,553
2028	\$132,555,494	\$132,555,494		\$132,555	\$1,458,110	\$1,590,666	\$278,367	\$263,001	\$147,455
2029	\$123,276,610	\$123,276,610		\$123,277	\$1,356,043	\$1,479,319	\$258,881	\$244,591	\$137,133
2030	\$114,647,247	\$114,647,247		\$114,647	\$1,261,120	\$1,375,767	\$240,759	\$227,469	\$127,534
2031	\$106,621,940	\$106,621,940		\$106,622	\$1,172,841	\$1,279,463	\$223,906	\$211,546	\$118,606
2032	\$99,158,404	\$99,158,404		\$99,158	\$1,090,742	\$1,189,901	\$208,233	\$196,738	\$110,304
			Total	\$2,595,253	\$28,547,779	\$31,143,032	\$5,450,031	\$5,149,189	\$2,886,959

Source: CPA, Santa Rita Wind Energy, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Reagan 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 Reagan County Hospital District and the county.

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 ¹	Reagan County ISD I&S Tax Levy	Reagan County ISD M&O Tax Levy	Reagan County ISD M&O and I&S Tax Levies	Reagan County Tax Levy	Reagan County Hospital Tax Levy	Reagan County Water District Tax Levy	Estimated Total Property Taxes
			0.1000	0.1000	1.1000	1.2000	0.21	0.1984	0.11124	
2018	\$273,885,000	\$25,000,000		\$273,885	\$275,000	\$548,885	\$71,536	\$66,945	\$304,670	\$992,036
2019	\$254,713,050	\$25,000,000		\$254,713	\$275,000	\$529,713	\$71,536	\$66,945	\$283,343	\$951,537
2020	\$236,883,137	\$25,000,000		\$236,883	\$275,000	\$511,883	\$71,536	\$66,945	\$263,509	\$913,873
2021	\$220,301,317	\$25,000,000		\$220,301	\$275,000	\$495,301	\$71,536	\$66,945	\$245,063	\$878,846
2022	\$204,880,225	\$25,000,000		\$204,880	\$275,000	\$479,880	\$71,536	\$66,945	\$227,909	\$846,270
2023	\$190,538,609	\$25,000,000		\$190,539	\$275,000	\$465,539	\$71,536	\$66,945	\$211,955	\$815,975
2024	\$177,200,906	\$25,000,000		\$177,201	\$275,000	\$452,201	\$71,536	\$66,945	\$197,118	\$787,800
2025	\$164,796,843	\$25,000,000		\$164,797	\$275,000	\$439,797	\$71,536	\$66,945	\$183,320	\$761,598
2026	\$153,261,064	\$25,000,000		\$153,261	\$275,000	\$428,261	\$71,536	\$66,945	\$170,488	\$737,230
2027	\$142,532,789	\$25,000,000		\$142,533	\$275,000	\$417,533	\$71,536	\$66,945	\$158,553	\$714,567
2028	\$132,555,494	\$132,555,494		\$132,555	\$1,458,110	\$1,590,666	\$278,367	\$262,990	\$147,455	\$2,279,477
2029	\$123,276,610	\$123,276,610		\$123,277	\$1,356,043	\$1,479,319	\$258,881	\$244,581	\$137,133	\$2,119,914
2030	\$114,647,247	\$114,647,247		\$114,647	\$1,261,120	\$1,375,767	\$240,759	\$227,460	\$127,534	\$1,971,520
2031	\$106,621,940	\$106,621,940		\$106,622	\$1,172,841	\$1,279,463	\$223,906	\$211,538	\$118,606	\$1,833,514
2032	\$99,158,404	\$99,158,404		\$99,158	\$1,090,742	\$1,189,901	\$208,233	\$196,730	\$110,304	\$1,705,168
			Total	\$2,595,253	\$9,088,857	\$11,684,109	\$1,925,505	\$1,812,749	\$2,886,959	\$18,309,323
			Diff	\$0	\$19,458,922	\$19,458,922	\$3,524,525	\$3,336,440	\$0	\$26,319,887
Assumes School Value Limitation and Tax Abatements with Reagan County and Reagan County Hospital District										

