



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

January 15, 2016

Dr. Billy McLaughlin  
Superintendent  
Walcott Independent School District  
4275 Highway 214  
Hereford, Texas 79045

Dear Superintendent McLaughlin:

On Oct. 20, 2015 the Comptroller issued written notice that Broadview Energy JN LLC (the applicant) submitted a completed application (Application #1105) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted on Oct. 1, 2015, to the Walcott Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application 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)**

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1105.

Based on the information provided by the applicant, 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.

<sup>1</sup> 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)

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 Comptroller has 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. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

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 50-286) 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 agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of Oct. 20, 2015, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Korry Castillo, Director, Data Analysis & Transparency, by email at [korry.castillo@cpa.texas.gov](mailto:korry.castillo@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reissig  
Deputy Comptroller

Enclosure

cc: Korry Castillo

### Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Broadview Energy JN, LLC (the project) applying to Walcott 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 Broadview Energy JN, LLC.

Applicant	Broadview Energy JN, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Walcott ISD
Estimated 2014-2015 Average Daily Attendance	126
County	Deaf Smith
Proposed Total Investment in District	\$122,580,000
Proposed Qualified Investment	\$111,780,000
Limitation Amount	\$15,000,000
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	\$927
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)B	\$927
Minimum annual wage committed to by applicant for qualified jobs	\$48,203
Minimum weekly wage required for non-qualifying jobs	\$741
Minimum annual wage required for non-qualifying jobs	\$38,519
Investment per Qualifying Job	\$55,890,000
Estimated M&O levy without any limit (15 years)	\$10,946,607
Estimated M&O levy with Limitation (15 years)	\$4,108,333
Estimated gross M&O tax benefit (15 years)	\$6,838,275
* 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 Broadview Energy JN, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	175	179	354	\$7,525,000	\$15,458,039	\$22,983,039
2017	2	24	26	\$96,406	\$3,100,756	\$3,197,162
2018	2	15	17	\$96,406	\$2,352,683	\$2,449,089
2019	2	8	10	\$96,406	\$1,687,318	\$1,783,724
2020	2	4	6	\$96,406	\$1,241,633	\$1,338,039
2021	2	2	4	\$96,406	\$961,596	\$1,058,002
2022	2	1	3	\$96,406	\$801,558	\$897,964
2023	2	1	3	\$96,406	\$703,428	\$799,834
2024	2	2	4	\$96,406	\$658,923	\$755,329
2025	2	2	4	\$96,406	\$668,384	\$764,790
2026	2	3	5	\$96,406	\$699,173	\$795,579
2027	2	2	4	\$96,406	\$605,679	\$702,085
2028	2	2	4	\$96,406	\$584,566	\$680,972
2029	2	3	5	\$96,406	\$580,196	\$676,602
2030	2	3	5	\$96,406	\$586,313	\$682,719
2031	2	3	5	\$96,406	\$601,674	\$698,080

