



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 4, 2017

AMENDED CERTIFICATION

Steve Long
Superintendent
Reagan County Independent School District
1111 12th Street
Big Lake, TX 76932

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 August 29, 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)

Comptroller has still 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, 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,

 for Mike Reissig

Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

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.

Applicant	Santa Rita Wind Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Reagan County ISD
Estimated 2014-2015 Average Daily Attendance	804
County	Reagan County
Proposed Total Investment in District	\$226,200,000
Proposed Qualified Investment	\$226,200,000
Limitation Amount	\$25,000,000
Qualifying Time Period (Full Years)	2017-2018
Number of new qualifying jobs committed to by applicant	*8
Number of new non-qualifying jobs estimated by applicant	1
Average weekly wage of qualifying jobs committed to by applicant	\$823
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	\$42,775
Minimum weekly wage required for non-qualifying jobs	\$1,084
Minimum annual wage required for non-qualifying jobs	\$56,356
Investment per Qualifying Job	\$28,275,000
Estimated M&O levy without any limit (15 years)	\$21,927,021
Estimated M&O levy with Limitation (15 years)	\$7,618,758
Estimated gross M&O tax benefit (15 years)	\$14,308,262

* 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	\$22,109,375	\$37,109,375
2018	8	23	31.25	\$342,200	\$4,296,472	\$4,638,672
2019	8	12	20	\$342,200	\$2,709,558	\$3,051,758
2020	8	2	10	\$342,200	\$2,099,206	\$2,441,406
2021	8	2	10	\$342,200	\$1,366,784	\$1,708,984
2022	8	(4)	4	\$342,200	\$1,000,573	\$1,342,773
2023	8	(2)	6	\$342,200	\$512,292	\$854,492
2024	8	(4)	4	\$342,200	\$268,152	\$610,352
2025	8	4	12	\$342,200	\$390,222	\$732,422
2026	8	(4)	4	\$342,200	\$268,152	\$610,352
2027	8	4	12	\$342,200	\$390,222	\$732,422
2028	8	(0)	8	\$342,200	-\$98,059	\$244,141
2029	8	(2)	6	\$342,200	-\$98,059	\$244,141
2030	8	(6)	2	\$342,200	-\$830,481	-\$488,281
2031	8	(8)	0	\$342,200	-\$586,341	-\$244,141
2032	8	(4)	4	\$342,200	-\$1,074,622	-\$732,422

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*	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 District Tax Levy	Reagan County Water Supply District Tax Levy	Reagan County Farm-to-Market & Lateral Road Tax Levy	Estimated Total Property Taxes
2018	\$210,366,000	\$210,366,000	0.1000	\$210,366	\$2,314,026	\$2,524,392	\$394,154	\$479,893	\$23,401	\$49,371	\$3,398,440
2019	\$195,640,380	\$195,640,380		\$195,640	\$2,152,044	\$2,347,685	\$366,564	\$446,301	\$21,763	\$45,915	\$3,160,549
2020	\$181,945,553	\$181,945,553		\$181,946	\$2,001,401	\$2,183,347	\$340,904	\$415,060	\$20,240	\$42,701	\$2,939,310
2021	\$169,209,365	\$169,209,365		\$169,209	\$1,861,303	\$2,030,512	\$317,041	\$386,005	\$18,823	\$39,712	\$2,733,559
2022	\$157,364,709	\$157,364,709		\$157,365	\$1,731,012	\$1,888,377	\$294,848	\$358,985	\$17,505	\$36,932	\$2,542,210
2023	\$146,349,179	\$146,349,179		\$146,349	\$1,609,841	\$1,756,190	\$274,209	\$333,856	\$16,280	\$34,347	\$2,364,255
2024	\$136,104,737	\$136,104,737		\$136,105	\$1,497,152	\$1,633,257	\$255,014	\$310,486	\$15,140	\$31,942	\$2,198,757
2025	\$126,577,405	\$126,577,405		\$126,577	\$1,392,351	\$1,518,929	\$237,163	\$288,752	\$14,080	\$29,706	\$2,044,844
2026	\$117,716,987	\$117,716,987		\$117,717	\$1,294,887	\$1,412,604	\$220,562	\$268,540	\$13,095	\$27,627	\$1,901,705
2027	\$109,476,798	\$109,476,798		\$109,477	\$1,204,245	\$1,313,722	\$205,122	\$249,742	\$12,178	\$25,693	\$1,768,586
2028	\$101,813,422	\$101,813,422		\$101,813	\$1,119,948	\$1,221,761	\$190,764	\$232,260	\$11,326	\$23,895	\$1,644,785
2029	\$94,686,482	\$94,686,482		\$94,686	\$1,041,551	\$1,136,238	\$177,410	\$216,002	\$10,533	\$22,222	\$1,529,650
2030	\$88,058,429	\$88,058,429		\$88,058	\$968,643	\$1,056,701	\$164,992	\$200,882	\$9,796	\$20,666	\$1,422,574
2031	\$81,894,339	\$81,894,339		\$81,894	\$900,838	\$982,732	\$153,442	\$186,820	\$9,110	\$19,220	\$1,322,994
2032	\$76,161,735	\$76,161,735		\$76,162	\$837,779	\$913,941	\$142,701	\$173,742	\$8,472	\$17,874	\$1,230,384
			Total	\$1,993,366	\$21,927,021	\$23,920,386	\$3,734,889	\$4,547,325	\$221,742	\$467,823	\$32,202,601