Source: CPA, Santa Rita Wind Energy, 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 Santa Rita Wind Energy, 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)
Limitation Pre-Years	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2018	\$275,000	\$275,000	\$2,737,735	\$2,737,735
	2019	\$275,000	\$550,000	\$2,526,844	\$5,264,579
	2020	\$275,000	\$825,000	\$2,330,715	\$7,595,293
	2021	\$275,000	\$1,100,000	\$2,148,314	\$9,743,608
	2022	\$275,000	\$1,375,000	\$1,978,682	\$11,722,290
	2023	\$275,000	\$1,650,000	\$1,820,925	\$13,543,215
	2024	\$275,000	\$1,925,000	\$1,674,210	\$15,217,425
	2025	\$275,000	\$2,200,000	\$1,537,765	\$16,755,190
	2026	\$275,000	\$2,475,000	\$1,410,872	\$18,166,062
	2027	\$275,000	\$2,750,000	\$1,292,861	\$19,458,922
Maintain Viable Presence (5 Years)	2028	\$1,458,110	\$4,208,110	\$0	\$19,458,922
	2029	\$1,356,043	\$5,564,153	\$0	\$19,458,922
	2030	\$1,261,120	\$6,825,273	\$0	\$19,458,922
	2031	\$1,172,841	\$7,998,114	\$0	\$19,458,922
	2032	\$1,090,742	\$9,088,857	\$0	\$19,458,922
Additional Years as Required by 313.026(c)(1) (10 Years)	2033	\$1,014,390	\$10,103,247	\$0	\$19,458,922
	2034	\$943,383	\$11,046,630	\$0	\$19,458,922
	2035	\$877,346	\$11,923,977	\$0	\$19,458,922
	2036	\$815,932	\$12,739,909	\$0	\$19,458,922
	2037	\$758,817	\$13,498,725	\$0	\$19,458,922
	2038	\$705,700	\$14,204,425	\$0	\$19,458,922
	2039	\$656,301	\$14,860,726	\$0	\$19,458,922
	2040	\$610,360	\$15,471,085	\$0	\$19,458,922
	2041	\$567,634	\$16,038,720	\$0	\$19,458,922
	2042	\$527,900	\$16,566,620	\$0	\$19,458,922

\$16,566,620

is less than

\$19,458,922

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

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levv directly related to this project.

Source: CPA, Santa Rita Wind Energy, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2017	300	287	587	\$15,000,000	\$22,109,400	\$37,109,400	1960800	-1052900	\$3,013,700
2018	9	24	33.2031	\$398,556	\$4,362,144	\$4,760,700	228900	389100	-\$160,200
2019	9	12	21	\$398,556	\$3,019,444	\$3,418,000	190700	389100	-\$198,400
2020	9	5	14	\$398,556	\$2,409,044	\$2,807,600	152600	366200	-\$213,600
2021	9	5	14	\$398,556	\$1,554,544	\$1,953,100	99200	274700	-\$175,500
2022	9	3	12	\$398,556	\$1,188,344	\$1,586,900	53400	213600	-\$160,200
2023	9	3	12	\$398,556	\$944,244	\$1,342,800	45800	160200	-\$114,400
2024	9	1	10	\$398,556	\$700,044	\$1,098,600	61000	106800	-\$45,800
2025	9	7	16	\$398,556	\$700,044	\$1,098,600	76300	68700	\$7,600
2026	9	5	14	\$398,556	\$700,044	\$1,098,600	99200	22900	\$76,300
2027	9	5	14	\$398,556	\$822,144	\$1,220,700	45800	-38100	\$83,900
2028	9	3	12	\$398,556	\$822,144	\$1,220,700	45800	-91600	\$137,400
2029	9	(1)	8	\$398,556	\$333,844	\$732,400	7600	-129700	\$137,300
2030	9	(1)	8	\$398,556	\$89,744	\$488,300	-30500	-167800	\$137,300
2031	9	(3)	6	\$398,556	\$89,744	\$488,300	-53400	-206000	\$152,600
2032	9	(1)	8	\$398,556	-\$642,656	-\$244,100	-68700	-236500	\$167,800
2033	9	(5)	4	\$398,556	-\$398,556	\$0	-91600	-289900	\$198,300
2034	9	(7)	2	\$398,556	-\$642,656	-\$244,100	-145000	-320400	\$175,400
2035	9	(11)	-2	\$398,556	-\$1,375,156	-\$976,600	-206000	-381500	\$175,500
2036	9	(9)	0	\$398,556	-\$1,619,256	-\$1,220,700	-259400	-450100	\$190,700
2037	9	(15)	-6	\$398,556	-\$2,107,556	-\$1,709,000	-305200	-503500	\$198,300
2038	9	(15)	-6	\$398,556	-\$2,839,956	-\$2,441,400	-320400	-526400	\$206,000
2039	9	(17)	-8	\$398,556	-\$2,351,656	-\$1,953,100	-320400	-602700	\$282,300
2040	9	(15)	-6	\$398,556	-\$3,084,056	-\$2,685,500	-366200	-656100	\$289,900
2041	9	(17)	-8	\$398,556	-\$3,328,256	-\$2,929,700	-396700	-694300	\$297,600
2042	9	(17)	-8	\$398,556	-\$3,084,056	-\$2,685,500	-396700	-717200	\$320,500
2043	0	(27)	-27	\$0	-\$5,371,100	-\$5,371,100	-488300	-701900	\$213,600
2044	0	(31)	-31	\$0	-\$5,859,400	-\$5,859,400	-564600	-740100	\$175,500
Total							-\$946,000	-\$6,515,400	\$5,569,400
							\$22,136,020	is greater than	\$19,458,922

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