Source: CPA, REMI, Broadview Energy JN 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 <sup>1</sup>	Walcott ISD I&S Tax Levy	Walcott ISD M&O Tax Levy	Walcott ISD M&O and I&S Tax Levies	Deaf Smith County Tax Levy	Deaf Smith County Hospital Tax Levy	High Plains Underground Water Conservation District #1 Tax Levy	Estimated Total Property Taxes
				0.0000	1.0400		0.5100	0.3625	0.0080	
2017	109,544,400	109,544,400		\$0	\$1,139,262	\$1,139,262	\$558,676	\$397,098	\$4,132	\$2,099,169
2018	101,876,000	101,876,000		\$0	\$1,059,510	\$1,059,510	\$519,568	\$369,301	\$3,843	\$1,952,221
2019	94,745,000	94,745,000		\$0	\$985,348	\$985,348	\$483,200	\$343,451	\$3,574	\$1,815,572
2020	88,113,000	88,113,000		\$0	\$916,375	\$916,375	\$449,376	\$319,410	\$3,324	\$1,688,485
2021	81,945,000	81,945,000		\$0	\$852,228	\$852,228	\$417,920	\$297,051	\$3,091	\$1,570,289
2022	76,209,000	76,209,000		\$0	\$792,574	\$792,574	\$388,666	\$276,258	\$2,875	\$1,460,372
2023	70,874,000	70,874,000		\$0	\$737,090	\$737,090	\$361,457	\$256,918	\$2,674	\$1,358,139
2024	65,913,000	65,913,000		\$0	\$685,495	\$685,495	\$336,156	\$238,935	\$2,486	\$1,263,073
2025	61,299,000	61,299,000		\$0	\$637,510	\$637,510	\$312,625	\$222,209	\$2,312	\$1,174,656
2026	57,008,000	57,008,000		\$0	\$592,883	\$592,883	\$290,741	\$206,654	\$2,150	\$1,092,428
2027	54,158,000	54,158,000		\$0	\$563,243	\$563,243	\$276,206	\$196,323	\$2,043	\$1,037,815
2028	51,450,000	51,450,000		\$0	\$535,080	\$535,080	\$262,395	\$186,506	\$1,941	\$985,922
2029	48,878,000	48,878,000		\$0	\$508,331	\$508,331	\$249,278	\$177,183	\$1,844	\$936,636
2030	46,434,000	46,434,000		\$0	\$482,914	\$482,914	\$236,813	\$168,323	\$1,752	\$889,802
2031	44,112,000	44,112,000		\$0	\$458,765	\$458,765	\$224,971	\$159,906	\$1,664	\$845,306
					<b>Total</b>	<b>\$10,946,607</b>	<b>\$5,368,048</b>	<b>\$3,815,524</b>	<b>\$39,705</b>	<b>\$20,169,884</b>

Source: CPA, Broadview Energy JN, LLC

<sup>1</sup>Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Deaf Smith 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 abatements with the Deaf Smith County and Deaf Smith County 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 <sup>1</sup>	Walcott ISD I&S Tax Levy	Walcott ISD M&O Tax Levy	Walcott ISD M&O and I&S Tax Levies	Deaf Smith County Tax Levy	Deaf Smith County Hospital Tax Levy	High Plains Underground Water Conservation District #1 Tax Levy	Estimated Total Property Taxes	
2017	109,544,400	15,000,000		0.0000	1.0400		0.51	0.3625	0.008026		
2018	101,876,000	15,000,000		\$0	\$156,000	\$156,000	\$165,600	\$175,000	\$4,132	\$500,732	
2019	94,745,000	15,000,000		\$0	\$156,000	\$156,000	\$165,600	\$175,000	\$3,843	\$500,443	
2020	88,113,000	15,000,000		\$0	\$156,000	\$156,000	\$165,600	\$175,000	\$3,574	\$500,174	
2021	81,945,000	15,000,000		\$0	\$156,000	\$156,000	\$165,600	\$175,000	\$3,324	\$499,924	
2022	76,209,000	15,000,000		\$0	\$156,000	\$156,000	\$165,600	\$175,000	\$3,091	\$499,691	
2023	70,874,000	15,000,000		\$0	\$156,000	\$156,000	\$165,600	\$175,000	\$2,875	\$499,475	
2024	65,913,000	15,000,000		\$0	\$156,000	\$156,000	\$165,600	\$175,000	\$2,674	\$499,274	
2025	61,299,000	15,000,000		\$0	\$156,000	\$156,000	\$165,600	\$175,000	\$2,486	\$499,086	
2026	57,008,000	15,000,000		\$0	\$156,000	\$156,000	\$165,600	\$175,000	\$2,312	\$498,912	
2027	54,158,000	15,000,000		\$0	\$156,000	\$156,000	\$165,600	\$175,000	\$2,150	\$498,750	
2028	51,450,000	51,450,000		\$0	\$563,243	\$563,243	\$276,206	\$196,323	\$2,043	\$1,037,815	
2029	48,878,000	48,878,000		\$0	\$535,080	\$535,080	\$262,395	\$186,506	\$1,941	\$985,922	
2030	46,434,000	46,434,000		\$0	\$508,331	\$508,331	\$249,278	\$177,183	\$1,844	\$936,636	
2031	44,112,000	44,112,000		\$0	\$482,914	\$482,914	\$236,813	\$168,323	\$1,752	\$889,802	
				\$0	\$458,765	\$458,765	\$224,971	\$159,906	\$1,664	\$845,306	
						<b>Total</b>	<b>\$4,108,333</b>	<b>\$2,905,663</b>	<b>\$2,638,241</b>	<b>\$39,705</b>	<b>\$9,691,942</b>
						<b>Diff</b>	<b>\$6,838,275</b>	<b>\$2,462,385</b>	<b>\$1,177,283</b>	<b>\$0</b>	<b>\$10,477,942</b>