Source: CPA, Santa Rita Wind Energy, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Reagan County Hospital District, Reagan Water Supply District, Reagan County Farm-to-Market & Lateral Road and Reagan County, 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*	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 District Tax Levy	Reagan County Water Supply District Tax Levy	Reagan County Farm-to-Market & Lateral Road Tax Levy	Estimated Total Property Taxes	
2018	\$210,366,000	\$25,000,000		0.1000	1.1000		0.1874	0.2281	0.0111	0.0235		
2018				\$210,366	\$275,000	\$485,366	\$59,123	\$71,984	\$23,401	\$49,371	\$616,473	
2019	\$195,640,380	\$25,000,000		\$195,640	\$275,000	\$470,640	\$54,985	\$66,945	\$21,763	\$45,915	\$592,570	
2020	\$181,945,553	\$25,000,000		\$181,946	\$275,000	\$456,946	\$51,136	\$62,259	\$20,240	\$42,701	\$570,340	
2021	\$169,209,365	\$25,000,000		\$169,209	\$275,000	\$444,209	\$47,556	\$57,901	\$18,823	\$39,712	\$549,666	
2022	\$157,364,709	\$25,000,000		\$157,365	\$275,000	\$432,365	\$44,227	\$53,848	\$17,505	\$36,932	\$530,440	
2023	\$146,349,179	\$25,000,000		\$146,349	\$275,000	\$421,349	\$41,131	\$50,078	\$16,280	\$34,347	\$512,559	
2024	\$136,104,737	\$25,000,000		\$136,105	\$275,000	\$411,105	\$38,252	\$46,573	\$15,140	\$31,942	\$495,930	
2025	\$126,577,405	\$25,000,000		\$126,577	\$275,000	\$401,577	\$35,574	\$43,313	\$14,080	\$29,706	\$480,465	
2026	\$117,716,987	\$25,000,000		\$117,717	\$275,000	\$392,717	\$33,084	\$40,281	\$13,095	\$27,627	\$466,082	
2027	\$109,476,798	\$25,000,000		\$109,477	\$275,000	\$384,477	\$30,768	\$37,461	\$12,178	\$25,693	\$452,706	
2028	\$101,813,422	\$101,813,422		\$101,813	\$1,119,948	\$1,221,761	\$190,764	\$232,260	\$11,326	\$23,895	\$1,644,785	
2029	\$94,686,482	\$94,686,482		\$94,686	\$1,041,551	\$1,136,238	\$177,410	\$216,002	\$10,533	\$22,222	\$1,529,650	
2030	\$88,058,429	\$88,058,429		\$88,058	\$968,643	\$1,056,701	\$164,992	\$200,882	\$9,796	\$20,666	\$1,422,574	
2031	\$81,894,339	\$81,894,339		\$81,894	\$900,838	\$982,732	\$153,442	\$186,820	\$9,110	\$19,220	\$1,322,994	
2032	\$76,161,735	\$76,161,735		\$76,162	\$837,779	\$913,941	\$142,701	\$173,742	\$8,472	\$17,874	\$1,230,384	
				Total	\$1,993,366	\$7,618,758	\$9,612,124	\$1,265,146	\$1,540,348	\$221,742	\$467,823	\$12,417,618
				Diff	\$0	\$14,308,262	\$14,308,262	\$2,469,743	\$3,006,977	\$0	\$0	\$19,784,983

Assumes School Value Limitation and Tax Abatements with the County and 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	\$2,039,026	\$2,039,026
	2019	\$275,000	\$550,000	\$1,877,044	\$3,916,070
	2020	\$275,000	\$825,000	\$1,726,401	\$5,642,471
	2021	\$275,000	\$1,100,000	\$1,586,303	\$7,228,774
	2022	\$275,000	\$1,375,000	\$1,456,012	\$8,684,786
	2023	\$275,000	\$1,650,000	\$1,334,841	\$10,019,627
	2024	\$275,000	\$1,925,000	\$1,222,152	\$11,241,779
	2025	\$275,000	\$2,200,000	\$1,117,351	\$12,359,131
	2026	\$275,000	\$2,475,000	\$1,019,887	\$13,379,017
	2027	\$275,000	\$2,750,000	\$929,245	\$14,308,262
Maintain Viable Presence (5 Years)	2028	\$1,119,948	\$3,869,948	\$0	\$14,308,262
	2029	\$1,041,551	\$4,911,499	\$0	\$14,308,262
	2030	\$968,643	\$5,880,142	\$0	\$14,308,262
	2031	\$900,838	\$6,780,979	\$0	\$14,308,262
	2032	\$837,779	\$7,618,758	\$0	\$14,308,262
Additional Years as Required by 313.026(c)(1) (10 Years)	2033	\$779,135	\$8,397,893	\$0	\$14,308,262
	2034	\$724,595	\$9,122,488	\$0	\$14,308,262
	2035	\$673,873	\$9,796,362	\$0	\$14,308,262
	2036	\$626,702	\$10,423,064	\$0	\$14,308,262
	2037	\$582,833	\$11,005,897	\$0	\$14,308,262
	2038	\$542,035	\$11,547,932	\$0	\$14,308,262
	2039	\$504,092	\$12,052,024	\$0	\$14,308,262
	2040	\$468,806	\$12,520,830	\$0	\$14,308,262
	2041	\$435,990	\$12,956,820	\$0	\$14,308,262
	2042	\$405,470	\$13,362,290	\$0	\$14,308,262

\$13,362,290

is less than

\$14,308,262

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 levy 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	\$22,109,375	\$37,109,375	1960754	-1052856	\$3,013,610
2018	8	23	31.25	\$342,200	\$4,296,472	\$4,638,672	213623	404358	-\$190,735
2019	8	12	20	\$342,200	\$2,709,558	\$3,051,758	167847	404358	-\$236,511
2020	8	2	10	\$342,200	\$2,099,206	\$2,441,406	114441	350952	-\$236,511
2021	8	2	10	\$342,200	\$1,366,784	\$1,708,984	68665	274658	-\$205,993
2022	8	(4)	4	\$342,200	\$1,000,573	\$1,342,773	38147	205994	-\$167,847
2023	8	(2)	6	\$342,200	\$512,292	\$854,492	7629	144958	-\$137,329
2024	8	(4)	4	\$342,200	\$268,152	\$610,352	15259	91553	-\$76,294
2025	8	4	12	\$342,200	\$390,222	\$732,422	-15259	30518	-\$45,777
2026	8	(4)	4	\$342,200	\$268,152	\$610,352	-30518	-22888	-\$7,630
2027	8	4	12	\$342,200	\$390,222	\$732,422	-38147	-106812	\$68,665
2028	8	(0)	8	\$342,200	-\$98,059	\$244,141	-68665	-152588	\$83,923
2029	8	(2)	6	\$342,200	-\$98,059	\$244,141	-91553	-183105	\$91,552
2030	8	(6)	2	\$342,200	-\$830,481	-\$488,281	-129700	-228882	\$99,182
2031	8	(8)	0	\$342,200	-\$586,341	-\$244,141	-167847	-297546	\$129,699
2032	8	(4)	4	\$342,200	-\$1,074,622	-\$732,422	-213623	-328064	\$114,441
2033	8	(10)	-2	\$342,200	-\$1,074,622	-\$732,422	-251770	-411987	\$160,217
2034	8	(12)	-4	\$342,200	-\$1,074,622	-\$732,422	-297546	-450134	\$152,588
2035	8	(16)	-8	\$342,200	-\$2,295,325	-\$1,953,125	-350952	-495911	\$144,959
2036	8	(12)	-4	\$342,200	-\$2,295,325	-\$1,953,125	-366211	-595093	\$228,882
2037	8	(18)	-10	\$342,200	-\$3,027,747	-\$2,685,547	-404358	-656128	\$251,770
2038	8	(22)	-14	\$342,200	-\$3,760,169	-\$3,417,969	-427246	-701904	\$274,658
2039	8	(16)	-8	\$342,200	-\$3,516,028	-\$3,173,828	-427246	-785828	\$358,582
2040	8	(20)	-12	\$342,200	-\$4,492,591	-\$4,150,391	-488281	-862122	\$373,841
2041	8	(22)	-14	\$342,200	-\$4,980,872	-\$4,638,672	-518799	-930786	\$411,987
2042	8	(26)	-18	\$342,200	-\$4,980,872	-\$4,638,672	-564575	-968933	\$404,358
2043	8	(31)	-23	\$342,200	-\$6,201,575	-\$5,859,375	-564575	-1014709	\$450,134
2044	8	(35)	-27	\$342,200	-\$6,689,856	-\$6,347,656	-625610	-1052856	\$427,246
Total							-\$3,456,116	-\$9,391,783	\$5,935,667
							\$19,297,957	is greater than	\$14,308,262
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

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.