Source: CPA, Broadview Energy JN, LLC

<sup>1</sup>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 over 25 Years

This represents the Comptroller’s determination that Broadview Energy JN, 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)
<b>Limitation Pre-Years</b>	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2017	\$156,000	\$156,000	\$983,262	\$983,262
	2018	\$156,000	\$312,000	\$903,510	\$1,886,772
	2019	\$156,000	\$468,000	\$829,348	\$2,716,120
	2020	\$156,000	\$624,000	\$760,375	\$3,476,495
	2021	\$156,000	\$780,000	\$696,228	\$4,172,723
	2022	\$156,000	\$936,000	\$636,574	\$4,809,297
	2023	\$156,000	\$1,092,000	\$581,090	\$5,390,387
	2024	\$156,000	\$1,248,000	\$529,495	\$5,919,882
	2025	\$156,000	\$1,404,000	\$481,510	\$6,401,391
	2026	\$156,000	\$1,560,000	\$436,883	\$6,838,275
<b>Maintain Viable Presence (5 Years)</b>	2027	\$563,243	\$2,123,243	\$0	\$6,838,275
	2028	\$535,080	\$2,658,323	\$0	\$6,838,275
	2029	\$508,331	\$3,166,654	\$0	\$6,838,275
	2030	\$482,914	\$3,649,568	\$0	\$6,838,275
	2031	\$458,765	\$4,108,333	\$0	\$6,838,275
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2032	\$435,822	\$4,544,155	\$0	\$6,838,275
	2033	\$414,034	\$4,958,190	\$0	\$6,838,275
	2034	\$393,328	\$5,351,518	\$0	\$6,838,275
	2035	\$373,662	\$5,725,179	\$0	\$6,838,275
	2036	\$354,983	\$6,080,162	\$0	\$6,838,275
	2037	\$337,230	\$6,417,393	\$0	\$6,838,275
	2038	\$320,372	\$6,737,765	\$0	\$6,838,275
	2039	\$304,356	\$7,042,121	\$0	\$6,838,275
	2040	\$290,628	\$7,332,749	\$0	\$6,838,275
	2041	\$290,628	\$7,623,377	\$0	\$6,838,275
		<b>\$7,623,377</b>	is greater than	<b>\$6,838,275</b>	

<b>Analysis Summary</b>	
Is the project reasonably likely to generate M&O tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

Source: CPA, Broadview Energy JN, 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.

## **Attachment C – Limitation as a Determining Factor**

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines 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.” This represents the basis for the Comptroller’s determination.

### **Methodology**

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

### **Determination**

The Comptroller has determined that the limitation on appraised value is a determining factor in the Broadview Energy JN LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicant, its parent company Pattern Energy is a leading power company that owns and operates 16 wind power facilities in the United States, Canada, and Chile.
- Per the applicant, the land upon which the proposed project may be constructed has no existing improvements.
- Per the applicant, the vast majority of this wind project is located in New Mexico. The portion in Texas is only 15% of the total project.
- Per the applicant, without a limitation agreement, the lower return would result in the company shifting its investment to New Mexico, where favorable tax incentives are assured.
- Per the applicant, Chapter 313 value limitation is critical for this project to move forward in Texas.

### **Supporting Information**

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

**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.

# **Supporting Information**

**Section 8 of the Application for  
a Limitation on Appraised Value**

**SECTION 6: Eligibility Under Tax Code Chapter 313.024**

1. Are you an entity subject to the tax under Tax Code, Chapter 171?  Yes  No
2. The property will be used for one of the following activities:
  - (1) manufacturing  Yes  No
  - (2) research and development  Yes  No
  - (3) a clean coal project, as defined by Section 5.001, Water Code  Yes  No
  - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code  Yes  No
  - (5) renewable energy electric generation  Yes  No
  - (6) electric power generation using integrated gasification combined cycle technology  Yes  No
  - (7) nuclear electric power generation  Yes  No
  - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7)  Yes  No
  - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051  Yes  No
3. Are you requesting that any of the land be classified as qualified investment?  Yes  No
4. Will any of the proposed qualified investment be leased under a capitalized lease?  Yes  No
5. Will any of the proposed qualified investment be leased under an operating lease?  Yes  No
6. Are you including property that is owned by a person other than the applicant?  Yes  No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?  Yes  No

**SECTION 7: Project Description**

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
 

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements ( <i>complete Section 13</i> )
<input type="checkbox"/> Expansion of existing operation on the land ( <i>complete Section 13</i> )	<input type="checkbox"/> Relocation within Texas

**SECTION 8: Limitation as Determining Factor**

1. Does the applicant currently own the land on which the proposed project will occur?  Yes  No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?  Yes  No
3. Does the applicant have current business activities at the location where the proposed project will occur?  Yes  No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?  Yes  No
5. Has the applicant received any local or state permits for activities on the proposed project site?  Yes  No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?  Yes  No
7. Is the applicant evaluating other locations not in Texas for the proposed project?  Yes  No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?  Yes  No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?  Yes  No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?  Yes  No

**Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.**

# **Supporting Information**

**Attachments provided in Tab 5  
of the Application for a  
Limitation on Appraised Value**

**TAB 5**

*Documentation to assist in determining if limitation is a determining factor.*

Pattern Energy is a leading independent power company. We own and operate 16 wind power facilities in the United States, Canada, and Chile that use proven, best-in-class technology and have a total owned capacity of 2,282 MW.

Our seasoned management team has worked together for 10 years and possesses more than 20 years of experience on average in the energy industry. We have developed, financed and managed more than \$12 billion of infrastructure assets, including more than 4,500 MW of wind power projects and facilities. The Pattern Energy team is driven by a creative entrepreneurial spirit which is sustained by years of experience.

Pattern is currently in the early to mid-stages of developing these contiguous projects, primarily being in eastern New Mexico. The total capacity of this wind complex is approximately 545 MW, with 82.8 MW, or 15%, of the total turbines are tentatively sited near the state line in west Texas. The vast majority of this wind complex is located in New Mexico. Without a Limitation of Appraised Value Agreement with Walcott ISD, the rate of return on the Texas portion of the proposed BEJN Project would necessitate a shift of capital (turbines) to New Mexico, where favorable tax incentives are assured.

Pattern is active in various states throughout the U.S., where each project competes for a finite pool of capital investment. State and local tax incentives contribute to the lowering of the cost of power sold to customers and making our investment more viable and marketable. We have many other wind sites in development throughout the country and are continually comparing investment opportunities and market viability of each project based upon project financial metrics.

As a national wind developer, Pattern has the ability to locate projects of this type in other states within the United States and other regions within Texas with favorable wind characteristics. The Applicant is actively assessing and developing other projects that are competing for limited funds. This appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited.